



June 1, 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](http://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

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

RECEIVE COMMENTS

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.

4. APPROVAL OF MINUTES – MAY 4, 2016 COMMITTEE MEETING (P.4)

APPROVE

5. CASH FLOW PROJECTIONS (P.8)

RECEIVE AND FILE

6. QUARTERLY CAPITAL STATUS (P.10)

RECEIVE AND FILE

7. QUARTERLY NATURAL GAS PROCUREMENT STATUS REPORT (P.12)

RECEIVE AND FILE

8. AUTHORIZATION TO PURCHASE AND IMPLEMENT THE DRIVERMATE SOFTWARE MODULE FROM TRAPEZE SOFTWARE GROUP, INC. (TRAPEZE) (P.19)

APPROVE

9. AUTHORIZATION TO AMEND AGREEMENT NO. 15-001 WITH EMPIRE TRANSPORTATION FOR FIXED ROUTE AND REGIONAL COMMUTER SERVICES AS THE RESULT OF CALIFORNIA'S NEW MINIMUM WAGE LAW, SENATE BILL 3; AND SERVICE LEVEL INCREASES IN THE AGENCY'S FY17 OPERATING PLAN (P.23)

APPROVE

10. BOARD MEMBER COMMENTS

11. ANNOUNCEMENTS

**ITEM**

**RECOMMENDATION**

**12. NEXT MEETING**

Wednesday, July 6, 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  
May 4, 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 May 4, 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 Barry Busch, County of Riverside, District V

Committee Members Absent

1. Director Chuck Washington, County of Riverside, District III

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. Bob Bach, Director of Maintenance
8. Jim Kneepkens, Director of Marketing
9. Rohan Kuruppu, Director of Planning
10. Virginia Werly, Director of Operations
11. Natalie Zaragoza, Director of Contracts
12. Rick Kaczerowski, Director of Information Technologies
13. Brad Weaver, Marketing Manager
14. Eric Ustation, Government Affairs Manager
15. Joan Hepworth, Deputy Clerk of the Board of Directors
16. Joe Forgiarini, Planning and Scheduling Manager
17. Kelly Bach, Performance Analysis and Reporting Manager
18. Adam Chavez, Deputy Director of Maintenance
19. Khai Luu, Safety and Security Officer

20. Kristin Warsinski, Planning and Scheduling Specialist
21. Leif Lovegren, Planning Analyst
22. Connie Mitchell, Scheduling Analyst
23. Andrew Frost, Project Manager

Other Attendees

1. Donna Johnston, City of Jurupa Valley

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

None.

**4. APPROVAL OF MINUTES – APRIL 6, 2016 COMMITTEE MEETING**

M/S/C (KRUPA/JOHNSTON) approving the April 6, 2016 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. 16-010 TO GOLDEN STAR TECHNOLOGY INC. FOR THE AGENCY'S STORAGE AREA NETWORK (SAN) REPLACEMENT PROJECT**

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

- Authorize staff to award Agreement No. 16-010 to Golden Star Technology Inc., for the Agency's Storage Area Network Replacement Project in the amount of \$179,882.99 with a 5 percent contingency of \$8,994.15 a total project budget amount of \$188,877.14.

The motion carried unanimously.

8. **AUTHORIZATION TO AWARD AGREEMENT NO. 16-011 TO SIMPLEXGRINNELL LP, FOR THE PURCHASE AND INSTALLATION OF AN ACCESS CONTROL SYSTEM**

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

- Authorize staff to award Agreement No. 16-011 to SimplexGrinnell LP, for the purchase an installation of an access control system in the amount of \$347,311 with a five percent contingency of \$17,366 for a total project budget amount of \$364,677.

The motion carried unanimously.

9. **AUTHORIZAITON TO AWARD AGREEMENT NO. 16-001 TO ALLIEDBARTON SECURITY SERVICES LP FOR UNIFORMED SECURITY GUARD SERVICES**

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

- Authorize staff to award Agreement No. 16-001 to AlliedBarton Security Services LP, for uniformed security services for a three-year base period with two, one-year options for a total amount of \$2,294,541.69. Staff is also requesting a five percent contingency of \$114,727.08 for a total five-year not to exceed amount of \$2,409,268.77.

The motion carried unanimously.

10. **AUTHORIZATION TO AWARD AGREEMENT NO. 15-058 TO PTM GENERAL ENGINEERING SERVICES, INC. FOR CONSTRUCTION OF THE DOWNTOWN RIVERSIDE/VINE ST. AND RAPIDLINK BUS STOPS PROJECT**

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

- Authorize staff to award Agreement No. 15-058 to PTM General Engineering Services, Inc. for the construction of the Downtown Riverside/Vine St. and RapidLink Bus Stops Project in the amount of \$2,630,900 with a ten-percent contingency of \$263,090 for a total project budget amount of \$2,893,990.

The motion carried unanimously.

Alternate Barry Busch left the meeting at 2:27 p.m.

Alternate Barry Busch returned to the meeting at 2:29 p.m.

