

Meetings of BOARDS OF DIRECTORS



VALLEY METRO RPTA / VALLEY METRO RAIL

Joint Boards Meeting

Valley Metro RPTA

Valley Metro Rail

Date:
March 20, 2025

Starting Time:
10:15 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

March 12, 2025



**Joint Boards of Directors
Valley Metro RPTA
And
Valley Metro Rail**
Thursday, March 20, 2025
Valley Metro, 101 N. 1st Avenue, 10th Floor
**Boardroom
10:15 a.m.**

Action Recommended

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 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.

1. For Information

2. Chief Executive Officer's Report

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

2. For information

3. Minutes

Minutes from the February 20, 2025, Joint Boards of Directors meeting are presented for approval.

3. For action

4. Audit and Finance Subcommittee Update

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

4. For information

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.

This item was tabled from the February 20, 2025 Joint Board meeting.

6. Fare Inspection and Security Services Contract Award

6. For action

Staff recommends that the Boards of Directors authorize the Chief Executive Officer to execute a one-year contract with four one-year options to extend, with a primary award to Inter-Con Security Systems, Inc., and a secondary award to Universal Protection Services, LP, for Fare Inspection and Security Services, with an aggregate value of \$105,427,000.

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 the opportunity to report on current events and suggest future agenda items for consideration.



9. Next Meeting

9. For information

The next meeting of the Joint Boards meeting is scheduled for **April 17, 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.

Executive Summary

**DATE**

March 12, 2025

AGENDA ITEM 1**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**

March 12, 2025

AGENDA ITEM 2**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

Meeting Minutes



March 12, 2025

AGENDA ITEM 3

Joint Boards of Directors
Thursday, February 20, 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**
Councilmember Jennifer Adams, City of Tempe – **Vice Chair** (phone)
Councilmember Max White, City of Avondale (phone)
Councilmember Jermaine Berry, City of Buckeye (phone)
Councilmember Monica Dorcey, City of El Mirage (phone)
Councilmember Peggy McMahon, Town of Fountain Hills
Councilmember Kenny Buckland, Town of Gilbert (phone)
Vice Mayor Wally Campbell, City of Goodyear (Webex)
Supervisor Steve Gallardo, Maricopa County
Councilmember Francisco Heredia, City of Mesa (phone)
Vice Mayor Jon Edwards, City of Peoria (phone)
Councilmember Laura Pastor, City of Phoenix
Councilmember Bryan McClure, Town of Queen Creek (phone)
Vice Mayor Kathy Littlefield, City of Scottsdale (phone)
Councilmember Earle Greenberg, City of Surprise (phone)
Councilmember Jimmy Davis, City of Tolleson
Mayor Michael LeVault, Town of Youngtown (phone)

Members Not Present

Vice Mayor Lauren Tolmachoff, City of Glendale
Mayor BG Bratcher, Town of Wickenburg

Valley Metro Rail Participants

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

The Chair called the meeting to order at 11:18 a.m.

Chair Harris said let's get started. Thank you to everyone that has attended in person. Everyone that's online, we really appreciate your support. Thank you to staff. And we're going to get this meeting going. I'm the Chair Councilmember OD Harris from the great city of Chandler.



Today we're going to convene in the meeting, and I want to welcome all the members to the February meeting.

I would like to start by welcoming our new board members that's coming from the Buckeye Councilmember Jamine Berry. Councilmember Barry. Hello.

Councilmember Berry said hello. How are you doing?

Chair Harris and from the Town of Gilbert Councilmember Kenny Buckland. What's up, sir?

Councilmember Buckland said thank you, OD. How are you?

Chair Harris said good, man. You got to catch a ride. You got to catch from there to here.

Councilmember Buckland said yes. I was double booked today so I couldn't. I wanted to be there in person, but I apologize. I had to double book.

Chair Harris said it's okay. We want to definitely welcome two new board members to the board and we really appreciate your service not just to your communities but also the service that you will provide to Valley Metro and the Maricopa County region for transportation. So again, we want to look forward to welcome everyone.

And now, Pat, we will now call for the roll.

Ms. Dillon said good morning.

City of Avondale, Councilmember Maxine White? Here.
City of Buckeye, Councilmember Jamaine Berry? Here.
City of Chandler, Vice Mayor OD Harris? Here.
City of El Mirage, Councilmember Monica Dorsey? Here.
Town of Fountain Hills, Councilmember Peggy McMahon? Town of Gilbert, Councilmember Kenny Buckland? Here.
City of Glendale, Vice Mayor Lauren Tolmachoff?
City of Goodyear, Vice Mayor Wally Campbell? She is on Webex, Chair.
Maricopa County Supervisor, Steve Gallardo?
City of Mesa, Councilmember Francisco Heredia?
City of Peoria, Councilmember Jon Edwards? Present.
City of Phoenix, Councilmember Laura Pastor? Here. Present.
Town of Queen Creek, Councilmember Bryan McClure? Here.
City of Scottsdale, Councilmember Kathy Littlefield? Here.
City of Surprise, Councilmember Earle Greenberg? Here.
City of Tempe, Councilmember Jennifer Adams? Present.
City of Tolleson, Councilmember Jimmy Davis?
Town of Wickenburg, Mayor B.G. Bratcher?



Town of Youngtown, Mayor Michael LeVault? Yes, Pat, I'm here.

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

1. Public Comment

Chair Harris said now, we will start public comments.

The public will be provided with an opportunity at this time to address the Committees on non-agenda items and all action and agenda items for the Joint RPTA and VMR meeting agendas up to three minutes.

Pat, is there any public announcements?

Ms. Dillon said yes. Mr. Crowley is here today.

Chair Harris said you'll have three minutes from the time that you start speaking.

Mr. Crowley said first off, Jessica, you need to find another person because when it comes to the bus what did you do over the last three years? You know, you're both agencies but when I see in the budget adjustment today it's \$1.9 million for the bus and \$130.9 for rail.

Chair Harris said Mr. Crowley, please address the Chair not the CEO, please. Thank you.

Mr. Crowley said I was addressing the board and being specific –

Chair Harris said yes. Please direct your comments to the board not to our CEO.

Mr. Crowley said I am. I am.

Chair Harris said thank you.

Mr. Crowley said I just happen to be specific with her. I'm hoping that you overheard it. You know, because when you look at the document that I handed to you, you see all those zeros, those are all the buses that you didn't do.

Chair Harris said Mr. Crowley, decorum. You're addressing the board. You're addressing me. You will not address the CEO. You will address me.

Mr. Crowley said I just did. I said the document that I gave you shows all those zeros and under her leadership were any of those zeros changed into having buses.

Chair Harris said Mr. Crowley, what I would like to happen here is just for you to address me just when you come up just address us. That's the best way to deal with it. The CEO takes



direction from the Board and just out of respect please just direct your comments to me. If there is something that you feel personal attacks is unwanted. So if there's something that we could do better we want to do that but just make sure you just address it to me and to the Board and we'll take your comments. So just if you can do that for me that would be great. I appreciate that.

Mr. Crowley said yes, sir. But now I'd like to get all that time that you just took of mine back.

Chair Harris said Mr. Crowley, I will give you back 15 seconds.

Mr. Crowley said you took more than 15 but that's not a personal attack. That's an observation. As a board and as an entity when it comes to what you have done when it comes to the bus let's give you a rating of zero. Since you did the new head she said when I pointed out that that \$30 million that you're doing for planning that 10% was only going to the bus and 10% were contingency but it never was multi-modal. Over these past three years there was never any blending in it.

But my biggest problem with you guys is this partnership with the police department to expand Operation Blue Ride and such. I was a part of a Supreme Court decision of a black man over in San Diego where it stated that unless police have a reason to be dealing with you they can't just go on fishing expeditions. So if I'm on a bus in either Mesa, Chandler or that or Phoenix and I see a police officer I'm going to be asking him does he have a arrestable or ticketable offense.

And if he doesn't he needs to get off the bus. Also, we don't need this situation of you saying that they're security. All they are is ticket checkers so why are you giving them a \$103 million.

Chair Harris said thank you. Pat, is there anymore public comments?

Ms. Dillon said no, sir.

Chair Harris said thank you.

2. Chief Executive Officer's Report

Chair Harris said next we will hear from our CEO on the CEO report.

Ms. Mefford-Miller said thank you, Mr. Chair. Good morning, members of the Board. Special welcome to our newest board members, Gilbert Councilmember Buckland and Buckeye Councilmember Berry.

I have a few items I'd like to provide brief updates on this morning especially for the benefit of our now seven new board members this year. There is a quarterly performance report in your board packet. We typically provide this for information only. Of course, we're here and available to answer any questions you may have. I just want to (indiscernible) a few highlights of our



quarterly report, and this is FY25 quarterly report, so this is the period including October, November and December of calendar year 2024.

In the first quarter of this fiscal year, July through September, our bus ridership lagged expectations but in the second quarter we made that up. We did exceed expectations. I'm pleased to share that the regional bus ridership grew 20 percent over the second quarter relative to the second quarter of last year.

We are also beginning to receive better ridership data on board bus thanks to the introduction thanks to the new fare boxes which have been installed across the entire system. We also have new ticket vending machines installed at all light rail stations and our fare inspectors are equipped with new technology that allows for electronic validation of most fares.

Our rail ridership is up 3% year over year so not the kind of growth that we're seeing in bus and that growth did slow in second quarter. Staff is currently analyzing our rail ridership trends including light rail and streetcar to better understand what is happening there.

In accessible transportation services we're continuing to see a shift from paratransit to Ride Choice. In the second quarter paratransit dropped 5 percent relative to last year while Ride Choice grew incredibly at 44% year-over-year growth for second quarter.

One area I want to note is we are continuing to focus on customer experience. We are seeing a decline in negative customer complaints. I credit the transportation team. They're doing an excellent job working hand and glove with our member communities, our riders and our contractors to deliver consistently excellent service.

Another key area of performance improvement is our on-time performance. We have been focused on fine tuning our schedule so that we can arrive more often on time, which is essential for connecting our customers with the places important to them.

And area of performance that we're really working on is preventable accidents particularly in the East Valley. Our transportation team is working closely with Keolis, our contractor in that market, to drive down preventable accidents, namely through increased training, additional training staff and accident root cause analysis investigation and follow-up. You'll continue to hear from me on this key performance indicator until we drive that performance area into the realm of meeting expectations.

Staying in the East Valley for a moment I want to provide an update on Operation Blue Ride. Operation Blue Ride is a regional initiative. It's a partnership between our security team led by one team member, Dave Munley, and our regional partners. On our bus system, which carries about 70% of our customers on a day-to-day basis we don't have a security task force that is spanning the entire region. What we do is coordinate very closely with law enforcement partners and social service providers from our member communities.



Operation Blue Ride is a concerted effort where our team is riding along with law enforcement partners and sometimes social services partners who are helping to create an inviting and secure environment for our customers. Earlier this week on February 18th Valley Metro and the City of Tempe partnered up and that included Tempe Police Department and Tempe HOPE and that's the Tempe Homeless Outreach Program Effort. They greeted customers and provided support across four major bus routes in the city of Tempe.

I also want to note and in the bottom left photo you can see the beginning of this. We are now marking our buses with public notifications that make the public aware that assaulting a transit operator is now a felony offense. I want to credit my colleague Heather Dommiline who is the general manager up at Mountain Line in Flagstaff for working closely to lobby the state legislature to make transit operator assaults a felony offense. Across our industry throughout the U.S., we have seen a significant increase in operator assaults in the last five years and our team is working with our contract partners to deliver de-escalation training to prepare operators for the environment they do their jobs within. You'll see these operator barriers. You can see that pictured in the photo in the lower left. But creating this felony offense for these assaults does help protect this important workforce.

Earlier this month we also provided transportation with the leadership of Chair Harris to the 23rd Annual Commission of African American Affairs Legislative Conference. And through this, attendees enjoyed visiting sites important to African American history right here in greater Phoenix. I think this was enjoyed by all and we were delighted to play a role in that important tour. Thank you, Chair Harris, for creating that connection.

It was a very happy Valentine's Day for us here at Valley Metro. This is our final light rail vehicle that is going into service to support the South Central Extension. It arrived on February 14th at our Operations and Maintenance Center from its production site in Northern California. This is the 13th train out of a total of 14 that will be tested, certified and placed into service. Our rail operations and our maintenance teams have a great deal of work to do before those trains go into service later this year but we're confident they'll be prepared for that. So in total from this order 24 of 25 of those Siemens light rail vehicles are either in service or are being tested now.

And on South Central January 29th, we celebrated with local community groups the first crossing of a light rail vehicle over the Salt River Bridge.

This is really connecting the South Central community with greater Phoenix. This was a great event. We had over 100 community members. We were also joined by U.S. Representative Ansari and Phoenix Councilmembers Galindo-Elvira and Hodge Washington. In the weeks and months ahead, the team is working very to finish construction and complete the testing and certification necessary to bring South Central into operation later this year.

We're also celebrating with the community on Saturday, March 8th from 10 a.m. to 12 p.m. at the forthcoming new end of line at Baseline and Central station. Stay tuned for that and we'll share an invitation to that event with the entire Board.



I want to give you a technical project update on South Central. We are officially at 96 percent complete and in past weeks we have conducted a readiness review with our ADOT State Safety Oversight and Federal Transit Administration. We have a quarterly in-depth review meeting with our State Safety Oversight, Federal Transit Administration and ADOT. That actually takes place next Tuesday. We are still on track to begin free revenue operations next month on South Central so that means you're going to be seeing trains operate. We're not carrying passengers yet, but we are doing that critical testing, and we have finished about 70% of our systems integrated testing in downtown and we're about 30 percent complete on the southern portion of the corridor that's south of Lincoln.

We're also working with our rail operations contractor ACI. We're currently at 92% of the workforce that we anticipate needing to put into service. I am confident that we'll achieve our operator staffing goal to bring that into operation.

And finally, I want to recognize our Chief Administrative Officer, Jim Hillyard, who is retiring. For the board members that have been with us, Jim joined us in 2019, right, and before I arrived in early spring of 2022 Jim announced his retirement. He has been so gracious as to stay with us and provide a steady guiding hand not just for our administrative team but through the strategic planning process leading to the plan that the Board approved last year. Since then, he has been working with us to really serve as a utility player to drive performance improvement across the entire agency. It has been a privilege and an honor to work with Jim during these last three years.

Councilmember Pastor said well, Jim, congratulations. I'm striving to get there. I still need a few more years. But congratulations. I look at this photo and I look at you today. There's a big difference in the sense that there's no longer a beard on you today. So you shaved off the warrior mask of protecting Valley Metro and now you're nice and clean ready to sunset off into retirement. Congratulations.

Chair Harris said I was just going to thank you for your service. It's been amazing and you've been with Valley Metro for such a long time, but you've been temporary and you've guided our CEO's and our teams through a lot and we definitely appreciate your service. Obviously, the beard came off because he's ready to go experience life on the beach somewhere. I just wanted you to say a few words because I really appreciate your time. Just come up here and say a couple words. Thank you for your service.

Mr. Hillyard said thank you very much, Mr. Chairman, members. It's been a great pleasure to serve with this wonderful Valley Metro team and it's been a privilege to support you in the important work of transit for our region so thank you very much.

Chair Harris said well, a man of few words but very poignant. We appreciate your service and thank you on behalf of Valley Metro and thank you for your service and may you have an amazing retirement and remember the doors of Valley Metro is always going to be open to you, Jim.



Mr. Hillyard said thank you very much.

Ms. Mefford-Miller said thank you, Mr. Chair. And a final reminder we will be back here on March 20th for both our board meeting as well as an annual board retreat. We encourage in-person attendance to any board members that can be available. The time for that is 11:15 to 2:15 p.m. so an extended time frame. In addition to the regular monthly meeting, we'll have a board retreat that provides a few items including updates on strategic plan and a look ahead at the FY26 initiatives. We'll also have a board study session in which we're going to be seeking your guidance on procurement practices. So we look forward to that.

That concludes my update. I would be happy to answer any questions of the board, Mr. Chair.

Chair Harris said at this time is there any questions from the Board here or online, any comments or anything? Thank you so much for that great report.

3. Audit and Finance Subcommittee Update

Chair Harris said next we're going to hand it over to the Audit and Finance Subcommittee. Councilmember White.

Councilmember White said good morning. Thank you so much, Chair Harris.

The Audit and Finance Subcommittee met Thursday, February 6th and we gave an opportunity, of course, for public comment. We received our Chief Financial Officer's update. Mr. Kessler shared with us that FY26 capital and operating budgets will be making their way through the committee process for review and comments in March and April and then final approval is anticipated for our May 2025 board meeting.

We, of course, reviewed all our actions from the prior meeting. Mr. Olson provided us with a FY25 2nd quarter budget review. There are no concerns that we have with the board about our appropriations.

Then we moved into talking about fiscal year 2026 service level budget assumptions. Mr. Olson also provided a budget assumptions update for FY26 thinking about revenue forecasts, public transit revenues. So just things that we need to have on the horizons as we look at FY25: PTF revenues, base service level contract rates, current market trends and other initiatives and risks.

We discussed the Regional Public Transit Authority budget adjustment. We're going to have a full-on discussion about that during this meeting. I'm confident because that is for action with us.

Other than that we did receive our VMR fiscal year 2025 midyear budget adjustment review. We received an update from our Chief Auditor, and we had 12 recommendations from prior audits



that are being tracked. Six of those recommendations will be fulfilled with the implementation of our new procurement manual on the horizon.

The Audit and Finance Subcommittee is scheduled for our next meeting on Thursday, March 6, 2025, at 12 p.m.

And those who are members, if you aren't able to be in person we do welcome you to join virtually and I am available for questions, Mr. Chair.

Chair Harris said thank you so much for that report. Is there any questions at this time?

Councilmember Pastor said I don't have any questions. I just want to make a statement. Is that we did in the Audit and Finance talk about and had a heavy discussion about the mid-year budget adjustment. And that will be coming forward in a discussion and so I just wanted to make aware to my colleagues that that was a discussion within our Audit and Finance Subcommittee and there were some concerns.

Councilmember White said thank you so much, Councilmember Pastor, for bringing that to our attention. I think, you know, the fact that those of us who have been honored to be appointed to serve we're very fiscally responsible individuals and we have the best interests of our municipalities, public transit and the welfare of all of us at the table. So I know that Phoenix is a huge part of how our service is delivered and I'm very thankful that we will continue this conversation today. Chair.

Chair Harris said thank you so much. Any more commentary?

Councilmember Adams said it's Councilmember Adams. Yes. Thank you. I just wanted to follow up on that comment about our fees going up with paratransit and with less service. So that's been a concern for us and I think we need to really address that.

Councilmember White said thank you so much, Vice Chair Adams. I really appreciate you bringing that to the forefront so that way we'll be able to hone in our discussion once we get to that agenda item. Chair Harris.

Councilmember Pastor said I'm asking about a certain thing on the agenda.

Chair Harris the next item. Thank you, Councilmember White, for that amazing update. You're doing a great job as the Chair of that committee. We appreciate your service.

4. Consent Agenda

Chair Harris said next we will go to Item number 4 for Consent Agenda. And I know that there was a request to pull Item 4B for separate consideration. So at this time I am going to request a motion and a second to approve the Consent Agenda Items for 4A and probably 4B.



Motion by Councilmember Pastor, second by Councilmember White.

Okay. Well, is there any discussion?

All those in favor, say aye. Any disapprovals.

All right. The ayes have it.

IT WAS MOVED BY COUNCILMEMBER PASTOR, SECONDED BY COUNCILMEMBER WHITE, AND UNANIMOUSLY CARRIED TO APPROVE THE JANUARY 23, 2025 JOINT BOARD MEETING MINUTES.

Chair Harris said moving on to the next item number 5 Marketing and Advertising Support Services Contract Extension and Increases.

Councilmember Pastor said we voted one item.

Chair Harris said oh, 4B. So we have action on 4B. Go ahead. I'm turning it over to the CEO.

Ms. Mefford-Miller said are there any questions we may answer?

I've got Alexis Tameron Kinsey here, our Chief of Policy and Government Affairs. If you'd like I could have Ms. Kinsey provide an overview of our federal legislative agenda as a beginning point.

Ms. Tameron-Kinsey said thank you. Mr. Chair, members of the Board. Every year Valley Metro presents for approval the federal public transportation agenda. The purpose primarily in doing so is to bring attention to the importance of federal funding, grants and other transit investments to our region and, two, to provide information to member cities and regional stakeholders especially ahead of upcoming spring meetings you may be attending in Washington, D.C. such as the National League of Cities conference.

Working with our federal lobbyists the process in developing this agenda document that is your packet began shortly after the election in November. It was presented to your city staff and for their input in January the day after inauguration. As you know there's been a flurry of federal actions since then today marking the first month of the new administration. While our goals remain the same, we might have to adjust our strategy to achieve them specifically as it relates to discretionary grant funding and changes that may come to reflect the priorities of this new administration.

With that, I'd be happy to answer any questions you may have.

Chair Harris said is there any questions at this time?



Councilmember White said thank you so much for the presentation. I really appreciate it. Chair Harris, I do.

I think right now we are in a situation that many people are still kind of confused about what's happening, so I have been participating actively in the transportation and infrastructure services federal advocacy committee. We have received word from our legislative director Brittney Kohler and we've already had testimony by our Chair Vanessa Fuentes in front of the new Secretary of Transportation. I think we should all be excited to work with Secretary Sean Duffy. He does come with some experience, and he has personal life matters that really put him in great connection. I'm not sure if Deputy Secretary Steven Bradbury has gone through the process yet. I haven't been watching it that close.

However, the NLC wanted to bring attention to the presidential action summary. There were few executive actions and orders and there is an impact to local governments. I'm just going to call out the two key presidential transition executive orders and two key US ADOT memo impacting transportation and grants and formula funding.

