



AGENDA

Meeting of the Connect Transit Board of Trustees

June 24, 2014

4:30 P.M.

Board Room

Connect Transit Operations Facility
351 Wylie Drive, Normal, IL 61761

- A. Call to Order
- B. Roll Call
- C. Public Comments
- D. Consent Agenda
 - 1. Approval of Minutes of Previous Meeting of May 27, 2014 and Executive Session of April 22, 2014.
 - 2. Disbursements for Month of June, 2014
 - 3. Financial Report for Month of May, 2014
 - 4. Capital and Self Insurance Reserve Fund Balances for month of May, 2014
 - 5. Monthly Statistical Report for month of May, 2014
- E. Old Business
- F. New Business
 - 1. Marc Rowe – Nicor Gas – Compressed Natural Gas Assessment
 - 2. Illinois Downstate Operating Assistance Agreement
- G. General Manager's Report
- H. Trustee's Comments
- I. Executive Session – ILCS 120/2(c)(1) – Personnel Matters
- J. Adjournment



May 2014

Financial and Statistical Reports

Disbursements to be Approved
June 24, 2014

Payee	Goods Purchased	Amount
A.T.U. - C.O.P.E.	Payroll Deduction	\$ 196.27
Aaron Bergman, Matco Tool Distributor	Bus Parts	\$ 246.25
ABC Bus Companies	Bus Parts	\$ 1,157.47
Advocate Medical Group	Drug Testing	\$ 131.00
Ally	Car Lease	\$ 82.00
Amalgamated Transit Union Local 752	Payroll Deduction	\$ 5,138.20
AmerenIP	Electric Charges	\$ 206.83
American Public Transportation Assoc.	Subscription	\$ 75.00
American Solutions for Business	Office Supplies	\$ 290.52
Andrew Johnson	Car Allowance	\$ 500.00
Andrew Johnson	Expense Reimbursement	\$ 233.75
Assurance Agency, Ltd.	Insurance	\$ 21,634.00
Barker Motor Co.	Bus Parts	\$ 262.56
BlueLine Rental	Equipment Rental	\$ 765.00
Cavalry Portfolio Services, LLC	Payroll Deduction	\$ 558.00
CDS Office Technologies	Office Supplies	\$ 174.02
Central Illinois Regional Broadband Netw	Internet	\$ 347.84
City of Bloomington	Utilities	\$ 652.76
Clark Baird Smith, LLP	Legal Service	\$ 1,198.75
CliftonLarsonAllen LLP	Audit Services	\$ 1,960.00
Comcast Cable	Internet	\$ 399.85
Comcast Spotlight	Commercial Advertising	\$ 2,000.00
Commerce Bank	Transfer to Capital Account	\$ 71,029.00
Corn Belt Energy Corp.	Utilities	\$ 4,328.70
Cummins Crosspoint	Bus Parts	\$ 1,766.02
Dennison Corporation	Outside Repair	\$ 450.71
Dish Network	Television Service	\$ 120.00
Employee	Health Ins Reimbursement	\$ 300.00
Engraving Express	Name Plates and Signs	\$ 659.70
Evergreen FS	Fuel	\$ 108,622.93
Fastenal Company	Bus Parts	\$ 2,641.90
Fleet-Net Corporation	Software & Tech Support	\$ 1,405.00
Frontier	Telephone	\$ 940.05
G&K Services	Cleaning Uniforms & Rugs	\$ 821.16
GE Capital C/O Ricoh USA Program	Copiers	\$ 516.00
Gillig LLC	Bus Parts	\$ 5,826.89
Health Alliance Medical Plans	Insurance	\$ 77,055.00
Heartland Community College	Reimbursement	\$ 5,511.55
Henson Disposal	Garage Overhead	\$ 164.50
Heritage Machine & Welding, Inc.	Bus Parts	\$ 1,668.01
ICMA Retirement Trust - 457	Pension Plan	\$ 47,792.44
Idaho Child Support Recepting	Payroll Deduction	\$ 190.00

Illinois Department of Revenue	Payroll Deduction	\$	21,297.85
Illinois State Disbursement Unit	Payroll Deduction	\$	2,559.84
Inter-City Supply Company	Office Supplies	\$	273.47
Interstate Batteries of Mid-Illinois	Bus Parts	\$	1,549.55
Isaac Thorne	Tuition Reimbursement	\$	825.00
John A. Dash & Associates, Inc	Subscription	\$	250.00
John H. Germeraad, Trustee	Payroll Deduction	\$	960.00
Jonathan Teske	Tool Expense Reimbursement	\$	271.21
Lincoln National Life Insurance Co.	Dental Insurance	\$	3,030.53
MCS Office Technologies	Web Site Hosting -	\$	35.00
Michelin North America, Inc	Tires	\$	7,987.68
Midwest Aerials & Equipment, Inc.	Equipment Rental	\$	687.50
Miller Janitor Supply	Maintenance Supplies	\$	177.59
Minerva Promotions	Uniforms	\$	2,178.00
Mutual of Omaha	Life, AD&D,STD & LTD	\$	6,762.23
Napa Auto Parts	Bus Parts	\$	316.72
Nicor Gas	Utilites	\$	3,145.92
NMHG Financial Services	Sweeper Lease	\$	813.63
Oberlander Alarm Systems, Inc.	Security Alarm Serv Fee -	\$	191.00
Orkin Pest Control	Pest Control	\$	78.65
Pantagraph	Advertising	\$	209.25
Patrick Kuebrich	Expense Reimbursement	\$	32.12
Payroll - Net		\$	322,858.62
Petty Cash	Reimbursement	\$	64.30
Piercy Auto Body	Bus Repair	\$	4,193.56
Pinnacle Door	Door Repair	\$	1,665.00
Ricoh USA, INC	Copier	\$	543.81
Rilco, Inc.	Oil, Anitfreeze	\$	11,926.40
Select Screen Prints and Embroidery	T-Shirts	\$	2,018.00
Staples	Office Supplies	\$	153.31
Steve Stockton	Expense Reimbursement	\$	240.11
TeVoert Auto Electric, Inc.	Repairs	\$	726.68
The Encompass Gas Group, Inc	Welding Supplies	\$	5,963.92
Think Graphic Design	Design Services	\$	1,572.50
Town of Normal	Utilities	\$	9.20
Truck Centers, Inc.	Bus Parts	\$	5,228.83
U.S. Postal Service	Stamps	\$	294.00
Unity School Bus Parts	Bus Parts	\$	111.15
Verizon Wireless	Mobile Data Terminals for SS	\$	551.34
Visa - Commerce Bank	Travel & Meetings	\$	9,487.99
Visa - Commerce Bank	Office Supplies	\$	79.20
Visa - Commerce Bank	Building Maintenance	\$	311.88
Visa - Commerce Bank	Shop Tools	\$	39.86
VSP Of Illinois	Vision Insurance	\$	560.11
WGLT	Radio Advertising	\$	750.00
Total Operating		\$	793,002.14

Capital Account

Commerce Bank	Transfer to Operating Account	\$ 772,598.00
DoubleMap, LLC	System Hardware & Installation	<u>\$ 68,243.80</u>
Total Capital		<u>\$ 840,841.80</u>
Grand Total		<u><u>\$ 1,633,843.94</u></u>

Bloomington Normal Public Transit Balance Sheet

Fiscal Year: 2014 Period 11 May - 2014

Division: 99 Board Reports

As of: 05/31/2014

Assets

Current Assets

Checking and Savings	\$3,453,914.84
Accounts Receivable	\$5,405,173.74
Inventory Asset - Fuel	\$59,213.69
Inventory Asset - Parts	\$211,828.01
Inventory Asset - Tires	\$0.00
Other Current Assets	\$167,228.05

Total Current Assets \$9,297,358.33

Fixed Assets \$14,145,598.08

Total Assets \$23,442,956.41

Liabilites & Equity

Liabilities

Accounts Payable	\$153,675.19
Payroll Liabilities	\$520,206.93
Contracts	\$779.18
Due to Illinois Funds Account	\$2,980,249.22
Deferred Revenue	\$94,803.46
Deficit Funding Advance	\$0.00

Total Liabilities \$3,749,713.98

EQUITY

Fixed Asset Equity	\$12,483,532.77
Unreserved Fund Equity	\$6,750,412.62
Underground Petroleum Storage	\$20,000.00

Total Equity \$19,253,945.39

Retained Earnings \$439,297.04

Total Liabilities & Equity \$23,442,956.41

Bloomington Normal Public Transit Income Statement With Approved Budget

Fiscal Year: 2014	Period 11	Division: 98 Operating Profit/Loss		As of: 05/31/2014		
		May - 2014	Jul-2013 Thru May-2014 Year To Date	Year To Date	Approved Budget	
Operating Revenue						
Passenger Fares		\$62,005.35	8.35%	\$719,622.18	96.94%	\$742,300.00
ISU Contract Fare		\$39,701.20	8.33%	\$436,713.20	91.67%	\$476,415.00
Other Contract Fares		\$4,434.30	2.96%	\$103,892.64	69.26%	\$150,000.00
Advertising Revenue		\$0.00	0.00%	\$0.00	0.00%	\$15,000.00
Miscellaneous Revenue		\$378.82	18.94%	\$6,892.97	344.65%	\$2,000.00
Total Operating Revenue		\$106,519.67	7.69%	\$1,267,120.99	91.44%	\$1,385,715.00
Operating Expenses						
Operators Wages		\$477,026.53	11.55%	\$3,747,404.18	90.72%	\$4,130,570.00
Maintenance Wages		\$85,985.30	9.80%	\$682,092.74	77.75%	\$877,297.00
Administrtion Wages		\$89,548.19	12.76%	\$551,565.88	78.61%	\$701,655.00
Employer Payroll Tax Expense		\$49,472.51	10.60%	\$390,938.39	83.75%	\$466,778.00
Retirement Plan		\$5,790.47	2.32%	\$175,677.39	70.27%	\$250,000.00
Group Insurance		\$59,148.57	6.60%	\$780,552.58	87.12%	\$896,002.00
Uniform Expense		\$2,489.35	16.06%	\$23,421.96	151.11%	\$15,500.00
Professional Services		\$4,929.96	5.20%	\$68,106.17	71.84%	\$94,800.00
Outside Repair-Labor		\$1,288.16	1.64%	\$64,416.40	82.16%	\$78,400.00
Contract Maintenance Services		\$4,274.69	4.45%	\$118,084.75	123.00%	\$96,000.00
Custodial Services		\$434.15	6.78%	\$3,834.65	59.92%	\$6,400.00
Employee Recruiting/Testing/Temp Help		\$719.00	2.74%	\$22,031.24	84.09%	\$26,200.00
Fuel		\$90,501.41	7.52%	\$1,051,345.77	87.36%	\$1,203,420.00
Lubricants		\$1,352.63	5.88%	\$8,976.95	39.03%	\$23,000.00
Tires		\$7,987.68	9.85%	\$59,061.23	72.83%	\$81,100.00
Bus Repair Parts		\$46,180.52	38.48%	\$189,108.07	157.59%	\$120,000.00
Other Materials & Supplies		\$10,171.85	33.35%	\$54,709.67	179.38%	\$30,500.00
Shelters/Signs/Shop Tools		\$6,323.95	17.09%	\$22,527.53	60.89%	\$37,000.00
Computer and Office Supplies		\$9,588.15	7.02%	\$109,503.65	80.22%	\$136,500.00
Utilities		\$10,371.18	8.26%	\$121,587.35	96.88%	\$125,500.00
Corporate Insurance		\$17,579.16	9.64%	\$202,815.51	111.21%	\$182,378.00
Dues/Subscriptions/Fees		\$900.00	3.21%	\$21,880.00	78.14%	\$28,000.00
Printing/Marketing/Training		\$19,545.83	8.04%	\$187,311.52	77.08%	\$243,000.00
Total Operating Expenses		\$1,001,609.24	10.17%	\$8,656,953.58	87.89%	\$9,850,000.00
Operating Assistance						
Operating Deficit		(\$895,089.57)	10.57%	(\$7,389,832.59)	87.31%	(\$8,464,285.00)
Illinois Downstate Operating Assistance		\$650,800.00	10.19%	\$5,619,967.58	88.00%	\$6,386,250.00
FTA 5307 Operating Assistance		\$239,621.00	11.53%	\$1,737,733.80	83.62%	\$2,078,035.00
Total Operating Assistance		\$890,421.00	10.52%	\$7,357,701.38	86.93%	\$8,464,285.00

