



**BOARD BUDGET AND FINANCE COMMITTEE MEETING  
WEDNESDAY, JANUARY 8, 2014, 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 – DECEMBER 4, 2013 COMMITTEE MEETING (P.3)</u>	APPROVE
5. <u>CASH FLOW PROJECTIONS (P.7)</u>	RECEIVE AND FILE
6. <u>AGENCY INVESTMENT POLICY – ANNUAL UPDATE (P.9)</u>	APPROVE
7. <u>AUTHORIZATION TO EXERCISE 25 OPTIONS WITH GILLIG, LLC (GILLIG) FOR 40-FOOT REVENUE TRANSIT BUSES FOR SERVICE EXPANSION AND IMPLEMENTATION OF ROUTE 1 LIMITED-STOP SERVICE (P.16)</u>	APPROVE
8. <u>AUTHORIZATION TO AMEND THE FISCAL YEAR 2013/2014 (FY14) SHORT RANGE TRANSIT PLAN (SRTP) AND OPERATING AND CAPITAL BUDGETS (P.20)</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. BOARD MEMBER COMMENTS AND REMARKS
10. OTHER BUSINESS
11. NEXT MEETING  
BOARD BUDGET AND FINANCE COMMITTEE MEETING  
WEDNESDAY, FEBRUARY 5, 2014  
2:00 P.M.  
RTA HEADQUARTERS  
1825 THIRD STREET  
RIVERSIDE, CA 92507
12. ADJOURN

RTA BOARD BUDGET AND FINANCE COMMITTEE MEETING  
Minutes  
December 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 December 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. Alternate Laura Roughton, City of Jurupa Valley, Councilmember
5. Director Andrew Kotyuk, City of San Jacinto, Councilmember
6. Director Jeff Comerchero, City of Temecula, Councilmember
7. Director Andy Melendrez, City of Riverside, Councilmember
8. Alternate Ron Roberts, County of Riverside, District III

Committee Members Absent

1. Director Alan Long, City of Murrieta, Councilmember
2. Director John Tavaglione, County of Riverside, District II
3. Chairman of the Board, Marion Ashley, County of Riverside, District V

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. Rick Kaczerowski, Director of Information Technologies
14. Charlie Ramirez, Controller

Other Attendees

None.

3. PUBLIC COMMENTS – NON-AGENDA ITEMS

None.

4. APPROVAL OF MINUTES – NOVEMBER 6, 2013 COMMITTEE MEETING

M/S/C (BONNER/KOTYUK) approving the November 6, 2013 committee meeting minutes. The motion carried with seven affirmative votes and one abstention. (ROUGHTON)

5. QUARTERLY CAPITAL STATUS

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

The motion carried unanimously.

6. CASH FLOW PROJECTIONS

M/S/C (KOTYUK/KRUPA) approving the receipt and file of item 6.

The motion carried unanimously.

7. QUARTERLY NATURAL GAS PROCUREMENT STATUS REPORT

M/S/C (COMERCHERO/KOTYUK) approving the receipt and file of item 7.

The motion carried unanimously.

8. AUTHORIZATION TO AWARD AGREEMENT NO. 13-047 TO BROWN ARMSTRONG FOR AUDITING SERVICES

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

- 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.

The motion carried unanimously.

9. AUTHORIZATION TO RENEW ANNUAL SOFTWARE LICENSING AND TECHNICAL SUPPORT SERVICES AGREEMENTS WITH INFOR PUBLIC SECTOR, INC., (INFOR) AND ORACLE USA, INC., (ORACLE)

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

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.

The motion carried unanimously.

10. BOARD MEMBER COMMENTS AND REMARKS

Director Krupa announced the Hemet Christmas Parade will be held in Gibbel Park on December 7. The Masters of Harmony will perform a Christmas concert in the Ramona Bowl Amphitheatre on December 14.

Committee Chair Edgerton wished everyone a super holiday, a Merry Christmas, a Happy Hanukkah and Ramadan.

11. OTHER BUSINESS

Mr. Rubio provided an update on several traffic accidents that occurred on December 3, involving RTA vehicles.

Mr. Rubio announced the decision to have Riverside Community College District (RCCD) add Moreno Valley College Main Campus students into the Go-Pass program would be voted on by the students in February 2014. Students who attend Moreno Valley College's satellite facility at the Ben Clark Training Center would be excluded from the Go-Pass program. If all goes well in February, the program would be effective the summer of 2014.

12. NEXT MEETING

Board Budget and Finance Committee Meeting  
Wednesday, January 8, 2014  
2:00 p.m.  
RTA Headquarters  
1825 Third Street  
Riverside, CA 92507

13. MEETING ADJOURNMENT

The meeting was adjourned at 2:34 p.m.

DRAFT

RIVERSIDE TRANSIT AGENCY  
1825 Third Street  
Riverside, CA 92507

January 8, 2014

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-December 2013 with projections through February 2014. This reporting period covers the first eight months of FY14.

Recommendation:

Receive and file.

