Boards of Directors Meetings

Joint Meeting Valley Metro RPTA and Valley Metro Rail	Valley Metro RPTA	Valley Metro Rail

Date:
April 18, 2024

Starting Time
11:15 a.m.

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

If you require assistance accessing the meetings please call 602.262.7433.

Agenda

April 11, 2024

Joint Meeting Agenda
Valley Metro RPTA
And
Valley Metro Rail
Thursday, April 18, 2024
Valley Metro, 101 N. 1st Avenue, 10th Floor
Boardroom/Webex
11:15 a.m.

	Action Recommended
1. Public Comment	1. For Information
The public will be provided with an opportunity at this time to address the committees on **non-agenda items and all action agenda items for the Joint, RPTA and VMR meeting agendas.** Up to three minutes will be provided per speaker unless the Chair allows more at their discretion. A total of 15 minutes for all speakers will be provided.	
2. Chief Executive Officer's Report	2. For information
Jessica Mefford-Miller, CEO, will brief the Joint Boards on current issues.	
3. Audit Finance Subcommittee Update	3. For information
Vice Mayor Goodman, AFS Chair, will provide an update on the discussions and actions taken at the AFS meeting.	

CONSENT AGENDA

4A. Minutes	4A. For action
Minutes from the March 21, 2024 Joint Board meeting are presented for approval.	
4B. City of Phoenix and Valley Metro Intergovernmental Agreement - Fare Revenue Receipt, Counting, and Deposit Agreement	4B. For action
Staff recommends that the Boards of Directors authorize the CEO to execute the Fare Revenue Receipt, Counting, and	

Deposit Intergovernmental Agreement with the City of Phoenix.

4C.	2024-2025 Valley Metro Federal Public Transportation Agenda	4C. For action

Staff recommends that the Boards of Directors approve the 2024-2025 Federal Public Transportation Agenda.

REGULAR AGENDA

5.	Fare Collection System Modernization Community Outreach Plan	5. For information

Staff will provide an informational update to the Board on the Fare Collection System Modernization outreach plan.

6.	Valley Metro Heat Mitigation Efforts	6. For information

Staff will provide an informational update to the Board regarding Valley Metro heat mitigation efforts

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 Stipp 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 is scheduled for **Thursday, May 16, 2024 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.

Information Summary

DATE **AGENDA ITEM 1**
April 11, 2024

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.

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

Information Summary

DATE
April 11, 2024

AGENDA ITEM 2

SUBJECT
Chief Executive Officer's Report

PURPOSE
Jessica Mefford-Miller, Chief Executive Officer, will brief the Joint Boards on current issues.

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

Information Summary

DATE **AGENDA ITEM 3**
April 11, 2024

SUBJECT
Audit and Finance Subcommittee (AFS) Update

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

BACKGROUND | DISCUSSION | CONSIDERATION
The draft minutes from the April 4, 2024 AFS meeting are attached for further details of the meeting.

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 April 4, 2024 AFS meeting minutes

Minutes

April 11, 2024 **AGENDA ITEM 3**

Audit and Finance Subcommittee
Thursday, April 4, 2024
Via WebEx/Phone
12:00 p.m.

Meeting Participants
Councilmember Max White, City of Avondale (phone)
Mayor Brigette Peterson, Town of Gilbert (phone)
Councilmember Laura Pastor, City of Phoenix (phone)
Vice Mayor Jennifer Adams, City of Tempe (phone)

Members Not Present
Vice Mayor Goodman, City of Buckeye - **Chair**

Chair White called the meeting to order at 12:00 p.m.

Chair White said I'm going to call us to order. We gathered at 12. Pat, can you take roll for us, please?

Ms. Dillon said,

City of Buckeye, Councilmember Clay Goodman?
City of Avondale, Councilmember Maxine White? Here.
Town of Gilbert, Mayor Brigette Peterson? Here.
City of Phoenix, Councilmember Laura Pastor?
City of Tempe, Vice Mayor Jennifer Adams? Here.

Ms. Dillon said and as Councilmember White mentioned, Councilmember or Vice Mayor Goodman is not present today. Chair, we can begin.

Chair White said thank you so much.

1. Public Comment

Ms. Dillon said Mr. Crowley is here today.

Chair White said good afternoon, Mr. Crowley. You'll have three minutes. Once you begin your comments, the timer will start.

Mr. Crowley said thank you for that pleasant greeting. I want to cut directly to the quick and things I'm going to be discussing are the minutes, yesterday's proposed service changes from the committee and also forwarding past due funds and why aren't they being applied to some of these things.

As I said, the minutes don't reflect what actually happened. I have no problem that the Chairman asked if there was an officer and I don't know if I'm on camera right now but at that time, he would have known that I stepped away from the dais and I said the officer isn't here and then stepped away and then he proceeded with the rest of the meeting. All of the fluff that is in there I understand it comes from her transcribing things but when it doesn't happen what can you say.

On the proposed service changes for October, it has two routes: Baseline to extend the trips all the way to 83rd Avenue to get the Gila River Indian Community service center and also Buckeye Road to stop going all the way to Terminal 2. And I'm wondering since you're going to be doing that what alternative those people are going to have because if it's terminating at the Sky Train I believe the Sky Train only goes to Terminal 4 and 3. So how are these people supposed to be getting and dealt with on their situation.

But back to Baseline. Chairwoman doesn't that road go through your community and 83rd Avenue, that's not Avondale. So it was supposed to be extended all the way to Litchfield and as you know, the Litchfield route is what -- oh that's not in your service changes, you're not even doing it. So I'm wondering how, what, where and why about that and why they haven't dealt with getting your out of western communities some of the roadways to have transit on them because both by population and density, they deserve it.

Then I look at source of funding and operating in the light rail on here and according to the document that you guys had vetoed you were going to spend a billion dollars on rail maintenance. Well, I believe it's 20 million a year for 20 years that you're going to be getting from the PTF funds and that's only 400 million, so when I don't see that that is even being addressed but then I do notice that you have planning and monies from PTF going for all the way to 30 -- I'm trying to find the page here, but it's in your document, so.

Chair White said thank you so much, Mr. Crowley, for your comments. Pat, do we have any other public comment?

Ms. Dillon said no, ma'am.

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

Mr. Kessler said thank you, Madam Chair. Just presenting here PTF revenues that we've collected thus far. Just want to note that because of the early date of this meeting in April, we do not have March revenues yet. We usually receive those from the State about the 5th or 6th day of the month. So we still only have revenues to show through the month of February and next month we'll probably showing both the update through March as well as the update through April.

And that's all I have for my update today. Thank you.

Chair White said thank you so much, Mr. Kessler. Any questions? I look forward to seeing March and hopefully, April during our next meeting. Makes sense the State's reporting is not out yet.

3. Minutes

Chair White said meeting minutes from March 7th. Hopefully, everyone's had a chance to review those minutes.

Motion by Vice Mayor Adams.

Mayor Peterson said I just have a question about the minutes. And I'd be happy to second. I don't know why there are question marks after our name. Oh, it is just because you're questioning whether we are present? I don't remember doing this in the past but maybe it has been, and I just missed it. So I will second that.

Chair White said thank you so much for the motion and the second.

Pat, can you address that for our mayor, please. Thank you.

Ms. Dillon said yes, ma'am. When the transcriptionist is transcribing the minutes, she is transcribing me asking the question of whether or not the board members are present. So it's from the very beginning of the meeting all the way through the end. And so there it's Mayor Peterson with a question mark.

Mayor Peterson said thank you. Clarified.

Ms. Dillon said it's not questioning your attendance. It's my question if you're here.

Chair White said thank you so much. I appreciate that. Any other questions or concerns regarding the minutes? And I believe, Pat, the minutes there was some type of commentary in regard to the happenings in the room. I'm not sure they were part of the meeting but if you can make sure that information's received.

All in favor of approving the minutes from our March 7th meeting, please say aye.

Ms. Dillon said Chair White, that exchange took place after the meeting had ended and was not part of the actual meeting and that's why it's not reflected in the minutes of the meeting.

Chair White said you're amazing. Thank you for that clarification.

Chair White said any opposition to this motion? The motion carries.

IT WAS MOVED BY VICE MAYOR ADAMS, SECONDED BY MAYOR PETERSON, AND UNANIMOUSLY CARRIED TO APPROVE THE MARCH 7, 2024, AFS MEETING MINUTES.

4. Change Order and Contract Authority Audit

Chair White said moving on to Item number 4, Change Order and Contract Authority Audit. We're going to move to Mr. Kondrat, Internal Audit Manager, to review this reporting. And we will be taking action, so we'll open up for questions after his presentation is complete. Mr. Kondrat said I'm here to request the acceptance of the Contact Change Order and Contract Authority audit report.

Internal Audit reviewed a random sample of active contracts alongside change orders and other supporting documentation to determine the effectiveness of the controls regarding the change order and contract authority monitoring processes.

Internal Audit rated 17 different risk factors and determined that the overall risk of the audit report was low. Valley Metro has mostly effective change order and contract authority monitoring controls.

The audit report contains one medium risk and one low risk finding and there is also two recommendations to enhance the change order and contract monitoring authority processes.

Finding number one. Internal Audit determined that contract authority for two of the on-call contracts exceeded the board approved limits by $78,000. The system that tracks approval limits for contracts does not allow spending to exceed the overall established and approve limits. However, there were two on call contracts that were established under one approved amount and total amount of the money was entered for each contract instead of being split between the two and Procurement has already began addressing the finding and recommendation by scheduling multiple trainings later this month regarding entering multiple vendor awards and contract authority. So are there any questions pertaining to finding number one?

Chair White said I don't see any questions.

Mr. Kondrat said now, finding number two. Valley Metro contract authority monitoring processes differed slightly from the written policy. We determined that the contract monitoring processes were effective as the quarterly contract authority monitoring reports were submitted to the board as required on a consistent basis throughout calendar years 2022 and 2023.

However, the process differed slightly from the written policy because the project managers were doing the monitoring of contract authority instead of the contract administrators. And so, the policy is in the process of being updated to reflect the current processes and to establish regular communication between the project managers and the contract administrators. So are there any questions pertaining to the second finding?

Chair White said Mr. Kondrat, just quick, are these repeat findings or are these initial instances of both of these findings?

Mr. Kondrat said these are initial instances of the findings.

Chair White said any additional questions? If there are none, I am looking for a motion to accept the Change Order and Contract Authority Audit.

Motion by Vice Mayor Adams, second by Mayor Peterson. All those in favor, aye. All those opposed, the same. This motion carries. Thank you so much.

IT WAS MOVED BY VICE MAYOR ADAMS, SECONDED BY MAYOR PETERSON, AND UNANIMOUSLY CARRIED TO ACCEPT THE CHANGE ORDER AND CONTRACT AUTHORITY AUDIT.

5. <u>Internal Audit Update</u>

Ms. Beckstrom said thank you, Madam Chair. This month Internal Audit, as you just heard, completed our Contract Change Order and Authority Audit and we currently have in process a Conflict of Interest audit, an IT Authentication Audit and we've opened two of the nine internal safety and security audits that we're required to complete this calendar year. We also are in the middle of conducting our audit risk assessment and we are about to open our last project on our audit plan, I believe, that is the Federal Grant Drawdown process audit will commence in the next month.

And then so for recommendations implemented, we had one recommendation implemented this month related to the audit we just completed. We reviewed the contract authority monitoring as part of the '24 Change Order and Contract audit and we determined that quarterly contract authority monitoring reports have been submitted to the board each quarter throughout the audit scope and additionally, each contract on the quarter contract authority monitoring report had identified and brought to the board for approval for additional contract authority prior to the contract period end date which satisfied that recommendation. And then we have nine additional recommendations that we are currently still tracking that are in progress of being completed.

And that completes my portion. Are there any questions?

Chair White said any questions from the Committee? Seeing none.
We'll receive this for information. Thank you so much, Ms. Beckstrom.

6. <u>FY 2025 Operating and Capital Budget Information for Valley Metro RPTA and Valley Metro Rail</u>

Mr. Kessler said thank you, Madam Chair, members of the Subcommittee. Here today to discuss the preliminary FY25 budget as well as the five-year operating and capital forecast.

We're going to be starting with the RPTA budget. I do want to mention that in your packet there are additional details as far as the budget initiatives. I think I have a page number for that to direct you to. I believe that is on pages 51, starting on page 51 of 122 in your PDF packet. So if you want to reference that throughout, please go ahead.

Do want to mention the budget is built around our strategic plan. That's the basic foundation of what we do here with the strategic plan approved by the Board back in January that really is guiding us going forward for the next five years and certainly, our budget is based on working to implement that plan and deliver an excellent customer experience, which is the primary goal of that strategic plan.

Also wanted to also mention as far as those initiatives that we have in the -- in the budget just for your reference. Some of those initiatives apply to either RPTA or the VMR agency and some apply to both. So just for your reference you can see that as it's laid out in those initiative sheets in the packet.

So starting with just a high-level look at the budget. The operating budget here, the uses by program here. So fixed route operations, demand services are our primary largest programs in the operating budget, and I do want to mention on the van pool operations you see a fairly significant year over year change and that's really driven by the new contract we have. A new contract that was in place as of January 1 and under this contracting model, the vendor is providing the vehicles and so, we pay for the amortization of the cost of those vehicles through the contract and that's reflected in the operating budget. So we no longer have this cost in our capital budget. So in the past, the cost of the capital for the vehicles was reflected in the capital budget. Now, the total program cost is reflected here in the operating budget.

And on the sources of funds for our operating budget, public transportation funds, member city contributions and federal funds along with fares being our primary funding to support our operations.

Just want to sort of briefly run through how we build our budget and how we present it for the management committees, the subcommittees and the board. So we start with our base budget which is basically continuing forward the current year budget and from there we look at items that may be one time in nature in the current year budget and take those out. And also look for any efficiencies and savings, areas where maybe we have historically had underruns in budget and we sort of, you know, sharpen our pencils and take those out to make sure out that our budget is as close as what we expect to spend as possible.

And then from there we add in those sorts of ongoing obligations. Those are things like inflationary items like contract rate increases in multi-year contracts as well as continuing commitments, things that have been approved by the board previously and moving forward into the future years.

And then lastly, we look at new initiatives that we as a team look at as far as things that may help better support our service as well as our strategic plan and those are identified here as the Valley Metro recommendations or new initiatives. And those are those things that really are the things to focus on as whether or not, you know, what moves forward, those obligations in base budget are really the ongoing things that we don't have very much control over.

And so with all those things that brings us to our total operating budget and that's how we'll sort of lay things out here for you today. But we'll be starting with the Valley Metro recommendation budget initiatives and then move forward to show you the ongoing obligations that are in the FY25 proposed budget.

So here we lay out sort of that format with the actual numbers. So we have a base budget of $256.9 million and actually, we're able to shave out $8.3 million in some of those one-time things or efficiencies or areas where we've had underrun in the budget and to bring down that sort of starting point for building our budget. And then the ongoing obligations of $17.9 million, those inflationary items and continuing commitments. And then adding to that $2.9 million in those budget recommendations initiatives from Valley Metro staff.

And you can see in the graph there that the obligations make up a very large proportion of the overall year over year increase of about 86 percent being those obligations going forward.

So now just sort of want to emphasize the strategic plan. As I mentioned before, deliver excellent customer experience is really the overarching goal of our strategic plan with the underlying priorities and foundational elements below it there that are those goals that, you know, we are seeking to support through this budget.

And so, as I mentioned, we're going to start with the recommended budget initiatives and sort of laying these out by strategic plan goals.

So first, underdeliver excellent customer experience, we have a couple of initiatives here. Customer digital tools enhancement which is website additional features and improvements really to synch up the website with our new mobile app and some of the new features that are reflected there. Also, includes adding multi-modal trip payment for the future as we integrate, you know, multi-modal trips being able to be accomplished through one payment instead of multiple payments for customers to do a journey that maybe had multiple types of transit modes.

And then the enhanced passenger wayfinding and communication. That's the regional bus stop signage audit that we plan to conduct really looking at the bus stops signage across the region. There's some variation from jurisdiction to jurisdiction and been some discussion at the member city staff level about how we can improve the look of that, make it more Valley Metro branded so it's more apparent it's Valley Metro bus stops as well as making it consistent and coordinated throughout the region.

On the next goal to deliver on stakeholder collaboration. We have one item there. This is really providing data portal publication. These are additional licenses for member city staff so staff can access Valley Metro data and can see all the details there and be able to dig into the data and be able to filter it in a variety of different ways.

And then the other part of this includes SMS text outreach tool. This would be intended for targeting those folks who are not necessarily engaged in our existing communication channels such as our social media and our -- and our mobile app and so forth.

And the next strategic plan goal, invest in our talent. We're proposing a 2.5 percent cost of living adjustment and a overall average 3.5 percent merit award for the agency. The merit would comprise of, you know, a range of anywhere from zero to say 5 percent. You know, obviously, not everybody on the merit would receive the same amount. We budgeted for an overall average about 3.5 percent which is reflective of where we've kind of been for the last couple of years.

And our next strategic plan goal, leverage data and technology. A few items here. The first item is to certify our automated passenger counters, those APCs. We want to be able to certify those and validate them for doing ridership reporting specifically for national transit database purposes. NTD does require that APCs are certified and validated as a certain level of accuracy to be able to use those devices for ridership reporting. And using APCs as opposed to fareboxes has become industry best practice and since our regional fleet across both RPTA and the City of Phoenix, now all have APCs on them we're looking to move in this direction as well as the City of Phoenix.

And for the improve enterprise asset management system utility. This is really to help increase operational reliability and efficiency of our assets to help us better maintain them in a -- in a state of good repair and operate in the most efficient manner that we can.

And then the last item here on this slide, replace end of life IT hardware. This is really, you know, just addressing those needs where we have hardware that is reaching end of useful life and needs to be replaced in order to maintain that equipment in a state of good repair. Also, improve disaster recovery. So as item possibly go down the ability to switch over to redundant systems happens more quickly.

Under the strategic plan goal of operational excellence. One item here for an automated fuel management system. So implementing this system would replace a current very manual labor intensive process for tracking fueling, coolant and diesel exhaust fluid as well as mileage. And what this will allow us to do is have a much more accurate, much more timely data on the consumption of these commodities and really be able to identify where consumption maybe really out of a normal range and maybe indicate there may be some maintenance or repair needed and allow us to react more quickly to -- to make those fixes.

And on the strategic plan goal of prioritize security on transit. One item here cybersecurity risk reduction. So it's got sort of two components to it, information technology as well as an operational technology component. And on the IT side, it's really a cybersecurity tool refresh for endpoint detection and response as well as enhancing email security. On the operational technology side of things, this would update existing operational technology server and workstations, operating systems and expand the tools used for IT systems to also cover the OT network as well for security.

So I'll pause there. That kind of concludes the items we have as far as Valley Metro recommended and I'll pause here and see if there's any questions on any of those items.

Mayor Peterson said I don't have a question, but I have a comment. I really appreciate seeing each of these recommendations attached to the initiative. Sometimes groups like ours go and do those long retreats and we have these great ideas coming out of them, but we then never see the connections in the future. So it's really great to see these for this budget cycle that we're in right now too. So I very much appreciate that and I don't see any glaring issues with any of the recommendations at this time.

Chair White said thank you for the recommendations. We'll move forward with the obligations.

Mr. Kessler said Okay. Thank you, Madam Chair. So I just want to move on to the obligations here. Just due to the nature of these and some feedback from the committee meetings, management committee meetings yesterday we've sort of made this a little more concise and brief put all these items into one slide here to show you kind of all the items and their associated costs.

So in terms of those obligations types things so, you know, those continuing commitments. You can see here where the dollars are in that column and then a couple items that are more inflation or ridership driven those numbers in the second column there. So you see a number of items here, you know, we have a fare collection system, a new system we're going to be implementing and there will be some operational, O&M, costs with that coming in FY25. And as the new van pool contract, as I mentioned, that's really kind of moving that capital component of that program over into the operating budget as we're incurring that cost through the vendor's contract. And really, you know, one of the big items here is the bus service contract rate increase from year to year and a large part of this is the full year implementation of the new East Valley bus contract. As you may recall that contract started in January of this year so the impact of having a full year of that new contract is reflected in next year's budget.

And then as well we have some increased demand in our demand service program in the Ride Choice program the ridership there is really growing and so, there's additional costs related to those additional trips.

And then on the inflation side, again, you know, bus fuel is rising in our estimates going into next year.

Happy to answer any questions on the ongoing obligation items in our budget.

Chair White said I don't see any questions.

Mr. Kessler said so moving on to the capital budget. So for RPTA, the largest piece of the capital budget really is regional fleet on an ongoing basis and that fluctuates from year to year that just depends on the timing of manufacture and delivery of the vehicles. Just point out we do have debt service in here in the capital program that will be sunsetting at the end of calendar year '25 as that debt service is aligned with the current Prop 400 sales tax so that will be paid down and extinguished by the end of calendar year '25.

And then on the sources side of the capital program. The public transportation fund as well as the fund balance so that line item carry forward and reserves that's really the fund balances of the public transportation fund monies. Monies that were earned in prior years through the sales tax but unused, so we are utilizing those for the capital program next year. And then as well federal funds play a large component of supporting our capital program.

And then do want to touch on the passthrough uses in our budget. So just a reminder there's a number of passthroughs that RPTA incurs for a few things. We administer Arizona Lottery funds so those funds are disbursed to member cities, member agencies of Valley Metro and as well as with all employees of both RPTA and VMR really employees technically of RPTA. Those personnel costs are incurred on the RPTA side, and those costs are passed through to VMR as well as all of the public transportation funds are administer by RPTA. And so, for the capital program, any PTF funds that are used there are passed through from RPTA to VMR as well.

And then on the sources. Of course, the Arizona Lottery funds are the source for those distributions to the member agencies. And then, of course, VMR is the source of reimbursing the personnel costs for VMR agency activities. And then as well the PTF capital funding allocation. That's the PTF funds itself that support the overall capital program on the VMR side.

Any questions on the capital program or passthroughs.

Chair White said thank you so much for sharing the capital uses. I think that's really helpful to kind of see where the funds are going that we're receiving. I think with some of the passthroughs maybe us as the cities and towns that kind of receive the money we'd probably even love to boil it down a little further but I guess that's what we do in our own localities so we can understand that more but that was very helpful.

And then, you know, use continuing to educate folks in the system about kind of where the funding is going it makes it helpful for the public to see that, so I really appreciate the information.

Any additional questions or comments from the committee? Thank you so much.

Mr. Kessler said and now, briefly I'll just review our five-year forecast for RPTA. So initially, on the operating side so about a $1.8 billion five-year program for our operating program. Again, the primary source there are the public transportation fund and member city contributions being the largest two contributors. And then on the uses side, of course, fixed route operations as well as our demand service operations the two primary programs driving the five-year operating program.