Connect Transit
Local Capital and Self-Insurance Fund Balance
May 2014

<u>Self-Insurance Fund:</u>	<u>The Illinois Funds- Cash Balance</u>	
05/01/14	Beginning Balance	\$ 106,844.21
05/31/14	Additions - Interest Income	\$ 0.99
05/31/14	Ending Balance	<u>\$ 106,845.20</u>

<u>Local Capital Reserve:</u>	<u>The Illinois Funds- Cash Balance</u>	
05/01/14	Beginning Balance	\$ 2,086.81
05/31/14	Additions - Interest Income	\$ 0.01
05/31/14	Ending Balance	<u>\$ 2,086.82</u>

<u>Local Capital</u>	<u>Commerce Bank - Cash Balance</u>	
05/01/14	Beginning Balance	\$ 2,758,226.86
05/01/14	Deposit - Bloomington	\$ 45,053.01
05/16/14	Deposit - Normal	\$ 30,848.66
05/30/14	Double Map	\$ (68,243.80)
05/30/14	Deposit - Bloomington	\$ 45,053.01
05/31/14	Additions - Interest Income	\$ 346.95
05/31/14	Ending Balance	<u>\$ 2,811,284.69</u>

<u>FTA & IDOT Capital</u>	<u>The Illinois Funds- Cash Balance</u>	
05/01/14	Beginning Balance	\$ 43,597.22
05/31/14	Additions - Interest Income	\$ 0.40
05/31/14	Ending Balance	<u>\$ 43,597.62</u>

Total Reserve Capital Account \$ 2,856,969.13

Breakdown of the Local Capital Reserve Fund- Cash Balance:

Local Capital #1	Local Capital #2
\$ 43,597.62	\$ 2,813,371.51

Breakdown of Local Funding in Local Capital #2 (Earmarked Funds):

	<u>FY14 Received</u> <u>5/31/2014</u>	<u>FY14 Receivable</u> <u>5/31/2014</u>
Bloomington	\$ 495,583.11	\$ -
Normal	\$ 339,335.26	\$ -
Total YTD	<u>\$ 834,918.37</u>	<u>\$ -</u>

Local Capital Reserve Fund Balance - Account Value

05/31/14	Cash Balance	\$ 2,856,969.13
05/31/14	Loans to Operating	\$ 2,980,249.22
05/31/14	Reserve fund for underground storage tank (Cap. I)	\$ (40,000.00)
05/31/14	Ending Balance	<u>\$ 5,797,218.35</u>
Local Capital #1	Local Capital #2	
\$ 3,597.62	\$ 5,793,620.73	

Statistics	May 2014					May 2013					% Change				
	Customers	Revenue Miles	Revenue Hours	Boardings per Revenue Hour		Customers	Revenue Miles	Revenue Hours	Boardings per Revenue Hour		Customers	Revenue Miles	Revenue Hours	Boardings per Revenue Hour	
Connect Transit															
Green A (2 buses)	29,808	10,218	737	40.46		20,574	9,902	739	27.85		44.9%	3.2%	-0.3%	45.3%	
Red B (2 buses)	19,945	9,625	756	26.37		16,465	9,618	757	21.74		21.1%	0.1%	-0.1%	21.3%	
Purple C (2 buses)	16,542	9,043	752	22.00		11,964	9,826	763	15.89		38.3%	-8.0%	-0.2%	38.5%	
Pink D (1 bus)	8,632	4,641	355	24.30		6,259	4,674	356	17.58		37.9%	-0.7%	-0.2%	38.2%	
Blue E (1 bus)	7,873	5,450	388	20.27		5,038	5,438	389	12.96		56.3%	0.2%	-0.1%	56.4%	
Brown F (2 buses)	13,352	10,643	784	17.03		9,722	10,656	786	12.38		37.3%	-0.1%	-0.2%	37.6%	
Yellow G (2 buses)	21,445	10,748	772	27.76		15,934	10,420	774	20.58		34.8%	3.1%	-0.2%	34.9%	
Orange H (2 buses)	20,073	10,265	769	26.09		16,061	10,418	771	20.83		25.0%	-1.5%	-0.3%	25.3%	
Lime I (2 buses)	23,089	12,948	753	30.65		18,326	12,844	753	24.33		26.0%	0.8%	0.0%	26.0%	
Teal J (1 bus)	5,158	5,951	351	14.69		2,020	9,552	382	5.29		155.3%	-37.7%	-8.0%	177.4%	
Aqua K (1 bus)	11,311	6,091	388	29.15		7,326	6,204	388	18.86		54.4%	-1.8%	-0.1%	54.5%	
Heartland Exp (1 bus)	483	588	93	5.22		42	78	4	11.05		1050.0%	653.8%	2337.1%	-52.8%	
ISU Tri Towers (2 buses)	11,935	1,490	140	85.25		7,174	1,702	152	47.25		66.4%	-12.5%	-7.8%	80.4%	
ISU College Station (2 buses)	2,674	2,268	171	15.61		2,485	2,592	87	28.52		7.6%	-12.5%	96.5%	-45.2%	
Nite Ride (3 buses)	3,323	1,615	122	27.24		2,178	1,847	134	16.22		52.6%	-12.5%	-9.1%	67.9%	
Total Fixed Route	195,643	101,584	7,333	26.68		141,568	105,771	7,225	19.59		38.2%	-4.0%	1.5%	36.2%	
Demand Response															
Connect Mobility	5,026	23,485	1,974	2.55		4,472	23,150	1,482	3.02		12.4%	1.4%	33.2%	-15.6%	
Connect Late Night	615	3,605	235	2.62		653	4,171	314	2.08		-5.8%	-8.8%	-25.2%	25.8%	
Total Demand Response	5,641	27,290	2,209	2.55		5,125	27,321	1,796	2.85		10.1%	-0.1%	23.0%	-10.5%	
SYSTEM TOTALS	201,284	128,874	9,542	21.10		146,693	133,092	9,021	16.26		37.2%	-3.2%	5.8%	29.7%	

Metrics		Month: May 2014			
		Target	FY2014	FY2013	% Change
Effectiveness	Total Boardings per Revenue Hour	15.0	21.1	16.3	29.7%
	Total Boardings per Capita	1.0	1.6	1.1	37.2%
	Total Boardings per Revenue Mile	1.0	1.6	1.1	41.7%
Safety	Total Preventable Accidents (Fixed Route and Demand Respons ^q)	0.0	-	4	-100.0%
	Preventable Accidents per 100,000 Miles	0.0	-	5	-100.0%
Efficiency	Farebox Recovery Ratio	13.3%	10.6%	11.9%	-10.8%
	Average Fare	\$ 0.68	\$ 0.53	\$ 0.79	-32.9%
	Cost per Revenue Hour	\$ 74.22	\$ 104.97	\$ 107.59	-2.4%
	Cost per Customer	\$ 5.10	\$ 4.98	\$ 6.62	-24.8%
	Operating Assistance Investment per Customer	\$ 4.42	\$ 4.45	\$ 5.83	-23.7%
	Total Customers		201,284	146,693	37.2%
Base Statistics for Calculations	Total Revenue Hours		9,542	9,021	5.8%
	Total Revenue Miles		128,874	133,092	-3.2%
	Total Bloomington-Normal Population (per the 2010 US Census)		129,107	129,107	0.0%
	Total Operating Expense		\$1,001,609.00	\$ 970,568.00	3.2%
	Total Operating Revenue (includes all directly-generated revenue such as Universal Access)		\$ 106,141.00	\$ 115,301.00	-7.9%

Analysis & Interpretation



Statistics	FY14 YTD				FY13 YTD				% Change							
	Customers	Revenue Miles	Revenue Hours	Boardings per Revenue Hour	Customers	Revenue Miles	Revenue Hours	Boardings per Revenue Hour	Customers	Revenue Miles	Revenue Hours	Boardings per Revenue Hour	Customers	Revenue Miles	Revenue Hours	Boardings per Revenue Hour
Connect Transit																
Green A (2 buses)	353,142	110,137	7,974	44.91	266,310	108,875	8,007	33.26	34.5%	1.2%	-0.4%	35.0%				
Red B (2 buses)	243,214	104,081	8,188	29.71	215,796	103,966	8,215	26.27	12.7%	0.1%	-0.3%	13.1%				
Purple C (2 buses)	170,062	99,526	8,133	20.91	134,370	106,121	8,178	16.43	26.6%	-6.2%	-0.6%	27.3%				
Pink D (1 bus)	93,085	50,257	3,843	24.22	74,988	50,485	3,861	19.42	24.1%	-0.5%	-0.5%	24.7%				
Blue E (1 bus)	82,320	58,870	4,200	19.60	57,043	58,776	4,213	13.54	44.3%	0.2%	-0.3%	44.9%				
Brown F (2 buses)	134,518	115,122	8,483	15.86	102,424	114,973	8,512	12.03	31.3%	0.1%	-0.3%	31.8%				
Yellow G (2 buses)	227,250	115,493	8,359	27.19	194,295	112,653	8,390	23.16	17.0%	2.5%	-0.4%	17.4%				
Orange H (2 buses)	218,420	111,488	8,326	26.23	181,395	112,621	8,362	21.69	20.4%	-1.0%	-0.4%	20.9%				
Lime I (2 buses)	239,207	139,967	8,141	29.38	203,411	140,057	8,172	24.89	17.6%	-0.1%	-0.4%	18.0%				
Teal J (1 bus)	50,739	72,596	3,838	13.22	22,902	103,904	4,125	5.55	121.5%	-30.1%	-6.9%	138.1%				
Aqua K (1 bus)	113,560	66,090	4,196	27.07	78,334	67,017	4,208	18.62	45.0%	-1.4%	-0.3%	45.4%				
HCC Express (1 bus) (NCWHS)	9,539	4,788	754	12.65	357	612	30	11.97	2571.9%	682.0%	2428.0%	5.7%				
ISU Tr Towers (2 buses)	299,115	33,857	3,170	94.36	215,816	33,835	3,058	69.88	38.6%	0.1%	2.6%	35.0%				
ISU College Station (2 buses)	67,565	51,516	3,873	17.44	92,030	51,516	3,644	25.26	-26.6%	0.0%	6.3%	-30.9%				
Nile Ride (3 buses)	51,482	42,397	3,180	16.19	48,643	43,038	3,126	15.56	5.8%	-1.5%	1.7%	4.0%				
Holiday Express	310	1,675	83	3.73	-	-	-	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!				
Total Fixed Route	2,358,547	1,177,829	84,741	27.83	1,888,114	1,208,449	84,130	22.44	24.9%	-2.5%	0.7%	24.0%				
Demand Response																
Connect Mobility	53,442	261,732	18,834	2.84	46,238	222,585	15,945	2.90	15.6%	17.6%	18.1%	-2.1%				
Connect Late Night	6,396	35,294	2,360	2.71	6,897	36,953	2,779	2.48	-7.3%	-4.5%	-15.1%	9.2%				
Total Demand Response	59,838	297,026	21,194	2.82	53,135	259,548	18,724	2.84	12.6%	14.4%	13.2%	-0.5%				
SYSTEM TOTALS	2,418,385	1,474,855	105,935	22.83	1,941,249	1,467,997	102,854	18.87	24.6%	0.5%	3.0%	21.0%				



