



January 10, 2018  
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 – DECEMBER 6, 2017 COMMITTEE MEETING (P.3)**

**APPROVE**

**5. CASH FLOW PROJECTIONS (P.5)**

**RECEIVE AND FILE**

**6. AGENCY INVESTMENT POLICY – ANNUAL UPDATE (P.7)**

**APPROVE**

**7. AUTHORIZATION TO AMEND AGREEMENT NO. 16-036 WITH TOLAR MANUFACTURING COMPANY TO INCREASE SALES TAX AS A RESULT OF PASSAGE OF THE CITY OF RIVERSIDE'S MEASURE Z (P.15)**

**APPROVE**

**8. REQUEST TO HOLD A PUBLIC HEARING ON NEW ROUTE 205 AND AUTHORIZATION TO AMEND THE FISCAL YEAR 2017/2018 (FY18) SHORT RANGE TRANSIT PLAN (SRTP) AND OPERATING AND CAPITAL BUDGETS (P.16)**

**APPROVE**

**9. BOARD MEMBER COMMENTS**

**10. ANNOUNCEMENTS**

**11. NEXT MEETING**

Wednesday, February 7, 2018, 2:00 p.m.  
Riverside Transit Agency  
1825 Third Street  
Riverside, CA 92507

**12. MEETING ADJOURNMENT**

RTA BOARD BUDGET AND FINANCE COMMITTEE MEETING  
Minutes  
December 6, 2017

1. **CALL TO ORDER**

Committee Chair Berwin Hanna called the Board Budget and Finance Committee meeting to order at 2:01 p.m., on December 6, 2017, in the RTA Board Room.

2. **SELF INTRODUCTIONS**

Self-introductions of those in attendance took place.

Committee Members Attending

1. Committee Chair Berwin Hanna, City of Norco
2. Director Nancy Carroll, City of Beaumont
3. Director Linda Molina, City of Calimesa
4. Director Dawn Haggerty, City of Canyon Lake
5. Director Dick Haley, City of Corona
6. Board Chair Linda Krupa, City of Hemet
7. Director Anthony Kelly Jr., City of Jurupa Valley
8. Director Maryann Edwards, City of Temecula
9. Alternate Director Ike Bootsma, County of Riverside, District II
10. Alternate Director Jeff Comerchero, County of Riverside, District III
11. Alternate Director 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. Rohan Kuruppu, Director of Planning
8. Adam Chavez, Director of Maintenance
9. Jim Kneepkens, Director of Marketing
10. Rick Majors, Director of Risk Management
11. Natalie Zaragoza, Director of Contracts
12. Rick Kaczerowski, Director of Information Technologies
13. Brad Weaver, Media and Public Relations Manager
14. Eric Ustation, Government Affairs Manager
15. Julie Diaz, Community Engagement Coordinator

Other Attendees:

1. Dolores German, Yucaipa resident

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

None.

4. **APPROVAL OF MINUTES – NOVEMBER 1, 2017 COMMITTEE MEETING**

M/S/C (BOOTSMA/MOLINA) approving the November 1, 2017 committee meeting minutes.

The motion carried with 7 affirmative votes and 1 abstention (CARROLL).

Director Edwards arrived to the meeting at 2:06 p.m.

Director Kelly arrived to the meeting at 2:06 p.m.

5. **CASH FLOW PROJECTIONS**

Mr. Fajnor presented the cash flow projections.

Alternate Director Busch arrived to the meeting at 2:08 p.m.

6. **QUARTERLY CAPITAL STATUS**

Mr. Fajnor presented the quarterly capital status.

7. **QUARTERLY COMPREHENSIVE ROUTE PERFORMANCE STATUS REPORT**

Mr. Fajnor presented the quarterly comprehensive route performance status report.

8. **BOARD MEMBER COMMENTS**

Comments were made by Director Anthony Kelly, Jr., Director Maryann Edwards, Director Dawn Haggerty, Director Nancy Carroll, Committee Chair Berwin Hanna, Chair Krupa, Director Dick Haley and Director Linda Molina.

9. **ANNOUNCEMENTS**

Mr. Larry Rubio made an announcement.

10. **NEXT MEETING**

Wednesday, December 6, 2017, 2:00 p.m.  
Riverside Transit Agency  
1825 Third Street  
Riverside, CA 92507

11. **MEETING ADJOURNMENT**

Committee Chair Hanna adjourned the meeting at 2:26 p.m.

