



January 13, 2016
2:00 p.m.

AGENDA

**Board Budget and Finance Committee Meeting
Riverside Transit Agency – Board Room
1825 Third Street
Riverside, CA 92507**

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 Riverside Transit Agency Board of Directors during the meeting, should contact the Riverside Transit Agency Clerk of the Board, telephone number (951) 565-5044, no fewer than two business days prior to this meeting to enable the Riverside Transit Agency to make reasonable arrangements to assure accessibility or language assistance for this meeting.

Agenda item descriptions are intended to provide members of the public a general summary of business to be conducted or discussed. Posting of any recommended action on an agenda item does not indicate what action will be taken. The Board of Directors may take any action it believes is appropriate on the agenda item and is not limited in any way by the notice of any recommendation.

All documents related to any agenda item are available for public inspection at www.riversidetransit.com or through the Clerk of the Board's office at the Riverside Transit Agency, 1825 Third Street, Riverside, CA 92507.

ITEM

RECOMMENDATION

- 1. CALL TO ORDER**
- 2. SELF-INTRODUCTIONS**

<u>ITEM</u>	<u>RECOMMENDATION</u>
3. PUBLIC COMMENTS – NON-AGENDA ITEMS 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 2, 2015 COMMITTEE MEETING (P.4)</u>	APPROVE
5. <u>CASHFLOW PROJECTIONS (P.6)</u>	RECEIVE AND FILE
6. <u>AGENCY INVESTMENT POLICY – ANNUAL UPDATE (P.8)</u>	RECEIVE AND FILE
7. <u>APPROVE RESOLUTIONS AUTHORIZING THE EXECUTION OF THE CERTIFICATIONS AND ASSURANCES FOR THE LOW CARBON TRANSIT OPERATIONS PROGRAM (LCTOP) (P.18)</u>	APPROVE
8. <u>AUTHORIZATION TO AWARD AGREEMENT NO. 15-001 TO EMPIRE TRANSPORTATION FOR FIXED ROUTE AND REGIONAL COMMUTER SERVICES (COMMUTERLINK) (P.25)</u>	APPROVE
9. <u>AUTHORIZATION TO AMEND THE FISCAL YEAR 2015/2016 (FY16) SHORT RANGE TRANSIT PLAN (SRTP) AND OPERATING AND CAPITAL BUDGETS (P.32)</u>	APPROVE
10. BOARD MEMBER COMMENTS	
11. ANNOUNCEMENTS	

ITEM

RECOMMENDATION

12. NEXT MEETING

Wednesday, February 3, 2016, 2:00 p.m.
Riverside Transit Agency
1825 Third Street
Riverside, CA 92507

13. MEETING ADJOURNMENT

RTA BOARD BUDGET AND FINANCE COMMITTEE MEETING
Minutes
December 2, 2015

1. **CALL TO ORDER**

Committee Chairwoman Krupa called the Board Budget and Finance Committee meeting to order at 2:03 p.m., on December 2, 2015, in the RTA Board Room.

2. **SELF INTRODUCTIONS**

Self-introductions, of those in attendance took place.

Committee Members Attending

1. Committee Chair Linda Krupa, City of Hemet
2. Director Brenda Knight, City of Beaumont
3. Second Vice-Chairman Frank Johnston, City of Jurupa Valley
4. Director Berwin Hanna, City of Norco
5. Chairman Andrew Kotyuk, City of San Jacinto
6. Director Maryann Edwards, City of Temecula
7. Alternate Barry Busch, County of Riverside, District V

Committee Members Absent

1. Director Randon Lane, City of Murrieta

RTA Staff

1. Larry Rubio, Chief Executive Officer
2. Tammi Ford, Clerk of the Board of Directors
3. Tom Franklin, Chief Operating Officer
4. Craig Fajnor, Chief Financial Officer
5. Vince Rouzaud, Chief Procurement and Logistics Officer
6. Laura Camacho, Chief Administrative Services Officer
7. Jim Kneepkens, Director of Marketing
8. Bob Bach, Director of Maintenance
9. Rick Kaczerowski, Director of Information Technologies
10. Natalie Zaragoza, Director of Contracts
11. Brad Weaver, Marketing Manager
12. Eric Ustation, Government Affairs Manager
13. Joe Forgiarini, Planning and Scheduling Manager
14. Joan Hepworth, Deputy Clerk of the Board of Directors

Other Attendees:

1. Alternate Donna Johnston, County of Riverside, District II

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

None.

4. **APPROVAL OF MINUTES – NOVEMBER 4, 2015 COMMITTEE MEETING**

M/S/C (JOHNSTON/HANNA) approving the November 4, 2015 committee meeting minutes.

The motion carried unanimously.

5. **CASH FLOW PROJECTIONS**

Mr. Fajnor presented the cash flow projections.

6. **QUARTERLY CAPITAL STATUS**

Mr. Fajnor presented the Quarterly Capital Status.

Andrew Kotyuk arrived to the meeting at 2:08 p.m.

7. **QUARTERLY NATURAL GAS PROCUREMENT STATUS REPORT**

Mr. Fajnor presented the Quarterly Natural Gas Procurement Status Report.

8. **AUTHORIZATION TO AWARD AGREEMENT NO. 15-041 to KTU+A FOR A FIRST AND LAST MILE MOBILITY STUDY**

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

- Authorize staff to award Agreement No. 15-041 to KTU+A for a first and last mile mobility study in the not to exceed amount of \$194,875.00.

The motion carried unanimously.

9. **BOARD MEMBER COMMENTS**

Comments were made by the following Board members: Director Berwin Hanna, Committee Chair Linda Krupa, Director Maryann Edwards and Alternate Director Barry Busch.

10. **ANNOUNCEMENTS**

Larry Rubio made an announcement.

11. **MEETING ADJOURNMENT**

The meeting was adjourned at 2:24 p.m.

RIVERSIDE TRANSIT AGENCY
1825 Third Street
Riverside, CA 92507

January 13, 2016

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 December 2015 with projections through February 2016. This reporting period covers the first eight months of FY16.

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

Recommendation:

Receive and file.