Month: 2014 YTD

	Target	FY2014	FY2013	% Change
Effectiveness				
Total Boardings per Revenue Hour	15.0	22.8	18.9	21.0%
Total Boardings per Capita	1.0	18.7	15.0	24.6%
Total Boardings per Revenue Mile	1.0	1.6	1.3	24.0%
Safety				
Total Preventable Accidents (Fixed Route and Demand Response)	0.0	12	18	-33.3%
Preventable Accidents per 100,000 Miles	0.0	177	264	-33.0%
Efficiency				
Farebox Recovery Ratio	13.3%	14.6%	14.9%	-2.3%
Average Fare	\$ 0.68	\$ 0.52	\$ 0.64	-18.9%
Cost per Revenue Hour	\$ 74.22	\$ 81.72	\$ 81.33	0.5%
Cost per Customer	\$ 5.10	\$ 3.58	\$ 4.31	-16.9%
Operating Assistance Investment per Customer	\$ 4.42	\$ 3.06	\$ 3.67	-16.6%
Base Statistics for Calculations				
Total Customers		2,418,385	1,941,249	24.6%
Total Revenue Hours		105,935	102,854	3.0%
Total Revenue Miles		1,474,855	1,467,997	0.5%
Total Bloomington-Normal Population (per the 2010 US Census)		129,107	129,107	0.0%
Total Operating Expense		\$ 8,656,951.00	\$ 8,385,316.00	3.5%
Total Operating Revenue (includes all directly-generated revenue such as Universal Access)		\$ 1,260,228.00	\$ 1,246,624.00	1.1%

Analysis & Interpretation

Connect Transit CNG Assessment



MAY 2014

May 2014

Mr. Andrew Johnson
General Manager
Connect Transit

Andrew,

Thank you for the opportunity to present the Compressed Natural Gas opportunity for Connect Transit. Please understand the information and data shared in this report is based on Natural Gas Vehicle industry information, reports, case studies, whitepapers, etc. The economic analysis is not a formal quote for CNG station development, CNG bus procurement costs, or maintenance shop modifications. Rather, costs are provided as a baseline 'ballpark' estimate for an initiative of this magnitude. It is recommended that Connect Transit engage in peer discussions with other transit fleets operating CNG buses to gain further insight into the items laid out in this report. Also, please recognize that this report is provided to Connect Transit for information purposes and, while Nicor/AGL clearly has an interest in pursuing further discussions with Connect Transit regarding a CNG fleet development project, this report is not intended as a proposal by Nicor/AGL to participate in the project.

Best Regards,

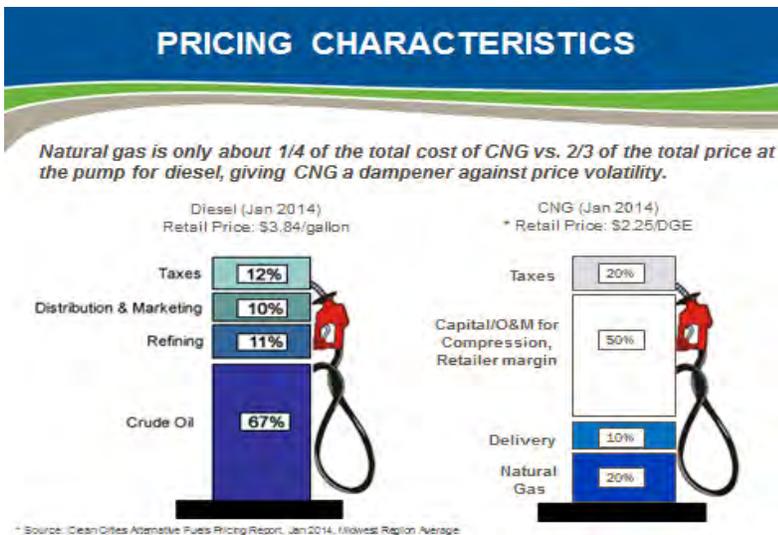
Marc Rowe
NGV Development Specialist
Customer Development
630-388-2812 office
630-918-0736 mobile
mrowe@aglresources.com

Executive Summary

Connect Transit (Connect) is the transit agency serving the communities of Bloomington and Normal in Illinois. Their primary bus maintenance and storage facility is located at 351 Wylie Dr, Normal, IL. They have eleven fixed routes serving residents Monday through Saturday each week. Connect’s fleet currently has 46 buses and other vehicles of various sizes. In 2013, Connect’s buses traveled 1.7 million miles and consumed 346,000 gallons of diesel fuel (in addition to 22,000 gallons of gasoline).

Through a series of informative, collaborative meetings facilitated by the Bloomington-Normal Economic Development Council, discussions have been held regarding building a Compressed Natural Gas (CNG) fueling station that interested municipal fleets can utilize. These discussions have progressed to a point where the group as a whole has agreed that Connect is the fleet best suited to initially consider integrating CNG vehicles into their operations. In addition, if Connect builds a CNG station, understanding the feasibility for other public (and/or private) fleets to utilize the CNG station is important. As a result of a walk-thru of the Connect maintenance shop on March 28th, it was requested that Nicor put together a report showing what a CNG bus replacement and fueling strategy would look like for Connect.

A significant portion of Connect’s expenditures is fuel. Due to increased domestic production of natural gas and the resultant decoupling of natural gas and oil prices, the price of CNG has stabilized and is considerably lower than diesel fuel on a Diesel Gallon Equivalent (DGE) basis. This price ‘spread’ is forecasted to widen as the demand for world oil increases and will be reflected in the price we pay for fuel in the US. In addition, natural gas is roughly 20 – 25% of the total cost of CNG at the pump compared to oil, which is about 70% of the total cost of diesel fuel. This further stabilizes the price of CNG and creates a natural dampening effect against any spikes in the commodity prices.



Replacing aged Connect buses with new CNG buses and integrating a CNG fueling strategy presents a large fuel savings opportunity for Connect on an annual basis, along with the lower life cycle cost of the CNG buses.

This report will lay out two CNG fueling station strategies:

- Connect develops a private CNG station with federal funding
- Connect partners with a third party to develop a private or publicly accessible CNG station

Implementing the 'Near Term' CNG bus replacement plan could yield annual fuel savings of \$300,000 - \$500,000 depending on the fueling station strategy and fuel price differential. This annual fuel cost savings opportunity, when considered for a bus life cycle of 12 years, is representative of a \$3.8 - \$6.0 million savings compared to diesel. This 'Near Term' strategy suggests replacing the model years 1998 – 2005 buses in Connect's fleet with CNG. An additional 'Medium Term' bus replacement strategy can present further fuel cost savings opportunities.

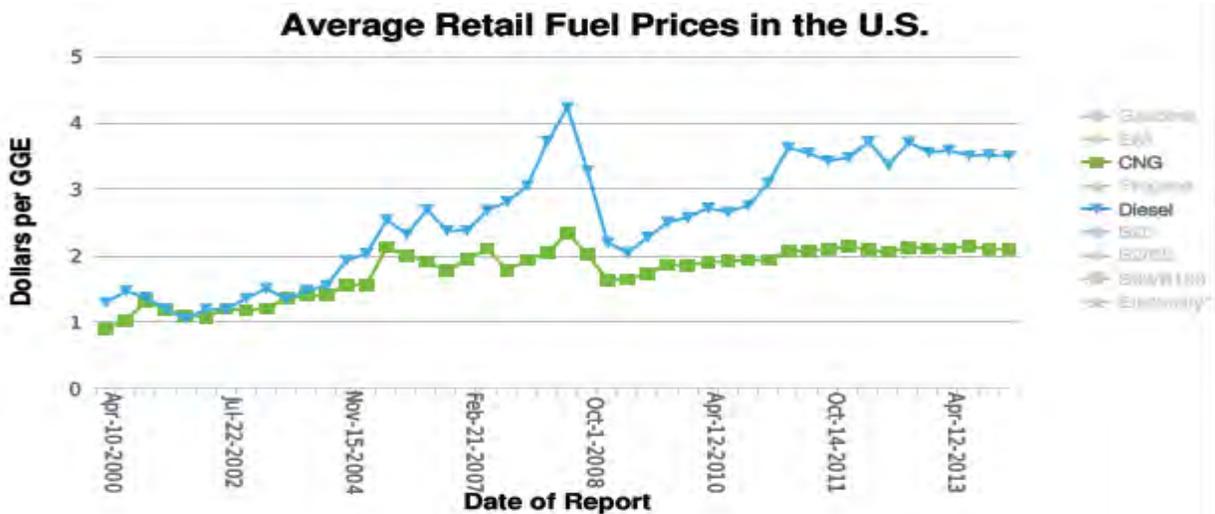
In addition to the substantial fuel cost savings, transitioning Connect's fleet to CNG would yield additional benefits including:

- Natural gas transit buses produce lower emissions than diesel-powered vehicles
- Natural gas transit buses are far quieter than diesel buses
- Nearly 98% of all natural gas consumed in North America comes from the US and Canada. Utilizing an abundant, domestic fuel source reduces our reliance on fuel from foreign, unstable regions and ensures greater energy security for the US

Overview

The popularity of CNG is increasing and it is quickly becoming the alternate fuel of choice and ‘best practice’ for transit agencies across the country. With rising diesel prices and the general volatility of petroleum-based fuels worldwide, transitioning transit fleets to CNG has proven to be a sound fiscal decision while helping to reduce our nation’s dependence on foreign oil. CNG buses also reduce exhaust emissions compared to diesel fueled buses. The environmental impacts of a CNG bus fleet are significant. Studies have indicated a 20 percent reduction in lifecycle green house gas (GHG) emissions for CNG buses compared to diesel buses.¹

Prior to 2008, natural gas prices (and therefore CNG) generally tracked crude oil prices. Beginning that year, the prices of the two commodities ‘decoupled’ and began to fluctuate independently, with the price of natural gas consistently lower. Since then, advances in horizontal drilling techniques have allowed domestic natural gas production and storage reserves to reach all-time highs. In addition, the amount of recoverable natural gas in the shale regions of North America is significant, with most estimates exceeding 100 years worth of supply. Based on projections of fuel prices through 2025, the US Energy Information Administration (EIA) projects natural gas prices remaining significantly less than diesel fuel.² The following chart illustrates diesel vs. CNG pricing from 2000 - 2013. EIA data also suggests a projected cost escalation for diesel fuel of 1.8% annually vs. 0.3% for CNG.