The first is under unleashing American energy. He's rescinding, I guess, Biden/Harris administration's quote/unquote woke policy. This memorandum is directing secretarial offices and heads of operating administrations to identify and eliminate all Biden era programs and policies, activities, rules and orders that promote climate change activism, diversity, equity and inclusion initiatives, racial equity, gender identity policy, environment justice and other partisan objectives. This action would align with several of President Trump's executive orders including Order 14148 Initial Rescission of Harmful Executive Orders and Actions and Order 14151 Ending Radical and Wasteful Government DEI Programs and Prefacing (sic). You can go through that and read it.

The other issue, ending Radical and Wasteful Government DEI Programs and Preferencing lowering costs through smarter policies not political ideology. The Secretary has signed an order ensuring that all US ADOT policies, grants, loans and actions are based on sound economic principles, positive cost/benefit analysis and pro-economic growth policies. This order aligns US quota operations with the President's agenda to support economic development and strengthen America's families focusing on real measurable benefits rather than ideological considerations.

I'm very concerned because I know that we're seeking to be more energy efficient. We are seeking to ensure that people who are talented can-do work without being questioned of their backgrounds and their legitimacy. I do believe in meritocracy, which is why I've always worked hard to be at the top, so there are different ways to see that in this lens.

But I'm not sure as we look at it and if we're considering grantee report being able to be reimbursed for grant agreements that are already in place, want to make sure that all of our grant agreements have been signed and are in place. Need to make sure that when federal



funding is frozen even though the judge has requested some federal grant funding that was frozen be unfrozen it hasn't been. And then also making sure that if there's anything that comes to the greater organization because we live in a county that's being served by all of us here in these cities that we're able to execute any intergovernmental agreements to have grants that were issues executed.

I just want to acknowledge that for Maricopa County we have representation of Adams from Tempe, Campbell from Goodyear, Goforth from Mesa, new Chair Harris from Chandler and Pastor from the City of Phoenix as well as myself serving on this. I'm very concerned and I just want to make sure as we approve item 4B that we understand the new environment and what we're walking into with our eyes wide open. Chair.

Chair Harris said thank you so much. Was you about to say something? Chair recognizes Councilmember Laura Pastor.

Councilmember Pastor said I just want to know will you be coordinating with us when we're at NLC?

Ms. Tameron-Kinsey said we can certainly do so to make sure that you have all the information you need, particularly how it affects transit in the region.

Councilmember Pastor said because we'll be there and as Councilwoman White stated we will be there preconference to attend all these committee meetings. And so, I think we have to probably have a strategy amongst ourselves on working with our other colleagues across the nation with what the message is and what we want to deliver. And then break it down to Arizona. So thank you.

Ms. Tameron-Kinsey said we can certainly do that and make sure you have additional information particularly as to the grants that we have ending. And I do want to say that we did have a very successful intake meeting with the FTA yesterday regarding our Low/No grant so that continues to move forward. So, we're pleased to see that happening. But in addition to anything outstanding we want to make sure that you have that in your hand particularly before you go to NLC, which is usually why we do this approval of this agenda in February so you have what you need come March.

Chair Harris said thank you. I wanted to just ask the Board. How many of us serve on transportation, the National League of City Transportation Board? I know Councilmember White does.

Councilmember Pastor said I do.

Chair Harris said Councilmember Laura Pastor. Campbell.

Councilmember Adams said and Jennifer Adams, Tempe.



Chair Harris said and Vice Chair from Tempe. So what I would like to do if you guys don't mind, and Pat if you could set this up perhaps we could get with Jessica and just have a meeting. We all serve on the National League of Cities Transportation and what that is basically is a committee that comes together to advocate for policies that make sense for our region. The National League of Cities, that committee, we then put together a document to bring to our federal government and our federal legislators and to create emphasis on our region and making sure we're getting dollars but making sure we are advocating for policies that make sense to the region. And this committee's very important because transportation is very important. So with us being there, five of us being there, to discuss or to bring forward with some key talking points from a transportation perspective will help us further advance what we're trying to do here from a region.

Also, get the bigger message out there about what we're doing and how we are fiscally responsible with our dollars and how, you know, making people feel not included is not a part of our agenda. We have a very specific agenda which is to make sure that we allocate these dollars to go into our community to help transportation because our main priority is connectivity among the 19 cities and that's what we all do to represent.

So I just think we're able to have that type of meeting that will help us be on the same page what we want that to look like.

Ms. Mefford-Miller said thank you, Mr. Chair. If I may respond. Yes, we can do that. We would notice it. All board members would be invited to that conversation.

We will arrange that with a quickness so that we're prepared in time. What I might anticipate, it'd be an expanded federal agenda including the content in your packet today with some discussion regarding specific grants and specific programs that we have either in the pipeline now or that we anticipate submitting applications for over the course of the current administration. We would be happy to do that.

Chair Harris said thank you. And to the Board that will probably require a time sacrifice so if, you know, the five that's going to be there and other board members that would like to be a part of that that also helps too whether you're on that transportation or not but that will help out because a lot of us will be there during that time.

That being said. Thank you so much.

So at this time I'm going to take a motion to approve.
Motion by Councilmember Pastor, second by Councilmember White.

Any discussion?

All those in favor, say aye. Any against say nay.



The ayes have it.

IT WAS MOVED BY COUNCILMEMBER PASTOR, SECONDED BY COUNCILMEMBER WHITE, AND UNANIMOUSLY CARRIED TO APPROVE THE 2025-2026 VALLEY METRO FEDERAL PUBLIC TRANSPORTATION AGENDA.

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

Chair Harris said the next item I'm going to send it over to our CEO to introduce.

Ms. Mefford-Miller said thank you, Mr. Chair. Item 5 before you is a request to extend in duration and budget an existing advertising support services contract that was originally procured as part of a State of Arizona contract and we are requesting that we extend this contract to coincide with the extension of the State of Arizona contract with same firms. I will ask Caitlyn Eberle, our Marketing Manager, to provide you with a presentation on this item as well Hillary Foose, our Chief of Marketing and Strategic Initiatives is here to answer any questions you may have about our overall marketing program. Ms. Eberle.

Ms. Eberle said thank you, Jessica. Mr. Chair and members of the Board. The item before you is the marketing, advertising support services contract.

In 2022, three-year contracts were awarded to four firms for the agency's on call marketing and advertising needs. These cooperative contracts procured through the State of Arizona were scheduled to end in August 2025.

The State extended the cooperative contracts through August 2026. So based on the performance of these firms and the ongoing efforts this request is to extend the contract end date to match that of the State cooperative contract date of August 21st, 2026, and increase contract authority to spend through that date. The increased contract authority of \$1.75 million for a contract total of \$4 million. This is not a request to increase the budget.

Through this contract Valley Metro's 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. Some of the high profile campaigns these firms have assisted with include Super Bowl, transit impact storytelling, bus ridership promotion, Capital Extension support and our bus and rail safety campaigns. The firms will continue to help with these projects and more through the summer of 2026.

With that, I'm happy to take any questions.

Chair Harris said the Chair recognizes Councilmember Pastor.



Councilmember Pastor said I have lots of questions today. Why are we aligning this contract with the Arizona contract? What is the purpose and need?

Ms. Eberle said so based on the performance of these four firms on contract and the ongoing work they're helping us to support through the spring and summer we think it's the best decision to extend this contract to meet those cooperative contract dates. I think in the future our goal would be to request a new RFP after that extension.

Councilmember Pastor said let me see if I understand. We are extending this to align with the Arizona State contract, which is when? We're aligning six months?

Ms. Eberle said to August 31st, 2026.

Councilmember Pastor said so to August 2026?

Ms. Eberle said yes, correct.

Councilmember Pastor said 2026. And the purpose is because it's in the best interest or I want to understand why?

Ms. Eberle said we feel it is in the best interest. We have some major campaigns that we are working on that include bus ridership, the South Central opening, to align wayfinding, education. So since we are working with these firms already on some of these projects it makes sense for continuity purpose to continue that work with them.

Councilmember Pastor said let me ask this question. Couldn't we just extend it, and we don't have to align with the Arizona contract? There's a piece missing for me.

Ms. Mefford-Miller said so could we just extend it? I think the missing piece is that the procurement mechanism was the Arizona State contract. And so because that does end in August 2026 we have a procurement vehicle that we can use. So if we were under normal circumstances or under any circumstances if we were at the end of our options years or our base period, our contract term we would not be able to extend but because we do have a procurement vehicle we're coming back to this board to say, you know, when we originally executed this contract we anticipated ending in 2025 but given the activities underway including our bus ridership campaign which we're really trying to work to promote increased bus ridership and then, of course, promotion of the opening of the South Central extension and wayfinding across the two-line system which is going to continue past the opening date, we thought it would make sense to continue with current firms on those efforts. We will be reprocurring these services, however, over the course of the next year to give us a vehicle and vendors that we'll work with beyond August 2026.

Does that answer your question, Councilmember?



Councilmember Pastor said I think it does. So we're aligning because of the procurement. Because we used the State procurement, and their procurement alignment starts August 2026 that's why we're asking for the extension.

Ms. Mefford-Miller said yes, that's our funding source. I think we're asking for the extension because we have ongoing marketing campaigns, and the State contract provides the mechanism by which we would extend those services.

Councilmember Pastor said the reason why I'm asking this is because I think sometimes the State procurement is limited. And in the past under a different administration the procurement of these pieces were very, very limited. And so what I want to know is this list or this procurement list that you could use for procurement if it's a diverse group of people within this arena. I know that we're going to extend it for these but just in case we need, I'm going to make something up, some additional services we could go to that procurement list and possibly look at somebody else or pull somebody else to do X, Y and Z. Is that my understanding?

Ms. Mefford-Miller said yes. And we do have other contracts that exist including an on-call contract for which 11 different firms are qualified, so we do have other firms who are qualified to provide various marketing, communications, videography, photography-type services.

Councilmember Pastor said then what I'm hearing is we have also our own on call pieces in need.

Ms. Mefford-Miller said yes. And I want to just do a little teaser for our forthcoming board study session on procurement. One of the items that we intend to cover is the mechanisms that we use to procure services including, for example, piggy backing on State contracts, issuing competitive procurements, on call contracts and we welcome board feedback. There are a couple of areas staff recommend pivoting from past procurement practices and so this is going to be right in line with the nature of discussion we anticipate next month.

Councilmember Pastor said 2here can I find the list, or can you provide us the list?

Councilmember Pastor said we can provide that list via email for the marketing on call services. The list of vendors qualified for this contract is included in the board packet.

Councilmember Pastor said right. The four.

Vice Mayor Campbell said thank you. I don't have a camera so I don't know that you can see me but my questions are: I've not seen any campaign in the West Valley for anything. So I'm very hesitant in voting to extend this contract for over a million dollars when I don't see anything on our digital billboards. I don't see anything on the buses that are driving by. And in your packet that you gave me there's absolutely no sample of what this marketing campaign looks like. It's just staff recommendations to do it. And being a new board member I have a lot of homework to do. I understand that but I am very uncomfortable with voting on this and I don't



necessarily think that we should move forward with this now. But that's just because I need more information before you ask me to vote for over a million dollars for something that really is not affecting where I live. Thank you.

Chair Harris said Chair recognizes Councilmember Kenny.

Councilmember Buckland said thank you, Chair. So I think what may help. I had actually reached out because I'm new at this, but I have some background in sales and marketing and I had asked some information on return on ads spend because I wanted to know that did we have metrics that showed that if we're going to invest money it's going to have a return, you know, that's positive. And Caitlyn, thank you very much for sending me, it was expedited. I couldn't believe how fast it was. But there was some data. Now, it's not your traditional marketing ROI's type of scoring but there was some positive data in terms of, if I'm interpreting right, the ads leading to month over month increases in ridership. So maybe it would help if the entire board had that kind of data so we can make responsible decisions. Because I can say it calmed my nerves once I saw it.

Ms. Eberle said absolutely. We'll be happy to share some of that information I shared with you last night. So yes, definitely.

Chair Harris said this is what I'm thinking if the Board is okay with this. I think what I want to do is I want to table this item. I would like staff to come back with ROI's, marketing examples and what exactly does that look like from a visual illustrative perspective. Because considering that there are new board members here and I'm glad that they're actively saying hey, I want to learn more, and I want to do more. So with that being an opportunity for us. Let's table this item and let's get all the board members, the new board members, everyone that's new, let's get them all this information. Let's get it to the next meeting so we can move this item forward. And if there is board members that have further questions saying hey, let's reach out, let's have a conversation among ourselves. We can get staff involved and we can reach out to staff here for Valley Metro and get all the questions answered but I will be holding us accountable to making sure that those that have the questions that we get all our questions answered, get staff out there to get the questions answered if there's anything else that we're missing. But also I'm going to ask staff to bring all that information to the meeting as well so we'll know what everyone received. And if there is additional questions that's asked as they're sharing just come back and reshare with the Board so we can all be on the same page of what exactly is happening.

So if the Board is okay with that I'm just going to table this item to the next meeting. So I'm going to make a motion to table this item and then bring it back for the next meeting for consideration.

Mr. Wawro said Chair, if you could call for a motion and get a second and then have a vote we can do that.



Chair Harris said the motion to is table the recommendations for the marketing contract extension for advertising support contracts on advertising for MJM Advertising, LLC, Heart and Soul Marketing LLC, Magnetry LLC, and Hackett Advertising Public Relations Interactive the contract extension request to August 31st, 2026 with a contract authority increase request to \$1.75 million.

At this time, I will take a motion.

Motion by Vice Mayor Davis, second by Vice Mayor Wally.

Is there any discussion?

All those in favor, say aye. All right Any opposed?

All right. The ayes have it.

IT WAS MOVED BY VICE MAYOR DAVIS, SECONDED BY VICE MAYOR CAMPBELL, AND UNANIMOUSLY CARRIED TO TABLE THIS UNTIL THE MARCH BOARDS OF DIRECTORS MEETING.

6. February Quarterly Report

Chair Harris said the next item -- thank you. Next item is February 6 Quarterly Report.

Ms. Mefford-Miller said thank you, Mr. Chair. Members of the board. This item is included in your packet. It is for information only. No action is being requested this morning. I'd be happy to answer any questions you may have regarding the strategic plan and performance quarterly report.

Chair Harris said is there any questions at this time? All right.

Seeing none. We'll move to the next item.

7. Travel and Expenditures

Chair Harris said travel expenditures. If there is any questions that is in regard to travel or expenditures you can ask them at this time. If there's no questions, we'll move on to Item number 8.

8. Report on Current Events and Suggested Future Agenda Items

Any current events or suggested future agenda items?



Councilmember White said thank you. I just I was intrigued today by today's public comment, and I don't quite understand because I'm not from the City of Phoenix. I don't understand. I know we do have Operation Blue Ride and I probably when I started off, I think I saw that presentation but since we have so many new members I'd like to hear a presentation about the partnership with Blue Ride and the presence of actual sworn officers on the Valley Metro.

I had reached out in my municipality I think after I heard Operation Blue Ride and I was like oh, that's so cool maybe I can ride with one of our officers as, you know, the 17 or the 3 moves through Avondale and I got a hard stop no. Because I learned that the Phoenix Police ride the whole system so there's no reason for us to jump on as just do like a hey, let's Blue Ride with Avondale PD to kind of keep it community. Because that might be out of their jurisdiction especially if, you know, those of us who live throughout the Valley didn't know it or didn't realize it but it's really the Phoenix Police that are going to be on those buses no matter what city they're going into because the Operation Blue Ride is that partnership. So really like to learn more about it, hear more about it. Thank you, sir.

Chair Harris said thank you. Was there a comment online? Who was speaking? Can they acknowledge who? Does someone online have a question or a concern? Were they chiming in? CEO Mefford-Miller.

Ms. Mefford-Miller said thank you, Councilmember White. We would be happy to provide an update on our security program including Operation Blue Ride at a future meeting. To answer your question, we actually do not have a single police force across the Valley including the city of Phoenix that patrols buses across the system. And so the purpose of Operation Blue Ride really is to engage in partnerships within each of the communities that are served by transit including your local police force.

So I think it's been a while since we provided an update on our layered approach to securing the transit system and it merits continued discussion. So we'll provide an overview looking ahead. That might need to be at the April agenda as March is filling up quite a bit, but I would be pleased to invite our security team to provide an overview of that.

We're very proud of the program. It's a young program. We actually hired our first bus security coordinator in 2023, I believe. So securing bus, though it is critically important it is new to the Valley and we would appreciate your input as well as your leadership within your respective communities on this topic.

Councilmember White said thank you so much, Chair. Thank you so much, CEO Mefford-Miller. I would be interested too then if you can help share that presentation with us if we should seek out or have opportunities for Blue Ride in the 19 cities that we serve if that is available. Thank you.

Chair Harris said any more commentary?



Supervisor Gallardo said thank you. Mr. Chairman, I guess, going back to the marketing and advertising service contract. If we have questions and I hope everyone has questions since it is being tabled, who do we direct those questions to in terms of staff so they can do the research prior to us having our briefing.

Ms. Mefford-Miller said if I may, Mr. Chair. Supervisor Gallardo, thank you for your question. And timely question because we do have seven new board members this year. Any questions of staff should be direct to Pat Dillon and myself. We will ensure that those questions are answered in a timely fashion, and to our board members who have recently asked questions of staff I do hope you see that responsiveness and diligence with which we answer your questions and that includes not just board members but city staff as well. And as a reminder the content that we share actually moves through the regional transit advisory group or RTAG, our intergovernmental staff, our transportation management committee and/or rail management committee before it does reach the board. Staff is always here and eager to answer questions and we have staff touch points within Valley Metro with the teams from the cities and communities that you represent. So we welcome those discussions.

And I've got a list of items here and I believe I understand what the board is seeking with respect to marketing, and we will work to quickly get those materials out to you. Please don't feel like you need to wait until the board meeting to ask us questions, though. We're always here.

Chair Harris said just make sure that the staff also cc's the Chair and the Vice Chair in any questions or responses or anything. Moving forward, just make sure the Chair and the Vice Chair is included in those questions so we can know what's going on.

Ms. Dillon said Councilmember Littlefield, do you have a question or a comment?

Councilmember Littlefield said no, it's passed but thank you.

Chair Harris said this is the time to ask if you've got the question. It's open right now.

Thank you so much. That concludes that meeting.

9. Next Meeting

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

Without further discussion, the meeting was adjourned at 12:16 p.m.



Executive Summary

DATE

March 12, 2025

AGENDA ITEM 3**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 Subcommittee met on Thursday, March 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 March 6, 2025 AFS meeting minutes

Meeting Minutes



AGENDA ITEM X

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

Meeting Participants

Councilmember Max White, City of Avondale – **Chair** (phone)
Councilmember Peggy McMahon, Town of Fountain Hills (phone)
Councilmember Laura Pastor, City of Phoenix
Councilmember Jennifer Adams, City of Tempe (phone)
Councilmember Jimmy Davis, City of Tolleson (phone)

Chair White called the meeting to order at 12:02 p.m.

Chair White said I'd like to call the March 6th, 2025, Audit and Finance Subcommittee meeting for Valley Metro to order.

Ms. Dillon said yes. Good afternoon, members of the AFS.

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

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

Chair White said thank you very much. I appreciate everyone being here for our meeting.

1. Public Comment

Chair White said item number 1 is public comment.

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

Pat, do we have any speakers in the room with you for public comment?

Ms. Dillon said no ma'am, not today.

Chair White said and have we received any public comment online?

Ms. Dillon said no.

Chair White said thank you so much. This closes our public comment period.

2. Chief Financial Officer's Report

Chair White said we'll move to Item number 2. Good afternoon, Mr. Ken Kessler, our Chief Financial Officer. I'd like to turn it over for him to provide us an update.

Mr. Kessler said thank you, Madam Chair, members of the Subcommittee. Give us a moment. There you go.

So actually, hot off the presses only received this about an hour ago. So last month we only had revenues for the Public Transportation Fund sales tax through December. We did receive January's number a few days after last month's AFS meeting and we just received this morning the February numbers so we're able to update this through February. But don't expect it every month because the numbers vary when they arrive here.

So we're still about 2% over prior year. Still between 1% and 2% under the current year budget so the sales tax revenue flow has kind of stabilized pretty similar for the last several months.

So with that, I'm happy to take any questions if any members have any.

Chair White said thank you. You're right, it's awesome that we got this information. I'll open up the floor to any questions. I don't see any questions online or in the audience. Thank you so much, Mr. Kessler.

3. Minutes

Chair White said I'd like to move to Item number 3, our meeting minutes. The meeting minutes from February 6th Audit and Finance Subcommittee meeting have been presented for approval.

Can we just take a couple moments to review those minutes.

Councilmember Pastor said I move Item number 3 the minutes for February 6, 2025, as presented for approval.

Chair White said there's a motion on the floor by Councilmember Pastor. May we have a second?

Vice Mayor Davis said I'll second the motion.

Chair White said we have a second from Vice Mayor Davis. All those in favor, aye? Any opposition, nay?

The motion carries. Thank you very much.

IT WAS MOVED BY COUNCILMEMBER PASTOR, SECONDED BY VICE MAYOR DAVIS, AND UNANIMOUSLY CARRIED TO APPROVE THE FEBRUARY 6, 2025, AUDIT AND FINANCE SUBCOMMITTEE MEETING MINUTES.

4. Fiscal Year 2024 (FY24) Regional Public Transportation Authority (RPTA) Annual Comprehensive Financial Report (ACFR) and Single Audit Reporting Package (SARP)

Chair White said moving to item 4 on our agenda, fiscal year 2024 Regional Public Transportation Authority Annual Comprehensive Report and Single Audit Reporting Package. Our CFO Ken Kessler will introduce this item and once this item is presented, we can take a look at it. This is an action item. So I'll turn it back over to Mr. Kessler.

Mr. Kessler said thank you, Madam Chair. Members of the subcommittee.

