



**BOARD BUDGET AND FINANCE COMMITTEE MEETING
WEDNESDAY, DECEMBER 3, 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 – NOVEMBER 5, 2014 COMMITTEE MEETING (P.3)</u>	APPROVE
5. <u>CASH FLOW PROJECTIONS (P.7)</u>	RECEIVE AND FILE
6. <u>QUARTERLY CAPITAL STATUS (P.9)</u>	RECEIVE AND FILE
7. <u>QUARTERLY NATURAL GAS PROCUREMENT STATUS REPORT (P.10)</u>	RECEIVE AND FILE
8. <u>AUTHORIZATION TO RENEW ANNUAL SOFTWARE LICENSING AND SUPPORT SERVICES AGREEMENT WITH INFOR PUBLIC SECTOR, INC., (INFOR) FOR INVENTORY CONTROL AND VEHICLE MAINTENANCE SOFTWARE (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.

<u>ITEM</u>	<u>RECOMMENDATION</u>
9. <u>AUTHORIZATION TO RENEW ANNUAL SOFTWARE LICENSING AND SUPPORT SERVICES AGREEMENT WITH TRAPEZE SOFTWARE GROUP, INC. (TRAPEZE) FOR INTELLIGENT TRANSPORTATION SYSTEMS (ITS) SOFTWARE (P.19)</u>	APPROVE
10. <u>AUTHORIZATION TO AWARD A CONTRACT TO CREATIVE BUS SALES, INC. FOR 36 AERO ELITE 28-PASSENGER VEHICLES (P.21)</u>	APPROVE
11. <u>BOARD MEMBER COMMENTS AND REMARKS</u>	
12. <u>OTHER BUSINESS</u>	
13. <u>NEXT MEETING</u> BOARD BUDGET AND FINANCE COMMITTEE MEETING WEDNESDAY, JANUARY 7, 2015 2:00 P.M. RTA HEADQUARTERS 1825 THIRD STREET RIVERSIDE, CA 92507	
14. <u>ADJOURN</u>	

RTA BOARD BUDGET AND FINANCE COMMITTEE MEETING
Minutes
November 5, 2014

1. CALL TO ORDER

Committee Chair Frank Johnston called the Board Budget and Finance Committee meeting to order at 2:00 p.m., on November 5, 2014, in the RTA Board Room.

2. SELF-INTRODUCTIONS

Self-introductions were dispensed with. The Clerk of the Board recorded attendance.

Committee Members Attending

1. Director Frank Johnston, City of Jurupa Valley, Mayor
2. Director Linda Krupa, City of Hemet, Councilmember
3. Director Berwin Hanna, City of Norco, Mayor
4. First Vice-Chairman Andrew Kotyuk, City of San Jacinto, Councilmember
5. Director Randon Lane, City of Murrieta, Councilmember
6. Director Marion Ashley, County of Riverside, District V, Supervisor

Committee Members Absent

1. Chairman of the Board, Jeff Comerchero, City of Temecula, Mayor Pro Tem
2. Brenda Knight, City of Beaumont, Mayor
3. Jeff Stone, County of Riverside, District III, Supervisor

RTA Staff

1. Larry Rubio, Chief Executive Officer
2. Tammi Ford, 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. Virginia Werly, Director of Contract Operations
7. Rohan Kuruppu, Director of Planning
8. Jim Kneepkens, Director of Marketing
9. Natalie Zaragoza, Contracts Manager
10. Laura Camacho, Chief Administrative Services Officer
11. Charlie Ramirez, Controller
12. Brad Weaver, Marketing Manager
13. Bob Bach, Director of Maintenance
14. Eric Ustation, Government Affairs Representative
15. Rick Kaczerowski, Director of Information Technologies
16. Joan Hepworth, Deputy Clerk of the Board

Other Attendees:

1. Barry Busch, County of Riverside District V, Board Assistant
2. Ryan Nielsen, Brown Armstrong, Certified Public Accountants

3. PUBLIC COMMENTS – NON-AGENDA ITEMS

None.

Randon Lane arrived at the meeting at 2:03 p.m.

4. APPROVAL OF MINUTES – OCTOBER 1, 2014 COMMITTEE MEETING

M/S/C (HANNA/KOTYUK) approving the October 1, 2014 committee meeting minutes.

The motion carried unanimously.

5. CASH FLOW PROJECTIONS

Mr. Fajnor presented the cash flow projections.

6. QUARTERLY INVESTMENT REPORT

Mr. Fajnor presented the Quarterly Investment Report.

7. AUTHORIZATION TO AWARD AGREEMENT NO. 14-008 TO PRUDENTIAL OVERALL SUPPLY FOR COACH OPERATOR/OPERATIONS SUPERVISOR UNIFORMS

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

- Authorize staff to award Agreement No. 14-008 to Prudential Overall Supply for operations uniforms for a three-year base period with two one-year options in an amount that will not exceed \$262,060.08.