And then on the five-year capital program. On the sources side, we have federal funds and in the short term at least, the public transportation fund funding that program. And then on the uses side, again, we have the regional fleet and disbursements to the rail program.

Any questions on the five-year forecast?

Chair White said I don't see any questions.

Mr. Kessler said and last slide we have here is just a recap of the key dates for the budget development process. We're here in April going through the detail initiatives of the budget with this body as well as we presented this information to the management committees yesterday and we'll presenting to the board later this month. And then looking forward to the May cycle for the adoption of the FY25 budget.

Any final questions?

Chair White said I was just taking a look going back a bit. Maybe our Diamondback ticket relationship on that partnership. Are there any other marketing initiatives like what we're doing with the Diamondbacks?

Ms. Mefford-Miller said thank you, Councilmember White. I'm going to ask Hilary Foose, our Director of Communications and Strategic Initiatives to approach and provide a response to that. And the answer is yes. The Diamondbacks partnership that is, specifically, is a new initiative to coincide with our past agreement with Diamondbacks, but we do have other ongoing marketing efforts. Ms. Foose.

Ms. Foose said yes, thank you. Madam Chair, thanks for the question. The reason you're seeing it as an initiative as Jessica described is it's over and above our traditional budget and it is potentially tied to revenue generating ticketing agreement with the Arizona Diamondbacks which is pending.

We do have similar ticket agreements, as you may be aware with the Footprint Center which is the host of the Phoenix Suns and many concerts. We also inked a ticket agreement with the Phoenix Rising soccer club just last year also along the rail alignment near our 38th Street and Washington station.

Specific to bus and the RPTA side of the house which Ken and his team just presented on, we also have existing budget we are prepared to use this year to focus on ridership, value of transit storytelling, fare implementation and a series of other initiatives. That's within the existing RPTA budget.

Chair White said thank you so much. I appreciate that. Any other questions from the committee? Really excited to hear about the streamlining of our automated payments from the microtransit and then the demand response system. I think with Ride Choice it's so important as we're growing but we will receive that for information and move onto VMR FY25 preliminary budget.

Mr. Kessler said thank you, Madam Chair. So moving on to VMR.

So here we have the high-level view of the operating budget and, you know, noting that the primary drivers of the year over year changes really are the full year implementation of operations for the Northwest Phase II Extension, contract rate increases that are -- that are built into the multi-year contracts, increases in our insurance and utility rates and some full year implementation of security enhancements that were actually deployed earlier this year and carried over into next year and having a full year cost impact in the FY25 budget.

So in looking at the sources of funds. Again, on the VMR side, member city contributions by far the largest supporter of the operating budget along with our fare revenues.

And same slide as how we build the budget and present the budget, so I won't spend any time here.

And moving on to sort of that layout with the numbers. You can see we were able to identify $3.5 million in savings in the base budget, again, by identifying some of those one-time things that are not continuing forward into next fiscal year and some of those areas of underrun in the budget where we have not historically in the past been spending the full budget and we sort of, as I mentioned, sharpened our pencils and brought those numbers down.

And then on the VMR side of things, those ongoing obligations of $7.9 million representing about two thirds of the overall year over year increase from FY24 to FY25.

And, again, same slide on the strategic plan that I discussed in the RPTA presentation, so we'll just move on there.

And as with the RPTA budget, for VMR we'll start with those recommended initiatives and then we'll go into a highlight of the ongoing obligations.

So the first strategic plan goal, deliver excellent customer experience. A couple items here. This was kind of already mentioned. The Arizona Diamondbacks ticket partnership marketing campaign. Hopefully, that ticket partnership that goes through with the Dbacks and really expanding the Valley Metro brand as Hillary was explaining.

Also, here we have enhanced passenger wayfinding and communication initiative. On the rail side, this really entails a rail system signage audit to assess the current signage that's out there, it's effectiveness and condition and what may need to be updated as well as this item includes for rail a two line education system campaign so as South Central nears revenue service once that happens we'll be transitioning from a one-line system to two-line system and certainly, there's going to be an amount of education for our customers and the public to understand how that new two-line system will work.

On the goal of deliver on stakeholder collaboration, enhance stakeholder collaboration item. This is just the VMR share that we discussed on the RPTA budget, the data portal publication. Those additional licenses for member city staff to access Valley Metro data as well as the SMS text outreach tool for those not subscribed to existing Valley Metro communication channels.

For the goal of financial sustainability for Valley Metro Rail we have one item here to conduct a construction contract performance audit. This is recommended by my colleague here our Chief Auditor noting that, you know, in the transit industry big, large construction projects have a lot of risks due to the nature and the scope and, you know, the size of those projects and the cost. So this would really help us to identify and look at our contracting practices for our capital projects and help identify areas where we could do better in those practices and, you know, hopefully potentially save money over the course of those projects.

Invest in our talent. Again, just the Valley Metro Rail portion of the proposed cost of living adjustment and merit for FY25.

And the goal of leverage data and technology. Again, the same items as we had on the RPTA budget. This is just the Valley Metro share of the cost of those particular initiatives.

And the next goal here, operational excellence. A number of items on the Valley Metro Rail side. There's a proposed new SCADA specialist position. This was part of a cybersecurity audit recommendation to add that additional support for the SCADA system. The blue stake-based map updates. This was recommended as it’s been a while since we've done this update and really having this is important to avoid any potential risks of utility strikes in our guideway.

And then the enhanced facility cleaning and oversight. That's really comprised of a couple of different things here. This is proposed to bring in pressure washing in house. It's currently contracted out. That really allows us an opportunity to better manage that service and have better quality there with it being in-house staff as opposed to third party contractor. And actually, in the long run it will be more cost-effective. After the initial capital investment upfront for the vehicles and equipment needed for these after about three and a half years we'll break even of that investment and then going forward we'll about an $80,000 a year overall cost savings, so it will be more cost efficient as well as, you know, more effective way to provide the service.

And then the other part of this is a cleaning services coordinator position. And this position would really help to better oversee the existing contract and the remaining cleaning duties that will remain with that third-party contract to ensure we're getting, you know, the adequate service that we should be and making sure that that contracting effort is effective.

Chair White said quick question for you. Is that position you're referring to here like a vendor manager type role? Or is it a team of folks that would be doing the oversight for the cleaning?

Ms. Mefford-Miller said thank you, Councilmember White. So the enhanced cleaning and oversight that line item number 13 with the amount of $588,000. It's really two items. It is bringing in-house work for power washing or pressure washing namely of station and outdoor facilities that's currently done on a contract basis. Really has to be done, as you all know here especially in the Sonoran Desert, it has to be done on a regular cadence. By bringing that in-house we believe that within three years we can achieve a return on that investment, reduce our total outlay.

And then the other part of this line item is a supervisor for a contract cleaner which that service is provided today by DMS. We have a very limited Valley Metro supervisor to DMS contract cleaner ratio and to date we have little to no presence on third shift. This is actually when a lot of our cleaning is undertaken because we are not in revenue service during much of that time. And so, we are believers that you get what you manage to and having this management function in place is going to allow us to elicit stronger performance of our cleaning contractor thereby delivering a cleaner, more pleasant environment to our customers.

Have I answered your question Councilmember White?

Chair White said absolutely. You added a clarity I was seeking. I appreciate that we're bringing the power washing and those services in-house so that relieves some type of vendor relationship. And then we'll have oversight for the existing relationship there. That makes sense. Thank you.

Mr. Kessler said so moving on to the next goal to prioritize security on transit. Number 15 there is cybersecurity risk reduction. That's just the VMR share of that same item that was on the RPTA budget.

And then rail safety specialist. This is two rail safety specialists to improve rail safety oversight on our rail system.

So that is the final slide on the recommendations. Any additional questions on the recommendation budget items?

Okay. So moving on to the obligations. Again, here's the obligations summarized. A number of items here under continuing commitments. The rail vehicle facility cleaning costs, that's really the year over year increase in that VMR contract for that portion of the contract that we plan to leave in place as a third-party contract. And then a number of annual contract rate increases as well as the full year implementation of Northwest Phase II operations. And then those other items I talked about insurance and utilities and those types of things.

I just want to re-emphasize the item of security redeploy and OMC yard entrance. So that's really during the year Adrian and her team work to craft a redeployment of the security forces for the rail system and we also added a kiosk and a gate at the entrance to the OMC that's not staffed with security presence.

And then just some inflationary items. Some rail maintenance items that really just the supply chain cost increases and as well as I mentioned the utility rate increases for next fiscal year.

Happy to answer any questions on our ongoing obligations.

Chair White said I don't see any questions.

Mr. Kessler said so I'll move on to the capital program. So on the uses side of our capital program, South Central and the Capital Extension, the two largest capital projects we have moving forward next year. And then on the sources side, federal funds, member city contributions and public transportation funds are the primary support for the capital program.

And now on to the five-year forecast for Valley Metro Rail. Looking at the operating program. On the sources side, member city contributions and fares being the primary support there and, again, on the uses side, operation and maintenance, security, and our agency operating budget. Looking at about just under a $600 million program through 2029.

And then on the five-year capital program about a $715 million program over the next five years primarily supported by federal funds and in the near-term public transportation funds. And then on the uses side, two of the biggest line items here being the South-Central Extension project as it winds down over the next couple of year and then the Capital Extension project as it ramps up into the five-year program.

Any questions on the five-year forecast?

Chair White said I don't see any questions.

Mr. Kessler said so that concludes my presentation just back to the same recap slide of the key dates for the budget development process. And taking this to the May cycle for board adoption.

Chair White said thank you so much for such a comprehensive review forecast planning. I commend all the work that you're doing. I think I always have questions, but this is very clear at this point. I'm sure our entire board is going to receive this information.

Any additional comments or questions from our committee?

Vice Mayor Adams said I just want to say good job. It looks really good. Thank you.

Mr. Kessler said thank you for that. I really appreciate it. And, you know, I want to recognize, you know, your member city staff as well, you know, the entire board but a lot of good input as we had this discussion with the RTAG group and Financial Working Group members over the past couple months. A lot of good input and feedback from folks as well as the management committee yesterday, good, good discussion and feedback there. And also, do want to make special note to thank Tyler and his budget team for their hard work in putting all this together and putting together the budget as well as these budget materials for the various presentations as we kind of go through this, you know, three- or four-month process of presenting information and working toward that budget adoption. So I appreciate everyone's efforts really. I do very little. I come up here and kind of present it all but there's a lot of people doing a lot of work to help support it and I appreciate it. Thank you.

Chair White said Mr. Kessler, Mr. Olson, your teams, thank you so much for everything. I believe this is for information at this point.

7. Intergovernmental Agreements, Contract Change Orders, Amendments, and Awards

Ms. Dillon said Chair White, these items are presented for your information. They will be on the board agenda for approval. If there are any members of the AFS that have any questions regarding these items they can reach out to me, and I can get their questions answered. Or contact staff that is located at the bottom of the memo.

Chair White said thank you so much.

8. Report on Current Events and Suggested Future Agenda Items

Chair White said Mayor Peterson, any items? Vice Mayor Adams, anything?

Mayor Peterson said I don't have anything.

Chair White said Councilmember Pastor is there as well. Chair White said Okay. Not seeing any additional items.

The next meeting of the Audit and Finance Subcommittee is scheduled for May 2, 2024, at 12:00 p.m.

Without further discussion, the meeting was adjourned at 12:57 p.m.

Minutes

April 11, 2024 **AGENDA ITEM 4A**

Joint Boards of Directors
Thursday, March 21, 2024
Lake Powell Conference Room/Webex
101 N. 1st Avenue, 10th Floor
11:15 a.m.

RPTA Meeting Participants
Vice Mayor O.D. Harris, City of Chandler – **Vice Chair**
Vice Mayor Jennifer Adams, City of Tempe - **Treasurer**
Councilmember Max White, City of Avondale
Councilmember Clay Goodman, City of Buckeye (phone)
Councilmember Monica Dorcey, City of El Mirage
Vice Mayor Peggy McMahon, Town of Fountain Hills (phone)
Mayor Brigette Peterson, Town of Gilbert
Councilmember Lauren Tolmachoff, City of Glendale
Councilmember Francisco Heredia, City of Mesa (phone)
Vice Mayor Jon Edwards, City of Peoria
Councilmember Laura Pastor, City of Phoenix (phone)
Councilmember Kathy Littlefield, City of Scottsdale (phone)
Councilmember Aly Cline, City of Surprise (phone)
Mayor Michael LeVault, Town of Youngtown (phone)

Members Not Present
Councilmember Bill Stipp, City of Goodyear - **Chair**
Chairman of the Board, Jack Sellers, Maricopa County
Councilmember Jeff Brown, Town of Queen Creek
Vice Mayor Lupe Bandin, City of Tolleson
Mayor Rui Pereira, Town of Wickenburg

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

The Chair called the meeting to order.

Chair Harris called the meeting to order at 11:17 a.m.

Chair Harris said good morning, everyone. We want to convene and welcome each one of the members and those that are in the audience to the Joint Valley Metro RPTA, Valley Metro Rail Meeting Board of Directors.

So while Jessica will not be here, Mr. Jim will be filling in for us, so welcome.

And if any Committee member would like to ask a question or make a comment during the meeting, please type your comment in the box and it will be read out loud. If you are online, you know what to do, wave your hand and we got you.

Chair Harris said the public will be provided with an opportunity at this time to address the Committee on non-agenda items and all action agenda items for the Joint, the RPTA meeting and agendas. Up to three minutes will be provided per speaker unless the Chair allows more at their discretion. So you have a total of 15 minutes for all speakers will be provided.

So will there be any public commentary at this time?

Ms. Dillon said yes, Chair, but I need to call roll first and then we can get right back to public comment.

Chair Harris said no problem.

Ms. Dillon said good morning, everyone.

City of Avondale, Councilmember Maxine White? Here.
City of Buckeye, Vice Mayor Clay Goodman? Present.
City of Chandler, Vice Mayor OD Harris? Here.
City of El Mirage, Councilmember Monica Dorsey? She just walked in. Thank you.
Town of Fountain Hills, Councilmember Peggy McMahon? Here.
Town of Gilbert, Mayor Brigette Peterson? Here.
Swift City, Councilmember Lauren Tolmachoff? Here.
City of Goodyear, Councilmember Bill Stipp?
Maricopa County, Supervisor Jack Sellers?
City of Mesa, Vice Mayor Francisco Heredia?
City of Peoria, Vice Mayor Jon Edwards? Here.
City of Phoenix, Councilmember Laura Pastor?
Town of Queen Creek, Councilmember Jeff Brown?
City of Scottsdale, Vice Mayor Kathy Littlefield? She is on Webex.
City of Surprise, Councilmember Aly Cline?
City of Tempe, Vice Mayor Jennifer Adams?
City of Tolleson, Vice Mayor Lupe Bandin?
Town of Wickenburg, Mayor Rui Pereira?
Town of Youngtown, Mayor Michael LeVault? Yes, Pat, I'm here.

Ms. Dillon said Chair, we can proceed with public comment.

1. Public Comment

Ms. Dillon said I do have two public comment forms. Candice Carnegie. Ma'am, if you could please come up here to the podium over here. Over here on this side.

Chair Harris said Candice, just to let you know you have three minutes and once you start speaking your three minutes will being. Okay?

Ms. Carnegie said thank you. I've had enough with the light rail system. I understand there's a problem with the signals. It's been going on for over two weeks now. I'm sure you're all aware. Anytime I call the call center, it ends in 5000, no one's really able to get any updated information. It's affected me at least three times where it's taken me an hour and a half to get to my final destination over those past two weeks.

On March 19th, the evening, where I was waiting or actually, trying to catch the last train leaving Veterans and College going in the westbound direction and I missed it because that light rail came four minutes early. It's always been late. This is the first time it comes early causing me to not be able to get to my final destination. When I got to Priest and Washington because that's as far as the light rail goes, I talked to a supervisor who informed me he's not employed by Valley Metro but by ACI. I had no idea what that meant. I've never heard those three letters before that day. But I understand that is the contracted company that manages the light rail system. The problem I had is he didn't give me a name. He just said he's T66 and I don't know what that means but that seems to be his name.

The light rail was supposed to arrive at Veterans and College at 11:39. It came at 11:35. Four minutes may not seem like a lot but it's a lot when someone like me depends on public transportation. It's unfortunate it happened. That was the first time I used Waymo. That was an interesting ride and a very expensive one. $13 to go just two stops because I needed to get off on 44th and Washington.

So I'm letting everyone in this room know that this little hiccup with the signals is causing a major impact in your rider's lives. The complaint number or report number that I filed the following day is 531353, if anyone is interested. Thank you.

Chair Harris said thank you, Candice. Can we make sure that we take this information and look it the concerns, please?

Ms. Dillon said yes, sir, we will do that.

Chair Harris said is there any more public commentary, the second one?

Ms. Dillon said Mr. Crowley is here.

Chair Harris said Mr. Blue. Just remember you have three minutes and when you start speaking your three minutes will begin.

Mr. Crowley said in the minutes of the audit committees, it has in there that the Chairman Goodman said “thank you, Mr. Crowley. Pat, do we have any more speakers?” That was not what was said. He asked was the officer there. Why are you putting stuff in the minutes that isn't there? And that interchange was more fun than it was supposed to be since I had stated that I was going to be covering agenda items plus the situation of one of the roadways that I had been on and why it isn't being addressed and dealt and that would have been Grand Avenue and the five communities are Surprise, Maricopa County, Glendale, Phoenix, El Mirage that when I was on there I'm going where is the Grand Avenue bus. And I remember Phoenix back in the day when they were building the bridge over I-17 and Grand, the Grand Avenue overpass at Thomas, I said where is the equation going to be so that there can be connectivity between the two routes. And Phoenix said, don't worry, we've got that covered. What they did is they took out the route.

I note that you also are doing the thing on security on the rail at your last meeting you did a presentation to award Allied Burton for their excellent activities, but they did it at the both meeting, right? Allied Burton is just rail. Because there is no problem with absconding on the bus because you've got to get your ticket or show it when you get on, period. And as for trespassing, our bus stops are all in public domain. You can't be trespassing in the public domain. So it's just all of those equations.

But then the one that I'm wanting most to communicate with you is that we had 645 deaths from heat exposure and it being over 92 degrees consistently. Those people need to get out of the sun. They need to get water. Both of which are applicable at the bus stops and I'm saying -- or at the rail stops. I'm saying when that temperature is 92 and above overnight, et cetera that anybody can go onto that transit stop, get a drink of water and maybe even if they've got the money for the rail, ride it to get out of the heat some time.

Thank you and that's three minutes.

Chair Harris said thank you, Mr. Blue. Pat, can we possibly look into -- I know that the State will be coordinating efforts, and a lot of cities are coordinating efforts about water and dehydration and heat, heat related. Could we make sure that we're involved in those conversations and identify areas that we feel that this would be meaningful impact for our constituents who rides our transportation, please.

Ms. Dillon said yes, we can do that. Hillary and her team have a program that they implement during the spring and the summer and if you'd like we can have an update on that program at the next board meeting.

Chair Harris said yes and can they provide locations as well.

Ms. Dillon said yes. Thank you.

Chair Harris said thank you so much.

2. Chief Executive Officer's Report

Mr. Hillyard said thank you, Mr. Chairman. Good morning, members. On Jessica's behalf, we have several updates to provide to you today.

The first, we're thrilled to announce our Spring Fiesta on Central will occur Saturday, April 20th from 10 to 1 a.m. This community event at Central and Baseline features entertainment (inaudible) and prizes and is intended to promote local businesses along the South-Central corridor. In November, we had more than 30 businesses and over 300 folks attend our Fall Fiesta on Central. It also provides a great opportunity to highlight to the community the progress that we're making in that development. We want to also note special thanks to Chair Pastor for her continued support of the event and for serving as a speaker at the spring festival.

Next, outreach and communications are ramping up for our Fare Collections and Modernization program. In the next several months, riders will begin transitioning to the new Copper card. You can see it teeny, tiny in the slide before you. It's an account-based smart card that will complement the mobile fare that we've already implemented.

To assist with this transition to help riders understand the benefits of the card, we are ramping up outreach efforts as we speak. That includes training of frontline staff and outreach staff, conducting community events and programs, putting in place both outreach events and in-person support for our reduced fare ID riders and kicking off the social media campaign. This is just essentially a heads up to let you know that in April we'll be providing you with a detailed report on that plan for your feedback.

In a similar vein, we want to let you know that we're working diligently in accessing ways to increase access to ADA eligibility assessments and will present our findings for your feedback to you in June. We want you to know that we're taking sort of an all of the above approach initially, looking at every possible option that will increase access, still provide an excellent customer experience and do so in the most cost-effective fashion.

That includes, as you see in the slide, assessing the potential for establishing either full or part time satellite eligibility centers and a potential for a mobile unit using a retired bus to visit various locations in the Valley. Each of these options has strengths and weaknesses and as a result, we want to ensure that providing you with the most thoughtful analysis for your feedback and guidance on implementation.

Next, as you may be aware, January 1st Valley Metro's van pool program transitioned from an agency-owned to a vendor-provided fleet model under a contract with Commute with Enterprise. As you can see on the screen, we've had a number of comments from participants in the program. As of February 27th, 76 of our 218 so about a third of the fleet has transitioned to these new in many cases more right-sized vehicles and as you can see, we've had a lot of positive feedback with regard to the greater fuel efficiencies and the newer safety features of these newer vehicles. Customers have also found the transition between vehicles to be very smooth. That's critical to us since the van pool program plays a very important role in our overall demand management system serving more than 45 employers and reducing 1.7 million single vehicle miles and 200,000 pounds of pollution every single month.

Next, we want to highlight partnership with Mesa PD. On February 21st between 9 and 3, officers from Mesa PD's community action bike unit and central patrol unit participated in Operation Blue Ride in conjunction with the City's homeless outreach project resources day. Outreach, education, enforcement was conducted across the light rail line and specifically, bus routes 112 and 114 in addition to other locations within the city of Mesa. It was a great partnership. We had many positive interactions with customers and operators. There were no major incidents. We just wanted to highlight the super teamwork with City of Mesa PD.

Next, a couple updates on the South-Central Extension. South Central/Downtown Hub is now more than three quarters complete so we're in the home stretch here as you can see in the picture before you are illustrating Washington and 3rd Avenue. We are wrapping up the last bit of special track work downtown in advance of the Final Four in April. Our next major step downtown will be system (inaudible) testing which will start this summer. That testing validates the connection between the new track work and the existing system and is critical -- next critical step in moving to revenue service. Further south, along Central Avenue underground utility work is now largely complete across the project. As a result, the construction team is anticipating installing over 1200 feet of track work a week in the coming months. So progress is really ramping up now that the below ground work is done. We've also broken ground on all of the project's new stations.

