Meetings of
BOARDS OF DIRECTORS

VALLEY METRO RAIL | VALLEY METRO

VALLEY METRO RPTA / VALLEY METRO RAIL JOINT MEETING

Valley Metro RPTA

Valley Metro Rail

Date:
February 20, 2025

Starting Time:
11:15 a.m.

Meetings to occur sequentially

Location:
Valley Metro
Boardroom/Webex
101 N. 1st Avenue, 10th Floor

If you require assistance accessing the meetings on the 10th floor, call 602.262.7433.

Agenda

February 13, 2025

Joint Boards of Directors Meeting Agenda
Valley Metro RPTA
And
Valley Metro Rail
Thursday, February 20, 2025
Valley Metro, 101 N. 1st Avenue, 10th Floor
Boardroom/Webex
11:15 a.m.

Action Recommended

1. Public Comment — 1. For Information

The public will be provided with an opportunity at this time to address the committees on **non-agenda items and all action agenda items for the Joint, RPTA and VMR meeting agendas.** Up to three minutes will be provided per speaker unless the Chair allows more at their discretion. A total of 15 minutes for all speakers will be provided.

2. Chief Executive Officer's Report — 2. For information

Jessica Mefford-Miller, CEO, will brief the Joint Boards on current issues.

3. Audit and Finance Subcommittee Update — 3. For information

Councilmember White, AFS Chair, will provide an update on the discussions and actions taken at the AFS meeting.

CONSENT AGENDA

4A. Minutes — 4A. For action

Minutes from the January 23, 2025, Joint Board meeting are presented for approval.

4B. 2025-2026 Valley Metro Federal Public Transportation Agenda — 4B. For action

Staff recommends that the Board of Directors approve the 2025-2026 Federal Public Transportation Agenda.

REGULAR AGENDA

5.	Marketing and Advertising Support Services Contract Extension and Increase Authorization Request	5. For action

Staff recommends that the Boards of Directors authorize the Chief Executive Officer to extend cooperative contracts under the State of Arizona for Marketing and Advertising Support Services from August 31, 2025 to August 31, 2026 and increase contract authority with On Advertising, MJM Advertising LLC-Heart and Soul Marketing LLC, Magnetry LLC, and Hackett Advertising Public Relations Interactive.

The contract authority increase requested is $1,750,000 ($1,200,000 RPTA, $550,000 VMR) for a total contract value of $4,000,000, where the RPTA portion will not exceed $2,440,000 and the VMR portion will not exceed $1,560,000.

6.	February Quarterly Report	6. For information

The February 2025 Quarterly Report is being presented for information. Valley Metro staff will be available to answer questions.

7.	Travel and Expenditures	7. For information

The monthly travel and expenditures for Valley Metro RPTA and Valley Metro Rail are presented for information.

8.	Report on Current Events and Suggested Future Agenda Items	8. For information

Chair Harris will provide members with the opportunity to report on current events and suggest future agenda items for consideration.

9.	Next Meeting	9. For information

The next meeting/retreat of the Joint Boards is scheduled for **March 20, 2025 at 11:15 a.m. – 2:15 p.m.**

Qualified sign language interpreters are available with 72 hours notice. Materials in alternative formats (large print or flash drive) are available upon request. For further information, please call

Valley Metro at 602-262-7433 or TTY at 602-251-2039. To attend this meeting via teleconference, contact the receptionist at 602-262-7433 for the dial-in-information. The supporting information for this agenda can be found on our web site at www.valleymetro.org.

Executive Summary

DATE **AGENDA ITEM 1**
February 13, 2025

SUBJECT
Public Comment

PURPOSE
The public will be provided with an opportunity at this time to address the committees on **non-agenda items and all action agenda items for the Joint, RPTA and VMR meeting agendas.** Up to three minutes will be provided per speaker unless the Chair allows more at their discretion. A total of 15 minutes for all speakers will be provided.

RECOMMENDATION
This item is presented for information only.

BACKGROUND | DISCUSSION | CONSIDERATION
None

COST AND BUDGET
None

COMMITTEE PROCESS
None

CONTACT
Jessica Mefford-Miller
Jmeffordmiller@valleymetro.org

ATTACHMENT
None

Executive Summary

DATE **AGENDA ITEM 2**
February 13, 2025

SUBJECT
Chief Executive Officer's Report

COST AND BUDGET
There are no costs associated with this item

RECOMMENDATION
This item is presented for information only.

CONTACT
Jessica Mefford-Miller
Chief Executive Officer
jmeffordmiller@valleymetro.org

ATTACHMENT
None

Executive Summary

DATE **AGENDA ITEM 3**
February 13, 2025

SUBJECT
Audit and Finance Subcommittee (AFS) Update

PURPOSE
Councilmember White, AFS Chair, will provide an update on the discussions and actions taken at the AFS meeting.

BACKGROUND | DISCUSSION | CONSIDERATION
The Audit and Finance Subcommitte met on Thursday, February 6, 2025. The draft minutes are attached.

COST AND BUDGET
None

COMMITTEE PROCESS
None

RECOMMENDATION
This item is presented for information only.

CONTACT
Ken Kessler
Chief Financial Officer
kkessler@valleymetro.org

ATTACHMENT
Draft February 6, 2025 AFS meeting minutes

Meeting Minutes

February 27, 2025 **AGENDA ITEM X**

Audit and Finance Subcommittee
Thursday, February 6, 2025
Via WebEx/Phone
12:00 p.m.

Meeting Participants
Councilmember Max White, City of Avondale - **Chair**
Councilmember Peggy McMahon, Town of Fountain Hills
Councilmember Laura Pastor, City of Phoenix
Councilmember Jennifer Adams, City of Tempe (phone)

Members not present
Councilmember Jimmy Davis, City of Tolleson

Chair White called the meeting to order at 12:03 p.m.

Chair White said I'd like to call the meeting to order at 12:03 since we have a quorum. Pat, will you be able to call roll for us, please?

Ms. Dillon said yes.

City of Avondale, Councilmember Maxine White? Here.
Town of Fountain Hills, Councilmember Peggy McMahon?
City of Phoenix, Councilmember Laura Pastor?
City of Tempe, Councilmember Jennifer Adams? Present.
City of Tolleson, Vice Mayor Jimmy Davis?

Ms. Dillon said Chair, we can proceed, we do have a quorum of three.

Chair White said thank you very much.

1. Public Comment

Chair White said we'll move into Item 1 Public Comment.

The public will be provided with an opportunity at this time to address the Committee on non-agenda items and all action items. Up to three minutes will be provided per speaker unless the Chair allows more at his or her discretion. A total of 15 minutes for all speakers will be provided.

Pat, do we have any comments that were submitted prior to our meeting?

Ms. Dillon said not prior to but Mr. Crowley is here today.

Chair White said welcome, Mr. Crowley. Go ahead and start his three minutes once he arrives at the podium.

Mr. Crowley said I'll start by saying that I was at the manager's meeting yesterday and when I looked at their plans for the future it was what are your plans for the future and nothing was submitted. Being that I've got this document here that shows all the routes that were, you know, delayed and dropped et cetera and I'm wondering why are they emphasis from all of your communities is is to get some of the things that weren't there as in in the old plan Wickenburg had a route. Where's -- what is being done to re-establish that. It also says in the new plan that you guys are going to double the buses. Well, you only have 40 percent of the routes never got dealt in the. I also don't see where there's anything being done about getting buses. I also don't see anything for bus stops.

Back in the plan that we put together and Fountain Hills was my vice chair and one of the things that it said for Fountain Hills was a circulator and a connector. That's never happened. You need to ask and start beating the drum for that. All of the communities need to be doing that, but I don't see that being done.

What I do see being done is over at MAG, you know, we're making sure that we're going to be expanding all these roadways. It's on page 5 on the document that people got in the mail that has 30 different roadways that they want to (inaudible) et cetera to decrease congestion or improving the roadways to get the people onto the freeway. Well, we know that the best way to decrease congestion is mass transit and where is the infrastructure going to go on those roadways and where are the buses that are going to be going on those roadways.

I'd also like a bifurcation of the agencies because well, back in the day with that $30 million contract that you guys okayed this last month I brought it up that the little part that was the bus there wasn't any connectivity between the bus and the rail at about seven different routes. And Jessica says, well, we're going to be looking at that again but since then, of course, can she show me anything that was done to go for the bus put in some of those routes that weren't done like yours, the Avondale route and the Litchfield route. There was no attempt at all. And we know that there was money there because the light rail kept on getting more and expanding. Just a thought ya'll.

We need some advocates for the bus, and we need those two agencies bifurcated.

Chair White said thank you, Mr. Crowley, for your comments. We appreciate your input.

2. <u>Chief Financial Officer's Report</u>

Chair White said to Item number 2. This is the Chief Financial Officer's Update. Mr. Ken Kessler, our Chief Financial Officer, will give us an update on some current issues. Mr. Kessler.

Mr. Kessler said thank you, Madam, members of the Subcommittee. One item we typically update each month is PTF revenues, however, given the timing of this meeting being so early in the month the timing of when we typically receive that information from the state we do not have the January revenues to report. Last month we reported through December so next month we'll report the revenues through January.

One thing I did want to remind folks of is the timeline of our budget process. So this is coming, you know, fast and furious here. We started back in the fall with some preliminary information and as we go forward here into February, we'll state with the Financial Working Group and RTAG Group in terms of providing some of the high-level budget numbers that have been refined since the fall. And then as we go into March, we'll get into some of the more detailed, the detailed initiatives that we'll discuss with the city staff or member staff. And then subsequent to that will be following up with that detailed information to the Board as well working our way through into May for adoption of the FY26 budget.

So that is all I have for my updates for this month. Happy to take any questions.

Chair White said any questions for Mr. Kessler, Committee? Again, this item was for information only. Thank you so much.

3. Minutes

Chair White said we'll move to Item number 3. It's our January 9th meeting minutes from our Audit and Finance Subcommittee meeting. They are presented for approval. We will need to take action on this. If you haven't had a chance to review them let's just take the next minute or so to do that.

Motion by Councilmember Adams, second by Councilmember McMahon. Any questions, discussions, concerns with the minutes as presented for January 9th?

All those in favor, aye. Any opposition? The motion passes and we're accepting the minutes.

IT WAS MOVED BY COUNCILMEMBER ADAMS, SECONDED BY COUNCILMEMBER MCMAHON, AND UNANIMOUSLY CARRIED TO APPROVE THE JANUARY 9, 2025, AUDIT AND FINANCE SUBCOMMITTEE MIINUTES.

4. FY25 2nd Quarter Budget Review

Chair White said we will move on to Agenda Item 4. This is FY25 2nd Quarter Budget Review. Mr. Tyler Olson, Budget and Operations Financial Controls Manager will provide a review of FY25 2nd Quarter Budget. We'll turn it over to Mr. Olson. This is for information only as well.

Mr. Olson said good afternoon, Madam Chair, members of the subcommittee. I'll quickly walk us through the 2nd quarter of 25 budget for actuals. Our target spend would be right at 50 percent if we're right on track. We have noted the variances in the handouts. They're included in your packet, and we have no concerns as well within the board of appropriation.

Starting with RPTA, total sources of funds for operating excluding pass-throughs, we've got $278 million budgeted, and 44 percent essentially collected thus far. Other funds are cash investments, you know, it's continued as you saw in Q1, outperforming based on current market trends. And RARF is received as a lump sum there. So it's 107 percent slightly over planned that's received in the first quarter for the year. So we won't see any further changes to that.

Moving onto capital sources, slow activity on the capital side of things on the expenditures and we'll see that as we move into the presentation here.

On the operating expenditure side, we're within plan as a whole with 47 percent spent through the second quarter here. Vanpool operations tracking slightly above plan. As mentioned last quarter, it's a good story. Expenses are 100 percent recovered by riders and federal revenues. Just have some increased usage combined with the new vehicles that are used within that contract. This is just one of the programs that will be bringing forward an increase in the mid-year budget adjustment to true those expenses up from plan and it'll be part of Mr. Kessler's presentation next.

On the capital side, again very slow spend here only 10 percent and it's really based on timing of vehicles delivered and other projects.

Moving into the operating, as mentioned, the variance notes are in your handout. Just minor changes here. Fixed route is worth mentioning that we're actually going to, although you see some smaller items overrunning here, we actually do have some savings that we're planning on bringing so we're going to reduce that number for mid-year based upon fuel. Our fuel is a little bit aggressive so we're going to pull that back. And then Demand Services we have some increases there, really around service and rate changes and vanpool as I previously mentioned.

And here on the operating, total operating budget is within the plan.

On the capital side of things, again very minor changes here. It's really tied to the timing of when expenses hit and don't expect any exceeding the plan even through the end of the year there.

So, I'd be happy to address any questions on the RPTA side before I move into the VMR.

Chair White said please proceed. Thank you.

Mr. Olson said VMR same view. Sources of funds about 55% slightly ahead on member city contributions. That's really related to the city of Phoenix IGA for South Central. We know that's coming on board so I'm starting to collect that money.

And then capital side of things at 40% collected. Still waiting on some federal grants to be released. Using some of the local funding in place of that at this point, but we do expect that to catch up as we move through the year. And we do have a very dynamic capital plan that will be part of mid-year budget adjustment as well.

On the operating side of things, you can see that security on light rail is slightly above plan. That's really due to the Board approving increased wage rates after the budget was adopted last fiscal year when we were developing it. So we're really just truing up the Board's direction with the budget and in Mr. Kessler's presentation coming up.

And then on the capital side of things, you know, they could vary greatly from plan for the year, but all the capital extension budgets are within the multi-year FTA approved plan. We do have some significant changes coming to you particularly for South Central coming up in the mid-year adjustment.

And here's a quick look at all the minor variances that are in the handouts. I've touched on most of these already.

And then on the capital side of things, as mentioned fairly large adjustment coming for South Central, really around accelerating that revenue date into this fiscal year and not exceeding the budget, multi-year budget in any way, just moving those funds forward.

And then again, some minor changes on the Systemwide, Streetcar, and Northwest.

That concludes my presentation on Q2. I'd be happy to address any questions that the subcommittee has.

Chair White said I'll open up the floor for any questions.

Councilmember Pastor said I was looking at Tempe Streetcar. Is that just because of the timing of the receipt being received later than expected?

Mr. Olson said thank you Councilmember Pastor for the question. Yes, vehicles tend to be delivered at very different times. This is really an open contract and some of those remaining milestone payments for that project.

Chair White said any additional questions?

5. <u>Fiscal Year 2026 Service Level Budget Assumptions Update</u>

Chair White said okay, we'll move to item number 5. Mr. Olson, we'll keep you right there to give us a Fiscal Year 2026 Service Level Budget Assumptions Update.

Mr. Olson said thank you Madam Chair and members of the subcommittee. I'm going to provide an update of the assumptions that we shared with this group in October. These assumptions are really for the transit services portion of the operating budget, essentially what your city's fund through the annual intergovernmental agreements that we update each year. We work very closely with your cities on setting those service levels and that are desired in your communities.

So, not a whole lot of change here, but I'm going to focus more on the updates that we did make since that presentation in October.

Starting with RPTA, just providing some updates here on the most recent information received from published city documents around local revenues. Some cities have done much better than plan and some a little bit under plan, but in general I think it's pretty fairly positive. Some of the year-to-year changes slowing down as I'll show you here in a minute.

So, an update from the last time we here. Essentially just showing how this compares to FY24 actuals, $250.1 million collected in FY24 and the comparison to the budget for FY25 as well FY26. We do use the public transportation fund forecast that is developed and provided by ADOT. It's our official forecast for Prop 400. No change to federal and advertising.

Just a quick update here. When we presented this last time, we only had a couple months' worth of PTF revenues received, so through December we are slightly under budget for FY25, 1.5% less than planned. However, still about 1.2% higher than prior year. So, still seeing some positive but we've had record highs in PTF over the last three or four years or so.

No change to fare revenues. We'll keep that flat.

Then, base service levels very minor changes from October's presentations. Discussions with your member city staff and our service planning team have been ongoing since we last met. And really, we're just locking in the desired service levels within your communities here. So, some of the services were reduced or increased, some have deferred. Just all really dependent upon, you know, staff suggestions at your cities. Overall, the decrease is about 150,000 miles or 1% of the total miles that are delivered.

And here's some of those changes. I won't go through all those.

No change to our East Valley bus contract we have for the five years.

Then, on the West Valley, no change. We still have this RFP on the street and hope to bring those rates to you later this fiscal year.

Minor updates here on the rates, just based on updated trip and data information from our accessible transit services group. And some of the changes within the pricing tiers that go along in that contract.

Some updates here on current market trends. There are some bright spots in the economy. CPI in the U.S. and Phoenix area has been below 3% for several months, but still above the federal reserve target of 2%. Stock market has had some strong gains the last couple years. Gas and diesel have decreased modestly over this past year as we mention in the mid-year adjustment. We are facing a number of economic headwinds that we want to keep our eyes on, particularly potential impacts related to the recent tariffs and potential changes to PTF, sales tax, collections, and some of the trends we're seeing there for the reasons outlined, you know, I think we'll be cautiously optimistic in this outlook and just continue to monitor some of those trends.

Minor update here on initiatives and risk. A very good and one that we're very happy with. Prop 479 has been moved from a risk to an initiative since voters approved that extension of the half cent sales tax on November 5th. That's the update there.

I'd be happy to answer any questions on the RPTA side before moving into Valley Metro Rail.

Chair White said thank you so much. I'm taking a look at the risk under the West Valley contract rates. How long do we think that we'll be looking for the RFP to come back?

Mr. Olson said thank you Madam Chair. I just with our procurement team before this meeting and we expect that to be later this fiscal year, so Q4 sometime, most likely May, June time frame.

Chair White said thank you. Any additional questions committee members?

Mr. Olson said okay, moving into Valley Metro Rail and not a whole lot of changes here.

Keeping our fare revenues flat. Rail transportation, this is one minor update here. As you know, we build this budget nine months ahead of time and we do like to include a little bit of contingency. In that first round that we give to your cities in October we had 5% in that budget. We firmed up some of those numbers and the unknown information we've gathered and so we've reduced that contingency to zero percent. So, that is what we plan on moving forward with, which is very common for the Valley Metro Rail budget.

No change here. We got the two-line system opening.

Some minor changes to our state of good repair plan. Our maintenance team does a really good job at surveying different components and assessing the heat impact on some of the stuff and so we made that update, scratched two of those off based upon their input and added the battery replacements and existing fleet programs.

And, again here, just the one minor update is on the Prop 479, moving that from a risk to an initiative since it's passed.

That concludes my update on Valley Metro Rail. I'd be happy to address any questions that the subcommittee has.

Chair White said any questions from our subcommittee members?

Councilmember Pastor said the risk, the residential rental tax elimination. Have we been prepping for that or January 2025? I guess as the Valley Metro, do we receive that funding? No, because the cities received the funding.

Mr. Kessler said we don't receive that directly. It's not part of the regional sales tax, it's only for the municipalities. But certainly, in consideration of that since that bill was passed over a year ago, we've been working with member cities to keep that in consideration for sure, in terms of, you know, the cities' lost revenues as a result of that. So, you know, we've been mindful of making sure that, you know, our budgets take that into account and recognize, you know, the cities like Phoenix, you know, you have a specific transit program and a financial plan for that. And your transit staff has had to make adjustments to that as a result. And we're just working with them to make sure that, you know, what we're doing is consistent with what they're able to fund. So, we'll continue to work closely with the cities going forward.

Councilmember Pastor said okay, now I understand. It doesn't affect Valley Metro, but it affects the cost, or the dynamics is really with the cities.

Mr. Kessler said it's kind of indirect.

Councilmember Pastor said it's an indirect in the sense of if some of those taxes went to the transportation area, then how does that affect us.

Mr. Kessler said yes, we had conversations with the transit over there to get a sense of the impacts to the transit program and be mindful of that, especially as we plan going forward for the various projects and services.

Councilmember Pastor said which is good because it does affect.

Councilmember Adams said this is Jennifer. I have some questions or some statements. Tempe has some concerns about the higher paratransit costs caused by a reduction in paratransit trips provided. It doesn't make sense for us to pay so much more for less service. It is our understanding that the provider has been unable to deliver all trips as intended. This is a contributing factor. Looking ahead, we'd like to request that the cost structure for this contract is revisited. And the second – what item are we on? It's really hard to tell on the phone.

Mr. Olson said Councilmember Adams we are on key assumptions for FY26.

Chair White said we're on item number five.

Councilmember Adams said oh, you're on number five right now? So that would be, mine would be under item six. I apologize. I can revisit it when I come back or when we go to that.

6. Regional Public Transportation Authority (RPTA) Fiscal Year (FY25) Mid-Year Budget Adjustment

Chair White said we'll turn it back over to Ken Kessler. He's going to provide an update regarding the FY25 RPTA budget adjustments. Our Chief Financial Officer, Mr. Kessler.

Mr. Kessler said that you Madam Chair, members of the subcommittee. I'm here to present the FY25 Mid-Year Budget Adjustment for information and discussion. We did present this yesterday to the management committees and then this will be going forward to the boards for action later this month.

So first just talking about the RPTA operating activities on the RPTA side of the budget adjustment does only affect operating. There's no adjustment proposed for the capital program. Tyler kind of alluded to some of these, but I'll get to them in a little more detail.

So the overall budget adjustment for RPTA operations does include a number of items that we need to increase the budget for, but it also has some items that we are decreasing based on some updated estimates.

So, first of all, for the East Valley bus program, we have a reduction and the fuel estimate provided by the city of Tempe of about $2.8 million.

RideChoice about a $1.9 million increase, mainly due to the addition of Phoenix and Glendale into the program after we had already adopted the budget as well as there's some increased provider rates from the RideChoice provider.

Paratransit, this number here is $4.7 million approximate increase. We just recently got some updated information from our Accessible Transit Services group. This number will be down about $700,000 when we go to the board for their approval of the mid-year budget adjustments. So, just want to give you that heads up that this number just recently shifted a little bit since we send out the packet. We thought it would be easier just to relay that here verbally to the committee than try to revise the packet and create any confusion.

Again, this mid-year budget adjustment for is due to higher rates based on comparison of or the actual trip volume compared to where we had anticipated volume to be a couple years ago when we issued the solicitation for this contract. It's got five different tiers based on the volume of trips and service hours and as you have lower volume you go into lower volume tiers; the rates are higher so that's what drove part of the increase here. Our staff has worked with member staff recently to discuss and go through the details on this particular contract issue. I do want to mention we put a contract amendment in place address some of the issues in terms of last contract year which ended September 30th. We had to a contract year true up because we build or the vendor build at a rate that we were expecting to be out of volume, but we just missed that mark by a little bit, so we had to true up for the year to a higher rate going forward in the amendment. Basically, we removed the ability to do a contract year end true up and it puts in place a 12-month rolling period where we'll look back 12 months, we'll take the average and see what tier that puts us so that each month stands on its own so that we don't get to a contract year end and have a true up. And that was especially challenging because the contract year ends September 30th and the prior fiscal year is already closed out in terms of our financial, you know, our books as well as all the reconciliations with the members.

Moving on as far as the additional items in the operating budget, we do have some increases for the regional vanpool program, as Tyler mentioned. It's actually a good story here. It's actually based on increased participations growth in the program has exceeded what we had anticipated. Coming out of the pandemic, the participation level was low as the result of the pandemic but in the last year or so we've really grown quite well to much higher levels and this program is fully funded by participants fares and federal funds.