The motion carried unanimously.

8. FISCAL YEAR 2013/2014 (FY14) FINANCIAL AUDIT RESULTS

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

- Accept the Riverside Transit Agency's FY14 Audited Financial Statements and Single Audit Reports as final.

The motion carried unanimously.

9. BOARD MEMBER COMMENTS AND REMARKS

Director Ashley congratulated the winners of the November 4, 2014 election and thanked all the elected officials for their service. He also announced that the Riverside National Cemetery would be holding its traditional Veteran's Day ceremony on Tuesday, November 11th at 11:00 a.m.

Director Kotyuk congratulated the winners of the election, especially Director Linda Krupa who was re-elected to the City Council for Hemet, and gave his condolences to those candidates that were not successful in their bid for office.

Director Hanna congratulated the winners of the election and remarked that he felt the citizens of Norco were happy that Measure L had failed. He also announced that the City of Norco will be dedicating their Veteran's Memorial on Tuesday, November 11th at 10:00 a.m. at Ingalls Park.

Director Lane congratulated the winners of the November 4, 2014 election.

Director Krupa remarked that she was thankful for her successful re-election to the City Council for Hemet. She also announced that the City of Hemet will be holding a Veteran's Day event in conjunction with three local Indian Tribes on Tuesday, November 11th at 10:00 a.m. at Gibbel Park.

Director Frank Johnston commented that in the City of Jurupa Valley, two out of three incumbent candidates were re-elected to the City Council. He also announced that Donna Johnston was successful in her election to the Jurupa Valley School Board. Director Johnston announced that the Annual Veteran's Day event at historic Flabob Airport would be held on Saturday, November 8th.

Mr. Rubio announced that RTA set an all-time high ridership record in October with over 962,000 riders. He also announced that RTA will be hosting its annual Bus Rodeo at its Hemet Division on Saturday, November 8th, and invited all Board members to attend.

10. OTHER BUSINESS

None.

11. NEXT MEETING

Board Budget and Finance Committee Meeting
Wednesday, December 3, 2014
2:00 p.m.
RTA Headquarters
1825 Third Street
Riverside, CA 92507

12. MEETING ADJOURNMENT

The meeting was adjourned at 2:25 p.m.

DRAFT

RIVERSIDE TRANSIT AGENCY
1825 Third Street
Riverside, CA 92507

December 3, 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-November 2014 with projections through January 2015. This reporting period covers the first seven months of FY15.

There are no cash flow issues anticipated during this reporting period.

Recommendation:

Receive and file.

**Riverside Transit Agency
FY15 Cash Flow Projection**

	Actual												
1	General Account	11/14/2014	11/21/2014	11/28/2014	12/5/2014	12/12/2014	12/19/2014	12/26/2014	1/2/2015	1/9/2015	1/16/2015	1/23/2015	1/30/2015
2	Est. Cash, Beg Balance (Book)	316,628	309,362	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			4,200,000			4,200,000						4,200,000
5	LTF GASB 43/45			133,333			133,333						133,333
6	RIN's Credit	6,603				6,000				6,000			
7	LCFS			31,755							25,000		
8	Farebox	178,593	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
9	Total Other Farebox	231,842	25,476	72,521	75,950	1,407	242,297	77,682	13,623	13,454	288,324	84,957	3,905
10	Total Other Local	7,528	1,000	20,000	65,041	76,572	101,893	112,738	20,000	1,000	1,000	4,000	20,000
11	FTA Operating					462,000			4,623	452,000			
12	Capital - Local, State			20,000	20,000	20,000	20,000	20,000	154,996	144,682	20,000	20,000	20,000
13	Echo - FTA Capital		18,971	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
14	Transfer from Investment to Gen Acct.	400,000			1,999,359	322,521		553,080	432,109	2,106,365		729,543	
15	Disbursements:												
16	Payroll = Net+Tax	(669,512)		(700,000)		(825,000)		(700,000)		(700,000)		(775,000)	
17	A/P Wires	(14,795)	(158,170)	(443,500)	(2,115,350)	(18,500)	(175,250)	(18,500)	(580,350)	(1,978,500)	(172,150)	(18,500)	(745,013)
18	A/P Checks	(141,306)	(165,000)	(165,000)	(165,000)	(165,000)	(165,000)	(165,000)	(165,000)	(165,000)	(165,000)	(165,000)	(165,000)
19	Capital Expenditures	(6,219)	(90,000)	(90,000)	(90,000)	(90,000)	(90,000)	(90,000)	(90,000)	(90,000)	(90,000)	(90,000)	(90,000)
20	Transfer to Investment from Gen Acct.		(41,640)	(3,289,109)			(4,477,273)				(117,174)		(3,587,225)
21	Transfer to GASB Trust Acct.												
22	Actual Ending Book Balance / Targeted Minimum Balance	309,362	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	13,400,000	13,000,000	13,041,640	16,330,748	14,331,389	14,008,868	18,486,141	17,933,061	17,500,952	15,394,588	15,520,810	14,791,267
25	Quarterly Interest Income										9,048		
26	Transfers to/from Gen Acct.	(400,000)	41,640	3,289,109	(1,999,359)	(322,521)	4,477,273	(553,080)	(432,109)	(2,106,365)	117,174	(729,543)	3,587,225
27	Transfers to/from County Pool	-	-	-	-	-	-	-	-	-	-	-	-
28	Ending balance	13,000,000	13,041,640	16,330,748	14,331,389	14,008,868	18,486,141	17,933,061	17,500,952	15,394,588	15,520,810	14,791,267	18,378,493