So we do not have an actual presentation on this today. The RPTA Annual Comprehensive Financial Report or ACFR and the Single Audit Reporting Package are in the packets. It's a brief couple hundred-page document or something like that. So this is the complete package of our audit and financial reporting. We do want to mention we received a clean, unmodified opinion on the financial statements and no findings to report.

With that, I'm happy to take any questions.

Chair White said do we have any questions in regards to the FY24 RPTA Annual Comprehensive Financial Report and Single Audit Report Package?

Councilmember Pastor said I'm glad to know there's no findings.

Councilmember Adams said me too.

Councilmember Pastor said I'm going to move, oh, I'm going to accept the staff recommendations.

Chair White said we have a motion on the floor to accept the staff recommendations.

Second by Councilmember Adams.

Motion by Councilmember Pastor, second by Councilmember Adams. Is there any discussion? I just want to accept this report with commendations. Thank you so much. I appreciate having no findings as well.

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

IT WAS MOVED BY COUNCILMEMBER PASTOR, SECONDED BY COUNCILMEMBER ADAMS, AND UNANIMOUSLY CARRIED TO ACCEPT THE REGIONAL PUBLIC TRANSPORTATION AUTHORITY FY24 ANNUAL COMPREHENSIVE FINANCIAL REPORT AND SINGLE AUDIT REPORTING PACKAGE.

I do want to acknowledge we have had Councilmember Adams and Councilmember McMahon join the call. Thank you so much for joining us. We have our entire committee with us.

5. Fiscal Year 2024 (FY24) Valley Metro Rail (VMR) Annual Comprehensive Financial Report (ACFR) and Single Audit Reporting Package (SARP)

Chair White said moving to Item number 5 Fiscal Year 2024 Valley Metro Rail ACFR and Single Audit Reporting Package. Mr. Kessler, I think we're going through the same routine just for the other half of the agency.

Mr. Kessler said yes. Thank you, Madam Chair. Members of the subcommittee. The same with Valley Metro Rail. Our annual report received unmodified, clean opinion and no findings to report.

Happy to answer any questions.

Chair White said hearing no questions I'd like to open the floor for a motion to accept the report.

Motion by Councilmember Pastor said I accept. Second by Councilmember Adams.

All those in favor, aye. Any opposition a nay. This motion passes as well. Thank you so much, Mr. Kessler.

IT WAS MOVED BY COUNCILMEMBER PASTOR, SECONDED BY COUNCILMEMBER ADAMS, AND UNANIMOUSLY CARRIED TO ACCEPT THE VALLEY METRO RAIL FY24 ANNUAL COMPREHENSIVE FINANCIAL REPORT AND SINGLE AUDIT REPORTING PACKAGE.

Mr. Kessler said thank you, Madam Chair. I do want to interject here real quick before we move on. A big thank you to our accounting folks who work tirelessly to put together the financial statements and the single audit report package and coordinate with the auditors. It's an extensive amount of work shortly after year end to get this done and to meet the deadlines too. We also receive a GFOA, a Government Finance Officers Association, certificate for excellence in reporting each year, so I just do want to recognize those folks that do all the hard work to put this together and earn that certificate for the agency every year.

Councilmember Pastor said congratulations. Thank you.

Chair White said that's amazing. Congratulations. Excellence in reporting is a great thing. The attention to detail which is wonderful which is why I even suggested that we should be accepting these reports with commendations. Very great work to the accounting team and all those hands that contributed to this. I really appreciate that.

Any additional commentary from our Subcommittee?

6. Fiscal Year 2025 Valley Metro RPTA and Valley Metro Rail Preliminary Operating and Capital Budgets

Chair White said we're ready to move to Item number 6 Fiscal Year 2026 Valley Metro RPTA and Valley Metro Rail Preliminary Operating and Capital Budgets. We are going to go to Mr. Kessler to present this item to our Subcommittee. I'll turn it back to you.

Mr. Kessler said thank you, Madam Chair and members of the Subcommittee. Today, I'm going to be providing first the RPTA FY26 preliminary budget. At this time we're providing a high-level overview of the budget and as you may recall from those who were around for prior years, we start with this high-level view of the budget and then we next month will be going to your staff to provide all the details behind the budget, detailed budget initiatives and so forth to go through that and get their feedback and input, to answer any questions. And so that same detail will be coming to this body in next month's process as well as the Board in April.

So that said, so taking a look at bus operations first for RPTA. FY26 budget is about \$139 million and fare revenues forecast to be about \$4.7 million. Fairly flat forecast on the revenues over the current year. We did forecast very conservatively because we're still working towards getting data from the new fare collection system that's been fully operational now for a couple of months. So there's not a lot of data to really work with at this point. So we wanted to be conservative because the revenue forecast does impact what we bill member cities for their share of the cost of service. So and, obviously, as we move forward if we have better data we'll update this before the final budget is adopted targeted for May. And then, of course, at the end of each fiscal year we do reconcile all the costs and revenues so the -- what the member cities contribute will be based on those actual revenues as well as actual expenditures when we complete the reconciliations each year.

Now moving on to paratransit operations. Just under a \$27 million budget for gross operating costs and a little bit of growth shown there in the fare recovery, fare revenues. Do want to mention it may look a little odd, we do have a little lower budget next year than this year. One thing to mention there is in the current year budget there's about a million-dollar item for some software to support paratransit that really upon further look at this with our accounting team is a capital cost and additionally, that purchase is not happening in the current fiscal year so that cost is actually in the FY26 capital budget. So that's why there's a bit of a reduction in year or year gross operating costs for paratransit.



Moving on to Ride Choice. About \$16.4 million estimated cost for the FY26 budget and a little bit of increase in the fare revenues forecasted for next year as well as \$1.3 million.

Now taking a look at the total RPTA operating and capital program. Looking at the use of funds. Predominantly a passenger services in the operating budget make up nearly half of the overall operating and capital budget followed secondly by VMR capital program. As you recall, RPTA administers all of the regional public transportation funds and those funds that flow through to Valley Metro Rail for those capital projects do show up here as part of the RPTA budget.

Now looking at the source of funds for the total operating and capital program. Public transportation funds making up the majority of the overall program and then member city contributions being the -- the second most impactful source for our operating and capital program.

Now looking at the operating budget specifically by program here. So fixed route operations about \$170 million in next year's budget. There's a decrease there. The large portion of the decrease is really City of Phoenix operated service that they have been funding with public transportation funds the last couple years with Prop 400 coming to a close here they're pulling back on that as they were just basically using up a portion of their jurisdictional equity, PTF, for a couple years there to kind of bring their -- their subregion in balance.

And then demand response overall program about \$63 million and then regional services being the next category about 25.9. But looking really at as we fine tune these numbers as we go from month to month through this process, regional services next month, we'll probably be about a half million dollars less than what we've seen for this current version of the budget.

And now on the sources for the operating budget. Again, you can see here, as I mentioned, in the overall program public transportation funds a big part of the operating budget for RPTA followed by member city contributions.

Now on the capital program. For the capital uses, regional fleet being the predominant in terms of projects. Debt service also a significant category here within the capital program but I do want to note in FY26 we'll be paying off this debt. Our debt was structured to be through the life of the Prop 400 sales tax so that debt will be paid off next year. And so we'll see debt service come off the books going forward with no plans for RPTA issuing any additional debt in the future.

And then sources that fund our capital program. Again, public transportation funds, a big part of that, and as well federal funds are a big part of the capital program.

And lastly, we have our passthrough. We have Arizona Lottery disbursements. RPTA administers the Arizona Lottery funds that come to the region about \$11.2 million dollars each year and we distribute those to the members for various transit purposes. And then there's a number of VMR line items here and passthrough as you recall all employees of the agency are



technically RPTA employees although there are many employees that are dedicated to Valley Metro Rail work. And then as well some employees who do partial work for each agency. And so this is just a passthrough of those costs to VMR and as well the capital program passing through the public transportation funds to VMR for those capital programs.

And then on the sources side, again obviously, the Arizona Lottery funds are the source of the funds that we distribute for Arizona Lottery to our members. And then we have a little bit of regional area road fund. That's the other side of the regional transportation tax for highways and streets. There's about a \$500 million a year set aside to come to transit for planning purposes on our side. And then there's the VMR personnel reimbursements where VMR reverses for those personnel costs that are incurred on behalf of the VMR agency. And, of course, the capital funding allocation that goes to funding the capital projects directly.

And then here's just a recap of the various dates for the budget presentations. We're not here in February. That was for your staff who we met with a couple weeks ago on this level the budget but we're March presenting the high-level to AFS today. Yesterday we presented the same information to TMC/RMC and we'll also be going to the Board later this month with this presentation.

And then you can see the dates going down the line here target a May adoption of the FY26 budget. And next month, as I mentioned, we'll really be getting into all those details, actually later this month starting with RTAG and Financial Working Group and then those same details will be shared with the various TMC/RMC, AFS and Board in April.

So that concludes my presentation on the RPTA FY26 preliminary budget, happy to take any questions.

Chair White said I'd like to open the floor for any questions for our CFO Mr. Kessler.

Councilmember Adams said this is Councilmember Adams. Is it okay if I talk right now?

Chair White said yes. Go right ahead, Councilmember Adams.

Councilmember Adams said I'm just getting some feedback, that's why I was wondering. Thank you for meeting with our staff to discuss financial impacts of the upcoming security contract. However, we're concerned about the very significant increase in streetcar security costs. The information presented to the management committees regarding rail security indicated a reduction in hourly security rates. We're hopeful this will yield minimum growth in light rail and streetcar security costs in Tempe. We'd like to work with you to ensure the proposed growth in cost does not exceed the growth of our local transit fund, which is not experiencing significant growth at this time. In fact, we're bracing for a slight reduction in revenue.

Mr. Kessler, if you could address that, please. Thank you.

Mr. Kessler said yes. Madam Chair, members of the Subcommittee. I do want to let folks know the security cost split between rail and streetcars is being further looked at. As you mentioned, Councilmember Adams, you know, we met with your staff, I believe it was week. Reached out for a little future clarification to your staff yesterday on some additional information that they would like to see to kind of help lay this out for them. Got that clarification. Our team is working to compile the information and we're going to work to put that together and share that with Tempe staff and then meet with them to kind of review that and go over it.

I do want to mention that as we're refining budget numbers as we typically do throughout this process at this point the streetcar security year over year increase currently is moved in the budget that's in today presentation it's a \$500 million dollars that's been moved on a bit to \$400,000 so that number has been brought down a bit and we're going to go through those details with Tempe staff here in the coming days or week or so to review that and go through that with them.

Chair White said Councilmember Adams was that good?

Councilmember Adams said I mean, just like I said, we're feeling a crunch so just whatever we can do to minimize the increase would be great. So thank you, thank you, Mr. Kessler. Thank you, Madam Chair.

Chair White said thank you so much for the input and thank you, Mr. Kessler. Opening up again additional questions? I know that we have Councilmember Pastor in the room, but we do have additional participants online.

Councilmember Pastor said I'm fine.

Vice Mayor Davis said no questions for me at this time.

Councilmember McMahon said I don't have any questions. Thank you for asking.

Chair White said thank you so much. So we'll move into the VMR?

Mr. Kessler said so again, high-level overview of the VMR budget just like we provided for RPTA. Just going through some of the high-level information here.

So light rail operations about \$107 million FY26 preliminary operating budget much of that year over year change from FY25 is due to a full year operation of the South Central Extension project. And again, on the fare revenues we did forecast for budget purposes very conservatively because we want to be sure we have a little more data from our new fare system before we adjust that to something, you know, a little more aggressive. Just be mindful that, you know, the rail cities are billed for the operating costs net of fare revenues, and we want to make sure we don't overstate the fare revenues in the budget and have to come back asking for more money from the cities at the end of the year.

In terms of streetcar operations, about an \$8.3 million budget and as I mentioned, that's -- in the next round of the budget presentations that number will come down slightly as I mentioned. Fare revenues, we're looking at implementing fare collection with the new ticket vending machines this summer, so we expect a full year of fare collection on Streetcar for FY26.

Now moving into the project development program. A number of projects here about a \$22 million budget for FY26, I-10 West, Rio Dobson East Streetcar, systems planning and capital project development administration being the components of this program.

And taking a visual look at the total operating and capital program uses of funds. A pretty even split between passenger services and capital activities at nearly half of the overall total budget for both. Again, capital continues to be fairly large on the VMR side because we do have a growing, expanding system putting a lot of efforts into adding to the system and that will continue into the coming years as we continue to add extensions to our rail program.

And then on the source of funds. Federal funds being a very large part of the overall operating and capital program as well as the public transportation funds and then member city contributions at 8 percent, the bulk of that being the funding the operations of VMR.

So looking at it by program for VMR. So light rail, as I mentioned, \$106.9 million budget. Again, most of that increase due to South Central coming on board for a full year of operations and a number of other smaller items that make up that change year over year. And as I mentioned, on streetcar about a \$0.9 million increase but that should come down to about \$0.8 as we refine those numbers. And then agency operating at \$3.7 million for the year.

Councilmember Pastor said Chairwoman, can I ask a question?

Chair White said please yes, absolutely. Mr. Kessler, can you take the question?

Mr. Kessler said certainly.

Councilmember Pastor said so I'm looking operating and when we say light rail security and streetcar security please define that with me because I think of security in two different ways. So the security we're speaking about is who's on the platform currently on light rail and I'm assuming streetcar versus our member cities of police.

Mr. Kessler said yes, that's correct. The police efforts by the local cities are not reflected in this budget. Those are in your respective cities' budgets. So what really the security line items for both light rail and streetcar are comprised of is largely the contract for the fare inspection and security services as well as Adrian's team, the Safety and Security Team that manage all of that and security beyond the fare inspection contract. And their share here is specifically related to rail and streetcar.

Councilmember Pastor said so you're talking about the agency operating, that's their team?



Mr. Kessler said no. Agency operating down at the bottom that's general kind of administrative efforts of the agency, if you will. Like the executive office and things like that.

Ms. Mefford-Miller said so if I may, Mr. Kessler, Madam Chair. If we could have streamlined this and think about all of the teams that are included in this line item it is the tiny but mighty agency security team that is Adrian Ruiz and her staff which include Don Schneidmiller, our manager of Security, Anthony Haller, our supervisor of Security. On the bus side we have Dave Munley, our manager of Bus Security. And then we have our current fare inspection and security contract in the coming year, of course, this is going to be a new contract. So that is from the ground up all of our fare inspectors and security guards who are present across the system. It is also our security presence at our rail Operations and Maintenance Center. And then it is the supervisory structure for that contract. Have I missed anything, Mr. Kessler?

Mr. Kessler said no, I think that covers it.

Councilmember Pastor said I know I'm going totally off, Chair. I'm going ask another question, please.

Chair White said go ahead. Yes, please proceed.

Councilmember Pastor said I'm trying to process where the maintenance center is and where all our security and camera, I don't know what we call that area, is that included in here or is that in another piece?

Ms. Mefford-Miller said this is included here. That's called our Dispatch Control Center which happens to be located within the control center at the Operations and Maintenance Center. Today that is staffed by contract personnel and that is included in this figure.

Councilmember Pastor said and where would it fall under? The agency operating?

Ms. Mefford-Miller said no. Light rail security and streetcar security.

Councilmember Pastor said oh, so you do separate it out? Meaning the dispatch.

Ms. Mefford-Miller said it's part of that fare inspection security services contract and then it's separated by light rail and streetcar just as a proportion of track miles within each mode and then for light rail we do separate out between the member cities, Mesa, Tempe and Phoenix according also to track miles.

Chair White said thank you so much. Any other questions on this slide up to this point? Mr. Kessler, you can proceed for us. Thank you.

Mr. Kessler so now moving on to the sources that fund our operating budget. Member city contributions making up the lion's share for funding operations with also fare revenues

supporting operations. And a little bit of federal funds that's basically funding preventative maintenance costs.

Now moving on to the capital side. So FY26 about \$114.5 million budget for the VMR capital program, a large decrease over the current year as especially South Central wraps up. You can see the big year over year decrease for South Central. Our next year we just have some trailing costs to close out the project and in the current year we had some very substantial costs to -- to wrap up the majority of the construction and all the work to get the project operational.

And on the sources of funds. Again, on capital program federal funds a very important part of that, big piece of the source for the capital program as well as the public transportation funds.

And again, this is the same chart from RPTA showing the timeline of all the budget presentations to the various bodies.

So that concludes my presentation, happy to take any additional questions.

Chair White said thank you so much, Mr. Kessler. Yes, go ahead with any additional questions.

Councilmember Pastor said my question is that we have some federal funds. The federal funds that we currently have are secured right now and what I mean is they've been allocated, they're here.

Ms. Mefford-Miller said I can take that, Mr. Kessler.

So for the purposes of the operating budget which is what we're, and then I'll address capital budget separately, if I may.

The figures that are shown here for operating budget is typically federal formula funding which is a function our regional population and population of our service area and the miles and hours of service that we deliver and those are indeed allocated. We also have that preventative vehicle maintenance that Ken mentioned that is part of the bus and rail systems and those also have been allocated.

Now capital funding is a little bit separate. We do have a number of capital formula funding programs. Those have been allocated. The funds for the projects shown here on the use of funds table, South Central Extension/Downtown Hub which is, of course, in progress. Those funds have been allocated, and we have been able to continue actively drawing down those resources. Same is true of Northwest Extension, Tempe Streetcar, Gilbert Road Extension and state of good repair. This is another formula fund on the federal side of things as well as systemwide improvements.

Now I do want to draw a line in contrast for a capital extension and then future project development. We're continuing on current phases of project which are funded. What is not funded and is not shown in this budget either, by the way, is capital funding for final design and

construction of the Capital Extension as we have not yet submitted a capital investment grant for that project.

So our current larger grants for capital projects are active, I'll say, and we're able to draw it down. Future projects is where there's a little bit of uncertainty. But again, we have not yet submitted those applications.

Councilmember Pastor said the reason why I'm asking because we may have to prepare that some projects may be placed on hold.

Ms. Mefford-Miller said it is always a possibility.

The federal funding process, the capital investment grant process which happens to be the largest discretionary program is part of the U.S. Department of Transportation. It is a very competitive process. We have enjoyed tremendous success here at Valley Metro over the years and across several different presidential administrations, so we are hopeful. We are continuing our due diligence and moving forward post haste in the development of those programs but once we submit the application it really does come down to available funding, competition, the merits of our particular project and then the federal support that we have in both Congress as well as the White House for our projects.

Councilmember Pastor said that's what I was going to ask for clarity. I was going to ask for clarity on that piece. Does it come out of the Department of Transportation or is it allocated through Congress?

Ms. Mefford-Miller said the capital investment grant program, and now I'm looking for a lifeline with Alexis, is appropriated through Congress, I believe. It is an important program. It's a popular program and as I mentioned, it is Department of Transportation's largest discretionary program.

Alexis, would you like to add?

Ms. Tameron-Kinsey said Chair, members of AFS. I do want to just to clarify the federal formula funds are appropriated by Congress as well as the grant programs are also appropriated by Congress. But what happens with the discretionary funds it's a competitive program in which then the Department of Transportation calls for projects through their notice of funding availability and that's the competitive portion of which the DOT has a little bit more authority to award or not award. But ultimately, what is in budget that is passed by Congress is a large, if not all, of our federal formula funds including what gets appropriated for CIG, for example.

Chair White said I appreciate that clarification. Councilmember Pastor, was that what you need to hear for clarity?

Councilmember Pastor said yes. And I think Councilwoman McMahon has her hand up.

Councilmember McMahon said thank you for recognizing me. I appreciate it. And this may not be the right forum for this but as a Councilmember, et cetera there was a discussion about DEI and our council is voting against grants that may have that in it et cetera. So when we talk about federal grants I'm concerned how Valley Metro may handle that if there's any opposition to accepting federal grants. Because it is a really hot topic and I'm wondering how you guys are going to handle that. Now if this is not the proper forum for that question then is a question for our next board meeting that's fine too. But I want to bring it up because last, you know, Tuesday night we had a council meeting, and it was a really hot topic and they've been denying grants based on their perception that there's DEI issues in grants. So could you either say one thing or just want to wait until the board meeting.

Chair White said Councilmember McMahon, I really appreciate that inquiry. I think during our last board meeting I had shared a couple of the executive orders and asked that CEO Mefford-Miller take a look at this and follow up with us.

I know that she sent us an email in preparation for the National League of Cities, but I think that right now the agency is pulling back and taking a look at everything in preparation. I would like to give it back to Ms. Mefford-Miller to just give us an update on where we are if that's appropriate in this moment.

Ms. Mefford-Miller said thank you, Madam Chair, Councilmember McMahon. When we submit grant applications whether that's to Department of Transportation or to another entity, we are responding to a notice of funding availability or NOFA and the NOFA's for those particular grant programs lay out requirements of the program. So we are responsive to that. So if, for example, to answer your question if DEI were a requirement of that program then we would be responding to that within our application. If it were not, then we would not be responsive to that.

So I cannot speak to the perception but I can speak to the facts of how NOFA's are issued, how we respond to them and what we are proposing and I think it's really important that as we move through this journey with our new administration we really do focus on what those requirements are and we will be responsive to that and I think for us I'm always reminding our team and our communities we have been very successful with our federal funding applications. We've developed strong applications. We have been responsive. Our current capital investment grant funded South Central Extension project was funded by the Trump administration in the first term and I believe it will be the first large capital investment grant project opened in the second term. So we are nimble and we'll be ever responsive so that we can maximize federal participation in our programs.

Councilmember McMahon said thank you and I appreciate that, and I appreciate you taking a moment Chair White and Ms. Mefford-Miller. I appreciate it because I know that it came up a little bit but I just wanted to make a mention of it since it just seems to like having this momentive wave and making sure we were addressing it. So thank you.