3

¹ TCRP 146

² www.eia.gov

³ <http://www.afdc.energy.gov/fuels/prices.html>

Overview of Compressed Natural Gas

General

Natural gas is an abundant, domestic fuel source comprised primarily of methane (CH₄). Distributed throughout the country via natural gas pipelines and local distribution companies, natural gas has a well established infrastructure reaching a vast majority of the US population. In aggregate, natural gas accounts for nearly one-fourth of all domestic energy use. Approximately one-third of natural gas used in the US is for residential and commercial purposes such as heating and cooking; one-third is used by industrial plants and processes, and the remaining one-third is used for electric generation. Utilizing natural gas for transportation is another way to utilize this abundant, domestic energy source and reduce America's reliance on imported oil.

According to NGV America, the Natural Gas Vehicle (NGV) industry trade association, transit fleets are such an ideal application for CNG that two-thirds of all natural gas currently used for transportation is used by transit agencies. The number of transit and para-transit buses operating on CNG continues to expand and has grown rapidly in the past couple of years, driven primarily by the price spread and advances in natural gas engine technology. Nearly 60% of transit agencies utilizing fuel sources other than diesel have chosen CNG as their alternate fuel of choice.⁴

Advantages

- Natural gas is domestically produced and widely available.
- Natural gas prices are projected to be stable and considerably less expensive in comparison to diesel.
- CNG is the most widely used alternative fuel in transit bus fleets and transit agencies are comfortable with the technology.
- Per unit of energy, natural gas contains the least amount of carbon of any fossil fuel, and thus produces the least amount of carbon dioxide (CO₂) emissions.
- CNG buses meet 2010 EPA emissions standards without the need for the expensive exhaust treatment equipment now required on diesel buses such as Diesel Particulate Filters (DPF), Selective Catalytic Reduction (SCR), and Diesel Exhaust Fluid (DEF).
- Manufacturers have implemented CNG bus technologies that meet the 2010 EPA NO_x emissions standards of 0.2 g/hp-hr and 0.01 g/hp-hr of particulate matter (PM). The inherently cleaner characteristics of natural gas enable CNG buses to meet these standards with just a simple, maintenance-free three way catalyst instead of all the maintenance intensive equipment listed above.
- The reliability and maintenance costs of CNG buses are on par with diesel buses.

Considerations

- CNG requires fueling and maintenance facilities to meet code requirements for ventilation, electrical components and other safety factors for facilities operating gaseous fueled equipment

⁴ www.ngvc.org

- CNG facilities incur additional electric costs to power CNG compressors
- CNG fueling equipment requires periodic maintenance for compressors and fueling equipment to ensure continuous operation
- CNG buses use spark ignited engines (as compared to diesel compression ignition) which have different maintenance requirements such as changing spark plugs and using a special low ash oil. These additional costs are offset by not having to maintain the Diesel Particulate Filters, Diesel Exhaust Fluid, etc. on diesel buses.
- CNG spark ignited engines operate at lower compression ratios so the fuel efficiency of CNG buses is about 5-10% less than diesel buses. However, this is more than offset by the fact that the fuel costs as much as 50% less.



- Cummins Westport ISL-G 8.9 Liter Spark-Ignited Natural Gas Engine

Safety

Natural gas is an inherently safe fuel, and as an industry, natural gas in transportation applications has an impeccable safety record across all vehicle platforms. Because CNG is typically new to fleets evaluating alternative fuels, it is important to understand the safety considerations. Flammability is generally considered the biggest concern. Natural gas is lighter than air and when released, dissipates upward. This is an advantage in the event of an accidental gas release while outdoors, however, the possibility that gas can temporarily concentrate near a ceiling of a building means gas detection and certain other items must be addressed specific to a fleet's maintenance shop. A more detailed look at Connect's maintenance shop is offered later in this report.

To promote safety, early detection of any residual gas is imperative. This can be achieved by adding gas detection units to a facility that can detect natural gas odorants and automatically initiate facility steps (air changes, opening doors, etc.) to remove the gas. Other safety mechanisms include explosion-proof electrical devices/switches, limited heat sources, ventilation methods that will quickly remove pockets of gas, as well as removing all ignition points from ceiling to at least 18" below.

Training

It is critical that CNG bus operators and maintenance personnel receive training on operation and maintenance of CNG buses and fueling systems. Maintenance schedules are different for CNG buses as well. As part of the CNG bus procurement process, most CNG bus manufacturers offer extensive training to transit agencies. There are several organizations that offer additional training materials as well:

<http://www.cleanvehicle.org/technology/>

<http://www.ngvi.com/training.html>

Technology & Performance

On board fuel storage cylinders used on transit vehicles are typically 6 to 12 inches in diameter. Depending on bus range, multiple tanks can be used. CNG fuel tank locations vary, but most low-floor transit vehicles utilize roof-mounted tanks. The tanks are generally made of aluminum or carbon steel reinforced composite materials to minimize added weight. CNG tanks meet the NGV-2 standard of the American National Standards Institute.

Driving a CNG bus is very similar to a diesel bus. Some reports suggest a minimal reduction in acceleration on steep inclines. CNG buses are slightly heavier than diesel buses due to the fuel tanks, which contribute to the fuel efficiency loss of 5-10% compared to diesel. In other words, with all these factors combined, a transit bus that averages 5.0 mpg with diesel would likely experience 4.5 mpg with CNG.



- MARTA New Flyer Xcelsior XN40 CNG Bus

Environmental Impact & Emissions

As engine technologies and platforms have advanced, CNG Vehicles have evolved and generally produce lower harmful emissions including nitrogen oxide, particulate matter, and toxic/carcinogenic pollutants compared to gasoline and diesel vehicles. Because natural gas contains less carbon than any other fossil fuel, CNG vehicles produce lower carbon dioxide (CO₂) emissions versus their diesel counterparts. Operating CNG buses that produce less CO₂ than diesel is an opportunity to promote Connect as an environmental steward in the community as well as touting a 'green' vehicle for Connect riders. By displacing diesel fuel, Connect's CNG fleet would go further than any other alternative fuel in achieving the goal to reduce harmful air pollution and greenhouse gases (GHG). CNG Vehicles are consistently ahead of gasoline and diesel vehicles in meeting or exceeding federal emissions standards. A 2007 study indicated a 23% reduction of GHG in CNG vehicles compared to gasoline and diesel.⁵

Vehicle Replacement Strategy & Incremental CNG Bus Costs

Based on discussion with Issac Thorne and Tom Crouch from Connect, the baseline assumption is a life cycle for 12 years for Connect's fleet. The fleet replacement strategy recommendation is to address buses near end of their useful life ('Near Term') with CNG in the next 2-3 years. The 'Near Term' replacements would encompass 28 buses. A second replacement phase (Medium Term) for buses not as close to the end of their useful life would replace buses at later date, likely 3-5+ years depending on bus life cycle. Here is a breakdown of bus replacement strategy:

'Near Term' Bus Replacements:

- (8) 1998 Gillig 40' High Floor Phantoms
- (14) 2004 Gillig 30' High Floor Phantoms
- (6) 2005 Gillig 30' High Floor Phantoms

'Medium Term' Bus Replacements:

- (2) 2008 Gillig 30' High Floor Phantoms
- (1) 2010 Gillig 35' Low Floor
- (4) 2011 Gillig 35' Low Floor
- (2) 2009 Eldorado Aerotech 24' cutaway
- (2) 2010 Startrans Supreme Hybrid 24' cutaway
- (3) 2011 Eldorado Aerotech 24' cutaway

Of the 'Near Term' bus replacement recommendations, a bulk of the vehicles used (on average) - 11,000 diesel gallons per bus in 2013. There were six buses (Bus #'s 9803, 9804, 9805, 9806, 9807, and 9808) that used (on average) 1600 diesel gallons. Due to the age (model year 1998), it is assumed that these vehicles were either deployed as 'back-up', assigned the shortest routes due to the duty cycles of each bus nearing its end, or in the

⁵ http://www.afdc.energy.gov/vehicles/natural_gas_emissions.html

maintenance shop for extended periods of time during 2013. The assumptions for payback analysis will be to utilize replacement CNG buses on an 11,000+ DGE/year basis per bus.

The Federal Transit Authority (FTA) has mechanisms in place to address the incremental costs for CNG buses as a 'net zero' added cost to transit fleets integrating CNG buses. FTA funds 80% of diesel bus replacement cost and 83% of CNG bus replacement costs. Technically on CNG buses, FTA pays 80% of the base bus price (comparative diesel) and 90% of the incremental costs for CNG. As a rule of thumb, utilizing 83% of total CNG bus price is appropriate. To illustrate:

Diesel bus purchase w/ 80% FTA Funding:

40' diesel bus purchase price:	\$340,000
80% FTA Funding:	\$272,000
Net Due from Transit Agency:	\$68,000

CNG bus purchase w/ 83% FTA Funding:

40' CNG bus purchase price:	\$400,000
83% FTA Funding:	\$332,000
Net Due from Transit Agency:	\$68,000

This FTA funding mechanism levels the playing field for CNG. Purchasing new buses, either diesel or CNG, would net an approximate cost of \$68,000 per bus to Connect. The \$400,000 purchase price of a CNG bus utilizes an incremental cost of \$60,000 for a CNG bus. This also assumes base cost of 40' buses so the actual net cost if 30' or 35' buses remain in service could be a lower dollar amount, again with CNG and diesel being equivalent net prices. On-board fuel storage tanks are the primary cost driver for CNG. Buses should be designed for appropriate fuel storage on board to meet the specific route needs of Connect's fleet. The incremental cost used is a baseline and Connect's actual incremental cost for CNG specified buses for their fleet could be more or less.

CNG Fueling Considerations

On site fueling and creating a similar CNG fueling experience as diesel/gasoline is the preferred strategy for transit agencies operating CNG vehicles. Due to the nature of fast fill CNG fueling, large scale compression equipment is required to ensure volume and pressure requirements are optimized for Connect's fleet. An estimate of the capital equipment necessary for a fast fill CNG station is roughly \$2.0 to \$3.0+ million. This scenario serves as the greatest opportunity for Connect to control the fuel price. FTA administers a grant based approach to CNG infrastructure projects and pays 90% of station costs. This is a competitive, merit based application process.