**Riverside Transit Agency  
FY14 Cash Flow Projection**

	Actual												
1	General Account	12/13/2013	12/20/2013	12/27/2013	1/3/2014	1/10/2014	1/17/2014	1/24/2014	1/31/2014	2/7/2014	2/14/2014	2/21/2014	2/28/2014
2	Est. Cash, Beg Balance (Book)	(48,608)	(250)	50,000	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			3,627,777					2,104,289				2,104,289
5	LTF GASB 43/45			150,000					150,000				150,000
6	FET Credit			90,942				81,610				81,000	
7	RIN's Credit	6,619				3,696				3,000			
8	LCFS										89,000		
9	CalPERS CERBT Disbursement												
10	Farebox	145,211	145,000	125,000	135,000	145,000	145,000	145,000	145,000	145,000	145,000	145,000	145,000
11	Total Other Farebox	1,636	304,879	75,089	35,000	16,818	14,540	1,636	319,046	12,982	14,108	2,000	298,046
12	Total Other Local	593	1,000	1,000	1,000	1,000	1,000	4,750	147,905	1,000	1,000	1,000	1,000
13	FTA Operating	72,741			676,909	70,600		688,293		60,600			
14	Capital - Local, State	86,109	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
15	Echo - FTA Capital	1,336,310	2,318,382	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
16	Transfer from Investment to Gen Acct.	1,103,453	3,845,738		3,012,855	3,334,684	2,885,509	2,580,510		4,426,757	1,550,694	2,096,552	
17	<b>Disbursements:</b>												
18	Payroll = Net+Tax	(816,431)		(645,000)		(650,000)		(750,000)		(650,000)		(650,000)	
19	A/P Wires	(215,257)	(157,773)	(24,500)	(1,735,925)	(324,500)	(448,750)	(154,500)	(515,750)	(1,874,500)	(148,750)	(24,500)	(386,750)
20	A/P Checks	(96,213)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)
21	Capital Expenditures	(1,426,412)	(6,241,976)	(100,000)	(1,989,839)	(2,462,299)	(2,462,299)	(2,462,299)	(1,989,839)	(1,989,839)	(1,516,052)	(1,516,052)	(2,002,160)
22	Transfer to GASB Trust Acct.												
	Actual Ending Book Balance / Targeted Minimum Balance	(250)	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	13,500,000	12,850,000	12,829,339	15,994,647	14,871,631	13,899,245	13,381,610	13,163,399	15,278,889	12,741,971	12,607,329	11,926,829
25	Quarterly Interest Income						5,574						
26	Transfers to/from Gen Acct.	(953,453)	(3,845,738)	3,165,308	(3,012,855)	(3,334,684)	(2,885,509)	(2,580,510)	225,651	(4,426,757)	(1,550,694)	(2,096,552)	174,425
27	Transfers to/from County Pool	303,453	3,825,076	-	1,889,839	2,362,299	2,362,299	2,362,299	1,889,839	1,889,839	1,416,052	1,416,052	1,902,160
28	Ending balance	12,850,000	12,829,339	15,994,647	14,871,631	13,899,245	13,381,610	13,163,399	15,278,889	12,741,971	12,607,329	11,926,829	14,003,414

29	County Pool Account:												
30	Beginning balance	46,824,697	46,521,245	42,696,169	42,696,169	40,806,330	38,444,031	36,088,959	33,726,660	31,836,821	29,946,982	28,530,930	27,114,877
31	Quarterly Interest Income						7,226						21,678
32	Transfers to/from Gen Acct.	-	-	-	-	-	-	-	-	-	-	-	-
33	Transfers to/from LAIF	(303,453)	(3,825,076)	-	(1,889,839)	(2,362,299)	(2,362,299)	(2,362,299)	(1,889,839)	(1,889,839)	(1,416,052)	(1,416,052)	(1,902,160)
34	Ending balance	46,521,245	42,696,169	42,696,169	40,806,330	38,444,031	36,088,959	33,726,660	31,836,821	29,946,982	28,530,930	27,114,877	25,234,395

Restricted	47,378,865	43,553,789	43,703,789	41,813,950	39,451,651	37,096,579	34,734,280	32,994,441	31,104,602	29,688,550	28,272,497	26,542,015
Available for Operating	11,992,130	12,021,718	15,037,027	13,914,011	12,941,625	12,423,990	12,205,779	14,171,269	11,634,351	11,499,709	10,819,209	12,745,794



RIVERSIDE TRANSIT AGENCY  
1825 Third Street  
Riverside, CA 92507

January 8, 2014

TO: BOARD BUDGET AND FINANCE COMMITTEE

THRU: Larry Rubio, Chief Executive Officer

FROM: Craig Fajnor, Chief Financial Officer

SUBJECT: Agency Investment Policy – Annual Update

Summary: The Agency's Board of Directors must adopt an Investment Policy on an annual basis. Doing so ensures that the investment policy remains consistent with overall Agency goals and objectives. All policy changes must be approved by the Board of Directors prior to implementation.

The current policy includes the following objectives – in order of priority:

1. Preservation of principal
2. Maintain liquidity
3. Rate of Return consistent with the first two objectives

The only change recommended to the current policy is the elimination of language allowing an investment in the California Arbitrage Management Pool (CAMP). This CAMP language is recommended for removal as the Certificates of Participation (COP) have been extinguished and the CAMP account has been closed.

Attachment A to this staff report is the draft Agency Investment Policy for 2014.

Fiscal Impact:

None at this time.

Recommendation:

Recommend this item to the full Board of Directors for their consideration as follows:

Adopt the Agency Investment Policy for 2014.

ATTACHMENT A



**SCOPE**

This investment policy applies to the Operating and Capital cash funds of Riverside Transit Agency, except for its employees' retirement system fund and its retiree medical fund, both of which are administered by the California Public Employees Retirement System (CalPERS). Separate Section 401 and 457 Deferred Compensation Funds are administered by Great West Retirement Services (Great West).

**OBJECTIVE**

Investable funds shall be invested to the maximum extent feasible. The primary goal of the investment program is to maintain safety and liquidity of principal and interest while maximizing returns, minimizing risks and ensuring that funds are available to meet anticipated cash flow requirements.