Chair White said absolutely, Councilmember McMahon. Thank you for keeping it at the top of mind. I also want to just remind everybody who's listening to us and we'll listen to this in the future. Public transit is a non-partisan issue. It's a connected communities issue and I just want to thank Valley Metro for being nimble because yes, funding has come through in the past from the former Trump administration we answer the call. We will be able to move and be able to turn in the direction that we need to get the funding that we need to support the communities. And I think about all the member cities that are involved. So I know that's a focus.

This is an item that's for information only. So I just want to see if there's any additional questions before we take it to our next item on the agenda.

Ms. Mefford-Miller said if I may Madam Chair. Ms. Tameron-Kinsey is at the podium, and I think would like to provide some additional information regarding federal funding.

Ms. Tameron-Kinsey said thank you, Jessica. Madam Chair, members of the Committee. The one thing I wanted to point out with regard to some of the initiatives or at least some of the instructions coming from the DOT administration in particular the executive orders related to DEI. Specifically, that is geared towards federal agencies.

So there have been other orders such as the one that we're seeing play out particularly with our community college district here in Maricopa County where it was very specific for educational institutions receiving federal funds. You've seen probably in the last couple of days articles come out from the

Arizona Republic and others kind of breaking down what is happening at the community college level simply because there was an executive order specifically calling out educational institutions with regard to some of the DEI practices and/or initiatives they had going on.

There has not been that level of direction provided to the Department of Transportation that we are aware of currently, but we keep an eye out for those executive orders and how they may implicate or affect transit agencies across the country, obviously Valley Metro being one.

But I wanted to point out that in terms of a lot of the EO's and the lawsuits that have come have created confusion of who it's affecting, how it's affecting them, et cetera. So we're keeping a close eye on that and as we learn more information I'm sure Jessica will provide that to members of board but I just wanted to provide that little bit of a clarity simply because we're seeing a lot of that in the news play out this week specifically with our community college districts and some of our educational institutions such as the University of Arizona.

Happy to answer any other questions you may have.

Chair White said excellent information. Thank you for being timely and looking across other industries to kind of get some indicators of what we need to be on our toes for. Thank you so much.

Hearing no additional questions online or in the room. This again, Item number 6, was for information only.

7. Internal Audit Update

Chair White said moving on to Item number 7 Internal Audit Update. Our Chief Auditor Sebrina Beckstrom will introduce this item for us. I believe we're going to be hearing from Larry Kondrat, Audit Manager, providing an update. Sebrina. Ms. Beckstrom.

Ms. Beckstrom said thank you, Madam Chair. Members of the Committee. Yes, Larry Kondrat has come to the podium, he's going to give our update this month for us.

Mr. Kondrat said thank you, Madam Chair and members of the Subcommittee. I'm going to present the March Internal Audit update.

We currently have six internal audits in progress right now and additionally we have 27 internal safety and security audits that we're required to complete every three years from ADOT. And we recently started preliminary work in the first of nine scheduled for this year.

And additionally, we are coordinating the responses to several City of Phoenix compliance reviews and the fiscal year 2025 FTA triennial review which kicked off in mid-January. And so far, we've reviewed and submitted over 200 documents for the initial request.

Are there any questions on the audits in progress?

Chair White said thank you so much, Mr. Kondrat. I'll open up the floor for questions. Hearing no questions. We will receive this reporting for information only. Thank you to our audit team.

Mr. Kondrat said you're welcome. And Madam Chair, I also want to report out on the audit recommendations, the outstanding ones.

There are currently 11 outstanding recommendations that are in progress, and I'm satisfied to report that 3 recommendations have been implemented and closed since our last meeting. The first two have to do with compliance with drug and alcohol program requirements for both paratransit and bus. And then the last recommendation that was closed has to do with conflict-of-interest disclosure requirements.

And two of the recommendations that are in progress are related to IT and that's why they weren't listed in the summary that was included in the packet because the sensitivity of the recommendations.

So that concludes my presentation. Are there any questions at all?

Chair White said I don't have any questions, but I do want to make sure that our committee members know that if they have any questions about the IT audits that were not included that they do have to reach out to directly to get that sensitive information.

Otherwise, I would like to open up the floor for any question. Any additional questions? Hearing no questions. This is for information only. Thank you so much, Chief Auditor Beckstrom and Mr. Kondrat. We appreciate this.

8. Intergovernmental Agreements, contract Change Orders, Amendments, and Awards

Chair White said moving on the Item number 8. Intergovernmental Agreements, Contract Change Orders, Amendments, and Awards that appeared in the board agenda and the information is provided in the packet.

If any member of our committee has questions regarding this item or any specific details in this information, please reach out directly to Valley Metro staff and you might want to shape to purpose your questions with your staff so that we can ensure that Valley Metro can give you the details that you need.

This item is for information only.

9. Report on Current Events and Suggested Future Agenda Items

Chair White said moving on to Item number 9 Report on Current Events and Suggested Future Agenda Items. I do want to open up the floor to our committee members to share any current events and make any recommendation for items you'd like hear on future Audit and Finance Subcommittee meeting agendas.

Councilmember Pastor said I'm looking forward to March 8th of South Central light rail. Hoping to see people there. It's 10:00 on Central and Baseline. Thank you.

Chair White said we are excited as well. I will be heading out of town to attend National League of Cities, and I will be starting my commitment to that conference on Saturday so I will miss it, but I will be there in spirit with you Councilmember Pastor. And I'm just so grateful to see South Central continue to develop and open up so I know everybody's going to have a great time. Any additional current events folks want to share?

Ms. Mefford-Miller said Madam Chair, if I may announce a couple of upcoming events?

Members of the Committee, in addition to the celebration of our first rail cars running down to Central and Baseline on Saturday, on Saturday evening the Northwest Extension Phase II light rail project is being considered for an award at Arizona Forwards annual awards event. We look forward to that.

And then I also want to remind this committee that the board will have a retreat on Thursday, March the 20th. We will be meeting here at Valley Metro's 101 building and that will be an extended time period to include both the board meeting for March and we have tried to keep the agenda as light as possible as well as the retreat itself. And that will be from 10:15 a.m. until 2 p.m. To the extent you are available we strongly encourage in-person attendance and member city staff, as always, are welcome to attend.

Chair White said thank you so much, CEO Mefford-Miller. We appreciate all the hard work, and I hope that we're the award winner, so hopefully you'll come back with some hardware to share with Valley Metro.

Any additional announcements? Hearing no additional announcements or current events.

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 12:52 p.m.

Executive Summary



DATE
March 12, 2025

AGENDA ITEM 5

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
 - o Initiative 1.5: Continue to innovate, integrate, and market mobility solutions to expand transit availability and equity.
- Goal 5: Deliver on Stakeholder Collaboration
 - o 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

Boards of Directors: March 20, 2025 for action

CONTACT

Caitlin Eberle

Manager, Marketing

ceberle@valleymetro.org

ATTACHMENT

Marketing Campaigns Overview & Proposed FY26 Plan

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

Memo



Date: March 10, 2025

To: Jessica Mefford-Miller, CEO

From: Hillary Foose, Communications & Strategic Initiatives Director
Caitlin Eberle, Marketing Manager

Re: Marketing Contracts – Program Breadth & Need for Contract Extension

Based on Board feedback at the February 20, 2025 meeting, we are providing more context around the Valley Metro marketing program, seeking to deliver more detail and understanding of recent campaigns and insights into the return on investment. We are also providing more information on the rationale to extend current marketing contracts and the associated contract authority increase.

Marketing Program Overview

Each year, Valley Metro develops its annual marketing program based on priorities expressed by the Boards of Directors, CEO, member city staff and the goals of the agency Strategic Plan, staying within available budget. The annual marketing program typically contains a mix of targeted campaigns, often focused on ridership development, safety education, value of transit content, commute alternatives promotions and project-specific initiatives (such as the fare system modernization or use of the Valley Metro app). These campaigns can shift their focus each year to remain relevant and in alignment with priorities. If campaigns are brand new, over-and-above the annual budget allotment, they are added as a New Initiative for thorough review as part of the annual budget development process. (See last page for the Major Marketing Campaigns proposed for FY26, contingent upon budget approval.)

For more information on our active campaigns across FY25, including background, visuals, target markets and results, please see the attachment for the FY25 Marketing Campaigns Overview.

Depending on goals, a framework is developed for each campaign, including identifying audiences, tactics, measures and budget. Based on available dollars and customers/audience density, we often take advantage of geo-targeted digital resources, from social media to online advertising, and focus on geographies where the service or program is most prevalent.

Viewer impressions and click-thrus (to the website, app or other “call to action”) are common metrics for awareness campaigns. We also introduce more tangible metrics, based on the campaign, including tracking ridership, program usage/downloads, surveys and/or focus groups, customer sentiment trends, etc. Every campaign is unique in its goals and therefore its metrics.

Marketing and Advertising Support Services Contract & Extension

Valley Metro meets high demand for creativity and added capacity through marketing contractors. Today, these four firms are:

- Hackett Advertising Public Relations Interactive

- MJM Advertising LLC (dba Heart and Soul Marketing LLC)
- Magnetry LLC
- ON Advertising

These firms were procured through the State of Arizona Cooperative Program, which had contracts available through 2025. We chose this procurement method in 2022 as the quality, talents and diversity of firms available met our agency and member city needs, at that time and looking forward. In 2024, we learned that the State extended these cooperative contracts from August 2025 to August 2026.

With our Board request, we are asking to continue to utilize the State Cooperative Program for these contracts and commensurately extend our contracts through August 2026. This extension does require increased contract capacity or authority (of not-to-exceed \$1.75 million), with dollars already allocated through the adopted FY25 and proposed FY26 budgets. In 2026, we plan to re-solicit this service through a competitive solicitation, as it will be a more optimal time considering the timeline of current and continuing campaigns and agency initiatives.

The four firms engaged through this contract augment our in-house Marketing team, amping up our level of creativity and bandwidth. The firms help us with everything from creative conceiving and execution, media planning and buying, photography and videography, graphic and website design, and work to develop small to larger-scale campaigns based on available budget and resources. They have supported a range of marketing opportunities including mega event campaigns (NFL Super Bowl and NCAA Final Four) focused on building ridership and positive perception, largely focused on rail and connecting bus service; trip reduction strategies across the I-10 Broadway Curve construction, promoting express bus service, vanpool and carpool; and today's bus and rail safety campaign targeting collision "hot spot" from Bell/75th Ave. to Gilbert Rd./Broadway Rd., and many locations in between. Additional campaign detail can be found in the Board memo or the attached Marketing Campaigns Overview.

Additional Resources Available on Contract

In addition to the above marketing contractors, we have an expanded network of diverse resources for related scope through the Community Relations Support Services contract. In 2022, this scope was formally solicited through a Request for Proposals, awarding to 11 firms in the areas of Community Relations Coordination, Virtual and Digital Outreach, Crisis Communications, Research and Graphics, and Visualization Support. Eleven firms with expertise in public involvement, meeting/event planning, public relations, marketing, graphic design and data and research are available to support our and member city needs through 2027. These firms are:

- AlphaVu, LLC
- The Colibri Collective
- HDR Engineering, Inc.
- Highnoon
- The Lavidge Company
- OH Partners
- ON Advertising, Inc.

- RIESTER Sonoran, LLC
- Spiral Creative Services
- Torres Multicultural Communications, LLC
- WSP USA, Inc.

Your Questions and Next Steps

At the Board meeting, there were questions on return on investment and geography (where are ads placed?). In the attachment (Marketing Campaigns Overview), we provide a recap of many of the major campaigns across FY25, providing detail on goals, audiences, tactics and results. Primarily, in the audiences and results areas, you'll be able to see where the ads were placed and how the campaigns performed.

We welcome any further questions you may have. We will also offer to set up a meeting with member city staff to go over this recap and also our plan for FY26. We can do this, based on availability, this month (March 2025).

Marketing Campaigns Overview

FY25 | July 2024 – June 2025



1

Transit Impact Storytelling (Value of Transit)



2

2



Transit Impact Storytelling

8/15/23 - 11/5/24

- Purpose: Communicate impact, value and goodwill that Valley Metro/public transit provides to our community
 - Featured 13 diverse stories of individuals positively impacted by public transit
- Audiences: 30-mile radius of downtown Phoenix, around State Capitol, West Valley, current riders, general public
- Results:
 - 7+ million impressions
 - 50,000 click-thrus
 - 32% View-Thru-Rate (VTR)

valleymetro.org/stories

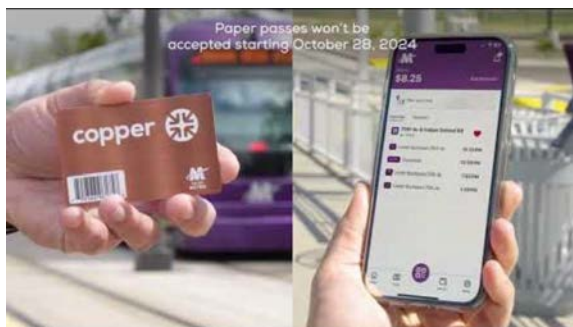
3

Industry benchmark(s): Average VTR in Facebook ads is 30%



3

Fare Collection System Modernization Launch



4



4

Fare Collection System Modernization Launch

9/1 - 11/30/24

- Purpose: Promote, educate & help transition riders to new fare system
- Audiences: Regional riders (all routes), general public
- Results:
 - 1.3 million impressions
 - 15,000 click-thrus
 - 1.13% click-thru-rate (CTR)
 - 76,000 downloads of VM app

5 Industry benchmark(s): The average CTR in Facebook ads is 0.9% (Source: Wordstream 2024).



5

Rideshare Month – Get Your Ride On



6



6

Rideshare Month – Get Your Ride On

9/2 - 10/27/24

- Purpose: Promote alternative commute options & logging trips on ShareTheRide.com
- Audiences: Valley residents ages 18-54, with 1+ vehicle(s), interest in alternative commutes, environment/clean air, transit. Previous visitors to valleymetro.org or ShareTheRide.com
- Results:
 - 2.5 million+ impression
 - An increase of 282% over 2023's campaign
 - 2.85% click-thru-rate (CTR)
 - 159% increase in website sessions
 - Resulting in 303 new sign-ups

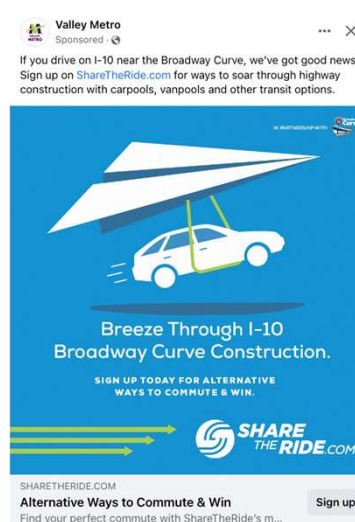


7

Industry benchmark(s): The average CTR in Facebook ads is 0.9% (Source: Wordstream 2024).

7

Broadway Curve Marketing (Phase 2)



8

8

Broadway Curve Marketing (Phase 2)

9/13 – 10/15/24

- Purpose: Promote ShareTheRide.com & alternative commute options to make trips easier through Broadway Curve construction
- Audiences: People living & commuting within 10 miles of the Broadway Curve construction zone
- Results:
 - 3 million+ impressions
 - 23,000 click-thrus, which is 68% more clicks than Phase 1
 - .69% CTR

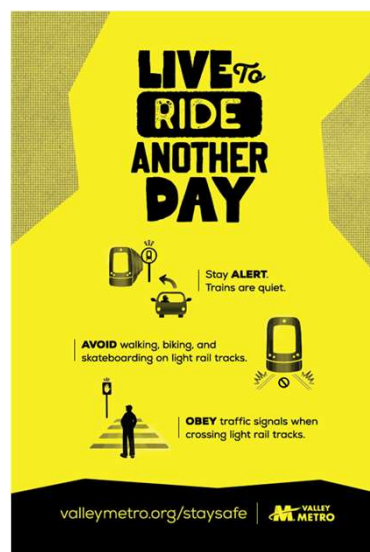
Industry benchmark(s): CTR between .5%-.75% indicate good brand recognition (Source: Enhancer 2024). The campaign aimed to get 2,296,571 impressions based on budget. The campaign ended up garnering 3,058,035, 25% above the goal.

9



9

Bus & Rail Safety Campaign (Phase 1)



10



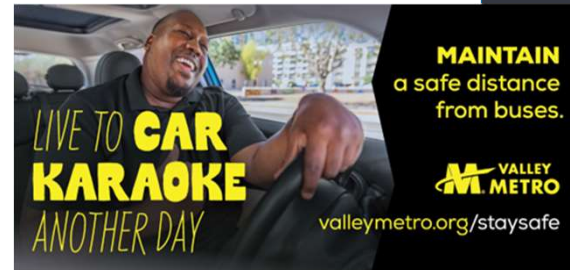
10

Bus & Rail Safety Campaign (Phase 1)

11/19 - 12/15/24

- Purpose: Educate on safety tips for when near a bus or train
- Audiences: Bus & rail riders, motorists & pedestrians along collision "hot spots"
 - As far west as 83rd Avenue to as far east as Gilbert Road
- Results:
 - 14.7 million impressions
 - 2,000 click-thrus
 - .7% click-thru-rate (CTR)
 - 5,800+ website visits

valleymetro.org/staysafe



11 Industry benchmark(s): CTR between .5%-.75% indicate good brand recognition (Source: Enhancer 2024). The goal of this campaign was general awareness, not click-thrus.



11

Bus Ridership (Phase 1)



12



12

Bus Ridership (Phase 1)

11/21 - 12/31/24

- Purpose: Increase brand awareness of Valley Metro bus service, create understanding of availability & benefits, promote ridership
- Audiences:
 - General public awareness
 - Express/RAPID potential commuters
 - Potential riders on five key local routes:
 - 3 (Van Buren St)
 - 72 (Scottsdale/Rural Rd)
 - 83 (83rd Ave)
 - 136 (Gilbert Rd)
 - 156 (Chandler Blvd)
 - Specifically targeted: New residents, developing transit corridors, new business/employment centers, students, current & potential riders

13



13

Bus Ridership (Phase 1)

11/21 - 12/31/24

- Results:
 - 7 million impressions
 - 50,000+ click-thrus
 - 1.6% CTR on the local bus creative
 - 10% increase in ridership (Y-O-Y)
 - Also M-O-M ridership increases

valleymetro.org/bus

	October ridership	November ridership	December ridership
2023	2,360,571	2,280,853	2,042,011
2024	2,504,066	2,480,619	2,443,291
% Increase	6%	9%	20%

Year	Bus ridership
2023	24,759,628
2024	27,316,663
% Increase	10%

14 Industry benchmark(s): The average CTR in Facebook ads is 0.9% (Source: Wordstream 2024).



14

South Central Extension Storytelling (Phase 1)

Featuring Local Business: Red Velvet Bakery



15



15

South Central Extension/Downtown Hub (SCE/DH) Storytelling

12/6/24 - 5/31/25

- Purpose: Generate awareness re: current & future benefits of SCE/DH
 - Featuring stories from local businesses & stakeholders
 - New videos being added this spring
- Audiences: SCE/DH residents & businesses, general public
- Results, to date:
 - 7.5 million impressions
 - 49,000 click-thrus
 - 1.1% CTR

valleymetro.org/southcentral/opening

valleymetro.org/surcentral/apertura



16 Industry benchmark(s): The average CTR in Facebook ads is 0.9% (Source: Wordstream 2024).



16

Upcoming Campaigns

Spring/Summer 2025



17

SCE/DH Opening Celebration

4/1 – 5/31/25

- Purpose:
 - Promote participation in opening
 - Build awareness of new extension & community impact
 - Build ridership & neighboring community pride in public transit
- Audiences: Neighboring community, SCE/DH residents, metro Phoenix residents, general public, VM staff & Board



18



18

Bus and Rail Safety (Phase 2)

2/25 - 5/31/25

- Purpose: Phase 2 will continue to promote six key safety tips for when around bus/rail system
- Tactics:
 - Geo-targeted media buy around incident "hot spots"
 - Bus and rail kiosk posters
 - Additional content & resources on landing pages
 - Spanish digital media added



19

19

Bus and Rail Safety (Phase 2)



20

20

Bus Ridership (Phase 2)

3/15 - 6/30/25

- Purpose: Phase 2 will focus on building ridership on Express/RAPID & five key local routes (as identified in Phase 1)
- Tactics:
 - Spanish advertisements will be included in Phase 2
 - Geo-targeted media buy
 - Bus & rail kiosk posters
 - Bus wraps
 - Outdoor billboards
 - At locations Valley-wide

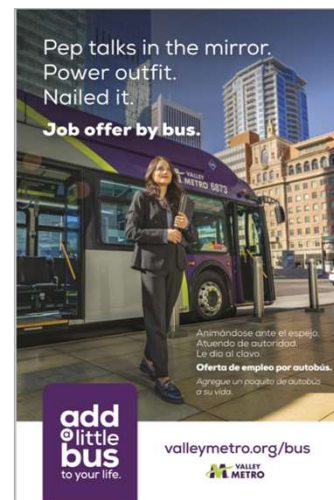


21



21

Bus Ridership (Phase 2)



22



22

Two-Line Wayfinding Education

3/31- 6/30/25

- Purpose: Educate on new system, how to navigate two lines, use new signage & tools; encourage ridership
- Audiences: All transit riders (bus & rail), SCE/DH community, regional employers, visitors (including winter visitors), ADA community, ASU, general public, internal/frontline teams
- Tactics:
 - Comprehensive marketing, communication and outreach effort
 - Traditional & digital content
 - Paid media buy & landing page
 - Signage & print media
 - In-person outreach



23

23

Any questions/comments?