- CNG Bus Fueling Facility at MARTA Laredo Drive, Atlanta

A fueling station of this size and nature is typically a buffered, direct fast fill CNG station with two to three (or more depending on redundancy needs) 400 - 500 standard cubic feet per minute (scfm) compressors. The system would also include a natural gas dryer, priority panel, dispensers, and other equipment necessary to fuel Connect's CNG fleet within a two hour fueling window each day. It is important to note that the \$2.0 to \$3.0+ million cost estimate is a high level estimate based on similar CNG transit station installations and is not intended to be a formal quote for designing and constructing a CNG station for Connect. Costs can certainly fall within that range but could be higher, or lower, depending on site specific items. Another item of note- expanding the fueling window from two hours to three or more hours would reduce the compression capacity required and therefore significantly reduce the cost of such a station. FTA funding for the CNG station would likely delay the pace at which Connect could roll out a CNG bus replacement and fueling strategy.



- CNG Dispensers at MARTA Perry Boulevard CNG Bus Fueling Facility in Atlanta

An alternative to the FTA funding and capital spend for Connect to purchase their own fueling equipment is to strike a mutually beneficial arrangement with a CNG supplier. In this scenario, Connect's supplier(s) would deploy the capital necessary to meet fleet CNG fueling needs, and Connect contracts with the CNG supplier(s) at a fuel price per DGE. Nicor Gas' parent company, AGL Resources, has considerable experience in designing, constructing, operating and maintaining CNG stations. AGL has been providing CNG station construction and maintenance services for the transit agency in Atlanta (MARTA) since the 1990's and currently maintains their two large transit stations for MARTA to fuel 370 CNG buses every night. Nicor/AGL, along with potential strategic partners for the CNG station, could bring a turnkey CNG solution to Connect. Proper maintenance of CNG fueling equipment is important, requiring daily/weekly inspections as well as regular preventative maintenance and periodic compressor overhauls. This maintenance should only be performed by well trained personnel with the proper equipment and other resources necessary to ensure successful operations. The reliable fueling of Connect's buses is such an important, integral function the agency would be well served to further explore a strategic arrangement that entrust this role to Nicor/AGL.



- Typical CNG compressor packages, courtesy of ANGI Energy Company

Another item of consideration is the accessibility of CNG fueling equipment to other fleets. Nicor and the Bloomington – Normal EDC have had discussions with local municipal and state fleets regarding the option to ‘piggyback’ off of the potential Connect CNG station for their own use. This would most likely require public access CNG pump(s) installed on Connect’s property but located ‘outside the fence’ so they wouldn’t interfere with traffic flow, etc. of Connect’s bus operations. Making the station accessible to other fleets would improve the utilization of the CNG fueling equipment and increase the throughput over which the fixed costs could be recovered, thereby lowering Connect’s costs and creating a public benefit for the community. This is certainly a policy decision Connect needs to consider and understand whether or not they can have other fleets fueling on Connect property (again most likely outside a fence line). Should the FTA CNG Infrastructure route be chosen, it is not likely other privately owned fleets would be allowed to access Connect’s CNG station. This is an open item to research further as a CNG strategy unfolds.

Diesel vs. CNG Fuel Costs

Connect’s average price per gallon for diesel fuel in 2013 was \$3.30 per gallon. Diesel prices are currently trending upwards. Outsourcing the CNG station portion to a 3rd party would produce a significant per DGE cost savings opportunity. This fuel price differential may be in the range of \$1.25 to \$1.75 savings with CNG per DGE over diesel. This estimate will be utilized for the remaining economic analysis and it should be noted that true fuel price per gallon savings will be determined by the CNG infrastructure option Connect chooses to pursue and could be larger or smaller than the project fuel cost savings range provided. The following chart shows average retail fuel prices for all fuels in the US in January 2014. On average, a \$1.00 to \$1.50 fuel price advantage (per GGE) of CNG over gasoline/diesel exists in the retail fueling marketplace today.

National Average Price Between January 1 and January 15, 2014	
Fuel	Price
Biodiesel (B20)	\$3.97/gallon
Biodiesel (B99-B100)	\$4.28/gallon
Electricity	\$0.12/kWh
Ethanol (E85)	\$3.04/gallon
Natural Gas (CNG)	\$2.09/GGE
Propane	\$2.96/gallon
Gasoline	\$3.34/gallon
Diesel	\$3.89/gallon

6

Maintenance Shop Modification Considerations

CNG has unique physical properties that typically require maintenance shop modifications and considerations to ‘major repair’ garages like Connect. CNG buses will impact fuel acquisition, storage and dispensing, and mechanical requirements for maintenance and storage facilities. Modifications may be required to increase ventilation to code for prescribed air change frequency, along with lowering/removing ignition points to at least 18” below the ceiling of the building. CNG is lighter than air and at concentrations between 5% and 15% is flammable in air.

On 3/28/14, a walk-thru assessment of the Connect’s garage at 351 Wylie Dr, Normal, was completed. ET Environmental, an experienced CNG design, engineering and construction management firm, talked through a ‘major repair shop’ designation and the corresponding considerations for CNG. The four areas of anticipated costs include:

- Lowering electrical from ceiling to at least 18” below ceiling
- Likely replacement of existing ceiling unit heaters with radiant heat units
- Verifying/upgrading existing HVAC system to meet capacity for air change minimums for CNG compliance
- Adding gas detection system

ET Environmental has provided a high level/first-pass cost estimate for a major repair shop of ~18,000 sq ft at roughly \$400,000 +/- 20%. This estimate represents an ‘all-in’ cost estimate and includes the assessment, design, permitting, bidding, 10% contingency, project supervision, construction management, commissioning, and closeout.

⁶ <http://www.afdc.energy.gov/fuels/prices.html>

ET Environmental indicated there are no additional considerations required for indoor parking areas for CNG vehicles. However, with the addition of a gas detection system to the garage portion of the building, it was noted that there are minimal incremental costs to included additional gas detectors in the parking area(s) and it was recommended to do so. Furthermore, it is recommended to verify this statement, that no additional considerations for indoor CNG fleet parking are required from the local authority having jurisdiction.

Transit CNG Case Studies & Resources

There are over 11,000 natural gas powered transit buses operating in North America today with thousands more slated to be in service in the next couple of years. Current manufacturer (bus and engine) projections show one in four new transit buses ordered in the U.S. are specified to run on natural gas. Locally in Illinois, there are several transit agencies operating CNG buses, as well as PACE Suburban Bus which is currently constructing their first CNG station and maintenance shop modification project:

[Springfield Mass Transit District](#)

[MetroLINK \(Moline- Quad Cities\)](#)

[PACE Bus](#)

A couple of useful reference guides:

[TCRP 146- Guidebook for Evaluating Fuel for Post-2010 Bus Procurements](#)

[CNG Infrastructure Guide- prepared by Drive Natural Gas Initiative](#)

[Driving on Natural Gas: Fuel Price and Demand Scenarios for NGVs to 2025](#)

Through industry relationships, contacts are available at each of the Illinois transit agencies for person(s) directly involved with CNG bus procurement, station development, and maintenance shop considerations. A few other headlines in CNG transit bus fleets in the past couple of weeks:

“Lincoln (Nebraska) transit agency has announced plans for a third of its buses and vans to run on CNG within two years”

“MARTA (Atlanta) has exercised options for 89 additional New Flyer 40’ CNG Xcelsior heavy duty CNG buses”

“Central Arkansas Transit (CATA) has approved development of CNG fueling station and 15 buses”

“LA Metro replaced 550 buses with CNG in their clean-air fleet”

“Tampa turns to natural gas to fuel city’s bus fleet”

Summary

Integrating the ‘Near Term’ bus replacement strategy could produce a savings opportunity of \$3.8 to \$5.9 million over the 12 year life cycle of those 28 buses. This life cycle savings projection is inclusive of a \$320,000 to \$490,000 annual fuel savings with CNG. Evaluating the fuel cost savings opportunity over the bus life cycle illustrates a significant fuel cost savings opportunity for Connect. This savings estimate is representative of the assumptions made in this report and represents the CNG fueling opportunity in which Connect contracts with a third-party for CNG station development. To help illustrate, here is a side-by-side analysis of a new diesel bus purchase versus a CNG bus:

Description	Diesel	CNG @\$1.75Δ	CNG @\$1.125Δ
Purchase Price (40’ Bus)	\$340,000	\$400,000	\$400,000
Net Connect cost after FTA Funding	\$68,000	\$68,000	\$68,000
Annual Fuel Use	11,000	12,100	12,100
Fuel Price per Gallon	\$3.30	\$1.55	\$2.05
Annual Fuel Costs	\$36,300	\$18,755	\$24,805
Fuel Savings Per Year	N/A	\$17,545	\$11,495
Life Cycle (12 Year) Total Costs	\$503,600	\$293,060	\$365,660
Life Cycle Savings (1 bus)	N/A	\$210,540	\$137,940
Annual Fuel Savings	N/A	\$491,260	\$321,860
Life Cycle Savings (‘Near Term’ – 28 buses)	N/A	\$5,895,120	\$3,862,320

- Life Cycle Total Costs include net purchase + fuel cost; does not include maintenance, which is generally considered to be on par with diesel.

Since FTA funding is equivalent for Connect to purchase new diesel buses or CNG buses, this is a ‘net zero’ cost. In essence, the only additional cost to implement CNG into Connect’s fleet if contracting with a third-party for CNG station development is the maintenance shop modification costs. Conservatively, these costs could be recovered in one year or less. Should Connect pursue FTA funding for CNG station development, CNG project costs would rise by ~10% of CNG station cost and would extend payback slightly. It is estimated CNG cost outlays in that scenario could be recovered in less than two years. As laid out earlier in this report, integrating the ‘Medium Term’ CNG bus replacement opportunities will present additional cost savings opportunities for Connect.



June 24, 2014

To: Board of Trustees

From: Patrick Kuebrich, Finance Director

Subject: Illinois Downstate Operating Assistance Grant Agreement

BACKGROUND: The Illinois Downstate Operating Assistance Grant agreement will pay for sixty-five percent of Connect Transit's eligible operating expenses up to \$7,971,741 for FY 2015.

PROPOSED ACTION: That the Illinois Downstate Operating Assistance Grant Agreement be approved for fiscal year 2015.

RESOLUTION AUTHORIZING EXECUTION AND AMENDMENT OF
DOWNSTATE OPERATING ASSISTANCE GRANT AGREEMENT

WHEREAS, the provision of public transportation service is essential to the people of Illinois; and

WHEREAS, the Downstate Public Transportation Act (30 ILCS 740/2-1 *et seq.*) ("Act") authorizes the State of Illinois, acting by and through the Illinois Department of Transportation, to provide grants and make funds available to assist in the development and operation of public transportation systems; and

WHEREAS, grants for said funds will impose certain obligations upon the recipient, including provision by it of the local share of funds necessary to cover costs not covered by funds provided under the Downstate Public Transportation Act.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE
BLOOMINGTON-NORMAL PUBLIC TRANSIT SYSTEM:

Section 1. That the Bloomington-Normal Public Transit System enter into a Downstate Public Transportation Operating Assistance Agreement ("Agreement") with the State of Illinois and amend such Agreement, if necessary, for fiscal year 2015 in order to obtain grant assistance under the provisions of the Act.

