



January 8, 2020  
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) 565-5066, 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**

<b><u>ITEM</u></b>	<b><u>RECOMMENDATION</u></b>
<b>3. PUBLIC COMMENTS – NON-AGENDA ITEMS</b> 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.	<b>RECEIVE COMMENTS</b>
<b>4. <u>APPROVAL OF MINUTES – DECEMBER 4, 2019 COMMITTEE MEETING (P.3)</u></b>	<b>APPROVE</b>
<b>5. <u>CASH FLOW PROJECTIONS (P.6)</u></b>	<b>RECEIVE AND FILE</b>
<b>6. <u>AGENCY INVESTMENT POLICY - ANNUAL UPDATE (P.8)</u></b>	<b>ADOPT</b>
<b>7. <u>AUTHORIZATION TO AWARD AGREEMENT NO. 19-091 TO WESTERN STATES CONVERTERS &amp; TRANSMISSIONS, INC. TO REBUILD TWENTY-FIVE ALLISON B400R TRANSMISSIONS (P.15)</u></b>	<b>APPROVE</b>
<b>8. <u>AUTHORIZATION TO RENEW THE AGENCY'S AGREEMENT WITH THE RIVERSIDE COUNTY DEPARTMENT OF HEALTH SERVICES TO CONTINUE TO RECEIVE REIMBURSEMENT THROUGH THE MEDICAL ADMINISTRATIVE ACTIVITIES PROGRAM (P.17)</u></b>	<b>APPROVE</b>
<b>9. BOARD MEMBER COMMENTS</b>	
<b>10. ANNOUNCEMENTS</b>	
<b>11. NEXT MEETING</b> Wednesday, February 5, 2020, 2:00 p.m. Riverside Transit Agency 1825 Third Street Riverside, CA 92507	
<b>12. MEETING ADJOURNMENT</b>	

RTA BOARD BUDGET AND FINANCE COMMITTEE MEETING  
Minutes  
December 4, 2019

**1. CALL TO ORDER**

Chair Bridgette Moore called the Board Budget and Finance Committee meeting to order at 2:00 p.m., on December 4, 2019, in the RTA Board Room.

**2. SELF INTRODUCTIONS**

Self-introductions of those in attendance took place.

Committee Members Attending

1. <sup>1</sup>Ed Clark, City of Calimesa
2. Jeremy Smith, City of Canyon Lake
3. <sup>2</sup>Michael Perciful, City of Hemet
4. Anthony Kelly, Jr., City of Jurupa Valley
5. Berwin Hanna, City of Norco
6. Bridgette Moore, City of Wildomar
7. <sup>3</sup>Michelle DeArmond, County of Riverside District III
8. <sup>4</sup>Barry Busch, County of Riverside District V

Committee Members Absent

1. Malcolm Corona, City of Perris

RTA Staff

1. Larry Rubio, Chief Executive Officer
2. Joan Hepworth, Clerk of the Board
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. Adam Chavez, Director of Maintenance
8. Jim Kneepkens, Director of Marketing
9. Kristin Warsinski, Director of Planning
10. Rick Majors, Director of Risk Management
11. Rick Kaczerowski, Director of IT
12. Natalie Zaragoza, Director of Contracts
13. Joe Forgiarini, Director of Service Planning & Scheduling
14. Eric Ustation, Government Affairs Manager
15. Brad Weaver, Media & Public Relations Manager

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<sup>1</sup>Alternate for Linda Molina, City of Calimesa

<sup>2</sup>Alternate for Linda Krupa, City of Hemet

<sup>3</sup>Alternate for Chuck Washington, County of Riverside District III

<sup>4</sup>Alternate for Jeff Hewitt, County of Riverside, District V

RTA Staff Continued

16. Melissa Blankenship, Contracts Manager
17. Lisa Almilli, Mobility Manager
18. Jessica Leon, Administrative Assistant

Director Anthony Kelly arrived to meeting at 2:01 p.m.

Director Michelle DeArmond arrived to meeting at 2:01 p.m.

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

None.

**4. APPROVAL OF MINUTES – NOVEMBER 6, 2019 COMMITTEE MEETING**

M/S/C (HANNA/BUSCH) approving the November 6, 2019 committee meeting minutes.

The motion carried unanimously.

**5. CASH FLOW PROJECTIONS**

Mr. Fajnor presented the cash flow projections which were received and filed.

**6. QUARTERLY CAPITAL STATUS**

Mr. Fajnor presented the quarterly capital status which was received and filed.

