



April 6, 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**

ITEM

RECOMMENDATION

- | | |
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| <p>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.</p> | <p>RECEIVE COMMENTS</p> |
| <p>4. <u>APPROVAL OF MINUTES – MARCH 2, 2016 COMMITTEE MEETING (P.4)</u></p> | <p>APPROVE</p> |
| <p>5. <u>CASHFLOW PROJECTIONS (P.7)</u></p> | <p>RECEIVE AND FILE</p> |
| <p>6. <u>AUTHORIZATION TO AMEND AGREEMENT NO. 13-001 WITH GHI ENERGY, LLC TO ADD THE CLASSIFICATION OF RENEWABLE IDENTIFICATION NUMBER (RIN) CREDITS FOR CELLULOSIC BIOFUELS AS DEFINED UNDER THE U.S. ENVIRONMENTAL PROTECTION AGENCY'S RENEWABLE FUELS STANDARD (P.9)</u></p> | <p>APPROVE</p> |
| <p>7. <u>AUTHORIZATION TO AWARD AGREEMENT NO. 16-016 TO EMPIRE TRUCK & EQUIPMENT REPAIR FOR IN-FRAME ENGINE REBUILDING SERVICES (P.11)</u></p> | <p>APPROVE</p> |
| <p>8. <u>AUTHORIZATION TO AWARD AGREEMENT NO. 16-003 TO CITRUS MOTORS, INC. FOR THE PURCHASE OF 16, MODEL YEAR 2016, MID-SIZE VEHICLES (P.14)</u></p> | <p>APPROVE</p> |
| <p>9. BOARD MEMBER COMMENTS</p> | |
| <p>10. ANNOUNCEMENTS</p> | |

ITEM

RECOMMENDATION

11. NEXT MEETING

Wednesday, May 4, 2016, 2:00 p.m.
Riverside Transit Agency
1825 Third Street
Riverside, CA 92507

12. MEETING ADJOURNMENT

RTA BOARD BUDGET AND FINANCE COMMITTEE MEETING
Minutes
March 2, 2016

1. **CALL TO ORDER**

Committee Chair Brenda Knight called the Board Budget and Finance Committee meeting to order at 2:00 p.m., on March 2, 2016, in the RTA Board Room.

2. **SELF INTRODUCTIONS**

Self-introductions, of those in attendance took place.

Committee Members Attending

1. Committee Chair Brenda Knight, City of Beaumont
2. Chairman Frank Johnston, City of Jurupa Valley
3. Director Dick Haley, City of Corona
4. Director Berwin Hanna, City of Norco
5. Director Linda Krupa, City of Hemet
6. Director Maryann Edwards, City of Temecula
7. Director John Zaitz, City of Canyon Lake
8. Director Joyce McIntire, City of Calimesa
9. Alternate Verne Lauritzen, County of Riverside, District III
10. Alternate Barry Busch, County of Riverside, District V

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. Rohan Kuruppu, Director of Planning
9. Rick Kaczerowski, Director of Information Technologies
10. Brad Weaver, Marketing Manager
11. Eric Ustation, Government Affairs Manager
12. 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 – FEBRUARY 3, 2016 COMMITTEE MEETING**

M/S/C (ZAITZ/HANNA) approving the February 3, 2016 committee meeting minutes.

The motion carried with 7 affirmative votes and 2 abstentions (KRUPA/LAURITZEN).

5. **CASH FLOW PROJECTIONS**

Mr. Fajnor presented the cash flow projections.

Director Maryann Edwards arrived to the meeting at 2:02 p.m.

6. **QUARTERLY CAPITAL STATUS**

Mr. Fajnor presented the Quarterly Capital Status.

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

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

8. **AUTHORIZATION TO AWARD AGREEMENT NO. 15-055 TO UTC FIRE & SECURITY AMERICAS CORPORATION INC. FOR THE PURCHASE AND INSTALLATION OF A VIDEO SURVEILLANCE SYSTEM ON THE AGENCY'S DIAL-A-RIDE VEHICLE FLEET**

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

- Authorize staff to award Agreement No. 15-055 to UTC Fire and Security Americas Corporation Inc. for the purchase and installation of a video camera system in the amount of \$883,694.84 with further authorization of \$44,184.74 as five-percent contingency for a total not to exceed project budget of \$ 927,879.58.