**Riverside Transit Agency
FY16 Cash Flow Projection**

	Actual									
General Account	1/1/2016	1/8/2016	1/15/2016	1/22/2016	1/29/2016	2/5/2016	2/12/2016	2/19/2016	2/26/2016	
1 Est. Cash, Beg Balance (Book)	225,691	1,947,747	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
3 Receipts:										
4 LTF Operating - recurring					4,088,131					4,088,131
5 LTF OPEB					281,667					281,667
6 RIN's Credit		8,178				7,000				
7 LCFS								100,000		
8 CalPERS CERBT Disbursement			94,021				95,000			
9 Farebox	119,032	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
10 Total Other Farebox	97,471	1,705	292,475	16,698	66,667	392	275,518	97,360	3,829	
11 Total Other Local		5,000	5,000	11,000	5,000	5,000	5,000	5,000	5,000	5,000
12 FTA Operating										579,773
13 Capital - Local, State				3,412	5,000	5,000	10,000	10,000	10,000	10,000
14 Echo - FTA Capital		27,798	10,000	10,000	10,000	10,000	20,000	2,053,765	20,000	
15 Transfer from Investment to Gen Acct.	1,900,000	1,033,913		918,890		3,027,609	24,662	1,004,494		
16 Disbursements:										
17 Payroll = Net+Tax	(1,128)	(760,000)		(880,000)		(780,000)		(780,000)		
18 A/P Wires	(165,047)	(2,159,340)	(340,560)	(25,000)	(707,160)	(2,200,000)	(355,180)	(25,000)	(511,460)	
19 A/P Checks	(190,867)	(155,000)	(155,000)	(155,000)	(155,000)	(155,000)	(155,000)	(155,000)	(155,000)	(155,000)
20 Capital Expenditures	(37,405)	(50,000)	(50,000)	(50,000)	(50,000)	(70,000)	(70,000)	(2,460,619)	(70,000)	
21 Transfer to Investment from Gen			(5,936)		(3,694,305)					(4,401,940)
22 Transfer to OPEB Trust Acct.										
23 Actual Ending Book Balance / Targeted Minimum Balance	1,947,747	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000

24 LAIF Account:

25 Beginning balance	19,500,000	17,600,000	16,566,088	16,581,804	15,662,914	19,357,219	16,329,611	16,304,948	15,300,455
26 Quarterly Interest Income			9,780						
27 Transfers to/from Gen Acct.	(1,900,000)	(1,033,913)	5,936	(918,890)	3,694,305	(3,027,609)	(24,662)	(1,004,494)	4,401,940
28 Transfers to/from County Pool	-	-	-	-	-	-	-	-	-
29 Ending balance	17,600,000	16,566,088	16,581,804	15,662,914	19,357,219	16,329,611	16,304,948	15,300,455	19,702,395

30 County Pool Account:

31 Beginning balance	23,153,894	23,153,894	23,164,022	23,164,022	23,164,022	23,164,022	23,164,022	23,164,022	23,164,022
32 Quarterly Interest Income		10,128							
33 Transfers to/from Gen Acct.	-	-	-	-	-	-	-	-	-
34 Transfers to/from LAIF	-	-	-	-	-	-	-	-	-
35 Ending balance	23,153,894	23,164,022	23,164,022	23,164,022	23,164,022	23,164,022	23,164,022	23,164,022	23,164,022

<i>Restricted</i>	24,573,896	24,584,024	24,584,024	24,584,024	24,865,691	24,865,691	24,865,691	24,865,691	25,147,358
<i>Available for Operating</i>	18,127,745	15,196,086	15,211,802	14,292,912	17,705,550	14,677,942	14,653,279	13,648,786	17,769,059
Avg Operating expenses per month =	5,750,000	5,750,000	5,750,000	5,750,000	5,750,000	5,750,000	5,750,000	5,750,000	5,750,000
No. of months Oper Cash On Hand =:	3.15	2.64	2.65	2.49	3.08	2.55	2.55	2.37	3.09

RIVERSIDE TRANSIT AGENCY
1825 Third Street
Riverside, CA 92507

January 13, 2016

TO: BOARD BUDGET AND FINANCE COMMITTEE
THRU: Larry Rubio, Chief Executive Officer
FROM: Craig Fajnor, Chief Financial Officer
SUBJECT: Agency Investment Policy – Annual Update

Background: 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

There are no changes recommended to the current policy for the coming year with regards to the objectives above.

However, certain fund types used by the Agency require interest-bearing accounts to hold unexpended balances. Examples of these funds are Cap and Trade and Proposition 1B. One of the biggest limitations of the current investments in LAIF and the Riverside County pool is the restriction to one account per investment. Thus, an additional investment vehicle beyond our current LAIF and Riverside County Pool accounts has been investigated and is being recommended for use.

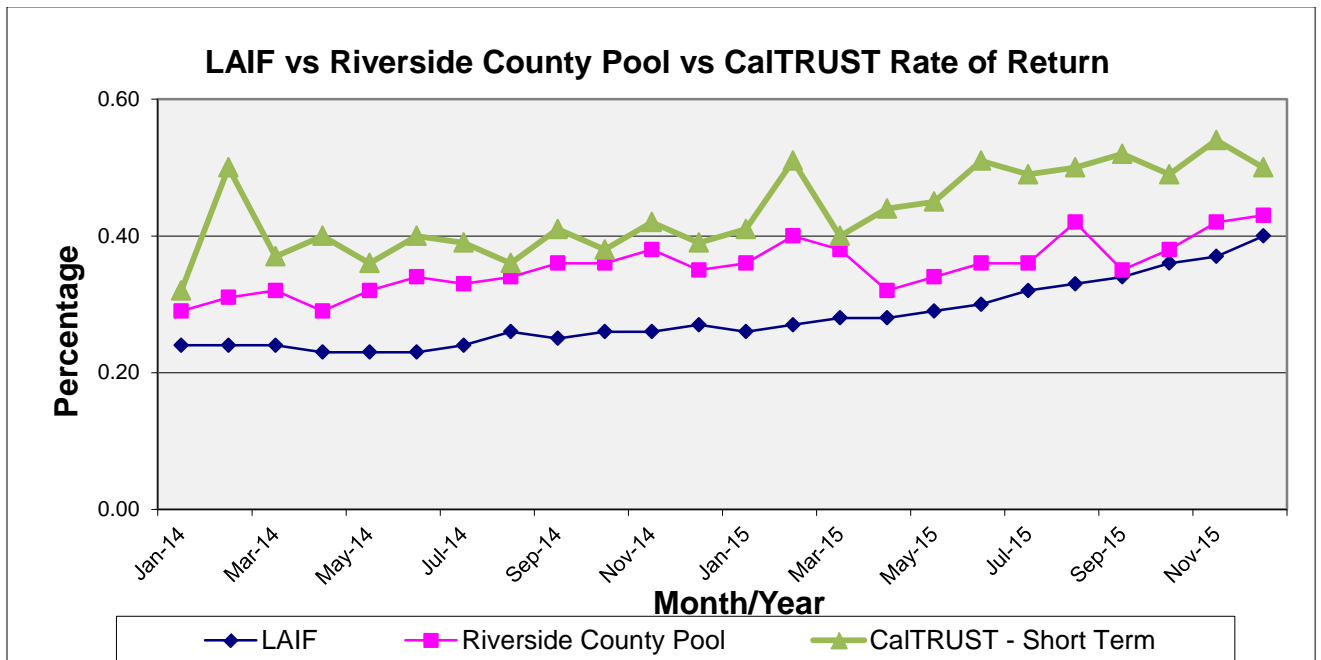
Currently, LAIF is holding operating funds while the County Pool is holding capital funds. Even within this construct, fund types are comingled and accounting for each type is more difficult. Having the opportunity to separate funding sources will be more effective and efficient method going forward.