**7. AUTHORIZATION TO AWARD AGREEMENT NO. 19-080 TO PTM GENERAL ENGINEERING SERVICES, INC. FOR TRANSIT ENHANCEMENTS TO TWENTY-FOUR BUS STOP LOCATIONS**

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

- Authorize staff to award Agreement No. 19-080 to PTM General Engineering Services, Inc. for transit enhancements to twenty-four bus stop locations in the amount of \$219,912.00 with a ten-percent contingency of \$21,991.20 for a total project budget amount of \$241,903.20.

The motion carried unanimously.

**8. AUTHORIZATION TO AWARD AGREEMENT NO. 19-076 TO LEONIDA BUILDERS, INC. FOR THE MAGNOLIA AVENUE BUS TURNOUT AT GALLERIA AND TYLER**

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

- Authorize staff to award Agreement No. 19-076 to Leonida Builders, Inc. for the Magnolia Avenue bus turnout at Galleria and Tyler in the amount of \$188,168.50 with a ten-percent contingency of \$18,816.85 for a total project budget amount of \$206,985.35.

The motion carried unanimously.

9. **BOARD MEMBER COMMENTS**

Board member comments were made by Director Michael Perciful, Director Berwin Hanna and Director Anthony Kelly.

10. **ANNOUNCEMENTS**

Announcements were made by Mr. Larry Rubio.

11. **NEXT MEETING**

Wednesday, January 8, 2020, 2:00 p.m.

12. **MEETING ADJOURNMENT**

The meeting was adjourned at 2:19 p.m.

RIVERSIDE TRANSIT AGENCY  
1825 Third Street  
Riverside, CA 92507

January 8, 2020

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 2019 with projections through February 2020. This reporting period covers the first eight months of FY20. There are no cash flow issues anticipated during this reporting period.

Recommendation:

Receive and file.

**Transit Agency  
FY19/20 Cash Flow Projection**

	Actual										
Wells Fargo General Account	12/20/2019	12/27/2019	1/3/2020	1/10/2020	1/17/2020	1/24/2020	1/31/2020	2/7/2020	2/14/2020	2/21/2020	2/28/2020
Est. Cash, Beg Balance (Book)	501,496	54,052	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
<b>Receipts:</b>											
LTF Operating	5,347,427	-	-	-	-	5,347,427	-	-	-	-	5,347,427
LTF OPEB	99,444	-	-	-	-	99,444	-	-	-	-	99,444
RIN's Credit	-	-	-	-	31,900	-	-	-	30,000	-	-
LCFS	-	201,416	-	-	-	-	-	-	-	-	-
CalPERS CERBT Disbursement	-	-	-	-	95,000	-	-	-	95,000	-	-
Farebox	249,582	175,000	135,000	135,000	135,000	135,000	135,000	135,000	135,000	135,000	135,000
Total Other Farebox	124,506	401,885			97,574	399,442			17,353	558,371	
Total Other Local	11,333	10,628	5,000	5,000	8,750	10,628	5,000	5,000	5,000	10,628	5,000
FTA Operating						116,548			478,221	116,548	
State Operating		240,000				240,000				240,000	
Capital - Local, State	58,461	442,226			50,499						
FTA Capital	8,030										
Transfer from Investment Accounts to Wells Fargo General Account	906,532		4,190,686	400,000	1,101,277		1,240,000	3,425,000	609,426		
<b>Disbursements:</b>											
Payroll = Net+Tax	(1,104,839)		(1,200,000)		(1,300,000)		(1,150,000)		(1,150,000)		(1,150,000)
A/P Wires	(23,140)	(255,364)	(2,930,686)	(340,000)	(20,000)	(270,000)	(30,000)	(3,365,000)	(20,000)	(220,000)	(80,000)
A/P Checks	(313,365)		(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
Capital Expenditures	(11,416)										
Transfer to Investment Accounts from Wells Fargo General Account	(5,800,000)	(1,219,843)				(5,878,488)				(640,547)	(4,156,871)
Actual Ending Wells Fargo General Account Book Balance / Targeted Minimum Balance	54,052	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000

**LAIF Account:**

Beginning balance	3,032,372	3,032,372	3,032,372	3,032,372	3,032,372	3,040,799	3,040,799	3,040,799	3,040,799	3,040,799	3,040,799
Quarterly Interest Income	-	-	-	-	8,427	-	-	-	-	-	-
Transfers to/from Gen Acct.	-	-	-	-	-	-	-	-	-	-	-
Ending balance	3,032,372	3,032,372	3,032,372	3,032,372	3,040,799	3,040,799	3,040,799	3,040,799	3,040,799	3,040,799	3,040,799