In the investment of its funds, Riverside Transit Agency will be guided by the following principles in order of importance:

1. The primary objective of the investment program is to safeguard the principal of the funds.
2. The secondary objective is to meet the liquidity needs of the Agency.
3. The third objective is to achieve a maximum return while assuming minimal risk on Agency investments.

**AUTHORIZED INVESTMENT OFFICERS**

The Chief Financial Officer is designated as the Investment Officer for the Agency and is responsible for investment decisions and activities, under the direction of the Chief Executive Officer. Cash management and investment transactions are the responsibility of the Investment Officer. In the absence of the Chief Financial Officer, the Chief Executive Officer will designate a temporary Investment Officer.

The authority to execute investment transactions on behalf of the Riverside Transit Agency will be limited to the:

- Chief Executive Officer
- Chief Financial Officer
- Chief Operating Officer
- Chairman of the Board

Two authorized signatures will be required for all investment transactions and wire transfers as delineated in Resolution 98-04 adopted on May 28, 1998, or any revision thereafter subsequently approved by the Board of Directors.

## **ETHICS AND CONFLICT OF INTEREST**

Officers and employees who are directly involved in the investment program shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair the ability to make impartial investment decisions.

## **PRUDENCE**

The standard to be used by investment officials shall be that of a “prudent person” and shall be applied in the context of managing all aspects of the overall portfolio. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, direction and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as probable income to be derived.

The Agency realized that market prices of securities would vary depending on economic and interest rate conditions at any point in time. It is further recognized, that in a well-diversified investment portfolio, occasional measured losses are inevitable due to economic, bond market or individual security credit risk. These occasional losses must be considered within the context of the overall investment program objectives and the resultant long-term rate of return.

The Investment Officer and other individuals assigned to manage the investment portfolio, acting in accordance within the intent and scope of the investment policy and other written procedures and exercising due diligence, shall not be held personally responsible for security credit risk or market price changes, provided that deviations from expectations are reported immediately to the Chief Executive Officer and that appropriate action is taken to control adverse developments.

## **SAFEKEEPING**

Agency cash and investment securities, if any, shall be held in safekeeping by a designated institution. The institution shall issue a safekeeping receipt to the Agency listing the specific instrument, rate, maturity and other pertinent information as applicable. The independent auditors should review safekeeping procedures annually along with internal controls.

## **MONITORING AND ADJUSTING THE PORTFOLIO**

The Investment Officer will routinely monitor the contents of the portfolio, the available markets and the relative values of competing instruments, and will adjust the portfolio accordingly.

## INTERNAL CONTROL

The investment portfolio and all related transactions are reviewed and balanced to appropriate general ledger accounts by the Finance Department on a monthly basis.

Internal controls shall be reviewed annually by the independent auditor. The controls shall be designed to prevent a loss of public funds due to fraud, error, misrepresentation, unanticipated market changes or imprudent actions.

## REPORTING

The Investment Officer shall render a quarterly report to the Chief Executive Officer and the Board of Directors within 30 days following the end of the quarter covered by the report. The report will include the following information:

- Type of Investment
- Name of Issuing Institution
- Date of Maturity, if applicable
- Amount of Deposit (Investment)
- Rate of Interest Earned
- Current Market Value of the Investment as of the Date of the report
- Sufficient Funds Statement for Next 30-90 Days' Obligations for Operating Costs
- State compliance of the portfolio to the Statement of Investment Policy

## AUTHORIZED INVESTMENTS

Investment of the Agency funds is governed by the California Government Sections 53600 et seq. Within the context of these limitations, the following investments are authorized, as further limited herein:

1. Passbook Savings and Account Demand Deposits with commercial banks or savings and loan banks insured by the Federal Deposit Insurance Corporation and/or collateralized in accordance with the California Government Code. These accounts are liquid; therefore, there is no percentage limitation of the portfolio, which can be invested in this category.
2. Local Agency Investment Fund (LAIF) which is a State of California managed investment pool and may be used to the maximum permitted by the California State Law.
3. ~~California Arbitrage Management (CAMP) Pool. Funds deposited in this category are restricted to the remaining Certificates of Participation (COP) proceeds and interest earned to pay the debt service on the 57 replacement buses purchased in 2001/2002. This service expires in 2014.~~

4. U.S. Treasury Bills, Bonds, and Notes or those for which the full faith and credit of the United States are pledged for payment of principal and interest. There is no limitation as to the percentage of the portfolio which can be invested in this category. Maturity is not to exceed the projected dates of the Agency's cash needs or two years, whichever is less.
5. County of Riverside Treasurer's Pooled Investment Fund (Riverside County Pool) which is a County of Riverside managed investment pool.

## **MATURITY SCHEDULED**

Investment maturities shall be scheduled, as applicable, to coincide with projected cash flow needs, taking into account large routine expenditures such as payroll, accounts payable and capital purchases along with receipt of projected revenues.

## **INTEREST EARNINGS**

All moneys earned and collected from investments authorized in this policy shall be accrued monthly to various fund accounts based on the cash balances in each fund as a percentage of the entire pooled portfolio.

## **LEGISLATIVE CHANGES**

Any State of California legislative action, that further restricts allowable maturities, investment type or percentage allocations, will be incorporated into the Riverside Transit Agency's Investment Policy and supersede any and all previous applicable language.