In support of this work and in support of the community, our dedicated group of community relations staff continue to work to support the neighborhoods, businesses and tenants along the alignment. As one example of that, in the last year over a million dollars in grants were awarded in conjunction partnership with the City of Phoenix to support folks impacted along the alignment.

So we're very excited for the opening celebration in 2025.

And then lastly, your next Board of Directors meeting is April 28th. And Mr. Chairman, I'd be happy to answer any questions.

Chair Harris said thank you, Mr. Jim, for the report. Does any of the board members have any questions? All right.

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

Chair Harris said it doesn't appear that Vice Mayor Goodman is here to provide this update. He's online.

Vice Mayor Goodman said online.

Chair Harris said oh, hi. Go ahead. Mr. Vice Mayor, go ahead.

Vice Mayor Goodman said good afternoon, everybody. The Audit and Finance Subcommittee met on Thursday, March 7th.

Chair Harris said we can't hear you.

Chair Harris said you can't hear me? Hello.

Chair Harris said we can't hear you. In the meantime, can we turn on some elevator music?

Vice Mayor Goodman said hello. No, nothing.

Chair Harris said we just really wanted to see Mr. Goodman. That's it. We're good to go.

Chair Harris said nothing yet? No?

Ms. Dillon said Vice Mayor Goodman, could you please try again?
(Technical issues.)

Vice Mayor Goodman said the Audit and Finance Subcommittee met on Thursday, March 7th. Mr. Kessler provided an update for PTF revenues. We had an Internal Audit update. Sebrina provided an update on audits that are currently underway which included conflict of interest, contract change orders and authority as well as IT authentication. Planning continues for an Internal Audit Plan for fiscal year '25. Lastly, Mr. Kessler provided an overview of FY2025 operating and capital budgets for RPTA

and Valley Metro Rail. This information is now making its way through the committee process and will be presented to the Board on their respective agendas today.
And aside from the technical difficulties, this concludes my report, Mr. Chair.

Chair Harris said thank you, Vice Mayor. Appreciate your time and that report and your service to the Committee.

4. Consent Agenda

Chair Harris said the Consent Agenda is presented for action. We ask the Committee if there are any questions or if there are any items that needs to be pulled for a separate discussion. Seeing none.

Motion by Councilmember White, second by Councilmember Tolmachoff. And all those in favor? All those opposed? It looks like it passes. Items 4A through 4C.

IT WAS MOVED BY COUNCILMEMBER WHITE, SECONDED BY COUNCILMEMBER TOLMACHOFF, AND UNANIMOUSLY CARRIED TO APPROVE THE CONSENT AGENDA, ITEMS 4A-C.

5. Travel, Expenditures, and Solicitations

Chair Harris said this item is presented for information only. Are there any questions? No action is required for it. All right. Seeing none.

6. Report on Current Events and Suggested Future Agenda Items

Chair Harris said is there any for all future items?

Vice Mayor Adams said I have a future item.

Chair Harris said go ahead, Vice Mayor Adams.

Vice Mayor Adams said it's a list.

Vice Mayor Adams said So we were wondering about the background for the initial application. Why did we apply for low or no grant? No one can recall asking or the reasoning. That's our first question.

Second question. Was our grant award of $13 million or $23 million? The chart given shows an additional –

Chair Harris said Vice Mayor, let me. Do you guys know what she's talking about? Okay. All right.

Does everyone know that Vice Mayor Adams is talking about the recent purchases for the electric buses, so she has some concerns about that and so.

Vice Mayor Adams said sorry, I apologize. I should have brought that up first.

Chair Harris said it's all good.

Vice Mayor Adams said thank you. We had a question about the federal funds with the electric buses. Financial modeling for the electric bus program, our ability to sustain program over time and cost analysis for replacement all compared to current fleet, current slides are unclear for a side-by-side comparison.

Next question, if CNG has a higher GHG admission impact than D-cell, then why is our fleet mostly CNG? Is it the fuel or the maintenance costs?

Next question. What are the side-by-side comparisons of cost per mile including capital costs between low and no and CNG and diesel buses?

Next question. Are there long-range maintenance costs to be considered? What are they?

Next question. How do the operational costs compare to fare recovery for the proposed routes that will run low or no fleet?

Next question. What are the experiences of others currently operating an electric fleet? Are there benchmarks available?

Next question. Cooling requirements for our extreme weather for both the facilities and the buses and are these costs included in the cost per mile?

Next question. In 2023, it was reported that nationally electric bus manufacturers were experiencing parts backlogs and users had idle buses due to breakdowns and reliability issues. Has the picture changed in 2024?

Last question, I promise. Is the Board notified of all grant applications, especially those requiring matching funds? Should we be?

That concludes my future agenda items on the electric bus situation.

Chair Harris said thank you, Vice Mayor. And we're going to provide staff with a copy of these questions so we can kind of go through it. (Inaudible) very concerned with how we're going to be looking at electric buses. There’re still more questions about it. There’re still more conversations nationally going on about how well and how functional it would be and looking at Arizona being a place that of extreme heat that's a big concern. So let's look at these questions. Let's get back with us as soon as you guys can to discuss. What was that?

Mayor Peterson said maybe a presentation on electric buses including the grant process.

Chair Harris said so we're requesting a presentation answering these questions including the questions and overall. Councilmember.

Councilmember White said Vice Mayor, Chair, I'm just thinking any presentation we receive like I, you know, feel like sometimes a Lego builder so I want to, you know, hear how a bus is made. Right? But I really need to know how it's going to operate on the road. For example, just participating in a lot of our activities during the National League of Cities it's become plain to us that us having electric here is just going to be so much more expensive. Every diesel we take off the road might be two electrics, so I don't necessary need the Lego build of the bus. I need to know the operations impact of this to our system.

And then also, you know, I also wanted to refer to and I think it's one of our community members just high level speak about bifurcation but I realize now having learned a lot more sitting on transportation infrastructure services committee with the National League of Cities that a lot of our federal funds don't come all the way down and can't trickle down to cities unless we operate in the way that we do right now keeping our organization stable and strong together. It really helps empower the cities to make the funds come together. But we have to match them, which is why we want to make sure we understand where they're going when grants are being applied for. Thank you very much.

Vice Mayor Adams said yes, I agree. I guess the last presentation was really in the weeds, way into the weeds. We don't need that. We need basically O&M questions answered and how practical are electric buses in our extreme heat. And so that was part of this whole conversation that we had.

Chair Harris said and I would just say perhaps if the Board is open to this maybe we can pull together a separate like a study session about this particular item so we can have further discussion and give staff some direction from the study session if this is what we want to continue to look at. I know that these decisions that we need to make it's coming quickly. There's a lot of pending implications with these decisions. So if the Board is interested maybe we can have staff put together a study session and they can get back with us at a later date to address a lot of these immediate concerns.

Councilmember Tolmachoff said thank you, Mr. Chair. I think the Board just had concern I mean, and we appreciate the, you know, the level of detail but our concern is the feasibility of meeting our riders needs and finding the financial feasibility of electric buses. And as Max said, I mean, hear stories city after city that explores the possibility of going electric and finding that they need twice as many vehicles at twice the price and so those are the kind of discussions, I think we want to have. So that was why a few of us sat down and refined and I know for those that aren't aware Jessica does have this list and I'm sure, obviously, she's shared with it Jim. This is the kind of information that the Board wants to know if we're going to continue down this road those are the questions that we have as far as moving in the direction of electric buses. Because our charge is delivering service on time and, you know, being able to manage the cost if this is what's going to happen. Thank you.

Chair Harris said are there any other comments? You have your direction and get back with us as soon as you can and let's look forward to that study session in the future. All right.

Mr. Hillyard said understood, Mr. Chair. Thank you.

Chair Harris said thank you. Was there anyone online? I want to make sure that I allow any online commentary about electric buses, about this future item, I want to provide that. Seeing none online.

7. Next Meeting

The next meeting of the Joint Boards is scheduled for Thursday, April 18, 2024, at 11:15 a.m.

Without further discussion, the meeting was adjourned at 11:49 a.m.

Information Summary

DATE
April 11, 2024

AGENDA ITEM 4B

SUBJECT
City of Phoenix and Valley Metro Intergovernmental Agreement - Fare Revenue Receipt, Counting, and Deposit Agreement

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to execute an Intergovernmental Aagreement between Valley Metro and the City of Phoenix that provides cash counting and management services for regional fare revenue collected from fare vending machines and bus garages.

RECOMMENDATION
Staff recommends that the Boards of Directors authorize the CEO to execute the Fare Revenue Receipt, Counting, and Deposit Intergovernmental Agreement with the City of Phoenix.

BACKGROUND | DISCUSSION | CONSIDERATION
The Fare Revenue Receipt, Counting, and Deposit Agreement allows all fare revenues (cash and coin) collected by Valley Metro to be counted and processed by the City of Phoenix at their existing Cash Processing Center at the South Garage. We currently have an agreement with City of Phoenix for the processing of bus garage revenues, however this new agreement will add the additional scope of ticket vending machine fare revenues. This agreement is necessary to support the seamless transition of this work, which is currently being performed by our Armored Car Services contractor, who is no longer willing to perform the service after June 30, 2024.

The services within this agreement will begin prior to June 30, 2024, and will allow the City of Phoenix to assist RPTA's and VMR's regional transit operations by receiving collected fare revenues from RPTA's and VMR's staff and/or armored-car contractor, counting those revenues using the City of Phoenix's staff and resources, and securely depositing those revenues on behalf of RPTA and VMR using the City of Phoenix's own armored-car contractor. All costs incurred by the City of Phoenix for RPTA and VMR fare revenue processing will be reimbursed.

COST AND BUDGET
Fare Revenue Receipt, Counting, and Deposit costs are estimated to be $100,000 for FY25 and will be included in the Valley Metro FY25 Operating and Capital Budget. Obligations beyond FY25 will be included in the FY25-29 Operating and Capital Five-

Year Forecast. Sources of funds include fare revenues, Prop400, and local contributions.

COMMITTEE PROCESS
RTAG: March 19, 2024 for information
TMC/RMC: April 3, 2024, approved
Boards of Directors: April 18, 2024, for action

CONTACT
Ken Kessler
Chief Financial Officer
kkessler@valleymetro.org

ATTACHMENT
None

The draft agreement is available upon request.

Information Summary

DATE **AGENDA ITEM 4C**
April 11, 2024

SUBJECT
2024-2025 Valley Metro Federal Public Transportation Agenda

PURPOSE
To request approval of the 2024-2025 Valley Metro Federal Public Transportation Agenda.

RECOMMENDATION
Staff recommends that the Boards of Directors approve the 2024-2025 Federal Public Transportation Agenda.

BACKGROUND/DISCUSSION
To meet strategic funding objectives, each year Valley Metro works with its federal consultants to develop a federal public transportation legislative agenda.

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

Staff has developed the attached federal agenda for 2024-2025 with goals to:

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

- Encourage Congress to support additional transit funding, specifically federal funding flexibility for inflationary costs, supply chain impacts (e.g. vehicle and rolling stock), workforce development and new technologies to enhance mobility and increase ridership throughout the region.

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

COST AND BUDGET
None

COMMITTEE ACTION
TMC/RMC: April 3, 2024 approved
Boards of Directors: April 18, 2024 for action

CONTACT
Alexis Tameron Kinsey
Director of Government Relations
atameronkinsey@valleymetro.org

ATTACHMENT
2024-2025 Valley Metro Federal Public Transportation Agenda

2024-2025 Federal Public Transportation Agenda

Valley Metro's mission to "Connect Communities and Enhance Lives" has never been more important or more challenged. Providing safe and reliable public transportation not only helps move people, but it also supports the local economy, healthy lifestyles and community well-being. Maricopa County was the fastest growing county over the past decade accompanied by a 28 percent increase in jobs with an expectation that a similar rate of growth will continue into the foreseeable future. Nearly 590,000 jobs are located within a half-mile of the frequent service network. Valley Metro's regional system continues to be a critical mode of transportation for the Valley's essential workforce.

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

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

The Valley Metro Board of Directors encourages Congress to:

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

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

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

- **Low or No Emissions Vehicle and Infrastructure Program/Bus Fleet Transition Plan**
  Valley Metro continues to work together with our regional partners to create a more environmentally sustainable transit fleet. The Fleet Transition plan identifies

current and future power needs at facilities, including steps for beginning electrification and expected duration of necessary enhancements that align with FTA requirements. A long-term fleet management plan will serve as a roadmap to align Valley Metro's goals and technology, infrastructure and labor capabilities and avoids early retirement of the conventional bus fleet. The Low or No Emissions competitive grant program provides Valley Metro with funding for the purchase or lease of zero-emission and low-emission transit buses as well as acquisition, construction and leasing of required support facilities.

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

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

- **South Central Extension/Downtown Hub** – A 5.5-mile extension from downtown Phoenix on Central Avenue to Baseline Road. FTA awarded a Full Funding Grant Agreement to Valley Metro for $529 million of the total $1.3 billion project in January 2021. $81.3 million was allocated to the project as part of the American Rescue Plan Act of 2021 with an additional $21 million allocated in the FY 2023 Omnibus Appropriations Act.
- **Capitol Extension (CAPEX)**– Connect existing light rail service in downtown Phoenix to the State Capitol area. Further analysis and coordination with stakeholders and the public is occurring on the alignment, and it is expected that environmental and design work will continue in 2024 while the project continues in the Project Development phase.
- **I-10 West Extension (10WEST)** – Continuing future light rail service from the State Capitol area to the West Valley along the Interstate 10 corridor. Preliminary engineering work is beginning in the middle of 2024, with stakeholder and public engagement continuing throughout the process.
- **West Phoenix High-capacity Transit Alternatives** – an Alternatives Analysis (AA) is underway to identify which type of high-capacity transit, such as bus rapid transit or light rail, will best meet west Phoenix's transportation needs. The study area boundaries are Camelback Road on the north, McDowell Road on the south, Central Avenue on the east and 99th Avenue on the west.
- **Rio-East Dobson Streetcar Extension** – a 4.4 mile Streetcar extension along Rio Salado Parkway from near Rural Road to Dobson Road and along Dobson Road from Rio Salado Parkway to Main Street, expanding from the City of Tempe (2.6 miles) into the City of Mesa (1.8 miles).

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

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

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

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

Information Summary

DATE
April 11, 2024

AGENDA ITEM 5

SUBJECT
Fare Collection System Modernization Community Outreach Plan

PURPOSE
To provide an informational update to the Board on the Fare Collection System Modernization outreach plan.

RECOMMENDATION
This item is presented for information only.

BACKGROUND | DISCUSSION | CONSIDERATION
Valley Metro, alongside City of Phoenix and the entire region, is undergoing a Fare Collection System Modernization (FCSM) whereby we are offering new technology and fare options to riders in 2024. This year, riders will be able to purchase fare on their mobile device or through a reloadable fare card, called the Copper Card, and scan or tap that fare on new fare readers throughout the bus and rail system. Both options will be an account-based system where riders can add funds, track transaction history and view account balances via web, app or calling our Fare Support Call Center.

By mid to late summer, magnetic stripe fare media (i.e. 1-Day passes) will no longer be accepted on the system with all riders having to transition to mobile fare or a reloadable fare card, except for 1-Ride transactions. Of note: Fare pricing is not changing with the implementation of this new system; however, the region will transition to “Smart Fare,” which allows riders to pay as they go, with daily, weekly and monthly maximums. Additionally, the regional fare policy study, evaluating potential, future fare programs, is also underway with recommendations anticipated for discussion in fall 2024.

General marketing and outreach for FCSM began last year to begin to create awareness of the new system and the changes ahead. The additional focus area has been frontline staff outreach, providing operators, security, customer service, maintenance staff, etc. with information, materials and training ahead of launch. Since fall 2023, there have been more than 2,000 engagements with frontline staff to ensure they feel informed and able to field questions from customers.

For rider outreach across the various project phases, Valley Metro seeks to connect with all riders to increase their awareness, create engagement and ease their transition through gradual and easy-to-understand messaging and outreach. Valley Metro will also give specific focus and strategy to the following groups:

- Hard-to-reach communities
- Spanish-speaking riders
- College students
- Current Reduced Fare riders
- People with disabilities
- New Reduced Fare ID riders, including youth, seniors and medically eligible
- Parents of students/youth

Tactics will include:

- “Fare town halls” and Reduced Fare application intake events at locations regionwide and offered in both Spanish and English
- Reduced Fare support “office hours” at locations regionwide
- Public outreach at community events, fairs, public meetings, senior centers, etc.; eventually including card distribution
- Digital and traditional media buys tailored to each audience, Spanish and English
- Engagement with youth, senior and disability programs and organizations, including school districts, AARP, Ability360, healthcare institutions, etc.
- On-system outreach, including high-volume transit centers and bus routes based on demographics
- On-system marketing, including wraps, kiosk posters, voice announcements, etc.
- Inclusion in city partner communications, events and local transit services/facilities
- Earned media and PR, including a media day, interviews, rider storytelling and organic social media
- Specific “Smart Fare” educational program

COST AND BUDGET
FCSM outreach and marketing costs are within overall project and divisional budgets.

COMMITTEE ACTION
Fare Policy Working Group: February 26, 2024 for information
RTAG: March 19, 2024 for information
TMC/RMC: April 3, 2024 for information
Boards of Directors: April 18, 2024 for information

CONTACT
Hillary Foose
Director, Communications & Strategic Initiatives
hfoose@valleymetro.org

ATTACHMENT
Valley Metro New Fare System Outreach Plan is available upon request.

Fare Collection System Modernization Outreach Plan

April 2024

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Fare Technology Modernization Project Timeline

MARCH	APRIL	MAY	JUNE	JULY	POST-LAUNCH
Reduced fare online application	Select specialty passes go live	**Public soft launch (ongoing)**	**Full system launch (all elements available)**	**Magstripe passes no longer accepted**	Farebox installation completed (90-day process)
First pass: Fare vending machine installation begins	Retail network rollout begins (ongoing)	**App update pushed to all users (Smart Fare)**	Specialty fare cards (Platinum, A+) go live	Second pass: Fare vending machine installation begins	Additional fare system enhancements
	Public website launch		Farebox installation begins		

Due to the dynamic nature of the project and circumstances beyond our control, the timeline above is subject to change.

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Fare Policy Study Update

- **Study Objective:** Develop recommendations that leverage the capabilities of the new account-based fare collection system and build on the fare changes already adopted for the new system, specifically fare capping
- **Completed:**
  - Study session on reduced fare and pass program options
  - Background review including peer review
  - Fare Administration Policy with guiding principles (future Board approval item)
- **Next steps:**
  - Evaluation of options (ridership, revenue & Title VI)
  - Prepare recommendations

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Outreach Objectives

- Increase awareness of the Valley Metro fare system upgrade
- Provide access to clear, easy-to-understand information
- Create understanding of Smart Fare program
- Support greater app adoption & build excitement for new tools
- Facilitate rider engagement to assist with conversion
- Assist Reduced Fare customers who haven't historically had to register or have a specific ID
- Communicate deadlines and ease concerns and any confusion

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VALLEY METRO

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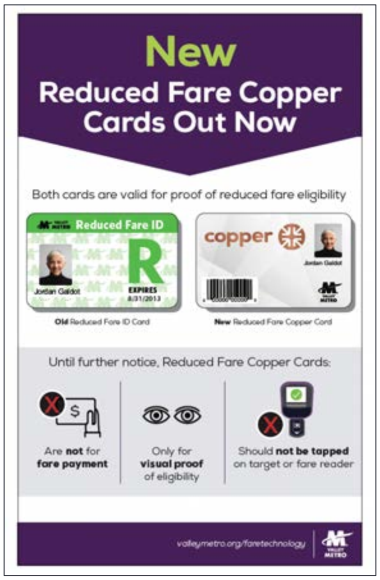
Frontline Staff Education



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Current Efforts Underway

- Decals on all buses
- Announcements on buses and at light rail stations
- Social promotions re: project page & email list
- Awareness outreach
  - Collateral at existing events
  - Outreach to senior centers
  - Event planning
- Organization/employer engagement

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Rider Outreach

- All riders, with specific focus:
  - Hard-to-reach communities
  - Spanish-speaking riders
  - College students
  - Current Reduced Fare riders
  - People with disabilities
  - New Reduced Fare ID users
  - Parents of students/youth
- Tactics including:
  - Fare system town halls
  - Pop-up & community events
  - On-system outreach & marketing
  - Targeted media buys
  - City channel communications
  - Earned media
  - Smart Fare education
  - Eventual: Card distribution
  - **Regional & bilingual**

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Reduced Fare-Specific Outreach

- Included in all rider outreach
- Direct communication with current RFID cardholders
- Application intake events
  - Including at Town Halls
- Support "office hours" at locations regionwide
- Fare Support Call Center & **valleymetrofares.org**
- Engagement with youth, senior and disability groups
  - i.e. school districts, AARP, veterans groups, etc.
- Targeted events
  - i.e. senior expos, health fairs, family events
- Tailored media buy for these demographics

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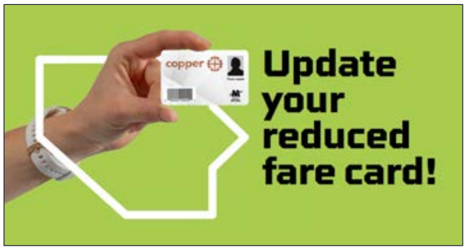
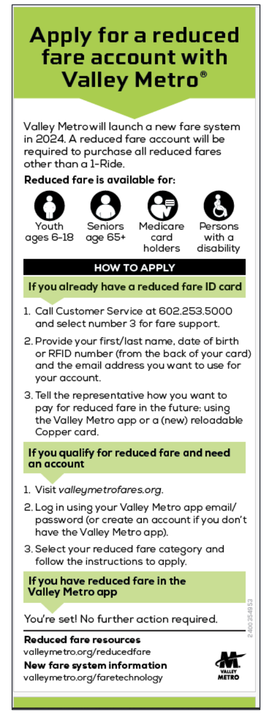
Reduced Fare





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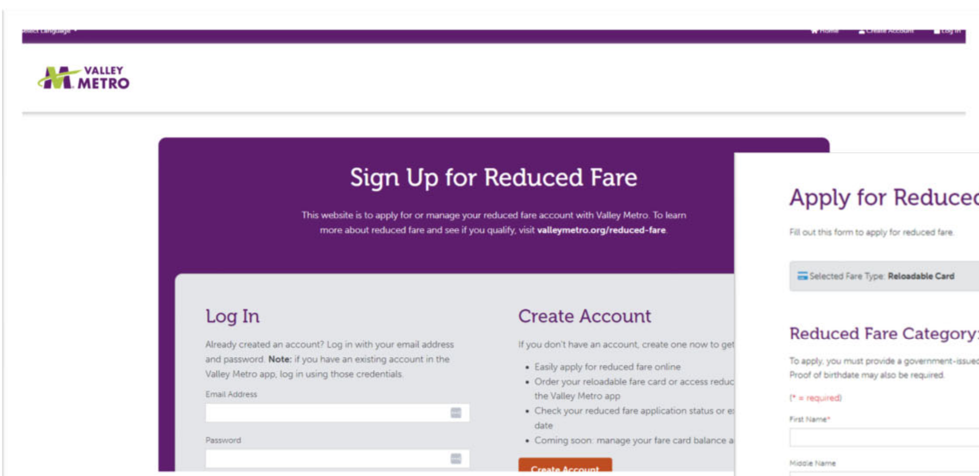

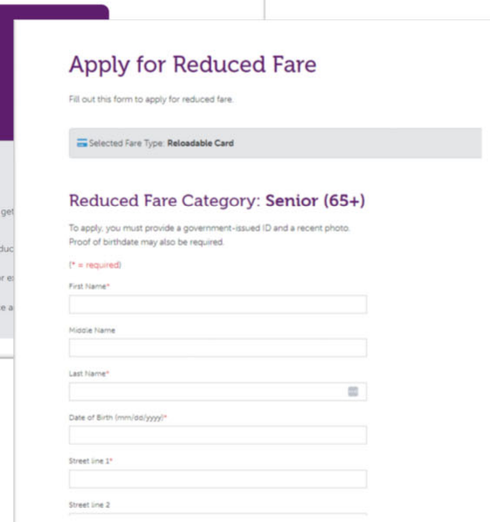

Reduce Fare Online Application

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General/Education

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Questions?