RIVERSIDE TRANSIT AGENCY  
1825 Third Street  
Riverside, CA 92507

January 10, 2018

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 the end of December 2017 with projections through early March 2018. This reporting period covers the first eight months of FY18.

There are no cash flow issues anticipated during this reporting period. However, with uncertainty regarding Federal funding levels and timing, the Board is cautioned that staff may soon be seeking authorization to approve requesting an advance of Local Transportation Funds from the Riverside County Transportation Commission to cover anticipated cash flow shortages in late FY18 and early FY19.

Recommendation:

Receive and file.

**Riverside Transit Agency  
FY18 Cash Flow Projection**

1	General Account	Actual		1/12/2018	1/19/2018	1/26/2018	2/2/2018	2/9/2018	2/16/2018	2/23/2018	3/2/2018
		12/29/2017	1/5/2018								
2	Est. Cash, Beg Balance (Book)	511,647	1,807,486	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
3	<b>Receipts:</b>										
4	LTF Operating - recurring					4,886,621				4,886,621	
5	LTF OPEB					277,778				277,778	
6	FET Credit										
7	RIN's Credit				43,518				40,000		
8	LCFS									100,000	
9	CalPERS CERBT Disbursement				81,102				80,000		
10	Farebox	72,321	135,000	135,000	135,000	135,000	135,000	135,000	135,000	135,000	135,000
11	Total Other Farebox		320,136	78,773	65,261	272,342	129,838	81,660	75,700	292,007	100,000
12	Total Other Local	2,920	10,305	9,500	5,000	5,000	10,305	9,500	5,000	5,000	10,305
13	FTA Operating	107,498		35,917		555,774	100,000	25,000			100,000
14	Capital - Local, State		5,000	5,000	5,000	5,000	5,000	5,000	205,000	5,000	5,000
15	Echo - FTA Capital		40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
16	Transfer from Investment to Gen Acct.	1,700,000	1,768,078	143,360	994,119		3,683,857	153,480	888,300		3,793,696
17	<b>Disbursements:</b>										
18	Payroll = Net+Tax	(71,301)	(950,000)		(1,075,000)		(960,000)		(965,000)		(970,000)
19	A/P Wires	(185,260)	(2,851,005)	(212,550)	(59,000)	(264,475)	(2,909,000)	(214,640)	(69,000)	(238,845)	(2,979,000)
20	A/P Checks	(330,339)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)
21	Capital Expenditures		(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)
22	Transfer to Investment from Gen Acct.					(5,678,040)			(200,000)	(5,267,560)	
23	Transfer to OPEB Trust Acct.										
24	Actual Ending Book Balance / Targeted Minimum Balance	1,807,486	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000

**25 LAIF Account:**

26	Beginning balance	105,813	105,813	105,813	105,813	106,104	106,104	106,104	106,104	106,104	106,104
27	Quarterly Interest Income				291						
28	Transfers to/from Gen Acct.	-	-	-	-	-	-	-	-	-	-
29	Ending balance	105,813	105,813	105,813	106,104	106,104	106,104	106,104	106,104	106,104	106,104

**30 County Pool Account:**

31	Beginning balance	1,096,440	1,096,440	1,097,349	1,097,349	1,097,349	1,097,349	1,097,349	1,097,349	1,097,349	1,097,349
32	Quarterly Interest Income		909								
33	Transfers to/from Gen Acct.	-	-	-	-	-	-	-	-	-	-
34	Ending balance	1,096,440	1,097,349	1,097,349	1,097,349	1,097,349	1,097,349	1,097,349	1,097,349	1,097,349	1,097,349

**35 CalTrust Account:**

36	Beginning balance	50,484,198	48,834,176	47,114,156	46,970,796	45,976,676	51,654,716	48,018,769	47,865,289	47,176,989	52,444,549
37	Quarterly Interest Income	49,978	48,058				47,910				48,857
38	Transfers to/from Gen Acct.	(1,700,000)	(1,768,078)	(143,360)	(994,119)	5,678,040	(3,683,857)	(153,480)	(688,300)	5,267,560	(3,793,696)
39	Ending balance	48,834,176	47,114,156	46,970,796	45,976,676	51,654,716	48,018,769	47,865,289	47,176,989	52,444,549	48,699,710