## **NATURAL GAS FUEL PROCUREMENT POLICY**

The objective of Natural Gas Fuel Procurement Policy is to lower the operating cost of natural gas by implementing a policy that takes advantage of below average natural gas prices with the purchase of a natural gas fixed price contract. The goal of the Natural Gas Fuel Procurement Policy is to reduce the cost of natural gas for an extended period of time and to protect from any upside risk in the market price of natural gas. This policy is initiated in order to increase the predictability of the cost per therm of Agency natural gas fuel, thereby improving the Agency's ability to anticipate and project overall compressed natural gas (CNG) costs.

Due to the nature of its business, the Agency is subject to the risk arising from an interruption in the supply of natural gas through the vast pipeline infrastructure. This risk exists whether the Agency's natural gas requirements are purchased through Southern California Gas Company (SoCalGas) or a designated third party.

Due to the nature of its business, the Agency is also subject to the risk arising from unfavorable movements in natural gas fuel prices due to volatility in the natural gas commodity market. This risk can be managed through the long-term purchase of natural gas by means of a fixed price or

indexed price over a time period greater than one year. The Agency's aim is to reduce the uncertainty in the cost of natural gas fuel which is a component of its operating cost.

Pursuant to this policy, the Agency is authorized to purchase natural gas at a fixed or indexed price per therm to more accurately predict operational costs and create reliable budgets. Having the option to purchase fixed price natural gas from other than SoCalGas limits the downside risk of unfavorable price movement in the commodity cost of the gas. Having the option to purchase natural gas on an index price from other than SoCalGas could potentially save the Agency money. To that end, this section of the Investment Policy provides guidelines on the implementation of an alternative purchase method to buying natural gas from SoCalGas. This alternative process involves entering into a contract with an energy service provider (ESP) for a term greater than one year for the purchase of natural gas. Natural gas can be purchased on either a fixed rate per therm or an indexed rate per therm basis. Should the Agency execute a purchase agreement with an ESP and depart from its current practice of buying from SoCalGas, it is understood that the Agency will still be paying SoCalGas for transmission and related fees. It must be understood and agreed that buying natural gas from an ESP creates the possibility of buying natural gas at a price per therm greater than would be if purchased through SoCalGas.

The Chief Executive Officer (CEO) of the Agency is hereby authorized to approve purchasing natural gas from an ESP.

The Chief Procurement and Logistics Officer (CPLO) is designated as the buyer of the Agency and is responsible for entering into a natural gas purchasing arrangement with a designated ESP, under the direction of the CEO. In the absence of the CPLO, the CEO will designate the temporary replacement buyer.

The CEO, CPLO and CFO will routinely evaluate natural gas commodity price performance to ensure proactive management of this natural gas investment policy.

The Finance Department will be responsible for establishing the natural gas price point to implement an extended period purchase of natural gas from a designated ESP per this natural gas investment policy.

The target, or strike, price and period/amount of the fixed price contract at which the Agency could enter into a natural gas fuel purchase agreement for an extended period of time, outside of SoCalGas, would be based on the following:

- An evaluation of the trailing three (3) years of commodity cost history from SoCalGas to be enacted per below;
- When the cost of the natural gas commodity, inclusive of any administrative costs of the designated ESP, is two standard deviations less than the trailing 3-year average cost
- When the cost of the natural gas commodity, inclusive of any administrative costs of the designated ESP, is two standard deviations above than the trailing 3-year average cost, then any contracts entered into may be sold upon verifying a bid in the market.

There are two acceptable types of contracts for the purchase of natural gas if not purchased through SoCalGas.

The first is a **FIXED FORWARD PURCHASE PRICE** where an agreed price per therm of the natural gas commodity is locked in for a pre-determined amount of time. This price will include the cost of the natural gas commodity and the administrative fee charged by the designated ESP. The Agency will still pay SoCalGas directly for transmission and related fees.

The second is an **INDEXED PRICE** which is the wholesale price of gas in any particular month. The index price changes monthly. The Agency is seeking an arrangement where an agreed percentage per therm below the current SoCalGas commodity price, which is based on an indexed price, will be charged. This price will include the cost of the natural gas commodity and the administrative fee charged by the designated ESP. The Agency will still pay SoCalGas directly for transmission and related fees.

Reporting will be provided to the Board of Directors on a quarterly basis. The report will include a comparison of the So Cal Gas index cost per therm (benchmark) with a possible discounted index cost per therm purchased through an ESP and any fixed forward purchase price per therm (if purchased and as applicable). The report will also include historical and statistical data about the cost of the natural gas based on the benchmark.

## **POLICY REVIEW**

The Board of Directors on an annual basis shall adopt the Riverside Transit Agency's investment policy. This investment policy shall be reviewed at least annually to ensure its consistency with the overall objectives of preservation of principal, liquidity and yield, and its relevance to current law and financial and economic trends. Any amendments to the policy shall be forwarded to the Board of Directors for approval.

RIVERSIDE TRANSIT AGENCY  
1825 Third Street  
Riverside, CA 92507

January 8, 2014

TO: BOARD BUDGET AND FINANCE COMMITTEE

THRU: Larry Rubio, Chief Executive Officer

FROM: Vince Rouzaud, Chief Procurement and Logistics Officer

SUBJECT: Authorization to Exercise 25 Options with Gillig, LLC (Gillig) for 40-Foot Revenue Transit Buses for Service Expansion and Implementation of Route 1 Limited-Stop Service

Summary: As a result of a competitive procurement process, at the September 27, 2012, Board of Directors meeting, the Board authorized the purchase of 97, 40-foot revenue transit buses from Gillig with an option to purchase up to 48 additional expansion buses over a four-year period.

