



February 7, 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 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

Members of the public may address the Board regarding any item within the subject matter jurisdiction of the Board; however, no action may be taken on off-agenda items unless authorized by law. Comments shall be limited to matters not listed on the agenda. Members of the public may comment on any matter listed on the agenda at the time that the Board considers that matter. Each person's presentation is limited to a maximum of three (3) minutes.

RECEIVE COMMENTS

4. APPROVAL OF MINUTES – JANUARY 10, 2018 COMMITTEE MEETING (P.4)

APPROVE

5. CASH FLOW PROJECTIONS (P.7)

RECEIVE AND FILE

6. QUARTERLY INVESTMENT REPORT (P.9)

RECEIVE AND FILE

7. AUTHORIZATION TO AWARD AGREEMENT NO. 17-071 TO HELIXSTORM INC. (HELIXSTORM) TO PROVIDE MONITORING AND MAINTENANCE OF THE AGENCY'S INFORMATION TECHNOLOGY OPERATING ENVIRONMENT AND INFRASTRUCTURE (P.11)

APPROVE

8. AUTHORIZATION TO AWARD AGREEMENT NO. 17-064 TO REDHILL GROUP, INC. (REDHILL GROUP) FOR A MARKET ASSESSMENT STUDY (P.15)

APPROVE

9. AUTHORIZATION TO AWARD AGREEMENT NO. 17-057 TO GHI ENERGY, LLC FOR PURCHASE OF NATURAL GAS AND MANAGEMENT OF CALIFORNIA'S LOW CARBON FUEL STANDARDS (LCFS) AND THE FEDERAL GOVERNMENT'S RENEWABLE IDENTIFICATION NUMBER (RINS) PROGRAMS (P.17)

APPROVE

10. AUTHORIZATION TO REQUEST FUNDING ADVANCE FROM ALLOCATED UNCLAIMED LOCAL TRANSPORTATION FUND (LTF) RESERVES HELD BY THE RIVERSIDE COUNTY TRANSPORTATION COMMISSION (RCTC) (P.22)

APPROVE

ITEM

RECOMMENDATION

11. BOARD MEMBER COMMENTS

12. ANNOUNCEMENTS

13. NEXT MEETING

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

14. MEETING ADJOURNMENT

RTA BOARD BUDGET AND FINANCE COMMITTEE MEETING
Minutes
January 10, 2018

1. CALL TO ORDER

Committee Chair Berwin Hanna called the Board Budget and Finance Committee meeting to order at 2:00 p.m., on January 10, 2018, in the RTA Board Room.

2. SELF INTRODUCTIONS

Self-introductions of those in attendance took place.

Committee Members Attending

1. Berwin Hanna, City of Norco
2. Nancy Carroll, City of Beaumont
3. Linda Molina, City of Calimesa
4. Dawn Haggerty, City of Canyon Lake
5. Dick Haley, City of Corona
6. Linda Krupa, City of Hemet
7. Anthony Kelly Jr., City of Jurupa Valley
8. Maryann Edwards, City of Temecula
9. ¹Ike Bootsma, County of Riverside, District II
10. ²Director Barry Busch, County of Riverside, District V

Committee Members Absent

1. 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. 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

¹Alternate for John Tavaglione, County of Riverside, District II

²Alternate for Marion Ashley, County of Riverside, District V

15. Lisa Almilli, Mobility Manager
16. Joe Forgiarini, Planning and Scheduling Manager

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

None.

4. **APPROVAL OF MINUTES – DECEMBER 6, 2017 COMMITTEE MEETING**

M/S/C (BOOTSMA/HALEY) approving the December 6, 2017 committee meeting minutes.

The motion carried unanimously.

5. **CASH FLOW PROJECTIONS**

Mr. Fajnor presented the cash flow projections.

6. **AGENCY INVESTMENT POLICY – ANNUAL UPDATE**

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

- Adopt the Agency Investment Policy for 2018.

The motion carried unanimously.

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**

M/S/C (KELLY/MOLINA) approving and recommending this item to the full Board of Directors for their consideration 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.

The motion carried unanimously.

Director Barry Busch arrived to the meeting at 2:09 p.m.

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**

M/S/C (BOOTSMA/HAGGERTY) approving and recommending 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.

The motion carried unanimously.