**County Pool Account:**

Beginning balance	8	8	8	8	8	8	8	8	8	8	8
Ending balance	8	8	8	8	8	8	8	8	8	8	8

**CalTrust Account:**

Beginning balance	49,577,619	54,351,601	55,571,444	51,467,964	51,067,964	49,966,687	55,717,675	54,566,567	51,141,567	50,532,141	50,966,479
Quarterly Interest Income	-	-	87,206	-	-	-	88,892	-	-	-	97,089
Transfers to/from Gen Acct.	4,773,982	1,219,843	(4,190,686)	(400,000)	(1,101,277)	5,750,988	(1,240,000)	(3,425,000)	(609,426)	434,338	4,156,871
Ending balance	54,351,601	55,571,444	51,467,964	51,067,964	49,966,687	55,717,675	54,566,567	51,141,567	50,532,141	50,966,479	55,220,440

<i>Restricted Capital Balance &gt;&gt;&gt;</i>	39,517,710	39,517,710	39,578,500	39,578,500	39,586,927	39,586,927	39,649,335	39,649,335	39,649,335	39,649,335	39,717,949
<i>Funding for CERBT OPEB Trust &gt;&gt;&gt;</i>	596,667	596,667	596,667	596,667	596,667	696,111	696,111	696,111	696,111	696,111	795,556
<i>Restricted Operating Balance &gt;&gt;&gt;</i>	3,336,585	3,336,585	3,342,243	3,342,243	3,342,243	3,214,743	3,220,396	3,220,396	3,220,396	3,014,187	3,020,127
<i>Unrestricted Operating Balance &gt;&gt;&gt;</i>	13,987,071	15,202,861	11,032,933	10,632,933	9,531,656	15,310,700	14,091,531	10,666,531	10,057,105	10,697,652	14,777,616
<i>Avg Operating expenses per month =&gt;</i>	7,850,000	7,850,000	7,850,000	7,850,000	7,850,000	7,850,000	7,850,000	7,850,000	7,850,000	7,850,000	7,850,000
<i>No. of months Oper Cash On Hand =&gt;</i>	1.78	1.94	1.41	1.35	1.21	1.95	1.80	1.36	1.28	1.36	1.88

Item 5

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RIVERSIDE TRANSIT AGENCY  
1825 Third Street  
Riverside, CA 92507

January 8, 2020

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 no changes recommended to the current policy for the coming year.

Fiscal Impact:

None.

Recommendation:

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

Adopt the Agency Investment Policy for 2020.





## 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
- Controller
- Chairman of the Board

Two authorized signatures will be required for all investment transactions and wire transfers as approved by the Board of Directors on July 26, 2018.

## **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 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 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 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 8, 2020

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. 19-091 to Western States Converters & Transmissions, Inc. to Rebuild Twenty-Five Allison B400R Transmissions

Summary: In October 2013, the Agency started receiving its new fleet of forty-foot Gillig buses to replace its aging fleet of model year 2000 and 2001 buses which had exceeded their useful life. The initial order of 98 buses was later increased to 145 buses to accommodate service expansion and future growth. By April 2016, all 145 buses had been delivered and placed into service.

Due to our large service area, Agency buses average 50,000 to 55,000 miles per year which means many of these vehicles now have between 300,000 and 350,000 miles and are out of warranty. Major components such as engines and transmissions are reaching the end of their useful service life and are now starting to fail and will need either rebuilding or replacing. With a new transmission costing approximately \$21,000 it is much more economical to rebuild than replace. Staff estimates that over the next two years approximately 25 transmissions will require rebuilding services.

On December 3, 2019 staff issued Invitation for Bids (IFB) No. 19-091. The IFB 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 IFB document. The Agency also sent notices to the local chambers' of commerce in cities that are members of the Joint Powers Agreement.

On December 20, 2019 the Agency received bids from the following two vendors:

Vendor	Unit Price	Extended Price (25)
Western States Converters & Transmissions, Inc. Corona, CA	\$5,256.49	\$131,412.25
Dartco Transmission Sales & Service, Inc., Anaheim, CA	\$5,350.46	\$133,761.50

Staff reviewed the low bidder's submittal to ensure compliance with the requirements of the IFB. Based on a thorough review, staff recommends awarding a contract to Western States Converters & Transmissions, Inc., the lowest responsive and responsible bidder.