And then just a smaller item for the I-10 Broadway Curve project, we do some marketing and outreach as part of that to keep folks informed and push people to use transit during the project, and as a result of the delays in completing this project, we need a little more budget in the current fiscal year to get to the end of that particular project.

And then lastly, we have a reduction from the city of Phoenix in the fixed route service that they operate that is funded through the Public Transportation Funds, so that's why it flows through our budget. They do have some updates to their cost per mile based on additional federal funding for preventive maintenance which brings their net cost per mile down as well as similar to the Tempe service lower fuel estimates.

Source of funds, here's a recap of FY25 budget and then changes in the source of funds.

And then here's just a summary table of those changes I just went through in a little more detail for the operating program.

That concludes my presentation. This recommendation is not for this committee, it's just for information only today. So, happy to take any questions at this time.

Councilmember Adams said Madam Chair I have questions or comments. So, yes, once again, our paratransit has gone down trips and yet we're paying more money and so I'm looking ahead. Can we request that the cost structure for this contract is revisited?

Ms. Mefford-Miller said Madam Chair, Councilmember Adams that you for your commentary. I can tell you that we have issued a change order on the current paratransit contract with MTM that rectifies the prior pricing. We do anticipate no true up at the end of the current contract year which began on October 1 of 2024. We will also incorporate the experience from this most recent contract into the scoping and pricing structure of any future paratransit contract. Mr. Kessler, anything on the financials?

Mr. Kessler said one thing I do want to mention is that this contract was really right on the cusp of these two different billing tiers. The vendor was very close to being in the higher volume tier which was the lower rate which we were paying throughout the year because that was the expectation. So we came in just under that at the end of the contract year. There has been some growth in paratransit ridership so that may help keep us into that lower rate tier. But then the other thing I want to mention with the West Valley multimodal contract RFP out there, once that contract is in place, some of the paratransit trips will shift away from the current vendor to that West Valley vendor and that estimate is about 20% of paratransit trips. And what that will do at least give us cost certainty, meaning it's going to put us very solidly into the one tier and that really, we're at a place where we would have to have almost complete decimation of demand for paratransit in order to move us down to a lower volume and higher rate tier beyond that. So, we'll be solidly into that tier really for the remainder of the contract.

Councilmember Adams said this is Jennifer again. Madam Chair if I may? The change order does not address the higher cost. That's our problem. We have less service and higher costs, and we have heartburn about that. So how are we going to address that situation?

Chair White said Mr. Kessler and Ms. CEO, I'm more concerned about the tier structure going forward, so I don't know if we can change that because you're right. If the ridership goes down, we don't want the cost to go up. There might be other contributing factors you said with our multimodal in the West Valley, but I guess I'm looking at the tier structure and hoping that could be modified when we renegotiate.

Ms. Mefford-Miller said thank you Madam Chair, Councilmember Adams. So, the tier structure moving forward will change, and in fact, the process has changed moving forward. I can't change the tier structure that was outlined in the contract retrospectively, of course, because we do have a contract with that vendor that we must honor and unfortunately, as Mr. Kessler indicated we ended up right on the cusp of the boundary between these two different pricing tiers. So, the first year of performance which was October 1, 2023, through September 30, 2024, that's the subject of this discussion. For current contract year, I believe we have remediated the issue.

Mr. Kessler said I'll just add to that. I mean we are, if volume remains where it was last year although we are up a bit, I think nearly 10%, but if we do fall into that lower volume as we did last contract year, we will be at that higher rate. However, we'll be looking at that every month, each month. So very possible over the rest of this contract term until the new West Valley contract is in place, we could be in the lower tier some months and we could be in the higher tier some months. And the budget adjustment before us here is really worst case scenario if we were in that higher rate tier for the whole remaining term of the year.

Chair White said I appreciate the clarification. Any additional questions?

Councilmember Pastor said I have some questions. Did I hear correctly we're going to be in the higher rate tier with less paratransit demand or we're in the higher tier and we're having more demand?

Mr. Kessler said so right now for this contract year demand is up, I believe it's in the neighborhood of 10%. So if we maintain that and the vendor provides, because there's overflow providers as well and that's part of this. So if they perform the trips at a high percentage in terms of what they did last year with the demand, we're probably going to be for most months in the higher volume, lower rate tier. And it's really just kind of a month-by-month basis depending on where demand is at.

Ms. Mefford-Miller said if I may Madam Chair. I want to clarify that tier structure is such that as we have a higher demand, we have a lower rate per trip.

Councilmember Pastor said that's what I'm trying to figure out. And so the reason why we have a high rate right now, I'm going to say tier 1, I don't know, is because we have lower demand? I'm trying to understand the issue.

Ms. Mefford-Miller said I'm going to try to answer that. I'm going to invite Mr. Kessler and Mr. Pal to please correct me. So in the past contract year, which ended September 30, 2024, we did have higher demand than the original pricing structure originally anticipated. And when I reference original pricing structure, please do recall that pricing structure was developed a year in advance of the contract beginning as we moved through the procurement process, right. So that would have been in 2022 some time. And our demand exceeded that structure. We fell kind of at the cusp, as Mr. Kessler mentioned, of the level between the two tiers but the contract provider wasn't equipped to provide that higher level of service, thereby some of those trips went to an overflow provider or providers and so the trips were still performed. The good news, I suppose, is that we're not denying the trips and our ADA customers are still receiving that service but some of it had to be performed with an overflow contractor, some of it was performed with a primary contractor who is MTM. As a result, we are paying the overflow contractor and MTM fell into a lower pricing tier. We have executed a change order such that there's a true up at the end of every month. We are working with MTM and they have increased their workforce and fleet availability to reply to the demand that we have at the time and then that's present. And then midterm, we are looking forward to the West Valley contract which is going to shift some the operation of that service off the East Valley contract and take some of the pressure off this particular contractor and market to cover the whole region. Have I answered that?

Mr. Kessler said just one clarification, I think you got one piece a little backwards. So the actual demand for the first contract year was below what was anticipated when the solicitation was drafted a couple years ago and that's basically the demand was higher at that point in time, and I think folks have heard, over some time now a lot of demand has shifted from paratransit to RideChoice, which just looking at that has been a good thing because RideChoice has been a less expensive service. However, that shifting in demand over there to RideChoice away from paratransit brought our actual demand for paratransit down from expected when the contract solicitation was first drafted.

Councilmember Pastor said okay, so am I hearing – I'm trying to get to where Councilmember Adams is requesting so I'm trying to understand the shifts, the moving and the shifting that is happening to then be able to either answer her question or get a solution to her question. And so, what I'm hearing is that there's all these complicated ways of making this happen and we're going to shift here and we're going to shift here and Ride Share and everything else but at the end of the day there was a request and the request was to go back and look at the contract. But what I'm hearing through the explanation is that it will level out at a certain point.

Mr. Kessler said I mean, we should level out within a tier unfortunately it's the higher price tier, but the contract is what it is unless the contractor would agree to changing those tiers and those prices which I highly doubt they would because, you know, they're beholden to their shareholders or the owners or whatever. So I think to fix the tiers is when we re-procure the contract to adjust the pricing scheduled would be the fix for that going forward.

Councilmember Pastor said okay. So then we can't solve the issue?

Ms. Mefford-Miller said when Mr. Kessler references we have leveled it out, we have done what we can do within the current contract which is issue a change order to prevent this retrospective true up of the contract which is triggering this midyear budget adjustment. So we do not anticipate that we will sit in this room one year from now and have a mid-year budget adjustment for the same item.

Councilmember Adams said the contractor basically has no incentive to operate more trips because the higher tier is a price reduction for them. So I just, you know, I guess what I'm saying is we need to do better on how we evaluate these things with the contracts.

Ms. Mefford-Miller said agreed and understood, Councilmember.

Councilmember Adams said thank you. And thank you, Councilmember Pastor for trying to clarify this situation. It just doesn't seem that difficult to me, you know, like if you do less then you get paid more money. That doesn't make sense to me. It's incongruent. So that's why I'm concerned and obviously, we're getting less service and paying more money, so that's what I'm concerned about, and I want that to change in the future contracts. Okay.

Mr. Kessler said yes, we will certainly look to draft a better pricing schedule going forward when we move into future procurement for this contract, for sure.

Councilmember Pastor said and when will that be? Because I thought we just went through an RFP, and I don't know why I think this but. Sorry, Madam Chair.

Ms. Mefford-Miller said thank you, Councilmember. This is a three-year based contract, and we are in the second year of the contract. We are five months into the second year of the contract.

Councilmember Adams said is there anything we can do like to reach out to another vendor, or we're just stuck for the next three years is what you're saying?

Chair White said I think we are only this contract for another year and seven months. Am I correct, Mr. Kessler?

Mr. Kessler said yes, that's correct. Given the structure of the contract and the issues that have arisen, you know, we will go back and evaluate, you know, whether it makes sense to exercise options that are on this contract. And, you know, we'll look at re-procuring it given the timeline where we at, you know, procurement for a contract like this takes about a year from start to finish so we will certainly look to get drafting the appropriate materials for that and working on that expeditiously so that, you know, we do what's in the best interest because I agree that the contract seems to be constructed with incentive for the main provider to deliver fewer trips to stay at a higher rate tier and make a higher profit. And I think that was unintended consequence from how this solicitation and request for proposals was drafted a couple years ago so we will definitely take lessons learned from that and draft a better solicitation going forward.

Chair White said thank you so much, Mr. Kessler, for being able to field all these questions. I appreciate you as well, Ms. Mefford-Miller for being attentive to our concerns. Without additional questions I believe we should be moving to Item number 7.

7. Valley Metro Rail (VMR) Fiscal Year 2025 (FY25) Mid-Year Budget Adjustment

Chair White said Valley Metro Rail (VMR) Fiscal Year 2025 (FY25) Mid-Year Budget Adjustments. Mr. Kessler, I think you're going to drive this one and provide information regarding the budget adjustments for VMR.

Mr. Kessler said Yes. Thank you, Madam Chair, members of the Subcommittee. So going over the midyear budget adjustment for Valley Metro Rail. Sort of conversely to RPTA most of the budget adjustment here is in the capital adjustment.

But I'll first start with the operating. So the changes there really if you recall back around the same time we adopted the budget for the current fiscal year the Board approved providing wage rate adjustments to our fare inspection services security contractor to allow them to attract and retain more staff because they were struggling at the wages that they had at the time to really attract and retain staff and vacancy levels were very high. You know, this strategy has worked. We're last reported about 3 percent vacancy and I know this contract was in the 50 percent vacancy range at one point, so. And this was really about since we didn't have the additional cost of those higher wages built into the budget at the time it was approved and we're coming to you for a midyear adjustment to add about $900,000 to the budget to cover those additional costs for security.

And then just a quick look here's a summary of the sources of funds for the operating budget and the $900,000 increase going forward from this budget adjustment.

Now, and just a recap of our various Valley Metro Rail operating programs there with the increase showing up in the light rail security line item.

And then now getting into the changes for our capital activities for the budget adjustment on the capital side. The Rio East Dobson preliminary engineering work is underway and so I think we've gotten since this budget was adopted initially, we're in a position to move forward with a little more work on this this fiscal year so we needed a little increase. Doesn't impact the overall project budget it's just the timing of when we're able to do the work moving it into this fiscal year.

Similarly, but to a larger extent, South Central. Again, the overall project budget and Tyler mentioned this is his presentation for the South Central project does not change so the overall FTA grant project budget stays the same. This is just an issue of timing. Some costs from last year that had slipped into this year just due to timing of invoicing by vendors and contractors.

And then as Tyler also mentioned moving revenue service ahead from FY26 into FY25 we expect to have more of those capital costs incurred this fiscal year. So we're amending the budgets to add those costs into the current year to have enough appropriation to cover that.

Then Northwest Phase II just some of these project costs to close out the project, some final activities to work towards finalizing and closing out the grant for that particular project.
Tempe Streetcar some additional funds into the current fiscal year. Again, it doesn't affect the overall project budget. It's really just the timing mainly due to the payments, the milestone payments for revenue vehicles as well as the payments for spare parts for those vehicles.

Capital Extension. Again, just more work at this point being expected to happen during this fiscal year then what was planned at the time the FY25 budget was prepared and adopted.
And then on the Gilbert Road Extension, this is timing of the planned milestone payments for revenue vehicles moving that -those costs into the current fiscal year again. That total project budget for the grant not being affected.

And some systemwide improvements and state of good repair items necessitating some additional funds in the current fiscal year. Again, due to timing of a variety of projects able to move some of that work into this year as well as some work that was planned for last year.
Recall we underran the budget, systemwide improvements, the state of good repair some of that

work slipped into this fiscal year that we need to get the additional budget appropriation into the current year.

And then the summary here of the sources of funds primarily member city contributions, PTF funds and then some federal funds.

And then this is just a summary of those uses by project.

And that concludes my presentation. Happy to answer any questions.

Chair White said Any questions from the Committee? I know this will be an action item for our full Board. Correct, Mr. Kessler?

Mr. Kessler said That is correct, Madam Chair.

Chair White said be great if we can bounce around any questions outside of the fact we might have a little bit of heartburn on this. I do know these changes are required for us to have sound operations. Hearing no questions.

We can move to Item number 8. Thank you so much, Mr. Kessler. I appreciate that.

8. Internal Audit Update

Chair White said oh, Item number 8 is Internal Audit Update. Ms. Sebrina Beckstrom, Chief Auditor Officer will provide an update on actions taken in Internal Audit, external reviews, prior audit findings and recommendations. This is for information only. Ms. Beckstrom.

Ms. Beckstrom said thank you, Madam Chair. This last month our auditors continued to work on three audits: the operator fitness for duty audit, Valley Metro employee mileage reimbursement program audit and the IT change management audit.

Those are in full field work so we're moving steady on those.

And we also have 12 recommendations from prior audits that we are tracking. Six of those recommendations will be fulfilled with the implementation of a new procurement manual which is nearing the end of the drafting a review process so those recommendations should be filled in the coming months.

Those are all the updates that I have for today. Are there any questions?

Chair White said yes, you just said nine of the twelve will be remedied with the procurement manual update.

Ms. Beckstrom said six.

Chair White said six. Thank you for the clarification. I misheard. Thank you. Any additional questions?

Councilmember Adams said and it's my understanding there's nine recommendations surpassing their implementation date. It seems that there haven't been any recent updates provided for any of these. Is there anything we can do to ensure AFS recommendations are implemented in a more timely way?

Ms. Beckstrom said thanks for the question, Councilmember Adams, Chair. The majority of the ones that are open and in progress that have a due date that are in the past are recommendations that took a longer period of time to implement due to changes in staff and a the big one was the major overhaul of the procurement manual. And so in lieu of implementing smaller changes for the recommendation to be implemented quicker. The major overhaul of the manual took longer but it was a better implementation. So that's why those took longer.

The others we do have some difficulty sometimes with coordination with the recommendations being implemented so we need to work on getting those responses back in a timely manner.

Councilmember Adams said thank you very much. If we can do that that would be helpful.

Chair White said thank you, Councilmember Adams. Anybody else have any concerns, questions? Thank you so much, Ms. Beckstrom, for this internal audit update.

Without any additional questions, we will move to Item number 9.

9. <u>Intergovernmental Agreements, contract Change Orders, Amendments, and Awards</u>

Chair White said the Intergovernmental Agreements, Contract Change Orders, Amendments, and Awards will appear on the Board agendas. This is provided now for information only. If any of our committee members have questions, please reach out to Valley Metro staff. For those who are on-site I believe they are in the room with you. Otherwise, we can come back together as a board and have a full discussion on these items when we meet in two weeks.

10. Report on Current Events and Suggested Future Agenda Items

Chair White said we can move now to Item number 10 Report on Current Events and Suggested Future Agenda Items. This is a time for any of the members on the meeting to report on current event and request suggested future agenda items for consideration.

I'd like to open up the floor for anybody to make those requests now or share information.

Hearing and seeing none in the room I will go ahead and share our next meeting is scheduled for the Audit and Finance Subcommittee on Thursday, March 6 at noon.

The next meeting of the AFS is scheduled for Thursday, March 6, 2025, at 12:00 p.m.

Without further discussion, the meeting was adjourned at 1:00 p.m.

Meeting Minutes

February 13, 2025 **AGENDA ITEM 4A**

Joint Boards of Directors
Thursday, January 23, 2025
Lake Powell Conference Room/Webex
101 N. 1st Avenue, 10th Floor
11:15 a.m.

RPTA Meeting Participants
Councilmember O.D. Harris, City of Chandler – **Chair** (phone)
Councilmember Jennifer Adams, City of Tempe **– Vice Chair** (phone)
Councilmember Max White, City of Avondale - Treasurer
Vice Mayor Clay Goodman, City of Buckeye (phone)
Councilmember Monica Dorcey, City of El Mirage (phone)
Councilmember Peggy McMahon, Town of Fountain Hills (phone)
Vice Mayor Lauren Tolmachoff, City of Glendale
Vice Mayor Wally Campbell, City of Goodyear
Councilmember Francisco Heredia, City of Mesa (phone)
Councilmember Jon Edwards, City of Peoria
Councilmember Laura Pastor, City of Phoenix
Councilmember Bryan McClure, Town of Queen Creek (phone)
Councilmember Earle Greenberg, City of Surprise
Councilmember Jennifer Adams, City of Tempe (phone)
Mayor BG Bratcher, Town of Wickenburg (phone)

Members Not Present
Town of Gilbert (not represented)
Supervisor Steve Gallardo, Maricopa County
Councilmember Kathy Littlefield, City of Scottsdale
Vice Mayor Jimmy Davis, City of Tolleson
Mayor Michael LeVault, Town of Youngtown

Valley Metro Rail Participants
Vice Mayor Francisco Heredia, City of Mesa – **Chair** (phone)
Councilmember Laura Pastor, City of Phoenix – **Vice Chair**
Councilmember O.D. Harris, City of Chandler (phone)
Councilmember Jennifer Adams, City of Tempe (phone)

The Chair called the meeting to order at 11:28 a.m.

Chair White said good morning. My name is Councilmember Max White. I serve as the treasurer of Valley Metro. In the absence of our chair Councilmember OD Harris and our Vice Chair Jennifer Adams, they are online but, they would like us to conduct the operations of the meeting in person, so I will go ahead and convene the meeting and welcome members to the January meeting of Valley Metro Joint Boards, Valley Metro Rail.

I would like to also welcome our new board members. The City of Goodyear Councilmember Wally Campbell, Maricopa Supervisor Steve Gallardo. He's not here with us. He's probably en route. We also have Town of Queen Creek Councilmember Bryan McClure, City of Surprise Councilmember Earle Greenberg and Town of Wickenburg Mayor BG Bratcher. Welcome to Valley Metro. We look forward to working with you together to improve public transit across the region.

Pat, we are ready for our roll call.

Ms. Dillon said good morning, everyone.

City of Avondale, Councilmember Maxine White? Present.
City of Buckeye, Vice Mayor Clay Goodman? Present.
City of Chandler, Vice Mayor OD Harris? I believe he's trying to join via Webex.
City of El Mirage, Councilmember Monica Dorsey? I'm here. Town of Fountain Hills, Councilmember Peggy McMahon? Here.
Ms. Dillon said the Town of Gilbert is not represented today as they are selecting a new representative for the board.
City of Glendale, Vice Mayor Lauren Tolmachoff? Here.
City of Goodyear, Vice Mayor Wally Campbell? Here.
Maricopa County Supervisor, Steve Gallardo?
City of Mesa, Councilmember Francisco Heredia? Here.
City of Peoria, Councilmember Jon Edwards?
City of Phoenix, Councilmember Laura Pastor? Here.
Town of Queen Creek, Councilmember Bryan McClure? Here.
City of Scottsdale, Councilmember Kathy Littlefield?
City of Surprise, Councilmember Earle Greenberg? Here.
City of Tempe, Councilmember Jennifer Adams? Here.
City of Tolleson, Councilmember Jimmy Davis?
Town of Wickenburg, Mayor Bratcher?

Ms. Dillon said Chair, we are ready to proceed.

Chair White said thank you so much, Pat.

If a committee member would like to ask a question online or make a comment, please make sure you type that into the box or raise a hand. We'll take a look. Pat's monitoring that for us and we will be able to read that and answer if you're unable to do so. All attendees and those of us at the dais please remember to mute your microphone when you are not speaking.

1. Public Comment

Chair White said we're moving to Item number 1 Public Comment.

The public will be provided with an opportunity at this time to address the Committees on non-agenda items and all action agenda items for the Joint RPTA and Valley Metro meeting agendas. Up to three minutes will be provided per speaker unless the Chair allows more at their discretion. A total of 15 minutes for all speakers will be provided.

Pat, do we have any public comment?

Ms. Dillon said yes, Chair. Mr. Hinz. You can approach the podium for public comment.

Chair White said welcome. Thank you.

Mr. Hinz said Madam Chair, members of the Board, good morning. It wasn't till I got my flyer with my water bill that I found out that there was going to be a change in the fares system for the public transit. So I wrote a letter to your CEO on May 20th expressing concerns. It wasn't till after I attended the November -- excuse me, September meeting here and addressed the Board that I got an answer. I found that the letter I got didn't address my concern, so I sent a follow-up letter on October 9th. I still have not received an answer to that letter.

It wasn't till that meeting that I found out that senior citizens getting a reduced fare have to actually register to get the reduced fares which disturbs me greatly. When I completed my active duty in the United States Navy and transferred to the Reserves, I was assigned to Naval Security Group 11-8. At the same time, I enrolled in Phoenix College and as part of one of my courses I read George Orwell's 1984. I am very concerned that in order to continue to use the senior fare I'm going to have all my activities tracked by the card I'm going to have to use. I doubt there is many of you that have not received a notice from some company or other that there has been a data breach and your information is taken by somebody.

I urge you to figure out some way that senior citizens continue to get the reduced fare and remain anonymous. The concerns I expressed in my initial letter because of what I experienced with Los Angeles' Metropolitan Transit Authority. They also allow people to register as senior citizens but it's not a requirement. I can travel in Los Angeles anywhere one way for 75 cents, 35 cents off hours and remain anonymous. I urge this Board to figure out some way that senior citizens don't have to sell their soul in order to be eligible to the reduced fare. Thank you very much.

Chair White said thank you for your commentary. Pat, do we have any additional comments?

Ms. Dillon said yes, Chair. Mr. Blue Crowley today.

Chair White said Mr. Crowley. Morning.

Mr. Crowley said thank you, ma'am. It's going backwards.

I have here your agenda and I love that in the transit part of it you have the plan and it says here request current events and suggest future agenda items. That's your plan. I'm hoping that you look back at what we left you and redo all the parts that were dropped rather than deleted and -- or deleted instead of delayed and get some of this back to what it should have been with the plan from the 80's.

But going to your Item 6 on the Joint and the subject is planning support on call contracts, et cetera, et cetera. And I'm looking at the numbers and I'm looking at all the things that it's doing and I'm going and you're going to spend $21 million on this and where are you getting the funds? Because none of those funds for the rail projects can come out of the Prop of, what is it, 489. Because the only monies you have from them are for maintenance and its only 3 percent of the totality. But as we both know the MAG plan is what, oh yeah, you guys coming up with future agenda items.