11. **REQUEST TO HOLD A PUBLIC HEARING ON THE FISCAL YEAR 2016/2017 (FY17) OPERATING BUDGET, CAPITAL BUDGET, AND SHORT RANGE TRANSIT PLAN (SRTP) AND ADOPT THE FY17-FY19 SRTP AND BUDGETS**

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

- Hold a public hearing on the FY17 Operating budget, FY17 Capital budget, and the FY17 – FY19 SRTP, and adopt the SRTP and budgets at the May 26, 2016 Board of Directors meeting.
- Authorize staff to amend all necessary contractual documents affected by the adopted budget as appropriate and in accordance with Agency Procurement Policies.

The motion carried unanimously.

12. **BOARD MEMBER COMMENTS**

None.

13. **ANNOUNCEMENTS**

The Clerk of the Board made an announcement.

14. **NEXT MEETING**

Wednesday, June 1, 2016, 2:00 p.m.  
Riverside Transit Agency  
1825 Third Street  
Riverside, CA 92507

15. **MEETING ADJOURNMENT**

The meeting was adjourned at 2:44 p.m.

RIVERSIDE TRANSIT AGENCY  
1825 Third Street  
Riverside, CA 92507

June 1, 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 mid-May 2016 with projections through July 2016. This reporting period covers the last month of FY16 and the first month of FY17.

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

Recommendation:

Receive and file.



**Riverside Transit Agency  
FY16/FY17 Cash Flow Projection**

	Actual											
1	General Account	5/20/2016	5/27/2016	6/3/2016	6/10/2016	6/17/2016	6/24/2016	7/1/2016	7/8/2016	7/15/2016	7/22/2016	7/29/2016
2	Est. Cash, Beg Balance (Book)	(247,737)	99,586	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
3	<b>Receipts:</b>											
4	LTF Operating - recurring										4,661,024	
5	LTF OPEB										277,778	
6	FET Credit					83,011					83,000	
7	RIN's Credit			25,665				20,000				
8	LCFS	143,328										
9	CalPERS CERBT Disbursement	84,961				92,145				92,000		
10	Farebox	218,719	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
11	Total Other Farebox	68,561	50,428	42,323	41,313	66,890	55,850	21,000	1,800	90,583		314,692
12	Total Other Local	5,692	5,000	10,150	5,000	5,000	5,000	5,000	10,150	5,000	5,000	9,500
13	FTA Operating					24,931					25,000	
14	Capital - Local, State	187,924					25,750		5,000	5,000	5,000	7,000
15	Echo - FTA Capital	7,302	255,440	20,000	20,000	20,000	20,000	35,000	35,000	35,000	35,000	35,000
16	Transfer from Investment to Gen Acct.	1,298,170	883,888	2,202,042	1,213,687	937,224	3,278,403	601,230	2,893,050	70,917		778,408
17	<b>Disbursements:</b>											
18	Payroll = Net+Tax	(382,049)	(780,000)		(785,000)		(790,000)		(1,100,000)		(800,000)	
19	A/P Wires	(646,704)	(79,599)	(2,225,180)	(420,000)	(187,495)	(255,000)	(602,230)	(1,765,000)	(218,500)	(75,000)	(1,064,600)
20	A/P Checks	(118,471)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)
21	Capital Expenditures	(20,110)	(359,743)	(50,000)	(50,000)	(933,695)	(50,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)
22	Transfer to Investment from Gen Acct.	(500,000)									(4,136,802)	
23	Transfer to OPEB Trust Acct.						(2,265,003)					
24	Actual Ending Book Balance / Targeted Minimum Balance	99,586	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000

**25 LAIF Account:**

26	Beginning balance	13,900,000	13,400,000	12,590,499	10,388,457	9,201,370	9,147,841	5,869,439	5,268,209	2,375,159	2,322,092	6,375,894
27	Quarterly Interest Income									17,850		
28	Transfers to/from Gen Acct.	(500,000)	(809,501)	(2,202,042)	(1,187,087)	(53,529)	(3,278,403)	(601,230)	(2,893,050)	(70,917)	4,053,802	(317,998)
29	Ending balance	13,400,000	12,590,499	10,388,457	9,201,370	9,147,841	5,869,439	5,268,209	2,676,776	2,322,092	6,375,894	6,057,896

**30 County Pool Account:**

31	Beginning balance	6,978,423	6,978,423	6,906,755	6,906,755	6,930,258	6,930,258	6,930,258	6,930,258	6,931,445	6,931,445	6,931,445
32	Quarterly Interest Income				23,503				1,187			
33	Transfers to/from Gen Acct.	-	(71,668)	-	-	-	-	-	-	-	-	-
34	Ending balance	6,978,423	6,906,755	6,906,755	6,930,258	6,930,258	6,930,258	6,930,258	7,233,062	6,931,445	6,931,445	6,931,445

**35 CalTrust Account:**

36	Beginning balance	9,086,451	8,788,280	8,785,562	8,789,519	8,762,919	7,962,235	7,962,235	7,962,235	7,967,117	7,967,117	8,050,117
37	Quarterly Interest Income			3,957					4,882			
38	Transfers to/from Gen Acct.	(298,170)	(2,719)	-	(26,600)	(800,684)	-	-	-	-	83,000	(460,410)
39	Ending balance	8,788,280	8,785,562	8,789,519	8,762,919	7,962,235	7,962,235	7,962,235	8,268,734	7,967,117	8,050,117	7,589,707