Connect:

Hillary Foose: hfoose@valleymetro.org | 602.697.1705
 Caitlin Eberle: ceberle@valleymetro.org | 602.523.6081



24

Major Marketing Campaigns - FY26 Plan							
Campaign	Timeline	Goal(s)	Audience(s)	Strategic Plan Goal(s)	RPTA \$\$	VMR \$\$	SC \$\$
Commute Solutions/STR.com promotion	7/1/25 - 7/31/25 (continued from FY25) and again 2/1/26 - 2/28/26	Create awareness of & engagement in STR.com, share features & benefits of (new) platform	Valley residents ages 18-60, with one or more vehicles	Deliver Excellent Customer Experience	\$50,000		
SCEDH Deals & Discounts promotion	7/1/25 - 8/31/25 (continued from FY25)	Promote patronage of local businesses through promotions & online contests, supporting business interest into operations	Rail riders, SCE community, general public	Deliver on Stakeholder Collaboration		\$4,000	
Streetcar fare launch & service promotion	7/1/25 - 8/31/25 (continued from FY25)	Educate & prepare riders for streetcar fare implementation, push continued benefits of riding, promote ease of use of new fare tools	Streetcar riders, ASU & downtown Tempe stakeholders, all riders	Deliver Excellent Customer Experience, Financial Sustainability			\$75,000
Heat safety campaign	7/1/25 - 9/30/25 (continued from FY25); beginning again 5/1/26	Support health & safety of ridership & frontline teams through hottest months of year via messaging & resources	Bus & rail riders, general public, frontline teams	Prioritize Safety & Security on Transit	\$7,500		
SCEDH ridership campaign	7/1/25 - 9/30/25 (continued from FY25)	Develop ridership in new corridor, encourage getting on board & trying transit to new destinations via new tools	SCEDH community: Residents, businesses, employers, destinations; general public	Deliver Excellent Customer Experience		\$50,000	
Vanpool ridership campaign	8/1/25 - 9/30/25 and again spring 2026	Create program growth, build ridership, generate business community engagement	SOV users, long distance commuters, business community	Deliver Excellent Customer Experience	\$40,000		
Two-line rail system educational campaign	8/1/25 - 11/30/25	Educate on new system, how to navigate two lines, use new signage and tools, create broader system awareness & benefits of traveling via rail (encouraging ridership)	All transit riders (bus & rail), South Central community, regional employers, visitors (including winter visitors), ADA community, ASU, general public, internal/frontline teams	Deliver Excellent Customer Experience; Deliver on Stakeholder Collaboration		\$35,000	
Rideshare Month (October)	9/1/25 - 10/31/25	Promote alternative mode travel, promote benefits of these modes, generate awareness for Rideshare Month, promote events and contests, conduct pop-up events region-wide	Alternative mode commuters, auto commuters, general public, users of STR.com	Deliver Excellent Customer Experience	\$25,000		
NCAA Women's Final Four promotion (4/5/26)	3/23/26 - 4/5/26	Encourage ridership, welcome visitors & new/occasional riders with transit information	Riders, visitors, general public, WNBA & college basketball fans/ticketholders	Deliver Excellent Customer Experience	\$25,000		
Bus & rail safety campaign	Next phase TBD (timeframe to be developed with cites & based on results)	Safety education for riders, drivers & pedestrians near bus/rail, seeking to reduce collisions across regional bus/rail system	Bus & rail riders, motorists, pedestrians, general public	Prioritize Safety & Security on Transit	\$50,000	\$50,000	
Bus ridership campaign	Next phase TBD (timeframe to be developed with cites & based on results)	Build awareness of the availability & benefits of bus service, encourage & build ridership, introduce ease of use with new tools and sharing rider experiences	New residents, developing transit corridors, new business/employment centers, students along these potential corridors, current riders, general public; geo-targeting for specific routes/corridors	Deliver Excellent Customer Experience, Deliver on Stakeholder Collaboration, Operational Excellence	\$200,000	\$25,000	
Transit impact storytelling (value of transit)	Next phase TBD (timeframe to be developed with cites & based on results)	Reinforce the value of transit through stories of individuals/groups who benefit from using/working in transit	30-mile radius of downtown Phoenix, around State Capitol, West Valley, current riders, general public	Deliver Excellent Customer Experience, Financial Sustainability	\$75,000		

Fare system transition (ridership development)	Timeframe TBD	<i>PROPOSED AS NEW FY26 BUDGET INITIATIVE: Encourage ridership through FCSM investments, share benefits/features/cost-savings, outreach to new markets, leverage convenience/accessibility of new fare programs, build new partnerships</i>	<i>Current & potential customers, reduced fare audiences, organizations, companies, conferences/events that would benefit from transit connections, build transit partnerships</i>	<i>Deliver Excellent Customer Experience</i>	<i>\$100,000</i>	<i>\$100,000</i>	
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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 Boards of Directors authorize 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

March 12, 2025

AGENDA ITEM 6

SUBJECT

Fare Inspection and Security Services Contract Award

COST AND BUDGET

The fare inspection and security services contract award has a full-term contract value of \$100,407,000, plus an additional contingency of \$5,020,000, for an aggregate value of \$105,427,000, with funding as follows:

Agency	Year 1	Option Year 1	Option Year 2	Option Year 3	Option Year 4	Total
VMR	\$17,640,000	\$18,170,000	\$19,992,000	\$20,594,000	\$21,211,000	\$97,607,000
RPTA	\$531,000	\$547,000	\$557,000	\$574,000	\$591,000	\$2,800,000
Total	\$18,171,000	\$18,717,000	\$20,549,000	\$21,168,000	\$21,801,000	\$100,407,000
					Contingency	\$5,020,000
					Total	\$105,427,000

For FY25, the VMR contract obligation is \$ 2,940,000, which is funded within the Valley Metro VMR Adopted FY25 Operating and Capital Budget. Contract Obligations beyond FY25 will be incorporated into the Valley Metro VMR Five-Year Operating Forecast and Capital Program (FY2026 thru FY2030).

For FY25, the RPTA contract obligation is \$89,000, which is funded within the Valley Metro RPTA Adopted FY25 Operating and Capital Budget. Contract Obligations beyond FY25 will be incorporated into the Valley Metro RPTA Five-Year Operating Forecast and Capital Program (FY2026 thru FY2030).

The source of funds are member cities and Public Transportation Funds (PTF).

RECOMMENDATION

Staff recommends that the Boards of Directors authorize the Chief Executive Officer to execute a one-year contract with four one-year options to extend, with a primary award to Inter-Con Security Systems, Inc., and a secondary award to Universal Protection Services, LP, for Fare Inspection and Security Services, with an aggregate value of \$105,427,000.



STRATEGIC PLAN ALIGNMENT

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

- Goal 1: Excellent Customer Experience
- Goal 3: Prioritize Safety & Security on Transit

COMMITTEE PROCESS

RTAG: January 21, 2025, for information

TMC/RMC: February 5, 2025, approved

Boards of Directors: February 20, 2025, for action

CONTACT

Adrian Ruiz

Director, Safety and Security

aruiz@valleymetro.org

ATTACHMENT

None



Background Information

SUBJECT

Fare Inspection and Security Services Contract Award

BACKGROUND DISCUSSION

This contract is needed to provide fare inspection and security services for the bus, light rail, and streetcar systems. Fare compliance and code of conduct enforcement create a safe environment for passengers utilizing our transit services and facilities. The contracted security service improves public confidence in the safety and security of the system. The scope of this contract includes security at bus and rail maintenance facilities as well as platforms, stations, and park-and-rides throughout the light rail and streetcar system.

	Light Rail System	
Role/Location	Description	Weekly Hours
Field Security Officers (or similar)	Provides the primary hours of presence (HOP) on platforms and on light rail vehicles throughout the system, required jurisdiction deployment is:	
Current	• 62% in the City of Phoenix • 19% in the City of Tempe • 19% in the City of Mesa	
Post SCEDH	• 68% in the City of Phoenix • 16% in the City of Tempe • 16% in the City of Mesa	7000
Operations and Maintenance Center	Fixed post assignment, hour of staffing. OMC is a 24/7 operation and requires staffing the security desk, kiosk and patrols.	504
Dispatch	Staffing of centralized dispatch operations	600



Streetcar System		
Role/Location	Description	Weekly Hours
Field Security Officers	Provides the primary HOP on platforms and on streetcar vehicles in Tempe. 22 hours per day (0400hrs-0200hrs)/7 days per week	530

Valley Metro Rail – Light Rail Capitol Extension		
Role/Location	Description (Service estimated to begin 2027)	Weekly Hours
Field Security Officers (or similar)	Provides the primary HOP on platforms and on light rail vehicles Light Rail Capitol Extension. 22 hours per day (0400hrs-0200hrs)/7 days per week	700

Regional Public Transportation Authority – Bus Operations (Mesa)		
Role/Location	Description	Weekly Hours
Operations and Maintenance Center	Fixed post assignment to the Greenfield Bus Operations Center in Mesa, hours of staffing are: 24 hours per day/7 days per week	260

PROCUREMENT INFORMATION

A Request for Proposal procurement was processed in accordance with the Agency's Joint Procurement Manual.

Seven offerors submitted proposals deemed responsive and responsible. An evaluation committee of Agency staff and member city staff evaluated those offers on the following criteria with a maximum possible point total of 1,000:

- Method of Approach (0 – 350 points)
- Qualifications and Experience of the Firm (0 – 200 points)
- Qualifications and Experience of Assigned Personnel (0 – 200 points)
- Five-Year Pricing (0 – 150 points)
- Frontline Hourly Rate (0 – 100 points)

Three offerors were deemed in the competitive range and advanced to negotiations and best and final offers.



After reaching consensus, the evaluation committee recommends a primary award to Inter-Con Security Systems, Inc., and a secondary award to Universal Protection Services, LP, based on the following results:

- | | |
|-------------------------------------|---------------|
| ▪ Inter-Con Security Systems, Inc. | 942.15 points |
| ▪ Universal Protection Services, LP | 858.49 points |

CONTRACT TYPE AND TERM

The contract is a firm fixed price with economic adjustment contract. The contract will begin on or about May 1, 2025, for an initial one-year term with options to extend for up to an additional 48 months.

Fare Inspection and Security Service Contract Award



1

Procurement Objectives



Maintain Full Staffing

- Hours of presence (HOP) versus cost-reimbursement shifts risk to the contractor



Frontline Compensation

- Assigned points for frontline staff hourly wage



Reduce Opportunity Cost to Switch

- Made a primary and secondary award



Evaluation Panel Members

- Diversity of roles and organizations
- Included police department leadership from Phoenix and Tempe

2

2

Introduction to Inter-Con Security Systems, Inc.



- 51 years of experience
- Family owned
- Minority owned and led
- >80% retention through transitions



Chicago Transit Authority - 10,300 hrs
99% filled hours



Metro

LA County Metro-South - 8,400 hrs
10-12K weekly hours with special events 99% covered

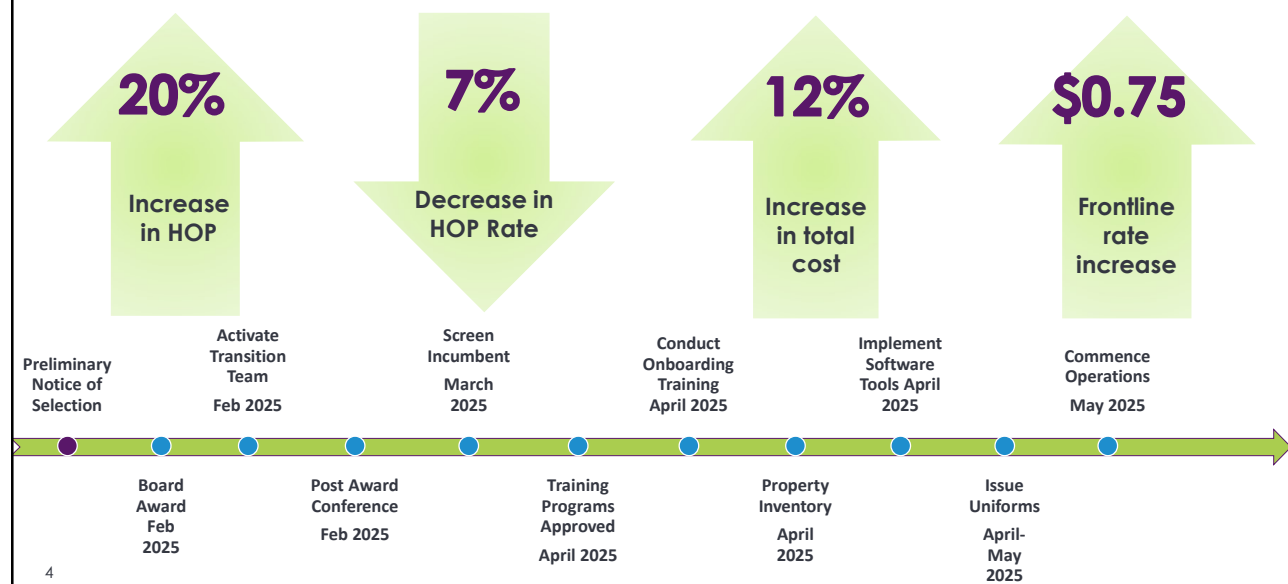


San Diego Metro Transit - 8,300 hrs
Weekly and Special Events Petco Park 99% covered

3

3

Award Economics and Implementation



4

4

Recommendation

Staff recommends that the Boards of Directors authorize the Chief Executive Officer to execute a one-year contract with four one-year options to extend, with a primary award to Inter-Con Security Systems, Inc., and a secondary award to Universal Protection Services, LP, for Fare Inspection and Security Services, with an aggregate value of \$105,427,000.

5

Executive Summary

**DATE**

March 12, 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.
Mgr, Bus Fleet & Technical Support	Gillig Bus Inspection	Oakland, CA	12/09/24-12/13/24	\$1,631.97	\$404.97	\$241.68	\$571.32	\$414.00	
Planner	TRB Annual Meeting	Washington, DC	01/05/25-01/08/25	\$322.00				\$322.00	
Manager, Design & Eng	TRB Annual Meeting	Washington, DC	01/05/25-01/08/25	\$1,917.41	\$782.85	\$60.78	\$681.78	\$322.00	\$70.00
Capital Planning Manager	Mpact Nat'l Steering Committee 2025	Atlanta, GA	02/02/25-02/05/25	\$1,634.46	\$573.66	\$50.34	\$747.96	\$262.50	

Total this reporting period

\$5,505.84

Year to Date

\$81,233.89

Report reflects Out of State (AZ) Travel

* Misc
¹ Baggage Fees
² Flight Wi-Fi Fee

Valley Metro Regional Public Transportation Authority
Monthly AP Payments over \$25,000
January 2025

Payment Number	Date	Supplier or Party Name	Transaction Description	Amount
10003127	1/30/2025	Keolis Transit Services LLC	Fixed Route Bus Operations/Maintenance/Professional Services	6,821,713.36
10003096	1/24/2025	City of Phoenix	Transportation Services for East/West Valley-Fixed & ADA Routes	5,577,275.65
90000365	1/10/2025	ADP Inc	PPE 01/05/2025 Payroll Liabilities	1,606,448.63
90000368	1/24/2025	ADP Inc	PPE 01/19/2025 Payroll Liabilities	1,412,212.26
10003114	1/30/2025	MTM Transit LLC	Paratransit Service & Fuel, Mobility Center Fuel & Trips	1,355,308.51
10003039	1/10/2025	MTM Transit LLC	Paratransit Service & Fuel, Mobility Center Fuel & Trips	1,231,431.55
10003073	1/17/2025	Keolis Transit Services LLC	Fixed Route Bus Operations/Maintenance/Professional Services	959,239.93
90000367	1/24/2025	Cigna Health and Life Insurance Company	Health Insurance Premiums	649,000.75
10003059	1/17/2025	Commute with Enterprise	Vanpool Services	488,795.48
10003045	1/10/2025	Commute with Enterprise	Vanpool Services	485,004.28
90000364	1/10/2025	ASRS	PPE 01/05/25 ASRS Contributions & LTD	405,703.69
10003053	1/10/2025	Dell Marketing LP	IT Computer equipment, peripherals and supplies	384,735.71
90000369	1/28/2025	ASRS	PPE 01/19/25 ASRS Contributions & LTD	378,224.72
10003037	1/10/2025	MJM Innovations	Broker Services	359,014.62
10003038	1/10/2025	MJM Innovations	Pass Through Provider Costs	300,769.48
10003113	1/30/2025	MJM Innovations	Broker Services	267,638.79
10003104	1/30/2025	Scheidt & Bachmann USA Inc	Regional Farebox Project	257,801.00
10003080	1/24/2025	QCM Technologies Inc	Information Technology Services	255,753.10
1002845	1/10/2025	The Colibri Collective	Community Relations Support Services On-Call	216,465.29
10003126	1/30/2025	101 North First Ave LLC	101 Building Rent	200,501.20
10003081	1/24/2025	Scheidt & Bachmann USA Inc	Hardware and Software Maintenance Support	196,512.16
90000372	1/31/2025	Surepays	RPTA Monthly Utilities	145,942.01
10003085	1/24/2025	Trapeze Software Group	ATIS software license and maintenance agreement	139,804.20
10003060	1/17/2025	HDR Engineering Inc	Community Relations Support Services	123,214.68
1002849	1/10/2025	Regional Transportation Authority of Pima	Ajo 685 Long Route Trips	116,560.09
10003027	1/3/2025	Keolis Transit Services LLC	Engines and Transmissions	115,799.18
10003035	1/10/2025	WSP USA Inc	Project Development Support	104,380.13
1002856	1/17/2025	City of Glendale	PTF Reimbursement	103,264.00
10003091	1/24/2025	Vix Technology USA Inc	Customer Service Network	94,195.93
1002871	1/24/2025	City of Scottsdale, Remittance Processi	ADA Services Reimbursement	93,487.69

Valley Metro Regional Public Transportation Authority

10003030	1/10/2025 ACRO Service Corporation	Staffing Services	78,710.08
1002867	1/24/2025 CopperPoint Insurance Company	Rent and CAM Charges	69,586.75
1002839	1/10/2025 Hye Tech Network & Security Solutions L	Technology and Audio/Visual Solutions	65,105.22
90000366	1/17/2025 Wells Fargo Bank	Monthly Credit Card Charges	50,554.15
10003062	1/17/2025 Scheidt & Bachmann USA Inc	Regional Farebox Project	48,699.98
10003098	1/30/2025 ACRO Service Corporation	Staffing Services	48,085.28
10003063	1/17/2025 SHI International Corp	Information Technology Solutions and Services	46,325.28
10003103	1/30/2025 QCM Technologies Inc	Information Technology Services	33,582.85
10003018	1/3/2025 Senergy Petroleum LLC	Bulk Fuel	33,464.07
10003089	1/24/2025 Senergy Petroleum LLC	Bulk Fuel	32,046.68
1002860	1/17/2025 Carl Warren & Company	Claim Management Services	30,000.00
1002831	1/3/2025 CopperPoint Insurance Company	Workers Comp Premium Renewal	29,507.40
10003067	1/17/2025 Senergy Petroleum LLC	Bulk Fuel	26,589.43
			25,438,455.24

Valley Metro Rail, Inc
Monthly AP Payments over \$25,000
January 2025

Payment Number	Date	Supplier or Party Name	Transaction Description	Amount
50002832	1/10/2025	Kiewit Infrastructure West Co	CMAR Services for South Central-Downtown Hub	11,311,223.62
50002843	1/10/2025	Alliant Insurance Services Inc	Insurance Premiums	4,990,704.32
50002833	1/10/2025	Kiewit-McCarthy, a Joint Venture	CMAR Services for Northwest Phase II	4,953,291.01
50002849	1/14/2025	Alliant Insurance Services Inc	Insurance Premiums	1,404,139.14
50002852	1/17/2025	Allied Universal Security Services	Field Security Officers	1,190,190.96
50002900	1/24/2025	SRP	Third Party Utilities for SCE	760,683.04
50002914	1/30/2025	Hill International Inc	PMCM Services	689,132.97
50002885	1/24/2025	Jacobs Engineering	Capitol Extension Design	655,971.13
50002829	1/10/2025	Hill International Inc	PMCM Services	640,000.05
50002891	1/24/2025	Centurylink	NWE II Utilities	458,198.05
50002837	1/10/2025	Stacy and Witbeck Inc	Supplemental Construction Services	440,760.72
90000043	1/31/2025	Surepays	VMR Monthly Utilities	434,478.60
50002916	1/30/2025	SDB Contracting Services	JOC-Supplemental Construction Services	257,736.79
50002815	1/3/2025	SDB Contracting Services	JOC-Supplemental Construction Services	244,225.48
50002879	1/24/2025	Brookville Equipment Corp	Streetcar Vehicle - Spare Parts	213,633.03
50002828	1/10/2025	HDR Engineering Inc	Project Development Support	208,896.98
50002834	1/10/2025	PGH Wong Engineering Inc	System Design Services	182,150.73
50002907	1/30/2025	City of Phoenix	Advertising Revenue Distribution	146,967.08
50002850	1/14/2025	Ardonagh Specialty Limited	Insurance Contract Premium	135,900.00
50002877	1/24/2025	AECOM Technical Services Inc	Environmental Services Support	117,645.49
50002864	1/17/2025	PGH Wong Engineering Inc	System Design Services	111,826.40
50002862	1/17/2025	J Banicki Construction Inc	JOC-Supplemental Construction Services	111,501.30
50002888	1/24/2025	Stacy and Witbeck Inc	Supplemental Construction Services	101,483.11
5003171	1/10/2025	STV Incorporated	Project Development Support	95,759.40
50002870	1/17/2025	Voith US Inc VTI	Coupling Gearbox and Axle	91,264.22
50002858	1/17/2025	DLT Solutions LLC	Aconex Project Control System	91,000.00
50002824	1/10/2025	Brookville Equipment Corp	Streetcar Vehicle - Spare Parts	85,618.39
50002910	1/30/2025	Brookville Equipment Corp	Streetcar Vehicle Parts	79,535.98
50002830	1/10/2025	J Banicki Construction Inc	JOC-Supplemental Construction Services	78,801.70
50002874	1/17/2025	Southwest Transit Partners	CAPEX - Risk Services Pre-Construction Services	78,662.45

Valley Metro Rail

50002903	1/30/2025	City of Tempe	Advertising Revenue Distribution	74,658.35
5003182	1/10/2025	Hewlett Packard Enterprise Company	Technology equipment, services and support	72,393.56
5003214	1/30/2025	City of Mesa	Advertising Revenue Distribution	64,758.05
50002908	1/30/2025	City of Phoenix	Advertising Revenue Distribution	57,316.52
50002827	1/10/2025	Grainger	Tools for SigCom	57,036.38
5003187	1/10/2025	Jenco Inc	LED Replacements	50,032.30
5003217	1/30/2025	STV Incorporated	Project Development Support	46,916.77
50002831	1/10/2025	Jacobs Engineering	Project Development Support	43,444.26
50002861	1/17/2025	HDR Engineering Inc	Project Development Support	39,030.88
50002847	1/10/2025	City of Phoenix	Fare Handling Fee	36,669.00
50002898	1/24/2025	City of Phoenix	Fare Handling Fee	36,669.00
5003200	1/17/2025	Custom Glass Solutions Trumbauersville	Windows	35,093.95
50002841	1/10/2025	WSP USA Inc	Community Relations Support Services On-Call	30,346.69
50002856	1/17/2025	Brookville Equipment Corp	Streetcar Vehicle - Additonal Items	30,313.92
5003191	1/17/2025	Magnetry LLC	Marketing and Advertising Services	27,847.34
50002853	1/17/2025	ARCADIS	Consulting Support Services	26,288.81
50002897	1/24/2025	WEX Bank	Fleet Card Services	25,140.76
				31,115,338.68

Executive Summary

**DATE**

March 12, 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



March 12, 2025

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

Action Recommended

CONSENT AGENDA

1A. Minutes

1A. For action

Minutes from the February 20, 2025 Board meeting are presented for approval.