Expansion buses are needed to sustain the Agency's record-breaking ridership and provide customers with high quality and reliable service. As such, staff is proposing the purchase of 25 options to implement new Route 1 Limited-Stop service, Perris Valley Line (PVL) feeder service as well as the enhancement of several existing routes by expanding coverage and improving and sustaining frequencies.

On September 23, 2013, staff submitted two grant applications to the Riverside County Transportation Commission (RCTC) under the Congestion Mitigation and Air Quality (CMAQ) program. One application was to fund the Agency's Intelligent Transportation Systems (ITS) project and the other application was for funding to implement Limited-Stop service on Route 1 between the University of California, Riverside (UCR) and the Galleria Mall at Tyler. Since the deadline for submittal of the CMAQ applications was September 23, the Board ratified both applications at its regularly scheduled September 26, 2013, Board of Directors meeting. Staff has received verbal confirmation from RCTC staff that both grant applications have been approved and are being recommended to the RCTC Board of Commissioners for formal approval at its January 8, 2014, Commissioners meeting.

The September 26 report to the Board outlined in detail the Agency's plans to implement the Route 1, Limited-Stop service under Phase 1 of Bus Rapid Transit (BRT). The funding applied for under the CMAQ program is intended to fund both capital requirements and operations for the first three years of service beginning in first quarter 2015.



Under Phase 1, Route 1 Limited-Stop service would serve 15 stops in each direction between UCR and the Galleria at Tyler as compared to 55 stops for Route 1 local service. Initial plans call for no changes to existing Route 1 local service. However, as time progresses, staff will closely monitor passenger loads between the Limited-Stop service terminals which may result in incrementally adjusted service levels on Route 1 local service.

With implementation of Limited-Stop service along this densely populated corridor, it's anticipated that increases in ridership will reduce the number of Vehicle Miles Traveled (VMT) by private automobiles. With a reduction of VMT and associated Greenhouse Gas (GHG) emissions, this project will improve air quality within the air basin by contributing to a reduction of traffic congestion and GHG emissions.

Service characteristics of the proposed Route 1 Limited-Stop service include:

- Weekday service only during peak hours between UCR and the Galleria at Tyler
  - Peak hour periods between 5:30 a.m. – 8:30 a.m. and 2:30 p.m. – 5:30 p.m.
- 15-minute frequency
- 15 stops in each direction over approximately 12 one-way miles<sup>1</sup>
- Up to 20 percent travel time reduction between terminals
- Maximization of transit signal priority capabilities currently in place along the University/Magnolia corridor
- Approximately 17,028 annual revenue service hours

To implement the proposed Route 1 Limited-Stop service, 14 additional 40-foot revenue transit buses are needed. The buses will be procured using options previously approved by the Board under Agreement No. 11-034 with Gillig.

In addition to implementation of Route 1 Limited-Stop service, 11 expansion vehicles are needed to address new service and service enhancements on several existing routes throughout the region. The proposed service enhancements will address passenger loads, expand capacity, connect to new Metrolink services, and sustain growth in ridership. Specifically, these vehicles would be deployed on the following routes.

- Four (4) vehicles will be used for Route 3 which operates in Eastvale, Jurupa Valley, Norco, and Corona via Hamner Ave and Main St. This service is currently provided using mid-size vehicles and ridership is increasing significantly such that larger vehicles will be needed in the near future to address capacity constraints.
- Two (2) vehicles will be used for CommuterLink services for new

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1- Proposed stop locations determined from past BRT studies and a ranking of Route 1 weekday daily boardings and alightings using data collected from Comprehensive Operational Analysis (COA) efforts

Metrolink trains that are anticipated to begin operating in May 2014 and for the conversion of existing contract-operated CommuterLink service that is reaching capacity with mid-size vehicles.

- Two (2) vehicles are proposed for use on Routes 14 and 20 in anticipation of connecting to the Perris Valley Line that is planned to be operational in 2015. Route 14 travels between Riverside and the Loma Linda Veterans Administration Hospital and will be extended to the new Riverside Hunter Park Metrolink Station. Route 20 travels between Moreno Valley and Riverside via Alessandro Blvd and will be extended to the new Moreno Valley/March Field Metrolink Station.
- One (1) vehicle will be used on Route 1 which operates in downtown Riverside and Corona along the Market Street and Magnolia Avenue corridor. Ridership on this route makes up nearly 23 percent of overall system-wide ridership and growth is anticipated to continue. The additional vehicle will be used to extend service to the Corona Transit Center to sustain current frequency levels.
- Two (2) additional vehicles will be needed as spares to fulfill a 20 percent spare ratio of peak vehicles.

If approved, the expansion buses will begin arriving in first quarter 2015. Older buses that are set to retire by January 2017 will be used on an interim basis for these services prior to the delivery of the expansion buses.

Fiscal Impact:

Under terms of Agreement No. 11-034 with Gillig, the per-vehicle pricing by vehicle type is summarized in the table below:

Vehicle Type	Quantity	Vehicle Cost	Extended Costs
Fixed Route	23	\$568,650.51	\$13,078,961.73
Commuterlink	2	\$584,670.89	\$1,169,341.78
		<b>Total</b>	<b>\$14,248,303.51</b>

The above costs include the base vehicle, optional equipment, sales tax, delivery and a 100 percent performance bond. Staff is recommending a \$100,000 contingency amount to cover technical changes, upgrades and modifications that may become necessary.