But as I said, when I'm looking at it and then I see what it is that it's going to be doing planning support, et cetera, et cetera and all these rail projects. And I'm going well, you guys have to pay for that through the cities. You can't use any of these funds, so I don't see where you're doing that here. All I see if blank checks and open numbers and $21 million and it's for planning and that for rail projects. Well, most of that is rail so ya'll need to bifurcate the agencies so that the funds aren't being convoluted and you're not stealing from the buses. The rail has done all the 26 years that it's been going on because how many times did I come up here and say, why isn't this being done and it was because they had been dropped. But did you keep on adding more and more of the transit money to the rail, sure did and look what we ended up with.

So if you could when you come to Item 5 on the dual could somebody say, hey, let's make sure that the funds paying for this are done correctly. Because you can't convolute both of the agencies now with those funds.

And with that, I'll give you five seconds of your lives back. Have a pleasant.

Chair White said thank you. Pat, any additional public comment?

Ms. Dillon said no, Chair.

2. <u>Chief Executive Officer's Report</u>

Chair White said we will move on to Item number 2 Chief Executive Officer's Report. Jessica Mefford-Miller will be providing us this update. Good morning, Jessica.

Ms. Mefford-Miller said good morning, thank you, Madam Chair. Good morning and welcome to all members of the Board new and returning. Special welcome to Councilmember Greenberg, Vice Mayor Campbell and Councilmember McClure who is joining us virtually this morning. I'm

Jessica Mefford-Miller. I'm our CEO here at Valley Metro. It has been my pleasure with the leadership of this Board to lead Valley Metro since April of 2022.

At the top of every meeting, I provide the Board with a brief information update on goings on at Valley Metro that don't otherwise appear on the agenda for information or action today. These items are informational and I'm always happy to share any update specific to member communities if you'd like to ping me and make that request.

So my first update I want to share progress on a forthcoming project in the West Valley. West Valley, as all of you know is a fast-growing community. Today, we deliver service including fixed route bus, commuter express service, paratransit, Ride Choice and several of our West Valley member communities also deliver microtransit service.

Today, we're operating services outside of microtransit which has been contracted through the cities at the moment but we're operating that through a leased facility through our contractor. That's National Express. We are also soon to begin a procurement process for the next phase of operations and maintenance of all of our on-street services for West Valley. And when I say on-street services I mean that commuter service, local service and paratransit and eventually microtransit services. We need a home for this service and to that end we've been having conversations for a number of years about a West Valley operations and maintenance facility.

Throughout planning and support service on-call contract we have issued a task order to STV. They are working as an extension of Valley Metro team to conduct a feasibility study for this West Valley Operations and Maintenance facility. It consists of four discrete phases. The first was service level evaluation and we did work with our West Valley member communities to access how much service we think will be delivered in the West Valley market in the foreseeable future across of those different modes. And then from that we conduct an exercise called facility programming, so how many vehicles, what type of vehicles, what size are they going to be, what footprint does that require for us to maintain those vehicles, dispatch them and the workforce that supports them. And that is now complete.

The step that we're taking now is the site selection analysis, so we're looking at a wide array of potentially available parcels that would support the footprint that would be required. The next step is conceptual design in which we'll begin with a site agnostic conceptual design of an operating facility and then provide conceptual design for three different sites that are to be emergent from that process. And the purpose of this exercise is to give us a solid cost estimate, a location feasibility assessment because location matters whatever business you're in but we want to get that location as close as possible to the core of our market so that we minimize the amount of time those vehicles have to travel into and out of service to their ultimate routing destination.

And we do this to come up with this cost and conceptual design that's going to position us to compete for funding for the design and construction of this facility. There are a number of funding opportunities including federal transit administration's bus and bus facilities funding program as well as other competitive and formula funds that we can potential avail ourselves of with this design and plan. And all of those programs require a local match, and federal participation typically varies for projects like this of 80 percent to 50 percent. Obviously, we are going to seek the maximum federal participation to bring this facility home. It is too soon for me to provide you with an estimate of when we might be able to construct it as it is contingent on funding.

As we move through milestones, we'll continue to keep this Board and, of course, our member community staff updated.

Well, Happy New Year and it was a very Merry Christmas over the holidays for Valley Metro. For several years we have hosted the Mesa Santa Express. We hosted Santa Express over a three-day period December 13th through 15th and we had over 2,000 members of our community arrive. Many of them received their first light rail ride. This is totally free experience, and I commend the Valley Metro staff who volunteer their time over the course of that weekend along with our partners within the City of Mesa to have a wonderful time. It is my hope that with the opening of the South Central Extension later this year we will also have a very merry holiday season at our new southern terminus at Central and Baseline. Think holiday 2025.

Councilmember Pastor. We look forward to that.

We also rang in the New Year for the 10th year in a row with the Coors Light Free Rides on New Year's Eve. We experienced 66 percent more rides on New Year's Eve this year than we did last year. Through this partnership which also exists in a number of other cities in the United States Molson Coors pays the fare for transit customers accessing the system. We're grateful for that partnership and another wonderful opportunity to introduce occasional riders to the Valley Metro system.

We're continuing to update the Board on our Fare Collection Modernization program. I am pleased to share that we have made tremendous progress since our last update in the month of December. We began rolling out the new fare media at the end of October and right now we're carrying about 60,000 boardings per weekday. That's about half of our regular weekday boardings on bus and light rail using smart card programs including Copper cards, any of our fare passes that we have with select institutions as well as the Valley Metro mobile application. We have sold or distributed over 16,000 Copper cards and 50,000 have been relocated through our third-party retail partners. This is a really important part of our distribution network. Circle K is our biggest retail partner. We work with Albertson's, Safeway, Food City, Bashas', CVS and Walgreens. These cards can also be reloaded online or at ticket vending machines at our light rail stations. But remember most of our customers, 75 percent every day, are beginning their trip with Valley Metro at a bus stop. And so it's important that within their neighborhood they're able to reload the card and without internet access.

We have put 111 fare vending machines into service. Along our light rail corridor, we're also installing those fare vending machines on the South Central Extension.

We are continuing to work on our plans for continued education and long-term outreach. You heard from Mr. Hinz this morning regarding our senior fare. We are for the first time requiring registration for individuals to obtain reduced fare. Prior to this anybody regardless of their age or ability could choose to purchase a reduced fare at their discretion. It made it really difficult for us to enforce our fare policy.

Looking south I am pleased to provide an update, and we are moving very fast on the South Central Extension and Downtown Hub. Valley Metro Rail board has a couple of items on South Central on the agenda today. We are over 95 percent complete. We remain on track to open the project in mid-2025.

In the photos here show art along the corridor. We worked closely with the City of Phoenix and with our business and retail partners on South Central to complete milestones including paving work and signage by December 15th so that they could welcome their patrons back to the South Central corridor for shopping, dining and community festivities in the holiday season. So you see holiday decorations that were installed by City of Phoenix.

On the right that is an aerial photo of our Central and Baseline station. This is our new terminal station in the south where we also have a Park and Ride lot at that location. This will also be a substation for Valley Metro security.

Recent milestones. I mentioned the reduction of barricades. So prior to that mid-December date we still had a whole lot of orange barricades on the South Central corridor. It really looks and feels like a real corridor to date. It's not quite there though. We have largely transitioned to electrical work in the corridor. We have very active testing. We had a testing program out on the system today. Our staff just wrapped up. You see Adrian Reese, our Director of Safety and Security, just came in from the field to join us this morning. And next week we're celebrating a big milestone on January 29th. We are going to operate our first train over the Salt River Bridge into the South Central portion of the corridor. So it's a big deal and we look forward to that.

We have also installed artwork at every station. We're continuing to install art pieces on our wind screens and our traction power substations but because art is such an important part of all of our construction programs, and I think the artwork in this corridor is especially evocative of the spirit of this community. I want to highlight the artwork on the left. That is Resilient Light. That is by artist Isaac Caruso and that's at our Sherman signal building. This recently made the news so you might have seen it. It's a beautiful piece. And on the right, we have artwork at Central and Baseline. This sculpture is The Mother of the Water, and our artist is Zarco Guerrero. So we'll be featuring more art in the months and weeks leading up to the opening. Our pre-revenue operations this is when we actually start to run test trains, so it really does look and operate like an open rail alignment just without the customers that begins between downtown and Sherman Loop in the month of March.

Though it opened in January of last year, it's hard to believe almost a year's past since we opened Northwest Extension Phase II, we continue to receive awards for this fantastic project.

We had to use a small font here because Northwest II has received so many awards, but I want to call out a couple in particular. Earlier this fall this project won the Engineering News Record project of the year for the southwest region. It's a big deal. We won in several categories but ultimately swept the big award. And do that means this project will compete in the spring for project of the year. It's one of 20 finalists in the United States for Engineering News Record project of the year. So I commend the team that delivered that, the Valley Metro team, our designers Jacobs and our contractor, it was a joint venture between Kiewit and McCarthy Construction. Well done.

That concludes the updates I wanted to share with you. Just looking ahead we'll be back in this boardroom on February 20th. We will have a busy agenda on that day. I think one of the items of note that I want to call out in particular two items. We will have midyear budget adjustments for Regional Public Transportation Authority and Valley Metro Rail, and we will also come to the full board seeking award for a new contract for fare inspection and security services.

Then in March we are hoping to conduct a Joint Board meeting. The board meeting based on anticipated agenda we expect to be relatively brief. We'd also like to use that opportunity to come together as a board in a retreat fashion, so we'll have a number of study sessions focused agenda topics. If you have an item that you would like to discuss at the March 20th board retreat, please share that with Pat Dillon or with me so that we can consider that when we're working with the chair and board members to curate that agenda. We look forward to the retreat. I think it's a wonderful and important time for us to come together and get your direction on the year ahead.

That concludes my update, Madam Chair.

Chair White said thank you so much for the wonderful report and all the hard work that you've done, Jessica. Do we have any questions for our CEO Ms. Mefford-Miller?

Councilmember Pastor said I do. It's exciting to hear about the South Central light rail. And I guess what I want to ask is when is opening day because there in the community is many different speculations.

Ms. Mefford-Miller said we don't have an opening date set yet. We typically don't set that date until we are about 45 days out. The opening, the end of construction and our target date internally is in late May of 2025. And then the opening date the scheduling becomes more centered around calendars and schedules for all of our many partners who would be coming to that celebration.

Councilmember Pastor said so let me rephrase my question. When is the completion of the South Central light rail?

Ms. Mefford-Miller said our current contracted completion date is May 30th, 2025.

Councilmember Pastor said so from May 30th, 2025 then it's 45 days from there that possibly could be an opening date?

Ms. Mefford-Miller said no, we wouldn't be able to open it before that time. So that's the target that our contractors Kiewit, also our teams who are conducting all of our pre-revenue operations and testing. So it will be very close to that date. About a month and a half out we'll land on the exact day, and it is a Friday, is a Saturday, things like that.

Councilmember Pastor said so let me for the record is it anticipated to be completed May 30th?

Ms. Mefford-Miller said it is.

Councilmember Pastor said so are you saying from May 30th you go backwards to 45 days or you go forward to 45?

Ms. Mefford-Miller said it would be pretty close to May 30th.

Councilmember Pastor said so the anticipated date, I'm just trying to get it for the community because it was supposed to be February, it's supposed to be May, it's supposed to be now thinking August. I want to land, and I want to be able to those that are in completing this project understand that that's a hard date.

Ms. Mefford-Miller said so all of those completing the project and the teams who are involved in testing understand very well this is a hard and fast date. The celebration, again, becomes more a matter of the festivity planning and dignitary visits then the actual construction or completion. So we wouldn't be able to pull a celebration back and actually open for revenue service into early April, for instance. We won't be ready, and the testing won't be complete. Likewise, we don't want to complete and then have that linger. And obviously we're pushing into the summer months once we get to May 30th. So it's going to be right around that time.

Councilmember Pastor said and then my second question is I have heard from community of several issues that they're having with regarding the light rail. Have those questions been answered? Or has it been resolved? Because my understanding that they have requested certain things, and they were answered but I want to.

Ms. Mefford-Miller said so to my knowledge all of the inquiries, questions we've received as well as all the complaints and negative impacts we've received had been addressed. We do also through the construction advisory board, and we have one that just wrapped up for the northern portion of the corridor, the southern portion of the corridor construction advisory board is continuing through at least April and then we'd like to replace it in a different forum. But in that meeting we review all of the concerns and complaints that have come in, their resolution and the resolution time. So we do that on an ongoing basis so to answer your question have we resolved and answers, the answer is yes.

Councilmember Pastor said I just know several of the members on that committee are part of some of these concerns.

Ms. Mefford-Miller said they are. And we received a couple of fairly detailed letters, and we have responded to those in kind addressing each of the concerns.

Councilmember Adams said I have a question. This is Jennifer Adams.

Chair White said go ahead, Councilmember Adams.

Councilmember Adams said yes. I just, you know, was reading about, you know, the businesses along the south side and, Laura, I'm not trying to get into your lane. I'm trying to help your lane go forward.

Councilmember Adams said just that they were, you know, going out of business. There's a long-time Western store that's going out of business because he's lost so much business. Aren't we helping those businesses with financial aid? Because I know we did that with light rail in Tempe. So I'm just wondering how we can help those businesses out.

Ms. Mefford-Miller said thank you for your question, Councilmember Adams. Hillary Foose, our Director of Communications and Strategic Initiatives is coming to the podium, and she can address the Small Business Assistance program that we are delighted to administer on behalf of the City of Phoenix. City of Phoenix is actually the funding entity for the Small Business Assistance program. Hillary.

Ms. Foose said thank you. Madam Chair, members of the Board, Councilmember Adams, thank you for the question and the opportunity to talk about it. The answer is yes. For the first time ever Valley Metro and the City of Phoenix embarked on what we call the Small Business Financial Assistance program. It's been in existence for five years basically across the primary years of construction of this project.

There are two tiers of funding based on the application process and also based on the funding. Both funding sources come from the City of Phoenix. We have a Tier 1 available to business that gives them $4500 a year and then we also have Tier 2 that's up to $9,000 also available to business each year.

The eligibility really focuses on supporting those small, micro, locally owned businesses adjacent to the construction corridor where their foot traffic, patron traffic has been impacted by our construction project.

And that program we just opened year five of that funding program in January and to hopefully deplete and use and provide to the businesses all of the available funding.

Councilmember Adams said well, I guess I would direct my second question then to Laura. Laura, how do you feel it's going down there?

Councilmember Pastor said I would say it's been a struggle. It's been a struggle. This whole construction's been a struggle. It's been under COVID. Businesses have been hit by COVID, and construction and it's been challenging. And so we will hear from businesses. Businesses are leaving due to the situation that we're in, so. But the business assistance piece does help. It's just not a long-term solution, really a short-term solution of impact, so. But I think that's probably what we as a board have to realize if we do these big projects what the impact is on a community, a positive and negative and what is best for the greater good. So I think that's where we probably really have to look at in the future these type of impacts on small businesses and how we need to bring stronger business capacity for those areas and really probably preparing earlier in advance those businesses as they live through the impact that they're having, facing.

Councilmember Adams said thank you very much. I appreciate it.

Councilmember Pastor said I have one more. We heard a testimony at a call to the public. I would just like somebody to address those concerns and be able to assist in the senior piece and the documentation piece. Thank you.

Ms. Mefford-Miller said thank you. Mr. Dane Ryals, our manager of Fare Programs is here to speak with Mr. Hinz.

Chair White said I think to tag onto that I do understand the integrity of the process. I, you know, might have grey hair but not yet be eligible for senior but think the grey hair brings me to that senior pricing. So I understand the reason for the request and I appreciate us being able to support our seniors in every way possible, so thank you very much.

3. <u>Audit and Finance Subcommittee Update</u>

Chair White said without further questions we will move on to Item number 3 Audit and Finance Subcommittee Update.

The Audit and Finance Subcommittee met on Thursday, January 9th. We received an update from our Chief Financial Officer, Mr. Kessler. We also had FY25 first quarter budget review presented to us by Mr. Olson. These were for information.

We took action on our minutes. We also went into Executive Session to review the cyber training audit information.

We then had a report from our Internal Audit Chair. We took action on the audits that we received from Ms. Beckstrom, and we also took action on our travel expense and reimbursement audit results.

If there are any questions about Internal Audit or any concerns in regard to our finance and budget, those staff members are on site today.

Our next meeting of the Audit and Finance Subcommittee will be on Thursday, February 6th at noon.

Are there any questions for me? Thank you very much.

4. <u>Consent Agenda</u>

Chair White said so we will now move to Item number 4 Consent Agenda. The Consent Agenda is presented for action. Please take a look at the Consent Agenda. Are there any items that need to be removed from the Consent Agenda? Seeing none. I will entertain a motion.

Motion by Vice Mayor Tolmachoff, second by Councilmember Edwards.

All those in favor, aye. Any opposition, nay. The motion carries.

IT WAS MOVED BY VICE MAYOR TOLMACHOF, SECONDED BY COUNCILMEMBER EDWARDS, AND UNANIMOUSLY CARRIED TO APPROVE THE CONSENT AGENDA ITEMS 4A AND 4B.

5. <u>Planning Support Services (PSS) On-call Contract Extensions</u>

Chair White said moving to agenda Item number 5 Planning Support Services (PSS) On-call Contract Extensions. I'll turn this back over to our CEO Ms. Mefford-Miller to present this item.

Ms. Mefford-Miller said thank you, Madam Chair. I'd like to invite Trevor Collon, our Chief of Capital Development, to the podium to briefly review and introduce this item to you.

As a matter of background, the planning and support services on-call contract is a mechanism that we use to deliver mostly planning and design work. Also, professional services work. The West Valley facility feasibility study that I mentioned earlier is being conducted through this contract mechanism. We are here today to discuss exercising the option years included in the original contract with the ten qualifying firms.

I will also tell you that use of on-call contracts is an item that will be discussed at our forthcoming March study session as requested by our chairs. Mr. Collon.

Mr. Collon said thank you, Jessica. Madam Chair, members of the Board. The item before you is to exercise two one-year options through the planning support services contract. As Jessica mentioned, there are ten firms. They are listed here. We started this contract after board award in July of 2022. The three-year base term comes to an end at the end of this coming June, June 30th, 2025.

And based on the performance and based on the efforts that we have going with the firms on this on-call the recommendation is to exercise the last two one-year options. It's presented before the Joint Boards of Directors. Also, as Jessica mentioned, we support both rail and projects with these on-call contracts. In addition to the West Valley bus and paratransit these contracts have been key in supporting our zero-emission fleet strategy and other projects. Of course, they do support large capacity light rail and streetcar extensions as well.

In addition to exercising the two one-year options we are also requesting additional expenditure authority to cover the efforts over those two years. The numbers in support of that are shown here. I won't go through all of them, but we basically look at our existing expenditures and we project. We did deduct what we anticipate to have in existing authority remaining by the end of June and added that deduction into our projection. So we are requesting an additional $21 million in expenditure authority for a total overall contract authority of $51 million.

Happy to take any questions, Madam Chair.

Chair White said point of order. Do we have to have a motion on the floor before we have discussion.

Mr. Wawro said you can take questions, but you should call for a discussion once the motion is also, so you can do it once or twice.

Chair White said are there any questions? Any questions online from our participants?
I do have a question. I know this is going to kind of run into the time frame where those West Valley cities that are using WeRIDE we welcomed to Peoria this month we're going to have to look at a business plan to hopefully transition from managing it in the cities to Valley Metro. Will that contractor be one of these here that what we're going to be able to use these contractors for help us to get that business plan prepared?

Ms. Mefford-Miller said thank you, Councilmember. We actually have a draft scope of work for that business plan. We've been working closely with our member communities. Much of the work, for that particular effort, would be completed in house by Valley Metro. We would also likely engage planning support and that would come through this contract.

So in addition to design services, we are also leveraging this contract for planning services. We are using right now, for example, to assist in development of bus circulation planning in advance of opening the Downtown Hub here in Phoenix which comes after opening of South Central Extension.

We also use this contract for vehicle -- actually, now wait. That was a competitive procurement. But we do use it for smaller planning services that we need to bring in-house support.

The signature authority that I have is too low to typically cover these and these on-call contracts help fill in that resource need.

Chair White said any additional questions? With no additional questions, I'll request a motion.

Motion by Vice Mayor Tolmachoff, second by Councilmember Pastor.

Any additional discussion? Seeing none.

All those in favor, aye. Any opposition, nay. The motion carries.

IT WAS MOVED BY VICE MAYOR TOLMACHOFF, SECONDED BY COUNCILMEMBER PASTOR, AND UNANIMOUSLY CARRIED TO AUTHORIZE THE CHIEF EXECUTIVE OFFICER TO EXECUTE THE TWO, ONE-YEAR OPTIONS WITH THE CURRENT PSS ON-CALL FIRMS (10 FIRMS) FOR ON-CALL CONSULTANT SERVICES FOR ADDITIONAL CONTRACT AUTHOIRTY IN AN AMOUNT NOT TO EXCEED $21 MILLION THROUGH JUNE 2027, FOR A TOTAL CONTRACT AUTHORITY AMOUNT OF $51 MILLION.

6. <u>Travel and Expenditures</u>

Chair White said moving to Item number 6 Travel Expenditures. This information was presented in our meeting packets. Hopefully, we've all had the opportunity to review it in detail. If there are any questions from the committee, please reach out to Valley Metro staff and they will be able to follow up with you directly. This item is presented for information only.

7. <u>Report on Current Events and Suggested Future Agenda Items</u>

Chair White said moving now to Item number 7 Report on Current Events and Suggested Future Agenda Items. I'd like to turn to our members who are online first to see if there are any current events or future agenda items you'd like to suggest for the Joint Board? Inside here on the dais. Seeing none.

8. <u>Next Meeting</u>

The next meeting of the Joint Boards is scheduled for Thursday, February 20, 2025, at 11:15 a.m.

Without further discussion, the meeting was adjourned at 12:09 p.m.

Executive Summary

DATE
February 13, 2025

AGENDA ITEM 4B

SUBJECT
2025-2026 Valley Metro Federal Public Transportation Agenda

COST AND BUDGET
None

RECOMMENDATION
Staff recommends that the Board of Directors approve the 2025-2026 Federal Public Transportation Agenda.

STRATEGIC PLAN ALIGNMENT
This item relates to the following goals and strategies in the Five-Year Strategic Plan,

- Goal 5: Deliver on Stakeholder Collaboration
  - Initiative 5.1: Incorporate member agency and stakeholder input into action plans to build the future regional transit system.
- Goal 7: Board Governance
  - Initiative 7.4: Emphasize shared duties, responsibilities and facilitate work across regional bodies (e.g., RPTA, member cities, MAG) to be effective advocates for transit and mobility solutions across the Valley.
- Goal 9: Financial Sustainability
  - Initiative 9.3: Maximize revenue generation, including advertising, farebox recovery, and discretionary/competitive grant opportunities.

COMMITTEE PROCESS
RTAG: January 21, 2025, for information
Intergovs: January 27, 2025, for information
TMC/RMC: February 5, 2025, approved
Boards of Directors: February 20, 2025, for action

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ATTACHMENT
2025-2026 Valley Metro Federal Public Transportation Agenda

Background Information

To meet strategic funding objectives, each year staff works with its federal consultants to review and update Valley Metro's federal public transportation legislative agenda.

The purpose of the federal transportation agenda is to support Valley Metro's statutory role and responsibility as the regional public transportation authority for Maricopa County, to administer and implement regional programs and to guide responses to legislative and administrative policy proposals at the federal level. It is also to provide information to member cities, regional stakeholders and bring attention to the importance of federal funding, grants and other transit investments to the Phoenix metropolitan region.