1B. April 2025 Proposed Service Changes

1B. For action

Staff recommends that the Board of Directors authorize the Chief Executive Officer to amend member agency FY25 IGAs as necessary, and to execute change orders to the Keolis fixed route contract to accommodate the recommended April 2025 service changes.

REGULAR AGENDA

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 \$1.3M to the Valley Metro RPTA Operating Budget for FY25.

3. Executive Session

3. For action

The Valley Metro RPTA Board of Directors may vote to enter into Executive session according to A.R.S. 38-431.03 Section (A)(3) Discussion or consultation for legal advice with the attorney or attorneys of the public body; (A)(4) discussion or consultation with the attorneys of the public body in order to consider its position and instruct its attorneys regarding the public body's positions regarding contracts that are the subject of negotiations, in pending or contemplated litigation or in settlement discussions

conducted in order to avoid or resolve litigation; and (A)(9)
- discussions or consultations with designated
representatives of the public body in order to discuss
security plans, procedures, assessments, measures or
systems relating to, or having an impact on, the security or
safety of buildings, facilities, operations, critical
infrastructure information and information technology
maintained by the public body.

4. Executive Session Action Item(s)

4. For action

The Valley Metro RPTA Board may vote to direct staff to
proceed as instructed.

5. Fiscal Year 2024 (FY24) Regional Public
Transportation Authority (RPTA) Annual
Comprehensive Financial Report (ACFR) and Single
Audit Reporting Package (SARP)

5. For information

This item is being presented for information. Action was
taken at the Audit and Finance Subcommittee meeting on
March 6, 2025.

6. Valley Metro RPTA Fiscal Year 2026 (FY26)
Preliminary Operating and Capital Budget

6. For information

Staff will preview the RPTA Fiscal Year 2026 Preliminary
Operating and Capital Budget.

7. Report on Current Events and Suggested Future
Agenda Items

7. For information

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

8. Next Meeting

8. For information

The next Board meeting is scheduled for **Thursday, April
17, 2025 at 11:15 a.m.**

Qualified sign language interpreters are available with 72 hours notice. Materials in alternative
formats 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 YouTube information. The supporting information for this agenda can be found on our website www.valleymetro.org

Meeting Minutes



March 13, 2025

AGENDA ITEM 1

Valley Metro RPTA Boards of Directors

Thursday, February 20, 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**

Councilmember Jennifer Adams, City of Tempe – **Vice Chair** (phone)

Councilmember Max White, City of Avondale (phone)

Councilmember Jermaine Berry, City of Buckeye (phone)

Councilmember Monica Dorcey, City of El Mirage (phone)

Councilmember Peggy McMahon, Town of Fountain Hills

Councilmember Kenny Buckland, Town of Gilbert (phone)

Vice Mayor Wally Campbell, City of Goodyear (Webex)

Supervisor Steve Gallardo, Maricopa County

Councilmember Francisco Heredia, City of Mesa (phone)

Vice Mayor Jon Edwards, City of Peoria (phone)

Councilmember Laura Pastor, City of Phoenix

Councilmember Bryan McClure, Town of Queen Creek (phone)

Vice Mayor Kathy Littlefield, City of Scottsdale (phone)

Councilmember Earle Greenberg, City of Surprise (phone)

Councilmember Jimmy Davis, City of Tolleson

Mayor Michael LeVault, Town of Youngtown (phone)

Members Not Present

Vice Mayor Lauren Tolmachoff, City of Glendale

Mayor BG Bratcher, Town of Wickenburg

The chair called the meeting to order at 12:16 p.m.

Chair Harris said we already have taken roll. Pat, do we need to take another roll call? Just let the minutes reflect know who's in person, who's online.

1. Minutes

Chair Harris said the minutes from January 23rd, 2025, board meeting are presented for approval. Requesting a motion and a second to approve the January 23rd, 2025 board meetings minutes.

Is there a motion?



Motion by Councilmember Edwards, second by Councilmember Pastor.

All those in favor, say aye. Any opposed?

IT WAS MOVED BY COUNCILMEMBER EDWARD, SECONDED BY COUNCILMEMBER PASTOR, AND UNANIMOUSLY CARRIED TO APPROVE THE JANUARY 23, 2025 MEETING MINUTES.

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

Chair Harris said so the next is Item number 2 which is the RPTA Fiscal Year 2025 Mid-Year Budget Adjustment. I am going to have our CEO introduce this item.

Ms. Mefford-Miller said thank you, Mr. Chair. Members of the board. This item is one of two mid-year budget adjustments before the collective boards today. We'll have one separate for Valley Metro Rail.

The Regional Public Transportation Authority mid-year budget adjustment responds to six different items, some of them cost savings, some of them cost increases. In just a moment I'll invite Ken Kessler, Chief Financial Officer, to the podium to provide a presentation. Our cost reductions in the current fiscal year primarily relate to underruns in fuel for East Valley bus. And then an underrun in maintenance within Phoenix primarily due to our ability to leverage federal funding to support some of our ongoing preventative maintenance programs.

And then right, cost increases include a higher Ride Choice budget and that's due to the cities of Glendale and Phoenix joining our Ride Choice programs new this year. We welcome you. And then a marketing item for the Broadway Curve which just continued. That's ADOT grant funded.

But the big item and the item under which we received a number of questions is paratransit. We are experiencing, in the first contract year of paratransit with our contract with MTM as our service provider, MJM is our broker that contract year went from October 1, 2023, to September 30th, 2024. We had an end of year true up because we are experiencing lower trip volumes on paratransit than was originally envisioned primarily due to reduction in paratransit demand relative to expectation, commiserate increase, of course, in Ride Choice, but also an availability of our service provider MTM to deliver those services because of workforce shortage. And as a result, a number of trips have been diverted to our overflow providers.

I have asked staff to be prepared to provide detailed information. So now I want to invite Ken Kessler to the podium and on the paratransit item Tom Young, our Deputy Chief of Bus and Paratransit Operations is also here to answer any questions you may have. Should we wish to discuss items of a contractual nature to the extent we can do that in open session. Jonathon Thatcher, our Director of Procurement and Contracts, is also available this morning.



Chair Harris said thank you, CEO. Before we begin the presentations, and I do apologize that this may end a little bit shorter than normal, there was concerns about the budget. We have seven new board members, and it has been brought to my attention that they would like to get an opportunity to kind of look at it a little bit more closely and work with staff to kind of understand what this is. So, before we go forward with this presentation, I would like for staff to work with the Board to get them aware of what the budget is and what that looks like before they vote on it.

And so before we go through this presentation I would like the Board, the new board members to get acquainted with the budget before we put this information before them and before they have to consume and make commentary and votes on it.

Is that okay? Can we work through that? Go ahead, Councilmember Pastor.

Councilmember Pastor said Mike, what I would like to do is I would like to continue this item.

Chair Harris said can we continue it? Where are we at legally? What can we do?

Mr. Wawro said Chair, Councilmember, that would be appropriate. You could take a motion to continue or table the motion. To table the item just as we did previously in the other meeting. You'd take a motion, a second and make a vote.

Chair Harris said and just wanted to make sure that with us tabling this particular item considering it's a fiscal year budget item, will this stop any services or will this cause unpaid bills to be paid. I mean, unpaid bills not to be paid. Will this cause any backward disruption in our forum?

Ms. Mefford-Miller said thank you, Mr. Chair, members of the board. If we table this item to our next meeting in March it will not cause a delay in payment on any of the contracts. What I would propose, Mr. Chair, members of the Board, is should you have specific questions, please do reach out to me and Pat so that we have an understanding of the full scope of questions. We will plan to address those individually as needed and then through a presentation at our March meeting.

Should the questions be of contractual nature then we would agendize an executive session meeting for our March meeting so that we can discuss contractual matters in confidence. Again, not knowing the full scope of the board's questions I'm not able to say at this time what needs to be discussed but we would discuss an executive session only if absolutely necessary.

This has been a very, I want to say, a lightning rod issue as it should be. This is an important topic. We're talking about an increase in cost for a critical service to some of our most vulnerable neighbors. So happy to have the discussion.



I do want to share that staff has had a number of discussions with city staff through our accessible transportation services committee as well as one on one meetings between Valley Metro staff and each of the impacted city staffs to talk about specific impacts to budget but I think there's a need to bring this back to a higher level kind of big picture conversation about where we're at right now with paratransit service delivery and contracts, what has happened, why we're here and then also where we're going moving forward as we look to the conclusion of current contracts. So I welcome that conversation.

Chair Harris said thank you and I know that staff have worked very diligent and have done a really good job with this budget and making sure that we're looking at every single item. I know they turned over every rock in every area to make this budget happen. We appreciate the time and the patience and the work that staff has done. I've had a chance to review the budget. It looks really good to me but in respect to my colleagues that are coming on board and they have to make a decision as well I would like to just give them that opportunity to kind of go through it, look at the budget in more detail, ask staff questions that they may have about it and then look to vote on this item in March.

So with that being said, Councilmember White has her hand up.

Councilmember White said thank you so much, Chair. I move that we table this RPTA fiscal year 2025 midyear budget adjustment discussion to our March 2025 board meeting.

Chair Harris said motion by Councilmember White, second by Councilmember Edwards. All right. We have a motion. We have a second. Is there any further discussion on this item?

Councilmember Pastor said I have one discussion. As I stated earlier, we have discussed this in the Audit and Finance Committee and questions did arise and answers were given. I believe there's further questions regarding some of the contracts in here. So you're spot on. We may need an executive session to discuss the contract and some elements of the contract. And I encourage that all our members send your questions to Jessica Mefford-Miller, our CEO at Valley Metro or Pat in order to get those questions answered and also so that we could have a discussion in March regarding this. If there the contract then we will go into the exec session.

Chair Harris said With being said, there was a motion, there was a discussion. Any more discussion from any other board members? I thought I heard Vice Mayor clearing her throat but maybe she didn't have a question there. With that being said, there was a motion and a second. There was discussion.

All those in favor of tabling RPTA fiscal year 2025 midyear budget adjustment till March 2025 meeting, all those in favor, say aye. All those opposed, say nay.



IT WAS MOVED BY COUNCILMEMBER WHITE, SECONDED BY COUNCILMEMBER EDWARDS AND UNANIMOUSLY CARRIED TO TABLE THE RPTA FISCAL YEAR 2025 (FY25) MID-YEAR BUDGET ADJUSTMENT TO THE MARCH RPTA BOARD OF DIRECTORS MEETING.

All right. Well, thank you so much. We will table this item. And I ask the board, please make sure you work with staff to get your questions answered. Make sure you look at the budget. Get some time. Work with your individual staff members that's in your cities as well. Let's work together to get this midyear budget adjustment across the finish line.

3. Report on Current Events and Suggested Future Agenda Items

Chair Harris said the next item is Current Events and Suggested Future Agenda Items.

I wanted to make an announcement. I know this week we got a chance to, well, recently, we got a chance to Valley Metro help host a beautiful tour of our community and a lot of it transportation and some of our key landmarks here and it was really, really great experience and I appreciate staff and the CEO for making that happen. It was really good. Had a lot of delegates that came and learned a lot. Did not know a lot of different things about transportation but they learned a lot about transportation and what that looks like and how it kind of came about. So I really appreciated that.

Also, this week on Saturday I'm going to be receiving a humanitarian award this Saturday so I'm excited about that.

Yes. Thank you. So that's going to be this Saturday at 7:00. And from what I've heard is everything is sold out for it so I know it's a late announcement, but I just wanted to let you guys know that.

And then also Black History Month, you know, is a time for us to acknowledge the achievements of those of African American descent to help make our country what it is. We always appreciate the work that people do in our communities and this month we're celebrating Black History Month and our achievements to this community. And I got to honestly tell you so many different things around us contributes to Black History Month and, you know, take some time, research, ask ChatGPT some of great things, some of the great inventors have been of African American descent and the contributions that African Americans have made continues to be, you know, to me in my eyes very important, very significant to our community.

And I love this about Valley Metros because we always have celebrated people's diverse backgrounds, and I just think that we need to make sure that we keep that first. You know, diversity's important because one thing I do know about diversity is that there's no way I'm going to show up to the taco party and everyone has all the lettuce, you know, talking about it's a taco party. I need some beef. I need some chicken. I need some taco shells. I need some tomatoes. I need some cheese. I need some sour cream. You know, we need that in order to



make our community amazing. And so I just, you know, I appreciate and I applaud Valley Metro for remaining and standing tall and standing strong and, you know, and from a political perspective, you know, we know what makes America great. You know, we know what makes America what it is. It's you and I working together trying to solve common problems and I don't know about you but last time I checked our riders on our transportation system is very much diverse and from very different types of backgrounds.

And I just think that we continue to uplift those communities that need that uplifting. And next month we're going to be celebrating women all month long in March. We're going to be celebrating women and what their accomplishments are and what they've done.

And, you know, we just got to keep that modeled behavior. You know, sometimes we get off track. We listen to all the stuff that's going on in the news and everything else and we want to just take on that as that's who we are. You don't have to subscribe to anything that you don't believe is who you are, you know. So let's continue to be that model system, that model company that we can be proud of, that says we don't care who you are. We believe that, you know, you got the skills to do the job, we want you. And we're open to hire people who got the skills to do the job and that's important to me.

So again, I just kind of wanted to put that out there and put that energy out there so you guys know, like, hey, we're doing it here. We're doing it because everyone else and the people that we got has the skills to get the job done and have been getting the job done.

So at this time I'm going to acknowledge Councilmember Max White.

Councilmember White said thank you so much, Chair. You just inspire me with your leadership and for those who don't get the visual you're making history right now, sir.

My favorite black inventor is Augustas Morgan. He lived from 1877 to 1963. He left the South and moved to Cleveland, Ohio in 1895, the area where I'm from. And because he saw so many dangerous car accidents, he is the person who invented our, what now we see at every intersection, the three-position traffic signal. When I think about such basic inventions and we all use traffic signals every day, I want to remind people pay attention to your traffic signals. It makes a difference. But that's one of my favorite inventors from the black community.

Chair Harris said thank you so much. It's always good and it's education. A lot of this is just education and some people don't want to be educated. But as for me, in my household we're going to celebrate everyone. It doesn't matter who you are. Doesn't matter what, you know, I got two Yorkies. If you like pit bulls, hey, I mean, okay. Fine. Like pit bulls. I got Yorkies. I got all kinds of stuff. So I just really feel like the best way we do the best work we do is when we go in there and say what is the issue, let's address the issue. Let's not address all these other things. We made it a part of our country which is sickening but I love my country, and I fight for my country all the time but a lot of the other things that have made it about it's not about that.



But with that being said, I'll lay my plank there. Thank God it can land and appreciate everyone for taking the time out to be at this meeting. Thank you, guys.

4. Next Meeting

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

Without further discussion, the meeting was adjourned at 12:32 p.m.



Executive Summary

DATE

March 12, 2025

AGENDA ITEM 1B**SUBJECT**

April 2025 Proposed Service Changes

SUMMARY

Service Changes proposed for April 28 include the removal of the Route 531 Mesa/Gilbert Express from the Gilbert PNR, and the elimination of the Route 515 Fountain Hills Mesa Connector. Items here include only service changes for Valley Metro-operated services and routes, and routes funded through the regional Public Transportation Fund (PTF). Contract adjustments for minor bus service changes that do not require an amendment to the IGAs will be made through the year-end reconciliation process.

RECOMMENDATION

Staff recommends that the Board of Directors authorize the Chief Executive Officer to amend member agency FY25 IGAs as necessary, and to execute change orders to the Keolis fixed route contract to accommodate the recommended April 2025 service changes.

STRATEGIC PLAN ALIGNMENT

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

- Goal 4: Data Collaboration and Technology
 - o Tactic 4.2 Understand customer interaction through the enterprise capture, integration and data analysis to better serve riders.
- Goal 5: Stakeholder Collaboration
 - o Tactic 5.2 Incorporate member agency and stakeholder input into action plans to build the future regional transit system.
- Goal 8: Operational Excellence
 - o Tactic 8.3: Improve service quality through enhanced planning, performance management and continuous process improvement.

COMMITTEE PROCESS

RTAG: February 18, 2025 for information

TMC: March 5, 2025 approved

Board of Directors: March 20, 2025 for action

CONTACT

Aaron Xaevier

Service Planning & GIS Manager

axaevier@valleymetro.org

ATTACHMENT

None



Background Information

April 2025 Proposed Service Changes

BACKGROUND

Effective April 28, 2025 the following transit service changes are proposed for the region. Changes were coordinated and analyzed through the five-year Short Range Transit Program as well as the Board adopted Transit Standards and Performance Measures. In addition, the fixed route service changes are proposed and reviewed in coordination with the Valley Metro Service Planning Working Group, comprising representatives from Valley Metro member agencies. Valley Metro also worked with each affected member agency regarding the proposed changes and funding impacts prior to arriving at recommendations. Extensive public outreach has also been conducted.

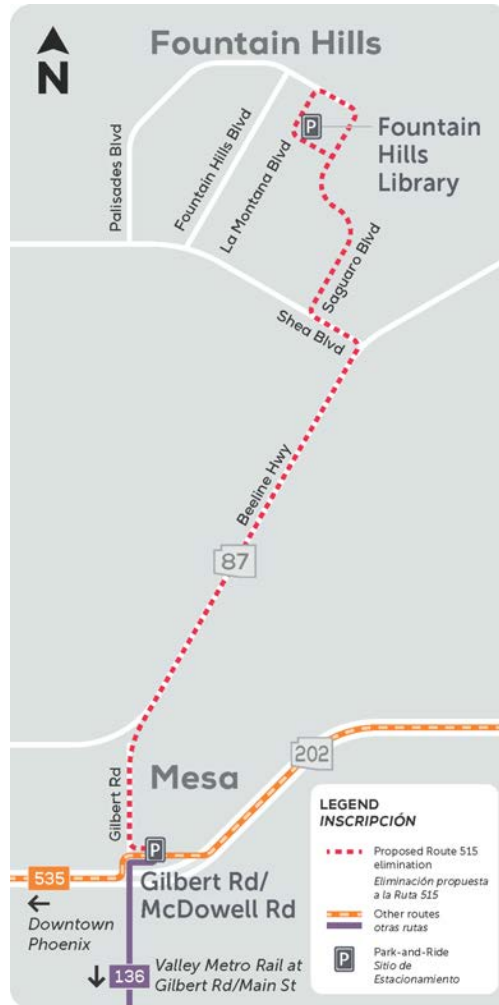
This summary includes the two recommended bus service changes for Valley Metro-operated services and routes, and routes funded through the regional Public Transportation Fund (PTF). Changes that only affect locally funded service operated by other agencies (e.g. Phoenix) are not addressed herein. Overall, the proposed changes include fixed route service elimination and alignment adjustment.