9. **BOARD MEMBER COMMENTS**

Comments were made by Director Linda Molina, Director Linda Krupa, Director Ike Bootsma, Committee Chair Berwin Hanna, Director Anthony Kelly, Jr., Director Maryann Edwards and Director Barry Busch.

10. **ANNOUNCEMENTS**

Announcements were made by Larry Rubio.

11. **NEXT MEETING**

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

12. **MEETING ADJOURNMENT**

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

RIVERSIDE TRANSIT AGENCY
1825 Third Street
Riverside, CA 92507

February 7, 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 late January with projections through March 2018. This reporting period covers the first nine months of FY18.

There are no cash flow issues anticipated during this reporting period. However, with uncertainty regarding Federal funding levels and timing, staff is seeking Board authorization (in a separate staff report) to request 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**

	Actual											
1	General Account	1/26/2018	2/2/2018	2/9/2018	2/16/2018	2/23/2018	3/2/2018	3/9/2018	3/16/2018	3/23/2018	3/30/2018	
2	Est. Cash, Beg Balance (Book)	719,253	201,080	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	
3	Receipts:											
4	LTF Operating - recurring		5,164,399			5,164,399				3,255,740		
5	LTF OPEB											
6	FET Credit											
7	RIN's Credit				41,028				40,000			
8	LCFS					109,720						
9	CalPERS CERBT Disbursement	81,102			86,016				80,000			
10	Farebox	170,350	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	
11	Total Other Farebox	82,181	274,002	120,896	100,412	389,682		127,498	100,000	69,364	387,337	
12	Total Other Local	26,554	5,000	9,500	5,000	5,000	5,000	5,000	5,000	5,000	10,305	
13	FTA Operating	140,057		23,965			100,000	25,000			100,000	
14	Capital - Local, State				205,000							
15	Echo - FTA Capital		79,179	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	
16	Transfer from Investment to Gen Acct.	13,120		1,483,625	881,544		3,924,000	127,367	839,000		3,081,358	
17	Disbursements:											
18	Payroll = Net+Tax	(753)	(985,000)		(985,000)		(985,000)		(985,000)		(1,000,000)	
19	A/P Wires	(230,482)	(1,713,361)	(1,572,987)	(69,000)	(243,505)	(2,979,000)	(219,865)	(14,000)	(298,505)	(2,514,000)	
20	A/P Checks	(152,893)	(232,523)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	
21	Capital Expenditures	(47,407)	(29,477)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	
22	Transfer to Investment from Gen Acct.	(600,000)	(2,843,299)		(200,000)	(5,360,296)				(2,966,599)		
23	Transfer to OPEB Trust Acct.											
24	Actual Ending Book Balance / Targeted Minimum Balance	201,080	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	
25	LAIF Account:											
26	Beginning balance	106,134	106,134	106,134	106,134	106,134	106,134	106,134	106,134	106,134	106,134	
27	Quarterly Interest Income											
28	Transfers to/from Gen Acct.	-	-	-	-	-	-	-	-	-	-	
29	Ending balance	106,134	106,134	106,134	106,134	106,134	106,134	106,134	106,134	106,134	106,134	
30	County Pool Account:											
31	Beginning balance	1,038,848	1,032,611	1,032,611	1,032,611	1,032,611	1,032,611	1,032,611	1,032,611	1,035,513	1,035,513	
32	Quarterly Interest Income								2,903			
33	Transfers to/from Gen Acct.	(6,237)	-	-	-	-	-	-	-	-	-	
34	Ending balance	1,032,611	1,032,611	1,032,611	1,032,611	1,032,611	1,032,611	1,032,611	1,035,513	1,035,513	1,035,513	
35	CalTrust Account:											
36	Beginning balance	45,873,577	46,466,694	49,356,595	47,834,926	47,191,425	52,551,721	48,600,850	48,473,483	47,634,483	50,601,082	
37	Quarterly Interest Income		46,602				49,214					
38	Transfers to/from Gen Acct.	593,117	2,843,299	(1,521,668)	(643,501)	5,360,296	(4,000,086)	(127,367)	(839,000)	2,966,599	(3,081,358)	
39	Ending balance	46,466,694	49,356,595	47,834,926	47,191,425	52,551,721	48,600,850	48,473,483	47,634,483	50,601,082	47,519,724	
	<i>Deferred Revenue Capital >>></i>	38,037,968	38,075,057	38,037,014	38,237,014	38,237,014	38,198,028	38,198,028	38,121,942	38,121,942	38,121,942	
	<i>GASB 43/45 Pre-Fund >></i>	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	
	<i>Available for Operating >>></i>	8,268,551	10,970,282	9,486,657	8,643,156	14,003,452	10,091,567	9,964,200	9,204,189	12,170,787	9,089,429	
	<i>Restricted</i>	39,537,968	39,575,057	39,537,014	39,737,014	39,737,014	39,698,028	39,698,028	39,621,942	39,621,942	39,621,942	
	<i>Available for Operating</i>	8,268,551	10,970,282	9,486,657	8,643,156	14,003,452	10,091,567	9,964,200	9,204,189	12,170,787	9,089,429	
	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 =>	1.22	1.61	1.40	1.27	2.06	1.48	1.47	1.35	1.79	1.34	