<i>Deferred Revenue Capital &gt;&gt;&gt;</i>	38,312,396	38,274,401	38,274,401	38,274,401	38,274,401	38,235,478	38,235,478	38,435,478	38,435,478	38,396,615
<i>OPEB Trust Fund &gt;&gt;</i>	1,666,668	1,666,668	1,666,668	1,666,668	1,944,446	1,944,446	1,944,446	1,944,446	2,222,224	2,222,224
<i>Available for Operating &gt;&gt;&gt;</i>	11,864,851	8,426,249	8,282,889	7,289,060	12,689,322	9,092,298	8,938,818	8,050,518	13,040,300	9,334,324

<i>Restricted</i>	39,979,064	39,941,069	39,941,069	39,941,069	40,218,847	40,179,924	40,179,924	40,379,924	40,657,702	40,618,839
<i>Available for Operating</i>	11,864,851	8,426,249	8,282,889	7,289,060	12,689,322	9,092,298	8,938,818	8,050,518	13,040,300	9,334,324

Avg Operating expenses per month =>	6,800,000	6,800,000	6,800,000	6,800,000	6,800,000	6,800,000	6,800,000	6,800,000	6,800,000	6,800,000
No. of months Oper Cash On Hand =>	1.74	1.24	1.22	1.07	1.87	1.34	1.31	1.18	1.92	1.37

RIVERSIDE TRANSIT AGENCY  
1825 Third Street  
Riverside, CA 92507

January 10, 2018

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

Summary: The Agency's Board of Directors must adopt an Investment Policy on an annual basis. Doing so ensures that the investment policy remains current and 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 four changes recommended to the current policy for the coming year. Additions are identified in bold italics in the draft policy attached to this staff report. Deletions in the policy are identified in bold italics strikethroughs.

The first change reflects the time allowed to enlighten the Board on the investment results of a given reporting quarter. As investment results are not known for a few weeks after the end of a quarter, they are usually reported to the Board Budget and Finance Committee in the second month after the quarter end - with the exception of June results which are reported in the third month after quarter end due to the Board being dark in August. Thus, the Quarterly Investment Report is published as follows:

- In February (for quarter-ended December results)
- in May (for quarter-ended March results)
- in September (for quarter-ended June results)
- in November (for quarter-ended September results)

In all cases, the Quarterly Investment Report to the Board is beyond the current stipulated 30 days. Changing the days allowed to 75 covers the normal timeframes identified above.

The second change encompasses additional language regarding the Agency's investment in the Investment Trust of California (CalTRUST) which is administered by the California State Association of Counties (CSAC) Finance Corporation. First, these formal names are now documented in the policy language. The second, and more important, change is to reflect the new/current investment advisor for the CalTRUST. CalTRUST competitively procured investment management services in 2017 and BlackRock was selected to replace Wells Capital Management. The final change in this area is a minor grammatical correction – the insertion of an “a” to make the statement more readable/accurate.

The third and fourth changes to the policy are the deletion of the word “the” in the Authorized Investments section and the addition of the words “the Agency's” in the Natural Gas Fuel Procurement Policy section. In both instances, the changes are made for grammatical purposes.

Attached to this staff report is the draft 2018 Agency Investment Policy.

Fiscal Impact:

None.

Recommendation:

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

Adopt the Agency Investment Policy for 2018.





## **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 Empower Retirement (Empower).

### **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 realizes 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~~ 75 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. *The Investment Trust of California* (CalTRUST; Short-term) which is a Joint Powers Authority investment administered by *the California State Association of Counties* (CSAC) Finance Corporation and advised by *Wells Capital Management BlackRock*.

## **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 *the Agency's* 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 an index price from other than SoCalGas could potentially save the Agency money.

To that end, this section of the Investment Policy provides guidelines on the implementation of an alternative purchase method to buying natural gas from SoCalGas. This alternative process involves entering into a contract with an energy service provider (ESP; 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 10, 2018

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. 16-036 with Tolar Manufacturing Company to Increase Sales Tax as a Result of Passage of the City of Riverside's Measure Z

Summary: At the November 17, 2016 Board of Directors meeting, the Board authorized staff to award Agreement No. 16-036 to Tolar Manufacturing Company to supply the Agency with bus stop shelters, benches and trash receptacles (bus stop amenities). The three-year Agreement supports the Agency's recently adopted Bus Stop Strategic Policy which provides guidelines for the procurement, prioritization and deployment of bus stop amenities throughout the Agency's service area.