29	County Pool Account:												
30	Beginning balance	12,409,978	12,409,978	12,417,891	12,417,891	12,417,891	12,417,891	12,417,891	12,417,891	12,417,891	12,417,891	12,421,618	12,421,618
31	Quarterly Interest Income		7,913								3,727		
32	Transfers to/from Gen Acct.	-	-	-	-	-	-	-	-	-	-	-	-
33	Transfers to/from LAIF	-	-	-	-	-	-	-	-	-	-	-	-
34	Ending balance	12,409,978	12,417,891	12,417,891	12,417,891	12,417,891	12,417,891	12,417,891	12,417,891	12,417,891	12,421,618	12,421,618	12,421,618

<i>Restricted</i>	12,943,313	12,951,226	13,084,559	13,084,559	13,084,559	13,217,892	13,217,892	13,217,892	13,217,892	13,221,619	13,221,619	13,354,952
<i>Available for Operating</i>	12,776,027	12,558,305	15,714,080	13,714,721	13,392,200	17,736,140	17,183,060	16,750,951	14,644,587	14,770,809	14,041,266	17,495,159

RIVERSIDE TRANSIT AGENCY
1825 Third Street
Riverside, CA 92507

December 3, 2014

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, Transit Centers, 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. An example of such a scenario is the next generation Intelligent Transportation System (ITS) project.

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 ITS and 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 2014. 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 3, 2014

TO: BOARD BUDGET AND FINANCE COMMITTEE
THRU: Larry Rubio, Chief Executive Officer
FROM: Craig Fajnor, Chief Financial 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.

The Fuel Task Force met in early April 2014 to discuss possible modifications to the current investment policy. These modifications would involve alternate points at which to consider a period purchase for natural gas. The task force opted to observe the natural gas commodity market over the remainder of the calendar year and adjust the investment policy accordingly in 2015.

Attachment A to this staff report identifies the cost savings the Agency has experienced by purchasing natural gas from GHI for conversion to CNG versus purchasing it from SoCal Gas. The savings are calculated and depicted 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. As a reminder, 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. As a reminder, 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.

Fiscal Impact:

Under the current purchase arrangement with GHI, the Agency experienced \$11,382 of cost savings in the quarter covering August - October 2014 for its natural gas commodity requirements.