RIVERSIDE TRANSIT AGENCY
1825 Third Street
Riverside, CA 92507

February 7, 2018

TO: BOARD BUDGET AND FINANCE COMMITTEE

THRU: Larry Rubio, Chief Executive Officer

FROM: Craig Fajnor, Chief Financial Officer

SUBJECT: Quarterly Investment Report

Summary: The Agency currently has three (3) investment vehicles for its operating and capital funds' cash balances above and beyond immediate need.

The first is the Local Agency Investment Fund (LAIF) which is managed by the Treasurer of the State of California. While the balance earns interest on a daily basis, investment results are only published and available on a quarterly basis – fifteen (15) days after the end of each calendar quarter.

The second is the Riverside County Treasurer's Pooled Investment Fund (County Pool) which is managed by the Treasurer of the County of Riverside. While the balance earns interest on a daily basis, investment results are provided on a quarterly basis as well. However, different from LAIF, County Pool results are provided as follows: approximately 30% five (5) days after the end of the quarter and the remaining 70% forty-five (45) days after the end of the quarter.

The third is the CalTRUST Short-term Fund which is managed by the CSAC Finance Corporation. The balance earns interest on a daily basis and investment results are provided monthly the day after the end of the previous month.

The attached report presents investment performance for the 2nd quarter of FY18 (as of December 31, 2017).

Recommendation:

Receive and file.

RIVERSIDE TRANSIT AGENCY
Investment Report
For the Quarter Ended December 31, 2017

Investment Type	Institution	Amount of Investment at 12/31/17	Current Market Value at 12/31/17	Quarter to Date Average Rate of Interest Earned	Effective Interest Rate for the Quarter	Quarter to Date Interest Earned
Local Agency Investment Fund (LAIF)	State of California	\$105,813.16	\$105,611.43	1.18%	1.18%	\$321.24
Riverside County Treasurer Pooled Investment Fund	County of Riverside	\$1,096,439.90	\$1,096,439.90	1.21%	1.21%	\$3,362.03
CalTrust Short Term Fund	CalTrust	\$48,834,176.18	\$48,834,176.18	0.88%	0.88%	\$103,756.66

Note: Sufficient funds are available to meet the next 30 days' operating and 90 days' capital obligations. Additionally, the above portfolio conforms with the Agency's Investment Policy.

RIVERSIDE TRANSIT AGENCY
1825 Third St.
Riverside, CA 92507

February 7, 2018

TO: BOARD BUDGET AND FINANCE COMMITTEE

THRU: Larry Rubio, Chief Executive Officer

FROM: Vince Rouzaud, Chief Procurement and Logistics officer
Rick Kaczerowski, Director of Information Technology

SUBJECT: Authorization to Award Agreement No. 17-071 to Helixstorm Inc. (Helixstorm) to Provide Monitoring and Maintenance of the Agency's Information Technology Operating Environment and Infrastructure

Summary: Over the past several years, the Agency's Information Technology (IT) department has experienced an expanding, evolving and increasingly more complex IT environment which requires monitoring and maintenance on a continual, 24-hour, seven-day a week basis. As IT systems have become more sophisticated, having specialized personnel either on staff or alternatively under contract is important to minimize IT-related disruptions or downtime.