At the end of 2016, voters in the City of Riverside approved 'Measure Z' adding a new one-cent City Transaction and Use Tax. The new rate went into effect on April 1, 2017 and effectively raised the local sales tax rate to 8.75 percent.

When the above Agreement was approved by the Board, the total dollar amount was based on the sales tax rate in effect at that time. As a result of Measure Z, this Agreement will need to be amended by \$4,018.37 to cover the additional sales tax for the Agreement's remaining two years.

Fiscal Impact:

The total increase in sales tax for the remainder of the Agreement is \$4,018.37. Sufficient funding to cover this increase can be absorbed in the Agency's capital and operating budgets.

Recommendation:

Approve and recommend this item to the full Board of Directors as follows:  
Authorize staff to amend Agreement No. 16-036 with Tolar Manufacturing Company in the amount of \$4,018.37 to increase the sales tax as a result of passage of the City of Riverside's Measure Z.

RIVERSIDE TRANSIT AGENCY  
1825 Third Street  
Riverside, CA 92507

January 10, 2018

TO: BOARD BUDGET AND FINANCE COMMITTEE

THRU: Larry Rubio, Chief Executive Officer

FROM: Craig Fajnor, Chief Financial Officer

SUBJECT: Request to Hold a Public Hearing on New Route 205 and Authorization to Amend the Fiscal Year 2017/2018 (FY18) Short Range Transit Plan (SRTP) and Operating and Capital Budgets

Background: At their May 25, 2017 meeting, the Agency Board of Directors adopted the original FY18 Operating budget, Capital budget, and SRTP. The FY18 Operating Budget is \$81,598,830 and the FY18 Capital budget is \$5,392,568. 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. Since the May 2017 Board of Directors Meeting and the start of the FY18, a number of items have presented themselves for consideration to adjust both of the Board-approved FY18 budgets.

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

**Service Changes**

The original adopted FY18 Revenue Service Hours (RSH) budget is 874,094. The additional service adjustments requested below would add a total of 4,197 RSH for a revised FY18 RSH budget of 878,291.

**Route 205:** As approved and funded in the FY18 Operating Budget and SRTP, new Route 200 service will be implemented between San Bernardino and Anaheim. This service will commence January 14, 2018 and operate approximately hourly on weekdays and every 90-120 minutes on weekends.



To increase the direct transit connections from Riverside County to Orange County via the new SR-91 express lanes, the Riverside County Transportation Commission (RCTC) has recently offered the Agency additional funding to add peak period service between the I-15 corridor (Lake Elsinore, Temescal Valley, and Corona) and the Village at Orange. This service, known as Route 205, was originally approved and funded as part of the Agency's FY17 Operating Budget and SRTP. However, in the original FY18 Budget and SRTP, this service was replaced by the more robust Route 200. Since the proposed Route 205 is new service, a public hearing is required to be held. Public comments are currently being taken. The public hearing will be held at the January 25, 2018 Board of Directors Meeting.

Route 205 represents 17.75 revenue hours of service per day at an estimated cost of \$135,184 for the remainder of FY18.

**Route 49:** Route 49 serves the Mission Boulevard corridor linking Jurupa Valley and Riverside, and is one of the Agency's most productive services as it carries over 20 passengers per hour on weekdays. This route requires additional operating funding to address operational issues with the route.

Staff proposes extending the route 0.25 miles beyond the existing end to a new terminus at Southridge Village in Fontana to allow for better connectivity with the Omnitrans Route 82 while reducing passengers waiting time at the existing Country Village terminus. The change negates the Agency having to invest an estimated \$60,000 in capital improvements to provide a turnout at the Country Village layover. This change also increases weekday service frequency from 50 to 40 minutes and weekends from 70 to 50 minutes. The additional service will provide more capacity to handle growing ridership on this very productive route.

The improvements to this route add an extra 11.80 weekdays' RSH and an extra 8.17 weekends' RSH for a total increase of 1,805 RSH. The cost of this RSH increase is \$115,490 for the remainder of FY18.

**Route 54F:** Route 54F was the unique shuttle service provided on weekends during the annual Festival of Lights celebration in Riverside. The service shuttled Metrolink passengers to and from the Riverside Downtown Metrolink Station to a drop-off point near the Mission Inn. This service (Friday and Saturday only) was only operated on four weekends.