Section 2. That the Chairman, Judy Buchanan of the Bloomington-Normal Public Transit System is hereby authorized and directed to execute the Agreement or its amendment(s) on behalf of the Bloomington-Normal Public Transit System for such assistance for fiscal year 2015.

Section 3. That the General Manager of the Bloomington-Normal Public Transit System is hereby authorized to provide such information and file such documents as may be required to perform the Agreement and to request and receive the grant funding for fiscal year 2015.

Section 4. That while participating in said operating assistance program the Bloomington-Normal Public Transit System shall provide all required local matching funds.

PRESENTED and ADOPTED this _____ day of _____, 20_____

(Signature of Authorized Official)

(Attest)

(Title)

(Date)

OPINION OF COUNSEL

I, the undersigned, am an attorney licensed by and duly admitted to practice law in the State of Illinois and am counsel and attorney for the Bloomington-Normal Public Transit System ("Grantee"). In this capacity, my opinion has been requested regarding the eligibility of the Grantee for grant assistance under the provisions of the Downstate Public Transportation Act, 30 ILCS 740/2-1 *et seq.* ("Act"). I have also reviewed the Downstate Operating Assistance Grant Agreement, Contract No. 4573, Grant No. (OP-15-07-IL) ("Agreement") tendered by the State of Illinois ("State") to the Grantee, and I hereby find the following:

1. The Grantee is an eligible "Participant" as defined in the Act.
2. There are no provisions in the Grantee's charter, by-laws, or in the laws or rules of the State of Illinois, United States of America, or any unit of local government that preclude or prohibit the Grantee from entering into such Agreement.
3. The Grantee is fully empowered and authorized to enter into the Agreement and that Agreement, when executed by both parties, will be legally binding upon the Grantee and its successors and assigns.
4. I have no knowledge of any pending or threatened litigation, in either Federal or State court, which would adversely affect the Agreement or prevent the Grantee from contracting with the State for the purpose of receiving a Downstate Operating Assistance Grant.

Based on the foregoing, I am of the opinion that the Grantee is an eligible Participant under the provisions of the Act, and that it is fully empowered and authorized to accept the grant from the State.

Signature: _____

Attorney for Bloomington-Normal Public Transit System

Date: _____

STATE OF ILLINOIS
DEPARTMENT OF TRANSPORTATION
DIVISION OF PUBLIC and INTERMODAL TRANSPORTATION
AND
BLOOMINGTON NORMAL PUBLIC TRANSIT SYSTEM

**DOWNSTATE PUBLIC TRANSPORTATION
OPERATING ASSISTANCE
GRANT AGREEMENT
(30 ILCS 740/2-1)**

CONTRACT NO. 4573
STATE GRANT NO. OP-15-07-IL

TABLE OF CONTENTS

ITEM 1 - DEFINITIONS	4
ITEM 2 - PROJECT SCOPE	4
ITEM 3 - PROJECT BUDGET	4
ITEM 4 - FAILURE TO APPROPRIATE FUNDS	5
ITEM 5 - PAYMENT PROCEDURES	5
ITEM 6 - ELIGIBLE OPERATING EXPENSES	6
ITEM 7 - INELIGIBLE OPERATING EXPENSES	7
ITEM 8 - RECORD RETENTION	8
ITEM 9 - INSPECTION AND AUDIT	9
ITEM 10 - GRANTEE'S INDEPENDENT AUDIT	9
ITEM 11 - PROJECT CLOSEOUT	9
ITEM 12 - ETHICS	10
ITEM 13 - UNLAWFUL DISCRIMINATION	11
ITEM 14 - SCHOOL BUS OPERATIONS	11
ITEM 15 - GRANTEE'S WARRANTIES	12
ITEM 16 - DRUG FREE WORKPLACE	12
ITEM 17 - INDEMNIFICATION AND INSURANCE	12
ITEM 18 - INDEPENDENCE OF GRANTEE	13
ITEM 19 - NON-WAIVER	13
ITEM 20 - TERMINATION, PAYMENT DELAY, RECALL	13
ITEM 21 - DISPUTE RESOLUTION	13

ITEM 22 - AMENDMENT	14
ITEM 23 - SEVERABILITY	14
ITEM 24 - ASSIGNMENT	14
ITEM 25 - DOCUMENTS FORMING THIS AGREEMENT	14
ITEM 26 - ETHANOL GASOLINE	14
ITEM 27 - TAXPAYER IDENTIFICATION NUMBER	14

Exhibit A, entitled "School Bus Certification"

Exhibit B, entitled "Drug Free Workplace Certification"

This Agreement is made by and between the State of Illinois (hereinafter the "State"), acting by and through the Illinois Department of Transportation, Division of Public and Intermodal Transportation (hereinafter the "Department"), and the Bloomington Normal Public Transit System (hereinafter the "Grantee," which term shall include its successors and assigns).

WHEREAS, the Grantee proposes to provide public transportation services in a downstate area of Illinois (hereinafter the "Project");

WHEREAS, the Grantee has made application to the Department under Article II of the Illinois Downstate Public Transportation Act, (30 ILCS 740/2-1 *et seq.*, hereinafter the "Act"); the Department's implementing regulations thereunder (92 Illinois Administrative Code Part 653, hereinafter the "Rules") and the forms included in the Department's current "Downstate Public Transportation Operating Assistance Program" (hereinafter the "Standard Forms"); and

WHEREAS, the Department has approved the Grantee's application and has certified to the Illinois Department of Revenue the Grantee's boundaries and its eligibility to participate under the Act;

NOW THEREFORE, in consideration of the mutual covenants set forth herein, this Agreement is made to provide state operating assistance funds to Grantee and to set forth the terms and conditions of such assistance.

ITEM 1 - DEFINITIONS

As used in this Agreement:

- A. "AICPA" means the American Institute of Certified Public Accountants.
- B. "FTA" means the Federal Transit Administration of the United States Department of Transportation, or its successor
- C. "OMB" means the U.S. Office of Management and Budget.

ITEM 2 - PROJECT SCOPE

Grantee agrees to provide the public transportation services described in its final approved application and program of proposed expenditures ("POPE") approved by the Department, and in accordance with the Act, the Rules, the Standard Forms and all other applicable laws and regulations. Grantee shall not reduce, terminate, or substantially change such public transportation services or increase fares without prior written notification to the Department.

ITEM 3 - PROJECT BUDGET

Under the Act, the Department enters into this Grant Agreement to implement Grantee's approved program of expenditures, within the following condition:

The Grantee shall be paid under this Agreement sixty-five percent (65%) of Grantee's eligible operating expenses incurred during fiscal year 2015, up to the corresponding identical or minimally different appropriation amount provided by the appropriation legislation for fiscal year 2015, as per 30 ILCS 740/2-7(b-10) and 30 ILCS 740/2-3(d), as long as there are sufficient funds transferred into the Downstate Public Transportation Fund (30 ILCS 740/2-7 (b)), and provided that the amount paid under this Agreement together with any operating assistance received by the Grantee from any other state or local agency for fiscal year 2015 does not exceed Grantee's actual operating deficit for that year.

The Department has approved and agrees to make a grant in the estimated amount of \$7,971,741, subject to the limitations set forth above, the Act and the Rules.

In the event that a Grantee receives an amount in excess of the amount provided to be paid to the Grantee above, or the combined state and local operating assistance grants for fiscal year 2015 exceed Grantee's actual operating deficit for that year, Grantee agrees to remit to the State any excess funds received. For purposes of this Agreement, the term "operating deficit" shall have the following meaning set forth in Section 2-2.03 of the Act (30 ILCS 740/2-2.03): "the amount by which eligible operating expenses exceed revenue from fares, reduced fare reimbursements, rental of properties, advertising, and any other amounts collected and received by a provider of public transportation, which, under standard accounting practices, are properly classified as operating revenue or operating income attributable to providing public transportation and revenue from any federal financial assistance received by the participant to defray operating expenses or deficits. For purposes of determining operating deficits, local effort from local taxes or its equivalent shall not be included as operating revenue or operating income."

Grantee agrees to commit the necessary local funding to cover costs incurred in providing public transportation which are not reimbursed under this Agreement or by other federal, state or local assistance programs.

ITEM 4 - FAILURE TO APPROPRIATE FUNDS

This Agreement is contingent upon the availability of sufficient funds appropriated to the Department by the Illinois General Assembly. The Grantee understands and agrees that the obligations of the Department to make any grants or payments under this Agreement are conditional upon funds being appropriated therefore by the General Assembly and the Grantee shall not hold the Department liable for failure by the General Assembly to appropriate sufficient funds for this Project.

ITEM 5 - PAYMENT PROCEDURES

The Department shall process up to a total of five payments, comprising of a combination of advance, reimbursement or reconciling payments, to Grantee upon the timely receipt of quarterly expense and revenue submitted on the Department's prescribed forms. Payments will be processed upon the Department determining if and to what extent the request is for eligible operating expenses incurred in conformity with Grantee's approved application and the Act.

Grantees shall have the flexibility to request:

- A. an advance based on its estimated quarterly expense and revenue, up to the date the actual expense and revenue for that quarter is required to be filed with the Department; or
- B. a reimbursement for actual quarterly expense and revenue incurred; or
- C. a combination of both.

Advance payments may not be processed by the Department, or dated by the Grantee, earlier than thirty days prior to the start of the quarter for which the advance is requested. No payments will be made until the State's annual budget has been passed, and grant contracts are fully executed by both the Department and the Grantee and filed with the Office of the Comptroller.

Grantee shall file actual expense and revenue incurred in the 1st, 2nd, 3rd and 4th quarters by December 1, March 1, May 1, and August 1, respectively.

The Grantee shall adjust payment requests to reflect all previous quarter actual expense and revenue not reflected in previous payment requests.

Grantee agrees that payment shall not constitute a final determination by the Department of the eligibility of such expense and shall not constitute a waiver of any violation of the terms of this Agreement. The Department reserves the right to offset any payment to satisfy any monetary claims that the Department may have outstanding against Grantee.