<i>Restricted</i>	18,031,706	17,957,319	17,961,276	17,958,179	17,157,495	14,892,492	14,892,492	15,501,795	14,898,561	15,259,339	14,798,929
<i>Available for Operating</i>	11,234,583	10,375,496	8,173,454	6,986,367	6,932,838	5,919,439	5,318,209	2,726,776	2,372,092	6,148,116	5,830,118
Avg Operating expenses per month =>	5,750,000	5,750,000	5,750,000	5,750,000	5,750,000	5,750,000	6,250,000	6,250,000	6,250,000	6,250,000	6,250,000
No. of months Oper Cash On Hand =>	1.95	1.80	1.42	1.22	1.21	1.03	0.85	0.39	0.38	0.98	0.93

RIVERSIDE TRANSIT AGENCY  
1825 Third Street  
Riverside, CA 92507

June 1, 2016

TO: BOARD BUDGET AND FINANCE COMMITTEE  
THRU: Larry Rubio, Chief Executive Officer  
FROM: Craig Fajnor, Chief Financial Officer  
SUBJECT: Quarterly Capital Status

Background: 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. Examples of such a scenario are the heavy-duty CNG bus fleet replacement/expansion and the Intelligent Transportation System (ITS) enhancement/expansion projects.

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

A presentation will be given at the committee meeting which provides an update on the Agency's capital projects, focusing on the activities from March through May 2016. The Agency is required to provide quarterly reporting to the Federal Transit Administration (FTA) one month after the end of each quarter. The Agency is required to provide quarterly reporting to the Riverside County Transportation Commission (RCTC) after the end of each quarter. This reporting was submitted.

Recommendation:

Receive and file.

RIVERSIDE TRANSIT AGENCY  
1825 Third Street  
Riverside, CA 92507

June 1, 2016

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

Background: 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.

In May 2013, the Board authorized staff to enter into a multi-year contract with GHI LLC (GHI) for the Agency's natural gas commodity requirements for conversion to CNG. The Agency's contract with GHI commenced July 1, 2013 and natural gas purchases commenced in August 2013.

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 a fixed 6% discount off the SoCal Gas commodity cost (in the contract option years; 4-5)
- 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

Summary: The current Board approved Agency Investment Policy includes language regarding the purchase of natural gas requirements for conversion to CNG. The natural gas purchase language outlines the acceptable ways staff can purchase natural gas requirements for use in fueling Agency vehicles. The policy includes language describing 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 natural gas requirements from an entity other than SoCal Gas, staff would prepare a quarterly report for the Board regarding the performance results under the new purchase arrangement and provide a performance comparison to the prior purchase arrangement.

Attachment A to this staff report identifies the costs the Agency has experienced by purchasing natural gas from GHI versus purchasing it from SoCal Gas. The costs are 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. Further, effective March 2016, the Agency is now receiving the greater of the two possible RIN credit values (D1 or D3).

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 per the Investment Policy. The statistics are kept to follow and enact, if applicable, the discipline installed as part of the annual investment policy.

Based on the investment policy discipline and market conditions, the Agency has currently executed three three-month contract purchases for natural gas requirements (~80%) commencing in April, July and October 2016. The three-month contracts cover the following periods:

- April - June 2016
- July - September 2016
- October - December 2016

Fiscal Impact:

Under the current purchase arrangement with GHI, the Agency experienced \$27,288 of excess costs in the quarter covering February - April 2016 for its natural gas commodity requirements. This is the second quarter since the inception of our relationship with GHI that we did not experience a quarterly cost savings. The quarterly net cost (vs savings) is attributed to the abnormally low natural gas costs in February - April 2016.

The Agency earned a total of \$207,769 of combined revenue from the Federal RINs and State LCFS Credits' programs due to its natural gas consumption for use as CNG. Of note, the Agency starting earning greater per-credit RINs commencing in March.