For reference and historical review, bonds and Certificates of Deposit (CDs) are not considered viable options given the objectives of the policy. Rates of return are not significantly different than what the Agency has been experiencing in LAIF or the County Pool for a term likely to be used by the Agency. More importantly, bonds and CDs do not provide the liquidity the Agency requires to meet weekly disbursement obligations, bi-weekly payroll, or when large capital procurements come due. This has been further exasperated by federal funding challenges in recent years.

Summary: Further effort to identify a similar investment vehicle with a commercial banking or investment institution was pursued. CalTRUST is an option to augment current investments in both LAIF and the Riverside County Pool. The CalTRUST investment vehicle was identified by WellsFargo during our annual relationship review.

CalTRUST is administered by CSAC Finance Corporation and its investment guidelines are in compliance with all State of California Government Code limits and restrictions. Local representation on the CalTRUST Board of Trustees includes Riverside County Treasurer Don Kent. The Investment Advisor is Wells Capital Management, which is WellsFargo's Institutional Investor Service. WellsFargo is the Agency's current banking services provider.

The following chart compares historical monthly rates of return for LAIF, the County Pool, and CalTRUST (Short Term) for the trailing 2-year period of January 2014 through December 2015:



The table below represents a comparison of key logistical features of LAIF, the Riverside County Pool, and CalTRUST Short-term investments.

	<u>LAIF</u>	<u>County Pool</u>	<u>CalTRUST (short term)</u>
Assets (as of Nov. 2015)	\$21.4 billion	\$4.9 billion	\$1.0 billion
Transactions Per Month	15	unlimited	unlimited
Minimum Transaction	\$5,000 (in \$1,000 increments)	no stated minimum	no stated minimum
Account Cap	\$65,000,000	none	none
Advance Notice Requirement	24 hours for withdrawal of \$10,000,000 or more	24 hours for withdrawal of \$1,000,000 or more	24 hours for withdrawal of any amount
Same-day withdrawal transaction cut-off	10:00AM	10:00AM	not same day; by 1:00PM the day before requested withdrawal
Transaction communication	phone	phone or email	on-line or email
Monthly Statement	yes	yes	yes
Interest Earned	daily	daily	daily
Interest Posted	quarterly	quarterly	monthly
Interest Available	15 days after quarter end	approximately 1/3 available 5 days after quarter end; remaining 2/3 by end of second month after quarter end	100% on first day after end of prior month
Holidays/closure dates	11 in 2016 (posted and known in advance)	10 in 2016 (posted and known in advance)	11 in 2016 (posted and known in advance)
Number of Accounts	one	one	multiple

In summary, an investment in CalTRUST would provide the Agency with the ability to have multiple interest-bearing accounts in one investment while achieving an acceptable rate of return relative to current singular investments in LAIF and the County Pool. This would be a more effective and efficient method of managing current unexpended fund balances. Further, the logistics of using CalTRUST are very similar to those of LAIF and the County Pool. As an added measure of protection, there would be a “one way in, one way out” set up of funding any/all CalTRUST accounts.

Attachment A to this staff report is the draft 2016 Agency Investment Policy with recommended changes.

Fiscal Impact:

None.

Recommendation:

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

- Adopt the Agency Investment Policy for 2016, which includes the addition of the CalTRUST Short-term investment as an acceptable investment vehicle.
- Authorize staff to establish the appropriate number of CalTRUST short-term accounts to accommodate Agency needs.



INVESTMENT POLICY

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. 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.
4. County of Riverside Treasurer's Pooled Investment Fund (Riverside County Pool) which is a County of Riverside managed investment pool.

5. *CalTRUST (Short-term) which is Joint Powers Authority investment administered by CSAC Finance Corporation and advised by Wells Capital Management.*

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 when certain conditions exist in order 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 a 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; currently GHI Energy LLC) 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 former practice of buying from SoCalGas, it is understood that the Agency will still be paying SoCalGas for transmission and related fees.

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 actual commodity cost history to be enacted per below;
- When the cost of the natural gas commodity, inclusive of any administrative costs of the designated ESP, is one standard deviation less than the trailing 3-year average cost, then the Agency should purchase a three month supply of natural gas at the market price per therm for a contract of that duration
- 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, then the Agency should purchase a one year supply of natural gas at the market price per therm for a contract of that duration

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. It must be understood and agreed that buying natural gas from an ESP under this arrangement creates the possibility of buying natural gas at a price per therm greater than would be if purchased through SoCalGas.