ITEM 6 - ELIGIBLE OPERATING EXPENSES

Eligible operating expenses include, but are not limited to the following:

- A. employee wages and benefits;
- B. materials, fuels and supplies;
- C. rental of facilities;
- D. taxes other than income taxes;
- E. payment for debt service (including principal and interest) on equipment or facilities owned by Grantee, to the degree that the Grantee's governing board, through resolution, certifies that the public transportation portion of the equipment or facilities is required for the day-to-day provision of public transportation within the next 24 months, provided that, in undertaking and administering the acquisition and ownership of the equipment and facilities, the Grantee complies with the Department's "Public Transportation Capital Improvement Grants Manual" and "Supplemental Operating Assistance Guidelines";
- F. non-rolling stock-equipment purchases that are less than \$10,000;
- G. administrative costs (i.e., costs incurred in capital grant record keeping, grant management, and the preparation of status reports required by the Department under its capital grant program) associated with capital projects which are not reimbursed elsewhere;

- H. routine maintenance and repairs to buildings, equipment or vehicles that do not extend their useful life for replacement eligibility purposes;
- I. reasonable expenses and compensation for Grantee's board members or trustees as provided under the Local Mass Transit district Act (70 ILCS 3610/4)
- J. established reserves for self-insurance programs;
- K. the costs associated with the audit requirements set forth in Section 653.410 of the Rules;
- L. Eighty percent of the dues paid by the applicant to the Illinois Public Transportation Association and 90% of the dues paid by the applicant to the American Public Transportation Association or the Community Transportation Association of America; and
- M. any other expenditure that an independent auditor retained by the Grantee's governing board determines is required for the provision of public transportation according to the most current version of AICPA's generally accepted standard accounting principles for public transportation operations.

ITEM 7 - INELIGIBLE OPERATING EXPENSES

Ineligible operating expenses include, but are not limited to, the following:

- A. depreciation, whether funded or unfunded;
- B. amortization of any intangible assets;
- C. debt service on capital assets acquired with the assistance of capital grant funds provided by the State;
- D. profit or return on investments;
- E. excessive payments to associated entities;
- F. expenses associated with the Workforce Investment Act (29 USC Chapter 30), or its successor;
- G. costs reimbursed under Section 5303, 5304, and 5305 of the Federal Mass Transit Act (49 USC 53)
- H. travel and entertainment expenses incurred in attending non-public transportation-related activities;
- I. charter, school bus and sightseeing expenses as defined by the FTA;
- J. fines and penalties;
- K. charitable donations;

- L. interest expense on long-term borrowing and debt retirement other than on that portion of publicly-owned equipment and facilities required for public transportation;
- M. income taxes;
- N. that portion of any eligible operating expense for which the Grantee has or will receive reimbursement from any other federal or State capital grant program absent a specific federal or State directive allowing the capital expense to be treated as an operating expense;
- O. expenses associated with compliance with OMB Circular A-133 (Audits of States, Local Governments, and Non-Profit Organizations);
- Q. expenses for freight haulage provided by Grantee;
- R. any expense that is reimbursed from insurance proceeds;
- S. maintenance or operation of vehicles that are not used by a Grantee or its contractors for public transportation or to support public transportation operations; and
- T. any other expense determined by the Department to be inconsistent with federal regulations or requirements.

ITEM 8 - RECORD RETENTION

All costs charged to the Project shall be supported by properly executed and clearly identified payrolls, time records, invoices, contracts, vouchers or checks evidencing in detail the nature and propriety of the charges. Such documentation shall be readily accessible on site at least until Project closeout.

The Grantee shall maintain, for a minimum of three years after the completion of the contract, adequate books, records, and supporting documents to verify the amounts, recipients, and uses of all disbursements of funds passing in conjunction with the contract; the contract and all books, records, and supporting documents related to the contract shall be available for review and audit by the Auditor General or the Department (hereinafter "Auditing Parties"): and the Grantee agrees to cooperate fully with any audit conducted by the Auditing Parties and to provide full access to all relevant materials. Failure to maintain the books, records, and supporting documents required by this section shall establish a presumption in favor of the State for the recovery of any funds paid by the State under the contract for which adequate books, records, and supporting documentation are not available to support their purported disbursement.

If any litigation, claim, negotiation, audit or other action involving the records has been started prior to the expiration of the three-year period, Grantee shall retain the records for three years after completion of the action and resolution of all issues arising from it.

ITEM 9 - INSPECTION AND AUDIT

Grantee shall permit, and shall require its contractors and auditors to permit, the Department, and any authorized agent of the Department, to inspect all work, materials, payrolls, audit working papers, and other data and records pertaining to the Project; and to audit the books, records, and accounts of the Grantee with regard to the Project. The Department may, at its sole discretion and at its own expense, perform a final audit of the Project. Such audit may be used for settlement of the grant and Project closeout. Grantee agrees to implement any audit findings contained in the Department's final audit, the Grantee's independent audit, or as a result of any duly authorized inspection or review.

Grantee agrees to permit the Department to conduct scheduled or unscheduled inspections of Grantee's public transportation services. Such inspections shall be conducted at reasonable times, without unreasonable disruption or interference with any transportation service or other business activity of the Grantee or any Service Board.

Grantee agrees to notify the Department of any pending federal triennial review as soon as it is scheduled and to permit the Department to attend same.

ITEM 10 - GRANTEE'S INDEPENDENT AUDIT

Grantee shall select an independent licensed Certified Public Accountant to perform an audit pursuant to the requirements of Ill. Admin. Code tit. 92, § 653.410. The standards for selection of the auditor and the scope and contents of the audit are contained in Ill. Admin. Code tit. 92, § 653.410; Grantee and its auditor shall become familiar with the Rules and adhere to its provisions in completion of the audit. The audit shall also be completed in conformity with the Single Audit Act (31 USC 7501 *et seq.*), and shall include a statement, if applicable, that any allocation of revenues and expenses to the program of approved expenditures funded under this Agreement is in accordance with a cost allocation plan approved by the Department. Grantee's audit must include a schedule of operating revenues and expenses for the participant's grant contract period on forms prescribed by the Department. Grantee's independent audit shall be submitted to the Department no later than 180 days following the last day of the fiscal year. This deadline may be changed, at the discretion of the Department, to accommodate the participant's fiscal year periods or due to unforeseen circumstances.

ITEM 11 - PROJECT CLOSEOUT

Upon the Department's receipt of the Grantee's independent audit report of the Project, the Department shall perform a review of the Grantee's independent audit to determine whether to approve the independent audit. Once the Grantee's independent audit has been approved by the Department, the Department shall determine the eligibility of costs incurred and shall make a final determination of amounts due to the Grantee under this Agreement. If the Department has made payment to the Grantee in excess of the final total amount determined by the Department-approved independent audit to be due the Grantee, the Grantee shall promptly remit such excess to the Department. At the discretion of the Department, several years of audit reconciliation balances may be combined to allow for one payment to reconcile minor annual reconciliation balances. The Project close-out occurs when the Department notifies the Grantee that the Project is closed-out and forwards the final Grant payment, as determined by the Department-approved independent audit to the Grantee, or when an appropriate refund of Grant

funds, as determined by the Department-approved independent audit, has been received from the Grantee and acknowledged by the Department. Close-out shall be subject to any continuing obligations imposed on the Grantee by this Agreement or contained in the final notification or acknowledgment from the Department.

Payment issues, audit issues or any other matters pertaining to the grant may not be subsequently raised and are forever settled upon Project closeout.

ITEM 12 - ETHICS

A. Code of Conduct

1. Personal Conflict of Interest – The Grantee shall maintain a written code or standard of conduct which shall govern the performance of its employees, officers, board members, or agents engaged in the award and administration of contracts supported by state or federal funds. Such code shall provide that no employee, officer, board member or agent of the Grantee may participate in the selection, award, or administration of a contract supported by state or federal funds if a conflict of interest, real or apparent would be involved. Such a conflict would arise when any of the parties set forth below has a financial or other interest in the firm selected for award:

- a. the employee, officer, board member, or agent;
- b. any member of his or her immediate family;
- c. his or her partner; or
- d. an organization which employs, or is about to employ, any of the above.

The conflict of interest restriction for former employees, officers, board members and agents shall apply for one year.

The code shall also provide that Grantee's employees, officers, board members, or agents shall neither solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to subcontracts. The Department may waive the prohibition contained in this subsection, provided that any such present employee, officer, board member, or agent shall not participate in any action by the Grantee or the locality relating to such contract, subcontract, or arrangement. The code shall also prohibit the officers, employees, board members, or agents of the Grantee from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest or personal gain.

2. Organizational Conflict of Interest – The Grantee will also prevent any real or apparent organizational conflict of interest. An organizational conflict of interest exists when the nature of the work to be performed under a proposed third party contract or subcontract may, without some restriction on future activities, result in an unfair competitive advantage to the third party contractor or Grantee or impair the objectivity in performing the contract work.

- B. Bonus or Commission - The Grantee warrants that no person or selling agency has been employed or retained to solicit or secure this Grant or Agreement upon an

agreement or understanding for a commission, percentage, brokerage, or contingent fee. The State shall have the right to annul this Agreement without liability, or at its discretion to deduct such commission or fee. No State officer or employee, or member of the State General Assembly or of any unit of local government who or which contributes to the Project Funds shall be allowed to share in any part of this Agreement or to any benefits arising therefrom.

- C. Bribery - Non-governmental grantees and third party contractors shall certify that they have not been convicted of bribery or attempting to bribe an officer or employee of the State of Illinois or local government, nor has the Grantee made an admission of guilt of such conduct which is a matter of record, nor has an official, agent or employee of the such grantees or third party contractors committed bribery or attempted bribery on behalf of the firm and pursuant to the direction or authorization of a responsible official of the Grantee. Such grantees or third party contractors shall further certify that they have not been barred from contracting with a unit of the State or local government as a result of a violation of Section 33E-3 or 33E-4 of the Illinois Criminal Code.

ITEM 13 - UNLAWFUL DISCRIMINATION

- A. Human Rights - Grantee agrees not to commit unlawful discrimination in employment as that term is used in Article 2 of the Illinois Human Rights Act (775 ILCS 5/2-101 *et seq.*); agrees to take affirmative action to ensure that no unlawful discrimination is committed; and agrees that the Illinois Equal Employment Opportunity Clause referenced in Section 2-105 of the Human Rights Act (775 ILCS 5/2-105) and contained in the regulations promulgated thereunder (44 Ill. Admin. Code Part 750), is incorporated into this Agreement and into all contracts let for or related to the Project.
- B. Sexual Harassment - The Grantee shall have written sexual harassment policies that include at a minimum, the following information: (i) the illegality of sexual harassment; (ii) the definition of sexual harassment under state law; (iii) a description of sexual harassment, utilizing examples; (iv) the grantee's internal complaint process including penalties; (v) the legal recourse, investigative, and complaint process available through the Department of Human Rights and the Human Rights Commission; (vi) directions on how to contact the Department and Commission; and (vii) protection against retaliation as provided by Section 6-101 of the Illinois Human Rights Act. A copy of the policies shall be provided to the Department upon request.

ITEM 14 - SCHOOL BUS OPERATIONS

Pursuant to 20 ILCS 2705/2705-605(f), Grantee agrees not to engage in school bus operations exclusively for the transportation of students and school bus personnel in competition with private school bus operators where such private school bus operators are able to provide adequate transportation at reasonable rates, in conformance with applicable safety standards. However, this requirement shall not apply if Grantee operates a school system in the locality and operates a separate and exclusive school bus program for the school system. Grantee's certification regarding school bus operations is signed and attached to this Agreement as Exhibit A.