Visit ***valleymetro.org/faretechnology*** for project updates.

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Information Summary

DATE **AGENDA ITEM 6**
April 11, 2024

SUBJECT
Heat Mitigation and Relief Campaign

PURPOSE
To provide an informational update to the Board on Valley Metro's heat mitigation and relief efforts to support riders and frontline staff.

RECOMMENDATION
This item is presented for information only.

BACKGROUND | DISCUSSION | CONSIDERATION
Valley Metro takes proactive measures to keep riders, employees, buses, accessible vehicles and trains cool during periods of extreme heat in metro Phoenix. The objective of the agency's annual heat mitigation and relief campaign is to support the health, safety and welfare of all transit riders by providing helpful information and heat relief resources. This is accomplished through regional coordination, cooperation and leveraging resources through the Maricopa Association of Governments (MAG), Maricopa County Department of Public Health, City of Phoenix's Office of Heat Response and Mitigation and other community and private sector partners.

There are five key areas that Valley Metro focuses on across its heat relief efforts: passenger care and outreach, employee care, system resilience, infrastructure design and adaptation and maintenance. This memo focuses on passenger and employee care efforts. However, it's worth noting that our maintenance teams also prepare for the heat through such efforts as preventative and pre-trip inspections focused on the A/C system and shading systems for bus cooling. Our bus and rail systems were also designed for our environment, with an overhead electrification system calibrated for extreme temperatures and more than 90% of bus stops having shade amenities.

In 2023, Valley Metro partnered with the City of Phoenix and MAG, who took the lead in developing, implementing and disseminating information on cooling centers and water distribution locations around the Valley. Valley Metro conducted extensive rider outreach, distributed water, added shade in our construction corridors and utilized our many communication channels to share regional messaging across the region.

This year, we are working with our partners to ensure information aligns with regional priorities, including ensuring information and resources are prioritized to the most vulnerable in our community. Below is a sampling of outreach and marketing tactics, which will include safety tips and how individuals can connect with heat relief resources.

Heat Relief Tactics Across Summer 2024
For Frontline Staff
Information cards sharing tips and resources
Convenient and easy access to water and hydration supplies
Safety training for signs of heat illnesses/ways to stay safe
Shift adjustments to accommodate more work at night
For Riders
Safety tips via ad in Valley Metro app
Organic and boosted social media tips and links to regional resources
Dedicated webpage and homepage banner
Light rail car cards (inside all rail cars)
Bus shelter kiosk posters
Rail station kiosk posters
Light rail station announcements
Water distribution events at high-volume transit centers and rail stations
Distribution of heat relief supplies (i.e. fans, sunscreen)
Heat relief information also shared at fare outreach events
For South Central Stakeholders
Temporary shade structures at bus stops along corridor
Installation of permanent bus shelters (per the construction schedule)
Water donation to local cooling center and neighborhood groups
Water distribution to transit riders along corridor

This year's campaign will begin on May 1 and continue through September 30.

COST AND BUDGET
All costs are within the adopted budget. Much of this effort is staff labor across several Divisions, including Communications & Strategic Initiatives, Transportation, Maintenance, Safety & Security and Capital Development. Hard costs are largely relative to print expenditures which are estimated at below $5,000.

COMMITTEE ACTION
Boards of Directors: April 18, 2024 for information

CONTACT
Susan Tierney
Communications Manager
602.262.7433 | stierney@valleymetro.org

ATTACHMENT
None

Heat Mitigation and Relief Campaign

April 2024

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Objective

In partnership with regional agencies, Valley Metro is committed to the health, safety and welfare of all transit riders and employees by providing helpful heat relief information and resources.

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Key Areas of Heat Relief

Partner with local agencies to further their efforts and **support health, safety and wellness of the riders we serve**.

Take steps to ensure that **our frontline teams are provided with the tools** to maintain health, safety and wellness while on the job.

We are proactive in the design and maintenance of our system to **withstand the intensity of extreme temperatures** so that it maintains reliability and safety in service delivery.

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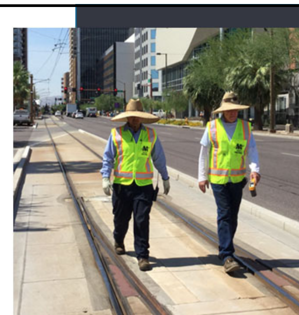
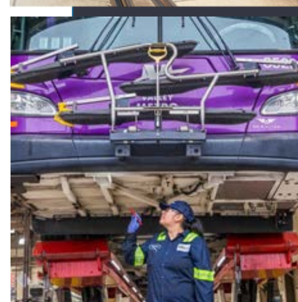
For Frontline Teams

- Information cards sharing tips and resources
- Easy access to water and hydration supplies
- Safety training for signs of heat illnesses/ways to stay safe
- Shift adjustments to accommodate more work at night





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For Riders

- Safety tips via ad in Valley Metro app
- Social media tips and links to regional resources
- Dedicated webpage and homepage banner
- Light rail car cards
- Bus and rail kiosk posters
- Station announcements
- Water distribution events at transit centers and rail stations
- Distribution of heat relief supplies (i.e. fans, sunscreen)
- Heat relief information also shared at fare outreach events

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For SCE Stakeholders

- Temporary shade structures at bus stops along corridor
- Installation of permanent bus shelters
- Water donation to local cooling center and neighborhood groups
- Water distribution to transit riders along corridor

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Questions?

Thank you.

VALLEY METRO

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Information Summary

DATE
April 11, 2024

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.
Chief Executive Officer	Roundtable on Clean Bus Mfrg	Washington, DC	2/06/24-2/08/24	$1,547.06	$891.20	$73.80	$447.56	$134.50	
Deputy Director, Service Planning	Mpact Nat'l Steering Committee Mtg	Denver, CO	2/06/24-2/09/24	$1,140.78	$252.96	$24.46	$586.86	$276.50	
Chief Legal Officer	APTA Legal Affairs Seminar	New Orleans, LA	2/10/24-2/13/24	$3,147.96	$838.46	$86.13	$2,000.37	$223.00	
Marketing Program Superviser	APTA Marketing & Comm. Workshop	New Orleans, LA	2/11/24-2/14/24	$3,661.34	$1,926.20	$76.64	$1,300.50	$223.00	$135.00
Marketing Program Coordinator	APTA Marketing & Comm. Workshop	New Orleans, LA	2/11/24-2/14/24	$4,416.46	$1,502.20	$48.42	$2,568.84	$297.00	
Comm. Relations Program Coord	APTA Marketing & Comm. Workshop	New Orleans, LA	2/11/24-2/15/24	$2,247.11	$1,181.95		$842.16	$223.00	
Chief Executive Officer	APTA Transit CEO Seminar	Savanah, GA	2/16/24-2/19/24	$1,699.26	$607.70	$110.56	$920.50	$60.50	
Procurement Manager	2024 NIGP Leadership Summit	Houston, TX	2/20/24-2/25/24	$103.50				$103.50	

Total this reporting period	$17,963.47
Year to Date	**$82,363.27**

Report reflects Out of State (AZ) Travel

** Misc*

[1] Baggage + Resort Fee

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

Payment Number	Date	Supplier or Party Name	Transaction Description	Amount
10002051	2/9/2024	First Transit Inc	Fixed Route Bus Operations/Maintenance	6,961,229.19
10002076	2/9/2024	City of Phoenix	Distribution of FY24 Lottery Funds	4,067,212.00
1002136	2/9/2024	City of Mesa	Distribution of FY24 Lottery Funds	1,275,949.00
90000266	2/23/2024	ADP LLC	PPE 02/18/2024 Payroll Liabilities	1,251,465.32
90000261	2/9/2024	ADP LLC	PPE 02/04/2024 Payroll Liabilities	1,234,623.77
10002045	2/2/2024	MTM Transit LLC	Paratransit/Mobility Service and Fuel	1,054,623.14
1002140	2/9/2024	City of Chandler	Distribution of FY24 Lottery Funds	699,551.00
10002072	2/9/2024	Town of Gilbert	Distribution of FY24 Lottery Funds	678,376.00
1002144	2/9/2024	City of Glendale	Distribution of FY24 Lottery Funds	627,782.00
1002149	2/9/2024	City of Scottsdale, Remittance Processi	Distribution of FY24 Lottery Funds	610,192.00
10002048	2/2/2024	MJM Innovations	Ridechoice Management Services	568,980.29
90000263	2/23/2024	Cigna Health and Life Insurance Company	Health Insurance Premiums	559,411.53
1002148	2/9/2024	City of Peoria	Distribution of FY24 Lottery Funds	484,303.00
10002075	2/9/2024	City of Tempe	Distribution of FY24 Lottery Funds	458,380.00
10002074	2/9/2024	City of Surprise	Distribution of FY24 Lottery Funds	364,134.00
90000262	2/23/2024	ASRS	PPE 02/18/24 ASRS Contributions & LTD	335,381.54
90000260	2/9/2024	ASRS	PPE 02/04/24 ASRS Contributions & LTD	333,008.50
10002067	2/9/2024	National Express Transit Corporation	West Valley Contracted Fixed Route and Maintenance Services	293,846.95
10002036	2/2/2024	Creative Software Solutions LLC	Subcontracted/Overflow Transportation Providers	275,210.43
1002145	2/9/2024	City of Goodyear	Distribution of FY24 Lottery Funds	244,334.00
1002138	2/9/2024	City of Buckeye	Distribution of FY24 Lottery Funds	236,357.00
10002095	2/16/2024	MTM Transit LLC	Start-Up/Mobilization-Implementation Fees	231,737.70
10002096	2/16/2024	MJM Innovations	Ridechoice Management Services	227,815.14
1002137	2/9/2024	City of Avondale	Distribution of FY24 Lottery Funds	225,883.00
10002087	2/16/2024	Scheidt & Bachmann USA Inc	Hardware and Software Maintenance Support	189,661.09
90000268	2/29/2024	Surepays	RPTA Monthly Utilities	132,173.61
10002057	2/9/2024	Second Generation Inc, dba Ajo Transpor	Monthly Rural Connector Services	121,637.81
10002065	2/9/2024	MTM Transit LLC	Paratransit Eligibility Assessment/Travel Training Services	102,880.22
10002085	2/16/2024	J Banicki Construction Inc	Construction Services - JOC	102,271.52
10002080	2/16/2024	Builders Guild Inc	Construction Services - JOC	99,156.78

1002124	2/9/2024	City of Scottsdale, Remittance Processi	PTF Expenditure Reimbursement	93,722.29
10002114	2/23/2024	Vix Technology USA Inc	Customer Service Network Fees	92,738.50
1002141	2/9/2024	City of El Mirage	Distribution of FY24 Lottery Funds	90,694.00
90000267	2/29/2024	Wells Fargo Bank	Monthly Credit Card Charges	83,213.14
1002126	2/9/2024	CopperPoint Insurance Company	Dec 23-Feb 24 WC Payments	80,471.70
10002108	2/23/2024	QCM Technologies Inc	Cybersecurity Program Support	65,832.08
1002142	2/9/2024	Town of Fountain Hills	Distribution of FY24 Lottery Funds	60,225.00
1002158	2/16/2024	SHI International Corp	Adobe CC and Adobe DC Software Renewal	60,174.74
10002041	2/2/2024	Trapeze Software Group	Tablets and Installation in Vehicles for ADA Paratransit Services	59,540.00
10002049	2/9/2024	ACRO Service Corporation	Staffing Services	43,659.98
10002084	2/16/2024	Immedia LLC	Audio-Visual Equipment and Services	36,931.63
1002170	2/23/2024	Hye Tech Network & Security Solutions L	Professional Services-Microsoft SQL Server	36,400.00
10002082	2/16/2024	Commute with Enterprise	Van Pool Services	34,877.02
10002111	2/23/2024	Senergy Petroleum LLC	Bulk Fuel	32,155.56
1002147	2/9/2024	Town of Paradise Valley	Distribution of FY24 Lottery Funds	31,987.00
10002101	2/23/2024	CDW Government LLC	Tableau Software	27,522.81
				24,977,712.98

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

Payment Number	Date	Supplier or Party Name	Transaction Description	Amount
50001871	2/2/2024	Kiewit Infrastructure West Co	CMAR Services for South Central-Downtown Hub	15,083,212.04
50001893	2/9/2024	Kiewit Infrastructure West Co	CMAR Services for South Central-Downtown Hub	11,972,971.83
50001864	2/2/2024	Alternate Concepts Inc	Transportation Services - Direct Labor	1,336,782.35
50001915	2/23/2024	Allied Universal Security Services	Fare Inspection and Security Services	822,352.41
90000032	2/29/2024	Surepays	VMR Monthly Utilities	398,093.30
50001886	2/2/2024	SRP	Construction Utilities SCE	318,659.51
50001892	2/9/2024	HDR Engineering Inc	Community Relations Support Services On-Call	259,587.83
50001887	2/9/2024	AECOM Technical Services Inc	Design Services for SCE-Downtown Hub	229,421.30
50001895	2/9/2024	Siemens Mobility	LRV Vehicle Communication and Video System Upgrade	217,538.05
50001862	2/2/2024	AECOM Technical Services Inc	Design Services for SCE-Downtown Hub	217,271.58
50001885	2/2/2024	SRP	Construction Utilities SCE	177,726.00
50001935	2/23/2024	SRP	Construction Utilities SCE	146,052.52
50001924	2/23/2024	Jacobs Engineering	Design Services for NWE Phase II	108,657.26
5002389	2/16/2024	Peoria Ford	New Vehicle Purchases	102,448.00
50001876	2/2/2024	Diego Perez Rangel	South Central Extension - Artist	101,000.00
50001905	2/16/2024	DLT Solutions LLC	Aconex Project Control System	91,000.00
50001890	2/9/2024	CHK America Inc	Wayfinding Map Designs Services	90,950.00
50001909	2/16/2024	PGH Wong Engineering Inc	System Design Services - NWE II	79,496.16
50001866	2/2/2024	ARCADIS	Consulting Support Services	71,720.88
50001873	2/2/2024	PGH Wong Engineering Inc	System Design Services - SCE	67,261.49
5002395	2/16/2024	San Tan Ford	New Vehicle Purchases	64,631.13
50001923	2/23/2024	J Banicki Construction Inc	Construction Services - JOC	62,254.48
50001934	2/23/2024	SRP	Construction Utilities SCE	58,801.98
50001896	2/9/2024	Centurylink	Third Party Construction Utilities	55,465.97
50001914	2/23/2024	AECOM Technical Services Inc	Service Planning Support-West Phx	47,479.97
50001870	2/2/2024	HDR Engineering Inc	Service Planning Support	47,286.43
50001928	2/23/2024	URW LLC	Landscape Maintenance Services	46,204.34
50001903	2/16/2024	Builders Guild Inc	Construction Services - JOC	39,280.56
50001865	2/2/2024	Aphidoidea LLC	Downtown Transfer Hub - Public Art-Fabrication / Install	38,163.00
50001932	2/23/2024	City of Phoenix	Fare Handling Fee	37,230.00

50001875	2/2/2024	Integrated Power Services LLC	Repair Traction Motors	35,580.00
50001933	2/23/2024	SRP	Construction Utilities SCE	32,065.91
50001877	2/2/2024	Cre8ive Event Rentals Inc	Rentals for the NWEII Opening Celebration	25,951.17
				32,482,597.45

Information Summary

DATE **AGENDA ITEM 8**
April 11, 2024

SUBJECT
Report on Current Events and Suggested Future Agenda Items

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

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

April 11, 2024

Valley Metro RPTA
Thursday, April 18, 2024
Boardroom/Webex
Valley Metro, 101 N. 1st Avenue, 10th Floor
11:15 a.m.

	Action Recommended
1. Minutes	1. For action
Minutes from the March 21, 2024 Board meeting are presented for approval.	
2. Paratransit Eligibility Assessment and Travel Training Services Contract Award	2. For action
Staff recommends that the Board of Directors authorize the CEO to execute a contract change order with MTM Transit, LLC for the services of Paratransit Eligibility Assessment and Travel Training Services in an amount not to exceed $18,075,687 through June 30, 2034.	
3. Proposed October 2024 Service Changes	3. For information
The proposed October 2024 transit service changes and community outreach plan.	
4. Valley Metro RPTA Fiscal Year 2025 (FY25) Preliminary Operating and Capital Budget and Five-Year Operating Forecast and Capital Program (FY25 through FY29)	4. For information
Ken Kessler, Chief Financial Officer, and Tyler Olson, Manager, Budget & Operations Financial Controls, will provide budget details for the FY 2025 Proposed Operating and Capital Budgets and will provide the FY 2025-2029 Preliminary Five-Year Operating and Capital Forecast.	

5. Report on Current Events and Suggested Future Agenda Items — 5. For information

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

6. Next Meeting — 6. For information

The next Board meeting is scheduled for **Thursday, May 16, 2024 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

Minutes

April 11, 2024 **AGENDA ITEM 1**

Valley Metro RPTA
Thursday, March 21, 2024
Lake Powell Conference Room/Webex
101 N. 1st Avenue, 10th Floor
11:15 a.m.

RPTA Meeting Participants

Vice Mayor O.D. Harris, City of Chandler – **Vice Chair**
Councilmember Max White, City of Avondale
Councilmember Clay Goodman, City of Buckeye (phone)
Councilmember Monica Dorcey, City of El Mirage
Vice Mayor Peggy McMahon, Town of Fountain Hills (phone)
Mayor Brigette Peterson, Town of Gilbert
Councilmember Lauren Tolmachoff, City of Glendale
Councilmember Francisco Heredia, City of Mesa (phone)
Vice Mayor Jon Edwards, City of Peoria
Councilmember Laura Pastor, City of Phoenix (phone)
Councilmember Kathy Littlefield, City of Scottsdale (phone)
Councilmember Aly Cline, City of Surprise (phone)
Vice Mayor Jennifer Adams, City of Tempe
Mayor Michael LeVault, Town of Youngtown (phone)

Members Not Present

Councilmember Bill Stipp, City of Goodyear
Chairman of the Board, Jack Sellers, Maricopa County
Councilmember Jeff Brown, Town of Queen Creek
Vice Mayor Lupe Bandin, City of Tolleson
Mayor Rui Pereira, Town of Wickenburg

Chair Stipp called the meeting to order at 11:49 a.m.

Chair Harris said welcoming each one of you to the March meeting. Do we need to do another roll call, Pat? Okay.

1. Consent Agenda

Chair Harris said Consent Agenda is presented for action. I am requesting a motion and a second to approve the Consent Agenda for Items 1A through 1B, 1A and 1B.

Motion by Vice Mayor Edwards, second by Vice Mayor Adams.

And all those in favor? All those opposed? All right. It passes.

IT WAS MOVED BY VICE MAYOR EDWARDS, SECONDED BY VICE MAYOR ADAMS, AND UNANIMOUSLY CARRIED TO APPROVE THE CONSENT AGENDA, ITEMS 1A-1B.

2. Valley Metro RPTA Fiscal Year 2025 (FY25) Preliminary Operating and Capital Budget

Mr. Hillyard said thank you very much, Mr. Chairman. We'd like to have Ken Kessler, our CIO share with you, his information.

Mr. Kessler said good morning, Mr. Chair, members of the Board. Today, I'm going to be providing a high-level overview of the 2025 preliminary operating and capital budget. This information has been presented to your staff at Financial Working Group and RTAG as well as the Audit & Finance Subcommittee and the Transit Management Committee as well. So we're now getting to the full board with this information and we'll be coming back next month with a more detailed look at the budget as today's presentation is really more of a high-level view of the operating budget.

So here's estimates for the RPTA bus side comparing FY24 to '25 year over year changes for boardings, estimated miles to be delivered, gross operating cost and fare revenues.

And now looking at paratransit operations. Looking at forecasted trips compared FY24 current year to the proposed FY25 budget trips, gross operating costs, fare revenues and the cost per trip there.

And now moving on to the Ride Choice operations. Again, same metrics as paratransit looking at estimated trips for FY24 versus '25. Looking at significant growth as demand for that program continues to increase year over year.

And now looking at the uses of funds and the total operating and capital budget you can see that passenger service is by far the largest use of our funds in our total operating and capital budget followed by the VMR capital program. Just as a reminder, the public transportation funds that are part of the funding sources for the VMR capital program are administered by RPTA and so they are passed through from RPTA to VMR for those activities and we have substantial work going on right now and into next year on the VMR capital program.

And now looking at the operating and capital sources of funds. Public transportation funds the biggest part there followed by member city contributions for those projects. Now a programmatic look at the operating uses of funds. Fixed route operations year over year 6 percent increase driven primarily by a full year of the East Valley bus contract, that new contract that went into effect January 1. So just a half a year impact of that in the current year, next year, obviously, that will be a full year effect of that contract. And as well as other contracts that have built in year over year annual rate increases.

The demand services going up a little bit from current year mostly based on increase Ride Choice demand and estimated trips for that program. And then in the van pool program, you know, very large looking increase there but this is primarily due to what was touched on earlier with the van pool program we are moving from an agency provided vehicle to the vendor provided vehicle program. And so in the current year it's just a half a year that model so that new contract started January 1 of this year so next fiscal year we'll see a full year impact. And what that means is the cost of the vehicles is now really built into the contract that's paid through the operating budget with the vendor whereas previously the cost for the vehicles was in the RPTA capital budget. So the cost in the capital budget is no longer there and this really represents moving, shifting the cost of the vehicle provided by the vendor into the operating budget through that contract.