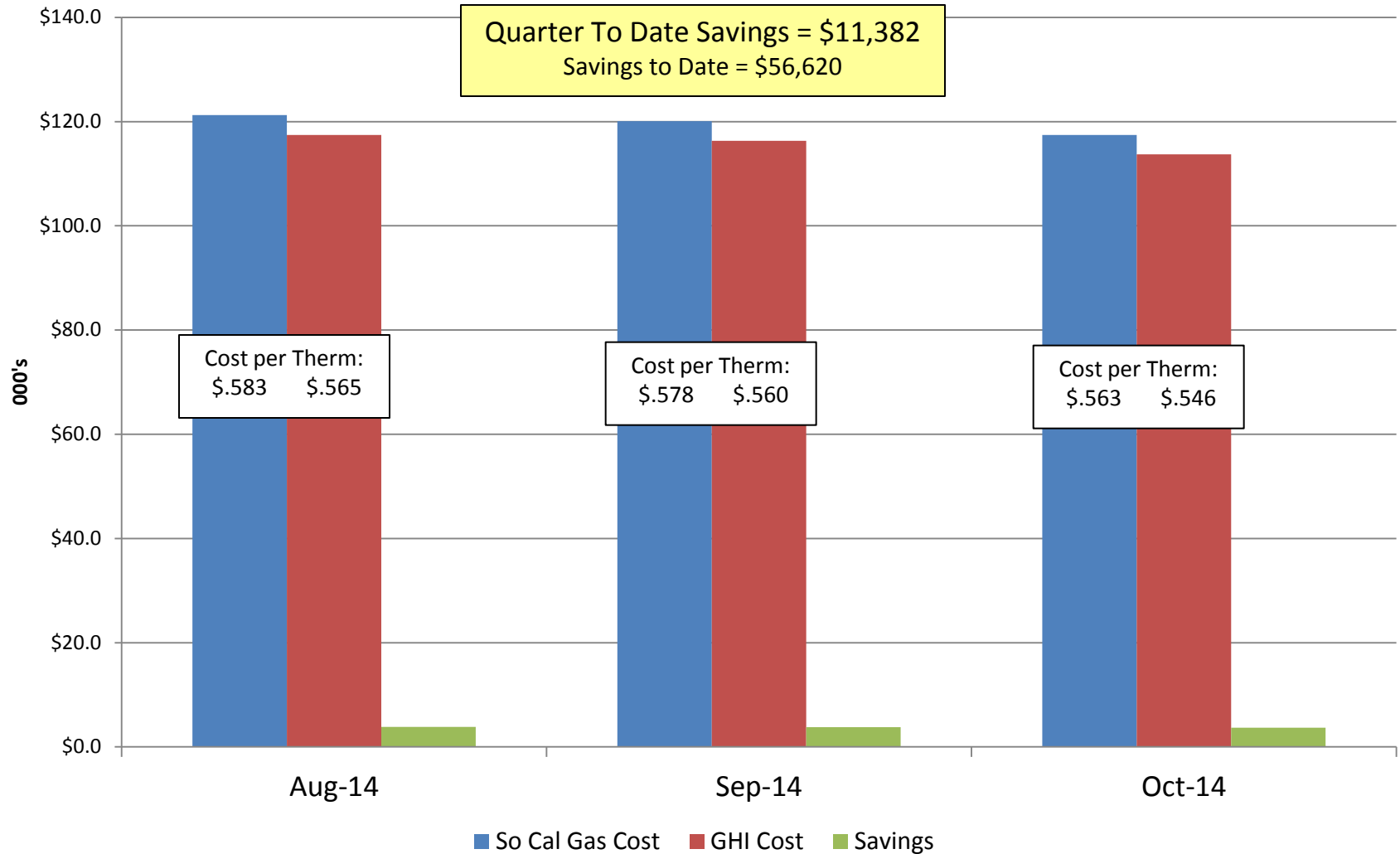
In addition, the Agency earned a total of \$51,950 of combined revenue from the Federal RINs and State LCFS Credits' programs.

Recommendation:

Receive and file.