ITEM 15 - GRANTEE'S WARRANTIES

Grantee warrants that it has the requisite fiscal, managerial, and legal capability to carry out the Project and to receive and disburse Project funds. Grantee agrees to initiate and consummate all actions necessary to enable it to enter into this Agreement. Grantee warrants that there is no provision in its charter, bylaws, or any rules, regulations, or legislation which prohibits, voids, or otherwise renders unenforceable against Grantee any provision or clause of this Agreement. Grantee warrants further that it has paid all federal, state and local taxes levied or imposed and will continue to do so, excepting only those which may be contested in good faith. Grantee agrees that upon execution of this Agreement, Grantee will deliver to the Department:

- A. a legal opinion from an attorney licensed to practice law in Illinois and authorized to represent the Grantee in the matter of this Agreement, stating:
 - a. the Grantee is lawfully organized;
 - b. the Grantee is an eligible "participant" as defined in the Act;
 - c. the Grantee is legally authorized to enter into this Agreement; and
 - d. this Agreement will be legally binding on the Grantee.
- B. a certified copy of a resolution or ordinance adopted by the Grantee's governing body that authorizes the execution of this Agreement and identifies the person, by position, authorized to sign this Agreement and payment requisitions.

ITEM 16 - DRUG FREE WORKPLACE

Grantee agrees to comply with the provisions of the Illinois Drug Free Workplace Act (30 ILCS 580/1 *et seq.*) and has signed the Drug Free Workplace Certification attached to this Agreement as Exhibit B.

ITEM 17 - INDEMNIFICATION AND INSURANCE

Grantee agrees to hold harmless and indemnify the Department and the State from any and all liabilities, losses, expenses (including attorney's fees), damages (including loss of use), demands and claims arising out of or in connection with the Project, and shall defend any suit or action brought against it and/or the Department, whether at law or in equity, based on any such alleged injury (including death) or damage. Grantee shall pay all damages, judgments, costs and expenses in connection with said demands and claims resulting therefrom. The Department agrees to promptly notify Grantee in writing of the assertion of any such claim, suit or action in which the State or the Department is a defendant.

Grantee agrees that it will take out and maintain at its own cost and expense, for the duration of the Project, such policies of insurance in companies, as will protect Grantee from any claims for damages to property or for bodily injury (including death), which may arise from the Project.

ITEM 18 - INDEPENDENCE OF GRANTEE

In no event shall Grantee or any of its contractors be considered agents or employees of the Department or the State. The Grantee agrees that none of its employees, agents or contractors will hold themselves out as, or claim to be, agents, officers or employees of the Department or the State, and will not make any claim, demand or application to or for any right or privilege applicable to an officer, agent or employee of the State, including, but not limited to, rights and privileges concerning worker's compensation and occupational diseases coverage, unemployment compensation benefits, Social Security coverage or retirement membership or credit.

ITEM 19 - NON-WAIVER

Grantee agrees that in no event shall any action, including the making by the Department of any payment under this Agreement, constitute or be construed as a waiver by the Department of any breach of covenant or any default on the part of the Grantee which may then exist; and any action, including the making of such payment by the Department, while any such breach or default shall exist, shall in no way impair or prejudice any right or remedy available to the Department in respect to such breach or default. The remedies available to the Department under this Agreement are cumulative and not exclusive. The waiver or exercise of any remedy shall not be construed as a waiver of any other remedy available hereunder or under general principles of law or equity.

ITEM 20 - TERMINATION, PAYMENT DELAY, RECALL

Upon written notice to the Grantee, the Department reserves the right to suspend or terminate all or part of the financial assistance provided by this Agreement, (i) if the Grantee is, or has been, in violation of any of the terms of this Agreement or any other grant between the Grantee and the Department, (ii) for just cause as deemed by the Department, or (iii) if the Department determines that the purpose of the Project would not be adequately served by continued financial assistance. Termination of any part of the Agreement will not invalidate obligations properly incurred by Grantee prior to the date of termination, to the extent that they cannot be cancelled. Upon the occurrence of any condition or conditions listed in this Item for termination or suspension, the Parties agree that the Department may also elect, by written notice to the Grantee, to withhold or delay any or all payments under this Agreement, or any portion thereof; or, if payment or payments have already been made, to recall such payment or payments or any portion thereof. The Grantee agrees that upon receipt of such notice of recall, the Grantee shall immediately return such payments, or any portion thereof, which the Grantee has received.

ITEM 21 - DISPUTE RESOLUTION

In the event of a dispute in the interpretation of the provisions of this Agreement, such dispute shall be settled through negotiations between the Department and the Grantee. In the event that agreement is not consummated at this negotiation level, the dispute will then be referred through proper administrative channels for a decision and ultimately, if necessary, to the Secretary of the Department. The Department shall decide all claims, questions and disputes which are referred to it regarding the interpretation, prosecution and fulfillment of this Agreement. The

Department's decision upon all claims, questions and disputes shall be final and conclusive.

ITEM 22 - AMENDMENT

The Parties agree that no change or modification to this Agreement shall be of any force or effect unless the amendment is dated and is reduced to writing and executed by both parties.

ITEM 23 - SEVERABILITY

The Parties agree that if any provisions of the Agreement shall be held invalid for any reason whatsoever, the remaining provisions shall not be affected thereby if such remaining provisions could then continue to conform with the purposes, terms and requirements of applicable law.

ITEM 24 - ASSIGNMENT

Grantee agrees that this Agreement shall not be assigned or transferred without the written consent of the Department and that any successor to Grantee's rights under this Agreement will be required to accede to all of the terms, conditions and requirements of this Agreement as a condition precedent to such succession.

ITEM 25 - DOCUMENTS FORMING THIS AGREEMENT

This Agreement, together with Exhibits A and B; the Grantee's Application for the fiscal year as approved by and on file at the Department; the Standard Forms; and all other documents or materials requested by the Department submitted by the Grantee and accepted by the Department before and after execution of this Agreement constitute the entire agreement between the parties and supersede any and all prior agreements or understandings between the parties.

ITEM 26 - ETHANOL GASOLINE

Pursuant to the Downstate Public Transportation Act (30 ILCS 740/2-15.1), Grantee hereby certifies that all gasoline burning motor vehicles operated under its jurisdiction use, if capable, fuel containing ethanol gasoline.

ITEM 27 - TAXPAYER IDENTIFICATION NUMBER

The Grantee certifies that 370963585 is its correct Federal Taxpayer Identification Number. The entity is doing business as a governmental entity.

IN WITNESS WHEREOF, the Parties have entered into this Agreement by their duly authorized officials for the period July 1, 2014 through June 30, 2015.

Accepted on behalf of Bloomington Normal Public Transit System:

Signature of Authorized Representative

Type or Print Name of Authorized Representative

Date

Type or Print Title of Authorized Representative

Accepted on behalf of the State of Illinois, Department of Transportation:

Joseph E. Shacter, Director, Division of Public & Intermodal Transportation

Date

Tony Small, Director, Office of Finance and Administration

Date

Michael A. Forti, Chief Counsel
(Approved as to form)

Date

Ann L. Schneider, Secretary

Date

EXHIBIT A

CERTIFICATION BY GRANTEE NOT TO ENGAGE
IN SCHOOL BUS OPERATIONS

Pursuant to Section 49.19(6) of the Civil Administrative Code of Illinois (20 ILCS 2705/49.19(b)), as a condition of receiving grant monies from the Illinois Department of Transportation, the Grantee certifies that it is not engaged in school bus operations exclusively for the transportation of students and school bus personnel in competition with private school bus operators where such private school bus operators are available to provide adequate transportation at reasonable rates in conformance with applicable safety standards.

If the Grantee does engage in school bus operations exclusively for the transportation of students and school bus personnel as described above, then the Grantee certifies that it operates a school system in the area to be served and operates a separate and exclusive school bus program for the school system.

The Grantee further agrees and certifies that it shall immediately notify the Department in writing of its involvement in or its intention to become involved in any school bus operation prohibited by Section 49.19(6) of the Civil Administrative Code of Illinois after the date of this certification.

Accepted on behalf of Bloomington Normal Public Transit System
(Grantee name)

Signature of Authorized
Representative

Title

Date

EXHIBIT B

STATE OF ILLINOIS DRUG FREE WORKPLACE CERTIFICATION

This certification is required by the Drug Free Workplace Act (30 ILCS 580/1 *et seq.*). The Drug Free Workplace Act, effective January 1, 1992, requires that no grantee or contractor shall receive a grant or be considered for the purposes of being awarded a contract for the procurement of any property or services from the State unless that grantee or contractor has certified to the State that the grantee or contractor will provide a drug free workplace. False certification or violation of the certification may result in sanctions including, but not limited to, suspension of contract or grant payments, termination of the contract or grant and debarment of contracting or grant opportunities with the State for at least one (1) year but not more than five (5) years.

For the purpose of this certification, "grantee" or "contractor" means a corporation, partnership, or other entity with twenty-five (25) or more employees at the time of issuing the grant, or a department, division, or other unit thereof, directly responsible for the specific performance under a contract or grant of \$5,000 or more from the State.

Grantee certifies and agrees that it will provide a drug free workplace by:

(a) Publishing a statement:

- (1) Notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance, including cannabis, is prohibited in the Grantee's workplace.
- (2) Specifying the actions that will be taken against employees for violations of such prohibition.
- (3) Notifying the employee that, as a condition of employment on such contract or grant, the employee will:
 - (A) abide by the terms of the statement; and
 - (B) notify the employer of any criminal drug statute conviction for a violation occurring in the workplace no later than five (5) days after such conviction.

(b) Establishing a drug free awareness program to inform employees about:

- (1) the dangers of drug abuse in the workplace;
- (2) the Grantee's policy of maintaining a drug free workplace;
- (3) any available drug counseling, rehabilitation, and employee assistance programs; and
- (4) the penalties that may be imposed upon an employee for drug violations.

- (c) Providing a copy of the statement required by subparagraph (a) to each employee engaged in the performance of the grant and to post the statement in a prominent place in the workplace.
- (d) Notifying the Department within ten (10) days after receiving notice under part (B) of paragraph (3) of subsection (a) above from an employee or otherwise receiving actual notice of such conviction.
- (e) Imposing a sanction on, or requiring the satisfactory participation in a drug abuse assistance or rehabilitation program by, any employee who is so convicted, as required by Section 5 of the Drug Free Workplace Act.
- (f) Assisting employees in selecting a course of action in the event drug counseling, treatment, and rehabilitation is required and indicating that a trained referral team is in place.
- (g) Making a good faith effort to continue to maintain a drug free workplace through implementation of the Drug Free Workplace Act.

THE UNDERSIGNED AFFIRMS, UNDER PENALTIES OF PERJURY, THAT HE OR SHE IS AUTHORIZED TO EXECUTE THIS CERTIFICATION ON BEHALF OF THE DESIGNATED ORGANIZATION.

Accepted on behalf of Bloomington Normal Public Transit System
(Grantee name)

Signature of Authorized Representative

Title

Date