Service Changes

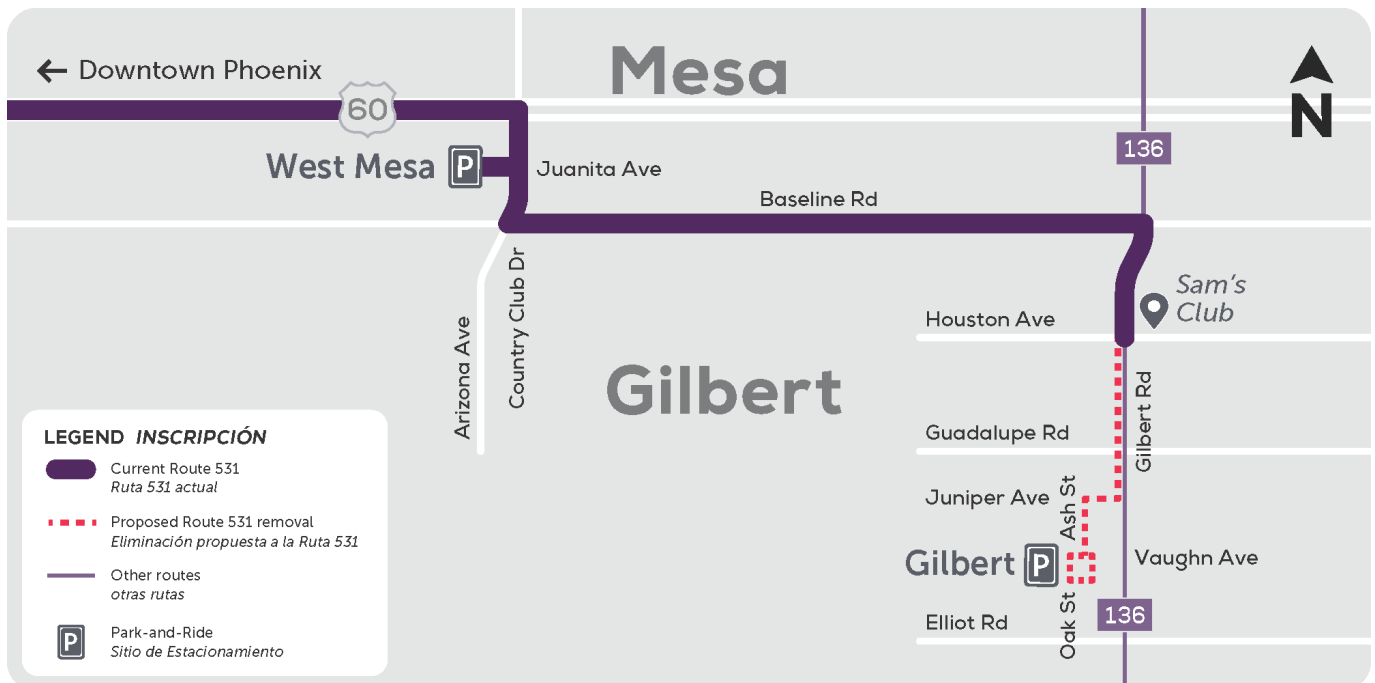
Route 515—Fountain Hills Mesa Connector: This route operates like an express route, providing inbound service from the Fountain Hills PNR to the Gilbert Rd and McDowell Rd Park-and-Ride in the morning and reserve service in the evening. This route is proposed for elimination. See the map below for the current alignment.

Route 531- Mesa/Gilbert Express: This route provides express service from downtown Gilbert to downtown Phoenix during the AM and PM peaks on weekdays. The proposal would remove the routing from the current Gilbert Rd PNR in downtown Gilbert to accommodate revitalization efforts on that location. The new end of line will be at the intersection with Gilbert Rd and Houston Ave.

Route 515 Service Change Map



Route 531 Service Change Map



Public Outreach

An extensive public outreach process was conducted from November to early December 2024, via online comment, email, social media and a remote public hearing via webinar. The outreach covered all proposed service changes regardless of funding source or operator.

- **Input Opportunities:**
 - Virtual public hearing conducted mid-November 2024
 - Online comment card
 - Via email at input@valleymetro.org
 - Social media
- **Communication Channels:**
 - Advertisements placed in the *Arizona Republic*, *East Valley Tribune*, *La Prensa Hispana*, *La Voz* and *Arizona Informant*. They included information regarding the proposed route changes, public comment period and public hearing.
 - Transit vehicle announcements (Route Scout)
 - A-frame signage at key transit locations
 - Email notices to riders and Trip Reduction Program employers
 - Press release resulting in news coverage
 - Social media posts
 - Website ([valleymetro.org/service changes](http://valleymetro.org/service-changes))
 - Internal communication to staff and contractors



Executive Summary

DATE

March 12, 2025

AGENDA ITEM 2**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 \$1.3M. The details of the Mid-Year adjustment, including sources and uses of funds, are provided in the Background Information section.

RECOMMENDATION

Staff recommends the Board of Directors approve the Mid-Year Budget Adjustment increase of \$1.3M 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: March 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 \$2.3M.
- Increased utilization of overflow providers reduces trips per revenue hour with the dedicated provider – approximately \$1.1M.
- Delay in transitioning RideChoice to a brokerage (due to scheduling software procurement) – approximately \$0.6M.

RideChoice increases are due to:

- Addition of City of Glendale and City of Phoenix service – approximately \$1.2M.
- Provider cost increase – approximately \$0.8M.

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.	\$ 1,958,000	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
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	

OPERATIONS

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%

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%

Memo



Date: March 10, 2025

To: Jessica Mefford-Miller, CEO

From: Michael Pal, Chief Transportation Officer
Tom Young, Deputy Chief, Bus and Paratransit Operations

Re: Paratransit – RPTA Mid-Year Budget Adjustment

Valley Metro staff presented an RPTA Fiscal Year 2025 (FY25) Mid-Year Budget Adjustment to member city staff committees, and then to the RPTA Board of Directors on February 20, 2025. In response to Board feedback at the February 2025 Board meeting, this item was tabled pending receipt of additional information, and assurance that Valley Metro has been responsive to member city staff on this matter. This document provides additional information on the Paratransit portion of the RPTA FY25 Mid-Year Budget adjustment, which includes the following items:

- How the reduced demand for Paratransit services resulted in a higher tier contractor pricing rate – approximately \$2M.
- Impacts of increased overflow provider utilization which resulted in reduced 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.

The content included within this memo provides a broad overview of the structure of the Paratransit and RideChoice programs, and their underpinning contracts, and specific program and performance information related to the need for the mid-year budget adjustment.

PARATRANSIT PROGRAM OVERVIEW

ADA Paratransit Service – Public transit agencies that provide fixed route service must provide complementary paratransit services to people with disabilities whose abilities prevent them from using fixed route bus or rail service.

RideChoice Service – RideChoice is a Valley Metro service that offers subsidized transportation service above and beyond the minimum requirements of the ADA paratransit service.

Valley Metro administers its Paratransit and RideChoice programs via contracted broker and operations and maintenance service providers as well as overflow providers.

Broker – Firm hired to administer Valley Metro demand response programs (ADA Paratransit, RideChoice, deviated service, microtransit, etc.) by taking trip reservations, scheduling trips, distributing trips among Valley Metro’s Operations and Maintenance provider and overflow providers, and oversight of service provision.

The original broker procurement, in 2021, resulted in the receipt of one proposal. The proposal received scored marginally and Valley Metro determined that it was not in the agency’s best interest to move forward. Valley Metro reissued the procurement in 2022, which resulted in marginal competition and contract award to Creative Software Solutions, LLC, dba MJM Innovations (MJM). The MJM contract terms include a five-year base term (October 1, 2023, through September 30, 2028) with three one-year extension options.

Valley Metro’s long-term regional vision, developed in partnership with member communities, is to implement a “one-stop-shop” for customers needing demand services (all reservation-based programs). MJM is contracted for joint administration of ADA Paratransit and the RideChoice program, however combining the administration (one-stop-shop) into one scheduling system has been delayed pending procurement of scheduling software that can manage all demand programs.

Operations and Maintenance Provider – Firm(s) hired to operate and maintain Valley Metro owned vehicles for dedicated demand response services. Valley Metro’s operations and maintenance provider is MTM Transit, LLC (MTM). The MTM contract terms include a three-year base term (October 1, 2023, through September 30, 2026) with three one-year extension options.

Recognizing the likelihood for fluctuations in the volume of trips, the contract scope of work was developed with 5 pricing tiers to minimize the contractor’s ability to request rate changes. The basis of cost for the first year of contracted service utilized trip projections at pre-pandemic levels. Anticipating 367,000 trips annually, trip volume would have been placed within the mid-level tier (250,000 – 550,000 range) and first-year pricing at \$45.24 per revenue hour. The projection also included the contractor providing 90 – 95% of the trips, with 5 – 10% overflow trip activity.

Overflow Providers – Local transportation companies that will provide incidental trips for Valley Metro broker when their drivers have availability in their normal work (vehicles are not dedicated to Valley Metro services).

PROGRAM ADMINISTRATION

MJM, Valley Metro’s broker, schedules Paratransit and RideChoice trips first utilizing MTM, Valley Metro’s operations and maintenance provider. Overflow trips, trips that cannot be accommodated via MTM’s pool of available drivers, are scheduled with overflow providers.

Actual first-year trips scheduled with MTM fell short of the above-mentioned 250,000-trip basement by approximately 14,000 trips, increasing the rate per revenue hour from \$45.25 to \$57.10. The increase per trip is based on maintaining the required supervisory and dispatch staff (part of the hourly rate) to manage the service area and service spread with fewer trips across which to distribute the cost. Valley Metro staff closely monitored the trip volume and at the close of the first year

(October 2024), according to contract terms, completed a year-end true-up reconciling MTM costs for overall trip volume falling into a lower-volume/higher-cost tier.

Following the October 2024 exercise, Valley Metro executed a change order adjusting the process to reflect a rolling 12-month actual trip volume for year two of the contract.

An analysis of MTM's first year of operations resulted in the following findings:

- Increased utilization of overflow providers resulted from a combination of the operations and Maintenance provider not having enough operators to cover the work sent to them and scheduling inefficiencies by the brokerage staff. Overflow provider usage was budgeted at 7 percent and actual usage was at 15 percent. Productivity was projected as 1.34 trips per revenue hour and actual performance was at 1.19 trips per revenue hour, resulting in increased operating hours. Further, the operations and maintenance contractor cancelled approximately 10 percent of the scheduled routes due to workforce shortages.
- The delay in implementation of the joint brokerage (RideChoice and ADA Paratransit), based on software limitations, resulted in the ADA program absorbing 100 percent of the management staff wages.

Corrective Action

Driver Vacancies – Reduce driver vacancies, provide adequate route coverage, and decrease trips to overflow providers.

- Establish minimum operator volumes (132 FTEs) to cover all scheduled routes and work with contractor to ensure volumes are maintained. *Completed 3/3/2025*
- Hire additional operators to cover scheduled time off and long-term disability absences (21 FTE's). 14 hired, 7 additional needed – *in progress/anticipated completion 3/31/2025*
- Hire additional operators to cover anticipated daily unscheduled time off or absenteeism (11 FTE's). 4 hired, 7 additional needed – *in progress/anticipated completion 3/31/2025*

Overflow Usage – Maintain not-to-exceed overflow scheduling of 10%

- Establish and monitor minimum performance criteria for overflow provider usage not to exceed 10% of total trips. *Completed 2/21/2025*
- Further reduce overflow provider usage of not-to-exceed 5% of total trips. *In progress/anticipated 4/15/2025*

Operator Schedules – Develop new driver schedules to match trip demand and increase productivity. *In progress/anticipated 3/21/2025*

Scheduling Software – Procure new software capable of managing both the ADA Paratransit and RideChoice programs under combined administration. *Procurement is in process/anticipated award 7/31/2025*

Operations and Maintenance Contract Re-Procurement: If re-procurement of the operations and maintenance contracted services is desired, further analysis is required to determine if cost at the current volume is within market rates. To coincide with the end of the current contract base term, a decision regarding re-procurement must be made by September 2025.

COMMUNICATION WITH MEMBER COMMUNITIES

Valley Metro meets regularly with jurisdictions, both individually and collectively. During budget season, staff schedule individual meetings with each jurisdiction to review year-end trip projections as well as agreeing to a projected number of trips for the upcoming year.

In addition, through the ATS Partners Meetings (a sub-committee of RTAG), staff update jurisdictions on performance related issues with the demand programs monthly. The following meetings related to budget and key performance areas have occurred this fiscal year:

- Regular ATS Partners meeting:
 - August 13, 2024
 - October 8, 2024
 - December 10, 2024
 - February 11, 2025
- Held individual and joint meetings in late December and early January with city staff
- RTAG staff follow up on January 30th, 2025
- RTAG staff - additional follow up March 10th, 2025

All staff questions received to date on this topic have been addressed through the above forums.



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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

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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



6

Executive Summary

**DATE**

March 12, 2025

AGENDA ITEM 3**SUBJECT**

Executive Session

COST AND BUDGET

None

RECOMMENDATION

The Valley Metro RPTA Board of Directors may vote to enter into Executive session according to A.R.S. 38-431.03 Section (A)(3) Discussion or consultation for legal advice with the attorney or attorneys of the public body; (A)(4) discussion or consultation with the attorneys of the public body in order to consider its position and instruct its attorneys regarding the public body's positions regarding contracts that are the subject of negotiations, in pending or contemplated litigation or in settlement discussions conducted in order to avoid or resolve litigation; and (A)(9) - discussions or consultations with designated representatives of the public body in order to discuss security plans, procedures, assessments, measures or systems relating to, or having an impact on, the security or safety of buildings, facilities, operations, critical infrastructure information and information technology maintained by the public body.

BACKGROUND | DISCUSSION | CONSIDERATION

None

COMMITTEE PROCESS

None

CONTACT

Jessica Mefford-Miller

Chief Executive Officer

jmeffordmiller@valleymetro.org

ATTACHMENT

None

Executive Summary

**DATE**

March 12, 2025

AGENDA ITEM 4**SUBJECT**

Executive Session Action Item(s)

COST AND BUDGET

None

RECOMMENDATION

The Valley Metro RPTA Board may vote to direct staff to proceed as instructed.

BACKGROUND | DISCUSSION | CONSIDERATION

None

COMMITTEE PROCESS

None

CONTACT

Jessica Mefford-Miller

Chief Executive Officer

jmeffordmiller@valleymetro.org

ATTACHMENT

None



Executive Summary

DATE

March 12, 2025

AGENDA ITEM 5**SUBJECT**

Fiscal Year 2024 (FY24) Regional Public Transportation Authority (RPTA) Annual Comprehensive Financial Report (ACFR) and Single Audit Reporting Package (SARP)

COST AND BUDGET

None.

RECOMMENDATION

This item is presented for information only.

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: February 18, 2025 for information

TMC: March 5, 2025 for information

AFS: March 6, 2025 approved

Board of Directors: March 20, 2025 for information

CONTACT

Ken Kessler

Chief Financial Officer

kkessler@valleymetro.org

ATTACHMENT

None

Background Information

Information Only

BACKGROUND DISCUSSION

The purpose of this item is to inform the Board of Directors that the Audit and Finance Subcommittee accepted the Annual Comprehensive Financial Report (ACFR) and Single Audit Reporting Package (SARP) during the meeting on March 6, 2025.

Forvis Mazars, LLP, Certified Public Accountants, has completed the audit of Regional Public Transportation Authority (RPTA) financial statements and Schedule of Expenditures of Federal Awards for the fiscal year ended June 30, 2024. RPTA has complied with both state and federal statutory audit requirements as well as adhered to Generally Accepted Accounting Principles in financial reporting. The Annual Comprehensive Financial Report demonstrates RPTA's commitment to the highest standard of financial reporting for a governmental entity.

In performing the audit of the financial statements, Forvis Mazars, LLP, considered internal controls in order to determine auditing procedures for the purpose of expressing opinions on the financial statements' fair presentation, in all material respects, of the financial position of RPTA and not to provide an opinion on the organization's internal controls. The auditors did not identify and report any weaknesses in internal controls.

RPTA's Annual Comprehensive Financial Reports for FY24 received an unmodified opinion. RPTA received the GFOA Certificate of Excellence in Financial Reporting for the FY23 ACFR, which demonstrates the agency's commitment to the highest standard of financial reporting for a government entity. The RPTA ACFR, which includes the Independent Auditor's Report and the Single Audit Reporting Package was provided to the Audit and Finance Subcommittee on March 6, 2025.



Executive Summary

DATE

March 12, 2025

AGENDA ITEM 6**SUBJECT**

Valley Metro RPTA Fiscal Year 2026 (FY26) Preliminary Operating and Capital Budget

COST AND BUDGET

See the information below.

RECOMMENDATION

This item is presented for information.

STRATEGIC PLAN ALIGNMENT

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

- Goal 9: Financial Sustainability

COMMITTEE PROCESSPreliminary Budget Review:

Financial Working Group: February 18, 2025 for information

TMC: March 5, 2025 for information

AFS: March 6, 2025 for information

Board of Directors: March 20, 2025 for information

Budget Review with Initiatives:

RTAG/FWG: March 18, 2025 for information

TMC: April 2, 2025 for information

AFS: April 3, 2025 for information

Board of Directors: April 17, 2025 for information

Proposed Budget Adoption:

AFS: May 1, 2024 for information

TMC: May 7, 2025 for action

Board of Directors: May 22, 2025 for action

CONTACT

Ken Kessler

Chief Financial Officer

kkessler@valleymetro.org

ATTACHMENT

None

Background Information

BACKGROUND DISCUSSION

The Valley Metro Regional Public Transportation Authority (RPTA) FY26 combined operating and capital budget (the budget) is \$499.3 million (M) and includes \$93.4M of expenses for light rail/high-capacity transit capital and other pass throughs that total \$60.3M.

The preliminary FY26 budget has been prepared with the goal of delivering a fiscally prudent, balanced budget using carry forwards and reserves when needed for capital projects. The budget was developed in compliance with Board of Directors' adopted budget, financial and Transit Life Cycle Program (TLCP) policies.

The annual budget is prepared on an accrual basis and adopted by the Board of Directors each fiscal year. The legal level of budgetary control is the total annual appropriated budget. With respect to Capital Budgets, project contingency accounting is used to control expenditures within available project funding limits. With respect to Operating Budgets, encumbrance accounting is not used, and all appropriations lapse at the end of the year. Prior to final adoption, a proposed budget is presented to the Board of Directors for review and public comment is received. Final adoption of the budget must be on or before June 30 of each year.

The RPTA budget includes a significant level of expenditures on behalf of Valley Metro Rail (VMR). RPTA is the official employer for all Valley Metro employees therefore all employee-related expenses for VMR are included in the RPTA budget. VMR reimburses RPTA for its share of employee expenses. RPTA is also the recipient of all public transportation funds received from Proposition 400. Revenues to support the rail program are passed through to VMR on a reimbursement basis.

Budget Overview

The total operating budget of \$279.4M represents a \$0.4M (less than 1%) increase from the previous year's operating budget of \$279.0. The total capital budget of \$66.3M, which includes debt service, represents a \$1.0M (2%) decrease from the previous year's capital budget of \$67.3M.

The operating budget is relatively flat for growth due to a combination of increases and decreases. The most significant increases can be seen in vanpool operations and regional services. Vanpool is increasing by \$2.8M due to participant growth within the program, combined with contact pricing due to vehicle type composition. The vanpool program continues to be fully funded from rider fare revenue and federal funds. Regional services are up by \$3.6M due to contractual increases of \$579,000 and new initiatives related to safety and security and passenger engagement and education, totaling \$398,000. The largest decreases can be seen within the fixed route operations budget, primarily due to decreases in Prop 400 funded service for Phoenix-operated fixed route bus operations. The net result of the fixed route change is a decrease of \$5.8M.



The RPTA and Valley Metro Rail (VMR) budgets are developed with a unified staff plan, with department managers planning the level of effort required to meet the bus and rail activities. Salary and overhead charges to bus and rail projects are based on actual time worked on each project. For FY26 there are 545 employees budgeted in the integrated agency, with 284 FTE's budgeted to RPTA/Shared agency activities and 261 budgeted to VMR only activities. Including shared FTE's, total allocated FTEs by agency are 191 for RPTA and 354 for VMR.