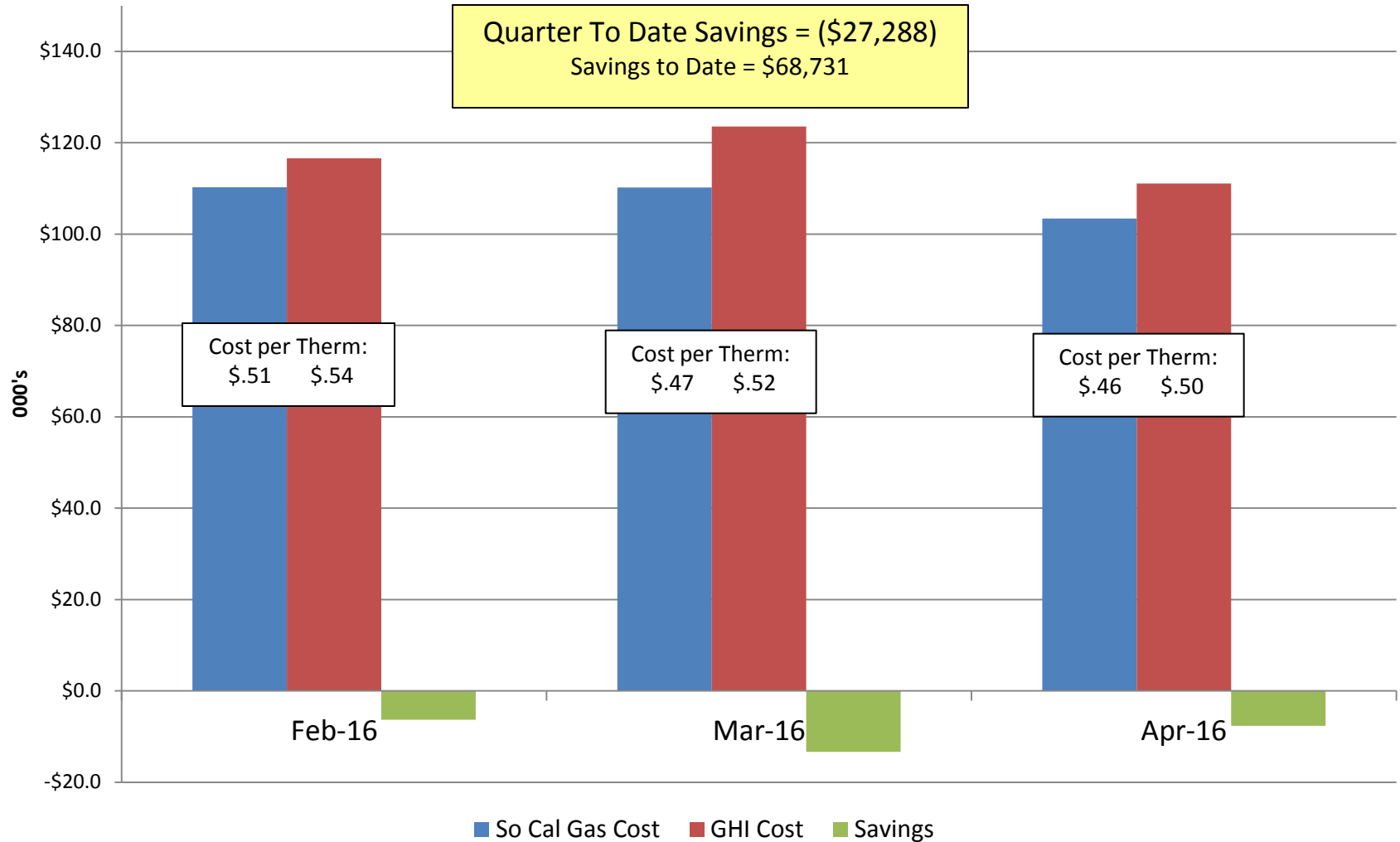
Additionally, the Agency earned \$262,481 in Federal Excise Tax (FET) Credit for this quarterly period.

Recommendation:

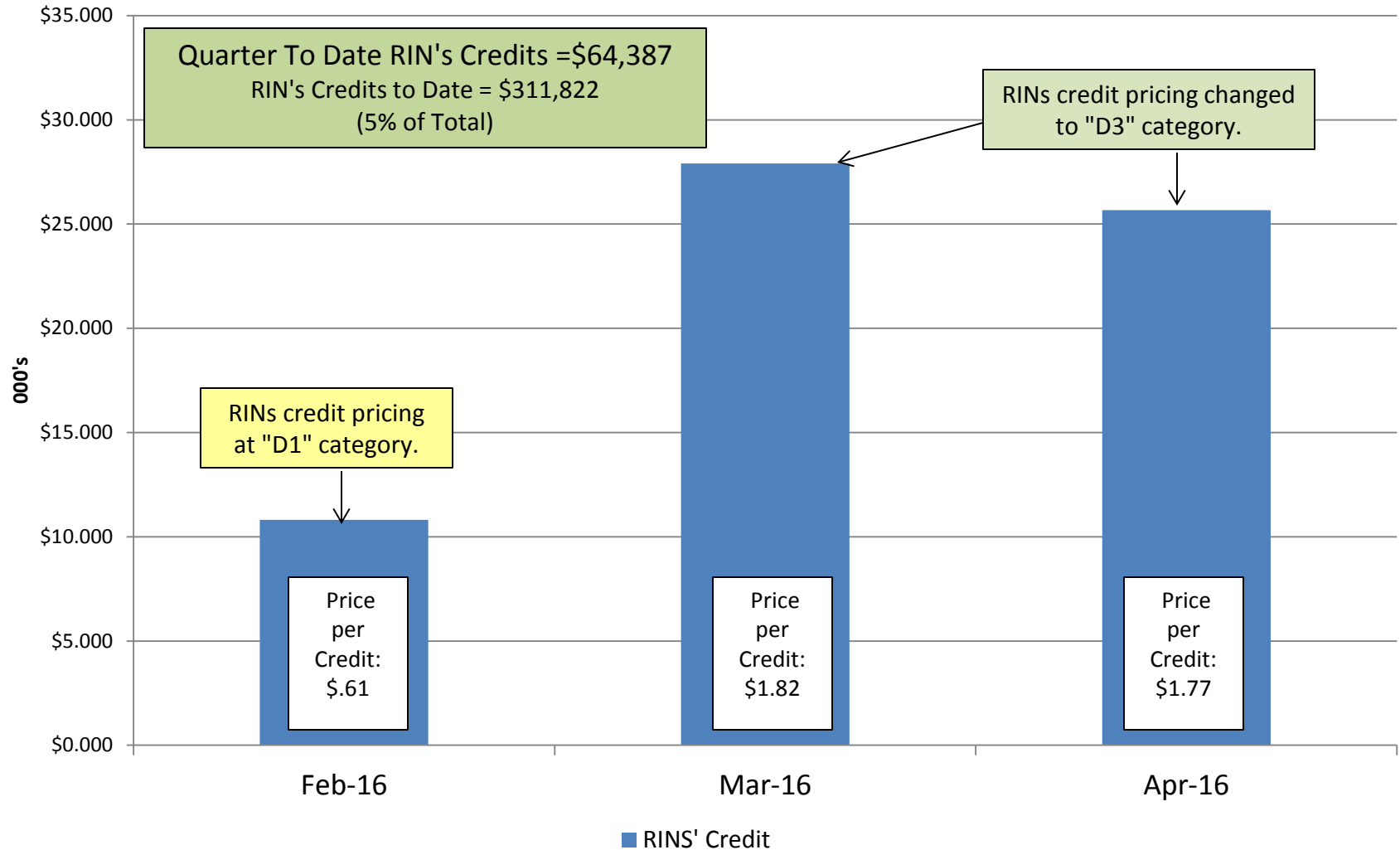
Receive and file.