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 currently in 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 SoCalGas index cost per therm (benchmark) with the discounted index cost per therm purchased through an ESP and/or 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 13, 2016

TO: BOARD BUDGET AND FINANCE COMMITTEE
THRU: Larry Rubio, Chief Executive Officer
FROM: Rohan Kuruppu, Director of Planning
SUBJECT: Approve Resolutions Authorizing the Execution of the Certifications and Assurances for the Low Carbon Transit Operations Program (LCTOP)

Summary: The Cap and Trade LCTOP is one of several programs that are part of the Transit, Affordable Housing, and Sustainable Communities Program established by the California Legislature in 2014 by Senate Bill 862 (SB 862). SB 862 establishes the LCTOP program as a formulaic program and will continuously appropriate 5% of the annual auction proceeds of the Greenhouse Gas Reduction Fund (GGRF) to this program. A total of \$2,665,781 is available this year for operating and capital assistance for transit agencies in Riverside County to reduce greenhouse gas emissions and improve mobility, with priority on serving disadvantaged communities. The \$2,665,781 is distributed through the State Controller's Office in accordance with sections 99312 (b) (c), 99313, and 99314 of the Public Utilities Code (PUC).

Projects must meet the following criteria in order to be considered for funding:

1. Project must reduce greenhouse gas emissions;
2. Project must be located in or provide benefits to a disadvantaged community as defined by the California Air Resources Board;
3. Project must increase transit ridership;
4. Project must be fully funded (can include future funding plans).

Based on the above criteria, staff evaluated unfunded projects previously approved for development and determined that the planned University of California, Riverside (UCR) Mobility Hub is the most qualified project for this funding source.

The UCR Mobility Hub was identified as a necessity for the implementation of increased service frequencies to UCR as part of the Comprehensive Operational Analysis that was conducted in 2013-2014 and approved by the RTA Board in January 2015. Once this project was

approved as part of the COA, it was programmed in the Short Range Transit Plan (SRTP) which was approved by the RTA Board in May 2015. The UCR Mobility Hub was also identified as a project eligible for Western Riverside Council of Governments (WRCOG) Transportation Uniform Mitigation Fee (TUMF) funding during the TUMF Nexus Study.

UCR is one of the busiest transit destinations in the RTA transit network with roughly 25% of UCR students riding RTA buses. The current on street bus stop on Canyon Crest Drive does not have the space, bus shelters, or other amenities essential to effectively incorporate transit into UCR's mobility plan. Additionally, the current location does not provide for an efficient bus turnaround, forcing buses to use local streets to turnaround, which adds miles, time, and cost. The estimated annual operating and capital cost efficiency that can be gained by implementing the planned Mobility Hub is about \$600,000 per year and two buses. These efficiency gains come from the elimination of a one mile long turnaround loop and the discontinuance of redundant Route 16 service. Route 16 currently continues from UCR to downtown Riverside, however with the implementation of new RapidLink service and local Route 1 service in early 2017, it is no longer necessary to operate duplicate service along this segment. In turn, these resources will be reallocated to assist in implementing increased service to UCR via the RapidLink and Route 16.

As part of preparing UCR's Master Plan, RTA was invited to partner with UCR to identify a location for a Mobility Hub that could meet UCR's immediate and long term mobility needs. UCR has identified a potential site that would be mutually beneficial for both RTA and the University, pending Board approval from both entities. RTA is currently working with UCR on preparing the draft plan and cost estimate, however due to time constraints within this grant program, this resolution must precede these documents. The draft cost estimate and conceptual plan will be presented to the RTA Board of Directors for review and approval at a future date.

The Riverside Transit Agency (RTA) was apportioned \$1,087,073 for FY16 LCTOP funds, with \$929,739 from section PUC 99313 and \$157,334 from section PUC 99314. If approved, these funds will be used for the UCR Mobility Hub in combination with other funding sources.

Resolutions authorizing the project and the execution of the certifications and assurances are necessary to apply for these funds. Staff

recommends that the Committee forward the resolutions to the full board for their consideration.

Fiscal Impact:

Execution of these resolutions will allow the agency to apply for funding to fully develop the project funding plan to implement UCR Mobility Hub.

Recommendation:

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

- Approve Resolution Authorizing the Execution of the Certifications and Assurances for the Low Carbon Transit Operations Program (LCTOP).
- Approve Resolution Authorizing the Execution of the Low Carbon Transit Operations Program Project.

Attachment 1

Attachment 2

RESOLUTION No. 2016-01

RESOLUTION OF THE BOARD OF DIRECTORS OF THE RIVERSIDE TRANSIT AGENCY AUTHORIZING THE EXECUTION OF THE CERTIFICATIONS AND ASSURANCES FOR THE LOW CARBON TRANSIT OPERATIONS PROGRAM (LCTOP)

WHEREAS, the Riverside Transit Agency (RTA) is an eligible project sponsor and may receive state funding from the Low Carbon Transit Operations Program (LCTOP) for transit projects; and

WHEREAS, the statutes related to state-funded transit projects require a local or regional implementing agency to abide by various regulations; and

WHEREAS, Senate Bill 862 (2014) named the Department of Transportation (Department) as the administrative agency for the LCTOP; and

WHEREAS, the Department has developed guidelines for the purpose of administering and distributing LCTOP funds to eligible project sponsors (local agencies); and

WHEREAS, the RTA wishes to delegate authorization to execute these documents and any amendments thereto to the **Chief Executive Officer or his assigned designee**; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the RTA that the fund recipient agrees to comply with all conditions and requirements set forth in the Certification and Assurances and the Authorized Agent documents and applicable statutes, regulations and guidelines for all LCTOP funded transit projects.

NOW THEREFORE, BE IT FURTHER RESOLVED that **Chief Executive Officer or his assigned designee**, be authorized to execute all required documents of the LCTOP program and any Amendments thereto with the California Department of Transportation.

Resolution No. 2016-01
Page 2 of 2

Passed and approved this 21st day of January, 2016.

AGENCY BOARD DESIGNEE:

RIVERSIDE TRANSIT AGENCY

APPROVED AS TO FORM:

Frank Johnston
Chairman, Board of Directors

James Donich
Agency General Counsel

CERTIFICATION

The undersigned duly qualified Clerk of the Board of Directors of the Riverside Transit Agency certifies that the foregoing is a true and correct copy of a resolution, adopted at a legally convened meeting of the Riverside Transit Agency held on January 21, 2016.