And the operating budget sources of funds. Again, primarily public transportation funds followed by member city contributions and federal funds as well.

Now, looking at the capital program for RPTA. Regional fleet being the largest capital program for the FY25 budget as well as currently there's a decrease year over year. Again, the fleet budget really that's based on the timing of when vehicles are received and paid for. And so, you know, even in the current year there's probably not going to realize that full $64 million just due to the timing of ordering fleet and the manufacturing timeline and receiving those vehicles.

And the on the sources side for the RPTA capital program. Public transportation funds. The carry forward, the reserves, that's really the fund balances in public transportation funds so those are funds where the revenue flowed in in prior years but was not used so those two together really the use of public transportation funds both funds that were earned in previous years and funds earned in the new year in the FY25 budget year. And then also federal funds make up a significant portion of the RPTA capital program as well.

And just wanted to touch on the passthrough funds. As a reminder, RPTA passes through funds for a variety of reasons.

Public transportation funds passthrough to VMR for the capital program. We do passthrough some regional area road fund and then as well the Arizona Lottery funds are administered by the Regional Public Transportation Authority on behalf of the County so those funds are disbursed out to the member cities as well as the County.

And then here's a look at the source of funds for those passthroughs. Again, the Lottery funds as I had mentioned, regional area road fund. And then the sources on the VMR side are reimbursements from VMR. As a reminder, all employees of the agency are technically employees of RPTA and so those individuals who are performing work for VMR those costs are incurred on the VMR side and VMR reimburses -- I'm sorry, they're incurred on RPTA side, VMR reimburses RPTA.

Vice Mayor Adams said I just have a quick question.

Vice Mayor Adams said Lottery funds, why is it (inaudible) $11.2. Like, doesn't the lottery go up and down?

Mr. Kessler said that's a formula that basically, it's not the exact same number every year but it's about $11.2 million each year.

Vice Mayor Adams said ds it's not going up?

Mr. Kessler said correct, yeah. Based the current legislation that governs that.

Vice Mayor Adams said okay. I just want to make sure we're getting our fair share.

Mr. Kessler said certainly. And lastly, just wanted to take a look at a recap of the key dates for the budget process. So we're here in March going through the high-level look at the budget with the various bodies. We did start on Tuesday with a deep dive with RTAG and Financial Working Group to look into the details and as you know, the RTAG process really is the month prior to the board cycle process so that's our first look at those details that will then be coming through the cycle for the month of April to the Audit & Finance Subcommittee, the management committees as well as the boards. And so that concludes my presentation. I'd be happy to answer any questions.

Chair Harris said are they any questions? Oh, oh, go ahead. Sorry.

Councilmember Tolmachoff said thank you. I do have a question, Ken. On slide 4, the baseline RPTA Ride Choice, it shows the trips increasing but the cost per trip decreasing and that's great, but can you explain how that works?

Mr. Kessler said myself, I don't have the details on that. I mean, I think it's really a matter of volume as it goes up there's efficiencies to be gained and I think Tom probably can answer more specifically to that.

Mr. Young said thank you for the question. One of the reasons that you see the unit cost go down is the way we structured the contract to where we have tiered ridership. As the ridership hits a certain peak, the administrative costs go down. So with the growth in the Ride Choice program right now the administrative fee is consistently going down as the trips go up.

The second piece of it is the blend between Uber and Lyft who are our most cost-effective providers right now with the majority of the trips being the individuals choosing one of those service providers.

So the two together, the service providers and the structure of the contract is helping keep the unit cost down.

Councilmember Tolmachoff said thank you. Mr. Chair, so this cost savings is passed on to cities, right? This is a Valley Metro program that multiple cities are now using and it's specifically for paratransit riders, these numbers are for paratransit riders only?

Mr. Young said first question, yes, it's passed onto the cities who's prescribed to the Ride Choice program. Each community has different eligibility criteria, so some communities have chosen to not only do paratransit eligible but also 65 and older. A couple communities does Veterans and low income also. So it's a very flexible program and each community can choose who they want eligible.

Councilmember Tolmachoff said this is good information because I'm trying to get Glendale to move in this direction so thank you for that.

Chair Harris said are there any more questions? All right. This presentation was for information only. Mr. Jim, is there anything that we need to add to this?

Mr. Hillyard said no, Mr. Chairman, thank you very much.

3. Report on Current Events and Suggested Future Agenda Items

Chair Harris said if there is none, we'll move onto the next item.

4. Next Meeting

The next Board meeting is scheduled for Thursday, March 21, 2024, at 11:15 a.m. With no further discussion the meeting adjourned at 12:01 p.m.

Information Summary

DATE **AGENDA ITEM 2**
April 11, 2024

SUBJECT
Paratransit Eligibility Assessment and Travel Training Services Contract Award

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to execute a contract with MTM Transit, LLC for the services of Paratransit Eligibility Assessment and Travel Training Services in an amount not to exceed $18,075,687 through June 30, 2034.

RECOMMENDATION
Staff recommends that the Board of Directors authorize the CEO to execute a contract change order with MTM Transit, LLC for the services of Paratransit Eligibility Assessment and Travel Training Services in an amount not to exceed $18,075,687 through June 30, 2034.

BACKGROUND/DISCUSSION/CONSIDERATION
In November of 2023, Valley Metro solicited for the services of Paratransit Eligibility Assessment and Travel Training Services through a competitive Request for Proposal process. This service provides in-person eligibility assessments for individuals applying for ADA paratransit services operated by Valley Metro and the Dial-a-Ride services operated by the Cities of Phoenix, Glendale, and Peoria. Valley Metro also provides fixed-route travel training for individuals with disabilities and seniors who wish to use bus or light rail service to meet at least some of their transportation needs.

The RFP was issued on November 22, 2023. A Pre-proposal meeting was conducted at the mobility center on December 5, 2023. No vendors attended in person, but two vendors attended virtually. Offers were received on December 29, 2023. In accordance with the solicitation instructions, the proposals were evaluated based on the following published evaluation criteria, which were developed by the program.

Evaluation Criteria	Points
Qualifications and Experience of the Firm	200
Qualifications and Experience of Assigned Personnel	200
Understanding/Approach to the Scope of Services	400
Price	200

The technical offers were evaluated by the selection committee made up with representation from the cities of Mesa and Peoria, and Maricopa County along with representatives from the program. The selection committee finalized the scores for the technical offer and Valley Metro staff finalized the evaluation of each firm's price proposal. The selection committee ranked the proposals and arrived at is award recommendation using a best-value process which allows for a contract award based on a combination of technical and cost factors. One firm was determined to be in the competitive range: MTM Transit, LLC. This firm was moved forward to negotiations and Best and Final Offers. Based on this process, the selection committee has selected MTM Transit, LLC. as the firm whose proposal offers the best value to the agency.

COST AND BUDGET

The cost for the Paratransit Eligibility Assessment and Travel Training Service, inclusive of all option years, is not to exceed $18,075,687 over the next 10 years. The project is included in the Valley Metro RPTA FY25 Operating and Capital Budget. Contract Obligations beyond FY25 are incorporated into the RPTA Five-Year Operating Forecast and Capital Program.

COMMITTEE PROCESS

RTAG: March 19, 2024 for information
TMC: April 3, 2024, approved
Board of Director: April 18, 2024 for action

CONTACT

Tom Young
Deputy Chief, Bus and Paratransit Operations
tyoung@valleymetro.org

ATTACHMENT(S)

None

Information Summary

DATE **AGENDA ITEM 3**

April 11, 2024

SUBJECT

Proposed October 2024 Service Changes

PURPOSE

To provide an update on the proposed October 2024 transit service changes and community outreach plan.

RECOMMENDATION

This item is for information only.

BACKGROUND | DISCUSSION | CONSIDERATION

Transit service changes are scheduled twice each year in April and October. In preparation for these service change dates, Valley Metro staff works closely with the Service Planning Working Group (SPWG), comprising representatives from Valley Metro member cities, to determine needed changes and to coordinate across jurisdictions. The SPWG meets monthly. The changes work in coordination with the five-year Short Range Transit Program (SRTP) as well as the Board-adopted Transit Standards and Performance Measures (TSPM) performance quartiles.

Changes have been proposed and continue to be discussed with the SPWG. Valley Metro staff is analyzing the proposed route changes in terms of the TSPM, Title VI impacts, defining possible fleet needs and all costs involved. The following is a list of all changes to be presented to the public for comment. More information about the potential route change will be provided on the Valley Metro website throughout the public outreach process. The proposed changes include two route extensions and two modifications. As a part of the public outreach process, impacts to paratransit service caused by fixed route changes will also be communicated to the public to solicit comments.

<u>Proposed Route and Schedule Changes:</u>

- Route 77– Baseline Rd: Extend all trips weekdays and weekends west to 83rd Avenue to serve the Gila River Indian Community Service Center.
- Route 13 – Buckeye Rd: Modify the route to terminate at the 24th Street Sky Train Station instead of at Sky Harbor Terminal 2.

Public Outreach
Valley Metro is conducting community outreach beginning in May to notify the public and solicit input on the proposed service changes. Comments will be accepted from 5/1/2024-5/31/2024. Customers can provide feedback through the following channels:

- On-site region-wide information sessions (based on service change impacts)
- Webinar/Public Hearing (third week in May 2024)
- Social media
- Via email at input@valleymetro.org

Valley Metro communicates these input opportunities through newspaper advertising (30 days in advance of the public hearing date – English and Spanish publications), news release(s), website, email, social media, city publications and targeted outreach at key locations.

Following the public review process and final review by the Service Planning Working Group, proposed service changes operated and/or funded by Valley Metro will be brought before the Board for action. This will include any actions necessary to adjust affected transit service operating contracts and Intergovernmental Agreements with member agencies.

COMMITTEE PROCESS
RTAG: March 19, 2024 for information
TMC: April 3, 2024 for information
Board of Directors: April 18, 2024 for information

CONTACT
Carol L Ketcherside AICP
Deputy Director, Service Planning & Scheduling
CKetcherside@valleymetro.org

ATTACHMENT
None

Information Summary

DATE **AGENDA ITEM 4**
April 11, 2024

SUBJECT
Valley Metro RPTA Fiscal Year 2025 (FY25) Preliminary Operating and Capital Budget and Five-Year Operating Forecast and Capital Program (FY25 through FY29)

PURPOSE
To provide budget details for the FY25 Preliminary Operating and Capital Budget and the Five-Year Operating Forecast and Capital Program (FY25 thru FY29)

RECOMMENDATION
This item is presented for information and discussion.

BACKGROUND/DISCUSSION/CONSIDERATION
The Valley Metro Regional Public Transportation Authority (RPTA) FY25 preliminary combined operating and capital budget (the budget) is $495.8 million and includes $94.6 million of expenses for light rail/high-capacity transit capital. The preliminary FY25 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.

Valley Metro began the FY25 budget process by carefully reviewing its operations to identify efficiencies and other potential reductions to the FY25 base operating budget. This resulted in a proactive reduction in the RPTA base operating budget of $8.1 million. The largest areas of reduction include one-time items in the FY24 budget not continuing into FY25, reductions in service due to cancellation of POGO and ZOOM routes, and City of Phoenix operated bus service funded with PTF.

From this starting point, ridership, economic factors outside the agency's control, contractual commitments, and the continued implementation of previously approved Board actions must be incorporated. For FY25, these non-discretionary items total $17.9 million, comprising 86% of the total increase, excluding base change, in the FY25 operating budget. Of this amount, four issues – contract rate increases (including Board-approved contract adjustments), ADA ridership growth, bus fuel costs, and implementation of the new fare collection system – comprise 88% of the total non-discretionary increase.

Additionally, Valley Metro recommends the Board adopt $2.7 million of increased spending for new initiatives in FY25. This includes funding for nine initiatives, listed below.

FY25 Valley Metro Staff Recommended Initiatives

Initiative#	Description	Amount
1	Service Promotions [3]	$ 250,000
2	Customer Digital Tools Enhancement [3]	$ 570,000
3	Enhanced Passenger Wayfinding and Communication [1]	$ 50,000
4	Enhanced Stakeholder Collaboration [3]	$ 39,000
6	Agency Cost of Living Adjustment (COLA) & Merit Award [2]	$ 1,062,000
7	Automated Passenger Counters (APCs) Validation [1]	$ 300,000
8	Improve Enterprise Asset Mgmt (EAM) System Utility [3]	$ 169,000
9	Replace End of Life IT Hardware [1]	$ 125,000
11	Automated Fuel Management System Implementation [3]	$ 300,000
15	Cybersecurity Risk Reduction [3]	$ 110,000
Total		**$ 2,975,000**

(1) One-time cost for FY25
(2) Annual ongoing cost
(3) Part one-time cost for FY25, part annual ongoing cost

*Initiative numbers are not sequential as some initiatives pertain to RPTA only, some VMR only, and some both RPTA and VMR. Initiatives listed here are those pertaining to RPTA only and the RPTA portion of those pertaining to both RPTA and VMR.

COMMITTEE PROCESS
Preliminary Budget Review:
Financial Working Group: February 20, 2024 for information
RTAG: February 20, 2024 for information
All Committees: March Cycle
Financial Working Group: March 19, 2024 for information
RTAG: March 19, 2024 for information
All Committees: April Cycle

Proposed Budget Adoption:
TMC: May 1, 2024 for action
AFS: May 2, 2024 for information
Board of Directors: May 16, 2024 for action

CONTACT
Ken Kessler
Chief Financial Officer

kkessler@valleymetro.org

ATTACHMENT
FTE Summary Sheet
Budget Initiatives

Valley Metro RPTA Fiscal Year 2025 (FY25) Preliminary Operating and Capital Budget & 5-Year Forecast

1

RPTA

FY25 Preliminary Budget

2

Strategic Framework

Connecting Communities & Enhancing Lives

Deliver Excellent Customer Experience

Invest in Our Talent

Prioritize Security on Transit

Leverage Data and Technology

Deliver on Stakeholder Collaboration

Strong Leadership

Board Governance

Operational Excellence

Financial Sustainability

VALLEY METRO

3

3

Detailed Initiative Write-Ups

Initiative #

Agency

Category

8	Improve Enterprise Asset Management (EAM) System Utility Leverage Data and Technology	
	Combined	VM Recommended

Description

In support of strategic plan goal to "Leverage Industry Best Practices and Innovations on Data and Technology" this initiative will enhance the Enterprise Asset Management (EAM) system to improve system utility. An enhanced EAM system will reduce time, error rates, and associated cost of rework of manual processes entering and transferring data between the EAM and associated systems. This will result in optimized maintenance strategies, increased operational reliability and efficiency of Valley Metro assets, and minimized asset downtimes. This translates into substantial cost savings over the asset lifecycle. Furthermore, compliance management will improve, helping ensure alignment with regulatory standards, mitigating risks and fostering a safer operational environment. Implementation and customization development support will be required from various vendors, however, $55,300 in annual Ellipse system maintenance costs will be eliminated once data transition is completed.

Item	RPTA	VMR	Note
EAM System Improvement	$169,000	$122,000	Trapeze and third-party professional services and customized development
Total	**$169,000**	**$122,000**	

4

VALLEY METRO

4

FY25 Operating Budget Format

Base Budget – FY 2024's approved services less efficiencies identified by Valley Metro.

Obligations

- Inflation/Market & Ridership – price, wage, and ridership changes.
- Continuing Commitments – continued implementation of actions or contractual terms previously approved by the Board.

Valley Metro Recommendations – changes Valley Metro recommends the Board make for FY 2025

FY 2025 Total Operating Budget

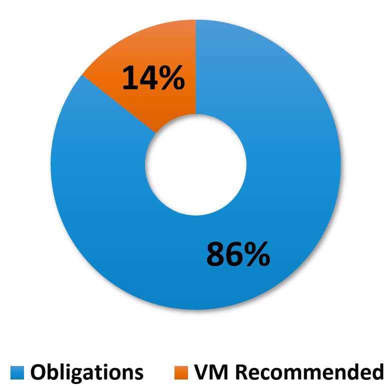
5

VALLEY METRO

5

Operating Budget Overview ($ millions)

RPTA				Obligations					
	FY 2024 Budget	FY 2025 Base	Change v FY24	Cont Commit	Inflation & Ridership	Total Obligations	VM Recommend	FY 2025 Budget	Total Change
Total	$ 265.2	$ 256.9	$ (8.3)	$ 16.2	$ 1.7	$ 17.9	$ 3.0	$ 277.7	$ 12.4



6

6

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

Uses of Funds	FY24	FY25	Change $	Change %
Fixed Route Operations	$174.4	$182.5	$8.1	5%
Demand Service Operations	54.9	56.9	2.0	4%
Vanpool Operations (1)	2.5	4.6	2.1	82%
Planning	4.4	4.3	(0.1)	-2%
Commute Solutions	1.5	1.6	0.1	8%
Administration and Finance	5.4	5.4	0.0	0%
Regional Services	22.1	22.3	0.2	1%
RPTA Operating	**$265.2**	**$277.7**	**$12.5**	**5%**

[1] Vanpool increase is due to a full year of a new contract, beginning 1/1/24, that includes the transition from Valley Metro purchased vehicles to contractor-provided leased vehicles.

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VALLEY METRO

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

Source of Funds	FY24	FY25	Change $	Change %
Public Transportation Funds	$179.6	$166.1	($13.5)	-8%
Regional Area Road Funds	5.1	5.2	0.1	2%
Member City Contributions	57.8	57.7	(0.1)	0%
Bus Advertising	0.8	0.8	0.0	0%
Federal Funds	12.6	15.5	2.9	23%
Federal Funds - COVID Relief	0.9	0.0	(0.9)	-100%
Fares	8.4	11.0	2.6	31%
MAG Funds	0.2	0.2	0.0	0%
Other	0.1	0.1	0.0	0%
Carry Forward & Reserves	0.0	21.1	21.1	0%
RPTA Operating	**$265.2**	**$277.7**	**$12.5**	**5%**

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VALLEY METRO

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RPTA Recommended Initiatives

9

Deliver Excellent Customer Experience

VM Recommended

Initiative #	Name	VM Recommended
1	Service Promotions	$ 250,000
2	Customer Digital Tools Enhancement	$ 570,000
3	Enhanced Passenger Wayfinding and Communication	$ 50,000
Category Total		**$ 870,000**

1. Market Valley Metro's services, benefits, and increase ridership
2. Website additional features, consistent with mobile app, and third-party services integration with the mobile app to provide convenient and seamless ridership experience
3. Bus stop regional signage audit, design and coordination

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VALLEY METRO

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Deliver on Stakeholder Collaboration
VM Recommended

Initiative #	Name	VM Recommended
4	Enhanced Stakeholder Collaboration	$ 39,000
Category Total		**$ 39,000**

4. Data portal publication to provide member agency staff real-time transit info and SMS stakeholder and rider outreach

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Invest In Our Talent
VM Recommended

Initiative #	Name	VM Recommended
6	Agency Cost of Living Adjustment (COLA) & Merit Award	$ 1,062,000
Category Total		**$ 1,062,000**

6. 2.5% Cost of Living Adjustment for all staff, up to 5% merit (3.5% average merit budget assumption) based on individual performance

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Leverage Data and Technology
VM Recommended

Initiative #	Name	VM Recommended
7	Automated Passenger Counters (APCs) Validation	$ 300,000
8	Improve Enterprise Asset Mgmt (EAM) System Utility	$ 169,000
9	Replace End of Life IT Hardware	$ 125,000
Category Total		**$ 594,000**

7. Federally required certification of automated passenger counters on regional fleet
8. Enhance current EAM to improve efficiencies and increase operational reliability
9. Lifecycle replacement of digital storage hardware and end-user IT equipment

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VALLEY METRO

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Operational Excellence
VM Recommended

Initiative #	Name	VM Recommended
11	Automated Fuel Management System Implementation	$ 300,000
Category Total		**$ 300,000**

11. Implement an automated fuel management system to optimize fueling and increase efficiency

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Prioritize Security on Transit
VM Recommended

Initiative #	Name	VM Recommended
15	Cybersecurity Risk Reduction	$ 110,000
Category Total		**$ 110,000**

15. Enhance and mitigate cybersecurity risk, addressing finding from Operational Technology Systems Cybersecurity Audit

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RPTA Obligations

16

Deliver Excellent Customer Experience
Obligations

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
17	Bus System Comprehensive Operational Analysis	$ 500,000	$ -	$ 500,000
Category Total		$ 500,000	$ -	$ 500,000

17

17

Leverage Data and Technology
Obligations

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
18	IT Contract Rate Annualization Increase	$ 162,000	$ -	$ 162,000
Category Total		$ 162,000	$ -	$ 162,000

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Operational Excellence
Obligations

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
19	Fare Collection System Implementation	$ 1,168,000	$ -	$ 1,168,000
	New Vanpool Contract	$ 2,103,000	$ -	$ 2,103,000
	Insurance Premium	$ 52,000	$ -	$ 52,000
	Claims Management and Insurance Brokerage	$ 6,000	$ -	$ 6,000
	Bus Service Rate Increase	$ 9,129,000	$ -	$ 9,129,000
	Demand Service Rate Increase	$ 1,503,000	$ -	$ 1,503,000
	Demand-Response Svc Mgmt System Implementation	$ 1,618,000	$ -	$ 1,618,000
21	ADA Ridership Growth	$ -	$ 885,000	$ 885,000
	Bus Fuel	$ -	$ 795,000	$ 795,000
Category Total		**$ 15,579,000**	**$ 1,680,000**	**$ 17,259,000**

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Prioritize Security On Transit
Obligations

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
20	Security Contract Rate Increase	$ 7,000	$ -	$ 7,000
Category Total		**$ 7,000**	**$ -**	**$ 7,000**

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Obligations Summary

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
17	Bus System Comprehensive Operational Analysis	$ 500,000	$ -	$ 500,000
18	IT Contract Rate Annualization Increase	$ 162,000	$ -	$ 162,000
19	Fare Collection System Implementation	$ 1,168,000	$ -	$ 1,168,000
	New Vanpool Contract	$ 2,103,000	$ -	$ 2,103,000
	Insurance Premium	$ 52,000	$ -	$ 52,000
	Claims Management and Insurance Brokerage	$ 6,000	$ -	$ 6,000
	Bus Service Rate Increase	$ 9,129,000	$ -	$ 9,129,000
	Demand Service Rate Increase	$ 1,503,000	$ -	$ 1,503,000
	Demand-Response Svc Mgmt System Implementation	$ 1,618,000	$ -	$ 1,618,000
20	Security Contract Rate Increase	$ 7,000	$ -	$ 7,000
21	ADA Ridership Growth	$ -	$ 885,000	$ 885,000
	Bus Fuel	$ -	$ 795,000	$ 795,000
Category Total		**$ 16,248,000**	**$ 1,680,000**	**$ 17,928,000**
Category % of Total		***91%***	***9%***	