The Agency's IT department currently consists of four staff members who support both the IT environment and the specific applications used by staff (e.g. MS Office, Oracle, Infor, Clever Devices, etc.). Hiring additional staff with the requisite skills in Networking, Storage Area Networks, Server Virtualization and other specialized areas would be costly considering the coverage is needed for 24/7 operations. Additionally, it would be difficult to find a single individual with the requisite experience and expertise in all of these areas which most likely would require adding several new positions. Therefore, staff determined that it would be more cost effective and technically advantageous to outsource these services to a third party vendor.

The services needed would include monitoring and maintaining the Agency's operational environment on a 24/7 basis, analyzing and assessing equipment and performance degradation, performing related hardware/software testing and maintenance and collecting and maintaining statistics on both hardware and software problems. The vendor will also be responsible for monitoring and maintaining all servers, network switches, access points, routers, firewalls, storage area networks, and virtualized server environments.

Furthermore, the vendor will be required to ensure that all monitored devices have the latest firmware and security updates to reduce the likelihood of a data security breach. The performance of these services by a third party will allow the IT staff to focus on supporting the Agency's software applications and provide faster response times for internal user issues.

On November 21, 2017, the Agency issued Request for Proposals (RFP) No. 17-071. The RFP was publicly advertised in a newspaper of general circulation and a notice was posted on the Agency's website. In addition, the Agency sent notices of the contracting opportunity to the Chambers of Commerce of those cities that are members of the Joint Powers Agreement.

On December 28, 2017, the Agency received proposals from the following eleven vendors:

- Accent Computer Solutions, Inc., Rancho Cucamonga, CA
- Apex Technology Management Inc., Redding, CA
- AtomicPC Corp/DBA Atomic Group, Cerritos, CA
- ConvergeOne, Inc., Ontario, CA
- Decision Consultants, Inc., Phoenix, AZ
- HB Computers, Inc., Huntington Beach, CA
- Helixstorm Inc., Temecula, CA
- METMOX, Schaumburg, IL
- Nth Generation Computing, Inc., San Diego, CA
- SystemGO IT, Riverside, CA
- Tec-Refresh, Inc., Ontario, CA

The proposals were evaluated by a selection committee representing staff from the purchasing and IT departments using the following evaluation criteria:

- Qualifications and Related Experience;
- Staffing and Project Organization;
- Work Plan; and
- Completeness of Response

As a result of the technical review, the three highest technically ranked firms were invited for in-person interviews. The interview process gives staff the opportunity to ask specific questions to further clarify the written proposals. In addition, staff had an opportunity to gauge each firm's commitment to key performance elements such as quality control and customer service. The monitoring and maintenance of the Agency's IT environment is vital to the day-to-day business of the Agency because it supports the

specific applications used by staff (e.g. MS Office, Oracle, Infor, etc.).

At the conclusion of the interview process, staff conducted a price analysis which is shown in Table 1 below:

Table 1

Vendor	Base Term	Option Year 1	Option Year 2	Total Amount
Accent Computer Solutions	\$318,960.00	\$106,320.00	\$106,320.00	\$531,600.00
Helixstorm	\$259,596.00	\$86,532.00	\$86,532.00	\$432,660.00
Decision Consultants	\$193,111.12	\$65,364.72	\$65,364.72	\$323,840.56

Based on the overall evaluation process (technical review, price analysis, in-person interviews, reference checks), it was the evaluation committee’s determination that Helixstorm was the most technically responsive and responsible vendor and provided the best value to the Agency. The following summarizes key points of the evaluation committee’s analysis of Helixstorm:

- Able to respond to emergency outages within 15 minutes and be onsite within one hour (on a 24/7 basis)
- Very proficient with all of the relevant technologies used at the Agency
- Custom monitoring tools that employ self-healing techniques
- Currently monitors and maintains several similar environments, including the City of Menifee

Based on the above analysis, staff is recommending the award of a three-year agreement with two, one-year options to Helixstorm for the monitoring and maintenance of the Agency’s IT operational environment.

Fiscal Impact:

Funding for these services in the amount of \$28,844 which covers the remaining four months of FY18 has been included in the Agency’s FY18 operating budget. Funding for these services beyond the current fiscal year will be included in future fiscal year budget requests.

Recommendation:

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

- Authorize staff to award Agreement No. 17-071 to Helixstorm Inc. to provide monitoring and maintenance of the Agency's Information Technology Operating Environment and Infrastructure for a three-year base period with two, one-year options in an amount that will not exceed \$432,660.

