



January 9, 2019  
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 5, 2018 COMMITTEE MEETING (P.3)**

**APPROVE**

**5. CASH FLOW PROJECTIONS (P.6)**

**RECEIVE AND FILE**

**6. AGENCY INVESTMENT POLICY – ANNUAL UPDATE (P.8)**

**ADOPT**

**7. AUTHORIZATION TO AWARD AGREEMENT NO. 19-012 TO HARDY & HARPER, INC. FOR THE RIVERSIDE FACILITY ASPHALT PAVEMENT AND CONCRETE REPLACEMENT PROJECT (P.15)**

**APPROVE**

**8. BOARD MEMBER COMMENTS**

**9. ANNOUNCEMENTS**

**10. NEXT MEETING**

Wednesday, February 6, 2019  
2:00 p.m.  
Riverside Transit Agency  
1825 Third Street  
Riverside, CA 92507

**11. MEETING ADJOURNMENT**

RTA BOARD BUDGET AND FINANCE COMMITTEE MEETING  
Minutes  
December 5, 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 December 5, 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. Linda Molina, City of Calimesa
3. Dawn Haggerty, City of Canyon Lake
4. Linda Krupa, City of Hemet
5. Anthony Kelly, Jr., City of Jurupa Valley
6. <sup>1</sup>Ike Bootsma, County of Riverside, District II
7. <sup>2</sup>Michelle DeArmond, County of Riverside, District III
8. <sup>3</sup>Barry Busch, County of Riverside, District V

Committee Members Absent

1. Maryann Edwards, City of Temecula
2. City of Corona

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 Kaczerowski, Director of IT
11. Rick Majors, Director of Risk Management
12. Natalie Zaragoza, Director of Contracts
13. Rick Majors, Director of Risk Management
14. Eric Ustation, Government Affairs Manager
15. Brad Weaver, Media & Public Relations Manager
16. Jennifer Nguyen, Planning and Programming Specialist

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<sup>1</sup>Alternate for John Tavaglione, County of Riverside, District II

<sup>2</sup>Alternate for Chuck Washington, County of Riverside, District III

<sup>3</sup>Alternate for Marion Ashley, County of Riverside, District V

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

None.

4. **APPROVAL OF MINUTES – NOVEMBER 7, 2018 COMMITTEE MEETING**

M/S/C (KRUPA/MOLINA) approving the November 7, 2018 committee meeting minutes.

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

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. 19-003 TO BROWN ARMSTRONG CERTIFIED PUBLIC ACCOUNTANTS (BROWN ARMSTRONG) FOR AUDITING SERVICES**

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

- Authorize staff to award Agreement No. 19-003 to Brown Armstrong Certified Public Accountants for auditing services for a three-year base period with two one-year options in an amount that will not exceed \$360,000.

The motion carried unanimously.

8. **BOARD MEMBER COMMENTS**

Board member comments were made by Director Anthony Kelly, Jr., Director Michelle DeArmond, Director Linda Molina, Committee Chair Berwin Hanna, Director Linda Krupa, Director Ike Bootsma, Director Dawn Haggerty and Director Barry Busch.

9. **ANNOUNCEMENTS**

Announcements were made by Mr. Larry Rubio.

10. **NEXT MEETING**

Wednesday, January 9, 2018, 2:00 p.m.  
Riverside Transit Agency  
Board Room  
1825 Third Street  
Riverside, CA 92507

11. **MEETING ADJOURNMENT**

The meeting was adjourned at 2:24 p.m.

RIVERSIDE TRANSIT AGENCY  
1825 Third Street  
Riverside, CA 92507

January 9, 2019

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 2018 with projections through February 2019. This reporting period covers the first eight months of FY19. There are no cash flow issues anticipated during this reporting period.

However, with the ongoing shutdown of the Federal government and uncertainty regarding Federal funding levels and timing of availability, the Board is cautioned that staff may soon be seeking authorization to request an advance of Local Transportation Funds from the Riverside County Transportation Commission to cover anticipated cash flow shortages in late FY19 and early FY20.

Recommendation:

Receive and file.