The original FY18 budget for this service assumed a level similar to 2016. As RCTC's event planning unfolded after budget adoption, increased service was requested and supplied. The total RSH increase from the original budget was 280 RSH. The cost of this RSH increase was \$33,409.

### **Salaries and Benefits**

Staff is recommending the addition of a total of three positions to the FY18 budget. They are:

- Fleet Analyst – this position will support the Maintenance department by measuring and reporting on the performance of the directly-operated fixed route bus fleet as well as contracted fixed route and Dial-A-Ride (DAR) fleets by utilizing available performance cost indicators. This position will make recommendations to take action, as necessary, to improve performance and reduce costs. Areas of concentration include, but are not limited to: fuel, parts, and consumables such as lubricants and coolant. This position will also assist in evaluating and diagnosing maintenance practices and procedures to improve overall preventative maintenance programs. The budgeted cost for the remainder of FY18 – assuming an April start date - for this position (including fringe benefits) is \$27,000.
- Recruitment Coordinator – this position will support the Human Resources department by assisting with the attraction and on-boarding of talent. Service increases have required recruitment of additional manpower and the effort required is currently more than one recruiter can handle. Additional assistance is necessary to ensure recruitment process timelines are kept at acceptable levels. In addition, the Agency has experienced vacancies in positions that are difficult to fill and additional staff time is necessary to actively recruit for these positions. The budgeted cost for the remainder of FY18 – assuming a March start date - for this position (including fringe benefits) is \$28,800.

- Stops & Zones Groundskeeper – this position will support the Stops & Zones department in maintaining the 2,000 stops in the service area. The strategic bus stop policy outlines the structured transition and growth in stops that will include a bus shelter. This position will support and service that growth. The budgeted cost for the remainder of FY18 – assuming a February start date - for this position (including fringe benefits) is \$34,000.

In addition to the three additional positions identified above, staff is requesting approval to modify three positions. These position modifications are:

- Scheduling Manager – this upgrade is requested due to the market competitiveness of this position. To retain the high-caliber talent we currently employ, this position’s salary band is being increased. In addition, the current employee is being recommended for a market adjustment for retention. The FY18 cost impact of this position upgrade is \$7,630.
- Clerk of the Board – this upgrade is requested due to the market competitiveness of this position. To retain the current high-caliber talent, this position’s salary band is being increased and the position changed to exempt status. In addition, the current employee is being recommended for a market adjustment for retention. The FY18 cost impact of this position upgrade is \$2,100.
- Controller – this upgrade is requested to retain the high-caliber employee we currently employ. This upgrade establishes a higher salary band commensurate with similar positions in the region. In addition, the current employee is being recommended for a market adjustment for retention. The FY18 cost impact of this position upgrade is \$3,400.

The current Board approved number of budgeted positions is 480. Should this item be approved by the Board, budgeted positions would increase by three to 483.

Aside from the above requested position adjustments, staff is including a budget reduction of \$1,000,000 for Other Post-Employment Benefits (OPEB) expense due to the funded status of the Agency's plan. This reduction is based on the most recent actuarial valuation performed under new GASB 75 guidance.

### **Purchased Transportation**

With the Board's authorization to award a new contract for the provision of DAR service to Southland Transit, Inc., the incremental difference from the previous contractor must be considered for the remainder of the fiscal year. It is estimated that the cost impact to change DAR service contractors, effective February 2, 2018, is \$825,987 for the remainder of the fiscal year.

### **Services**

To ensure the operational health of the Agency's Compressed Natural Gas Compression Stations, staff and the contractor in charge of their maintenance would like to accelerate certain services scheduled for FY19 into FY18. The cost impact for this accelerated service is \$47,000.

Staff also recommends deferring the Fare Policy Study and the Transportation Network Company (TNC) Policy Study to beyond FY18. These deferrals result in a reduction of \$235,000. Further, staff anticipates the Transit Asset Management (TAM) Plan to cost \$25,000 less than budgeted.

### **Materials and Supplies**

No change to this area of cost objectives.

### **Other Expenses**

No change to this area of cost objectives.

### **Operating Budget Summary**

The current FY18 approved Operating budget is \$81,598,830. The recommended changes discussed above have no net impact on the FY18 Operating Budget. Thus, the FY18 Operating Budget would remain at \$81,598,830.