This includes the development of public transit priorities and goals, critical strategy, guidance and coordination in securing discretionary grants from federal agencies including but not limited to U.S. Department of Transportation (USDOT) and the Federal Transit Administration (FTA), for the Buses and Bus Facilities (BBF) discretionary grant, Rebuilding American Infrastructure with Sustainability and Equity (RAISE) transportation grant, Low or No Emission (Low-No) Vehicle & Infrastructure program, Capital Investment Grants (CIG), Integrated Mobility Innovation, Transit Oriented Development (TOD) and other competitive grant programs as they become available across federal agencies and in the maximum amount possible.

Staff has developed the attached federal agenda for 2025-2026 with goals to:

- Encourage Congress to support annual budget and appropriations bills that fully fund authorized amounts for public transportation in the Infrastructure Investment and Jobs Act (IIJA);
- Enhance federal funding opportunities through competitive grant programs including but not limited to the Buses and Bus Facilities (BBF), Low or No Emission (Low-No) Vehicle & Infrastructure program, Integrated Mobility Innovation, Transit Oriented Development (TOD) grant programs, in addition to congressionally directed community project funding (earmarks);
- Maintain authorized funding levels for the Capital Investment Grant (CIG) program and increase the federal share of project funding to continue funding rail projects in the future that include the State Capitol and I-10 West Extensions, West Phoenix and the Rio-East Dobson Streetcar Extension; and
- Encourage Congress to support transit funding, specifically federal funding flexibility for inflationary costs, supply chain impacts (e.g. vehicle and rolling stock), workforce development and new technologies to enhance mobility and increase ridership throughout the region.

The final vote counts resulted in a 220 to 215 split between Republicans and Democrats, respectively. For the first few months of Congress, the House will be 217-215 due to vacancies created by Executive branch appointments. In the Senate, the split will be 53 to 47, with Republicans in the majority, including 12 new Senators across both parties.

President Trump announced the nomination of former Congressman Sean Duffy as the next Secretary of Transportation. It is anticipated that the Trump Administration will submit its FY 2026 Budget later to Congress, providing the new Administration additional time to sort out what was done by the previous Administration and what should be addressed to meet the Trump Administration's transportation policy and funding priorities. There is a strong business case for transportation and transit priorities. The incoming Administration’s desire for regulatory reform is an area where transportation and transit systems can both focus on and benefit from. Expediting grant processes and streamlining waivers are places where some relief would be welcomed.

Valley Metro staff and contract lobbyists will continue to monitor developments, continually engage Arizona’s congressional delegation and industry associations (e.g., APTA, Bus Coalition) to advocate and advance our region’s federal funding and policy priorities.

2025-2026 Federal Public Transportation Agenda

Valley Metro is the Regional Public Transportation Authority (RPTA) established for Maricopa County and is the statutory recipient of transportation excise tax revenues (Proposition 400 & 479) allocated to the Public Transportation Fund (PTF) for implementation of the public transit element of the Regional Transportation Plan. Valley Metro's regional transit system is recognized as very efficient when compared to our peers[1] and is committed to continuing to provide high-quality and productive transit service across the Valley for the foreseeable future.

Valley Metro's mission to "Connect Communities and Enhance Lives" has never been more important. Last year alone, residents and visitors counted on Valley Metro to get to work, school, appointments, and recreation with more than 34 million trips taken. Nearly 590,000 jobs are located within a half-mile of the frequent service network and our regional system continues to be a critical mode of transportation for the Valley's essential workforce.

Valley Metro has also been keeping pace with large public and private sector investments along its light rail corridor totaling over $17 billion. With 60 percent of GHG emissions coming from personal passenger vehicles in the Valley, public transportation will become increasingly important in addressing air quality conformity. Like most transit agencies across the country, Valley Metro will continue to be challenged to address changing ridership demand and it is critical that federal funding opportunities continue at adequate levels and offer maximum flexibility.

Valley Metro is committed to working closely with the Arizona Congressional Delegation and the U.S. Department of Transportation (USDOT) to continue advancing the public transit program in the Valley. The availability of continued local funding is essential to allow access to billions of dollars in federal funding needed over the next five years.

The Valley Metro Board of Directors encourages Congress to:

Ensure annual budget and appropriations bills fully fund authorized amounts in the Infrastructure Investment and Jobs Act.

- The Infrastructure Investment and Jobs Act provides increased funding levels and improvements to existing programs creating new discretionary and formula grant programs for public transit systems. Pending legislation may provide further funding opportunities to advance capital projects. Valley Metro will ensure the region is well versed in these new opportunities to advance priority projects.

[1] In 2021, the Arizona Auditor General found that: a) both bus and rail outperformed peers in several operational metrics; b) Valley Metro performed at a lower cost than peer averages; and c) light rail performance was more efficient than others.

Congress is expected to begin hearings in anticipation of the expiration of the current surface transportation program on September 30, 2026. Valley Metro will seek to inform and educate members of Congress as to the public transportation priorities of the community.

Enhance federal funding opportunities.
The region will seek federal grant opportunities, including but not limited to the Buses and Bus Facilities (BBF) discretionary grant, Rebuilding American Infrastructure with Sustainability and Equity (RAISE) transportation grant, Low or No Emission (Low-No) Vehicle & Infrastructure program, Capital Investment Grants (CIG), Integrated Mobility Innovation, Transit Oriented Development (TOD) and other competitive grant programs as they become available.

- **Buses and Bus Facilities – West Valley Transit and Paratransit Facilities and East Valley Facility enhancements** are envisioned for the future. Development of these routes and facilities will rely on the Bus and Bus Facilities discretionary grant program. Valley Metro also supports additional funding through the annual Congressional appropriations process for this formula program and for congressionally directed community project funding (earmarks).

- **Low or No Emissions Vehicle and Infrastructure Program/Bus Fleet Transition Plan**
  Valley Metro continues to work together with our regional partners to create a more environmentally sustainable transit fleet. The Fleet Transition plan identifies current and future power needs at facilities, including steps for beginning electrification and necessary enhancements that align with FTA requirements. A long-term fleet management plan will serve as a roadmap to align Valley Metro's goals and technology, infrastructure and labor capabilities and avoids early retirement of the conventional bus fleet. The Low or No Emissions competitive grant program provides Valley Metro with funding for the purchase or lease of zero-emission and low-emission transit buses as well as acquisition, construction and leasing of required support facilities.

Maintain authorized funding levels for the Capital Investment Grant (CIG) program.
Valley Metro light rail system provides significant economic development opportunities along the corridor. Despite the pandemic, Valley Metro continued construction on nearly $1.5 billion in infrastructure projects providing much needed employment and economic activity. Several extensions of this system are in various stages of planning, development and construction, which include the following:

- **South Central Extension/Downtown Hub** – A 5.5-mile extension from downtown Phoenix on Central Avenue to Baseline Road. FTA awarded a Full Funding Grant Agreement to Valley Metro for $529 million of the total $1.3 billion project in January 2021. $81.3 million was allocated to the project as part of the American Rescue Plan Act of 2021 with an additional $21 million allocated in the FY 2023 Omnibus Appropriations Act. *We anticipate a revenue service date for this extension in mid-2025.*

- **Capitol Extension (CAPEX)**– Connect existing light rail service in downtown Phoenix to the State Capitol area. Further analysis and coordination with stakeholders and the public is occurring on the alignment, and it is expected that environmental and design work will continue in 2025 while the project continues in the Project Development phase.
- **I-10 West Extension (10WEST)** – Continuing future light rail service from the State Capitol area to the West Valley along the Interstate 10 corridor. Preliminary engineering work is beginning in early 2026, with stakeholder and public engagement continuing throughout the process.
- **West Phoenix High-capacity Transit Alternatives** – an Alternatives Analysis (AA) was completed that identified a preferred alignment and light rail as the mode. The City of Phoenix and Valley Metro Rail Board has approved the Locally Preferred Alternative (LPA) in 2024. The study area boundaries are Camelback Road on the north, McDowell Road on the south, Central Avenue on the east and 99th Avenue on the west.
- **Rio-East Dobson Streetcar Extension** – a 4.4 mile Streetcar extension along Rio Salado Parkway from near Rural Road to Dobson Road and along Dobson Road from Rio Salado Parkway to Main Street, expanding from the City of Tempe (2.6 miles) into the City of Mesa (1.8 miles). The Mesa and Tempe City Councils approved the LPA in December 2024.

Continue to provide relief funding for inflation related costs, supply chain impacts and workforce development.

- Valley Metro supports continued federal funds flexibility in allowing reimbursement for operating costs to maintain existing service, including flexible changes, updates or waivers to Buy America requirements, the Commercial Drivers License (CDL) process, and other opportunities to ease the burden in maintaining or expanding service.
- Valley Metro supports the Federal Transit Administration (FTA) continuing the federal share for Capital Infrastructure Grants, at the option of the recipient, up to one hundred percent for all eligible expenses.
- Valley Metro urges FTA to work with grantees to provide new and innovative solutions to the challenges where commuting schedules are unlikely to return to previous patterns through new technologies, fare strategies and service models to enhance mobility throughout our region.

<u>Familiarize the region with new policy and funding priorities of the Trump Administration and pursue grants for local projects as feasible</u>.

Support legislative efforts of the American Public Transportation Association (APTA), Bus Coalition, Capital Investment Grant (CIG) Working Group, Community Streetcar Coalition, and other affiliated organizations.

Valley Metro appreciates our federal partnership and looks forward to working at all levels to maintain and build upon transit for our riders, local economy and quality of life across the region.

Valley Metro's 2025-2026 Federal Public Transportation Agenda

VALLEY METRO

1

Purpose

- Support Valley Metro's statutory role and responsibility as the Regional Public Transportation Authority (RPTA) for Maricopa County
- Administer and implement regional programs and guide responses to legislative; and administrative policy and funding proposals at the federal level
- Bring attention to the importance of federal funding, grants and other transit investments to the Phoenix metropolitan region; provide information to member cities and regional stakeholders

2

VALLEY METRO

2

Goals

- Encourage Congress to support annual budget and appropriations bills that fully fund authorized amounts for public transportation in the Infrastructure Investment and Jobs Act (IIJA);
- Provide and enhance federal funding opportunities through competitive grant programs including but not limited to the Buses and Bus Facilities (BBF), Low or No Emission (Low-No) Vehicle & Infrastructure program, Integrated Mobility Innovation, Transit Oriented Development (TOD) grant programs, in addition to congressionally directed community project funding (earmarks);
- Maintain authorized funding levels for the Capital Investment Grant (CIG) program and increase the federal share of project funding to continue funding future projects that include the State Capitol and I-10 West Extensions, West Phoenix and the Rio-East Dobson Streetcar Extension; and
- Encourage Congress to support transit funding, specifically federal funding flexibility for inflationary costs, supply chain impacts (e.g. vehicle and rolling stock), workforce development and new technologies to enhance mobility and increase ridership throughout the region.

3

VALLEY METRO

3

Recommendation

Staff recommends that the TMC/RMC forward to the Boards of Directors approval of the 2025-2026 Federal Public Transportation Agenda.

4

VALLEY METRO

4

Executive Summary

DATE **AGENDA ITEM 5**
February 13, 2025

SUBJECT
Marketing and Advertising Support Services Contract Extension and Increase Authorization Request

COST AND BUDGET
The current Marketing and Advertising Support Services contract with four suppliers ends on August 31, 2025. An evaluation of expenditures for Marketing and Advertising Support Services and expected marketing plans through August 31, 2026 has identified the need to extend the contract and increase the contract authority. This is not a request to increase the budget; budget is available for this request.

	RPTA	VMR	TOTAL
Current Contract Authority	**1,240,000**	**1,010,000**	**2,250,000**
Remaining Contract Authority	*170,000*	*500,000*	*670,000*
Recommended Increase Authority	**1,200,000**	**550,000**	**1,750,000**
Recommended Contract Authority	**2,440,000**	**1,560,000**	**4,000,000**

The contract authority increase requested is $1,750,000 ($1,200,000 RPTA, $550,000 VMR) for a total contract value of $4,000,000, where the RPTA portion will not exceed $2,440,000 and the VMR portion will not exceed $1,560,000.

All costs of marketing and advertising services are included in the Valley Metro RPTA and Valley Metro Rail Adopted FY 2025 and Proposed FY 2026 Operating and Capital Budgets. Contract obligations beyond FY 2026 are incorporated into the Valley Metro RPTA and Valley Metro Rail Five-Year Operating Forecast and Capital Program (FY2026 through FY 2030).

Funding sources are Public Transportation Fund, member city contributions, and federal funds.

RECOMMENDATION
Staff recommends that the Boards of Directors authorize the Chief Executive Officer to extend cooperative contracts under the State of Arizona for Marketing and Advertising Support Services from August 31, 2025 to August 31, 2026 and increase contract authority with On Advertising, MJM Advertising LLC-Heart and Soul Marketing LLC, Magnetry LLC, and Hackett Advertising Public Relations Interactive.

The contract authority increase requested is $1,750,000 ($1,200,000 RPTA, $550,000 VMR) for a total contract value of $4,000,000, where the RPTA portion will not exceed $2,440,000 and the VMR portion will not exceed $1,560,000.

STRATEGIC PLAN ALIGNMENT
This item relates to the following goals and strategies in the Five-Year Strategic Plan:

- Goal 1: Deliver Excellent Customer Experience
    - Initiative 1.5: Continue to innovate, integrate, and market mobility solutions to expand transit availability and equity.
- Goal 5: Deliver on Stakeholder Collaboration
    - Initiative 5.5: Communicate the value of transit to stakeholders and the general public region-wide.

COMMITTEE PROCESS
RTAG: January 21, 2025 for information
TMC/RMC: February 5, 2025 approved
Boards of Directors: February 20, 2025 for action

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ATTACHMENT
None

Background Information

Request for Contract Extension and Increase Authorization

AGENDA ITEM 4

Marketing and Advertising Support Services Contract Extension and Increase Authorization Request

Valley Metro has met the high demand of marketing and advertising needs by entering into a Marketing and Advertising Support Services contract with multiple qualified firms to provide unique support and expertise to Valley Metro's in-house Marketing and Communications teams. This contract has enabled Valley Metro to create greater efficiency, expand our bandwidth and creativity, and leverage media buying power.

In 2022, three-year contracts were awarded to On Advertising, MJM Advertising LLC-Heart and Soul Marketing LLC, Magnetry LLC and Hackett Advertising Public Relations Interactive for the Agency's marketing and advertising needs. Valley Metro has utilized these contracts to conduct an array of marketing and advertising services. Below are some of the advertising campaigns that have been developed and implemented with the assistance of these firms:

- Super Bowl LVII Ridership Promotion
- NCAA Men's Final Four Communications
- Ridership Recovery Promotional Campaign
- Bus and Rail Safety Campaign
- New Fare System Education and Promotion
- Commute Solutions/Travel Reduction Program Campaigns and Media Buys
- Bus Ridership Campaign
- Transit Impact Storytelling
- Northwest Extension Phase II Storytelling and Opening Celebrations Support
- South Central Extension/Downtown Hub (SCE/DH) Business Assistance and Storytelling Promotion
- SCE/DH Opening Celebration Support and Event Branding
- Two-Line Rail System Education and Promotion
- Rail Ride and Ridership Partnerships (Footprint Center, Phoenix Rising and ASU Sports)

To provide further context and results, below is additional information on a few of the campaigns launched in collaboration with these firms:

CAMPAIGN	VENDOR	RESULTS	COST
Super Bowl LVII Transit Promotion **Jan. – Feb. 2023** *Encourage transit usage during SBLVII events, promoting the convenience, pass program and the workforce who contributes to a safe, easy rider experience*	On Advertising	5.8M impressions	$86,000
1,000 Reasons / Commute Solutions Promotion **Jan. – Sept. 2023** *Promote alternative modes and ShareTheRide.com sign ups*	Heart and Soul Marketing LLC	3.4M impressions	$45,000
Transit Impact Storytelling **July 2023 – Nov. 2024** *Communicate the value of transit through customer stories*	Hackett Advertising Public Relations Interactive	7M impressions	$112,000
Northwest Extension Phase II Storytelling, Opening & Ridership Promotion **Nov. 2023 – Feb. 2024** *Share community impact of project, encourage participation in opening celebration, build ridership in corridor and regionally*	Magnetry LLC	4.5M impressions	$108,000

BACKGROUND DISCUSSION
With multiple firms a part of the Marketing and Advertising Support Services contract, Valley Metro is able to meet the increasing needs of all internal departments and member cities, communicate effectively to passengers and stakeholders, promote the range of Valley Metro services and implement strategic marketing efforts. The marketing and advertising expertise of outside firms allows Valley Metro to increase bandwidth and leverage industry best practices and the media buying power and expertise of these firms. We will continue to use Marketing and

Advertising Support Services for creative campaigns, photography and videography support, media buying, design and production, events, public relations, and outreach support.

Below are some of the upcoming advertising campaigns that we anticipate will use these services now through summer 2026:

- Fare System Education and Promotion (Ongoing)
- Two-Line Rail System Education and Promotion (Ongoing)
- Comprehensive Operational Analysis Public Engagement and Marketing
- SCE/DH Ridership Development
- Streetcar Fare Implementation Education
- CAPEX PR Support
- Transit Safety Campaign
- Ridership Campaigns
- Storytelling Campaigns
- Commute Solutions/Travel Reduction Program Media Buys and Campaigns
- NCAA Women's Final Four Communication (April 2026)

The not-to-exceed (NTE) contract value of $4,000,000 will be used as needed and was determined by analyzing historical marketing and advertising expenditures and expected marketing plans (noted above) through August 31, 2026. It is an estimate; these services will only be used as budget allows and to build campaigns supportive of agency/member city goals.

As individual advertising jobs are identified, the following steps will be used to determine the vendor appropriate for the job:

- Valley Metro will match specific marketing and advertising jobs with the appropriate vendor(s) based on specific expertise, workload and availability.
- Valley Metro will prepare the specifications and request a quote.
- The vendor(s) will prepare and submit quote(s) to Valley Metro.
- Final negotiations occur and the purchase order is initiated.
- If price negotiations are not successful, Valley Metro reserves the right to solicit the other firms on contract.

Marketing and Advertising Support Services Contract Extension and Authorization Increase Request

1

Background Information

- Through the Marketing and Advertising Support Services contract, Valley Metro is able to meet the increasing needs of all internal departments and member cities, communicate to passengers and stakeholders, promote Valley Metro services, and implement strategic marketing efforts.
- Multiple qualified creative firms provide unique support and expertise to in-house Marketing and Communications teams.
- Request to extend cooperative contracts under the State of Arizona for Marketing and Advertising Support Services to August 31, 2026.
- Request increase contract authority of $1,750,000 ($1,200,000 RPTA, $550,000 VMR) for a contract total of $4,000,000. This is not a request to increase the budget.

2

2

Recommendation

Staff recommends that the TMC/RMC forward to the Boards of Directors authorization for the Chief Executive Officer to extend contract and increase the contract authority for the Marketing and Advertising Support Services contracts with On Advertising, MJM Advertising LLC-Heart and Soul Marketing LLC, Magnetry LLC, and Hackett Advertising Public Relations Interactive.

The contract extension request is to August 31, 2026.

The contract authority increase requested is $1,750,000.

Executive Summary

DATE
February 13, 2025

AGENDA ITEM 6

SUBJECT
February Quarterly Report

COST AND BUDGET
There are no costs associated with this update.

RECOMMENDATION
This item is presented for information.

COMMITTEE PROCESS
Boards of Directors: February 20, 2025, for information

CONTACT
Jim Hillyard
Chief Administrative Officer
jhillyard@valleymetro.org

ATTACHMENT
February Quarterly Report

Background Information

The Boards of Directors approved Valley Metro's FY 2025 – FY 2030 Strategic plan in January 2024. The approved plan includes nine overarching goals for the five-year period. Under each goal, the plan identified four to five "initiatives" to impact the goals. In each of the plan's five years, Valley Metro will identify and implement specific actions to accomplish the initiatives in pursuit of the goals.

A rotating quarterly reporting cycle has been established to update the Boards of Directors on both the progress and outcomes associated with the Strategic Plan's implementation. The attached Quarterly Report includes graphs illustrating the performance indicators associated with each goal, notes providing context for select measures, and a brief update on the status of the actions being pursued in FY 2025 to implement the initiatives for each goal.

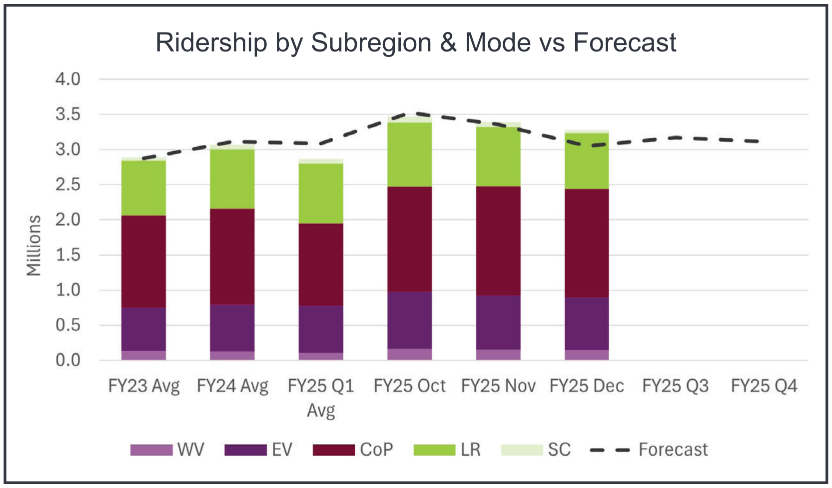
Agency Strategic Plan
Quarterly Report

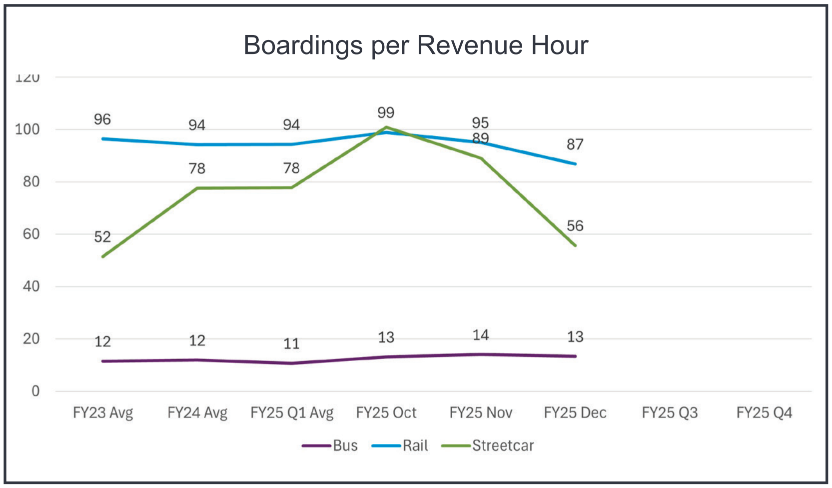
FY25 Q2 | October - December 2024

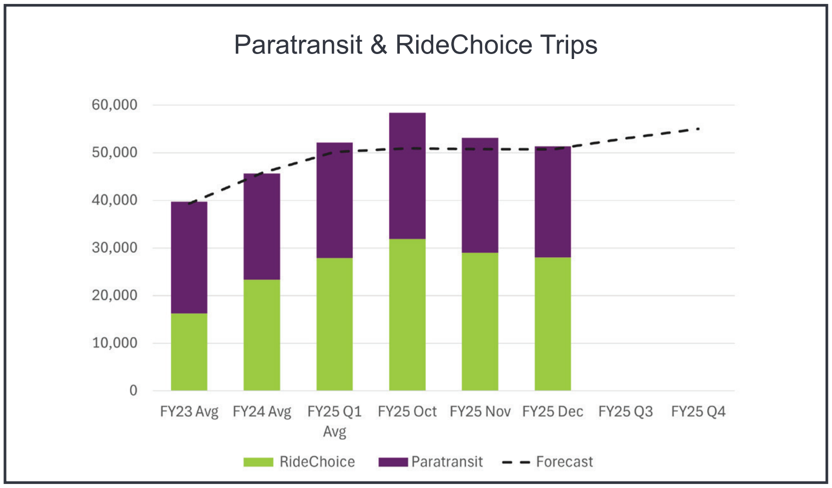
VALLEY METRO

Goal 1: Excellent Customer Experience

KEY PERFORMANCE MEASURES





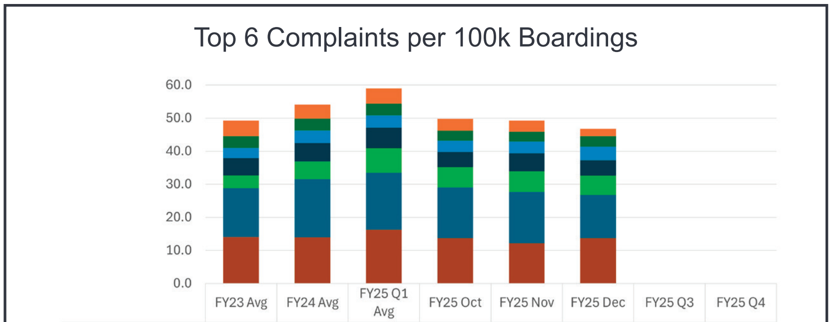


COMMENTS

- Regional ridership steadily increased year over year across all months in Q2 (from +2.9% in October and +5.6% in November and +13.9% in December).
  - Completion of the fare transition may be bolstering the accuracy of reporting.
- Rail saw a slight decrease in ridership across all months in Q2 relative to last year.
  - Continued challenges with signals have impacted on-time performance and may be contributing to this trend.
- Sunday bus ridership increased significantly in November and December.
  - This could be due to the rise in non-work trips during the holidays.
- Streetcar ridership is seasonally impacted by ASU semester breaks given the high student ridership
  - The highest ridership occurs during the September-November and February-April timeframes.
- Both rail lines have a higher number of boardings per revenue hour compared to the bus system. This is due to their greater service frequency, proximity to key destinations, and higher development and population density along the routes compared to the average bus line.
- Over the first two quarters of FY 2025:
  - Paratransit trips increased 10% versus FY 2024
  - RideChoice trips are 34% above FY 2024, however, 8% of RideChoice growth is a result of the City of Phoenix and City of Glendale joining the program in FY 2025
- Combined trips for both programs are 22% above FY 2024.
  - Future growth of both programs are projected to level off within the next 12 months, then grow equal to the population moving forward.