This procurement is funded through a combination of CMAQ, Local Transportation Funds (LTF) and Proposition 1B (Prop 1B) funds which are allocated as follows:

CMAQ	\$ 6,037,500
LTF	\$ 7,021,029
Prop 1B	<u>\$ 1,289,775</u>

Total \$14,348,304<sup>2</sup>

<sup>2</sup>- Includes \$100,000 contingency amount

Recommendation:

Contingent upon formal approval of the CMAQ application for Route 1 Limited-Stop service by the RCTC Board of Commissioners, approve and recommend this item to the full Board of Directors for their consideration as follows:

- Authorize staff to exercise 25 options with Gillig, LLC for 40-foot revenue transit buses for service expansion and implementation of Limited-Stop service on Route 1 in an amount that shall not exceed \$14,348,303.51 which includes a \$100,000 contingency.

RIVERSIDE TRANSIT AGENCY  
1825 Third Street  
Riverside, CA 92507

January 8, 2014

TO: BOARD BUDGET AND FINANCE COMMITTEE  
THRU: Larry Rubio, Chief Executive Officer  
FROM: Craig Fajnor, Chief Financial Officer  
SUBJECT: Authorization to Amend the Fiscal Year 2013/2014 (FY14) Short Range Transit Plan (SRTP) and Operating and Capital Budgets

Summary: At their June 27, 2013 meeting, the Agency Board of Directors adopted the FY14 Operating budget, Capital budget, and SRTP. These budgets, as an integral part of the SRTP, support the Agency mission and goals of providing safe, reliable, and cost effective transportation while increasing ridership and being fiscally responsible with taxpayer funds. As a reminder, the adopted FY14 Operating budget of \$61,181,842 represented a five percent increase over the FY13 Operating budget, and is budgeted to be compliant with the Farebox Recovery Ratio requirement. The five percent growth reflected a cautious approach to the fiscal year budget in light of the Federal 13c/State Public Employees' Pension Reform Act (13c/PEPRA) issue that was holding up critical federal funds. The current adopted Capital budget of \$17,659,924 represents a 43% decrease over the FY13 Capital budget.

Since the inception of the fiscal year, a number of items have presented themselves for consideration to adjust the current Board-approved budgets.

**Operating Budget**

The following items are requested for inclusion in and amendment of the current Board-approved Operating Budget:

**Service Changes**

As the first half of FY14 unfolded, the need for fixed route service adjustments became clear. The table below summarizes the changes:

<b>FY14 Mid-Year Adjustments – Systemwide Revenue Service Hours (RSH)</b>		
FY14 SRTP RSH – Original Budget	703,065	
New Extended Hours Services	1,484	<i>Rte 3 later wkday service, Rte 3 Sat, Rte 61 Sat, Rte 74 Sat, Rte 79 Sat, and added trips on Rte 208</i>
New Perris Valley Line (PVL) Trips	621	<i>Rtes 206, 208, 210, and 212. All of Rte 212 is funded with JARC.</i>
Service Capacity/Enhancements	2,041	<i>Included improved frequency/routing on Rtes 1, 23, 24 and 61; move Rte 3 to DO.</i>
Service Efficiencies	(4,146)	<i>Service budgeted for capacity constraints and enhancements (e.g., late night service).</i>
FY14 SRTP RSH – Mid-Year Budget	703,065	

The total FY14 RSH for both fixed route service and Dial-A-Ride (DAR) is unchanged in aggregate from the current Board-adopted SRTP and budget. The adopted RSH budget for FY14 is 703,065. With the service changes noted above, RSH will remain 703,065.

### **Salaries and Benefits**

Staff is recommending the addition of three positions.

The first position, a Travel Training Specialist, will provide outreach to the disabled veteran community. This position is funded with the most recent federal New Freedoms grant which will be discussed later in this staff report. The FY14 budgeted cost of this position including fringe benefits is \$19,585. The FY15 cost of this position will be included in the FY15 Operating Budget.

The second position, a Servicer, will help keep the directly-operated fleet clean and safe in the face of growing ridership. The FY14 budgeted cost of this position including fringe benefits is \$22,897. The FY15 cost of this position will be included in the FY15 Operating Budget.

The third position, a Human Resources (HR) Manager, will assist with the increased workload that has accumulated over the past several years. The HR Manager will assume management responsibilities of the Agency's Drug and Alcohol Policy including purchased transportation contractor compliance and the Equal Employment Opportunity (EEO) program including assistance with recruitment and worker's compensation administration. The FY14 budgeted cost of this position including fringe benefits is \$36,488. The FY15 cost of this position will be included in the FY15 Operating Budget.

The current Board approved number of budgeted positions is 383. Should this item be approved by the Board, budgeted positions would increase by three to 386.

### **Purchased Transportation – New DAR Contractor**

In October of 2013, the Board authorized a contract award to Veolia Transportation (Veolia) for the provision of DAR service effective February 1, 2014. The contract is for a 3.4-year base period with two one-year options. The FY14 budget impact was estimated to be \$505,162 based on the difference between Veolia's contract rate and that of the outgoing contractor. With this action, staff will program the estimated financial impact of the contractor transition for the current fiscal year. Future fiscal year SRTPs and budgets will include the anticipated expenditures for the service provided by Veolia.

### **Services**

The Agency is currently in the midst of a Comprehensive Operational Analysis Study (COA), which is being conducted by Transportation Management and Design (TMD). TMD's contract for \$783,284 covers a scope of work (SOW) that includes selection of a recommended site for the relocation of the Riverside Transit Center. The COA was contemplated as an 18-month activity spanning FY13 and FY14. The FY14 portion of the contract budget is \$430,000.