The motion carried unanimously.

9. **BOARD MEMBER COMMENTS**

Comments were made by the following Board members: Director Maryann Edwards and Alternate Director Verne Lauritzen.

10. **ANNOUNCEMENTS**

Larry Rubio and the Clerk of the Board made announcements.

11. **NEXT MEETING**

Wednesday, April 6, 2016, 2:00 p.m.
Riverside Transit Agency
1825 Third Street
Riverside, CA 92507

12. **MEETING ADJOURNMENT**

The meeting was adjourned at 2:23 p.m.

DRAFT

RIVERSIDE TRANSIT AGENCY
1825 Third Street
Riverside, CA 92507

April 6, 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 late March 2016 with projections through May 2016. This reporting period covers the first eleven 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										
1	General Account	3/25/2016	4/1/2016	4/8/2016	4/15/2016	4/22/2016	4/29/2016	5/6/2016	5/13/2016	5/20/2016	5/27/2016
2	Est. Cash, Beg Balance (Book)	1,244,564	(76,205)	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
3	Receipts:										
4	LTF Operating - recurring										
5	LTF OPEB										
6	RIN's Credit			10,813				10,000			
7	LCFS										125,000
8	CalPERS CERBT Disbursement				85,211				80,000		
9	Farebox	126,487	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
10	Total Other Farebox	42,693	392,401	45,121	6,297	95,593	29,936	41,128		161,982	17,313
11	Total Other Local	88,309	5,000	5,000	5,000	11,000	5,000	10,150	5,000	5,000	5,000
12	FTA Operating							579,773			
13	Capital - Local, State			5,008	137,654	5,000	5,000	5,000	44,623	45,732	5,000
14	Echo - FTA Capital	222,205	722,861	252,185	1,628,573	1,267,958	20,000	809,564	463,720	20,000	20,000
15	Transfer from Investment to Gen Acct.	1,535,448	2,476,233	534,140	842,431	686,465	2,357,337	1,630,609	846,161	7,711	1,062,687
16	Disbursements:										
17	Payroll = Net+Tax	(544)	(760,000)		(765,000)		(770,000)		(775,000)		(780,000)
18	A/P Wires	(226,320)	(1,875,773)	(525,560)	(25,000)	(508,355)	(575,000)	(2,052,870)	(105,000)	(185,425)	(400,000)
19	A/P Checks	(190,926)	(155,000)	(155,000)	(155,000)	(155,000)	(155,000)	(155,000)	(155,000)	(155,000)	(155,000)
20	Capital Expenditures	(1,618,121)	(829,516)	(321,707)	(1,996,346)	(1,552,660)	(1,067,274)	(1,028,354)	(640,159)	(50,000)	(50,000)
21	Transfer to Investment from Gen Acct.	(1,300,000)									
22	Transfer to OPEB Trust Acct.										
23	Actual Ending Book Balance / Targeted Minimum Balance	(76,205)	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000

24 LAIF Account:

25	Beginning balance	20,900,000	21,163,939	18,867,345	18,333,205	17,808,164	17,381,402	16,041,338	14,498,875	13,697,320	13,689,610
26	Quarterly Interest Income				20,351						
27	Transfers to/from Gen Acct.	263,939	(2,296,594)	(534,140)	(545,392)	(426,763)	(1,340,064)	(1,542,463)	(801,555)	(7,711)	(1,062,687)
28	Ending balance	21,163,939	18,867,345	18,333,205	17,808,164	17,381,402	16,041,338	14,498,875	13,697,320	13,689,610	12,626,923

29 County Pool Account:

30	Beginning balance	12,974,330	12,474,944	12,307,540	12,316,847	12,019,808	11,760,106	10,969,934	10,881,788	10,837,182	10,837,182
31	Quarterly Interest Income			9,307							
32	Transfers to/from Gen Acct.	(499,387)	(167,404)	-	(297,039)	(259,702)	(790,172)	(88,146)	(44,606)	-	-
33	Ending balance	12,474,944	12,307,540	12,316,847	12,019,808	11,760,106	10,969,934	10,881,788	10,837,182	10,837,182	10,837,182