Goal 1: Excellent Customer Experience (continued)

KEY PERFORMANCE MEASURES



	FY23 Avg	FY24 Avg	FY25 Q1 Avg	FY25 Oct	FY25 Nov	FY25 Dec	FY25 Q3	FY25 Q4
No Show	4.7	4.2	4.6	3.6	3.4	2.2		
Hazardous Operation	3.6	3.6	3.5	3.0	3.0	3.2		
Late	3.1	3.8	3.8	3.4	3.5	4.1		
Attitude (operator)	5.2	5.6	6.2	4.6	5.5	4.7		
Policy (oper)	3.8	5.3	7.4	6.1	6.2	5.8		
All Other	14.8	17.6	17.2	15.4	15.5	13.1		
Pass Up	14.1	14.0	16.3	13.7	12.2	13.7		

COMMENTS

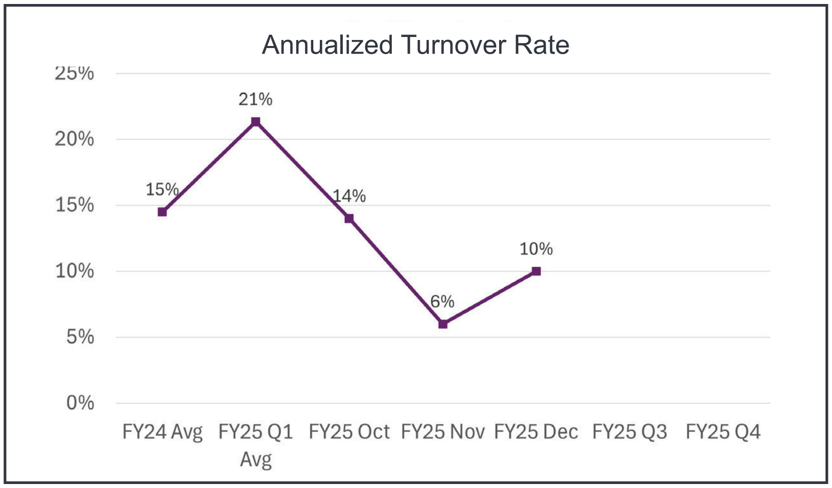
- Reflects all complaints for the region.
- The rate of complaints per boarding in the second quarter decreased 19% from the first quarter. The largest declines were:
  - No-Shows: -33%
  - Pass-Ups: -20%
  - Operator Attitude: -19%

FY25 INITIATIVE ACTIONS

INITIATIVE	ACTION	STATUS
Unified Customer Experience	Fare system administration to Valley Metro®	Complete: Administration of the fare collection system was transferred to Valley Metro in the first quarter of FY 2025.
Integrate and Market Mobility Solutions	Integrate microtransit into VM app trip planning	Phoenix has been awarded a grant that includes monies for the integration of micro transit into the app. CFO and CIO continue communicating with CoP regarding timing of implementation which may push beyond FY 2025 as the timeline of implementing initial features continues to slide.
Human Center Design	Rail system signage audit	Complete. An audit was conducted and finalized in fall 2024 of the current rail system, identifying the placement of all current signage and helping to locate the placement of future two-line signage.
Human Center Design	Regional bus stop sign design	Continuing peer research and consulting with wayfinding contractor for future scope of work. Developing estimates for costs, timeline and possible next steps for a future member city discussion in spring 2025.

Goal 2: Invest in Talent

KEY PERFORMANCE MEASURES

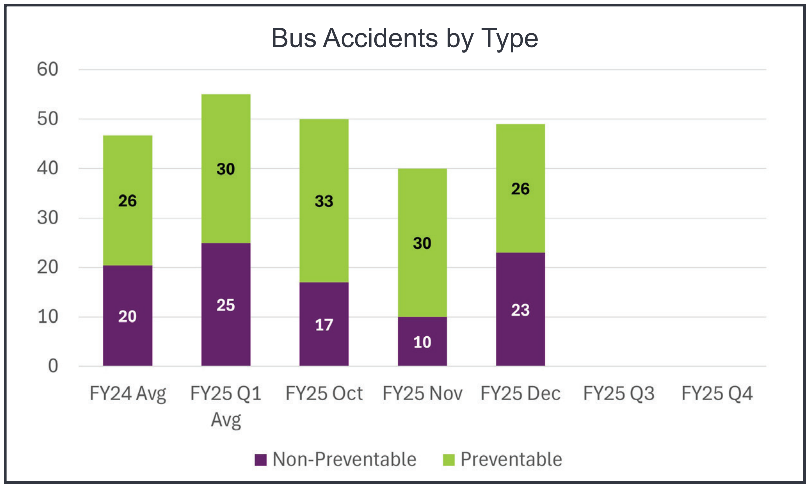


FY25 INITIATIVE ACTIONS

INITIATIVE	ACTION	STATUS
Assess Staffing Needs	Develop framework and talent pipeline strategy	Assessing current vacancies and working with Division leaders on anticipated FY 2026 needs.
Class and Compensation Study	Produce findings and recommendations	In progress. Findings and recommendations anticipated Q1 CY 2025.
Career Path and Coaching	Assess programs, utilization and realign with goal	Compiling utilization data
Maintenance Technical Training	Develop FY26 recommendations	Awaiting findings from Class and Compensation Study

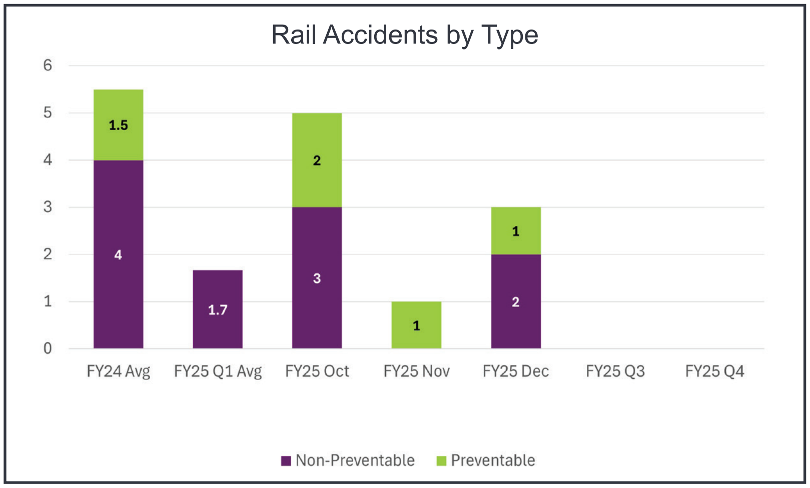
Goal 3: Prioritize Safety & Security on Transit

KEY PERFORMANCE MEASURES



COMMENTS

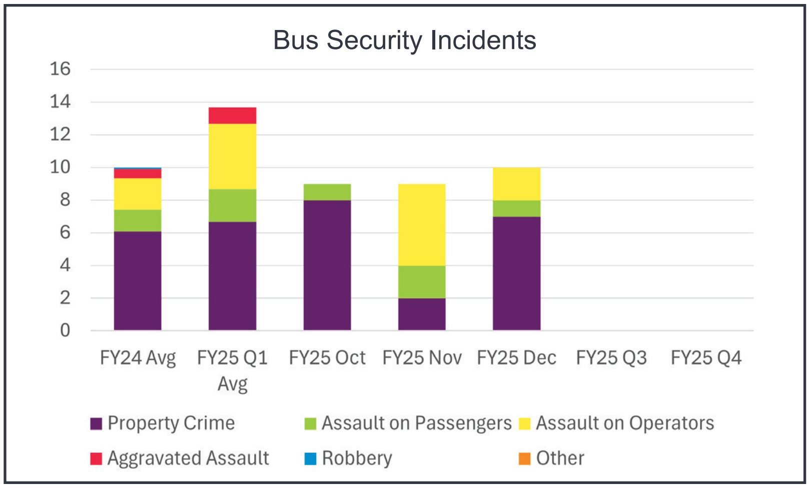
- Valley Metro service only.
- Accidents in the West Valley remain within historic norms.
- In the East Valley, preventable accidents FYTD remain 26% above CY 2023. Inadequate new operator training has been identified as the root cause.
- Corrective Actions:
    - Safety has shared data with Keolis to focus on new operator training and frequent touch points for all operators.
    - Keolis is developing a mentoring program to work with operators in the field.
    - Keolis Management has become more focused on reducing crashes and ensuring accurate and timely data. We see progress ahead to bring preventable crashes down.

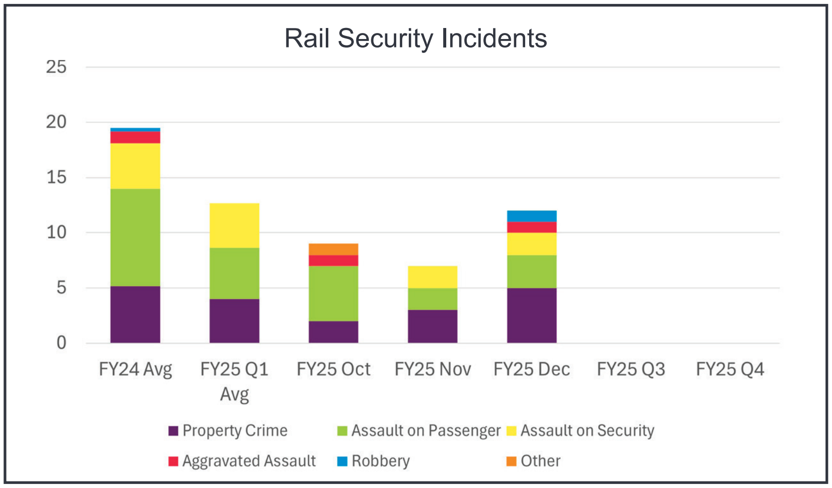


- There has been a significant reduction in non-preventable rail accidents. Non-preventable accidents averaged five per month in CY 2023. The rate fell to two per month over the last six months.
- Improvements include:
    - The 19th Ave corridor speed reduction reduced crashes in that area by 73%.
    - Improved Training: extended new operator training from eight to ten weeks, improved defensive driving training, increasing training staff and surveillance/ audits of operators.
    - Valley Metro Rail Safety Department staff increased by 100%.
    - Rail operators increased by 33% and collision rates decreased by 46%

Goal 3: Prioritize Safety & Security on Transit (continued)

KEY PERFORMANCE MEASURES





COMMENTS

- Valley Metro service only
- While total bus security incidents are down 23% as compared to the prior quarter, this is within the range of normal month-to-month variation.
- Operation Blue Ride has garnered national attention. Our Bus Security Coordinator has been asked to sit as a panel member at the APTA Mobility conference in April.
- The Bus Security Coordinator continues to meet and speak to all Keolis new hire bus operators (225 to date) about security issues and reducing operator assaults.

- Systemwide, rail security incidents occur at a rate of 1.41 per 100k boardings. From July to December 2024, ridership increased by 3.28%, while passenger assaults declined by 15.9% compared to the first half of the year (January to June 2024).

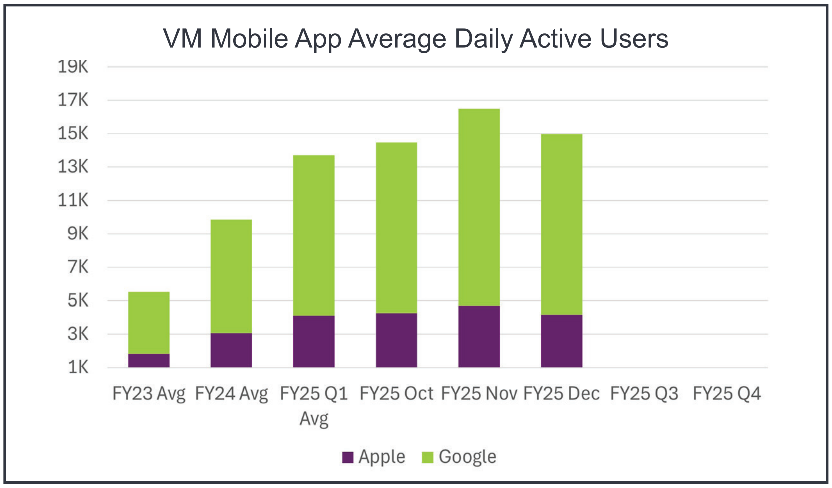
Goal 3: Prioritize Safety & Security on Transit (continued)

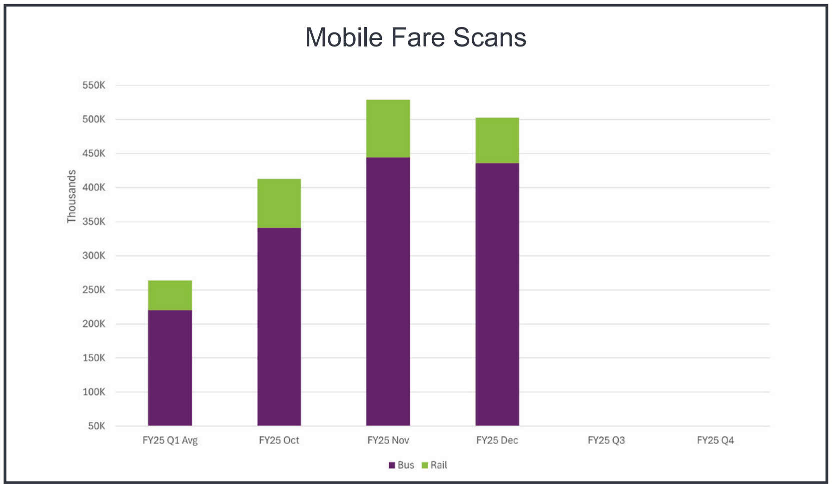
FY25 INITIATIVE ACTIONS

INITIATIVE	ACTION	STATUS
Create a Safety and Security Culture	Cyber security risk Reduction	All IT network actions are complete. Several OT network actions are on hold as resources focus on reading the South Central Extension for revenue operations.
Create a Safety and Security Culture	Rail safety administrators	Complete: both administrators were hired in October.
Create a Safety and Security Culture	Internal safety campaign	Emergency Alert Communication System – Further testing with next level of VM leadership – Manager level – will take place prior to a test message sent to entire VM and contractor workforce.
Community Partnerships	Outreach teams	Working with the City of Phoenix on the next phase of the pilot program. Still looking for grant opportunities, building cost estimate, determining vetting process for partnering agencies.
Evaluate Physical Infrastructure	Crime prevention through Environmental Design assessment of rail stations	Day and night site visits to the rail system were completed last year to assess existing conditions. Draft recommendations will be shared with Valley Metro and rail city staff in early February along with site visits with VMR Board members with the consultant team.
Partnership with Police Departments	Expand police partnerships	Conducted Operation Blue Rides on December 19th in Chandler and January 15th in Mesa. Conducted joint effort "Impact Detail" with Phoenix PD on January 15th. Met with Phoenix, Tempe, and Mesa PD on December 3rd at the RTSWG meeting. Held in person "check-in" meeting with Lt. Greg Hernandez on January 24th. Shared newly revised Security & Emergency Preparedness Plan (SEPP) with Phoenix, Tempe, and Mesa PD leaders for their review in January.

Goal 4: Leverage Data and Technology

KEY PERFORMANCE MEASURES





COMMENTS

- Mobile app usage continues to grow as compared to FY 2024:
  - Users increased 41% in the first quarter.
  - Users increased 58% in the second quarter.

- Mobile fare adoption continues to be strong. Mobile fare use as a percentage of total ridership was:
  - FY 2025 Q1: 9%
  - October: 12%
  - November: 16%
  - December: 16%

FY25 INITIATIVE ACTIONS

INITIATIVE	ACTION	STATUS
Improve Performance with EAM	Improve EAM reporting	Trapeze attempted a software update to address several issues but it failed. They anticipate correcting the failure in February.
Understand Customer Interactions	Design and procure customer experience system	In the process of obtaining consultant support for the development of use cases and requirements to inform an RFP.
Improve Data Access and Reliability	Improve operational reporting	Complete: The SWIFTLY reporting system was implemented in the first quarter of FY 2025.
Improve Data Access and Reliability	Bus APC validation	Currently on-hold pending Phoenix Transit's upgrade of ridership reporting software to Clever Insights.

Goal 5: Deliver on Stakeholder Collaboration

FY25 INITIATIVE ACTIONS

INITIATIVE	ACTION	STATUS
Expand Communication with Staff and Frontline Workers	Evaluate current communication channels, develop plan and feedback loop	Completed comprehensive audit of internal communication channels and launched targeted surveys with frontline staff, beginning with security officers and expanding to operators this spring, seeking to assess communication effectiveness and preferences. We are currently implementing infrastructure improvements including a digital monitor system replacement while gathering feedback to develop data-driven recommendations for enhanced staff engagement.
Incorporate Member Agency and Stakeholder Input	Evaluate current communication channels, develop plan and feedback loop	Continue to focus on strong member agency communication through current channels. Assessment will occur in 2025 with community engagement staffing and member city/Board survey.

Goal 6: Leadership & Execution

FY25 INITIATIVE ACTIONS

INITIATIVE	ACTION	STATUS
Diversity, Equity and Inclusion	Conduct culture survey and identify opportunities to increase engagement	A vendor has been selected and draft culture survey compiled for dissemination February 2025.
Embed Problem Solving and Process Improvement	Establish and begin delivery of problem-solving training	Exploring options for consultant support for problem-solving training and process improvement facilitation.

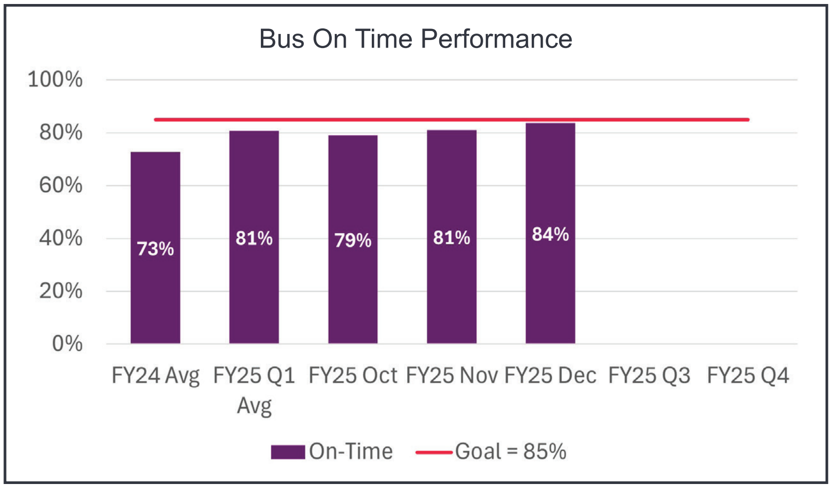
Goal 7: Board Governance

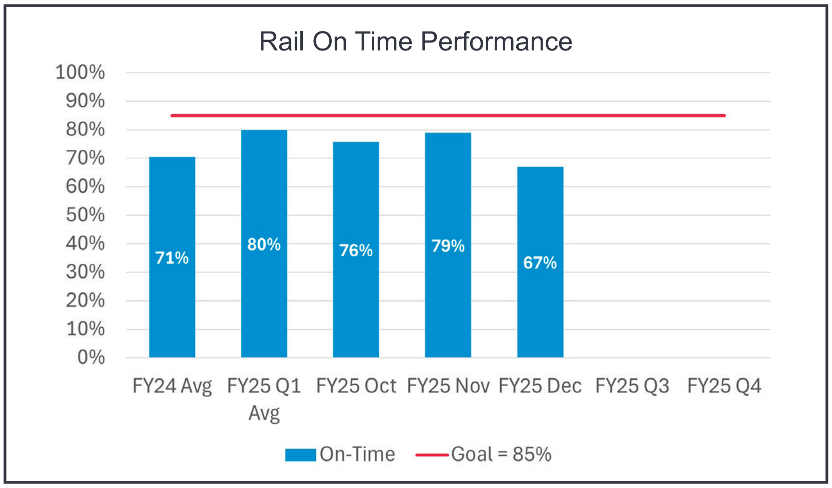
FY25 INITIATIVE ACTIONS

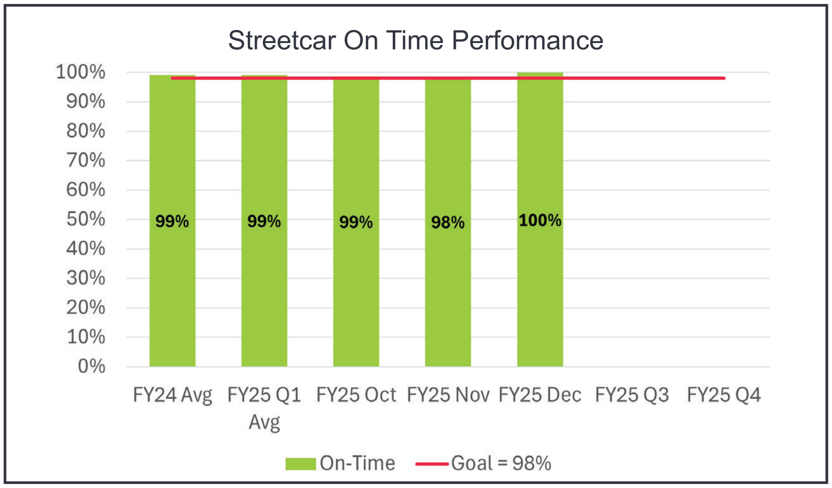
INITIATIVE	ACTION	STATUS
Update Board Member On-Boarding	Assess and update new board member on-boarding	Redeveloping new content and Valley Metro 101 onboarding material to reflect anticipated Proposition 479 modifications to the regional transit program. Upon seating of new board members, we will solicit board feedback and engagement opportunities at the next Board retreat in March.
Facilitate Work Across Regional Bodies	Coordination with MAG in developing Prop 479 policies, including updating roles and responsibilities between agencies	Working with MAG and City of Phoenix, we received a Board award for the Comprehensive Operational Analysis in January 2025. In doing so, coordination and collaboration in the development of Prop 479 TLCP funding framework and administration including the roles and responsibilities between regional bodies is ongoing with MAG. Anticipated completion for funding framework presentation and adoption by both agencies' Boards is the end of calendar year 2025.