ATTEST:

Tammi Ford
Clerk of the Board of Directors

RESOLUTION No. 2016-02

RESOLUTION OF THE BOARD OF DIRECTORS OF THE RIVERSIDE TRANSIT AGENCY AUTHORIZING THE EXECUTION OF THE LOW CARBON TRANSIT OPERATIONS PROGRAM (LCTOP) PROJECT: UNIVERSITY OF CALIFORNIA, RIVERSIDE MOBILITY HUB, \$ 929,739 PUC 99313, \$157,334 PUC 99314.

WHEREAS, the Riverside Transit Agency (RTA) is an eligible project sponsor and may receive state funding from the Low Carbon Transit Operations Program (LCTOP) now or sometime in the future for transit projects; and

WHEREAS, the statutes related to state-funded transit projects require a local or regional implementing agency to abide by various regulations; and

WHEREAS, Senate Bill 862 (2014) named the Department of Transportation (Department) as the administrative agency for the LCTOP; and

WHEREAS, the Department has developed guidelines for the purpose of administering and distributing LCTOP funds to eligible project sponsors (local agencies); and

WHEREAS, the RTA wishes to implement the LCTOP project(s) listed above,

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the RTA that the fund recipient agrees to comply with all conditions and requirements set forth in the applicable statutes, regulations and guidelines for all LCTOP funded transit projects.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the RTA that it hereby authorizes the submittal of the following project nomination(s) and allocation request(s) to the Department in FY 2015-16 LCTOP funds:

Project name: University of California, Riverside (UCR) Mobility Hub

Funds Requested: \$929,739 PUC 99313, \$157,334 PUC 99314

Description: UCR is one of the busiest transit hubs in the RTA transit network with roughly 25% of UCR students riding RTA buses. Currently at UCR, there is limited space for amenities and multimodal elements. RTA will partner with UCR to construct a Mobility Hub which will reduce greenhouse gas emissions, increase mode share, and benefit disadvantaged communities.

Contributing Sponsors: Riverside County Transportation Commission

Resolution No. 2016-02
Page 2 of 2

Passed and approved this 21st day of January, 2016.

AGENCY BOARD DESIGNEE:

RIVERSIDE TRANSIT AGENCY

APPROVED AS TO FORM:

Frank Johnston
Chairman, Board of Directors

James Donich
Agency General Counsel

CERTIFICATION

The undersigned duly qualified Clerk of the Board of Directors of the Riverside Transit Agency certifies that the foregoing is a true and correct copy of a resolution, adopted at a legally convened meeting of the Riverside Transit Agency held on January 21, 2016.

ATTEST:

Tammi Ford
Clerk of the Board of Directors

RIVERSIDE TRANSIT AGENCY
1825 Third Street
Riverside, CA 92507

January 13, 2016

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. 15-001 to Empire Transportation for Fixed Route and Regional Commuter Services (CommuterLink)

Summary: The Riverside Transit Agency (Agency) operates a network of local, community, rail-connector and express bus routes which serve the western Riverside County region. The Agency also operates federally mandated paratransit services known as Dial-a-Ride, a shared-ride program available for people unable to use the fixed-route bus service due to functional limitations. Fixed-route bus service operated by the Agency is referred to as directly operated fixed-route service (DOFR), while routes operated under contract are referred to as contracted fixed-route service (CFR). The Dial-a-Ride program is a contract-operated, demand-response service mandated by the Americans with Disabilities Act (ADA) that is complementary to fixed-route service. Combined, these services make up the RTA transit system.

The Agency's service area encompasses a mixture of both urban and rural environments. In order to deliver efficient and cost-effective service, the Agency contracts the rural portion of its service to a third-party contractor. CFR service uses vehicles less than 40 feet in length as they are more efficient for operating in that environment. Of the Agency's 603,568 projected annual fixed-route revenue service hours, approximately 32 percent are CFR routes. Table 1 on the following page identifies the specific route numbers and corresponding annual revenue service hours and miles for each contracted route.

As the current five-year agreement for these services is due to expire on June 30, 2016, staff, on May 18, 2015, issued Request for Proposal (RFP) No.15-001. The RFP was publicly advertised in a newspaper of general circulation and a notice was posted on the Agency's website along with a copy of the RFP document. In addition, the Agency sent notices of the contracting opportunity to the chambers of commerce of those cities that are members of the Agency's Joint Powers Agreement.

For this project, the agreement requires the contractor to provide everything necessary for a turnkey operation including but not limited to: facilities,

operations, management, dispatching, maintenance, fuel, and insurance while the Agency provides the revenue vehicle fleet. The current number of revenue vehicles apportioned to the CFR fleet is 79, including spares.

CFR service represents approximately 17 percent of the Agency’s annual operating budget. The number of employees dedicated to this service is approximately 166, which includes drivers, mechanics, dispatchers and administrative support personnel.

As with previous CFR agreements, potential vendors were instructed to use the Oil Price Information Service (OPIS) rack pricing for Colton, CA as the index to establish a baseline for calculating fuel expenses. Using this index places proposers on equal footing when developing fuel projections and enables the Agency to evaluate the proposals on a fair and equitable basis. Additionally, the OPIS index will be used to calculate the increase or decrease in fuel costs per the fuel escalation/de-escalation provision in the agreement. An example of how this provision’s methodology works is included under the fiscal impact section of this report.

Further, potential vendors were instructed to base their pricing on the below estimated revenue hours and miles:

Table 1 – FY15 Revenue Hours and Miles

ROUTE	REVENUE HOURS	REVENUE MILES	ROUTE	REVENUE HOURS	REVENUE MILES
3C	6,303	231,709	42	5,301	82,514
7	9,977	147,390	50	2,352	15,293
8	9,948	179,468	51	1,812	19,073
19C	1,043	15,056	55	1,183	16,122
23	14,128	170,969	61	11,373	178,803
24	10,747	153,899	74	17,558	298,872
26	4,291	84,229	79	13,115	235,294
30	9,024	194,562	202	5,050	139,550
31	11,431	121,753	208	6,578	192,422
32	10,775	64,086	210	1,148	19,893
33	4,870	158,288	212	5,919	168,064
40	3,557	63,236	217	6,180	195,489
41	5,788	103,404	Grand Total	187,917	3,249,438

(Revenue Hours and Miles as of May 2015)

On August 7, 2015, the Agency received proposals from the following four vendors:

- Empire Transportation, Inc., Bellflower, CA
- First Transit, Inc., Cincinnati, OH
- National Express Transit Corporation, Warrenville, IL
- Transdev, Hamilton, OH

As noted above, CFR services are procured using the formal competitive proposal (RFP) process. This process requires an evaluation of proposals based on pre-determined criteria previously identified by staff as critical to the success of the overall project. This criteria along with their relative weights were disclosed in the Evaluation and Award section of the RFP. The purpose for disclosing evaluation criteria is:

- proposers can more accurately respond to the Agency's needs rather than solely rely on the technical specifications alone;
- proposers will be able to clearly present the information needed in order for the Agency to conduct a fair evaluation; and
- the appearance of favoritism or unethical practice in the selection process will be diminished.