## Attachment A

### CNG Cost Savings - So Cal Gas vs. GHI

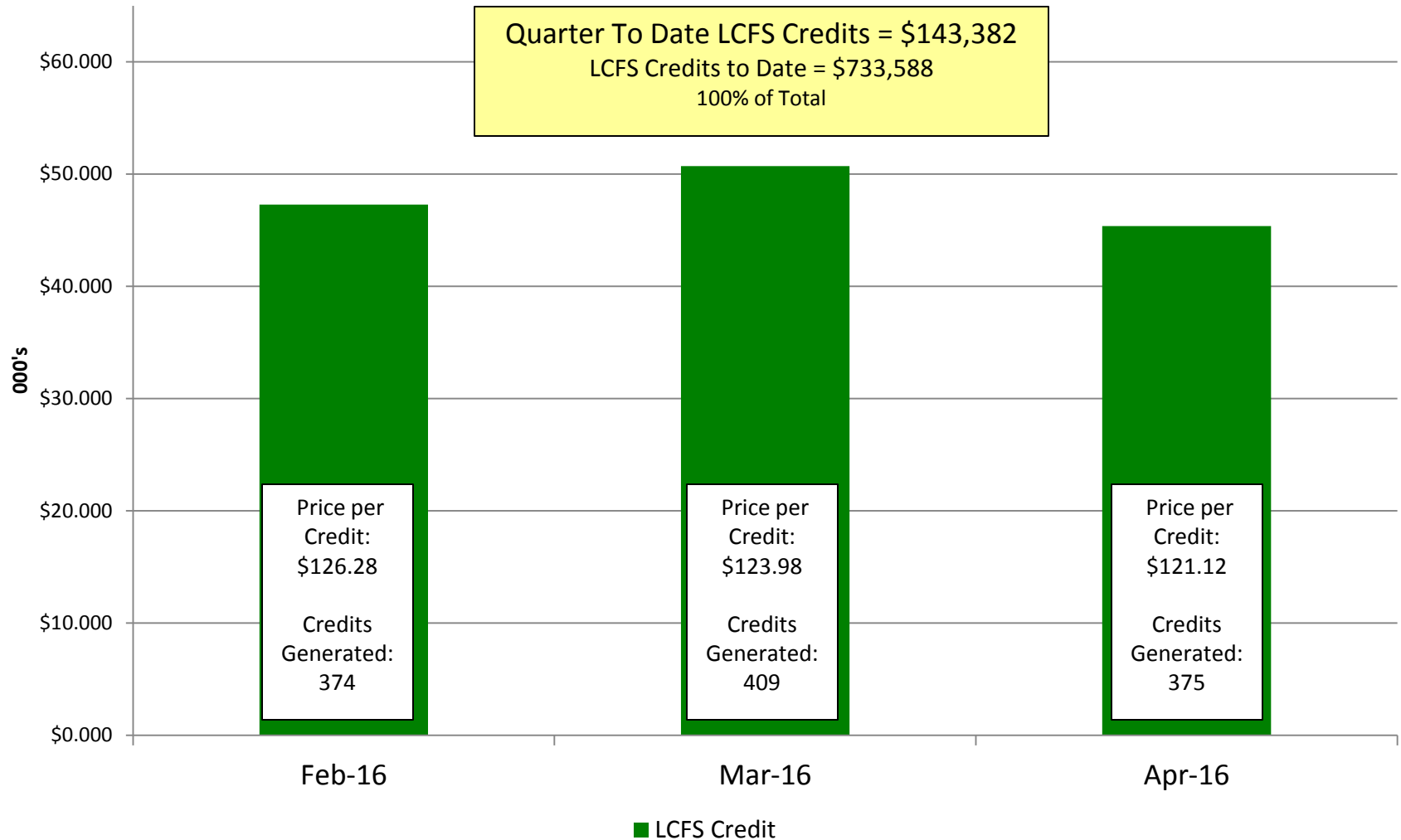


## Attachment B Renewable Identification Number (RIN's) Credit



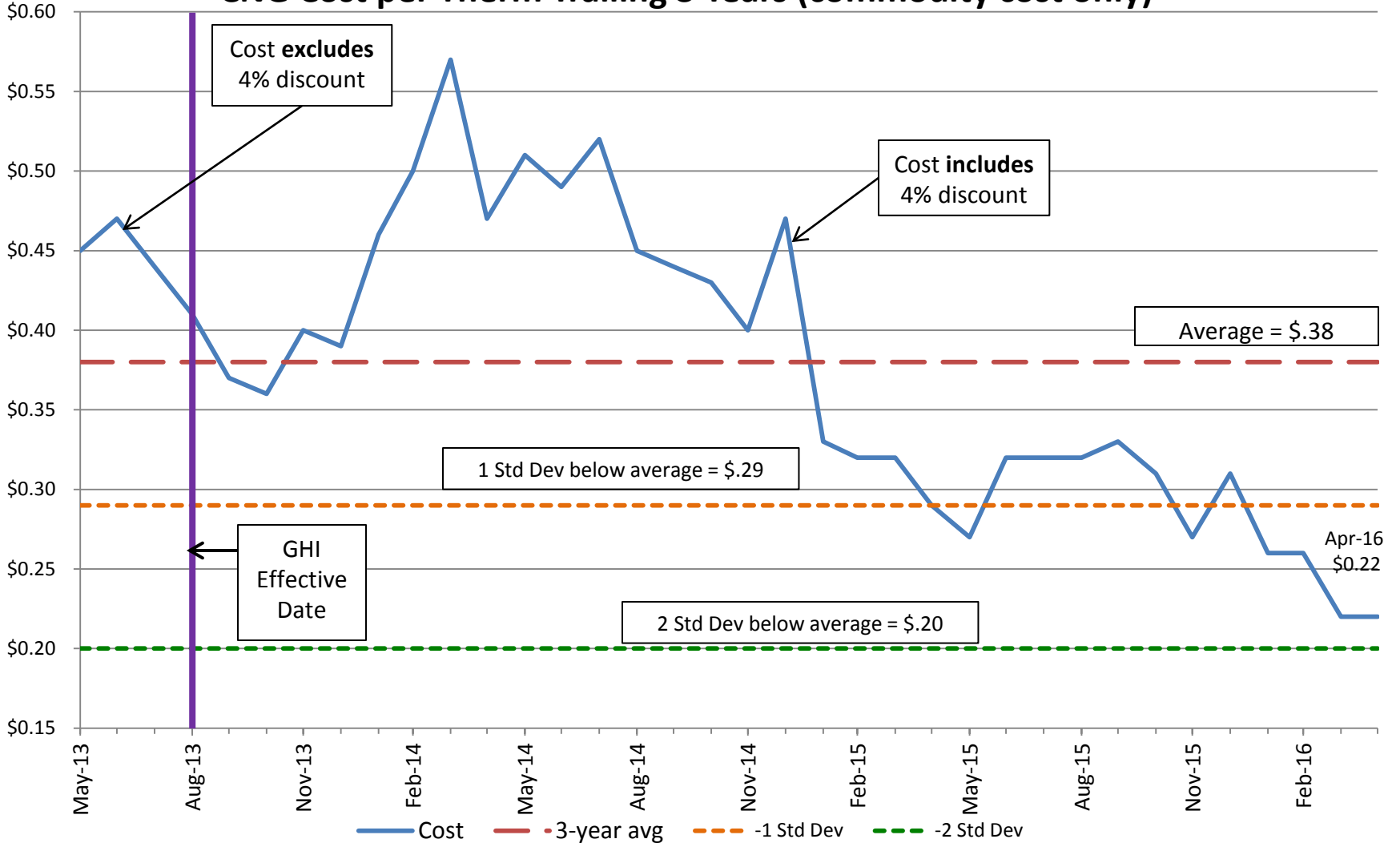


## Attachment C Low Carbon Fuel Standards (LCFS) Credit



# Attachment D

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



RIVERSIDE TRANSIT AGENCY  
1825 Third Street  
Riverside, CA 92507

June 1, 2016

TO: BOARD BUDGET AND FINANCE COMMITTEE

THRU: Larry Rubio, Chief Executive Officer

FROM: Vince Rouzaud, Chief Procurement and Logistics Officer

SUBJECT: Authorization to Purchase and Implement the DriverMate Software Module from Trapeze Software Group, Inc. (Trapeze)

Summary: The Agency provides complementary paratransit Dial-a-Ride (DAR) service in compliance with the Americans with Disabilities Act (ADA) legislation. This service is an origin to destination advanced reservation service and provides transport for approximately 1,800 seniors and/or persons with disabilities each weekday. Service is provided during the same hours of operation as local fixed-route bus service with customers scheduling rides from one to three days in advance.