RIVERSIDE TRANSIT AGENCY
1825 Third Street
Riverside, CA 92507

February 7, 2018

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. 17-064 to Redhill Group, Inc. (Redhill Group) for a Market Assessment Study

Summary: The Agency has a need for an attitude and awareness marketing study to gain a greater understanding of our market presence and strength as a service brand. The study will evaluate the Agency's brand identity and corporate image and will help the Agency identify the specific position that our services have in the minds of both customers and non-customers. The study will also evaluate how our services are perceived versus the competitors and the level of awareness that the public has of our programs and service offerings. It will help identify the Agency's strengths and weaknesses in order to modify or support its positioning with the general public.

The successful consultant will need to compare our services against other transit competitors within the marketplace and will need to incorporate the range of conditions existing in western Riverside County. The range of potential riders from youth and young adults through seniors and the disabled will need to be considered along with a broad range of income levels. A key task expected of the consultant will be a survey of existing riders, non-riders and former riders that may be most willing to use transit again. This is important information so that staff can gain an understanding as to how each population segment makes their travel decisions and thus gauge our services against key competitors.

On November 10, 2017 the Agency issued Request for Proposal (RFP) No. 17-064. The RFP was advertised in a newspaper of general circulation and a notice was posted on the Agency's website along with a copy of the RFP document. In addition, the Agency sent notices to the local Chambers' of Commerce of those cities that are members of the Joint Powers Agreement (JPA). On December 21, 2017 the Agency received proposals from the following four vendors:

- Redhill Group, Inc. Irvine, CA
- The Ripples Group Boston, MA
- Smith Johnson Research Sacramento, CA
- Transportation Management and Design, Inc. Carlsbad, CA

An evaluation committee representing staff from the planning, marketing and purchasing departments evaluated the proposals in accordance with the criteria listed in the RFP.

Upon completion of the technical review, Redhill Group and Transportation Management & Design were ranked number one and two respectively. Due to their low technical scores, the proposals received from The Ripples Group and Smith Johnson Research were eliminated from further consideration.

Staff then conducted a price analysis for each of the two remaining vendors. This analysis is shown in the table below:

Vendor	Price
Transportation Management & Design	\$180,030.00
Redhill Group	\$174,564.63

Redhill Group’s submittal reflected a thorough understanding of the Agency’s requirements and what staff would like to accomplish for its Market Awareness Study. The evaluation committee has a high level of confidence in the team assembled by the Redhill Group. This vendor has conducted over forty transit agency surveys since 2010 for agencies such as the Los Angeles Metropolitan Transit Agency, Long Beach Transit and Foothill Transit. A check of Redhill Group’s references was favorable and their firm has an excellent performance record according to those references.

At the conclusion of the evaluation committee’s review, the proposal from Redhill Group was determined to be the best value to the Agency.

Fiscal Impact:

This item was included in the Agency’s FY18 operating budget in the form of Western Riverside Council of Governments’ (WRCOG) Transportation Uniform Mitigation Fee (TUMF) funds.

Recommendation:

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

- Authorize staff to award Agreement No.17-064 to Redhill Group, Inc. for a Market Assessment Study in the amount of \$174,564.63.

RIVERSIDE TRANSIT AGENCY
1825 Third Street
Riverside, CA 92507

February 7, 2018

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. 17-057 to GHI Energy, LLC for Purchase of Natural Gas and Management of California's Low Carbon Fuel Standards (LCFS) and the Federal Government's Renewable Identification Number (RINs) Programs

Background: Staff is requesting authorization to award Agreement No. 17-057 to GHI Energy, LLC to supply the Agency's natural gas (NG) fuel requirements and provide management services for participation in California's Low Carbon Fuel Standards (LCFS) and the Federal Renewable Identification Number (RINs) credit programs. The proposed agreement is for a three-year base period with two, one-year options.

The Agency began transitioning its fleet of 40-foot buses from diesel to clean-burning Compressed Natural Gas (CNG) in the early 1990's. Unlike diesel fuel which is delivered by tanker truck and stored in underground storage tanks, natural gas is delivered through the local public utility's pipeline, the Southern California Gas Company (SoCal Gas). The NG is converted (compressed) into CNG fuel at the Agency's CNG fueling stations. Since the early 1990's through July 2013, the Agency purchased its natural gas requirements directly from SoCal Gas.