Moreover, the formal competitive proposal process is what principally distinguishes an RFP from an Invitation for Bid (IFB) where price is the only consideration. Typically, proposals are reviewed by an evaluation committee for the technical content only and the corresponding cost proposals are evaluated by procurement staff. The ability to effectively compare proposals on an apples-to-apples basis is vital to ensuring a fair and successful vendor selection process. For this procurement, the published evaluation criteria in which the proposals were evaluated were the following:

- Qualifications, Related Experience, and References (20 percent);
- Staffing and Project organization (25 percent);
- Work Plan (30 percent);
- Completeness of Response (5 percent); and
- Cost and Price (20 percent)

As a recipient of federal grant funding, the Agency is required to follow Federal Transit Administration (FTA) procurement guidelines. FTA Circular 4220.1F and FTA's Best Practices Procurement Manual (BPPM) specifically identifies this process for evaluating formal RFP's and states in part that *"awards will be made to the responsible firm whose proposal is the most advantageous to the grantee's program with price and other factors considered"*.

Evaluation committee members from the purchasing, operations and maintenance departments were instructed to follow this process as they

reviewed each proposal for its technical content. This process is done independently as evaluators are also instructed not to discuss their scoring with anyone else on the committee to ensure the integrity of the evaluation process. The technical scores are then compiled by procurement staff and the results shared with committee members.

After this initial technical review, all four vendors were invited for in-person interviews. As part of this process, each vendor was required to make available the key personnel that would be assigned to the Agency's contract so they could be interviewed directly by the committee. Key personnel include the General Manager, Operations Manager, Maintenance Manager and the Safety and Training Manager. The evaluation of key personnel is suggested in the BPPM when *"the procurement involves services or requirements where management of the work is a critical factor in determining its success"*.

Similar to a job interview, this process is challenging and presents real operational situations to candidates requiring them to demonstrate their understanding of the job, experience and critical thinking skills. Several of those interviewed failed to meet the minimum standards required for these key positions and, in one case, the vendor failed to have all key personnel available for the interview. Of the four teams interviewed, only the team from Empire Transportation received above average scores for all key positions. No other proposed project team received satisfactory scores for all key positions.

Since qualifications, related experience, references, staffing, work plan and project organization account for 80 percent of the evaluation criteria, the initial technical scores were revised based on the results of the interviews. After the interview process, the technical rankings were as follows:

1. Empire Transportation, Inc.
2. First Transit, Inc.
3. Transdev
4. National Express Transit Corporation

The combination of low technical scores along with the failure to have all key personnel present for the interview process, resulted in the elimination of National Express from further consideration.

The next step in the evaluation process was to conduct a thorough price analysis comparing resources and individual cost elements for reasonableness. This analysis highlights cost/resource variances by line item between vendors and is intended to ensure proposals are compared on an apples-to-apples basis.

In order to address these variances and provide vendors with the opportunity to clarify their pricing submittals, staff solicited Best and Final Offers

(BAFO's). Included in the Agency's BAFO requests were vendor specific questions dealing with differences in labor resources, wages, fringe benefits, taxes, maintenance, fuel expenses, facilities, training and insurance.

BAFO pricing is summarized below:

Table 2 – BAFO Pricing

	First Transit	Empire Transportation	Transdev
First Year	\$ 14,762,304.00	\$ 13,362,777.87	\$ 11,777,171.00
Second year	\$ 14,684,427.00	\$ 13,561,969.89	\$ 12,184,923.00
Third Year	\$ 15,060,790.00	\$ 13,845,724.56	\$ 12,492,685.00
TOTAL COST	\$ 44,507,521.00	\$ 40,770,472.32	\$ 36,454,779.00
Percentage Difference	22.09%	11.84%	0

Although each vendor under consideration submitted a response to the Agency's BAFO request, when evaluating the BAFO's there continued to be significant differences. In particular, staffing levels proposed by Transdev for this contract is five percent less than the number of employees proposed by Empire. Based on current staffing for the existing contract, staff considers the staffing proposed by Empire Transportation to be appropriate for a contract of this size and scope. When salaries and benefits between the Transdev and Empire proposals are normalized to account for the difference in staffing, the cost differential between the two vendors is reduced by approximately 1.3 million.

While Empire Transportation's pricing is 11.84 percent higher than Transdev, the comparative process described above enabled staff to determine that their hourly rates are fair and reasonable and, furthermore, are consistent with what other agencies are paying for similar services in the Southern California region. Staff verified these rates through market research and analysis of similar contracts at the Antelope Valley Transit Authority and the Orange County Transportation Authority.

At the conclusion of the evaluation process, it was the selection committee's determination that Empire Transportation was the most technically responsive and responsible vendor. This determination was made based on the results of the overall weighted average of scores for each evaluation criteria, a thorough analysis of the cost proposals, interviews and reference checks. As a result, staff recommends awarding a three-year agreement with two one-year options to Empire Transportation as the best value provider for contracted fixed route and CommuterLink services.

Fiscal Impact:

Because this procurement was issued in May of 2015 and was based on the FY15 service plan, the final agreement with the successful vendor will need to be adjusted to include the changes in service hours and miles for FY16. The adjustments for the FY16 service plan adds 5,704 annual revenue service hours which increases the amount of the agreement by \$1,237,539.84 over the three-year period. Thus, Empire Transportation’s pricing when adjusted for the increase in service levels is \$42,008,012.16 for the three-year base period.