To provide this advanced scheduling service, in the mid-1990s, the Agency purchased a paratransit scheduling and dispatching software developed by Multisystems Inc. This software was used until 2002 when Trapeze acquired the software division of Multisystems. Since the Agency was an existing license holder of Multisystems software, the Agency was offered an opportunity to upgrade to the Trapeze PASS software with no additional costs or licensing fees.

Trapeze PASS is the industry standard for managing demand response paratransit operations and the Agency is heavily invested in this software platform. The various modules of the PASS software are used for client registration, ADA eligibility certification, trip booking and real-time scheduling and dispatching. PASS also integrates with GIS mapping enabling users to precisely geocode client addresses and destinations to calculate trip lengths and distances for effective scheduling. In addition, real-time vehicle location and mobile data communications are integrated into PASS allowing dispatch to track vehicles and communicate with drivers.

Currently, the Agency's DAR fleet is equipped with Mobile Data Terminals (MDTs) that assist the operators with their daily manifests. These MDTs have been in place since 2006, however,

their ability to connect with the Agency's Trapeze software will no longer be supported by the MDT manufacturer. The MDTs are fully depreciated and have reached the end of their useful service life.

Due to the equipment's age, the Agency's DAR contractor is experiencing an alarming rate of MDT failures and while a replacement MDT could be procured, it is costly and would require a separate software 'interface' to connect to the Trapeze PASS software. As an alternative to replacing the MDTs, staff has concluded that an 'off-the-shelf' Android-based tablet solution would be the most cost effective approach. The benefit to this approach is that these tablets are less expensive than the MDTs (\$5,200 vs. \$262,288 to equip the 104 vehicles).

While Trapeze PASS software is considered 'legacy software' as defined in the Agency's Procurement Policies and Procedures Manual, the DriverMate module would be new to the Agency and would provide additional functionality. Benefits include the ability to utilize the Google Maps feed which in turn enables real-time navigation including navigating around traffic hazards. Additionally, DriverMate provides the link between the Android-based tablet and the Trapeze PASS software which eliminates the need for development of a software interface. Since the DriverMate software is only available through the software developer Trapeze, the procurement would be considered a sole source procurement.

### Discussion

As a public agency and recipient of Federal Transit Administration (FTA) funds, RTA strives to maximize full and open competition in all procurements. Generally, this is accomplished through a variety of procurement methods such as micro-purchases, small purchase procedures, sealed bids or competitive proposals. However, the FTA Best Practices Procurement Manual (Section 4.6) provides for the use of 'non-competitive' (sole source) procurements in those instances when the award of a contract is infeasible under normal procurement methods and at least one of the following circumstances applies:

- (a) The item is available only from a single source;
- (b) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- (c) FTA authorizes noncompetitive negotiations;
- (d) After solicitation of a number of sources, competition is determined inadequate; or

- (e) The item is an associated capital maintenance item as defined in 49 U.S.C. § 5307(a)(1) that is procured directly from the original manufacturer or supplier of the item to be replaced. The grantee must first certify in writing to FTA: (i) that such manufacturer or supplier is the only source for such item; and (ii) that the price of such item is no higher than the price paid for such item by like customers

Further, FTA Circular 4220.1F Chapter VI Section 3 provides for the use of 'non-competitive' procurements when supplies or services are available from only one responsible source as determined by one of the following:

- (a) Patent and data right restrictions preclude competition;
- (b) Award to another contractor would result in substantial duplication of costs; and/or
- (c) Award to another contractor would result in unacceptable delays.

#### Alternatives Considered

If the Agency chose to not purchase the DriverMate module from Trapeze, one alternative would be to replace Trapeze with new scheduling and dispatching software. Initial capital investment for new software is estimated at approximately \$750,000 to \$1 million. Additional costs would likely be incurred for system customization, integration with other systems, training as well as costs for conversion of existing data.

A second alternative would be to continue to use Trapeze PASS software and purchase the new MDT units at a cost of approximately \$262,288. As mentioned previously, this option would require the development of a separate interface to connect Trapeze to the new MDT operating system. Additionally, the Agency would be required to enter into annual license and support services agreements with both Trapeze and the MDT vendor.

After careful consideration of the available options, staff determined the purchase of the DriverMate module from Trapeze along with the commercially available Android-based tablets is the least costly solution for the Agency.

Fiscal Impact:

The cost of the DriverMate software license for 104 paratransit vehicles with up to 1,800 peak paratransit trips per day is \$56,977 with a one-time installation fee of \$5,350. Additionally, annual support for a two-year period is \$23,359 bringing the total cost to \$85,686. Sufficient funding is included in the Agency's capital budget in the form of Proposition 1B funds.

Funding Source		
<u>Proposition 1B Funds</u>	<u>Other</u>	<u>Total</u>
\$ 62,327.00	\$ ---	\$ 62,327.00
\$ 23,359.00		<u>\$ 23,359.00*</u>
		\$ 85,686.00

\* Annual Support for Two-year Period

Recommendation:

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

- Authorize staff to purchase and implement the DriverMate software module from Trapeze Software Group, Inc. in the amount of \$85,686 which includes the software license fee, installation support and two years of software maintenance.