Staff is now recommending that the COA SOW be amended to include additional work on the Riverside Transit Center site selection and additional outreach as part of the overall COA. The following is a description of the expanded scope and associated cost for each item:

1. Riverside Transit Center – This task is being amended to include a more detailed analysis of stop transfer locations, operational implications, and a phasing approach. The total cost adjustment to this task is \$69,432.
2. COA Outreach – This task is being amended to include 21 additional outreach events and meetings as well as development of a proposed recommendations brochure. The total cost adjustment to this task is \$75,000.

The total increase for the two items described above is \$144,432, bringing the FY14 budget for the COA to \$574,432. The total contract value to TMD for the COA would increase to \$927,716.

In total, the requested increase in the Services budget is \$144,432.

### **Materials and Supplies**

This area includes, but is limited to, the Agency's fuel and parts expenses. While these items are subject to volatility, no change, in aggregate, is anticipated for this family of cost objectives.

### **Other Expenses**

Other expenses encompass the cost elements of Utilities, Insurance, Taxes, Advertising, Dues/Subscriptions, Training, and other miscellaneous expenses. No change, in aggregate, is anticipated for this family of cost objectives.

### **New Federal Grant Funds Programming**

When the FY14 Operating Budget was prepared, the Agency was experiencing federal grant award delays attributed to the 13c/PEPRA issue. Budgeting conservatively, and with Riverside County Transportation Commission (RCTC) staff agreement, new federal funding under Section 5316 Job Access/Reverse Commute (JARC) and 5317 New Freedoms (NF) was not programmed for their assumed coverage of FY14 eligible expenses. Instead, and per the direction of RCTC staff, Local Transportation Funds (LTF) were programmed to cover the expenses of these activities with the exception of the Travel Training Specialist position discussed earlier and later in this report.

Funding provided under these grants will supplant the programmed LTF funding to cover the Travel Training Program, fixed route service on five routes, and related administrative costs. Formally programming these funds into the FY14 SRTP and budget allows for the Agency, RCTC, and the Southern California Association of Governments (SCAG) to fully recognize the approval of these funds and their anticipated use in both FY14 and FY15.

The NF grant was awarded in August. The overall grant funding represents coverage of the Travel Training Program for the remainder of FY14 and all of FY15. Further, the grant included funding for an additional Travel Training Specialist who would provide outreach to the disabled veteran community. Thus, approval of this item would increase budgeted positions at the Agency by one. The budgeted amount of the grant funding for this

position in FY14 is \$19,585. The amount of operating funding represented in this request represents only the FY14 portion. FY15 funding will be programmed in the FY15 SRTP and budget.

The award of the JARC grant was delayed due to both the 13c/PEPRA issue as well as the 16-day Federal government shutdown in October 2013. Staff recently received notification from the Federal Transit Administration to move forward with the grant application approval process, signaling that the funds will be awarded in the not-too-distant future. JARC funding will support fixed route service on routes 3, 61, 74, 79, and 208. The amount of operating funding represented in this request represents only the FY14 portion. FY15 funding will be programmed in the FY15 SRTP and budget.

In summary, the awarded NF and pending JARC funding and related programming/de-programming of LTF and Measure A as local match is now being included in the FY14 budget is as follows:

JARC/NF Projects	JARC	NF	Meas A	LTF	Total	Comment
Travel Training		\$143,941		(\$124,356)	\$19,585	New position
JARC Service	\$216,044		\$14,333	(\$230,377)	\$0	
Admin Fee	\$23,273	\$20,988		(\$44,261)	\$0	
<b>Operating Amendment</b>	<b>\$239,317</b>	<b>\$164,929</b>	<b>\$14,333</b>	<b>(\$398,994)</b>	<b>\$19,585</b>	

### Operating Budget Summary

The FY14 adopted Operating budget is \$61,181,842. The recommended changes discussed above would increase the FY14 Operating Budget by \$728,564. Thus, the mid-year FY14 Operating Budget would grow to \$61,910,406.

An Operating Budget comparison is shown below. The comparison depicts the change in cost elements from the FY14 adopted Operating Budget to the FY14 proposed mid-year Operating Budget.



	FY14 Adopted	FY14 Midyear	Change Incr.+/ (Decr.)	Comment
Salaries and Benefits	\$ 30,448,043	\$ 30,527,013	\$ 78,970	3 positions
Services	3,255,464	3,399,896	144,432	COA
Materials & Supplies	3,745,562	3,745,562	-	
Purchased Transportation	20,910,887	21,416,049	505,162	New DAR contractor
Other Expenses	2,821,886	2,821,886	-	
<b>Total Operating Expenses</b>	<b>\$ 61,181,842</b>	<b>\$ 61,910,406</b>	<b>\$ 728,564</b>	

### Operating Revenues

With the changes described above, FY14 Operating Revenues, in aggregate, are available to support the proposed Operating Budget expense increases.

The table below summarizes the operating revenue source changes encompassed in this request. It should be noted that LTF revenues, through the first half of the fiscal year, are growing at twice the rate projected/budgeted by RCTC. In fact, RCTC will be issuing revised FY14 funding projections for both LTF and Measure A in the near future.