Goal 8: Operational Excellence

KEY PERFORMANCE MEASURES





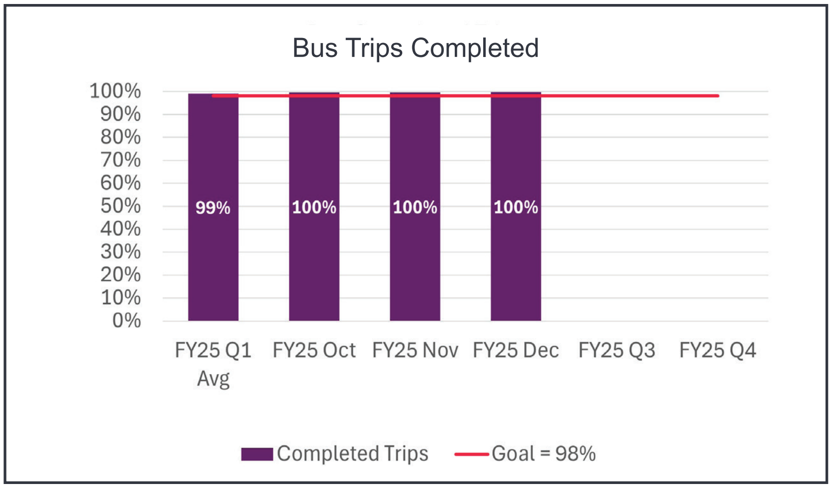


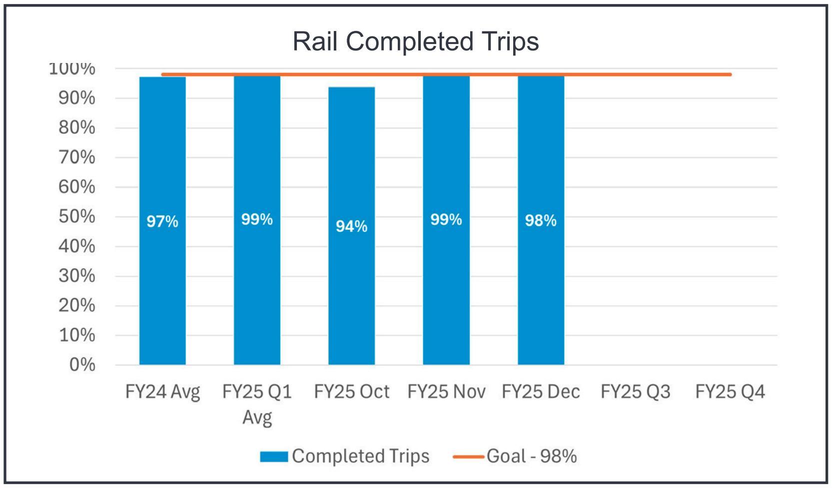
COMMENTS

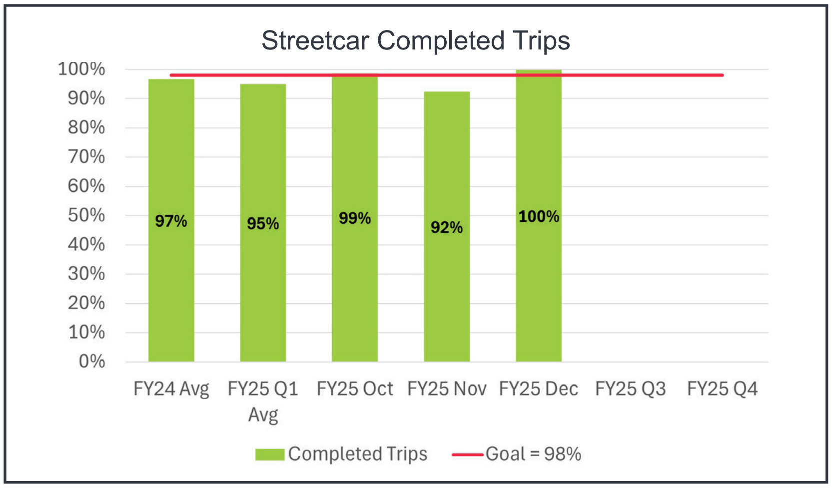
- Valley Metro service only
- For the second quarter, Valley Metro's East Valley Service OTP was:
  - Local Service: 81% with a goal of 85%; however, consistency improved markedly – OTP for December's worst performing route was 77%, better than average OTP in FY 2024 (73%).
  - Circulator: 83% with a goal of 85%
  - Express: 94% with a goal of 85%.
- West Valley OTP was:
  - Express: 96% with a goal of 85%.
  - Grand Ave Limited: 99% with a goal of 85%.
- Rail OTP in December was negatively impacted by construction projects, these impacts are expected to improve once the tie-in to the South Central Extension Downtown Hub is completed.
- OTP has increased overall from the FY 2024 average due to a renewed focus on operator training and proactive service management strategies
- Streetcar OTP performance remains strong.

Goal 8: Operational Excellence (continued)

KEY PERFORMANCE MEASURES







COMMENTS

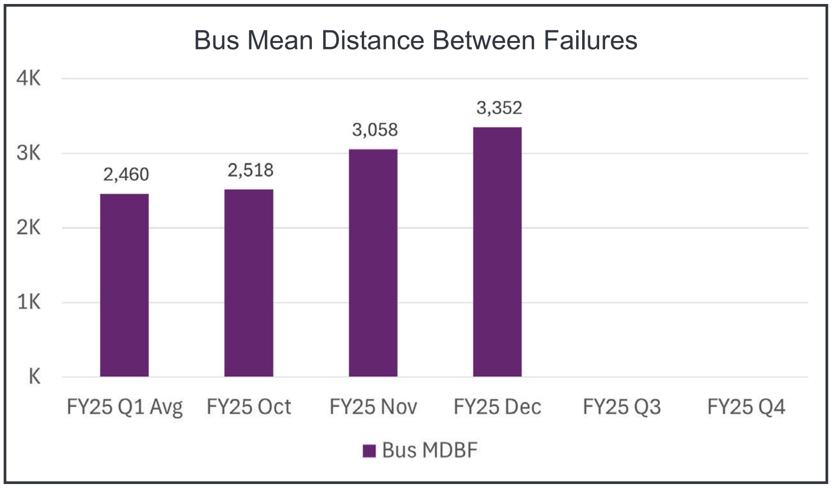
- Valley Metro service only
- The Keolis contract measures trip completion differently than the prior First Transit contract. As a result, a FY 2024 average is not shown.
- Improved staffing has had a positive impact on completed trips.

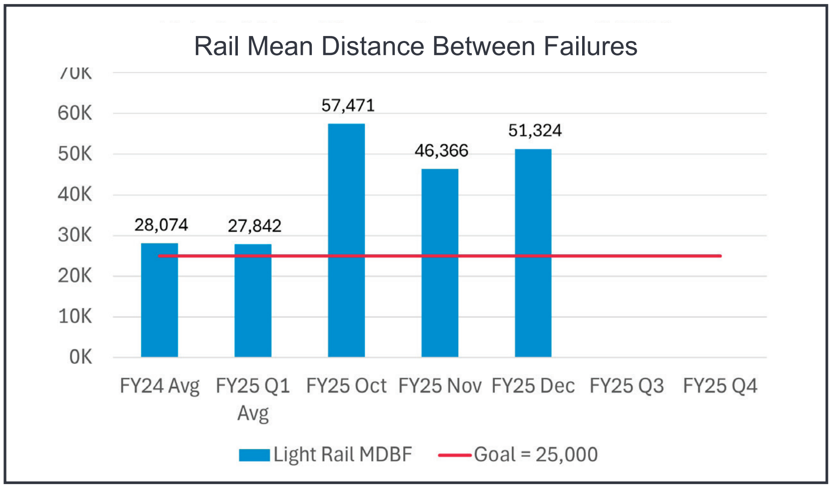
- Rail completed trips dipped to 94% in October due to an incident involving the overhead power line being pulled down on Washington at State Route 143. This impacted rail service over the course of two days. Trip completion improved to at or above the 98% standard for November and December.

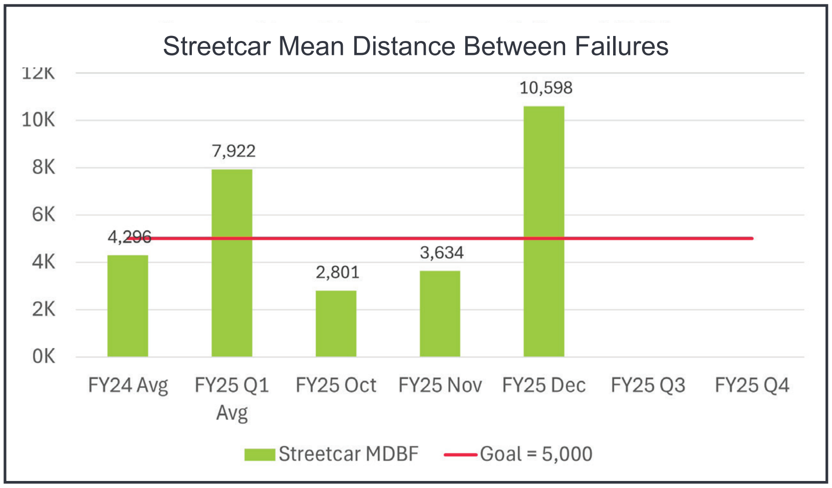
- Streetcar completed trips were lower in November due to multiple special events that required the truncation of service. With those dates removed, the completed trip count increases to 99% for the month.

Goal 8: Operational Excellence (continued)

KEY PERFORMANCE MEASURES







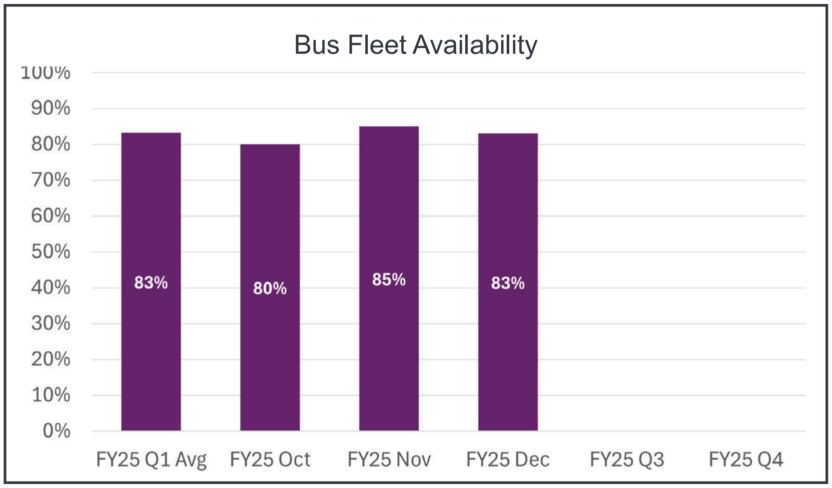
COMMENTS

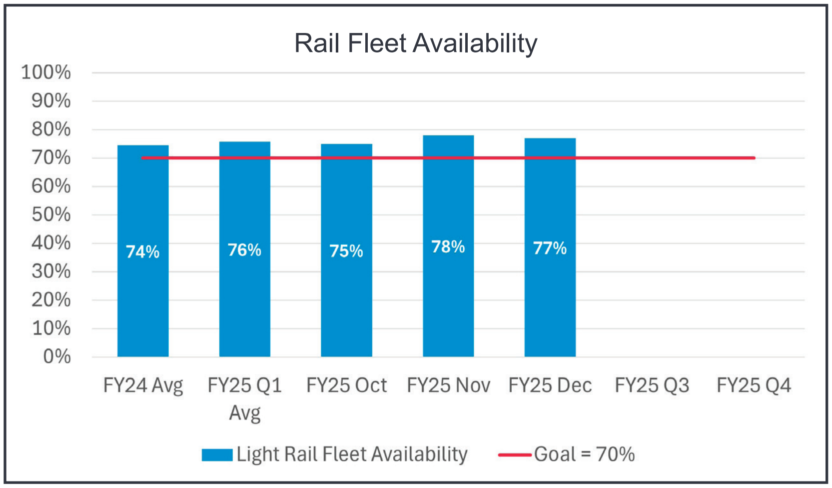
- Valley Metro service only
- Valley Metro has been working closely with Keolis to ensure the proper reporting. Performance continues to improve month over month as processes and quality standards are improved.

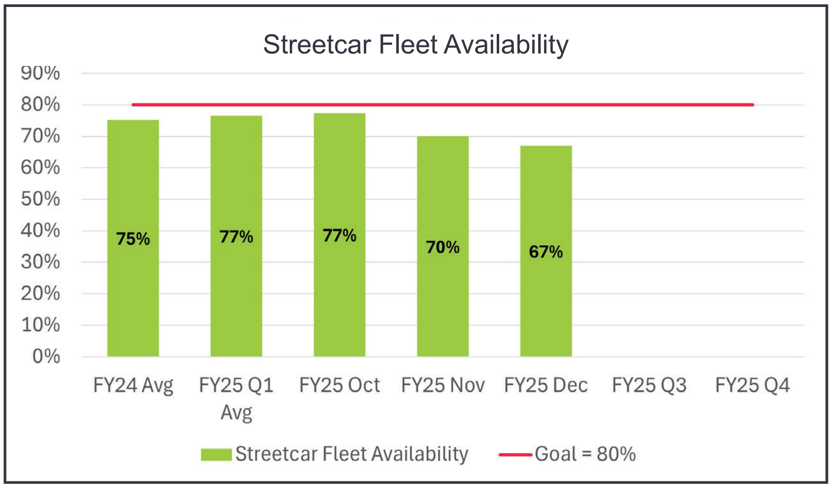
- The small fleet and low monthly mileage of the streetcar system can create the appearance of large swings. Streetcar only runs approximately 10,000 miles per month. In December it had zero failures. In November, there were two failures and in October there were three.

Goal 8: Operational Excellence (continued)

KEY PERFORMANCE MEASURES







COMMENTS

- Valley Metro service only
- The Federal Transit Administration's spare ratio goal is not to exceed 20%. Frequently, there are more buses ready for service than the service requires.

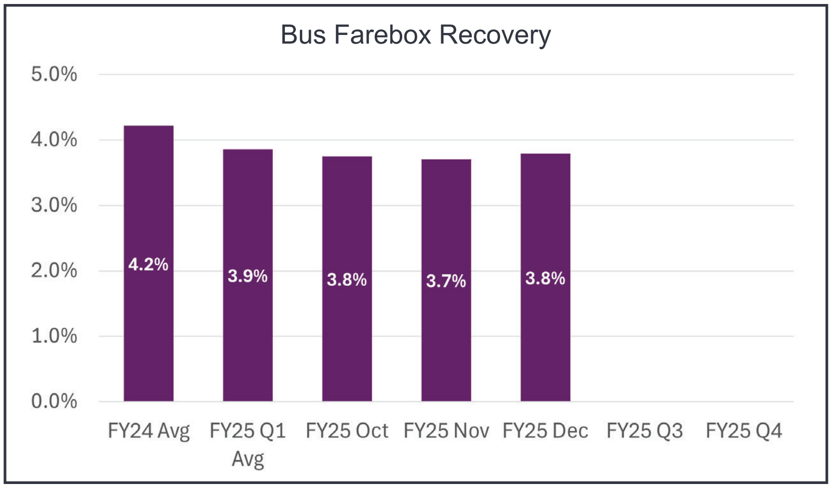
Goal 8: Operational Excellence (continued)

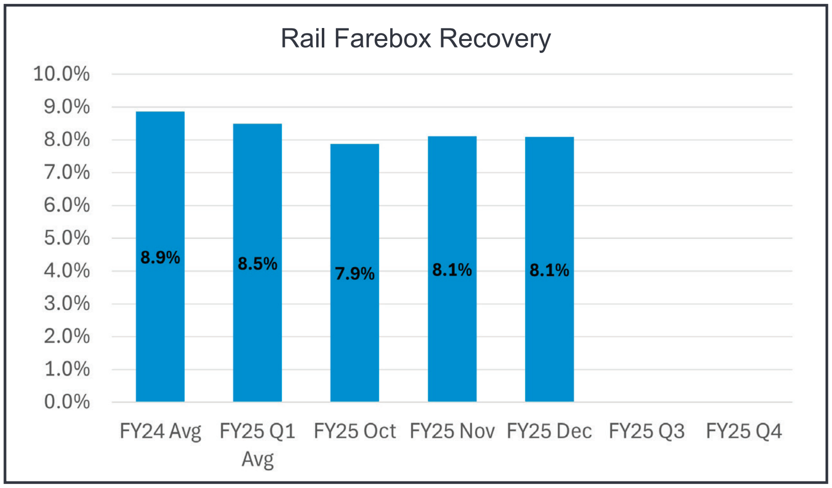
FY25 INITIATIVE ACTIONS

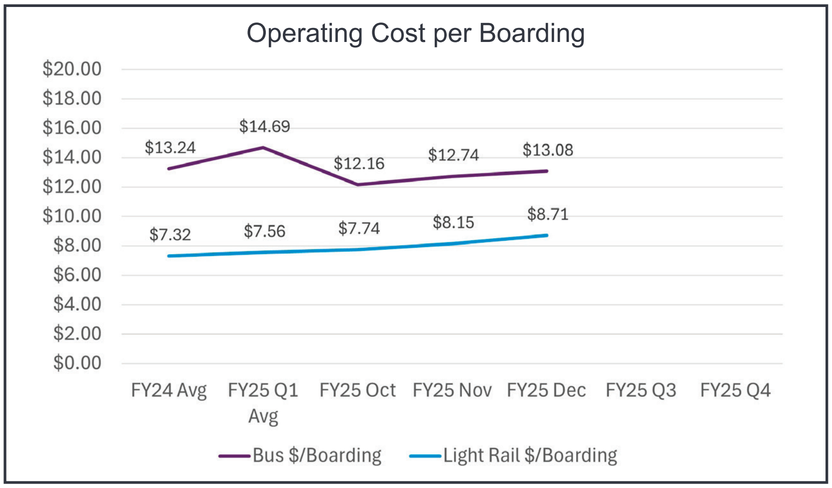
INITIATIVE	ACTION	STATUS
Optimize Service Performance	South Central/ Downtown Hub rail activation	Implementation continues on schedule for revenue service in mid-2025.
Optimize Service Performance	Demand-response mobility scheduling system	Procurement finalizing full document. Evaluation criteria to be finalized by January 20, 2025. RFP to be issued by end of January/early February 2025
Optimize Service Performance	Comprehensive operational analysis	The RFP evaluation selected Transportation Management and Design (TMD). The award was approved by the Board in January. Work will commence in February.
Optimize Service Performance	Analysis to determine Maintenance Staffing	Complete
Optimize Service Performance	Enhance facility cleaning	Hiring is underway. All three pressure washer units and two of the three trucks have been received. Operations are scheduled to being in early spring 2025.
Codify Maintenance and Operations Programs	Update Blue Stake maps	Valley Metro's contractor will complete all blue stake base maps by May 2025 with the exception of SCE/DH extension. SCE/DH blue stake base maps will be completed in FY 2026 after revenue service.
Improve Service Quality	Improve contract management practices	Updated Procurement Manual is under review. Online publication of contracts and updated procurement metrics are in test.
Improve Service Quality	Automated fuel management system	Implementation targeted for spring 2025.
Long-Range Operations and Capital Investment Plan	West valley facility: Identify optimal location for property acquisition	Completed the needs assessment and prepared the report. Site selection criteria have been developed, and sites are being evaluated. The site selection process will be complete by the end of January, resulting in a list of potential sites to consider. A conceptual layout based on the needs assessment is being developed.

Goal 9: Financial Sustainability

KEY PERFORMANCE MEASURES







COMMENTS

- Valley Metro service only
- FY 2025 fare revenues for both bus and rail through December are estimates as regional fare revenue distribution has been on hold due to the transition to the new fare system and allowing individual and organizational customers sufficient time to exchange legacy fare media for credits to be used with new fare media, as well as allowing retailers that previously sold the legacy fare media sufficient time to gather and return any unsold inventory for refunds.

- Valley Metro service only

Goal 9: Financial Sustainability (continued)

FY25 INITIATIVE ACTIONS

INITIATIVE	ACTION	STATUS
Develop Long-Term Financial Forecast	Procure financial forecasting software	The solicitation is being finalized and will be released in late January. Implementation is targeted for early FY 2026.

Executive Summary

DATE
February 13, 2025

AGENDA ITEM 7

SUBJECT
Travel and Expenditures

PURPOSE
The monthly travel and expenditures are presented for information.

RECOMMENDATION
This item is presented for information only.