**Riverside Transit Agency  
FY18/19 Cash Flow Projection**

	Actual										
	12/28/2018	1/4/2019	1/11/2019	1/18/2019	1/25/2019	2/1/2019	2/8/2019	2/15/2019	2/22/2019	3/1/2019	
<b>General Account</b>											
Est. Cash, Beg Balance (Book)	6,034,466	1,169,001	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	
<b>Receipts:</b>											
LTF Operating - recurring	-	-	-	-	5,044,204	-	-	-	4,592,531	-	
LTF OPEB	-	-	-	-	177,778	-	-	-	355,554	-	
RIN's Credit			80,000					80,000			
LCFS										200,000	
CalPERS CERBT Disbursement					96,401				95,000		
Farebox	90,316	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	
Total Other Farebox	77,969	16,875	137,742	223,626	455,396	16,875	74,757	167,104	642,352		
Total Other Local	8,264	7,496	5,000	5,000	10,464	5,000	5,000	5,000	10,464	5,000	
FTA Operating		568,468			97,508						
Capital - Local, State											
FTA Capital											
Transfer from Investment to Gen Acct.		3,427,463	269,333	1,031,374		3,771,125	935,243	882,896		3,623,000	
<b>Disbursements:</b>											
Payroll = Net+Tax	(8,311)	(1,047,911)		(1,175,000)		(1,050,000)		(1,050,000)		(1,050,000)	
A/P Wires	(235,504)	(2,903,089)	(422,075)	(15,000)	(235,000)	(2,673,000)	(945,000)	(15,000)	(200,000)	(2,708,000)	
A/P Checks	(7,850)	(160,405)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	
Capital Expenditures	(390,349)	(1,157,899)									
Transfer to Investment from Gen Acct.	(4,400,000)				(5,576,750)				(5,425,900)		
Transfer to OPEB Trust Acct.											
Actual Ending Book Balance / Targeted Minimum Balance	1,169,001	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	
<b>LAIF Account:</b>											
Beginning balance	107,616	107,616	107,616	107,616	108,153	108,153	108,153	108,153	108,153	108,153	
Quarterly Interest Income				537							
Transfers to/from Gen Acct.	-	-	-	-	-	-	-	-	-	-	
Ending balance	107,616	107,616	107,616	108,153	108,153	108,153	108,153	108,153	108,153	108,153	
<b>County Pool Account:</b>											
Beginning balance	3,063,948	3,063,948	3,063,948	3,063,948	3,064,781	3,064,781	3,064,781	3,064,781	3,064,781	3,064,781	
Quarterly Interest Income				833							
Transfers to/from Gen Acct.	-	-	-	-	-	-	-	-	-	-	
Ending balance	3,063,948	3,063,948	3,063,948	3,064,781	3,064,781	3,064,781	3,064,781	3,064,781	3,064,781	3,064,781	
<b>CalTrust Account:</b>											
Beginning balance	49,807,963	54,207,963	50,860,500	50,513,167	49,481,793	55,058,543	51,367,418	50,432,175	49,427,578	54,853,479	
Quarterly Interest Income		80,000				80,000				80,000	
Transfers to/from Gen Acct.	4,400,000	(3,427,463)	(347,333)	(1,031,374)	5,576,750	(3,771,125)	(935,243)	(1,004,596)	5,425,900	(3,623,000)	
Ending balance	54,207,963	50,860,500	50,513,167	49,481,793	55,058,543	51,367,418	50,432,175	49,427,578	54,853,479	51,310,479	
<i>Deferred Revenue Capital &gt;&gt;&gt;</i>	39,912,829	45,974,355	45,974,355	45,975,188	45,975,188	46,000,188	46,000,188	46,000,188	46,000,188	46,025,188	
<i>OPEB Trust Funding &gt;&gt;</i>	1,066,668	1,066,668	1,066,668	1,066,668	1,244,446	1,244,446	1,244,446	1,244,446	1,600,000	1,600,000	
<i>Available for Operating &gt;&gt;&gt;</i>	17,569,031	7,041,041	6,693,708	5,662,871	11,061,843	7,345,718	6,410,475	5,405,879	10,476,225	6,908,225	
<i>Restricted Available for Operating</i>	40,979,497	47,041,023	47,041,023	47,041,856	47,219,634	47,244,634	47,244,634	47,244,634	47,600,188	47,625,188	
<i>Available for Operating</i>	17,569,031	7,041,041	6,693,708	5,662,871	11,061,843	7,345,718	6,410,475	5,405,879	10,476,225	6,908,225	
Avg Operating expenses per month =>	7,305,600	7,305,600	7,305,600	7,305,600	7,305,600	7,305,600	7,305,600	7,305,600	7,305,600	7,305,600	
No. of months Oper Cash On Hand =>	2.40	0.96	0.92	0.78	1.51	1.01	0.88	0.74	1.43	0.95	