An Operating Budget comparison is shown below. The comparison depicts the change in cost elements from the original FY18 approved Operating Budget to the proposed FY18 mid-year Operating Budget.

	FY18 Approved	FY18 Midyear	Change Incr.+/(Decr.)	Comment
Salaries and Benefits	\$ 41,564,543	\$ 40,951,556	(612,987)	service; positions; OPEB
Services	3,250,314	3,037,314	(213,000)	CNG Compr Maint./def. studies
Materials & Supplies	3,783,708	3,783,708	-	
Purchased Transportation	27,701,247	28,527,234	825,987	DAR service provider change
Other Expenses	5,299,018	5,299,018	-	
<b>Total Operating Expenses</b>	<b>\$ 81,598,830</b>	<b>\$ 81,598,830</b>	<b>\$ -</b>	

### Operating Revenues

Changes to the budgeted operating revenues are summarized below.

	LTE	Measure A	Federal	TUMF	Farebox	Other	Total
Orig. FY18 Operating Revenue	\$46,479,587	\$3,260,975	\$18,970,183	\$300,000	\$9,800,000	\$2,788,085	\$81,598,830
Reduce OPEB Expense	\$ (1,000,000)						\$ (1,000,000)
Defer Fare Policy Study	\$ (27,000)		\$ (108,000)				\$ (135,000)
Defer TNC Policy Study				\$ (100,000)			\$ (100,000)
Reduce TAM Plan Expense	\$ (5,000)		\$ (20,000)				\$ (25,000)
Add Route 205		\$ 135,184					\$ 135,184
Additional Route 54F RSH						\$ 33,409	\$ 33,409
Additional Route 49 RSH	\$ 115,490						\$ 115,490
Additional/modified positions	\$ 102,930						\$ 102,930
Accelerated CNG Comp Maint.	\$ 47,000						\$ 47,000
Change in DAR Contractor	\$ 825,987						\$ 825,987
<b>Total changes</b>	<b>\$ 59,407</b>	<b>\$ 135,184</b>	<b>\$ (128,000)</b>	<b>\$ (100,000)</b>	<b>\$ -</b>	<b>\$ 33,409</b>	<b>\$ -</b>
<b>M-Y FY18 Operating Revenue</b>	<b>\$46,538,994</b>	<b>\$3,396,159</b>	<b>\$18,842,183</b>	<b>\$200,000</b>	<b>\$9,800,000</b>	<b>\$2,821,494</b>	<b>\$81,598,830</b>

### Farebox Recovery Ratio Impact

A predetermined farebox ratio target of 17.44 percent was developed by Agency staff and approved by both the RCTC and Caltrans for FY18. Once the target is established, it cannot be revised. The proposed FY18 mid-year Operating Budget is still compliant with the established target.

### Capital Budget

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

**Prop 1B Security Funds**

The Agency received its funding for both FY16 and FY17. As such, this funding needs to be programmed via the SRTP. The total Prop 1B Security funds to be programmed are \$1,641,600. The table below depicts a summary of the change in Capital funding by source for the FY18 mid-year Capital Budget:

Capital Revenue	STA	Federal 5307	Federal 5339	LCTOP	Prop 1B Security	Total
Adopted SRTP Capital Revenue	\$1,245,576	\$5,322,045	\$317,479	(\$1,492,532)	\$0	\$5,392,568
FY16 Prop 1B Security					\$911,925	\$911,925
FY17 Prop 1B Security					\$729,675	\$729,675
Proposed SRTP Capital Revenue	\$1,245,576	\$5,322,045	\$317,479	(\$1,492,532)	\$1,641,600	\$7,034,168

Fiscal Impact:

The adopted FY18 Operating Budget will remain unchanged at \$81,598,830. 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 of 17.44% for FY18.

The current board-adopted FY18 Capital Budget is \$5,392,568. The changes discussed above represent an increase of \$1,641,600. Thus, the revised FY18 Capital Budget would be \$7,034,168. 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:

- Hold a Public Hearing on the addition of Route 205.
- Authorize the proposed mid-year changes to the FY18 Operating and Capital Budgets.
- Direct staff to seek full RCTC approval of the requested changes identified in this report.
- Direct staff to prepare appropriate amendments to the FY18 SRTP as a result of this action.
- Direct staff to modify all procurement documentation impacted by the changes identified in this request.