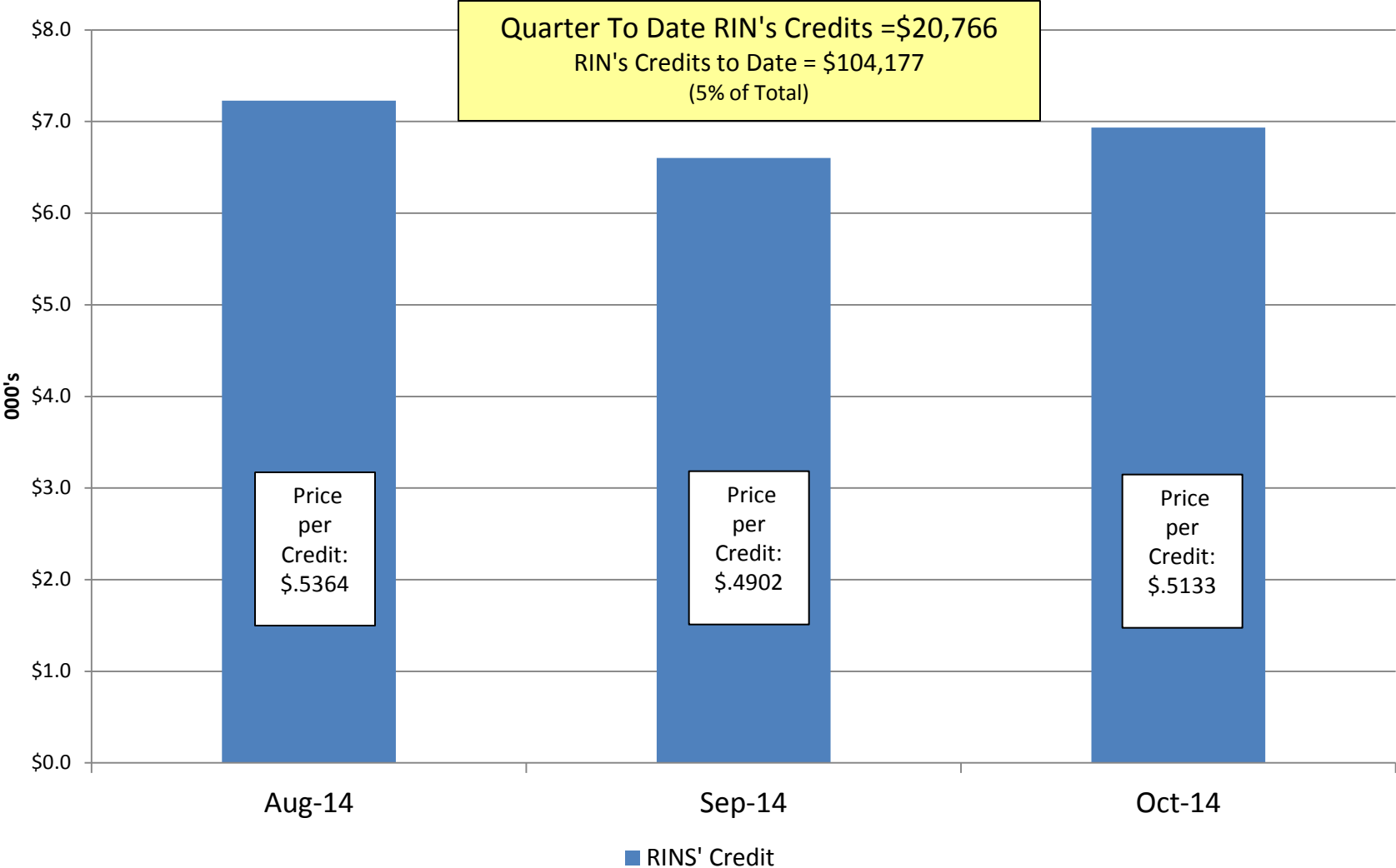
Attachment A

CNG Cost Savings - So Cal Gas vs. GHI



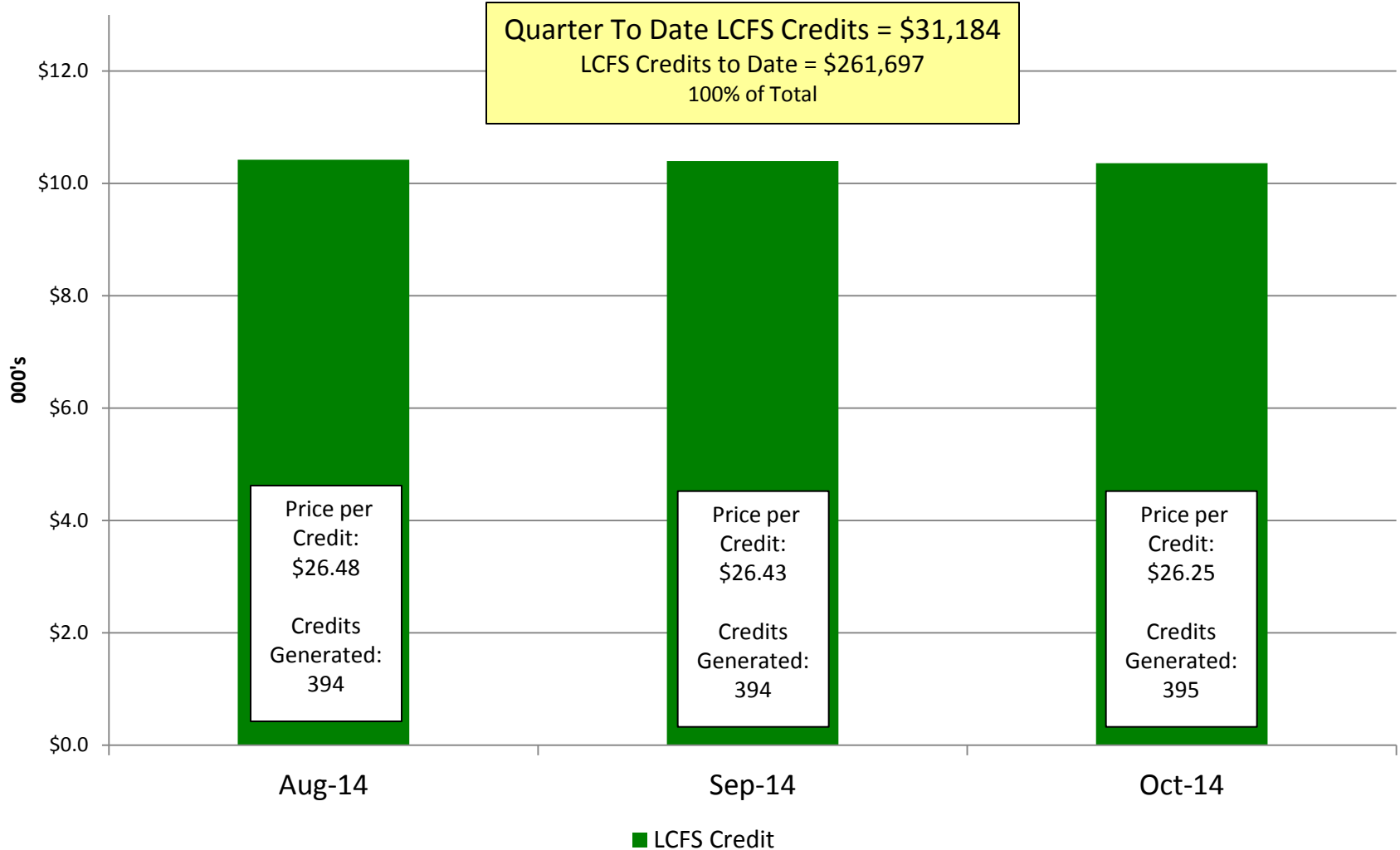
Attachment B

Renewable Identification Number (RIN's) Credit



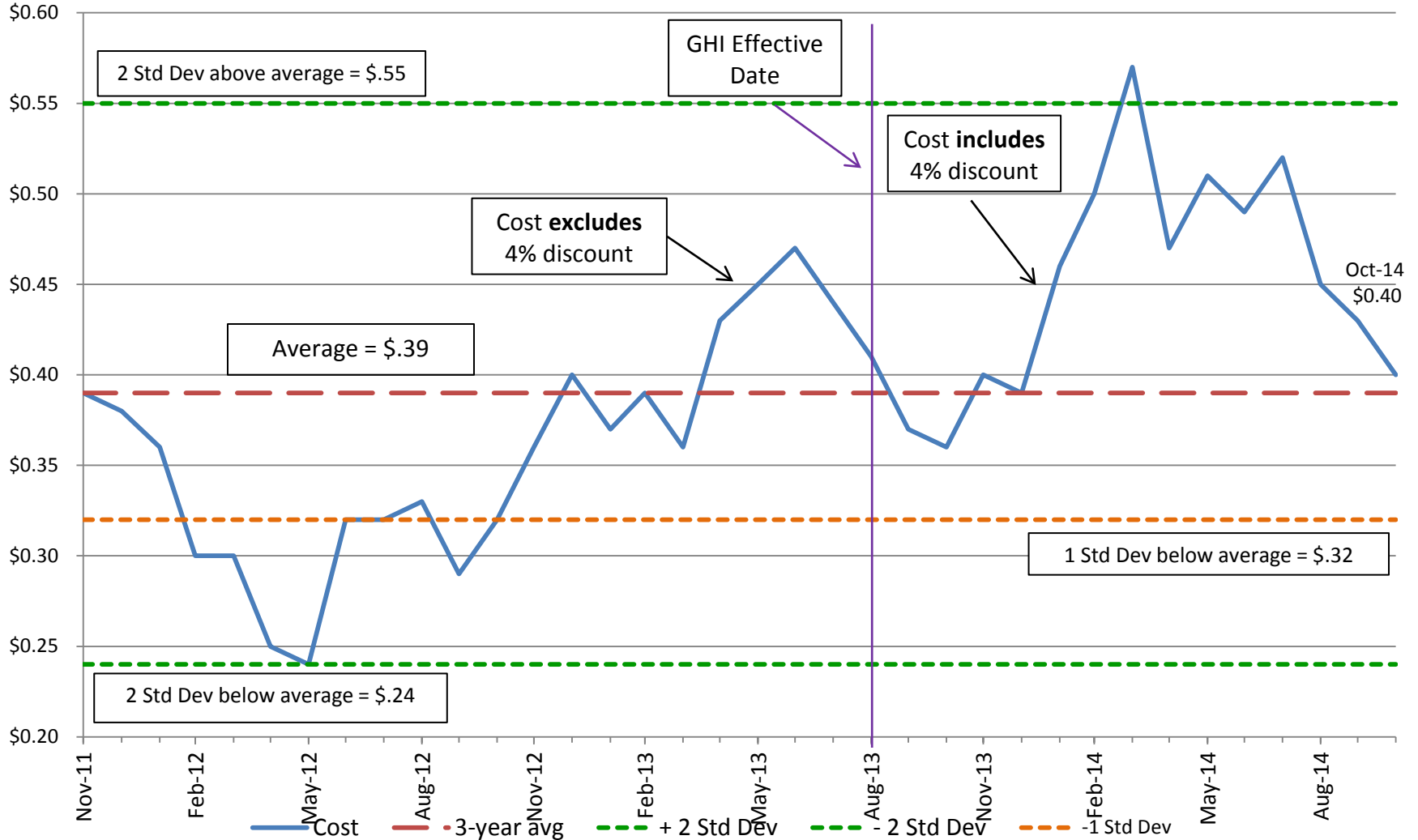
Attachment C

Low Carbon Fuel Standards (LCFS) Credit



Attachment D

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



RIVERSIDE TRANSIT AGENCY
1825 Third St.
Riverside, CA 92507

December 3, 2014

TO: BOARD BUDGET & FINANCE COMMITTEE

THRU: Larry Rubio, Chief Executive Officer

FROM: Vince Rouzaud, Chief Procurement and Logistics Officer

SUBJECT: Authorization to Renew Annual Software Licensing and Support Services Agreement with Infor Public Sector, Inc., (Infor) for Inventory Control and Vehicle Maintenance Software

Summary: Staff is requesting authorization to renew its annual software licensing and support services agreement with Infor for the Agency's inventory control and vehicle maintenance software.

Background

In February 2000, the Board authorized the award and implementation of a competitively bid Enterprise Resource Planning (ERP) information management system at a cost of \$1.8 million. The ERP system is comprised of two integrated software platforms; Oracle financial software applications for the Agency's accounting, budgeting, payroll, grants management, fixed assets, purchasing and human resources, and Infor software for inventory control and vehicle maintenance.

Infor software interfaces with Oracle software providing a seamless link between Oracle financials and the Infor inventory and maintenance management modules. The software manages functions such as inventory tracking, management of inventory re-order point and re-order quantities, cycle counts and the ability to schedule inspections for routine and preventative maintenance for Agency vehicles. The software also maintains the complete repair history for each vehicle in the Agency's fleet.