34 CalTrust Account:

35	Beginning balance	5,004,671	5,004,671	4,992,437	4,994,522	4,994,522	4,994,522	4,767,420	4,769,501	4,769,501	4,769,501
36	Quarterly Interest Income			2,085				2,081			
37	Transfers to/from Gen Acct.	-	(12,234)	-	-	-	(227,102)	-	-	-	-
38	Ending balance	5,004,671	4,992,437	4,994,522	4,994,522	4,994,522	4,767,420	4,769,501	4,769,501	4,769,501	4,769,501

<i>Restricted</i>	19,744,618	19,564,980	19,576,372	19,279,333	19,019,631	18,002,357	17,916,292	17,871,686	17,871,686	17,871,686
<i>Available for Operating</i>	18,822,730	16,652,342	16,118,202	15,593,161	15,166,399	13,826,335	12,283,872	11,482,317	11,474,607	10,411,920
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	5,750,000
No. of months Oper Cash On Hand =>	3.27	2.90	2.80	2.71	2.64	2.40	2.14	2.00	2.00	1.81

RIVERSIDE TRANSIT AGENCY
1825 Third Street
Riverside, CA 92507

April 6, 2016

TO: BOARD BUDGET AND FINANCE COMMITTEE

THRU: Larry Rubio, Chief Executive Officer

FROM: Vince Rouzaud, Chief Procurement and Logistics Officer

SUBJECT: Authorization to Amend Agreement No. 13-001 with GHI Energy, LLC to add the Classification of Renewable Identification Number (RIN) Credits for Cellulosic Biofuels as defined under the U.S. Environmental Protection Agency's Renewable Fuels Standard

Summary: At the May 23, 2013 Board of Directors meeting, the Board authorized staff to enter into an agreement with GHI Energy, LLC for the purchase of natural gas and management of the Agency's participation in California's Low Carbon Fuel Standards (LCFS) and the Federal Renewable Identification Number (RINs) credit programs.

These state and federal programs are designed to reduce greenhouse gas emissions by encouraging the use of alternative low carbon fuels that generate credits that are then sold on the open market. Since August 2013, the Agency has participated in both the LCFS and RINs programs earning credits for its natural gas fuel usage as compressed natural gas (CNG) is considered a low carbon fuel. Through January 2016, the Agency has earned \$842,215 in revenues from the LCFS and RINs programs.

The Environmental Protection Agency (EPA) announced in 2014 that cellulosic biogas used as transportation fuel would be eligible to earn category D3 RINs credits. RINs are the renewable identification numbers used to identify and track biofuel production that complies with federal renewable fuel standards. D3 is the RIN category for cellulosic biofuel which is commonly known as biogas and includes fuels made from waste products, including renewable natural gas.

Biogas is generated from methane produced by decomposing organic materials at large landfills, wastewater treatment facilities, farms, dairies and food processing plants. Historically, raw or minimally treated biogas had been used mainly to generate electricity for local use. However, in recent years and in response to changing market conditions, biogas facilities have upgraded their processing capabilities to remove CO₂ and other impurities to bring the methane content up to the specifications

required for fossil-based natural gas. The resulting biogas is referred to as “renewable natural gas” and is pipeline quality enabling its use as transportation fuel when compressed (CNG) or liquefied (LNG). A portion of the gas provided to the Agency under the GHI agreement consists of renewable natural gas. However, until recently, the market for D3 RINs was illiquid and very rarely traded, which meant that there was no reliable market pricing information available for participants in the market and no published index that could be reliably referenced in a contract.

During the latter half of 2015, more D3 RINs became available in the market and trades began to be reported on a more regular basis, so much so that on March 1 of this year, the Oil Price Information Service (“OPIS”), a commonly relied upon data provider for fuels markets, began publishing a daily market price for D3 RINs. Now that OPIS is providing a regular published market price that can be easily referenced in a contract, GHI has approached the Agency and offered to amend the existing contract to begin using the new price in its calculations.

Under the existing agreement with GHI, the Agency currently receives five percent of the monthly market value of Federal RINs credits generated from its gas consumption using the price for the old classification of renewable natural gas as a category D5 “advanced biofuel” RIN. The Agency will continue to receive the same five percent credit but will now be paid the price for category D3 “cellulosic biofuel” RINs, which will typically be higher.