As mentioned previously, vendors were instructed to use OPIS rack pricing as the baseline for calculating fuel expenses. The BAFO pricing for Empire Transportation shown in Table 2 above reflects final negotiated pricing, not including adjustments for fuel during the proposed contract period. Staff estimates that over the three-year period, increases in fuel costs may increase the overall contract value by approximately 2 percent, or an additional \$840,160.24, making the total not-to-exceed contract amount \$42,848,172.40.

The fuel escalation/de-escalation clause is structured so that it will only be utilized in the event of a greater than 10 percent increase or decrease in fuel costs during any three-month period. Actual fuel costs will be based on the OPIS rack pricing for Colton, CA. per the example in Table 3 below:

Table 3 – Fuel Escalation Methodology

Threshold of Increase in Rate Per Gallon	10.00%
Initial Billing Rate Per RSH	\$71.11
Base Contract Fuel Rate per Gallon	\$2.17
Fuel Portion of Hourly Rate	\$9.03

FUEL INCREASE	Rate Per Gallon				
	\$2.17	\$2.40	\$2.50	\$2.60	\$2.70
% Change in Fuel Rate	0.00%	10.60%	15.21%	19.82%	24.42%
Fuel Portion of Hourly Rate	\$9.03	\$9.03	\$9.03	\$9.03	\$9.03
Adjusted Billing Rate Per RSH	\$71.11	\$72.07	\$72.48	\$72.90	\$73.32

FUEL DECREASE	Rate Per Gallon				
	\$2.17	\$1.95	\$1.85	\$1.75	\$1.65
% Change in Fuel Rate	0.00%	-10.14%	-14.75%	-19.35%	-23.96%
Fuel Portion of Hourly Rate	\$9.03	\$9.03	\$9.03	\$9.03	\$9.03
Adjusted Billing Rate Per RSH	\$71.11	\$70.19	\$69.78	\$69.36	\$68.95

If approved, this agreement is scheduled to start on July 1, 2016. Funding for these services will be incorporated in the Agency's budget request for FY17. Funding for future years will be requested in future fiscal year budgets.

Recommendation:

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

- Authorize staff to enter into Agreement No. 15-001 with Empire Transportation, Inc. for contracted fixed route and CommuterLink services for a three-year base period in the amount of \$42,848,172.40. The agreement will also include two, one-year option periods. Prior to exercising the option periods, staff will survey the Southern California region to ensure cost competitiveness and return to the Board with a recommendation.

RIVERSIDE TRANSIT AGENCY
1825 Third Street
Riverside, CA 92507

January 13, 2016

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 2015/2016 (FY16) Short Range Transit Plan (SRTP) and Operating and Capital Budgets

Summary: At their May 28, 2015 meeting, the Agency Board of Directors adopted the FY16 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 FY16 Operating budget of \$69,079,587 represents a three percent increase over the FY15 Operating budget, and is budgeted to be compliant with the Farebox Recovery Ratio requirement. The three 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 funding at the time of consideration and adoption. The current adopted Capital budget of \$27,035,728 represents a 50% decrease over the FY15 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. In particular, the Board's position on accepting our Federal formula funds as well as the Bus and Bus Facilities capital funds clears the way to move forward with plans that were put on hold at the time of the FY16 Budget adoption.

Operating Budget

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

Service Changes

No significant service changes are contemplated for the remainder of the fiscal year. As such, the adopted FY16 RSH budget of 795,421 is unchanged.

Salaries and Benefits

Staff is recommending the addition of a total of six positions to the FY16 budget.

Three of the positions are the reinstatement of positions that were removed prior to request for approval of the original FY16 budget. These positions were removed due to the uncertainty of federal funding due to the then 13c/PEPRA issue. These are:

- Claims Clerk – this position will support the Risk Management department in processing worker's compensation and liability claims. The budgeted cost for the remainder of FY16 for this position (including fringe benefits) is \$14,600. The FY17 cost of this position will be included in the FY17 Operating Budget. (Assumed hire date: April 1)
- Surveillance Clerk – this position will assist with video-review of incidents captured on Agency surveillance cameras. The budgeted cost for the remainder of FY16 for this position (including fringe benefits) is \$24,500. The FY17 cost of this position will be included in the FY17 Operating Budget. (Assumed hire date: February 1)
- Community Engagement Coordinator – this position will assist marketing with community outreach and customer relations through presentations, community events, special programs, and social media. The budgeted cost for the remainder of FY16 for this position (including fringe benefits) is \$15,000. The FY17 cost of this position will be included in the FY17 Operating Budget. (Assumed hire date: May 1)

Three additional positions are required due to evolving business needs. These positions are:

- Contract Operations Specialist – this position will assist with the pursuit of additional efficiencies under the demand response purchased transportation contract. The budgeted cost for the remainder of FY16 for this position (including fringe benefits) is \$10,700. The FY17 cost of this position will be included in the FY17 Operating Budget. (Assumed hire date: May 1)
- Parts Clerk – this position will assist with the expanding workload as a result of the increasing fleet size. The budgeted cost for the remainder of FY16 for this position (including fringe benefits) is \$15,000. The FY17 cost of this position will be included in the FY17 Operating Budget. (Assumed hire date: April 1)
- Deputy Director of Maintenance – this position will assist with the expanding workload as a result of the increasing fleet size and increased facility capital improvement projects and maintenance. In addition, this position is critical to the succession plan of the department - as over 50% of the current department management positions are expected to be retiring in the next few years. Cross-training and leadership will be key to the success of this staffing transition. The budgeted cost for the remainder of FY16 for this position (including fringe benefits) is \$40,000. The FY17 cost of this position will be included in the FY17 Operating Budget. (Assumed hire date: April 1)

In addition to the six additional positions identified above, staff is requesting approval to upgrade two positions. These position upgrades are:

- Scheduling Specialist to Scheduling Analyst – this upgrade is required in order to position the Agency to perform all scheduling-related activities in-house as we seek to buy and/or license scheduling software in the near future. The Specialist was originally planned to be hired in October. The savings from the delay in hiring covers the FY16 cost of the upgrade. The FY17 cost of this position will be included in the FY17 Operating Budget. (Assumed hire date: May 1)
- Contracts Administrator to Contracts Manager – this upgrade is required in order for the Agency to deal with ever increasing procurement-related activities and demands. The Contracts Administrator position has been vacant since August. The savings from the vacancy cover the FY16 cost of the upgrade. The FY17 cost of this position will be included in the FY17 Operating Budget. (Assumed hire date: February 1)

The current Board approved number of budgeted positions is 444. Should this item be approved by the Board, budgeted positions would increase by six to 450.