The Infor software is proprietary and can only be maintained by the software developer, Infor. As is customary with proprietary software, in order to be eligible for annual software updates along with maintenance support, the Agency is required to have an annual license and maintenance support agreement.

Fiscal Impact:

Sufficient funds to cover this request are included in the Agency's FY15 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 support services agreement with Infor Public Sector, Inc., for inventory control and vehicle maintenance software in an amount not to exceed \$56,541.29.

RIVERSIDE TRANSIT AGENCY
1825 Third St.
Riverside, CA 92507

December 3, 2014

TO: BOARD BUDGET & FINANCE COMMITTEE

THRU: Larry Rubio, Chief Executive Officer

FROM: Vince Rouzaud, Chief Procurement and Logistics Officer

SUBJECT: Authorization to Renew Annual Software Licensing and Support Services Agreement with Trapeze Software Group, Inc. (Trapeze) for Intelligent Transportation Systems (ITS) Software

Summary: Staff is requesting authorization to renew its annual software licensing and support services agreement with Trapeze for the Agency's Intelligent Transportation System (ITS) software.

Background

In May 2005, the Board authorized the award and implementation of a competitively bid ITS system (system) at a cost of approximately \$3.7 million. The system equipped the Agency's fleet of 40-foot buses with mobile data terminals, global positioning system receivers and automatic passenger counters. The system also included computer aided dispatch workstations directly linking Agency dispatch with the system network providing the ability to monitor the location of every 40-foot bus via an automatic vehicle location function of the ITS system.

Over the last nine years, ITS technology has advanced significantly in equipment design and software functionality. Improvements such as software for vehicle tracking, reporting capabilities, new text to speech capabilities and advanced traveler information applications that can provide audible information to better serve the riding public are a few examples.

In the Agency's FY14 capital budget, the Board authorized the replacement and expansion of the ITS system to include both directly operated and contractor operated vehicles. In November 2013, as a result of a formal competitive procurement, the Board authorized the award of an agreement to Clever Devices for the purchase and implementation of next generation ITS technology. The system's design, configuration and implementation are currently on schedule to be substantially complete by April, 2016.

When fully operational, the system will be deployed on all fixed route revenue vehicles.

With the current Trapeze ITS software license and support services agreement expiring on March 31, 2015, a 12-month renewal of this software license is required to ensure there is no lapse in support while the new Clever Devices ITS system is being configured, tested and put into operation.

Trapeze ITS software is proprietary and can only be maintained by the software developer, Trapeze Software Group, Inc.

Fiscal Impact:

Sufficient funds to cover this request are included in the Agency's FY15 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 support services agreement with Trapeze for ITS software in the amount of \$168,132.