Operating Revenue	LTF	LTF Carryover	Meas A	5307	5309 Carryover	JARC	NF	All Other	Total
Adopted SRTP Operating Revenue	\$34,000,000	\$0	\$2,859,708	\$11,760,000	\$161,250	\$422,000	\$52,000	\$11,926,884	\$61,181,842
JARC/NF Projects	(\$398,994)		\$14,333			\$239,317	\$164,929		\$19,585
New DAR Contractor	\$343,510			\$161,652					\$505,162
Servicer Position Add	\$4,579			\$18,318					\$22,897
HR Manager Add	\$36,488								\$36,488
COA Study	\$75,000	\$13,886			\$55,546				\$144,432
Total Operating Revenue Amendment	\$60,583	\$13,886	\$14,333	\$179,970	\$55,546	\$239,317	\$164,929	\$0	\$728,564
<b>Proposed SRTP Operating Revenue</b>	<b>\$34,060,583</b>	<b>\$13,886</b>	<b>\$2,874,041</b>	<b>\$11,939,970</b>	<b>\$216,796</b>	<b>\$661,317</b>	<b>\$216,929</b>	<b>\$11,926,884</b>	<b>\$61,910,406</b>

### Farebox Recovery Ratio Impact

A predetermined farebox ratio target of 17.55 percent was developed by Agency staff and approved by both the RCTC and Caltrans for FY14. Once the target is established, it cannot be revised. With the proposed increase to the FY14 mid-year Operating Budget, a revised budgeted Farebox Recovery Ratio of 22.64 percent is still compliant with the established target.

### Capital Budget

The following items are requested for inclusion in an amendment to the current Board-approved Capital Budget:

## **RCTC Multi-funding Call for Projects**

In September, staff applied for capital funding for two different projects under the RCTC Multi-funding Call for Projects (Call). The projects applied for were Route 1 Limited Stop Service and Intelligent Transportation System for Transit (ITS). The Board ratified the grant applications for these projects at the September 2013 Board of Directors meeting.

As of the writing of this report, staff has been verbally notified by RCTC staff of their recommendation to fully fund the Agency's two projects submitted under the Call. The RCTC Board of Commissioners will be considering the approval of the funding of these projects at the Commission's January 8, 2014 meeting – the same day as the RTA Budget and Finance Committee Meeting to consider this staff report. Staff will be able to provide a verbal update on the RCTC Board action at the RTA Budget and Finance Committee meeting.

Capital related to the Route 1 Limited Stop Service is for 14 heavy-duty compressed natural gas (CNG) buses. These buses will be purchased under the contract option with Gillig LLC and be funded with Congestion Mitigation Air Quality (CMAQ) and LTF. With a manufacturing lead time of 13 months, these buses are anticipated to be delivered in the first quarter of 2015.

The ITS capital will fund the development and implementation of the Agency's next generation ITS, which will be deployed on all fixed route revenue vehicles. The Board approved a contract award to Clever Devices at the November 2013 Board of Directors meeting. The ITS will be funded with CMAQ and LTF, as well as previously programmed JARC.

It should be noted that part of the original FY14 Capital Budget was the re-programming of LTF and State Transit Assistance (STA) funds from the procurement of heavy-duty CNG buses to the ITS project. This re-programming was done as a precautionary measure as there was no guarantee of an award under the RCTC Call. Assuming approval by RCTC for the ITS project funding discussed above, staff would like to reprogram the ITS LTF and STA funds back to the purchase of heavy-duty CNG buses. The net effect of this reprogramming action on the Agency's FY14 Capital Budget is zero.

**New Freedom Grant Funds Programming – Travel Training**

The NF grant for the Travel Training Program discussed earlier in the staff report also included a capital component. The NF grant included funding for a work station and information technology to support the additional Travel Training Specialist who would provide outreach to the disabled veteran community. The amount of grant funding, including local match, to be included in the FY14 Capital Budget to support this position is \$5,000.

A summary of the capital funding requests discussed above is as follows:

<b>Capital Revenue</b>	<b>LTF</b>	<b>STA</b>	<b>CMAQ</b>	<b>NF</b>	<b>All Other</b>	<b>Total</b>
Adopted SRTP Capital Revenue	\$0	\$752,066	\$0	\$0	\$16,907,858	\$17,659,924
Travel Training Projects	\$1,000			\$4,000		\$5,000
Revenue Vehicles - Heavy Duty - Rte 1 LTD	\$2,012,500		\$6,037,500			\$8,050,000
ITS for Transit	\$998,101		\$4,125,000			\$5,123,101
ITS	(\$1,163,866)	(\$3,175,634)				(\$4,339,500)
Revenue Vehicles - Heavy Duty Expansion	\$1,163,866	\$3,175,634				\$4,339,500
Total Capital Revenue Amendment	\$3,011,601	\$0	\$10,162,500	\$4,000	\$0	\$13,178,101
<b>Proposed SRTP Capital Revenue</b>	<b>\$3,011,601</b>	<b>\$752,066</b>	<b>\$10,162,500</b>	<b>\$4,000</b>	<b>\$16,907,858</b>	<b>\$30,838,025</b>

Fiscal Impact:

The adopted FY14 Operating Budget is \$61,181,842. The changes discussed above represent an increase of \$728,564. Thus, the revised FY14 Operating Budget would be \$61,910,406. This amount is fully funded with Federal, State, local and other revenue sources. Further, with these changes, the Agency will meet or exceed the mandatory Farebox Recovery Ratio target for FY14.

The adopted FY14 Capital Budget is \$17,659,924. The changes discussed above represent an increase of \$13,178,101. Thus, the revised FY14 Capital Budget would be \$30,838,025. This amount is fully funded with Federal, State, and local revenue sources.

Recommendation:

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

- Adopt the proposed mid-year changes to the FY14 Operating Budget
- Adopt the proposed mid-year changes to the FY14 Capital Budget, pending formal RCTC approval of the proposed CMAQ and LTF funding for the Route 1 Limited Stop Service buses and the ITS project
- Direct staff to seek full RCTC approval of the requested changes identified in this report
- Direct staff to prepare appropriate amendments to the FY14 SRTP as a result of this action
- Direct staff to implement the changes identified in this request