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

Uses of Funds	FY24	FY25	Change $	Change %
Regional Fleet	$64.1	$18.1	($46.0)	-72%
Regional Facilities	1.4	6.2	4.8	346%
Other Regional Projects	5.5	8.4	2.9	53%
Member Agency Disbursements	9.7	12.3	2.6	26%
Debt Service	22.9	22.3	(0.6)	-2%
RPTA Capital	**$103.5**	**$67.3**	**($36.2)**	**-35%**

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

Source of Funds	FY24	FY25	Change $	Change %
Public Transportation Funds	$8.2	$0.1	($8.1)	-98%
Carry Forward & Reserves	35.5	43.8	8.3	23%
Federal Funds	59.6	23.3	(36.3)	-61%
Other	0.2	0.1	(0.1)	-52%
RPTA Capital	**$103.5**	**$67.3**	**($36.2)**	**-35%**

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

Uses of Funds	FY24	FY25	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	40.0	44.5	4.5	11%
VMR PTF Capital Funding	66.8	71.6	4.8	7%
VMR PTF Capital Reserve for Future Use	21.7	23.0	1.3	6%
RPTA Pass-Thru	**$140.1**	**$150.8**	**$10.7**	**8%**

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

Source of Funds	FY24	FY25	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	40.0	44.5	4.5	11%
VMR PTF Capital Funding Allocation	88.5	94.6	6.1	7%
RPTA Pass-Thru	**$140.1**	**$150.8**	**$10.7**	**8%**

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RPTA

FY25-29 Five-Year Forecast

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5-Year Operating Sources and Uses

	FY25	FY26	FY27	FY28	FY29	Total
Operating ($,000)						
Sources of Funds						
Advertising	$ 750	$ 825	$ 908	$ 999	$ 1,100	$ 4,582
Public Transportation Funds	166,123	189,241	192,905	196,617	201,084	945,971
Regional Area Road Funds	5,678	5,256	5,335	5,415	5,496	27,178
Member City Contributions	57,717	61,519	63,050	65,734	68,252	316,272
VMR Reimbursements	44,508	49,161	50,636	52,155	53,720	250,179
AZ Lottery Funds	11,200	11,200	11,200	11,200	11,200	56,000
Federal Funds	15,545	15,840	16,141	16,448	16,761	80,735
Carry Forwards & Reserves	21,072	-	-	-	-	21,072
Fares	11,036	11,842	12,702	13,324	13,976	62,879
MAG Funds	175	175	175	175	175	875
Other	80	1,133	2,207	3,303	4,421	11,144
Total Sources of Funds	**333,884**	**346,192**	**355,260**	**365,369**	**376,183**	**1,776,888**
Uses of Funds						
Fixed Route Operations	182,500	187,976	193,615	199,423	205,405	968,919
Demand Service Operations	56,944	58,907	60,092	62,536	64,949	303,428
Vanpool Operations	4,625	5,070	5,222	5,378	5,540	25,834
Planning	4,330	4,417	4,505	4,595	4,687	22,533
Commute Solutions	1,564	1,595	1,627	1,660	1,693	8,139
Regional Services and Administration	22,298	22,696	23,113	23,589	24,075	115,772
Adminstration and Finance	4,915	4,503	4,593	4,685	4,779	23,476
Operating Contingency	500	500	500	500	500	2,500
Pass-through Disbursements	56,208	60,528	61,493	63,002	64,556	305,787
Total Uses of Funds	**$ 333,884**	**$ 346,192**	**$ 354,760**	**$ 365,369**	**$ 376,183**	**$ 1,776,388**

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VALLEY METRO

5-Year Capital Sources and Uses

	FY25	FY26	FY27	FY28	FY29	Total
Capital ($,000)						
Sources of Funds						
Public Transportation Funds	$ 125	$ 29,348	$ 9,457	$ 15,540	$ 15,886	$ 70,356
Federal Funds	23,252	23,686	29,937	32,763	32,700	142,338
Other	88	95	117	120	111	531
Carry Forward & Reserves	43,833	3,493	-	-	-	47,326
VMR Public Transportation Funds Program	94,624	54,794	9,999	10,449	10,919	180,785
VMR Public Transportation Funds Reserve	-	96,592	-	-	-	96,592
Total Sources of Funds	**161,922**	**208,008**	**49,510**	**58,872**	**59,616**	**537,928**
Uses of Funds						
Regional Fleet	18,149	20,750	28,757	31,934	32,757	132,347
Regional Facilities	6,153	2,004	2,026	2,056	1,076	13,315
Other Regional Projects	8,400	5,974	5,305	5,464	5,628	30,771
Member Agency Disbursements	12,312	5,650	3,423	8,969	9,236	39,590
Debt Service	22,284	22,244	-	-	-	44,528
Rail Program Disbursements	71,589	151,386	1,391	1,302	641	226,309
VMR Reserve for Future Use	23,035	-	8,608	9,147	10,278	51,068
Total Uses of Funds	**$ 161,922**	**$ 208,008**	**$ 49,510**	**$ 58,872**	**$ 59,616**	**$ 537,928**

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VALLEY METRO

Recap of Important Dates

Committee/Boards/FWG	
February 20, 2024	Present High Level Budget to City Staff (FWG & RTAG)
March	Present High Level Budget to Committees & Boards - for Information
March 19, 2024	Detailed Initiative Discussion & 5-Year Plans with City Staff (FWG & RTAG)
April Cycle	Present Annual Budget with Initiatives - for Information
April 4, 2024	Detailed Initiative Discussion with AFS
May Cycle	Present Annual Budget with Initiatives & 5-Year Plans - for Action

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1	**Service Promotions** Deliver Excellent Customer Experience	
	Combined	**VM Recommended**

Description

In support of strategic plan goal to “Deliver Excellent Customer Experience,” this initiative would focus on marketing strategies and tactics to promote our services and their benefits, helping to create positive brand awareness as well as seek to increase ridership and usage of our modes and tools.

Bus Ridership Campaign

Valley Metro is recommending this campaign to seek to increase brand awareness, understanding of system availability and benefits and ridership on Express/RAPID (commuter) bus service and local bus routes. Bus ridership remains sluggish following the pandemic on local service, and most markedly on our Express/RAPID routes. The purpose of this program is to increase awareness of Valley Metro’s affordable, reliable and safe transportation options that connect riders to the important destinations in their lives, including work, school, shopping, and special events. Target audiences will likely include new residents and households, growing communities, businesses, and employment centers, developing corridors, current or recent former riders, and the public. A detailed plan will be informed by data from Service Planning and market research, and in collaboration with member cities. This -campaign will be active across the first half of FY25 (~July – Nov. 2024) and evolve, as determined by data/trends, into 2025 and beyond. Tactics will include a mix of print materials, print advertising, geo-targeted digital/social media buy, outreach, partnerships, etc.

Diamondbacks Ticket Partnership Marketing Campaign

Valley Metro Rail directly connects to several major entertainment and sports venues and/or special events, providing convenient, easily accessible, safe one-seat rides to a broad cross-section of current and potential rail riders. Events are also a way get on board with public transit, with a crowd of like-minded fans and easy-to-navigate experiences, paving the way for return ridership. Special event-based ticket partnerships have proven to drive ridership, with some of our highest rail ridership days being those with major events at our partner venues, and they help with brand visibility and provide a guaranteed revenue stream. VMR has successful ticket partnerships with Footprint Center and Phoenix Rising Football Club, and we’re seeking a similar agreement with the Arizona Diamondbacks beginning during their 2024 season. The Diamondbacks organization and Valley Metro staff are engaged in defining a potential ticket partnership. If this partnership comes to fruition and generates requisite fare revenue, these marketing dollars would be deployed to launch the inaugural program, market our partnership and push ridership. The budgeted amount would be used to create marketing material, including but not limited to videos and graphics to co-brand the new partnership shared via Diamondbacks, Chase Field, and Valley Metro communication channels. This initiative is contingent upon a revenue-generating ticket partnership and this level of support (at $100k) would be for the inaugural year of the program. Ongoing marketing does remain at a lower level.

Item	RPTA	VMR	Note
Bus Ridership Campaign	$250,000		
Diamondbacks Ticket Partnership Marketing Campaign		$100,000	Market ticket partnership within stadium and throughout Valley to expand ridership and excellent customer experiences on the rail system
Total	**$250,000**	**$100,000**	

2	**Customer Digital Tools Enhancement** Deliver Excellent Customer Experience	
	RPTA	**VM Recommended**

Description

In support of strategic plan goal to "Deliver Excellent Customer Experience" this initiative would support enhancements of the digital tools used by riders to provide for more convenient and seamless experiences for transit journeys across the Valley. Improvements and additional features are recommended for the Valley Metro website as well as additional features and integration of the Valley Metro mobile app.

Website Feature Additions and Improvements

In 2021, Valley Metro's mobile app was replaced with a new app from the new Fare Collection System to support trip planning, mobile payments, etc. As a result, Valley Metro's existing website and mobile app now have different appearances and functionality. This initiative will allow modifications the website to make it consistent with the mobile app and add new features and improvements to the customer experience by providing a unified customer experience ensuring customers receive consistent information and digital features.

Third Party Mobile Services Integration - Mobile App

Valley Metro will work with mobile app vendor Vix to improve the user experience, add new features, and integrate micro transit into Valley Metro's mobile app to allow riders to use this mode as a component of the regional transit network. This will eliminate the need for riders to navigate multiple apps and payment portals, including third-party apps, in order to successfully plan, pay for, and execute multi-modal trips involving services outside of bus and rail (e.g. paratransit, micro transit).

Item	RPTA	VMR	Note
Vix VM mobile app customized development	$500,000	$0	
Kirschbaum Development Services Expansion	$70,000	$0	
Total	**$570,000**	**$0**	

3	Enhanced Passenger Wayfinding and Communication Deliver Excellent Customer Service	
	Combined	VM Recommended

Description

In support of strategic plan goal to “Deliver on Stakeholder Collaboration” this initiative will evaluate current system signage with a focus to improve passenger wayfinding. Additionally, a education program is recommended to inform customers about how to effectively navigate the new two-line rail system that will begin revenue service in mid-2025.

Bus Stop Regional Signage Audit, Design & Coordination

Updating bus stop signage provides at-stop communications with riders and will help create a process to unify signage and the rider experience across the entire system. With the evolution of NextRide, discussions with member agency staff have begun regarding existing bus stop signage, improvements and placement at more than 8,000 bus stops.

This initiative would commence in FY 2024 with Valley Metro’s wayfinding/signage vendor to develop bus stop signage concepts, including additional research and coordination with member agencies on how each jurisdiction currently creates, produces and installs bus stop signage. Potential cost saving and coordination benefits include producing consistent regionally branded signage with a single manufacturer and creating volume discounts across the region. This initiative does not include the costs to replace or install signage for over 8,000 bus stops across the region.

Rail System Signage Audit

Valley Metro staff recommends conducting an audit of rail system signage to inventory what is currently posted, sign conditions, ADA accessibility, and passenger comprehension ahead of installation of additional signage for two-line system wayfinding. Signage clutter impacts customer comprehension and ease of use of the system, creating confusion, decreasing satisfaction and creating barriers to increasing ridership. Signage in poor condition creates a negative impression of system, impressions regarding overall safety and impacts overall customer experience. The audit will also help track and manage lifecycle maintenance costs.

Two Line Rail System Educational Campaign

The light rail system in existence since December 2008 will go from a one-line to a two-line operation in mid-2025. There has been a lot of work over the years, including into this fiscal year, to develop a signage and wayfinding program incorporating rider and community feedback. This effort includes communicating upcoming service changes so riders understand how to navigate the new system and access their destinations with ease. Without a marketing and communication program, riders will have little education on how to effectively navigate the new system, leading to confusion and overall dissatisfaction with the regional system Effective messaging helps create a more user-friendly regional transit system, making service more efficient and enhancing the rider experience.

Item	RPTA	VMR	Note
Rail System Signage Audit		$100,000	
Bus Stop Regional Signage Design	$50,000		Design would occur through current Wayfinding consultant
Two-line Rail System Educational Campaign	$0	$200,000	Marketing campaign to educate on two-line system passenger and wayfinding changes
Total	**$50,000**	**$300,000**	

4	**Enhanced Stakeholder Collaboration** Deliver on Stakeholder Collaboration	
	Combined	**VM Recommended**

Description

In support of strategic plan goal to "Deliver on Stakeholder Collaboration" this initiative includes additional licensing to provide member jurisdictions better access and usability of data and a new tool to connect with diverse, hard to reach, underserved communities in the region.

Data Portal Publication

This initiative seeks to acquire additional licensing to allow the existing Tableau data portal to be provided to member agency staff allowing them access to real-time reports and dashboards, including the ability to download and review the raw data. Currently, these capabilities are restricted and assigned to certain agency staff; data is reserved and published in static snapshot reports published periodically via the Valley Metro website.

SMS Stakeholder & Rider Outreach

Staff recommends implementing an SMS text-based outreach tool with a focus on existing riders in addition to establishing communication with stakeholders whom we do not have an existing relationship with and are not subscribed to one of our existing communication channels. This initiative is focused on connecting with, and incorporating feedback from, diverse, hard-to-reach and underserved communities.

Item	RPTA	VMR	Note
Additional reporting platform licensing	$19,000	$14,000	Additional Tableau licensing to allow internal users and external stakeholders to view real-time, filterable reports
Third Party Outbound Texting	$20,000	$0	A third-party solution allowing cold SMS outreach to potential riders/stakeholders without the risk of our established digital communication channels being censored for SPAM
Total	**$39,000**	**$14,000**	

5	**Construction Contract Performance Audit** Financial Sustainability	
	VMR	**VM Recommended**

Description
In support of strategic plan goal "Financial Sustainability" this initiative will help Valley Metro ensure construction costs charged by contractors are appropriate and comply with contract terms. Construction projects are an area of high risk in the public transit industry due to the size and scope of these projects and the expense associated with completing these types of projects. This audit would allow Internal Audit function to engage a consultant with expertise in the public transportation construction area to determine whether Valley Metro performance metrics and management practices for construction contracts meet industry best practices and that performance metrics are working as intended in current light rail projects. This exercise will provide benchmarking Valley Metro performance with the performance of peer agencies and identify recommendations for improvement within construction contracting.

Item	RPTA	VMR	Note
Construction Contract Audit		$125,000	
Total	**$0**	**$125,000**	

6	**Agency Cost of Living Adjustment (COLA) & Merit Award** Invest in Our Talent	
	Combined	**VM Recommended**

Description

In support of the strategic plan goal to "Invest in Our Talent" this initiative would allow Valley Metro to be more competitive in the labor market to attract and retain employees critical to effectively and efficiently provide and manage regional transit service. Until recent months inflation in the Phoenix Metropolitan Area had been consistently among the highest in the country. Inflation reached 13.0% in the Valley in August 2022 and gradually decreased to 8.5% in February 2023. From December 2020 to February 2023, inflation increased by 21.6% in aggregate. While inflation has slowed recently, year over year inflation in the region was 2.7% for January 2024. The January 2024 unemployment rate of 3.4% is still well below the 30-year average of 5.0% in the Valley.

Valley Metro's workforce has improved slightly over the first six months of the year as compared to last year, however it continues to face challenges. Valley Metro's annualized 90-day average turn-over rate was 22% for FY23 and is 14% thus far this year. Additionally, local member agencies have been surveyed and some have indicated planned modest wage adjustments for FY25 in order to enhance employee recruitment and retention competitiveness. Consistent and commensurate with adjustments being considered by member agencies, Valley Metro staff recommends an employee market adjustment comprised of a 2.5% cost of living adjustment and up to 5% merit award.

Item	RPTA	VMR	Note
3.5% Merit Increase	$620,000	$916,000	
2.5% COLA Increase	$442,000	$652,000	
Total	**$1,062,000**	**$1,568,000**	

7	**Automated Passenger Counters (APCs) Validation** Leverage Data and Technology	
	RPTA	**VM Recommended**

Description

In support of strategic plan goal to "Leverage Industry Best Practices and Innovations on Data and Technology" this initiative would involve the validation of Clever Devices bus automatic passenger counters (APCs) on RPTA operated buses. This will establish that the accuracy level of the data produced by the APCs is acceptable for National Transit Database (NTD) reporting, and by extension monthly regional and other ad hoc reporting to member cities for budgeting and accounting purposes. Until these counters are certified, Valley Metro is required to report and rely on farebox data, which is typically subject to more errors than APC technology. Once the APCs are validated, we can transition from farebox-based ridership to APC-based ridership. The bus APCs are currently reporting higher ridership than the fareboxes. Yet we are unable to use bus APC ridership data to ascertain more accurate ridership numbers for reporting purposes because the APCs are not validated and certified. APC certification will also eliminate the need for operators to collect hand counts on circulator routes without fareboxes, and will provide the agency the utility of a reliable APC system that has been lacking.

This initiative is critically important and necessary because extensive time and resources have been invested in the installation and maintenance of the Clever APC system to produce reports for which the reliability has not yet been validated. This initiative will also complement the City of Phoenix's similar forthcoming effort on their bus fleet, which is also equipped with the Clever APCs and requires validation.

The long-term benefits are many, including but not limited to having a better representation of actual ridership, operational costs and service demand. APCs provide data about where riders get off of the bus, in addition to where they get on. Additionally, Planning staff will free up substantial resources currently spent on statistical adjustments needed to massage APC data into presentable reports and maps and gain access to more accurate ridership data for use in service planning and decision making; for NTD reporting; and for general reporting to the public.

Item	RPTA	VMR	Note
Validate APCs for NTD Reporting	$300,000		
Total	**$300,000**	**$0**	

8	**Improve Enterprise Asset Management (EAM) System Utility** Leverage Data and Technology	
	Combined	**VM Recommended**

Description

In support of strategic plan goal to "Leverage Industry Best Practices and Innovations on Data and Technology" this initiative will enhance the Enterprise Asset Management (EAM) system to improve system utility. An enhanced EAM system will reduce time, error rates, and associated cost of rework of manual processes entering and transferring data between the EAM and associated systems. This will result in optimized maintenance strategies, increased operational reliability and efficiency of Valley Metro assets, and minimized asset downtimes. This translates into substantial cost savings over the asset lifecycle. Furthermore, compliance management will improve, helping ensure alignment with regulatory standards, mitigating risks and fostering a safer operational environment. Implementation and customization development support will be required from various vendors, however, $55,300 in annual Ellipse system maintenance costs will be eliminated once data transition is completed.

Item	RPTA	VMR	Note
EAM System Improvement	$169,000	$122,000	Trapeze and third-party professional services and customized development
Total	**$169,000**	**$122,000**	

9	Replace End of Life IT Hardware Leverage Data and Technology	
	Combined	VM Recommended

Description

In support of strategic plan goal Leverage industry best practices and innovations on data and technology this recommendation seeks to update critical information technology (IT) tools. Maintaining modern technology systems and hardware is vital to the efficient operation of Valley Metro, and it is recommended that the agency replace aging digital storage hardware and end-user IT equipment.

Agency Digital Storage Hardware Refresh

Enterprise storage hardware that was implemented in the mid-2010's will reach the manufacturer's end-of-life in October 2024, and therefore, must be replaced. This initiative also includes software providing for the implementation of a more robust, rapid disaster recovery ability allowing us to fail over more quickly in the event of a significant issue such as a power or network failure.

Without this initiative we will be in a position where the manufacturer will no longer support or provide parts for the storage hardware, meaning that we may be unable to recover from any firmware, software, or hardware failures past that point, depriving agency staff of access to data and mission-critical internal applications. In the event of a significant failure, it will require hours to shift digital operations to our backup site rather than a matter of minutes.

End-User IT Equipment Refresh

This initiative replaces end-user IT equipment that has exceeded its standard useful lifecycle (four years for mobile devices, five years for desktops) or whose manufacturer has declared it end-of-life. This covers 53 computers and laptops along with 13 VoIP phones, the majority of which were purchased at the beginning of the pandemic and will reach or have exceeded their replacement cycle in FY25. Replacing this equipment is essential to avoiding reduced productivity caused by the use of slow, unreliable computers and laptops.

Agency Digital Storage Hardware (Storage Area Network) Refresh	$63,000	$45,000	Hardware maintenance, software updates, and service subscriptions for four Enterprise SAN units, along with software allowing automated and rapid disaster recovery failover of mission-critical systems from the primary data center (Aligned Energy) to the secondary site (OMC)
End-user IT Equipment Refresh	$62,000	$45,000	Computers (53) and phones (13) that have reached the end of their useful lifecycle
Total	**$125,000**	**$90,000**	

10	Audit Recommended SCADA Specialist (Cyber-Security) Operational Excellence	
	VMR	**VM Recommended**

Description

In support of strategic plan goal of "Operational Excellence" this initiative would support adding a SCADA Specialist to provide more effective and efficient management of the SCADA system. SCADA (Supervisory Control and Data Acquisition) systems are essential for improving rail transportation safety and efficiency. This initiative is an OT cybersecurity audit recommendation for continued SCADA and IT/OT assessments.

There is currently two SCADA administrators that support the SCADA system. These two individuals need to respond to issues that may affect this critical system 24 hours a day, 365 days a year. In addition to the regular support of this system they must also support a vast majority of integration testing that is needed for our rail expanding system. This workload is not reasonable for two individuals, and additional resources are needed for adequate coverage and succession planning purposes. This is a critical role that takes a significant amount of site-specific training and Valley Metro must be prepared to support an expanding SCADA system.

Item	RPTA	VMR	Note
Salary and Fringe		$119,000	
Equipment		$9,000	Workspace, Laptop, monitor, keyboard, etc.
Total	**$0**	**$128,000**	

11	Automated Fuel Management System Implementation Operational Excellence	
	RPTA	VM Recommended

Description
In support of strategic plan goal for “Operational Excellence” this initiative is to implement an automated fuel management system for the Valley Metro bus fleet recommended to optimize the refueling process and realize associated efficiencies. This system would automate the current manual process for tracking fueling, coolant, diesel exhaust fluid (DEF) and mileage, providing significantly more accurate and timely data on buses’ consumption of commodities. This will allow maintenance staff to better identify issues with buses consuming greater than expected commodities and more promptly make needed repairs.

Item	RPTA	VMR	Note
Fuel Focus Implementation	$300,000	$0	Implementation of an automated fuel management system including pump and vehicle hardware and management software
Total	**$300,000**	**$0**	

12	Blue Stake Base Map Updates Operational Excellence	
	VMR	**VM Recommended**

Description

In support of strategic plan goal of "Operational Excellence" this initiative would update our utility base files with 811 services to ensure we are notified anytime anyone plans to dig near VMR's underground utilities. This update is needed to mitigate the risk of 811 locating services providing the public with outdated or incomplete information on Valley Metro's underground utilities, as well as ensuring we are notified to locate our utilities when underground contractors call in a Blue Stake ticket. Updating the Blue Stake maps will help protect our underground utilities and avoid any costly repairs due to an unmarked utility strike. Valley Metro will gain efficiency in labor costs for in-house blue stake locating efforts. The base file updates to aerial mapping and known existing conditions will enable staff faster and more accurate locating.