Fiscal Impact:

The Agency will receive the monthly average of the greater of the published daily price for both D5 advanced biofuel RINs or D3 cellulosic biofuel RINs. Based on current market prices, this means the Agency could potentially double its revenue generated from RIN credits this year. However, it should be noted that the actual value of RINs credits will still be subject to market volatility.

Committee Recommendation:

This item was discussed at the Board Executive Committee meeting on March 24, 2016. The Executive Committee forwarded the item to the Budget and Finance Committee.

Recommendation:

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

- Authorize staff to amend Agreement No. 13-001 with GHI Energy, LLC to include the Classification of Renewable Identification Number (RIN) Credits for Cellulosic Biofuels as defined under the U.S. Environmental Protection Agency’s Renewable Fuels Standard.

RIVERSIDE TRANSIT AGENCY
1825 Third Street
Riverside, CA 92507

April 6, 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. 16-016 to Empire Truck & Equipment Repair for In-Frame Engine Rebuilding Services

Summary: In late 2011, staff began working on the procurement of 97 40-foot vehicles to replace its existing and aging fleet of model year 2001 and 2002 North American Bus Industries (NABI) buses. Due to the nature of this procurement, staff did a lot of up-front research to ensure the procurement documents accurately reflected the specifications for the vehicle's major components, in particular, the compressed natural gas (CNG) engine.

In 2000, when the NABI vehicles were purchased, three manufacturers producing CNG engines were certified by the California Air Resources Board (CARB) as meeting the emissions standards for use in a 40-foot transit vehicle. With the departure of both Detroit Diesel and then John Deere in 2007, for the past 9 years Cummins has been the sole engine manufacturer of CARB certified CNG engines for use in 40-foot transit vehicles.

As there was only one engine manufacturer, staff contacted and consulted with neighboring transit agencies to discuss their experience with the Cummins engine. At the time, it was learned that these agencies were experiencing premature engine failures due to a variety of design flaws. Staff was able to take elements of those discussions and incorporate some mitigating measures into the vehicle's final specifications.

After a competitive procurement process, in September 2012, the Board authorized the award of a contract to Gillig, LLC for 97 BRTPlus vehicles with 48 options; delivery of these vehicles began in September of 2013 and was completed in February 2014. Since that time, expanded operations and longer service hours have resulted in the exercising of the 48 vehicle options.

In early January 2016, the Agency began experiencing engine failures on vehicles with just over 100,000 miles and just outside the 24-month warranty period. Our research has shown that the Agency is not alone and that other transit agencies are experiencing these same failures. Omnitrans, the Orange County Transportation Authority (OCTA), Long Beach Transit and San Diego Metropolitan Transit System have all experienced similar

problems with the Cummins' natural gas engines. In fact, these problems have been so pervasive in the Southern California region that the South Coast Air Quality Management District has reached out to agencies and is considering making funding available to assist in dealing with the CNG engine problems.

Since January of this year, 15 engines have failed. Based on this failure rate, staff estimates that up to 50 vehicles will experience failures and need rebuilding over the next 12-month period. Staff's recommendation is to replace all six pistons of the failing engine with a newly redesigned piston, along with making adjustments to the engine liner and re-surfacing the head. These are the same modifications done by Cummins on previous failures that occurred within the warranty period, however, on those engines, Cummins would only replace the specific failed piston. Staff has included these engines in the re-build plan to ensure all pistons are replaced. Staff will also pursue further discussions with Cummins to obtain assistance from them to mitigate the Agency's costs associated with these failures.

On March 3, 2016 the Agency issued Invitation for Bid (IFB) No.16-016 for *In-Frame Engine Rebuilding Services* for up to 50 buses. The rebuilding requirements identified those components that must be replaced on every in-frame engine rebuild with Original Equipment Manufacturers (OEM) parts only. In addition, vendors were asked to provide parts and labor costs for supplemental work that may be necessary on a case-by-case basis, as determined by the Agency's Director of Maintenance.

The IFB was publicly advertised in a newspaper of general circulation and a notice was posted on the Agency's website. The Agency also sent notices of the contracting opportunity to the Chambers' of Commerce of those cities that are members of the Joint Powers Agreement (JPA).