RIVERSIDE TRANSIT AGENCY  
1825 Third Street  
Riverside, CA 92507

January 9, 2019

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 two changes recommended to the current policy for the coming year. Both changes are related to the Board's approval in July 2018 to add the Controller position as an authorized signer on transactions involving Agency funds. The additions are identified in bold italics and underlined text. The deletions are identified in bold italics strikethrough text. All recommended changes are included in the draft 2019 Agency Investment Policy attached to this staff report.

Fiscal Impact:

None.

Recommendation:

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

Adopt the Agency Investment Policy for 2019.





## 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 *delineated in Resolution 98-04 adopted on May 28, 1998, or any revision thereafter subsequently 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 9, 2019

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. 19-012 to Hardy & Harper, Inc. for the Riverside Facility Asphalt Pavement and Concrete Replacement Project

Summary: Included in the Agency's capital budget are capital improvement projects for both the Riverside and Hemet facilities. One of the approved projects is the replacement of damaged asphalt and concrete in various locations at the 34-year old Riverside facility.

The Riverside facility serves as the main operations and maintenance depot servicing the majority of the Agency's fleet. There are several areas of the bus yard that still have the original concrete dating to when the facility was first constructed in 1984. Over the years, the concrete has cracked and become damaged due to the constant traffic and the weight of 20-ton buses. Previous concrete projects repaired other areas more heavily used; these remaining areas now need similar repairs.

In addition, the asphalt in the western employee parking area is the original asphalt dating to when the Agency first purchased the property in 2002. As asphalt ages, it erodes and causes cracks to develop which in turn allows water to seep beneath the surface and over time will damage the base layer. Staff has made minor repairs to the parking lot over the years, however, the asphalt has reached a point where it needs to be replaced. Replacing the existing asphalt will provide additional years of use and will also eliminate the potential for tripping hazards.

For this project, staff retained the services of an architectural and engineering firm to provide the project specifications, plans, and an independent (engineer's) cost estimate. The key objectives for this project are as follows:

- removal and compaction of the damaged asphalt areas;
- installation of new aggregate base for asphalt paving;
- new asphalt paving in the west employee parking lot;

- reinforced concrete in identified bus yard areas; and
- new parking lot striping and curb stops.

On October 25, 2018 the Agency issued Invitation for Bids (IFB) No. 19-012. 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 4, 2018 the Agency received bids from the following five firms:

<b>Firm Name / Location</b>	<b>Bid Amount</b>
Hardy & Harper, Inc. Santa Ana, CA	\$443,429.00
Leonida Builder’s Santa Clarita, CA	\$577,650.00
Access Pacific Pasadena, CA	\$617,434.38
All American Asphalt Corona, CA	\$657,813.80
Sudweeks Construction Inc. Canyon Lake, CA	\$861,000.00

Staff also received one “no bid” response from PTM General Engineering Services, Inc., Riverside, CA. 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 Hardy & Harper, Inc., the lowest responsive and responsible bidder.

In addition to the proposed amount, staff also recommends the Board authorize a ten-percent contingency of \$44,343 to be utilized in the event of unforeseen circumstances. Such use would be subject to a future change order or amendment to the proposed contract if necessary.

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
\$ 390,218	\$ 97,554	\$ 487,772*

\* 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. 19-012 to Hardy & Harper, Inc. for the replacement of asphalt and concrete pavement at the Riverside facility in the amount of \$443,429 with a ten-percent contingency of \$44,343 for a total project budget amount of \$487,772.