With the passage of California's Assembly Bill (AB32), the Agency, as owner of three compressed natural gas fueling stations, became eligible to participate in the state's cap and trade program which places limits on various pollution generators and rewards CNG station owners with LCFS credits. Credits that can then be purchased by other entities to offset their carbon deficits. This program is known as California's LCFS program.

The Federal RINs program is a national policy that requires a certain volume of renewable fuel be introduced into the national infrastructure to replace or reduce the quantity of petroleum-based transportation fuel, heating oil or jet fuel. For a fuel to qualify as a renewable fuel under this program, it must be approved by the Environmental Protection Agency to support the goal of reducing greenhouse gas emissions. Under this program, NG supplied from renewable sources (RNG) qualifies for the RINs program. Examples of renewable energy sources include gas generated from landfills, dairies, wastewater treatment plants, etc.

In April 2012, then Board Chairman Doug McAllister formed a Fuel Task Force Committee (Committee) and assigned Director Andrew Kotyuk as Chairman to study alternative strategies to purchase natural gas as well as investigate the Agency's participation in the LCFS program.

Research over the next nine months determined that in order to participate in the LCFS program, the Agency would be required to opt-in as a Regulated Party or alternatively, delegate its Regulated Party status to a third-party Energy Services Provider (ESP). Because of the complexities associated with program management as well as the program's regulatory and compliance requirements, the Committee concluded the best course of action would be for the Agency to contract with an ESP for these services.

In January 2013, at the direction of Committee Chairman Andrew Kotyuk, staff issued a Request for Proposal (RFP) for an ESP to provide NG and manage the Agency's participation in the LCFS program.

On May 23, 2013, the Board authorized the award of a five-year agreement to GHI Energy, LLC for the purchase of NG and management of the LCFS and RINs programs. While not included in the original RFP, GHI offered the Agency a percentage of RINs credits generated from renewable energy sources. This agreement is due to expire on June 30, 2018.

Summary: On October 6, 2017, the Agency issued RFP No. 17-057. The RFP was publicly advertised in a newspaper of general circulation and a notice was posted on the Agency's website along with a copy of the RFP document. In addition, the Agency sent notices to the local Chambers' of Commerce of those cities that are members of the Joint Powers Agreement (JPA). On November 10, 2017, the Agency received proposals from the following four vendors:

- Clean Energy Renewables
- Element Markets Renewable Energy, LLC
- GHI Energy, LLC
- Trillum CNG

An evaluation committee representing staff from both purchasing and finance evaluated the proposals in accordance with the criteria listed in the RFP. All four proposals were determined technically responsive and capable of meeting the Agency's fuel and program needs.

Staff then conducted an analysis of each vendor's pricing model to determine which vendor was offering the most competitive (favorable) pricing on NG and the maximum compensation amount for both RINs and LCFS credits. Each vendor's proposed pricing model was structured differently so in order to ensure a fair evaluation, several assumptions were used to perform this analysis. The following is a list of those assumptions:

- *NG Commodity Price = \$.33/therm (RTA's 3-year trailing average)*
- *Annual Usage = 3,000,000 Therms*
- *Current Price per Credit for Both LCFS and RINs (November 2017)*
- *All vendors considered the recent California Air Resources Board (CARB) statement that LCFS targets from 2021 through 2023 would be 'little changed' from 2020.*
- *Five-Year Purchase Agreement*

Based on the above assumptions and applying each vendor's discount off of the monthly SoCalGas published index price, Table 1 below illustrates the net savings to the Agency over the full five-year period for the purchase of NG. As can be seen in the table, the five-year savings ranges from \$0 to \$514,800 with GHI providing the greatest net savings to the Agency.

Table 1

Fuel Discount	GHI	Element Markets	Clean Energy	Trillium
Discount per therm	Yr 1-3: 10% disc Yr 4-5: 11% disc	\$.007/therm Yrs 1-5: fixed	\$.002/therm Yrs 1-5: fixed	\$.00/therm (no discount)
Base Term	297,000.00	63,000.00	18,000.00	0.00
Option Year 1	108,900.00	21,000.00	6,000.00	0.00
Option Year 2	108,900.00	21,000.00	6,000.00	0.00
Estimated 5-Year Fuel Savings	\$514,800.00	\$105,000.00	\$30,000.00	\$0.00

In addition to the commodity savings, two additional factors were considered in the price analysis; the dollar value of the LCFS credits and the dollar value of the RINs credits the Agency would receive. The revenues generated from these two programs are essentially a function of NG usage, type of NG (fossil, renewable), carbon intensity and the percentage of the credits the Agency would receive from each vendor.