Purchased Transportation

Contractor liquidated damages have been higher than expected allowing for a reduction of \$10,700 to offset the addition of a Contract Operations Specialist position.

Services

No change.

Materials and Supplies

The agency has executed multiple 3-month contract purchases of natural gas requirements from its natural gas supplier. These contracts represent about 80% of our average monthly usage and carry us through the end of the fiscal year. Coupled with lower than anticipated unleaded gasoline costs, staff expects to underrun the FY16 fuel budget by \$109,100. These fuel cost savings pay for six additional salaries and benefits costs identified above.

Other Expenses

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

Operating Budget Summary

The FY16 adopted Operating budget is \$69,079,587. The recommended changes discussed above have no net impact on the FY16 Operating Budget. Thus, the FY16 Operating Budget would remain at \$69,079,587.

An Operating Budget comparison is shown below. The comparison depicts the change in cost elements from the FY16 adopted Operating Budget to the FY16 proposed mid-year Operating Budget.

	FY16 Adopted	FY16 Midyear	Change Incr.+/ (Decr.)	Comment
Salaries and Benefits	\$ 36,117,882	\$ 36,182,682	119,800	plus 6 position/2 upgrades
Services	2,849,733	2,849,733	-	
Materials & Supplies	3,272,008	3,217,908	(109,100)	CNG/unleaded gas
Purchased Transportation	23,692,259	23,681,559	(10,700)	Liquidated damages
Other Expenses	<u>3,147,705</u>	<u>3,147,705</u>	<u>-</u>	
Total Operating Expenses	<u>\$ 69,079,587</u>	<u>\$ 69,079,587</u>	<u>\$ -</u>	

New Cap and Trade Funds Programming

When the FY16 Operating Budget was prepared, the Agency was unaware of when it would receive California Low Carbon Transit Operations Program (LCTOP or "Cap and Trade") funds designated for its use. Budgeting conservatively, and with Riverside County Transportation Commission (RCTC) staff agreement, new Cap and Trade funds for operating activities were not programmed for their assumed coverage of FY16 eligible expenses (service to support the new Perris Valley Line (PVL)). Instead, and per the direction of RCTC staff, Local Transportation Funds (LTF) were programmed to cover the expenses of these PVL-related activities.

After the Board's adoption of the FY16 budget and the start of the fiscal year, the Agency received its anticipated \$460,410 Cap and Trade operating funding. As such, this funding source needs to be formally programmed via Table 4 of the SRTP. Funding provided by the Cap and Trade program will supplant the programmed LTF funding to cover the PVL-related service in FY16.

With RCTC staff concurrence, subject to both RTA Board and full RCTC approval, Agency staff is requesting that the original \$460,410 of LTF identified above be reprogrammed to the Agency's FY16 Capital budget for use in support of the development of the new central Operations and Maintenance Facility.

Operating Revenues

The table below summarizes the operating revenue source changes encompassed in this request.

Operating Revenue	LTF	Measure A	Federal	LCTOP	All Other	Total
Adopted SRTP Operating Revenue	\$39,328,178	\$2,833,432	\$14,387,873	\$0	\$12,530,104	\$69,079,587
PVL Operating -Cap & Trade Low Carbon Transit Ops Program	(\$460,410)			\$460,410		\$0
Proposed SRTP Operating Revenue	\$38,867,768	\$2,833,432	\$14,387,873	\$460,410	\$12,530,104	\$69,079,587

Farebox Recovery Ratio Impact

A predetermined farebox ratio target of 17.45 percent was developed by Agency staff and approved by both the RCTC and Caltrans for FY16. Once the target is established, it cannot be revised. The proposed FY16 mid-year Operating Budget 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:

LTF In Lieu of Cap and Trade Funding

As discussed above, staff is recommending the \$460,410 of LTF operating funds for PVL feeder service be reprogrammed to the capital budget for use in the support of the development of the new centralized Operations and Maintenance Facility.

Prop 1B PTMISEA Funding

The current FY16 adopted capital budget included programming of \$12,045,649 of Prop 1B PTMISEA funding toward the development of the new centralized Operations and Maintenance Facility. This figure was based on guidance received from RCTC. Subsequent to the start of the fiscal year, staff became aware of an additional \$257,009 in Prop 1B PTMISEA allocated to the Agency. As such, staff is requesting the programming of this additional amount to the same project.

Prop 1B Security Funding

The current FY16 adopted capital budget included programming of \$911,470 of Prop 1B Security funding. Subsequent to the start of the fiscal year, the Agency received an additional \$911,498 in Prop 1B Security funds. As such, staff is requesting the programming of this additional funding source.

The table below summarizes the capital revenue source changes encompassed in this request.

Capital Revenue	LTF	STA	Federal	LCTOP	Prop 1B PTMISEA	Prop 1B Security	Total
Adopted SRTP Capital Revenue	\$0	\$4,087,831	\$9,931,956	\$58,822	\$12,045,649	\$911,470	\$27,035,728
Ops/Maint Facility (reprogram of PVL funds)	\$460,410						\$460,410
Ops/Maint Facility - Construction					\$257,009		\$257,009
Ops & Facilities Security Projects						\$911,498	\$911,498
Proposed SRTP Capital Revenue	\$460,410	\$4,087,831	\$9,931,956	\$58,822	\$12,302,658	\$1,822,968	\$28,664,645

Fiscal Impact:

The adopted FY16 Operating Budget will remain unchanged at \$69,079,587. 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 FY16.

The adopted FY16 Capital Budget is \$27,035,728. The changes discussed above represent an increase of \$1,628,917. Thus, the revised FY16 Capital Budget would be \$28,664,645. 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:

- Authorize the proposed mid-year changes to the FY16 Operating Budget
- Authorize the proposed mid-year changes to the FY16 Capital Budget
- Direct staff to seek full RCTC approval of the requested changes identified in this report
- Direct staff to prepare appropriate amendments to the FY16 SRTP as a result of this action
- Direct staff to implement the changes identified in this request