FY26 RPTA Preliminary Budget Overview



1

Baseline: RPTA Operations

	FY25 Budget	FY26 Budget
BUS OPERATIONS		
Passenger boardings	8,260,000	9,779,000
Service miles delivered-RPTA operated	12,310,000	12,295,000
Gross Operating Costs	\$ 132,659,000	\$ 138,944,000
Fare Revenues	\$ 4,706,000	\$ 4,742,000
Fare Recovery	4%	3%

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Baseline: RPTA Operations

	FY25 Budget	FY26 Budget
PARATRANSIT OPERATIONS		
Trips	307,000	304,000
Gross Operating Costs	\$ 27,842,000	\$ 26,963,000
Fare Revenues	\$ 1,103,000	\$ 1,147,000
Fare Recovery	4%	4%
Cost per Trip	\$ 90.69	\$ 88.69

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Baseline: RPTA Operations

	FY25 Budget	FY26 Budget
RIDECHOICE OPERATIONS		
Trips	344,000	396,000
Gross Operating Costs	\$ 14,628,000	\$ 16,473,000
Fare Revenues	\$ 1,257,000	\$ 1,345,000
Fare Recovery	9%	8%
Cost per Trip	\$ 42.52	\$ 41.60

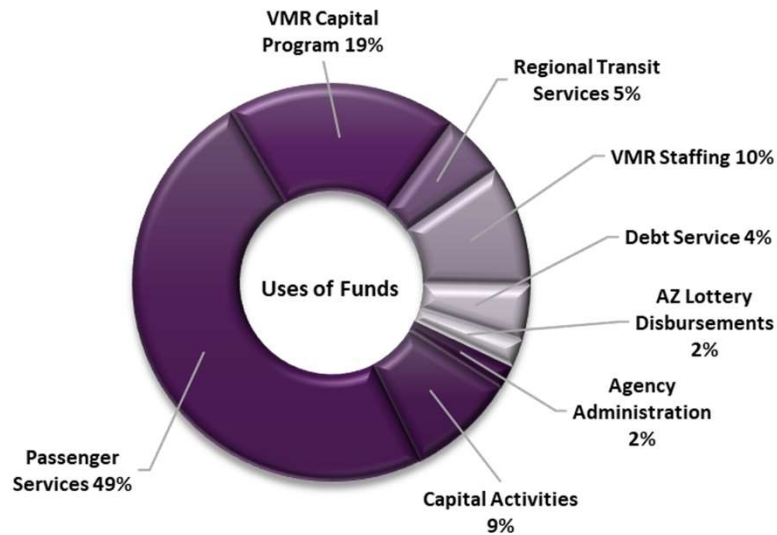
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Uses of Funds: Operating & Capital



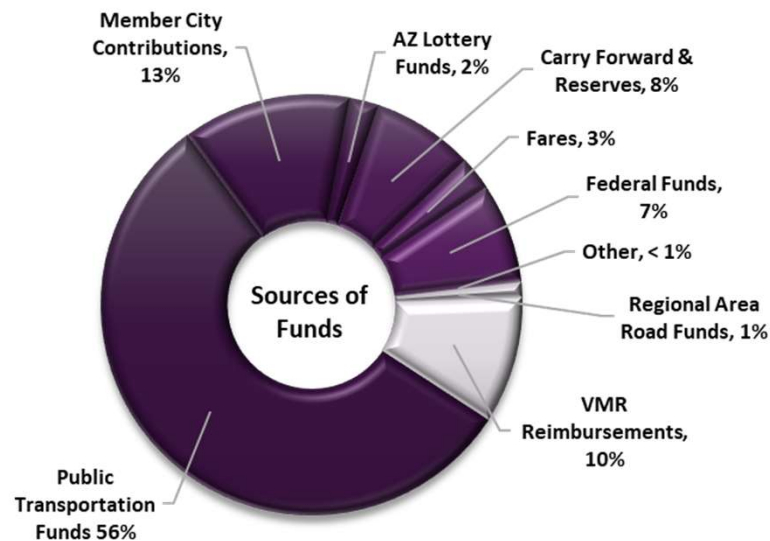
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Sources of Funds: Operating & Capital



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Uses of Funds: Operating (\$,000,000)

Uses of Funds	FY25	FY26	Change \$	Change %
Fixed Route Operations	\$175.8	\$170.0	(\$5.8)	-3%
Demand Service	62.9	63.0	0.1	0%
Vanpool Operations	6.4	9.2	2.8	44%
Commute Solutions	1.7	1.6	(0.1)	-6%
Planning	4.3	3.9	(0.4)	-10%
Regional Services	22.3	25.9	3.6	16%
Administration and Finance	5.4	5.8	0.4	8%
RPTA Operating	\$279.0	\$279.4	\$0.4	0.1%

7



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Sources of Funds: Operating (\$,000,000)

Source of Funds	FY25	FY26	Change \$	Change %
Public Transportation Funds	\$164.9	\$180.1	\$15.2	9%
Regional Area Road Funds	5.4	5.1	(0.3)	-5%
Member City Contributions	59.8	64.7	4.9	8%
Bus Advertising	0.8	0.8	0.0	0%
Federal Funds	15.4	15.5	0.1	1%
Fares	11.5	13.0	1.5	13%
MAG Funds	0.2	0.2	0.0	0%
Other	0.1	0.1	0.0	3%
Carry Forward & Reserves	21.1	0.0	(21.1)	-100%
RPTA Operating	\$279.0	\$279.4	\$0.4	0.1%

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Uses of Funds: Capital (\$,000,000)

Uses of Funds	FY25	FY26	Change \$	Change %
Regional Fleet	\$18.1	\$20.7	\$2.6	14%
Regional Facilities	6.2	9.3	3.2	51%
Other Regional Projects	8.4	4.4	(4.0)	-48%
Debt Service	22.3	22.2	(0.1)	0%
Member Agency Disbursement	12.3	9.7	(2.6)	-21%
RPTA Capital	\$67.3	\$66.3	(\$1.0)	-2%

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Sources of Funds: Capital (\$,000,000)

Source of Funds	FY25	FY26	Change \$	Change %
Public Transportation Funds	\$0.1	\$44.0	\$43.9	35115%
Carry Forward & Reserves	43.8	0.0	(43.8)	-100%
Federal Funds	23.3	22.2	(1.1)	-5%
Other	0.1	0.1	0.0	0%
RPTA Capital	\$67.3	\$66.3	(\$1.0)	-2%

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Pass-thru Funds: Uses (\$,000,000)

Uses of Funds	FY25	FY26	Change \$	Change %
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	48.6	4.1	9%
VMR PTF Capital Funding	71.6	93.4	21.8	31%
VMR PTF Capital Reserve for Future Use	23.0	0.0	(23.0)	-100%
RPTA Pass-Thru	\$150.8	\$153.7	\$2.9	2%

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Pass-thru Funds: Sources (\$,000,000)

Source of Funds	FY25	FY26	Change \$	Change %
AZ Lottery Funds	\$11.2	\$11.2	\$0.0	0%
Regional Area Road Funds	0.5	0.5	0.0	0%
VMR Personnel Reimbursements	44.5	48.6	4.1	9%
VMR PTF Capital Funding Allocation	94.6	93.4	(1.2)	-1%
RPTA Pass-Thru	\$150.8	\$153.7	\$2.9	2%

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Recap of Important Dates

Committee/Boards/FWG

→ February	Present High Level Budget to City Staff (FWG & RTAG)
March	Present High Level Budget to Committees & Boards for Information
March 18, 2025	Detailed Initiative Discussion & 5-year Plans with City Staff (FWG & RTAG)
April Cycle	Present Annual Budget with Initiatives and 5-year Plans for information
April 3, 2025	Detailed Initiative Discussion with AFS
May Cycle	Present Annual Budget with Initiatives and 5-Year Plans for Action

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Thank You



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Executive Summary

**DATE**

March 12, 2025

AGENDA ITEM 7**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



March 12, 2025

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

1. Minutes

1. For action

Minutes from the February 20, 2025, Board meeting are presented for approval.

2. Fiscal Year 2024 (FY24) Valley Metro Rail (VMR) Annual Comprehensive Financial Report (ACFR) and Single Audit Reporting Package (SARP)

2. For information

This item is being presented for information. Action was taken at the Audit and Finance Subcommittee meeting on March 6, 2025.

3. Valley Metro Rail Fiscal Year 2026 (FY26) Preliminary Operating and Capital Budget

3. For information

Staff will preview the RPTA Fiscal Year 2026 Preliminary Operating and Capital Budget.

4. Report on Current Events and Suggested Future Agenda Items

4. For information

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

5. Next Meeting

5. For information

The next Board meeting is scheduled for **Thursday, April 17, 2025 at 11:15 a.m.**



Qualified sign language interpreters are available with 72 hours notice. Materials in alternative formats 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 YouTube, 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



March 13, 2025

AGENDA ITEM 1

Valley Metro Rail Boards of Directors

Thursday, February 20, 2025

Lake Powell Conference Room/Webex

101 N. 1st Avenue, 10th Floor

11:15 a.m.

Valley Metro Rail Participants

Councilmember Francisco Heredia, City of Mesa – **Chair** (phone)

Councilmember Laura Pastor, City of Phoenix – **Vice Chair**

Councilmember O.D. Harris, City of Chandler

Councilmember Jennifer Adams, City of Tempe (phone)

The chair called the meeting to order at 12:40 p.m.

Chair Heredia said why don't we get started. I think we have a quick agenda here. Thank you, everybody.

1. Minutes

Chair Heredia said Item number 1 minutes for approval from the January 23rd board meeting presented for approval. I'll take a motion here.

Motion by Councilmember Pastor, second by Councilmember Heredia.

All in favor, say aye. Motion passes.

IT WAS MOVED BY COUNCILMEMBER PASTOR, SECONDED BY COUNCILMEMBER HEREDIA, AND UNANIMOUSLY CARRIED TO APPROVE THE JANUARY 23, 2025 MEETING MINUTES.

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

Chair Harris said we'll move on to Item number 2 Valley Metro Rail Fiscal Year 2025 (FY25) Mid-Year Budget Adjustment. Ms. Miller, any information on this.

Ms. Mefford-Miller said thank you, Mr. Chair, members of the VMR Board. I will ask our Chief Financial Officer, Ken Kessler, to provide a brief presentation summarizing the FY2025 VMR Mid-Year Budget Adjustment. The items listed in your agenda packet primarily relate to the timing of the drawdown of funds and do not reflect actual budgetary increase for the Valley Metro Rail budget. Mr. Kessler.



Mr. Kessler said so thank you, Jessica. Chair, members of the Board. Just really quickly going through the mid-year budget adjustment for Valley Metro Rail.

There is one operating budget adjustment. As you recall, the Board approved a wage rate increase for the fare inspection security services contract back in the summer that had not been incorporated into the budget at that time because the budget had been adopted already for FY25 so that amounts to about \$900,000.

So here just shows the sources the existing budget and then after the change.

And a recap summary of the operating budget adopted FY25 and then with the change as proposed here today.

And then on the capital side, here's where we have the bulk of the midyear budget adjustment as Jessica mentioned it's mostly due to timing of project activities and costs. Some of those activities and costs from last year are carried over into this year. And then specifically in South Central some from last year into this year as well as some that were forecasted for next fiscal year moved forward into this fiscal year as we were able to move the revenue service dates up into late fiscal year '25.

So and some additional items here under the capital program.

Again, timing for vehicle payments for Tempe Streetcar and Gilbert Road. And then just some of the activities that are ramping up on the Capital Extension project.

And then the last couple items here systemwide improvements, state of good repair just some additional items there moved into this fiscal year as our maintenance team has identified some needs there to be taken care of this fiscal year.

And then there's a recap of the sources funding those additional needs FY25 budget with the amended and showing the changes there. And then a use there by project on the capital program.

And that's our recommendation on the screen there.

Happy to take any questions.

Chair Heredia said thank you, Mr. Kessler. Any questions? I see Councilwoman Adams joined on the call.

Any other questions? Hearing none. I request a motion and a second to approve FY25 mid-year budget adjustment.

Motion by Councilmember Adams, second by Councilmember Heredia.



We have a motion and a second. All in favor, say aye. Motion passes.

IT WAS MOVED BY COUNCILMEMBER ADAMS, SECONDED BY COUNCILMEMBER HERDIA, AND UNANIMOUSLY CARRIED TO APPROVE THE VALLEY METRO RAIL FISCAL YEAR (FY25) MID-YEAR BUDGET ADJUSTMENT.

3. Report on Current Events and Suggested Future Agenda Items

Chair Heredia said move on to Item number 3 Report on Current Events and Future Agenda Items. Anything else to add? Hearing none.

4. Next Meeting

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

Without further discussion, the meeting was adjourned at 12:44 p.m.



Executive Summary

DATE

March 12, 2025

AGENDA ITEM 2**SUBJECT**

Fiscal Year 2024 (FY24) Valley Metro Rail (VMR) Annual Comprehensive Financial Report (ACFR) and Single Audit Reporting Package (SARP)

COST AND BUDGET

None

RECOMMENDATION

This item is being presented for information. Action was taken at the Audit and Finance Subcommittee meeting on March 6, 2025.

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: February 18, 2025 for information

RMC: March 5, 2025 for information

AFS: March 6, 2025 approved

Board of Directors: March 20, 2025 for information

CONTACT

Ken Kessler

Chief Financial Officer

(602) 523-6043

kkessler@valleymetro.org

ATTACHMENTS

None

Background Information

Acceptance of Annual Comprehensive Financial Report and Single Audit Reporting Package

BACKGROUND DISCUSSION

Forvis Mazars, LLP, Certified Public Accountants, has completed the audit of Valley Metro Rail (VMR) financial statements and Schedule of Expenditures of Federal Awards for the fiscal year ended June 30, 2024. VMR has complied with both state and federal statutory audit requirements as well as adhered to Generally Accepted Accounting Principles in financial reporting. The Annual Comprehensive Financial Report demonstrate VMR's commitment to the highest standard of financial reporting for a governmental entity.

In performing the audit of the financial statements, Forvis Mazars, LLP, considered internal controls in order to determine auditing procedures for the purpose of expressing opinions on the financial statements' fair presentation, in all material respects, of the financial position of VMR and not to provide an opinion on the organization's internal controls. The auditors did not identify and report any weaknesses in internal controls.

VMR's Annual Comprehensive Financial Report for FY24 received an unmodified opinion. VMR received the GFOA Certificate of Excellence in Financial Reporting for the FY23 ACFR, which demonstrates the agency's commitment to the highest standard of financial reporting for a government entity. The VMR ACFR, which includes the Independent Auditor's Report and the Single Audit Reporting Package will be provided to the Audit and Finance Subcommittee on March 6, 2025.

Executive Summary

**DATE**

March 12, 2025

AGENDA ITEM 3**SUBJECT**

Valley Metro Rail, Inc. Fiscal Year 2026 (FY26) Preliminary Operating and Capital Budget

COST AND BUDGET

See information below.

RECOMMENDATION

This item is presented for information.

STRATEGIC PLAN ALIGNMENT

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

- Goal 9: Financial Sustainability

COMMITTEE PROCESSPreliminary Budget Review:

Financial Working Group: February 18, 2025 for information

RMC: March 5, 2025 for information

AFS: March 6, 2025 for information

Board of Directors: March 20, 2025 for information

Budget Review with Initiatives:

RTAG/FWG: March 18, 2025 for information

RMC: April 2, 2025 for information

AFS: April 3, 2025 for information

Board of Directors: April 17, 2025 for information

Proposed Budget Adoption:

AFS: May 1, 2024 for information

RMC: May 7, 2025 for action

Board of Directors: May 22, 2025 for action

CONTACT

Ken Kessler

Chief Financial Officer

kkessler@valleymetro.org

ATTACHMENT

None

Background Information

The Valley Metro Rail, Inc. (VMR) FY26 combined operating and capital budget (the budget) is \$233.4 million (M). The preliminary FY26 budget has been prepared with the goal of delivering a fiscally prudent, balanced budget. The budget was developed in compliance with Board of Directors' adopted budget, financial and Transit Life Cycle Program (TLCP) policies.

The annual budget is prepared on a modified accrual basis and adopted by the Board of Directors each fiscal year. The legal level of budgetary control is the total annual appropriated budget. With respect to Capital Budgets, project contingency accounting is used to control expenditures within available project funding limits. With respect to Operating Budgets, encumbrance accounting is not used and all appropriations lapse at the end of the year. Prior to final adoption, a proposed budget is presented to the Board of Directors for review and public comment is received. Final adoption of the budget must be on or before June 30 of each year.

Budget Overview

The total operating budget of \$118.9M represents a \$21.0 M (21%) increase from the previous year's operating budget of \$97.9M. The total capital budget of \$114.5M represents a \$277.3M (71%%) decrease from the previous year's capital budget of \$391.7M.

Light rail operations, maintenance and security is increasing by 23 percent, or \$19.8M. More than \$11.8M of that increase is due to annualizing costs related to the South Central Extension / Downtown Hub for operations, maintenance, and security. Additionally, annual escalations of existing contracts and insurance premiums have increased the budget by \$1.7M. Also impacting the budget are utility rate increases of \$1.1M and \$1.2M in additional rail operations and maintenance program enhancements.

Streetcar operations, maintenance, and security is increasing 12%, or \$0.9M. This is primarily due to contract rate increases for safety and security fare inspection, totaling \$300,000. Other factors include additional increases in the areas of propulsion power, staff effort, along with increased personnel costs, combined totaling over \$500,000.

Agency Operating is increasing \$0.3M due to a new position, combined with increased personnel costs.

The RPTA and Valley Metro Rail (VMR) budgets are developed with a unified staff plan, with department managers planning the level of effort required to meet the bus and rail activities. Salary and overhead charges to bus and rail projects are based on actual time worked on each project. For FY26 there are 545 employees budgeted in the integrated agency, with 284 FTE's budgeted to RPTA/Shared agency activities and 261 budgeted to VMR only activities. Including shared FTE's, total allocated FTEs by agency are 191 for RPTA and 354 for VMR.

FY26 VMR Preliminary Budget Overview



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Baseline: Light Rail Operations

	FY25 Budget	FY26 Budget
<i>LIGHT RAIL OPERATIONS</i>		
Passenger boardings	10,438,000	13,410,000
Service miles delivered	3,560,000	4,290,000
Gross Operating Costs	\$ 87,056,000	\$ 106,881,000
Fare Revenues	\$ 6,683,000	\$ 6,850,000
Fare Recovery	7%	6%

2



2

Baseline: Streetcar Operations

FY25 Budget FY26 Budget

STREETCAR OPERATIONS

Passenger boardings	686,000	765,000
Service miles delivered	163,000	163,000
Gross Operating Costs	\$ 7,449,000	\$ 8,346,000
Fare Revenues	\$ 127,000	\$ 254,000
Fare Recovery	2%	3%

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Uses of Funds: Project Development (\$,000)

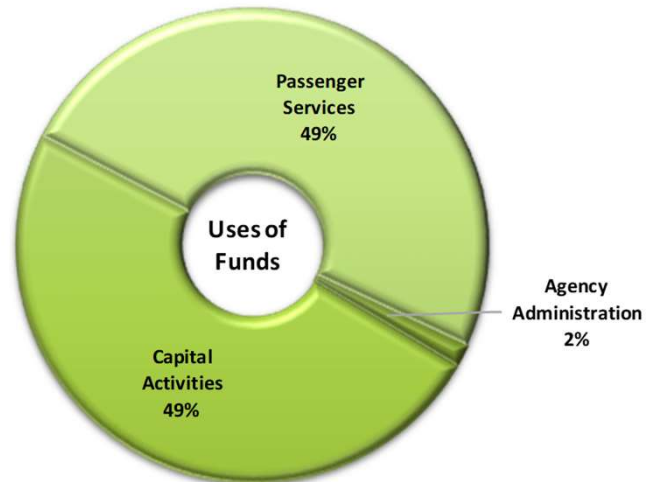
Uses of Funds	FY26
I-10 West Extension	\$5,091
Rio East/Dobson Streetcar	8,714
Capital Project Development Administration	1,789
Systems Planning & Project Development	6,268
Total Uses	\$21,862

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Uses of Funds: Operating & Capital

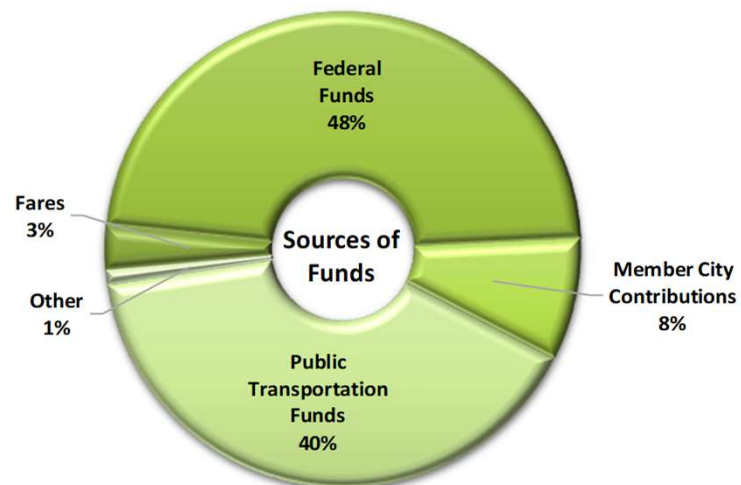


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Sources of Funds: Operating & Capital



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Uses of Funds - Operating (\$000,000)

Uses of Funds	FY25	FY26	Change \$	Change %
Light Rail Operations & Maintenance	\$71.7	\$86.5	\$14.8	21%
Light Rail Security	15.3	20.4	5.1	33%
<i>Subtotal Light Rail</i>	<i>87.1</i>	<i>106.9</i>	<i>19.8</i>	<i>23%</i>
Streetcar Operations & Maintenance	6.4	6.8	0.4	6%
Streetcar Security	1.0	1.6	0.5	51%
<i>Subtotal Streetcar</i>	<i>7.4</i>	<i>8.3</i>	<i>0.9</i>	<i>12%</i>
Agency Operating	3.4	3.7	0.3	8%
Total Operating Uses	\$97.9	\$118.9	\$21.0	21%

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Sources of Funds - Operating (\$000,000)

Sources of Funds	FY25	FY26	Change \$	Change %
Advertising	\$1.3	\$1.3	\$0.0	0%
Fares	6.8	7.1	0.3	4%
Federal Funds	2.5	2.6	0.1	3%
Member City Contributions	87.2	107.9	20.6	24%
Other	0.1	0.1	0.0	0%
Total Operating Sources	\$97.9	\$118.9	\$21.0	21%

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Uses of Funds - Capital (\$000,000)

Uses of Funds	FY25	FY26	Change \$	Change %
Future Project Development	\$16.5	\$21.9	\$5.4	33%
South Central Ext/Downtown Hub	297.2	18.8	(278.5)	-94%
Capitol Extension	20.8	32.0	11.2	54%
Northwest Extension Phase II	12.6	2.6	(10.0)	-79%
Tempe Streetcar	8.3	6.7	(1.7)	-20%
Gilbert Road Extension	2.2	0.0	(2.2)	-100%
Systemwide Improvements	11.7	4.3	(7.4)	-63%
State of Good Repair	22.2	28.2	6.0	27%
Total Capital Uses	\$391.7	\$114.5	(\$277.3)	-71%

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Sources of Funds - Capital (\$000,000)

Sources of Funds	FY25	FY26	Change \$	Change %
Federal Funds	\$128.9	\$108.5	(\$20.5)	-16%
MAG Funds	0.5	0.5	0.0	0%
Member City Contributions	168.6	(88.4)	(257.0)	-152%
Public Transportation Funds	93.1	93.4	0.3	0%
Regional Area Road Funds	0.5	0.5	0.0	0%
Total Capital Sources	\$391.7	\$114.5	(\$277.3)	-71%

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Recap of Important Dates

Committee/Boards/FWG	
February	Present High Level Budget to City Staff (FWG & RTAG)
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May Cycle	Present Annual Budget with Initiatives and 5-Year Plans for Action

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Thank You



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Executive Summary

**DATE**

March 12, 2025

AGENDA ITEM 4**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

Jessica Mefford-Miller

Chief Executive Officer

jmeffordmiller@valleymetro.org

ATTACHMENT

None

Pending Items Request

Item Requested	Date Requested	Planned Follow-up Date