For the RINs program, the percentages ranged from a low of six percent to a high of 12 percent. For the LCFS program, all four vendors stated the Agency would receive 100 percent of the fossil fuel LCFS credits while the renewable fuel credits ranged from a low of ten percent to a high of 27 percent. The corresponding revenue by vendor for each of these two programs is depicted in Table 2. In both instances, GHI was offering the Agency the greatest value.

Table 2

RINS Revenue	GHI	Element Markets	Clean Energy	Trillium
Base Term	4,163,464.80	3,134,627.10	3,134,627.10	1,880,776.26
Option Year 1	1,387,821.60	1,044,875.70	1,044,875.70	626,925.42
Option Year 2	1,387,821.60	1,044,875.70	1,044,875.70	626,925.42
Estimated 5-Year RINs Revenue	\$6,939,108.00	\$5,224,378.50	\$5,224,378.50	\$3,134,627.10
LCFS Revenue	GHI	Element Markets	Clean Energy	Trillium
Base Term	1,239,416.11	1,214,805.00	801,017.33	929,855.73
Option Year 1	373,054.68	353,160.00	211,710.72	257,166.41
Option Year 2	373,054.68	338,445.00	211,710.72	257,166.41
Estimated 5 -Year LCFS Revenue	\$1,985,525.47	\$1,906,410.00	\$1,224,438.77	\$1,444,188.55
	GHI	Element Markets	Clean Energy	Trillium
Total RINs/LCFS Revenue:	\$8,924,633.47	\$7,130,788.50	\$6,448,817.27	\$4,578,815.65

Overall, GHI submitted the lowest net cost pricing model for NG and is also offering the Agency the greatest value for its LCFS and RINs credit programs. Because they are the incumbent vendor and as an added incentive, GHI is offering to apply the new base-period terms to the last six months of our existing contract which would make their offer even more attractive and favorable. However, in order to maintain an equitable comparison between all four proposers, these additional savings/revenues were purposely not included in the above calculations. It should be understood that this price analysis was based on the assumptions listed on the preceding page. As such, the actual savings and revenues will vary based on marketplace fluctuations and actual NG consumption.

As before, the proposed agreement will include provisions that enables the Agency to lock-in pricing at a fixed amount based on the parameters established within the investment policy adopted by the Board.

Fiscal Impact:

GHI is offering to provide NG at a ten-percent discount under the monthly SoCal Gas published index price for contract years one through three, with the discount increasing to 11-percent in option-years four and five. In addition, GHI will pay the Agency 100-percent of the LCFS credits generated from fossil fuels and 27-percent of the LCFS credits generated from renewable sources. GHI will also pay the Agency twelve-percent of the monthly market value of RINs credits generated for NG purchased regardless of whether or not renewable energy is actually delivered.

Recommendation:

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

- a) Authorize staff to enter into Agreement No. 17-057 with GHI Energy, LLC for the purchase of natural gas and management of California's Low Carbon Fuel Standards and the Federal Government's Renewable Fuel Identification Number programs for a period of three-years, plus two-option year periods.
- b) Authorize staff to enter into all related agreements which include but may not be limited to the following:
 - 1. The gas industry's North American Energy Standards Board (NAESB) 'Retail Sale and Purchase of Natural Gas'; and
 - 2. Related 'Transaction Confirmation' agreement for the delivery/transmission of natural gas; and
 - 3. Any required additional agreements with SoCal Gas for the continued delivery/transmission of NG through its pipelines.

RIVERSIDE TRANSIT AGENCY
1825 Third Street
Riverside, CA 92507

February 7, 2018

TO: BOARD BUDGET AND FINANCE COMMITTEE

THRU: Larry Rubio, Chief Executive Officer

FROM: Craig Fajnor, Chief Financial Officer

SUBJECT: Authorization to Request Funding Advance From Allocated Unclaimed Local Transportation Fund (LTF) Reserves Held by the Riverside County Transportation Commission (RCTC)

Summary: The Agency utilizes Federal funding for its operating expenses and capital expenditures. Primarily, the Agency uses Federal Transit Administration (FTA) Section 5307 (5307) formula revenues to fund a portion of its annual operating and capital improvement budget. In addition, the Agency also utilizes other FTA Section funds such as 5310 and 5311 funds for operating expenses and 5339 for capital expenditures. Federal funds are available for reimbursement, or draw down, after award of a Federal grant and proof of reimbursable expenses.