On March 23, 2016, the Agency received bids from the following three vendors:

Vendor Name / Location	Per Engine Cost	Extended Amount
Empire Truck & Equipment Repair Bloomington, CA	\$ 11,913.75	\$ 595,687.50
McCray's Diesel Repair & Body Shop San Bernardino, CA	\$ 16,244.63	\$ 812,231.50
Cummins Pacific, LLC Irvine, CA	\$ 20,177.36	\$ 1,008,868.00

The low bid submitted by Empire Truck & Equipment Repair (Empire) was thoroughly reviewed to ensure accuracy and compliance with the IFB's requirements. In addition to the above pricing, staff reviewed the parts and labor costs associated with the supplemental work requested in the IFB, and overall, found Empire's costs to be competitive. Staff is recommending

awarding an agreement to Empire, the lowest responsive and responsible vendor.

If approved, the agreement will include a contingency amount of approximately \$29,784.38 to cover supplemental work, on a case by case basis, as determined and authorized by the Agency's Director of Maintenance.

Fiscal Impact:

This item is included in the Board approved FY16 operating budget. Funding to cover this request is in the form of Federal Transit Administration (FTA) Section 5307 and State Transportation Assistance Funds (STA). A profile of the proposed budget is shown below:

Funding Source		
Federal Section 5307	STA	Total
\$ 500,377.50	\$ 125,094.38	\$ 625,471.88

Recommendation:

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

- Authorize staff to award Agreement No. 16-016 to Empire Truck & Equipment Repair in the amount of \$595,687.50 for in-frame engine rebuilding services.
- Authorize a contingency amount of \$29,784.38.

RIVERSIDE TRANSIT AGENCY
1825 Third Street
Riverside, CA 92507

April 6, 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. 16-003 to Citrus Motors, Inc. for the Purchase of 16, Model Year 2016, Mid-Size Vehicles

Summary: Staff is requesting authorization to award a contract to Citrus Motors, Inc. for the purchase of 16 mid-size vehicles; 15 vehicles will be used by coach operators for driver relief and one vehicle will be used by the Travel Training Department. The new vehicles are considered replacements for vehicles that have exceeded their useful service life as defined by the Federal Transit Administration (FTA). These vehicles were included in the Agency's capital budget previously approved by the Board.

On February 4, 2016, staff issued Invitation for Bid (IFB) No. 16-003. The procurement was publicly advertised in a newspaper of general circulation and a notice was posted on the Agency's website. The Agency also sent notices of the contracting opportunity to the Chambers' of Commerce of those cities that are members of the Joint Powers Agreement (JPA). On March 8, 2016, the Agency received bids from the following three vendors:

Vendor Name / Location	Qty	Unit Cost	Total (all fees, taxes, etc.)	Extended Amount
Citrus Motors, Inc., Ontario, CA	16	\$ 15,980.00	\$ 17,317.15	\$ 277,074.40
Hemborgh Ford, Norco, CA	16	\$ 16,701.00	\$ 18,125.83	\$ 290,013.28
Fritts Ford, Riverside CA	16	\$ 17,301.83	\$ 18,694.73	\$ 303,435.68

The low bid submitted by Citrus Motors, Inc. was thoroughly reviewed to ensure it complied with the requirements of the IFB. Based on the above pricing, staff recommends awarding an agreement to Citrus Motors, Inc., the lowest responsive and responsible bidder.

In addition, the Agency typically purchases a complete set of service manuals and schematics for maintenance purposes. The one-time cost for these manuals is \$225.00. The total cost for the 16 vehicles including applicable taxes, tire fees, and manuals is \$277,299.40.

Fiscal Impact:

This item was included in the Board approved capital budget in the form of FTA Section 5307, Section 5310, State Transportation Assistance (STA) and other local revenues. A profile of the proposed project budget is shown below:

Funding Source				
Federal Section 5307	Federal Section 5310	STA	*Other	Total
\$ 199,836.52	\$ 17,317.15	\$ 49,959.13	\$ 10,186.60	\$ 277,299.40

*Insurance Proceeds

Recommendation:

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

- Authorize staff to award Agreement No. 16-003 to Citrus Motors, Inc. for the purchase of 16, model year 2016 Ford Focus vehicles in the amount of \$277,299.40.