Item	RPTA	VMR	Note
Utility Consultant		$200,000	The amount was based on dollar amounts spent in previous years and related projects
Total	**$0**	**$200,000**	

13	Enhanced Facility Cleaning and Oversight Operational Excellence	
	VMR	**VM Recommended**

Description

In support of strategic plan goal of "Operational Excellence" this initiative will enhance the cleanliness of light rail and streetcar platforms addressing the perception of safety and cleanliness, making the system more appealing to riders. To provide better oversight and quality assurance/quality control for cleaning services over the entire rail system, staff recommends bringing pressure washing services in-house and adding a Cleaning Services Coordinator.

Pressure Washing Staff and In-House Resources

Hire three (3) Pressure Washers to better clean and maintain the current alignment. This will reduce the DMS Cleaning Services contract by $324,000 to initially fund this initiative in FY25. In-house cleaning services will also require three Ford F-250 trucks, three pressure washers/trailers along with the required fuel, insurance, supplies and uniforms. Although this effort requires an up-front investment in equipment in addition to the ongoing costs for the positions, equipment maintenance, fuel and insurance, this initiative will generate savings after this work is performed in house for four years. Annual savings after year four is estimated to be $80,000 - $90,000, which will generate the funding needed to replace equipment at the end of its useful life and still result in a net annual savings of approximately $50,000. Also, bringing this work in-house will provide more timely response to graffiti removal, cleaner stations and improved customer experience by addressing the perception of safety and cleanliness of the system by providing better management and oversight of in-house employees versus contract staff.

Cleaning Services Coordinator

Adding a Cleaning Services Coordinator will allow Valley Metro to better serve our customers and assume a higher level of oversight and ownership of the services performed by our facilities maintenance cleaning services contractor. Currently we have oversight of the first shift contracted cleaning services while the second shift represents an area of improvement. A Cleaning Services Coordinator staffed on second shift will provide Valley Metro and our customers with much needed QA/QC of the cleaning services performed at our passenger stations, rolling stock and support facilities. Currently, most of our cleaning effort is performed on the second shift. Weekly hours of cleaning services performed:

First shift – 34%
Second shift – 66%

Item	RPTA	VMR	Note
Salary and Fringe		$280,000	
Three (3) Ford F-250 Trucks, Pressure washers, Trailers		$273,000	
Equipment		35,000	Workspace, Laptop, monitor, keyboard, etc.
Total	**$0**	**$588,000**	

14	**South Central Extension Staffing for Revenue Service** Operational Excellence	
	VMR	**VM Recommended**

Description

In support of strategic plan goal of “Operational Excellence” this initiative includes the additional staffing needed for revenue service of the South Central Extension/Downtown Hub (SCE/DH) light rail project. These positions will increase oversight and quality assurance/quality control over the service management and contractor operations to improve the overall customer experience, increase engagement with internal/external stakeholders, and allow for increased staff development opportunities. The 5.5-mile SCE/DH will connect with the current light rail system in downtown Phoenix and operate south to Baseline Road. The project also includes a transfer hub in downtown Phoenix, eight new stations and two park-and-rides, transitioning the current one-line system to a two-line system. It is currently anticipated the SCE/DH project will transition from the construction phase to revenue operations in mid- 2025. Since the extension will commence revenue operations in FY26, there are no operating costs associated with these positions in FY25, but they need to be filled ahead of revenue operations for training and system testing and start-up activities. All costs incurred ahead of revenue operations will be funded through the capital project

Transportation Positions:

- Assistant Rail Manager – oversee A line, oversee the CED program, coordinate special events, monitor Guard-Tek system, review video, Safety Committee responsibilities, on call and Rail Activation responsibilities.
- Assistant Rail Manager – oversee and monitor the workflow of OCC and Dispatch to ensure quality oversight and affirm contract compliance, monitor the deliverables of any software upgrades to include SCADA additions to ensure adequate oversight and that the upgrades are fully implemented As we onboard a two-line system, it is imperative that the oversight of the workflow and transition period is closely monitored for assurance of a smooth transition.
- Rail Operations Coordinator – support SCE integration testing, assist with testing and commissioning of additional LRV’s, assist with additional field audits, event support, and auxiliary incident review.
- Customer Experience Coordinator (2) - Customer Experience Coordinators serve as the "eyes and ears" on the system, interacting with customers and the public also while working with operations and security personnel to monitor, report and make decisions on service, security and maintenance activities to support a positive customer experience along the light rail line.

Maintenance Positions:

- Traction Power (3) - support the additional inspections and maintenance of substations and overhead catenary to support the opening of the South Central project.
- Signal Technician (2) – support the additional inspections and maintenance of signaling equipment (switches, grade crossings, and TVM’s) that will be added to the alignment from the opening of the South Central project. This position will also be responsible for the new Mobile fare validator maintenance and repair.
- Track Maintainer (2) – these positions are to support the additional track inspections and maintenance to support the opening of the South Central project.
- Communication Technician (2) - support the additional inspections and maintenance of communications equipment (TVM’s, Cameras, Emergency Call Boxes, VMB’s) that will be added to the alignment from the opening of the South Central project. This position will also be responsible for the new Mobile fare validator maintenance and repair.

- Electro Mechanic (3) – performs a variety of skilled mechanical and electrical duties involved in performing inspections, preventive and corrective maintenance, and troubleshooting on all mechanical and electrical systems for rail vehicles.
- Mechanic – performs a variety of skilled mechanical and minor electrical duties involved in performing inspections, preventive and corrective maintenance, and troubleshooting on all mechanical and electrical systems for rail vehicles.
- SCADA Specialist – this position is to support a 24 hour, 7 days a week Operations Control Center. This position will be onsite during off hours to support Maintenance of Way and OCC personnel. Having this person on site will expedite SCADA trouble calls timelier and more efficient.

Administrative Position:
Public Information Specialist - As transit service continues to expand and we move into a multi-line rail system, additional staffing is required to manage the communications needs for the expansion of our regional transit system. This includes supporting increased needs in media relations, social media and the continual expansion of digital platforms. The existing Communications staffing of two public information staff has remained static since 2012, while the system has grown significantly as well as the needs of riders, stakeholders and expectations for increased and more transparent and real-time communications.

South Central Extension / Downtown Hub Transportation and Maintenance new FTE Request

Position [1]	Qty	Salary & Benefits	Equipment	Total
Transportation				
Assistant Rail Manager	1	$ 146,000	$ 9,000	$ 155,000
Assistant Rail Manager [2]	1	75,000	9,000	84,000
Rail Coordinator	1	101,000	9,000	110,000
Customer Experience Coordinator [2]	2	182,000	4,000	186,000
Maintenance				
Communications Systems Technician [2]	2	144,000	4,000	148,000
Electro-Mechanical Technician (Rail Vehicle) [2]	3	228,000	6,000	234,000
Rail Vehicle Mechanic [2]	1	66,000	2,000	68,000
SCADA Specialist [2]	1	89,000	9,000	98,000
Signal Systems Technician [2]	2	144,000	4,000	148,000
Track Maintainer [2]	2	122,000	4,000	126,000
Traction Power Systems Technician	3	318,000	6,000	324,000
Administrative				
Public Information Specialist	1	98,000	9,000	107,000
Total		**$ 1,713,000**	**$ 75,000**	**$ 1,788,000**
		Less Capital Allocation		$ (1,788,000)
		Total Operating Cost		**$ -**

[1] *Will charge to SCE/DH capital project until revenue SCE is in revenue operations (est. July 25)*

[2] *Partial year hire, will charge to SCE/DH once in revenue operations (est. July 25)*

Item	RPTA	VMR	
Salary and Benefits		$1,713,000	
Equipment		75,000	Workspace, Laptop, monitor, keyboard, etc.
Less Capital		-$1,788,000	
Total	**$0**	**$0**	

15	**Cybersecurity Risk Reduction** Prioritize Security on Transit	
	Combined	**VM Recommended**

Description

In support of strategic plan goal to "Prioritize Security on Transit" this initiative will enhance Valley Metro's efforts in mitigating cybersecurity risk. This initiative addresses multiple findings from the 2023 Operational Technology (OT) Systems Cybersecurity Audit. Currently we have systems that are vulnerable to well-established malicious attacks and may not be able to run modern applications, as well as the increased risk of an OT network that is monitored only for operational failures (is the device online) and not security events (is the device compromised).

Information Technology Cybersecurity Tool Refresh
The Information Security team is seeking to replace two key tools that are lacking capabilities: Endpoint Detection and Response and Email Security. These tools work together to protect agency technology including computers from being compromised by phishing attacks, ransomware, and other forms of malware. Moving to better preforming tools will improve our capability to detect malicious activity and reduce the number of false positive events that result in legitimate emails 'disappearing' into quarantine or cause other applications to perform poorly.

Operational Technology Cybersecurity Updates
The Information Security and Maintenance of Way teams need to update the existing OT server and workstation operating systems as well as expand the cybersecurity monitoring tools used to secure the IT network to cover the OT network as well.

Item	RPTA	VMR	Note
IT Security Enhancements	$77,000	$55,000	Subscription and implementation services for a replacement Endpoint Detection & Response (EDR, functionality of an antivirus software plus advanced protection against a wider range of threats) and Email Security Appliance.
OT Security Enhancements	$33,000	$71,000	Additional licensing to expand EDR, vulnerability scanning, and log monitoring to the OT network, as well as upgrading OT's expired VMware platform, Windows Server (10), and Windows (50) operating systems to supported versions.
Total	**$110,000**	**$126,000**	

16	Rail Safety Specialists Prioritize Security on Transit	
	VMR	VM Recommended

Description

In support of strategic plan goal to "Prioritize Security on Transit" this initiative adds two Rail Safety Specialist II's to support system safety, resulting in greater system safety oversight to reduce system safety risk. These positions are elevated Safety Specialist roles in the Safety, Security, Quality Assurance Division, and will be specifically required to support and interact with the Arizona Department of Transportation (ADOT) Risk Based Inspection Program as directed by the Federal Transit Administration. The objective of these positions is to work the system in line segments, assigning each specialist to an area to assess, track and trend incidents, events and apply proper mitigations/recommendations in concert with the operations and maintenance personnel.

State and Federal safety requirements for transit agencies have significantly increased with the CFR 49 Parts 670, 671, 672, 673, 674 and the Bipartisan Infrastructure Law. By industry standards, and as noted in the 2023 APTA Safety and Security Peer Review, Valley Metro's Safety Department is significantly understaffed. Allocating additional personnel who are tasked and responsible for identifying hazards and mitigating risks may reduce the likelihood of costly investigations or reviews by FTA/ADOT.

Item	RPTA	VMR	Note
Salary and Benefits	$0	$206,000	Two positions
Equipment	$0	$18,000	Workspace, Laptop, monitor, keyboard, etc.
2 Vehicles		$68,000	Ford Escape and extended warranty
Total	**$0**	**$292,000**	

17	Continuing Commitments Deliver Excellent Customer Experience	
	Combined	Continuing Commitment

Description

Rail Vehicle and Facility Cleaning Costs
Valley Metro contracts with DMS to provide cleaning services for rail vehicles and facilities for both light rail and streetcar. This contract has an annual escalation rate defined in the existing contract.

Comprehensive Operational Analysis (COA)
The Valley Metro Board of Directors previously approved the solicitation for a Comprehensive Operational Assessment (COA) of the existing regional transit network to evaluate of the service area in Maricopa County for the purpose of increasing mobility value, effectiveness, resource efficiency and equity for residents and riders. This effort will support recommendations to improve transit service with a focus on productivity, regional travel, and emerging transit markets, in addition to future improvements aimed at addressing unmet transit needs and regional transit priorities. This effort will be led by Valley Metro, in coordination with MAG and in partnership with the City of Phoenix. It will provide the most efficient and effective service with available resources and help induce ridership across our communities. This is a continuation of the previously approved FY24 VM Recommended initiative.

Item	RPTA	VMR	Note
Rail Vehicle and Facility Cleaning Costs	$0	$212,000	
Transit System Comprehensive Operational Analysis	$500,000	$0	
Total	**$500,000**	**$212,000**	

18	Continuing Commitments Leverage Data and Technology	
	Combined	Continuing Commitment

Description

Information Technology Contract Rate Annualization Increase
Valley Metro uses a range of software and services in its daily operations. All of the software and services listed below reflect the continued use of products previously approved by the Board. Their FY25 costs are increasing for several reasons:

- Annual rate increases included in multi-year contracts (e.g., AccountabilIT, Cisco, Microsoft)
- Annualization of partial year increases in FY 24 (e.g., Swiftly, OpenGov)
- Increased usage (Oracle ERP, Manage Engine)

Item	RPTA	VMR	Note
IT Contract Rates and Annualization	$162,000	$282,000	
Total	**$162,000**	**$282,000**	

19	Continuing Commitments Operational Excellence	
	Combined	Continuing Commitment

Description

Claims Management Services and Insurance Brokerage and Consulting Services
The contract with Valley Metro's current insurance broker is expiring May 2024. A new RFP was authorized by the Board of Directors in August 2023, with a contract anticipated in FY25. To secure an agency broker to meet agency needs, staff recommends a budget increase consistent with the Board approved amount of $675,000 (5 years). For claims management services, staff estimates an amount of $72,000 for a one (1) year contract term. These services include property and casualty insurance coverage brokerage, workers compensation, risk mitigation consultation, and resolution of various property damage subrogation claims for VMR and RPTA.

Fare Collection System Implementation
The regional Fare Collection System Modernization (FCSM) project will enter Phase II, beginning in early summer of 2024, in which reloadable account-based smartcards and other features will be available to the general public. Valley Metro has existing contracts in place with Vix (to provide customer service) and InComm (retail network and fare media supplier). Vix will bring on additional contracted staff to support the additional sales channels and InComm will provide fare media to retail networks ahead of the launch, therefore requiring additional funding for the year.

Insurance Premium
The annual renewal of Valley Metro's property and liability coverage was authorized by the Board of Directors in November 2023. Staff recommends a budget increase to account for the Valley Metro Insurance program to ensure Valley Metro's assets are adequately protected. Insurance impacts both VMR and RPTA.

New Vanpool Contract
The current vanpool service contract, operated by Enterprise, was awarded by the Board of Directors in October 2023 with an effective start-date of January 1, 2024. The FY25 increase of $2.1M is made up of: Annualizing the new contract that starts 1/1/24 - $1.4M, annualizing the cost to fully transition to contractor owned and supplied vehicles - $0.6M, and estimated contract rate escalation of 3.5% in FY25 (January 2025) - $0.1M.

Light Rail NWEII Operations Annualization
The Northwest Extension Phase II officially entered revenue service on January 27, 2024. The FY24 budget only contained six months of operations, therefore this initiative will annualize the costs of transportation and maintenance for the 12 months in FY25.

Demand-Response Service Management System Implementation
In its January 2024 meeting, the RPTA Board of Directors approved the issuance of a RFP for the competitive solicitation of demand response scheduling and dispatch software to support service provisioning and operations for the joint administration of Paratransit, Ride Choice, and future micro-transit services. This solution would replace both Trapeze PASS and its associated supporting modules as well as the current vendor proprietary system being used to manage the Ride Choice program. This effort will begin in FY24 and continue through some or all of FY25 depending on the implementation timeline of the resulting solution.

Rail Operator Rate Increase
Valley Metro contracts its operations of both light rail and streetcar to Alternate Concepts, Inc. (ACI). The ACI contract includes a standard annual wage increase effective July 1, 2024. For FY25, the increase for ACI includes $0.8M for the annual increase of the base contract.

- Light Rail, $0.7M
- Streetcar, $0.1M

Bus Service and Rate Increase

Valley Metro contracts its local, express, and circulator bus service out to two different providers. Each contract has annual escalation rates defined in the existing contracts, combined with service mile adjustments requested by member cities.

Keolis provides services for East Valley bus, while National Express provides service for West Valley bus. West Valley bus costs are significantly down year to year, due to the cancellation of both POGO and ZOOM circulators, effective October 2023.

- East Valley (Keolis), $11.716M
- West Valley (National Express), -$2.587M

Demand Service Rate Increase

Valley Metro contracts its Paratransit service delivery out to one provider (MTM). The Administration of trip assignment and brokerage is done by another contractor, MJM. RideChoice trips are delivered by local vendors who contract with MJM. Each Valley Metro contract has annual escalation rate defined in the existing contracts. The annual contract rate increases, combined with the annualization of these new contracts authorized in FY24, results in the following increases:

- Paratransit (MJM/MTM), $1.1M
- RideChoice (MJM), $0.4M

Item	RPTA	VMR	Note
Claims Management and Insurance Brokerage and Consulting Services	$6,000	$192,000	
Fare Collection System Implementation	$1,168,000	$0	
Insurance Premium	$52,000	$1,032,000	
New Vanpool Contract	$2,103,000	$0	
Light Rail NWEII Operations Annualization	$0	$1,675,000	
Demand-Response Service Management System Implementation	$1,618,000	$0	
Rail Operator Rate Increase	$0	$802,000	
Bus Service and Rate Increase	$9,129,000	$0	
Demand Service Rate Increase	$1,503,000	$0	
Total	**$15,579,000**	**$3,701,000**	

20	Continuing Commitments Prioritize Security on Transit	
	Combined	Continuing Commitment

Description

Light Rail NWEII Security Annualization
The Northwest Extension Phase II officially entered revenue service on January 27, 2024. The FY24 budget only contained 6 months of operations, therefore this initiative will annualize fare inspection and security for the 12 months in FY25.

Security Contract Rate Increase
Valley Metro contracts its fare inspection and security for rail modes and Valley Metro transit facilities to Allied Universal. The Allied Universal contract includes a standard annual wage increase effective July 1, 2024. For FY25, the increase for ACI includes $0.8M for the annual increase of the base contract.

Security Re-Deployment
The Re-Deployment plan for Allied Universal includes an increase in the supervision of field teams by adding 2 additional field supervisors working in a walking beat capacity, an additional rover team with a vehicle and an additional shift supervisor with vehicle. During the 2022 and 2023 APTA Peer Review, it was concluded the current security contract lacks appropriate levels of supervision and oversight. By utilizing the existing underrun on the contract, we have allowed for additional hiring to boost the field, shift supervisory oversight, layer the supervision to foot patrols as well as vehicle patrol capability and add an additional rover team to cover gaps in coverage along the alignment.

OMC Yard Entrance
Upon completion of the Operations and Maintenance Center (OMC) yard security entrance kiosk in 2023, Valley Metro utilized existing contract authority to staff this building. This security element is designed to enhance the security elements to this facility as well as the efficient card access pass through of contractors and staff.

Item	RPTA	VMR	Note
Light Rail NWEII Security Annualization	$0	$575,000	
Security Contract Rate Increase	$7,000	$224,000	
Security Re-Deployment	$0	$902,000	
OMC Yard Entrance	$0	$477,000	
Total	**$7,000**	**$2,178,000**	

21	**Inflationary/Market & Ridership** Operational Excellence	
	Combined	**Inflationary/Market & Ridership**

Description

ADA Ridership Growth

Paratransit

In FY25, Valley Metro anticipates a decrease in trips of (4.6%), as a shift from Paratransit to RideChoice ridership continues. The decrease in ridership results in a decrease of $(0.5)M.

RideChoice

In FY25, Valley Metro anticipates a ridership increase of 22%, as trips based on the trend mentioned above from Paratransit to RideChoice ridership, resulting in an increase of $1.4M.

Bus Fuel

Tempe fuel (diesel and natural gas) prices continue to fluctuate. The Tempe facility, owned by the City of Tempe, provides approximately 200,000 gallons of Diesel and unleaded fuel, and 2.4M gallons of natural gas (LNG & CNG, which is trucked to the facility). The anticipated increase in cost for FY25 is estimated to be $0.8M. Prices at the Mesa Facility have remained relatively stable.

Rail System Maintenance

The cost of equipment, parts and supplies for rail system maintenance continues to rise. Also, with aging non-revenue maintenance fleet, related maintenance and fuel costs are increasing. Additionally, the cost of third-party repairs for vandalism and accidents have increased, as well as the contractual obligations for the SCADA system and the Phoenix Regional Wireless Network.

Light Rail Operations Utility Increase

Both major utility providers have passed rate increases recently. SRP and APS's increases will be approximately 9.6% and almost 10% for APS. The FY25 increase is estimated to be $1.1M

Item	RPTA	VMR	Note
ADA Ridership Growth	$885,000	$0	
Bus Fuel	$795,000	$0	
Rail System Maintenance	$0	$397,000	
Light Rail Operations Utility Increase	$0	$1,114,000	
Total	**$1,680,000**	**$1,511,000**	

FTEs by Agency

	RPTA	VMR	Total FTEs
FY24 Adopted FTEs	**174.3**	**312.7**	**487.0**
Proposed New Positions	**RPTA**	**VMR**	**Total FTEs**
SCADA Specialist	-	1.00	1.00
Cleaning Services Coordinator	-	1.00	1.00
Utility Worker (Pressure Washer)	-	3.00	3.00
Rail Safety Specialist II	-	2.00	2.00
Assistant Rail Manager - OCC	-	1.00	1.00
Assistant Rail Manager	-	1.00	1.00
Rail Coordinator	-	1.00	1.00
Customer Experience Coordinator	-	2.00	2.00
Public Information Specialist	-	1.00	1.00
Traction Power Systems Technician	-	3.00	3.00
Signal Technician	-	2.00	2.00
Track Maintainer	-	2.00	2.00
Communication System Technician	-	2.00	2.00
Electro Mechanic	-	3.00	3.00
Mechanic	-	1.00	1.00
SCADA Specialist	-	1.00	1.00
Existing staff change in effort for FY25	(2.58)	2.58	-
Change	**(2.6)**	**29.6**	**27.0**
FY25 Proposed FTEs	**171.7**	**342.3**	**514.0**

Information Summary

DATE **AGENDA ITEM 5**
April 11, 2024

SUBJECT
Report on Current Events and Suggested Future Agenda Items

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

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

April 11, 2024

Valley Metro Rail
Thursday, April 18, 2024
Boardroom/Webex
Valley Metro, 101 N. 1st Avenue, 10th Floor
11:15 a.m.

Action Recommended

1. Minutes — 1. For action

Minutes from the March 21, 2024 VMR meeting are presented for approval.