Based on previous history with these types of repairs, once a transmission is taken apart and evaluated by the vendor, further repairs outside the scope of work may be necessary. In anticipation of these additional repairs, staff obtained pricing during the procurement to be specifically utilized in these cases. Any additional repairs will be verified and approved by the Agency's Director of Maintenance or his designee prior to commencement of work.

Therefore, in addition to the bid amounts above, staff also recommends a ten-percent contingency of \$13,141.23 to cover these types of additional repairs.

Fiscal Impact:

Sufficient funds to cover this request are included in the Agency's Board approved capital budget. The funding profile is shown below:

Federal Section 5307	State Transit Assistance (STA)	Total
\$ 115,642.78	\$ 28,910.70	\$ 144,553.48 *

\* Amount Includes Ten-Percent Contingency

Recommendation:

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

- Authorize staff to award Agreement No. 19-091 to Western States Converters & Transmissions, Inc. to rebuild twenty-five Allison B400R transmissions in the amount of \$131,412.25 with an additional \$13,141.23 for a total project budget amount of \$144,553.48.



RIVERSIDE TRANSIT AGENCY  
1825 Third Street  
Riverside, CA 92507

January 8, 2020

TO: BOARD BUDGET AND FINANCE COMMITTEE

THRU: Larry Rubio, Chief Executive Officer

FROM: Vince Rouzaud, Chief Procurement and Logistics Officer

SUBJECT: Authorization to renew the Agency's Agreement with the Riverside County Department of Health Services to continue to receive Reimbursement through the Medi-Cal Administrative Activities Program

Summary: Since FY12, the Agency and the Riverside County Department of Health Services (County) have partnered in a Medi-Cal Reimbursement Program (Program) funded by Medicaid Title XIX federal funds. The California Department of Health Care Services (DHCS) administers the Program at the State level with each county in California designating a Local Government Agency (LGA) to administer the Program locally. In Riverside County, the County Department of Health Services serves as the LGA.

Under this Program, the Agency receives partial reimbursement for transportation services provided to Medi-Cal customers for eligible trips completed through its Dial-a-Ride (DAR) service. Medi-Cal eligible trips are considered a Medi-Cal Administrative Activity (MAA) under Code 10 for "Arranging and/or providing Non-Emergency, Non-Medical Transportation to a Medi-Cal Covered Service." Under the original program, the Agency was able to recoup 50 percent of its DAR transportation costs, less any revenue received from the eligible participant for Medi-Cal eligible trips.

Over the past several years, the Agency has continued to streamline its processes so that Medi-Cal eligible individuals are identified at the time they apply for ADA certification. This ensures the Agency captures all eligible trips and maximizes the Agency's use of the Program. As required by the State, the Agency receives reimbursement through the County since they are the State designated LGA for this Program.

In September 2016, Governor Jerry Brown signed into law Assembly Bill No. 2394 (AB 2394) amending provisions of the Medi-Cal program that limit reimbursement for some transportation services. At the time it was unclear as to what transportation services would still qualify for reimbursement under the Program, however, staff continued to track its Medi-Cal clients as we awaited direction from the County.

Under the new provisions that became effective on July 1, 2017, the County has recently determined that eligible transportation costs under the program have been calculated at 34.56 percent of the actual costs of providing the service and the Agency will be eligible to receive reimbursement of up to 50 percent of those eligible transportation costs.

The Agency's current agreement with the County expired on December 31, 2019. The County has advised staff that it will process payments for invoices beyond that date for previously unbilled periods. Staff is currently working on compiling the required data for submittal to the County.

If approved, the new agreement will begin January 1, 2020 and will run through June 30, 2020, with three, one-year option periods beginning July 1, 2020 and continuing through June 30, 2023.

The agreement, which is required to participate in the Program, provides the operational guidelines and the structure of the MAA administrative fee for County oversight. Thus far, under the existing agreement, the Agency has been reimbursed \$2,330,674 for eligible services through the first quarter of FY18. Staff estimates, for the remaining quarters, the revenue to be billed under the expiring Agreement would range between \$250,000 and \$300,000.

Moving forward, under the new AB 2394 guidelines, it is anticipated the Medi-Cal program will generate approximately \$48,000 per-quarter in reimbursable transportation expenses.

Fiscal Impact:

For Medi-Cal eligible trips, it is estimated the new Agreement will provide up to \$625,000 in reimbursement for transportation services over the 42-month term. As the LGA, the County will retain a five percent administrative fee for its role in processing and submitting the Agency's MAA claims to the State.

Recommendation:

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

- Authorize staff to renew the Agency's Agreement with the Riverside County Department of Health Services to receive reimbursement through the Medi-Cal Administrative Activities Program.