On December 4, 2015, President Obama signed into law the Fixing America's Surface Transportation (FAST) Act. The bill became effective retroactive to October 1, 2015 and provided guaranteed funding for federal surface transportation and transit programs through FFY2020. Unfortunately, funding under the FAST Act has not always been appropriated fully or timely in the annual Federal Budget and, thus, has been released many times under continuing resolutions at less than one hundred percent levels.

In January 2018, staff initiated its application for FY18 5307 grant funding to partially cover FY18 operating expenses and capital improvements. This initial FY18 5307 grant request is for 75% of the Agency's programmed 5307 operating funding and 65% of the programmed 5307 capital funding. Staff was able to identify FTA prior-year carryover funds available to cover some of our budgeted needs. Thus, after this initial grant is awarded and full FY18 apportionments are available, staff will have to submit a grant amendment for the residual amount of funding to achieve the full programmed levels.

Consistent with prior briefings made to the Board Budget & Finance and Executive Committees, without access to our FY18 5307 funds, the Agency will face cash flow issues starting in May 2018.

As of the writing of this report, staff is assuming that no new federal funds will be awarded or available for draw down by the end of April 2018. Under such an assumption, staff's cash flow forecast for both operating and capital revenue receipts and expense disbursements for the remainder of FY18 and the beginning of FY19 indicates the need for a total of \$15,000,000 starting in May 2018. Due to the timing of the expenditures, the Agency will need \$6,000,000 in May 2018 to cover both operating expenses and capital obligations incurred in FY18 should federal funds not be available. Further, without resolution of the issue by September 30, 2018, the Agency will require an additional \$9,000,000 over the course of the first quarter of FY19.

The forecast is based on the projected cash flow for the remainder of FY18 and a preliminary FY19 Budget. It further assumes continuation of other non-federal revenue receipts. In summary, if full FY18 federal grant funding is not received by May 1, 2018, and the estimated initial FY18 federal grant funding is also not available, the Agency will need to receive an advance of funds of \$15,000,000 from RCTC in order to meet forecasted operating and capital expense obligations through the first quarter of FY19.

This funding advance is anticipated to be provided from allocated unclaimed Western County Bus (WCB) LTF funding held at RCTC and, thus, would require RCTC approval. The WCB LTF reserve is designated for use only by the bus transit operators in the western portion of the county. Commuter Rail and other county transit operators have their own LTF reserves. The WCB LTF reserve has been created over time by a combination of conservative budgeting by RCTC, the Rainy Day Policy enacted by RCTC, and budget underruns by the operators. RTA is the largest bus transit operator of the five in the western county. The Agency generates the vast majority of the budget underruns and the unused rainy day reserves. Staff estimates the approximately 93 percent of the current WCB LTF is attributed to the Agency. Per the June 30, 2017 RCTC Comprehensive Annual Financial Report, the WCB LTF reserve is \$61 million.

Staff has communicated this issue and the financial impact to RCTC staff. RCTC staff has agreed to present this request to the Commission for consideration after RTA Board approval.

As stated previously, staff has completed its initial 5307 grant request, which includes partial FY18 5307 funding, and is now awaiting approval from FTA. If this grant – and any other amendments thereto – is approved and funds are accessible for draw down before the need to

receive any or all advanced LTF funds, staff will discontinue pursuing this action.

Fiscal Impact:

If no other cash resources are made available prior to the receipt of the FY18 5307 funds, the Agency projects to have a FY18 cash flow shortage of \$6,000,000 starting in May 2018. Should the federal funding delay continue into FY19, an additional \$9,000,000 will be required to cover an anticipated shortfall through September 30, 2018.

Staff will continue to monitor the Agency's cash flow status and mitigate the issue to the greatest extent possible.

Recommendation:

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

- Authorize staff to seek an advance of funds from RCTC in the amount of \$15,000,000 to cover the projected deficit through FY18 and the first quarter of FY19 in the event that pending and future federal funding is not awarded and available for drawdown.
- Direct staff to discontinue pursuing this request in the event the aforementioned federal funding becomes available.