BACKGROUND | DISCUSSION | CONSIDERATION
None

COST AND BUDGET
None

COMMITTEE PROCESS
None

CONTACT
Ken Kessler
Chief Financial Officer
Kkessler@valleymetro.org

ATTACHMENTS
Valley Metro Travel Report
Valley Metro RPTA and Valley Metro Rail Monthly Accounts Payable over $25,000

Valley Metro
Travel Reimbursement Report

Job Title	Purpose of Travel	Location	Dates Traveled	Total Travel Cost	Airfare	Other Transport	Lodging	Meals	Misc.
Deputy Chief, Bus Fleet & Technical Support	Gillig Bus Inspection	Oakland, CA	12/02/24-12/05/24	$1,207.97	$461.96	$230.35	$285.66	$230.00	
Risk Specialist	Safety & Risk Management Conf	Atlanta, GA	12/08/24-12/11/24	$1,584.85	$616.96	$0.00	$712.89	$255.00	
Risk Specialist	Safety & Risk Management Conf	Atlanta, GA	12/08/24-12/11/24	$1,762.84	$616.96	$177.99	$712.89	$255.00	

Total this reporting period	$4,555.66
Year to Date	**$75,728.05**

Report reflects Out of State (AZ) Travel

** Misc*
[1] Baggage Fees
[2] Flight Wi-Fi Fee
[3] Workshop Luncheon

Valley Metro Regional Public Transportation Authority
Monthly AP Payments over $25,000
December 2024

Payment Number	Date	Supplier or Party Name	Transaction Description	Amount
10003012	12/30/2024	Keolis Transit Services LLC	Fixed Route Bus Operations/Maintenance/Professional Services	7,358,618.16
10002984	12/20/2024	City of Phoenix	Transportation Services for East/West Valley-Fixed & ADA Routes	5,577,275.65
10002980	12/20/2024	MTM Transit LLC	Paratransit Service & Fuel, Mobility Center Fuel & Trips	1,900,609.38
90000356	12/13/2024	ADP Inc	PPE 12/08/2024 Payroll Liabilities	1,658,730.83
90000360	12/27/2024	ADP Inc	PPE 12/22/2024 Payroll Liabilities	1,461,939.41
10002935	12/6/2024	MTM Transit LLC	Paratransit Service & Fuel, Mobility Center Fuel & Trips	1,332,283.92
10002985	12/20/2024	Keolis Transit Services LLC	Fixed Route Bus Operations/Maintenance/Professional Services	963,259.03
10002934	12/6/2024	MJM Innovations	Ridechoice Management Services	767,466.31
10002978	12/20/2024	MJM Innovations	Ridechoice Management Services	683,439.41
90000358	12/27/2024	Cigna Health and Life Insurance Company	Health Insurance Premiums	651,102.88
90000355	12/13/2024	ASRS	PPE 12/08/24 ASRS Contributions & LTD	402,647.01
90000354	12/3/2024	ASRS	PPE 11/24/24 ASRS Contributions & LTD	392,054.18
90000357	12/27/2024	ASRS	PPE 12/22/24 ASRS Contributions & LTD	389,125.21
10002979	12/20/2024	MJM Innovations	Broker Services	334,676.95
10002952	12/13/2024	MJM Innovations	Ridechoice Management Services	322,290.19
10002953	12/13/2024	MJM Innovations	Pass Through Provider Costs	303,928.91
10003005	12/27/2024	101 North First Ave LLC	101 Building Rent	202,640.17
10002965	12/20/2024	HDR Engineering Inc	Community Relations Support Services	172,839.58
90000361	12/31/2024	Surepays	RPTA Monthly Utilities	141,097.99
10002957	12/13/2024	Keolis Transit Services LLC	Engines and Transmissions	127,146.52
10002923	12/6/2024	Environmental Systems Research Institute	Software and Support Agreement	124,586.66
10002976	12/20/2024	Vix Technology USA Inc	Customer Service Network Fees	92,738.50
10002918	12/6/2024	ACRO Service Corporation	Staffing Services	92,300.16
10002968	12/20/2024	QCM Technologies Inc	Information Technology Services	68,678.51
10002930	12/6/2024	Senergy Petroleum LLC	Bulk Fuel	68,631.50
1002813	12/27/2024	CopperPoint Insurance Company	January 2025 Rent and CAM Charges	68,595.29
10002927	12/6/2024	Dell Marketing LP	IT Computer equipment, peripherals and supplies	63,188.77
90000359	12/27/2024	Wells Fargo Bank	Monthly Credit Card Charges	59,167.19
1002801	12/20/2024	Hye Tech Network & Security Solutions L	Technology and Audio/Visual Solutions - F5 Load Balancer	48,442.42
10002946	12/13/2024	Scheidt & Bachmann USA Inc	Hardware and Software Maintenance Support	47,366.04

10002924	12/6/2024	Image Craft LLC	Printing Services - System Map N=Bus Kiosk Posters	38,218.60
10002962	12/20/2024	ACRO Service Corporation	Staffing Services	37,789.70
10002925	12/6/2024	QCM Technologies Inc	Information Technology Services	35,020.00
10002921	12/6/2024	CHK America Inc	Wayfinding Map Design Services	35,000.00
10002969	12/20/2024	Scheidt & Bachmann USA Inc	Hardware and Software Maintenance Support	32,523.02
10002944	12/13/2024	Nationwide Retirement Solutions Inc	PPE 12/08/2024 Nationwide EE Contributions	30,287.14
10002939	12/6/2024	Forvis Mazars LLP	Year 1 - ACFR/Federal Audit	30,000.00
1002785	12/6/2024	CopperPoint Insurance Company	January 2024 Rent and CAM Charges	29,507.40
1002777	12/6/2024	Hye Tech Network & Security Solutions L	Managed Services Agreement	28,586.00
10002961	12/13/2024	Keolis Transit Services LLC	Engines and Transmissions	27,784.44
				26,201,583.03

Valley Metro Rail, Inc
Monthly AP Payments over $25,000
December 2024

Payment Number	Date	Supplier or Party Name	Transaction Description	Amount
50002769	12/16/2024	Kiewit Infrastructure West Co	CMAR Services for South Central-Downtown Hub	8,561,034.31
50002772	12/20/2024	Alternate Concepts Inc	Transportation Services - Direct Labor Costs	1,657,571.21
50002756	12/13/2024	DMS Facility Services Inc	Facilities Maintenance Services	1,422,691.58
50002771	12/20/2024	Allied Universal Security Services	Field Security Officers	1,120,950.16
50002777	12/20/2024	Jacobs Engineering	Capitol Extension Design	1,102,819.54
50002760	12/13/2024	Siemens Mobility Inc	Light Rail Vehicles-Milestone Schedule	1,024,738.64
50002811	12/30/2024	Stacy and Witbeck Inc	Supplemental Construction Services	669,848.13
50002754	12/13/2024	Brookville Equipment Corp	Streetcar Vehicles-Additional Items	640,632.76
90000042	12/31/2024	Surepays	VMR Monthly Utilities	500,923.82
50002733	12/6/2024	AECOM Technical Services Inc	Design Services for South Central-Downtown Hub	362,616.26
50002778	12/20/2024	Kinkisharyo International LLC	LRV Repairs	322,865.49
50002798	12/27/2024	Siemens Mobility Inc	LRV Vehicle Communication and Video System Upgrade	246,257.04
50002758	12/13/2024	HDR Engineering Inc	Project Development Support	227,580.18
50002807	12/27/2024	Southwest Transit Partners	CAPEX Risk Services - Pre-Construction Services	168,216.35
50002741	12/6/2024	PGH Wong Engineering Inc	System Design Services	154,368.32
5003163	12/27/2024	Motorola Solutions Inc	Public Communication Equipment and Services	149,996.84
50002810	12/30/2024	J Banicki Construction Inc	Supplemental Construction Services	137,396.41
50002779	12/20/2024	Siemens Mobility Inc	Light Rail Vehicles - Spare Parts, Special Tools & Test Equipment	135,941.05
50002740	12/6/2024	Penn Machine Company LLC	Tire and Mounting Kit	106,280.00
50002770	12/20/2024	AECOM Technical Services Inc	Environmental Services Support	102,822.38
50002806	12/27/2024	EAR Professional Audio Video	Audio Amplifier and Sound Mixer Equipment	85,127.07
50002812	12/30/2024	Centurylink	NWEII Utilities	74,207.00
50002767	12/16/2024	Cuervo Studios LLC	SCE - Public Art Services - Fabrication Install	67,900.00
50002787	12/23/2024	ARCADIS	Consulting Support Services	54,463.18
5003162	12/27/2024	STV Incorporated	Project Development Support	44,542.99
50002797	12/27/2024	PGH Wong Engineering Inc	System Design Services	37,482.10
50002734	12/6/2024	Award Winning Restorations	Accident Repair	33,446.64
50002766	12/13/2024	SRP	Construction Utilities	30,752.55
5003140	12/20/2024	Jenco Inc	LED Replacements	28,209.44
50002739	12/6/2024	Knorr Brake Corporation	Circuit Logic Card	25,600.00
				19,297,281.44

Executive Summary

DATE
February 13, 2025

AGENDA ITEM 8

SUBJECT
Report on Current Events and Suggested Future Agenda Items

COST AND BUDGET
There are no costs associated with this item

RECOMMENDATION
This item is presented for information only.

CONTACT
Jessica Mefford-Miller
Chief Executive Officer
jmeffordmiller@valleymetro.org

ATTACHMENT
None

Pending Items Request

Item Requested	Date Requested	Planned Follow-up Date

Agenda

February 13, 2025

Valley Metro RPTA
Board of Directors
Thursday, February 20, 2025
Boardroom/Webex
Valley Metro, 101 N. 1st Avenue, 10th Floor
11:15 a.m.

	Action Recommended
1. Minutes	1. For action
Minutes from the January 23, 2025, Board meeting are presented for approval.	
2. RPTA Fiscal Year 2025 (FY25) Mid-Year Budget Adjustment	2. For action
Staff recommends that the Board of Directors approve the Mid-Year Budget Adjustment increase of $1.9M to the Valley Metro RPTA Operating Budget for FY25.	
3. Report on Current Events and Suggested Future Agenda Items	3. For information
Chair Harris will provide members the opportunity to report on current events and suggest future agenda items for consideration.	
4. Next Meeting	4. For information
The next Boad/retreat meeting is scheduled for **Thursday, March 20, 2025 at 11:15 a.m.**	

Qualified sign language interpreters are available with 72 hours notice. Materials in alternative formats (large print or flash drive) are available upon request. For further information, please call Valley Metro at 602-262-7433 or TTY at 602-251-2039. To attend this meeting via teleconference, contact the receptionist at 602-262-7433 for the dial-in-information. The supporting information for this agenda can be found on our web

Meeting Minutes

February 13, 2025 **AGENDA ITEM 1**

Valley Metro RPTA Boards of Directors
Thursday, January 23, 2024
Lake Powell Conference Room/Webex
101 N. 1st Avenue, 10th Floor
11:15 a.m.

RPTA Meeting Participants
Councilmember O.D. Harris, City of Chandler – **Chair** (phone)
Councilmember Jennifer Adams, City of Tempe **– Vice Chair** (phone)
Councilmember Max White, City of Avondale - Treasurer
Vice Mayor Clay Goodman, City of Buckeye (phone)
Councilmember Monica Dorcey, City of El Mirage (phone)
Councilmember Peggy McMahon, Town of Fountain Hills (phone)
Vice Mayor Lauren Tolmachoff, City of Glendale
Vice Mayor Wally Campbell, City of Goodyear
Councilmember Francisco Heredia, City of Mesa (phone)
Councilmember Jon Edwards, City of Peoria
Councilmember Laura Pastor, City of Phoenix
Councilmember Bryan McClure, Town of Queen Creek (phone)
Councilmember Earle Greenberg, City of Surprise
Councilmember Jennifer Adams, City of Tempe (phone)
Mayor BG Bratcher, Town of Wickenburg (phone)

Members Not Present
Town of Gilbert (not represented)
Supervisor Steve Gallardo, Maricopa County
Councilmember Kathy Littlefield, City of Scottsdale
Vice Mayor Jimmy Davis, City of Tolleson
Mayor Michael LeVault, Town of Youngtown

The chair called the meeting to order at 12:10 p.m.

Chair White said thank you so much again. I just want to wish the best of health to our Chair OD Harris who is online. I am taking the seat today just to ensure that we can conduct the meeting from the dais.

1. Consent Agenda

Chair White said as we call this meeting to order we have Item number 1 Consent Agenda. This item is presented for action. Hopefully everybody has had an opportunity to review the Consent Agenda. I will now entertain a motion to accept the Consent Agenda.

Motion by Councilmember Pastor, second by Vice Mayor Tolmachoff.

Any discussion, corrections, revisions?

All those in favor, aye. Any opposition, nay. The motion carries for Consent Agenda.

IT WAS MOVED BY COUNCILMEMBER PASTOR, SECONDED BY VICE MAYOR TOLMACHOFF, AND UNANIMOUSLY CARRIED TO APPROVE CONSENT AGENDA ITEMS 1A THROUGH 1D.

2. Report on Current Events and Suggested Future Agenda Items

Chair White said Item number 2 Report on Current Events and Suggested Future Agenda Items. We will start in the room. Any current events or request for future agenda items?

Councilmember Pastor said I don't know if I want it here or in the next meeting. And you guys can tell me where it belongs.

I would like to look at and us have a, I guess, a working plan. I've been sitting on this for quite some time but to build a community engagement plan. And what it really looks like to do community engagement on our projects. And the reason why I'm bringing this up is because there are several projects happening in my district that I think a guideline, a plan on how you do community engagement within different sectors of our cities because it's different engagement in different parts of the cities. So I don't know where that goes.

Ms. Mefford-Miller said I think that might go to the joint board because we have some rail only project, but we also have a great many bus projects, as well. That is my suggestion.

Councilmember Pastor said so Michael, how do I do that?

Mr. Wawro said it's included in the record now.

Ms. Mefford-Miller said Councilmember, would you like us to come back to you with a proposed date for that item. It might perhaps be a study session.

Councilmember Pastor said I think it should be a study session. Because there's smaller cities, there are big cities, there are different type of districts, at large districts. There's such diversity and how the outreach is done is different in different parts. So probably a study session so we can flush it out and talk about it.

Ms. Mefford-Miller said I think it would be good. We will prepare, and we'll get back with you with a proposed date and maybe a framework or outline for your feedback.

Chair White said any additional items?

I would like to share that we've had an awesome milestone for the West Valley cities of Goodyear, Surprise, Peoria and Avondale. We have surpassed 150,000 passengers served across the West Valley on WeRIDE. So I just wanted to say thanks for the partnership. Thanks to all the cities who have come to the table to support WeRIDE. It's an awesome opportunity for people to take microtransit at a low cost and just bringing the words of my merit to the table what began as a post-COVID pilot program replacing our ZOOM, our neighborhood circulator has evolved into an essential transit service that connects Avondale and West Valley residents to their destinations efficiently and reliably. So just want to again thank you for the partnership and share that big milestone that we're all celebrating and also highlighting the fact that here at the dais outside of Laura Pastor this is a West Valley crew today. So like to shout out my West Valley cities and give as much love as possible to Phoenix because we're sitting in Phoenix but this is like a once in a life time thing. So OD thank you for staying home today, sir. We needed that. Thank you all you West Valley staff members out in the crowd. We appreciate you and you in Phoenix you get some love too. Hearing no other current events or future agenda items.

Just again welcoming our new members.

3. Next Meeting

The next meeting of the RPTA Board is scheduled for Thursday, February 20, 2025, at 11:15 a.m.

Without further discussion, the meeting was adjourned at 12:15 p.m.

Executive Summary

DATE **AGENDA ITEM 2**
February 13, 2025

SUBJECT
RPTA Fiscal Year 2025 (FY25) Mid-Year Budget Adjustment

COST AND BUDGET
The Mid-Year Budget Adjustment update to the RPTA Operating Budget for FY25, increasing the overall budget by $1.9M. The details of the Mid-Year adjustment, including sources and uses of funds, are provided in the Background Information section.

RECOMMENDATION
Staff recommends the TMC forward to the Board of Directors approval of the Mid-Year Budget Adjustment increase of $1.9M to the Valley Metro RPTA Operating Budget for FY25.

STRATEGIC PLAN ALIGNMENT
This item relates to the following goals and strategies in the Five-Year Strategic Plan:

- Goal 9: Financial Sustainability

COMMITTEE PROCESS
RTAG: January 21, 2025 for information
TMC: February 5, 2025 approved
Board of Directors: February 20, 2025 for action

CONTACT
Ken Kessler
Chief Financial Officer
kkessler@valleymetro.org

ATTACHMENT
None

Background Information

BACKGROUND DISCUSSION
In May of 2024, the Board approved the FY25 Operating and Capital Budget. The cost factors used to develop the budget have changed and adjustments are warranted to update the expenditures planned for the remainder of the fiscal year. Adjustments are being requested only on the operating budget.

Fixed route service costs for the East Valley program are estimated to be lower than planned for FY25 due to lower fuel costs than estimated. At the time of the budget development, forecasts for natural gas fuel prices, which fluctuate considerably, were still relatively high.

Paratransit increases are due to the following:

- Reduced demand for Paratransit resulted in contractor pricing at a higher tier rate – approximately $2M.
- Increased utilization of overflow providers reduces trips per revenue hour with the dedicated provider – approximately $2M.
- Delay in transitioning RideChoice to a brokerage (due to scheduling software procurement) – approximately $0.7M.

RideChoice increases are due to:

- Addition of City of Glendale and City of Phoenix service – approximately $1.2M.
- Provider cost increase – approximately $0.7M.

The Vanpool costs have increased due to the utilization of a new contract that started in January 2024. The new contract incorporates comprehensive services, including supplying vans. Since the beginning of the new contract, the type of vans and mileage used and the total number of vans being used have exceeded anticipated levels.

The Commute Solutions team partnered with ADOT to develop a plan to assist in reducing commute traffic during the final two years of construction of the Broadway I-10 Curve. Valley Metro's effort includes public outreach and marketing on the SharetheRide.com platform that includes incentivizing employers/commuters within the corridor. The contract to perform this work was approved by the Board in January 2024, however, final details and ADOT approval were too late to incorporate this item in the original FY25 Budget.

Phoenix operates over half of the bus service in the region and RPTA acts as a fiduciary on behalf of the members for all Prop 400 Public Transportation Fund (PTF) monies. Phoenix requested to decrease the level of PTF funding for the service that they operate based on additional Federal Preventive Maintenance funding and lower fuel costs.

Operating Activities:

Budget Item	Description	Increase (Decrease) Amt	Funding Source
East Valley Bus	Reduction of fuel estimate by Tempe	$ (2,844,000)	Member Cities PTF Federal
RideChoice	Addition of Phoenix and Glendale service along with increased provider rates.	$ 1,905,000	Member Cities PTF Federal
Paratransit	Higher rates based on lower trip usage, increased overflow provider usage, and delays in transitioning Brokerage vendor.	$ 4,717,000	Member Cities PTF Federal
Regional Vanpool Service	Higher rates based on vans being supplied to riders and higher than planned number of vanpools.	$ 1,768,000	Fares Federal
I-10 Broadway Curve Rideshare and trip reduction	I-10 Broadway Curve completed later than initially planned due to construction delays. Ad agency responsible for the Broadway curve campaign. Reimbursed by ADOT grant.	$ 177,000	ADOT Grant
Phoenix Fixed Route	Lower cost per mile due to higher federal Preventative Maintenance funding and lower fuel costs.	$ (3,819,000)	PTF
	Mid-Year Adjustment Total	**$ 1,904,000**	

OPERATIONS

Source of Funds	FY25	FY25 Amended	Change $	Change %
Public Transportation Funds	$166.1	$163.7	($2.4)	-1%
Regional Area Road Funds	5.2	5.4	0.2	3%
Member City Contributions	57.7	61.5	3.8	7%
Bus Advertising	0.8	0.8	0.0	0%
Federal Funds	15.5	15.4	(0.1)	-1%
Fares	11.0	11.5	0.5	5%
MAG Funds	0.2	0.2	0.0	0%
Other	0.1	0.1	0.0	0%
Carry Forward & Reserves	21.1	21.1	0.0	0%
Regional Area Road Funds	0.5	0.5	0.0	0%
VMR Personnel Reimbursements	44.5	44.5	0.0	0%
AZ Lottery Funds	11.2	11.2	0.0	0%
RPTA Operating	**$333.9**	**$335.8**	**$1.9**	**1%**

Uses of Funds	FY25	FY25 Amended	Change $	Change %
Fixed Route Operations	$182.5	$175.8	($6.7)	-4%
Demand Service Operations	56.9	63.5	6.6	12%
Vanpool Operations	4.6	6.4	1.8	38%
Planning	4.3	4.3	0.0	0%
Commute Solutions	1.6	1.7	0.2	11%
Administration and Finance	5.4	5.4	0.0	0%
Regional Services	22.3	22.3	0.0	0%
VMR RARF Disbursements	0.5	0.5	0.0	0%
AZ Lottery Funds Disbursements	11.2	11.2	0.0	0%
VMR Personnel	44.5	44.5	0.0	0%
RPTA Operating	**$333.9**	**$335.8**	**$1.9**	**1%**

RPTA
Fiscal Year 2025 (FY25) Mid-Year Budget Adjustment

1

Changes – Operating Activities

Budget Item	Description	Increase (Decrease) Amt	Funding Source
East Valley Bus	Reduction of fuel estimate by Tempe	$ (2,844,000)	Member Cities PTF Federal
RideChoice	Addition of Phoenix and Glendale service along with increased provider rates.	$ 1,958,000	Member Cities PTF Federal
Paratransit	Higher rates based on lower trip usage, increased overflow provider usage, and delays in transitioning Brokerage vendor.	$ 4,066,000	Member Cities PTF Federal

2

2

2

Changes – Operating Activities (Cont'd)

Budget Item	Description	Increase (Decrease) Amt	Funding Source
Regional Vanpool Service	Higher rates based on vans being supplied to riders and higher than planned number of vanpools.	$ 1,768,000	Fares Federal
I-10 Broadway Curve Rideshare and trip reduction	I-10 Broadway Curve completed later than initially planned due to construction delays. Ad agency responsible for the Broadway curve campaign. Reimbursed by ADOT grant.	$ 177,000	ADOT Grant
Phoenix Fixed Route	Lower cost per mile due to higher federal Preventative Maintenance funding and lower fuel costs.	$ (3,819,000)	PTF
	Mid-Year Adjustment Total	**$ 1,306,000**	

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Sources of Funds – Operating ($000,000)

Source of Funds	FY25	FY25 Amended	Change $	Change %
Public Transportation Funds	$166.1	$164.9	($1.2)	-1%
Regional Area Road Funds	5.2	5.4	0.2	3%
Member City Contributions	57.7	59.7	2.0	3%
Bus Advertising	0.8	0.8	0.0	0%
Federal Funds	15.5	15.4	(0.1)	-1%
Fares	11.0	11.5	0.5	5%
MAG Funds	0.2	0.2	0.0	0%
Other	0.1	0.1	0.0	0%
Carry Forward & Reserves	21.1	21.1	0.0	0%
Regional Area Road Funds	0.5	0.5	0.0	0%
VMR Personnel Reimbursements	44.5	44.5	0.0	0%
AZ Lottery Funds	11.2	11.2	0.0	0%
RPTA Operating	**$333.9**	**$335.2**	**$1.3**	**0.4%**

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Uses of Funds – Operating ($000,000)

Uses of Funds	FY25	FY25 Amended	Change $	Change %
Fixed Route Operations	$182.5	$175.8	($6.7)	-4%
Demand Service Operations	56.9	62.9	6.0	10%
Vanpool Operations	4.6	6.4	1.8	38%
Planning	4.3	4.3	0.0	0%
Commute Solutions	1.6	1.7	0.1	7%
Administration and Finance	5.4	5.4	0.0	0%
Regional Services	22.3	22.3	0.0	0%
VMR RARF Disbursements	0.5	0.5	0.0	0%
AZ Lottery Funds Disbursements	11.2	11.2	0.0	0%
VMR Personnel	44.5	44.5	0.0	0%
RPTA Operating	**$333.9**	**$335.2**	**$1.3**	**0.4%**

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Recommendation

Staff recommends that the Board of Directors approve the Mid-Year Budget Adjustment increase of $1.3M to the Valley Metro RPTA Operating Budget for FY25.