RIVERSIDE TRANSIT AGENCY
1825 Third Street
Riverside, CA 92507

December 3, 2014

TO: BOARD BUDGET AND FINANCE COMMITTEE

THRU: Larry Rubio, Chief Executive Officer

FROM: Vince Rouzaud, Chief Procurement and Logistics Officer
Bob Bach, Director of Maintenance

SUBJECT: Authorization to Award a Contract to Creative Bus Sales, Inc. for 36 Aero Elite 28-Passenger Vehicles

Summary: Staff is requesting authorization to award a contract to Creative Bus Sales, Inc., of Chino, CA, to purchase 36 Aero Elite vehicles that will be used in the Agency's fixed-route and CommuterLink operations. These vehicles will replace 36 vehicles that have met their useful service life based on accumulated mileage as defined by the Federal Transit Administration (FTA).

These vehicles would be manufactured by El Dorado National and available through the California Association for Coordinated Transportation/Morongo Basin Transit Authority (CalACT/MBTA) Vehicle Cooperative Purchasing Agreement ("Cooperative Agreement"). The Cooperative Agreement replaces the State of California's cooperative purchasing agreement that the Agency has historically used to purchase vehicles.

The Cooperative Agreement covers vehicle requirements for publicly funded agencies, city transit systems, and other non-profit organizations performing governmental services within the State of California. The FTA (Best Practices Procurement Manual Section 4.7.2.2) encourages grantees to consider combining procurement efforts to obtain better pricing through larger purchases and resulting economies of scale. By using the Cooperative Agreement, the Agency is able to procure vehicles at a more competitive price than it could with an independent procurement. The Cooperative Agreement meets all of the FTA's requirements governing third party contracting.

The Aero Elite seats up to 28-passengers and is equipped with two wheelchair positions. These vehicles meet American with Disabilities Act (ADA) regulations and comply with the South Coast Air Quality

Management District's (SCAQMD) Rule 1196 governing heavy duty public fleet vehicles. Of the 36 vehicles, 35 will operate on unleaded fuel and one vehicle will operate on Compressed Natural Gas (CNG). All vehicles are certified by the California Air Resources Board (CARB) as meeting all applicable California and local Riverside County Transportation Commission (RCTC) emission regulations.

Background

In March 2012, the Agency used the CalACT/MBTA Cooperative Agreement to purchase 21 Aero Elite vehicles converted from unleaded gasoline to CNG fuel. It should be noted that CNG engines are not available directly from the original equipment manufacturer (OEM). Therefore, the unleaded gasoline engine is converted to CNG. Upon placing these vehicles in service in September 2012, the Agency experienced several premature engine failures that resulted in costly repairs. After thorough analysis, a determination was made that the engine failures were the result of excessive heat build-up in the engine compartment causing the engines to fail prematurely. The heat build-up is a direct result of the CNG engine running hotter than its unleaded engine counterpart. In order to remedy this problem, modifications to several of the engine's subsystems became necessary.

Over the last several months, staff has worked with various vendors, including the OEM (Ford Motor Company) on a variety of potential solutions. Through these discussions, a series of modifications to the cooling and oil delivery systems of the vehicle were devised. Based on the recommendations from the various vendors, staff retrofitted a vehicle with these modifications and this prototype vehicle has been in service for approximately two months. However, until the prototype vehicle has proven itself in service, for this 36 vehicle order, staff recommends ordering only one CNG vehicle equipped from the bus builder with these same modifications. Once the vehicle is delivered and placed into service next year, it will provide staff with further opportunities to determine if the modifications are sufficient to reduce the heat generated in the engine compartment to acceptable levels. Based on the performance of these prototype vehicles, staff will be able to evaluate whether additional modifications will be needed on future orders.

If approved by the Board, staff anticipates the new vehicles can be delivered beginning in August 2015.

Fiscal Impact:

Pricing under this contract is as follows (the CalACT/MBTA procurement fee of \$20,000 is included):

Description	Quantity	Unit Cost	Amount
CommuterLink	11	\$139,796.13	\$1,537,757.43
Fixed Route (unleaded)	24	\$139,472.13	\$3,347,331.12
Fixed Route (CNG)	1	\$170,724.09	\$170,724.09
Total			\$5,055,812.64

The per-vehicle price for the CommuterLink version is slightly higher than the fixed-route version as it comes equipped with cloth seating and a more elaborate paint scheme. The CNG test vehicle is priced at \$170,724.09 which covers the cost of the CNG conversion.

Staff is recommending the agreement include a 2.5 percent contingency amount of \$126,395 for technical changes, modifications or upgrades that may be required prior to production.

This procurement will be fully funded with a combination of Federal Transit Administration Section 5307 funds, State Transit Assistance (STA) funds, and auction proceeds.

Recommendation:

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

- Authorize staff to award a contract to Creative Bus Sales, Inc., for the purchase of 36 Aero Elite vehicles under the CalACT/MBTA Cooperative Purchasing Agreement in an amount not to exceed \$5,182,207.64 which includes a 2.5 percent, or \$126,395 contingency.