RIVERSIDE TRANSIT AGENCY  
1825 Third Street  
Riverside, CA 92507

June 1, 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. 15-001 with Empire Transportation for Fixed Route and Regional Commuter Services as the Result of California's New Minimum Wage Law, Senate Bill 3; and Service Level Increases in the Agency's FY17 Operating Plan

Summary: Under California's existing minimum wage law, minimum wage increased from \$9.00 per hour to \$10.00 per hour on January 1, 2016. On March 31, 2016, California legislators approved Senate Bill 3 raising the minimum wage in the state to \$15 per hour by January 1, 2022. The legislation was signed into law by Governor Jerry Brown on April 4, 2016.

This new measure will increase the minimum wage to \$10.50 per hour on January 1, 2017, \$11.00 per hour effective January 1, 2018, and then an additional \$1.00 per hour thereafter in each of the next four years, reaching \$15.00 per hour on January 1, 2022. Thereafter, the minimum wage will be adjusted annually based on the rate of inflation for the previous year.

California's Labor Code 512, subdivision (a) states in part that "*an employer may not employ an employee for a work period of more than five hours per day without providing the employee with a meal period of not less than 30 minutes...unless the employee is specified under Subdivision (f) and both of the following conditions are satisfied*":

(1) The employee is covered by a valid collective bargaining agreement;

- (2) The valid collective bargaining agreement expressly provides for the wages, hours of work, and working conditions of employees, and expressly provides for meal periods for those employees, final and binding arbitration of disputes concerning application of its meal period provisions, premium wage rates for all overtime worked, and a regular rate of pay of not less than 30-percent more than the state minimum wage rate.

Subdivision (f) applies to “an employee employed as a Commercial Driver”. For purposes of this subdivision, a “Commercial Driver” means an employee who operates a vehicle described in Section 260 or 462 of, or subdivision (b) of Section 15210 of, the Vehicle Code. What this means is transit agencies, in lieu of providing rest and meal periods as required under California law, may elect to pay coach operators a 30-percent premium above minimum wage. Paying the 30-percent premium is more cost effective than providing a meal period as it would cost considerably more to provide a relief vehicle and operator to relieve a driver while in revenue service.

The immediate impact to the Agency concerns its agreement with its largest provider of contract services, Empire Transportation (Empire). Empire operates one-third of the Agency’s annual fixed-route revenue service hours. In Empire’s Best and Final Offer to the Agency, Empire agreed to reduce their proposal amount by approximately \$1.2 million in exchange for a contract provision to cover pending increases to the minimum wage that were being discussed by lawmakers, but had not been finalized by the California State Legislature. With the passing of the minimum wage legislation on April 4, 2016, the actual impact of the legislation is now known.

Staff has worked closely with Empire to quantify the legislation’s impact and to develop a methodology and process to calculate fairly, for both parties, the anticipated impact. Using a mutually agreed upon formula of paying the cost differential for only those employees affected by the minimum wage legislation, staff estimates the impact for the three-year base period will be approximately \$350,000. This amount represents the incremental costs of minimum wage, payroll taxes and the additional worker’s compensation premiums calculated on a higher payroll. This amount is also based on the Agency’s anticipated operating plan of contracting 210,449 annual revenue service hours and does not take into account any future changes to service levels. The actual reimbursement will vary based on adjustments to the Agency’s operating plan.



For the long term, staff is looking at options to help control and/or mitigate the expected growth in expenses as the minimum wage increases will continue to drive up operational costs in option-years four and five. Among the various options being considered are:

- (1) Examining whether or not it would be more cost effective to bring contracted services in house (make vs. buy). This analysis will compare internal costs vs. contracted costs and this comparison is currently underway.
- (2) Researching the impact to operational expenses if the Agency provided additional capital equipment for contract operations in addition to revenue vehicles (i.e real property acquisition, support/driver relief vehicles, etc.). Capital expenditures incurred by contractors are factored into the revenue hourly rate which increases operating expenses. Shifting expenses from operating to capital may prove beneficial to the Agency in the long term.
- (3) Rebidding the contract.

Fiscal Impact:

Based on the Agency's current FY17 operating plan of contracting 210,449 annual fixed-route revenue service hours, staff estimates the fiscal impact of the legislation for the three-year base period will be approximately \$350,000 which breaks down as follows:

FY17.....	\$ 42,371.76
FY18.....	\$ 91,435.82
FY19.....	\$211,230.58

Additionally, when the Board approved the Empire agreement in January 2016, the agreement was based on the FY16 service plan with Empire operating 193,621 annual revenue service hours. The Agency's FY17 service plan and operating budget includes an increase of 16,828 annual revenue service hours, the majority of which is for the new Metrolink Perris Valley Line (PVL) feeder service. The cost for this additional service is \$3,651,002.88 for the three-year base period.

Sufficient funds to cover the above increases are included in the Agency's FY17 operating budget. 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 amend Agreement No. 15-001 with Empire Transportation for Fixed Route and Regional Commuter Services in the amount of \$4,001,002.88 to cover the incremental increase in minimum wage (Senate Bill 3) and the additional revenue service hours included in the approved FY17 Operating Plan.