6

VALLEY METRO

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Executive Summary

DATE
February 13, 2025

AGENDA ITEM 3

SUBJECT
Report on Current Events and Suggested Future Agenda Items

COST AND BUDGET
None

RECOMMENDATION
This item is presented for information only.

BACKGROUND | DISCUSSION | CONSIDERATION
None

COMMITTEE PROCESS
None

CONTACT
Jessica Mefford-Miller
Chief Executive Officer
jmeffordmiller@valleymetro.org

ATTACHMENT
None

Pending Items Request

Item Requested	Date Requested	Planned Follow-up Date

Agenda

February 13, 2025

Valley Metro Rail
Board of Directors
Thursday, February 20, 2025
Boardroom/Webex
Valley Metro, 101 N. 1st Avenue, 10th Floor
11:15 a.m.

1.	Minutes	1. For action

Minutes from the January 23, 2025, Board meeting are presented for approval.

2.	Valley Metro Rail Fiscal Year 2025 (FY25) Mid-Year Budget Adjustment	2. For action

Staff recommends that the Board of Directors approve the Mid-Year budget adjustment increase of $130.9M to the Valley Metro Rail Operating & Capital Budget for FY25.

3.	Report on Current Events and Suggested Future Agenda Items	3. For information

Chair Heredia will provide members the opportunity to report on current events and suggest future agenda items for consideration.

4.	Next Meeting	4. For information

The next Board/retreat is scheduled for **Thursday, March 20, 2025 at 11:15 a.m.**

Qualified sign language interpreters are available with 72 hours notice. Materials in alternative formats (large print or flash drive) are available upon request. For further information, please call Valley Metro at 602-262-7433 or TTY at 602-251-2039. To attend this meeting via teleconference, contact the receptionist at 602-262-7433 for the dial-in-information. The supporting information for this agenda can be found on our web site at www.valleymetro.org

Meeting Minutes

February 13, 2025 **AGENDA ITEM X**

Valley Metro Rail Boards of Directors
Thursday, January 23, 2024
Lake Powell Conference Room/Webex
101 N. 1st Avenue, 10th Floor
11:15 a.m.

Valley Metro Rail Participants
Vice Mayor Francisco Heredia, City of Mesa – **Chair** (phone)
Councilmember Laura Pastor, City of Phoenix – **Vice Chair**
Councilmember O.D. Harris, City of Chandler (phone)
Councilmember Jennifer Adams, City of Tempe (phone)

The chair called the meeting to order at 12:17 p.m.

Chair Heredia said we'll get started with the Valley Metro Rail meeting. Thank you.

1. Consent Agenda

Chair Heredia said first item is the Consent Agenda presented for action. Any of the members have any questions or items that you want to separate? Hearing none.

Request a motion and a second to approve the Consent Agenda items 1A through 1B.

Motion by Councilmember Pastor, second by Councilmember Adams.

All in favor, say aye. Motion carries.

IT WAS MOVED BY COUNCILMEMBER PASTOR, SECONDED BY COUNCILMEMBER ADAMS, AND UNANIMOUSLY CARRIED TO APPROVE THE CONSENT AGENDA, ITEMS 1A THROUGH 1D.

2. Rio East-Dobson Streetcar Extension (REDE) Locally preferred Alternative (LPA)

Chair Heredia said Item number 2 is Rio East-Dobson Streetcar Extension Locally Preferred Alternative. So I'll pass it over to Jessica to introduce this item.

Ms. Mefford-Miller said thank you, Mr. Chair and good morning. I'm going to invite Trevor Collon, our Chief of Capital Development, to the podium from items 2, 3 and 4 actually.

This item is to request board approval of the locally preferred alternative or the path or route for the Rio East-Dobson

Streetcar Extension which would operate through the cities of Tempe and Mesa. I should mention that this locally preferred alternative was recently approved by the councils of both the city of Tempe and the city of Mesa. Mr. Collon.

Mr. Collon said r. Chair, members of the Board. I'll orient you to this map. The Tempe streetcar which is operation opened in 2022 is shown in the green on the left part of the map. The extension that is before you today is the Rio East-Dobson Extension which basically continues east near Sun Devil stadium along Rio Salado through Tempe. It goes by Tempe Marketplace, it goes by Sloan Park Cubs spring training, Riverview, Mesa Riverview shopping. It then turns south on Dobson, and it goes down towards Main Street where there will be a strong connection with the light rail.

The bottom right portion is a future streetcar extension that's just shown for reference.
So the item before you today, the approval of the locally approved alternative which would determine the mode as streetcar and the route that I just described and the recommendation is here before you. Mr. Chair.

Chair Heredia said perfect. Thank you. Any questions or comments on here?

Councilmember Adams said this is Jennifer. I'm just really super excited about this project going forward and it makes a lot of sense. So I'm looking forward to having it come into fruition.

Chair Heredia said thank you. Us too in Mesa. I think it will be an important aspect to our communities connecting together Tempe, Mesa here.

I would like to comment just to put it out there I know we've had discussions but as far as the benefits of this project and we had a robust discussion in the City of Mesa how we can highlight those benefits our riders, the information that our consultants are gathering through the various studies and previous studies I think it will be important to make sure our residents and our stakeholders receive this information as much as possible as we move forward with this project.

So we're excited but I know we have a lot of work to do still. I request a motion and a second.

Motion by Councilmember Pastor, second by Councilmember Adams.

All in favor, say aye. Motion passes. Thank you.

IT WAS MOVED BY COUNCILMEMBER PASTOR, SECONDED BY COUNCILMEMBER ADAMS, AND UNANIMOUSLY CARRIED TO APPROVE THE REDE LPA, WHICH WOULD ALLOW FOR THE CONTINUATION OF WORK IN EXTENDING THE VALLEY METRO STREETCAR FURTHER EAST IN TEMPE ALONG RIO SALADO PARKWAY FROM MARINA HEIGHTS TO DOBSON ROAD IN MESA, AND THEN SOUTH ALONG DOBSON ROAD TO MAIN STREET.

3. South Central Extension/Downtown Hub Project (SCE/DH) Design Services Contract Authority

Chair Heredia said we'll move on to Item number 3 South Central Extension/Downtown Hub Project Design Services Contract Authority. So I'll pass it over to Jessica to introduce this item.

Ms. Mefford-Miller said thank you, Mr. Chair. This item is to request an additional contract authority for our design services contract for South Central Extension and Downtown Hub. This is a contract currently held by AECOM. It has been modified a few times over the course of the contract lifecycle to reflect the contract entering the next stage of design services. Again, this is South Central Extension. I do hope that this is the last extension of this particular contract as we are heading toward opening as we discussed earlier in spring 2025. Mr. Collon.

Mr. Collon said thank you, Jessica. Mr. Chair, members of the Board. AECOM has provided the full design services along with multiple subconsultants for the South Central project. They also provide design services during construction. In addition, there are things that come up during the project when it's in construction that we do augment the design some of those are a 3rd Avenue operator restroom. After we did a concept of operations, we determined that key need for that restroom and break facility. Also, we're looking at doing architectural lighting enhancements of the Salt River Bridge that weren't originally anticipated.

So with this action we're requesting $1.1 million in additional expenditure authority for the design contract we have with AECOM. Mr. Chair.

Chair Heredia said thank you. Any committee members have any questions or comments?

Councilmember Pastor said I have a question. On the Salt River Bridge, in that design at least to -- I'm not sure if it's been designed.

Mr. Collon said it has.

Councilmember Pastor said in that design because I'm seeing lighting. I'm thinking about Christmas and other, you know, make it purple or, you know, blue or. Will we be able to do that?

Mr. Collon said Mr. Chair, Madam Pastor. Yes. We will be able to.

Councilmember Pastor said Okay. I wanted to make sure.

Mr. Collon said it is programmable. It's got all kinds of options.

Councilmember Pastor said I move item number 3.

Chair Heredia said perfect. We have a motion and a second by Councilmember Adams.

All in favor, say aye. Motion passes.

IT WAS MOVED BY COUNCILMEMBER PASTOR, SECONDED BY COUNCILMEMBER ADAMS, AND UNANIMOUSLY CARRIED TO AUTHORIZE THE CHIEF EXECUTIVE OFFICER TO INCREASE THE SCE/DH LIGHT RAIL EXTENSION DESIGN CONTRACT WITH AECOM BY A NOT TO EXCEED AMOUNT OF $1,100,000 TO SUPPORT THE CONTINUED DESIGN SERVICES DURING CONSTRUCTION (DSDC) AND CONTINGENCY.

4. <u>South Central Extension/Downtown Hub (SCE/DH) Construction Manager at Risk (CMAR) Additional contract Authority</u>

Chair Heredia said we'll move on to Item number 4 South Central Extension/Downtown Hub Construction Manager at Risk Additional Contract Authority. I'll pass it over to Jessica.

Ms. Mefford-Miller said thank you, Mr. Chair. This item is really a companion to the item the Board just heard. This is an extension and additional contract authority for a construction manager at risk contract which we hold with Kiewit and Mr. Collon will review the history of that contract in a little bit of the items that we aim to address with this extension including scope that was not originally included in the project like the Salt River Bridge lighting enhancements. He mentioned the operator facility and restroom. We also have some sewer and irrigation additions that were not included in initial scope, and we have just completed a change order on schedule recovery and resolution that helps us put that fine point on the completion date for the project. This would be included within this change order. Mr. Collon.

Mr. Collon said thank you, Jessica. Mr. Chair, members of the Board. For this contract, this contract's with Kiewit Construction. It's for construction manager at risk or construction services. We are requesting an increase to the contract expenditure by a little over $76 million. Among the scope adds we also, as Jessica mentioned, just over the holiday reached a settlement on a lot of schedule and efficiency driven items that look both backward and forward to bringing this project by the May 30th date that we're working under contractually. In addition some of those scope adds I mentioned at the design contract this would be the construction portion of those improvements.

With that, the recommendation's before Mr. Chair and the Board.

Chair Heredia said all right. Any other questions, comments? All right. Request a motion and a second to authorize the CEO to provide additional contract authority for SCEDH CMAR with Kiewit for aggregate amount of over 76,588,501 to complete additional construction scope in the project.

Motion by Councilmember Pastor, second by Councilmember Adams. All in favor, say aye. Motion passes. Thank you.

IT WAS MOVED BY COUNCILMEMBER PASTOR, SECONDED BY COUNCILMEMBER ADAMS, AND UNANIMOUSLY CARRIED TO AUTHORIZE THE CHIEF EXECUTIVE OFFICER TO PROIDE ADDITIONAL CONTRACT AUTHORITY FOR THE SCE/DH CMAR CONTRACT WITH KIEWIT FOR AN AGGREGATE AMOUNT OF $76,588,501 TO COMPLETE ADDITIONAL CONSTRUCTION SCOPE ON THE SCE/DH PROJECT.

5. <u>Report on Current Events and Suggested Future Agenda Items</u>

Chair Heredia said Move on to Item number 5 Report on Current Events and Future Agenda Items. Anything else you would like to add, committee members?

Councilmember Pastor said I guess the same item I stated in earlier, so I just want to make sure we capture it.

Chair Heredia said Perfect. Thank you.

6. <u>Next Meeting</u>

The next meeting of the Board is scheduled for Thursday, February 20, 2025, at 11:15 a.m.

Without further discussion, the meeting was adjourned at 12:28 p.m.

Executive Summary

DATE **AGENDA ITEM 2**
February 13, 2025

SUBJECT
Valley Metro Rail Fiscal Year 2025 (FY25) Mid-Year Budget Adjustment

COST AND BUDGET
The Mid-Year Budget Adjustment update to the Valley Metro Rail Operating & Capital Budget for FY25 would increase the overall budget by $130.9M, with the majority of that increase ($130.0M) being on the capital side due to timing of costs. The details of the Mid-Year adjustment, including sources and uses of funds, are provided in the Background Information section.

RECOMMENDATION
Staff recommends that the RMC forward to the Board of Directors approval of the Mid-Year budget adjustment increase of $130.9M to the Valley Metro Rail Operating & Capital Budget for FY25.

STRATEGIC PLAN ALIGNMENT
This item relates to the following goals and strategies in the Five-Year Strategic Plan:

- Goal 9: Financial Sustainability

COMMITTEE PROCESS
RTAG: January 21, 2025 for information
RMC: February 5, 2025 approved
Board of Directors: February 20, 2025 for action

CONTACT
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Chief Financial Officer
(602) 523-6043
kkessler@valleymetro.org

ATTACHMENTS
None

Background Information

BACKGROUND DISCUSSION
In May of 2024, the Board approved the FY25 Operating and Capital Budget. The cost factors used to develop the budget have changed and adjustments are warranted to update the expenditures planned for the remainder of the fiscal year.

Light Rail operating expenditures are up due to the unplanned labor rate increases for the security services contractor, Allied Universal. Based on ongoing increased vacancy rates for Field Security Officers and Supervisors, the work could not be performed without adjusting the rates to be more competitive. The Board approved the rate increase in June of 2024, however the FY25 budget was already approved in May of 2024. This adjustment trues up the current year budget to that which the Board approved.

Annual expenditures will increase for several capital projects in FY25 due to timing of scheduled work. Total project costs for all capital construction projects remain within the overall multi-year project budgets.

- Future Project Development work is focused on preliminary engineering work for the 4.4 mile streetcar extension that would connect West Mesa residents to the current 3 mile alignment. Valley Metro has been awarded $15.9M in federal Rebuilding American Infrastructure with Sustainability and Equity (RAISE) grant to advance the engineering and environmental phases for the project.

- South Central Extension/Downtown Hub project increases are primarily for updates to Siemens Mobility milestone payments schedule for light rail vehicles, artwork, and updates to the contractor's schedule. The contractor is advancing construction work previously programmed for FY26 to meet the updated, planned revenue service date.

- Northwest Extension Phase II has a slight increase due to remaining programmed costs related to safety and security enhancements, climate resilience/heat mitigation, and service reliability.

- Tempe Streetcar is increasing due to the timing of vehicle milestone payments for the rail fleet, spare parts, and fare collection installations.

- Gilbert Road is adjusted upward due to the timing of light rail vehicle milestone payments, utilizing unspent funds from prior year.

- Systemwide Improvements increases are primarily due to the updated light rail vehicle milestone payment schedule along with costs for FCSM installations for current service.

- State of Good Repair increases are a result of securing additional parts for the original Kinkisharyo light rail fleet, start-up parts for the new FCSM hardware (TVMs & Fare Readers), and the replacement of the Tempe Town Lake Bridge art lighting system.

Operating Activities:

Budget Item	Description	Increase (Decrease) Amt	Funding Source
Light Rail	Labor rate increase for the security services contractor.	$ 912,000	Member Cities
	Operating Total:	**$ 912,000**	

Capital Activities:

Budget Item	Description	Increase (Decrease) Amt	Funding Source
Future Project Development	Rio East/Dobson SC Extension preliminary engineering work is starting.	$ 1,691,000	PTF Federal Member Cities
South Central	No change to total project budget. FY25 annual costs increased due to timing of scheduled work along with programmed payments for revenue vehicles and CNPAs.	$ 101,292,000	PTF Federal City of Phoenix
Northwest Ext II	No change to total project budget. FY25 annual costs increased due to close out of final construction costs and addition scope identified covered by project underrun.	$ 1,823,000	Federal City of Phoenix
Tempe Streetcar	No change to total project budget. FY25 annual costs increased due to timing of programmed payments for revenue vehicles and spare parts.	$ 8,343,000	PTF Federal
Capitol Extension	FY25 annual costs increased due to timing of scheduled design and pre-construction work.	$ 2,452,000	PTF Federal City of Phoenix
Gilbert Road Extension	No change to total project budget. FY25 annual costs increased due to timing of programmed payments for revenue vehicles.	$ 2,235,000	Federal City of Mesa
Systemwide Improvements	FY25 annual costs increased due to timing of programmed payments for revenue vehicles.	$ 7,352,000	PTF Federal
State of Good Repair	Kinkisharyo propulsion boards, paver replacement, and Tempe Town Lake bridge lighting projects, and fare system collection modernization spare parts.	$ 4,840,000	PTF Federal
	Capital Total:	**$ 130,028,000**	
	Mid-Year Adjustment Total	**$ 130,940,000**	

SOURCES OF FUNDS ($000,000)

Operating Revenues

Sources of Funds	FY25	FY25 Amended	Change $	Change %
Advertising	$1.3	$1.3	$0.0	0%
Fares	6.8	6.8	0.0	0%
Federal Funds	1.6	1.6	0.0	0%
Member City Contributions	87.2	88.1	0.9	1%
Other	0.1	0.1	0.0	0%
Total Operating Sources	**$97.0**	**$97.9**	**$0.9**	**1%**

USES OF FUNDS ($000,000)

Operating Expenditures

Uses of Funds	FY25	FY25 Amended	Change $	Change %
Light Rail Operations & Maintenance	$71.7	$71.7	$0.0	0%
Light Rail Security	14.4	15.3	0.9	6%
Subtotal Light Rail	*86.1*	*87.0*	*0.9*	*1%*
Streetcar Operations & Maintenance	6.4	6.4	0.0	0%
Streetcar Security	1.0	1.0	0.0	0%
Subtotal Streetcar	*7.4*	*7.4*	*0.0*	*0%*
Agency Operating	3.4	3.4	0.0	0%
Total Operating Uses	**$97.0**	**$97.9**	**$0.9**	**1%**

VALLEY METRO RAIL

SOURCES OF FUNDS ($000,000)

Capital Revenues

Sources of Funds	FY25	FY25 Amended	Change $	Change %
Federal Funds	$123.6	$128.9	$5.3	4%
MAG Funds	0.5	0.5	0.0	0%
Member City Contributions	65.4	168.6	103.2	158%
Public Transportation Funds	71.6	93.1	21.5	30%
Regional Area Road Funds	0.5	0.5	0.0	0%
Total Capital Sources	**$261.6**	**$391.6**	**$130.0**	**50%**

USES OF FUNDS ($000,000)

Capital Expenditures

Uses of Funds	FY25	FY25 Amended	Change $	Change %
Future Project Development	$14.8	$16.4	$1.6	11%
South Central Ext/Downtown Hub	196.0	297.2	101.2	52%
Capitol Extension	18.4	20.8	2.4	13%
Northwest Extension Phase II	10.8	12.6	1.8	17%
Tempe Streetcar	0.0	8.3	8.3	-
Gilbert Road Extension	0.0	2.2	2.2	-
Systemwide Improvements	4.4	11.7	7.3	166%
State of Good Repair	17.4	22.2	4.8	28%
Total Capital	**$261.6**	**$391.6**	**$130.0**	**50%**

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Changes – Operating Activities

Operating Activities:

Budget Item	Description	Increase (Decrease) Amt
Light Rail	Labor rate increase for the security services contractor.	$ 912,000
	Operating Total:	**$ 912,000**

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Sources of Funds - Operating ($000,000)

Sources of Funds	FY25	FY25 Amended	Change $	Change %
Advertising	$1.3	$1.3	$0.0	0%
Fares	6.8	6.8	0.0	0%
Federal Funds	1.6	1.6	0.0	0%
Member City Contributions	87.2	88.1	0.9	1%
Other	0.1	0.1	0.0	0%
Total Operating Sources	**$97.0**	**$97.9**	**$0.9**	**1%**

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VALLEY METRO

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Uses of Funds - Operating ($000,000)

Uses of Funds	FY25	FY25 Amended	Change $	Change %
Light Rail Operations & Maintenance	$71.7	$71.7	$0.0	0%
Light Rail Security	14.4	15.3	0.9	6%
Subtotal Light Rail	*86.1*	*87.0*	*0.9*	*1%*
Streetcar Operations & Maintenance	6.4	6.4	0.0	0%
Streetcar Security	1.0	1.0	0.0	0%
Subtotal Streetcar	*7.4*	*7.4*	*0.0*	*0%*
Agency Operating	3.4	3.4	0.0	0%
Total Operating Uses	**$97.0**	**$97.9**	**$0.9**	**1%**

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VALLEY METRO

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Changes – Capital Activities

Capital Activities:

Budget Item	Description	Increase (Decrease) Amt	Funding Source
Future Project Development	Rio East/Dobson SC Extension preliminary engineering work is starting.	$ 1,691,000	PTF Federal Member Cities
South Central	No change to total project budget. FY25 annual costs increased due to timing of scheduled work along with programmed payments for revenue vehicles and CNPAs.	$ 101,292,000	PTF Federal City of Phoenix
Northwest Ext II	No change to total project budget. FY25 annual costs increased due to close out of final construction costs and addition scope identified covered by project underrun.	$ 1,823,000	Federal City of Phoenix

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Changes – Capital Activities

Budget Item	Description	Increase (Decrease) Amt	Funding Source
Tempe Streetcar	No change to total project budget. FY25 annual costs increased due to timing of programmed payments for revenue vehicles and spare parts.	$ 8,343,000	PTF Federal
Capitol Extension	FY25 annual costs increased due to timing of scheduled design and pre-construction work.	$ 2,452,000	PTF Federal City of Phoenix
Gilbert Road Extension	No change to total project budget. FY25 annual costs increased due to timing of programmed payments for revenue vehicles.	$ 2,235,000	Federal City of Mesa

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VALLEY METRO

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Changes – Capital Activities

Budget Item	Description	Increase (Decrease) Amt	Funding Source
Systemwide Improvements	FY25 annual costs increased due to timing of programmed payments for revenue vehicles.	$ 7,352,000	PTF Federal
State of Good Repair	Kinkisharyo propulsion boards, paver replacement, and Tempe Town Lake bridge lighting projects, and fare system collection modernization spare parts..	$ 4,840,000	PTF Federal Member Cities
	Capital Total:	**$ 130,028,000**	

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Sources of Funds - Capital ($000,000)

Sources of Funds	FY25	FY25 Amended	Change $	Change %
Federal Funds	$123.6	$128.9	$5.3	4%
MAG Funds	0.5	0.5	0.0	0%
Member City Contributions	65.4	168.6	103.2	158%
Public Transportation Funds	71.6	93.1	21.5	30%
Regional Area Road Funds	0.5	0.5	0.0	0%
Total Capital Sources	**$261.6**	**$391.6**	**$130.0**	**50%**

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Uses of Funds - Capital ($000,000)

Uses of Funds	FY25	FY25 Amended	Change $	Change %
Future Project Development	$14.8	$16.4	$1.6	11%
South Central Ext/Downtown Hub	196.0	297.2	101.2	52%
Capitol Extension	18.4	20.8	2.4	13%
Northwest Extension Phase II	10.8	12.6	1.8	17%
Tempe Streetcar	0.0	8.3	8.3	-
Gilbert Road Extension	0.0	2.2	2.2	-
Systemwide Improvements	4.4	11.7	7.3	166%
State of Good Repair	17.4	22.2	4.8	28%
Total Capital	**$261.6**	**$391.6**	**$130.0**	**50%**

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Recommendation

Staff recommends that the RMC forward to the Board of Directors approval of the Mid-Year budget adjustment increase of $130.9M to the Valley Metro Rail Operating & Capital Budget for FY25.

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Executive Summary

DATE **AGENDA ITEM 3**
February 13, 2025

SUBJECT
Report on Current Events and Suggested Future Agenda Items

COST AND BUDGET
None

RECOMMENDATION
This item is presented for information only.

BACKGROUND/DISCUSSION/CONSIDERATION
None

COMMITTEE ACTION
None

CONTACT
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ATTACHMENT
None

Pending Items Request

Item Requested	Date Requested	Planned Follow-up Date