2. Valley Metro Rail, Inc. Fiscal Year 2025 (FY25) Preliminary Operating and Capital Budget and Five-Year Operating Forecast and Capital Program (FY25 through FY29) — 2. For information

Ken Kessler, Chief Financial Officer, and Tyler Olson, Manager, Budget & Operations Financial Controls, will provide budget details for the FY 2025 Proposed Operating and Capital Budgets and will provide the FY 2025-2029 Preliminary Five-Year Operating and Capital Forecast.

3. Executive Session — 3. For action

The Valley Metro Rail 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.	Report on Current Events and Suggested Future Agenda Items	4.	For information

Chair Pastor 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 meeting of the Board is scheduled for **Thursday, May 16, 2024 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. The supporting information for this agenda can be found on our web site at www.valleymetro.org

Minutes

April 11, 2024 **AGENDA ITEM 1**

Valley Metro Rail
Thursday, March 21, 2024
Lake Powell Conference Room/Webex
101 N. 1st Avenue, 10th Floor
11:15 a.m.

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

Chair Pastor called the meeting to order at 12:06 p.m.

Councilmember Pastor said welcome members to the March meeting. We are convening this meeting.

Before we begin there are two changes to today's agenda. Consent Agenda Item 1C - LRV Air Compressors Contract Award is being pulled from consideration and will be brought back at a later date. Item 2, Regular Agenda Item 4 - Report on Light Rail Transit and Streetcar Security Services update is also being pulled from today's agenda and will be brought back at a later date.

1. <u>Consent Agenda</u>

Councilmember Pastor said the Consent Agenda is presented for action. I am requesting a motion and a second to approve the Consent Agenda Item 1A and 1B.

Motion by Vice Mayor Adams, second by Vice Mayor Harris.

All those in favor, please say aye. Those that are not. I forgot discussion but motion carries.

IT WAS MOVED BY VICE MAYOR ADAMS, SECONDED BY VICE MAYOR HARRIS, AND UNANIMOUSLY CARRIED TO APPROVE THE CONSENT AGENDA, ITEMS 1A-1B.

2. <u>Systems Design Contract – Contract Extension and Additional Expenditure Authority</u>

Mr. Hillyard said thank you, Madam Chair. I'll ask Mr. Trevor Collon our Chief of Capital Development to present to you today.

Mr. Collon said good afternoon, Chair and Board members. The item before you is a three-year extension to our systems design contract with PGH Wong. It would be the last three years of this contract term. We are also asking for an additional $5.7 million in expenditure authority to go along with that time extension. With that, I'd be happy to answer any questions if there are any.

Councilmember Pastor said are there any questions? There's are no questions. Do I need a motion on this? Yes.

Can I have a motion on Item number 2?

Motion by Vice Mayor Adams, second by Vice Mayor Harris. Any discussion? No discussion. All those in favor, please say aye. Are those that are not in favor of this item. The motion carries. Thank you.

IT WAS MOVED BY VICE MAYOR ADAMS, SECONDED BY VICE MAYOR HARRIS, AND UNINAMOUSLY CARRIED TO AMEND THE PGH WONG ENGINEERING, INC., CONTRACT FOR SYSTEMS DESIGN SERVICES FOR AN AMOUNT NOT TO EXCEED $5.7 MILLION FOR AN EXTENSION PERIOD THROUGH OCTOBER 2027.

3. <u>Valley Metro Rail, Inc., Fiscal Year 2025 (FY25) Preliminary Operating and Capital Budget</u>

Mr. Hillyard said thank you, Madam Chair. Mr. Ken Kessler will take it away.

Mr. Kessler said thank you. Madam Chair, members of the Board. This is the preliminary budget overview for Valley Metro Rail for fiscal year '25. This is just like RPTA a similar high-level look at the budget, and we'll be back with more details on the budget next month for the Board.

Here we have some estimates comparing current fiscal year to FY25 looking at passenger boardings, service miles to be delivered, gross operating costs and fare revenues for light rail operations.

And similarly, the same metrics for streetcar operations.

Vice Mayor Harris said just one second. Chair, there's a question.

Vice Mayor Adams said yes, why is there such an increase in the funds from '24 to '25?

Mr. Kessler said I'm sorry, which item are you referring to?

Vice Mayor Adams said well, I'm referring to all of them except the one service miles delivered. All of them have a, you know, an increase. I'm just wondering why that is the situation?

Mr. Kessler said Madam Chair, Vice Mayor Adams, the primary driver of the increase from FY24 to '25 is a full year impact of the Northwest Extension Phase II operations. So that service did commence this year late in January so next year it will be a full 12 months of that service operations.

Vice Mayor Adams said thank you for that explanation.

Mr. Kessler said so moving on to streetcar operations. Again, looking at the passenger boardings, service miles, gross operating costs and fare revenues FY24 budget compared to the preliminary budget for FY25. And a lot of the increase there on the boardings obviously we're seeing much higher boardings that had been estimated for this year, so we increased that estimate for FY25.

And just do want to note here, these numbers for streetcar in terms of the operating cost for this initial high-level look we did go back and look and so for the next round you'll see a decrease in the cost for streetcar operations. That detail was shared with Financial Working Group and RTAG on Tuesday, but this presentation basically is the same presentation they saw last month. So this is sort of the first look at it. With the next go round with the budget, you'll see on streetcar that that cost will go down and your overall year over year increase is quite a bit smaller than it is right now looking in this presentation.

So now looking at the project development the use of funds here. I-10 West Extension effort, you know, really ramping up for that project as well as the other projects that are underway Rio East, Dobson Streetcar, Northwest Phoenix and our capital project development administration and overall planning project development budget for FY25. So looking at the overall operating capital uses of funds. For VMR, capital activity is by far the largest part with all of the projects we have going on capital work is pretty intense right now and second is passenger services. As we're a growing system, the capital side of our program is pretty significant.

And then the sources of funds that fund our total operating and capital budget. Member city contributions and federal funds being the largest two funding sources followed by the public transportation fund that funds some of the capital activities.

And just looking at a little more detailed look at the cost on the different programs so light rail is up here about 11 percent. Again, we've re-looked at some of those numbers and that's been brought down in the next version of the budget that you'll see next month. Again, streetcar here shows about a 9 percent increase with the numbers that are in this presentation but the work we've done has brought that down to just a 3 percent year over year increase and you'll see that in next month's more detailed presentation.

So now looking at the source of funds for the operating budget. Member city contributions, you know, by far the largest portion of the operating budget followed by fare supporting operations.

And moving on to the capital program. The uses of funds here South-Central project is the largest activity we have going on for FY25 followed by the Capital Extension as that program ramps up and moves forward.

And then so for our sources in the capital program. Federal funds, being a large and important source that supports our capital program followed by the regional public transportation funds and member city contributions.

And again, a recap of the timeline, same timeline as presented for the RPTA budget. So that concludes my presentation. I'm happy to take any additional questions.

Councilmember Pastor said any questions? I'm sorry I can't hear you.

Vice Mayor Harris said she requested for the presentation to go back one slide.

Vice Mayor Adams said I'm all good. I'm all good.

Vice Mayor Harris said that's all the questions we have.

Councilmember Pastor said thank you for your presentation.

4. <u>Report on Light Rail Transit and Streetcar Security Services</u>

This item was pulled from the agenda.

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

Councilmember Pastor said anything? None.

Vice Mayor Harris said Chair? Just the continuation of what we were talking about in the last meeting. Just making sure that we get that study session going looking at items that relates to EV is important so just kind of want to make sure that we continue to look at that a little bit more closely. There were some major concerns brought up so I just wanted to make sure that we're continuing to have that conversation.

Councilmember Pastor said we'll make sure that happens.

Vice Mayor Adams said also, I noticed that the security update is crossed out. Are we going to have that next month and with Jessica?

Councilmember Pastor said Yes, of course.

Vice Mayor Adams said good. Just making sure security's on top.

Councilmember Pastor said it's one of our top priorities.

4. Next Meeting

The next meeting of the Board is scheduled for Thursday, April 18, 2024, at 11:15 a.m.

Without further discussion, the meeting was adjourned at 12:17 p.m.

Information Summary

DATE **AGENDA ITEM 2**
April 11, 2024

SUBJECT
Valley Metro Rail, Inc. Fiscal Year 2025 (FY25) Preliminary Operating and Capital Budget and Five-Year Operating Forecast and Capital Program (FY25 through FY29)

PURPOSE
To provide budget details for the FY25 Preliminary Operating and Capital Budget and the Five-Year Operating Forecast and Capital Program (FY25 thru FY29)

RECOMMENDATION
This item is presented for information.

BACKGROUND | DISCUSSION | CONSIDERATION
The Valley Metro Rail, Inc. (VMR) FY25 combined operating and capital budget (the budget) is $358.7 million. The preliminary FY25 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.

Valley Metro began the FY25 budget process by carefully reviewing its operations to identify efficiencies and other potential reductions to the FY25 base operating budget. This resulted in a proactive reduction in the VMR base operating budget of $3.5 million. The largest areas of reduction include one-time items in the FY24 budget not continuing into FY25, staffing vacancies, increased recovery of property damage, and reductions in maintenance costs.

From this starting point, ridership, economic factors outside the agency's control, contractual commitments, and the continued implementation of previously approved Board actions must be incorporated. For FY25, these non-discretionary items total $7.9 million, comprising 68% of the total increase, excluding base change, in the FY25 operating budget. Of this amount, four issues – contract rate increases (including Board-approved contract adjustments), NWEII revenue service annualization, insurance and utilities increases, and security enhancements – comprise 92% of the total non-discretionary increase.

Additionally, Valley Metro recommends the Board adopt $3.7 million of increased spending for new initiatives in FY25. This includes funding for thirteen initiatives, listed below.

FY25 Valley Metro Staff Recommended Initiatives

Initiative#	Description	Amount
1	Service Promotions (3)	$ 100,000
3	Enhanced Passenger Wayfinding and Communication (1)	$ 300,000
4	Enhanced Stakeholder Collaboration (3)	$ 14,000
5	Construction Contract Performance Audit (1)	$ 125,000
6	Agency Cost of Living Adjustment (COLA) & Merit Award (2)	$ 1,568,000
8	Improve Enterprise Asset Mgmt (EAM) System Utility (3)	$ 122,000
9	Replace End of Life IT Hardware (1)	$ 90,000
10	Audit Recommended SCADA Specialist (Cyber-Security) (2)	$ 128,000
12	Blue Stake Base Map Updates (1)	$ 200,000
13	Enhanced Facility Cleaning and Oversight (3)	$ 588,000
14	South Central Extension Staffing for Revenue Service (2)	$ -
15	Cybersecurity Risk Reduction (3)	$ 126,000
16	Rail Safety Specialists (2)	$ 292,000
Total		**$ 3,653,000**

(1) One-time cost for FY25
(2) Annual ongoing cost
(3) Part one-time cost for FY25, part annual ongoing cost

*Initiative numbers are not sequential as some initiatives pertain to RPTA only, some VMR only, and some both RPTA and VMR. Initiatives listed here are those pertaining to RPTA only and the RPTA portion of those pertaining to both RPTA and VMR.

COMMITTEE PROCESS
Preliminary Budget Review:
Financial Working Group: February 20, 2024 for information
RTAG: February 20, 2024 for information
All Committees: March Cycle
Financial Working Group: March 19, 2024 for information
RTAG: March 19, 2024 for information
All Committees: April Cycle

Proposed Budget Adoption:
TMC: May 1, 2024 for action
AFS: May 2, 2024 for information
Board of Directors: May 16, 2024 for action

CONTACT
Ken Kessler
Chief Financial Officer
kkessler@valleymetro.org

ATTACHMENT
FTE Summary Sheet
Budget Initiatives

Valley Metro VMR Fiscal Year 2025 (FY25) Preliminary Operating and Capital Budget & 5-Year Forecast

1

VMR

FY25 Preliminary Budget

2

Strategic Framework

Connecting Communities & Enhancing Lives

Deliver Excellent Customer Experience

Invest in Our Talent

Prioritize Security on Transit

Leverage Data and Technology

Deliver on Stakeholder Collaboration

Strong Leadership

Board Governance

Operational Excellence

Financial Sustainability

VALLEY METRO

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Detailed Initiative Write-Ups

Initiative #

Agency

Category

8	Improve Enterprise Asset Management (EAM) System Utility Leverage Data and Technology	
	Combined	VM Recommended

Description

In support of strategic plan goal to "Leverage Industry Best Practices and Innovations on Data and Technology" this initiative will enhance the Enterprise Asset Management (EAM) system to improve system utility. An enhanced EAM system will reduce time, error rates, and associated cost of rework of manual processes entering and transferring data between the EAM and associated systems. This will result in optimized maintenance strategies, increased operational reliability and efficiency of Valley Metro assets, and minimized asset downtimes. This translates into substantial cost savings over the asset lifecycle. Furthermore, compliance management will improve, helping ensure alignment with regulatory standards, mitigating risks and fostering a safer operational environment. Implementation and customization development support will be required from various vendors, however, $55,300 in annual Ellipse system maintenance costs will be eliminated once data transition is completed.

Item	RPTA	VMR	Note
EAM System Improvement	$169,000	$122,000	Trapeze and third-party professional services and customized development
Total	**$169,000**	**$122,000**	

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FY25 Operating Budget Format

Base Budget – FY 2024's approved services less efficiencies identified by Valley Metro.

➕

Obligations
- Inflation/Market & Ridership – price, wage, and ridership changes.
- Continuing Commitments – continued implementation of actions or contractual terms previously approved by the Board.

➕

Valley Metro Recommendations – changes Valley Metro recommends the Board make for FY 2025

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FY 2025 Total Operating Budget

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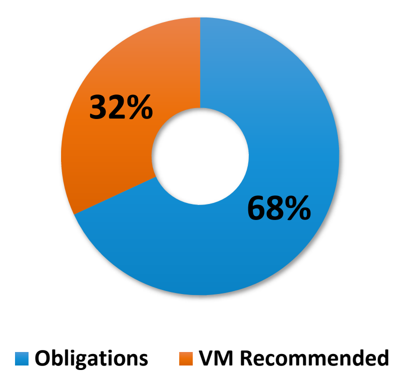
Operating Budget Overview ($ millions)

VMR				Obligations					
	FY 2024 Budget	FY 2025 Base	Change v FY24	Cont Commit	Inflation & Ridership	Total Obligations	VM Recommend	FY 2025 Budget	Total Change
Total	$ 89.0	$ 85.5	$ (3.5)	$ 6.4	$ 1.5	$ 7.9	$ 3.7	$ 97.0	$ 8.0



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

Uses of Funds	FY24	FY25	Change $	Change %
Light Rail Operations & Maintenance	$66.2	$71.7	$5.5	8%
Light Rail Security	12.2	14.4	2.2	18%
Subtotal Light Rail	*78.5*	*86.1*	*7.7*	*10%*
Streetcar Operations & Maintenance	6.3	6.4	0.1	2%
Streetcar Security	1.0	1.0	0.0	0%
Subtotal Streetcar	*7.3*	*7.4*	*0.2*	*2%*
Agency Operating	3.3	3.4	0.1	4%
Total Operating Uses	**$89.0**	**$97.0**	**$8.0**	**9%**

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

Sources of Funds	FY24	FY25	Change $	Change %
Advertising	$0.9	$1.3	$0.4	47%
Fares	6.0	6.8	0.8	13%
Federal Funds	1.6	1.6	0.0	0%
Member City Contributions	80.4	87.2	6.8	8%
Other	0.1	0.1	0.0	0%
Total Operating Sources	**$89.0**	**$97.0**	**$8.0**	**9%**

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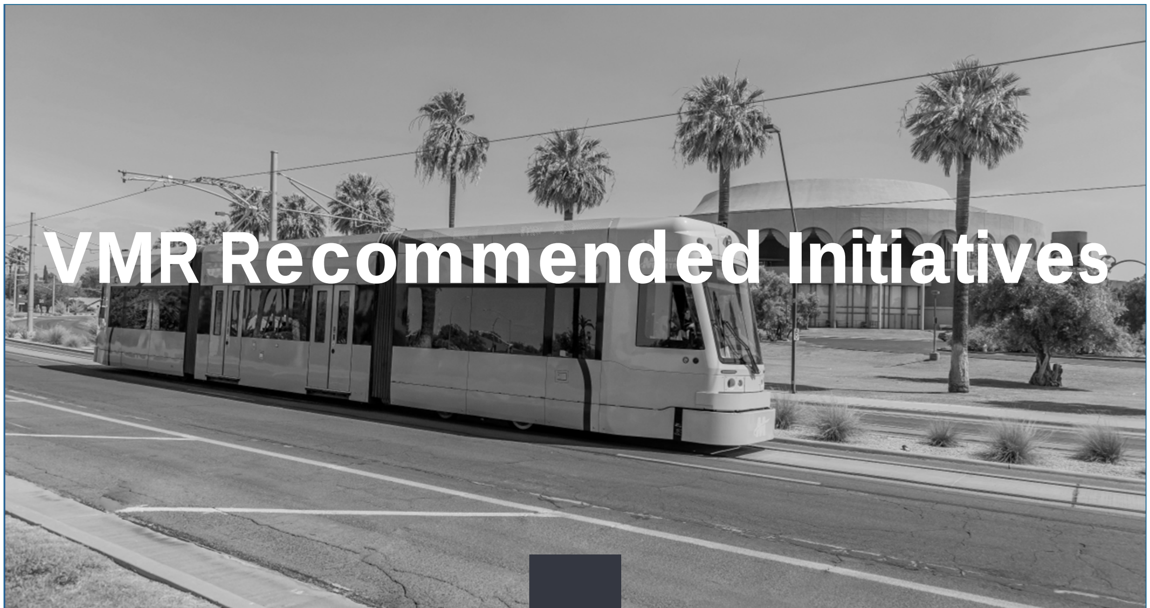

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Deliver Excellent Customer Experience
VM Recommended

Initiative #	Name	VM Recommended
1	Service Promotions	$ 100,000
3	Enhanced Passenger Wayfinding and Communication	$ 300,000
Category Total		**$ 400,000**

1. Market Valley Metro's services, benefits, and increase ridership
3. Rail system signage audit and two-line rail system educational campaign

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Deliver on Stakeholder Collaboration
VM Recommended

Initiative #	Name	VM Recommended
4	Enhanced Stakeholder Collaboration	$ 14,000
Category Total		**$ 14,000**

4. Data portal publication to provide member agency staff real-time transit info and SMS stakeholder and rider outreach

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Financial Sustainability
VM Recommended

Initiative #	Name	VM Recommended
5	Construction Contract Performance Audit	$ 125,000
Category Total		**$ 125,000**

5. Audit to ensure construction contracts are billed accurately and according to contract terms, and improve contract management practices

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Invest In Our Talent

VM Recommended

Initiative #	Name	VM Recommended
6	Agency Cost of Living Adjustment (COLA) & Merit Award	$ 1,568,000
Category Total		**$ 1,568,000**

6. 2.5% Cost of Living Adjustment for all staff, up to 5% merit (3.5% average merit budget assumption) based on individual performance

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Leverage Data and Technology

VM Recommended

Initiative #	Name	VM Recommended
8	Improve Enterprise Asset Mgmt (EAM) System Utility	$ 122,000
9	Replace End of Life IT Hardware	$ 90,000
Category Total		**$ 212,000**

8. Enhance current EAM to improve efficiencies and increase operational reliability of assets
9. Lifecycle replacement of digital storage hardware and end-user IT equipment

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Operational Excellence
VM Recommended

Initiative #	Name	VM Recommended
10	Audit Recommended SCADA Specialist (Cyber-Security)	$ 128,000
12	Blue Stake Base Map Updates	$ 200,000
13	Enhanced Facility Cleaning and Oversight	$ 588,000
14	South Central Extension Staffing for Revenue Service	$ -
Category Total		**$ 916,000**

10. Additional staff to provide adequate coverage, addressing finding from Operational Technology Systems Cybersecurity Audit
12. Update utility base files with 811 services to ensure accuracy of locating underground utilities along the rail alignment
13. Provide better oversight and quality for cleaning services over entire rail system
14. Additional staffing for South Central Extension and Downtown Hub

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Prioritize Security on Transit
VM Recommended

Initiative #	Name	VM Recommended
15	Cybersecurity Risk Reduction	$ 126,000
16	Rail Safety Specialists	$ 292,000
Category Total		**$ 418,000**

15. Enhance efforts to mitigate cybersecurity risk, addressing finding from Operational Technology Systems Cybersecurity Audit
16. Increase system safety and support increased State and Federal safety requirements

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Deliver Excellent Customer Experience
Obligations

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
17	Rail Vehicle and Facility Cleaning Costs	$ 212,000	$ -	$ 212,000
Category Total		**$ 212,000**	**$ -**	**$ 212,000**

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Leverage Data and Technology
Obligations

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
18	IT Contract Rate Annualization Increase	$ 282,000	$ -	$ 282,000
Category Total		**$ 282,000**	**$ -**	**$ 282,000**

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Operational Excellence
Obligations

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
19	Light Rail NWEII Operations Annualization	$ 1,675,000	$ -	$ 1,675,000
	Insurance Premium	$ 1,032,000	$ -	$ 1,032,000
	Claims Management and Insurance Brokerage	$ 192,000	$ -	$ 192,000
	Rail Service Rate Increase	$ 802,000	$ -	$ 802,000
21	Rail System Maintenance	$ -	$ 397,000	$ 397,000
	Light Rail Operations Utility Increase	$ -	$ 1,114,000	$ 1,114,000
Category Total		**$ 3,701,000**	**$ 1,511,000**	**$ 5,212,000**

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Prioritize Security on Transit
Obligations

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
20	Security Contract Rate Increase	$ 224,000	$ -	$ 224,000
	Light Rail NWEII Security Annualization	575,000	-	$ 575,000
	Security Re-Deploy	901,000	-	$ 901,000
	OMC Yard Entrance	478,000	-	$ 478,000
Category Total		**$ 2,178,000**	**$ -**	**$ 2,178,000**

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Obligations Summary

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
17	Rail Vehicle and Facility Cleaning Costs	$ 212,000	$ -	$ 212,000
18	IT Contract Rate Annualization Increase	$ 282,000	$ -	$ 282,000
19	Light Rail NWEII Operations Annualization	$ 1,675,000	$ -	$ 1,675,000
	Insurance Premium	$ 1,032,000	$ -	$ 1,032,000
	Claims Management and Insurance Brokerage	$ 192,000	$ -	$ 192,000
	Rail Service Rate Increase	$ 802,000	$ -	$ 802,000
20	Security Contract Rate Increase	$ 224,000	$ -	$ 224,000
	Light Rail NWEII Security Annualization	$ 575,000	$ -	$ 575,000
	Security Re-Deploy	$ 901,000	$ -	$ 901,000
	OMC Yard Entrance	$ 478,000	$ -	$ 478,000
21	Rail System Maintenance	$ -	$ 397,000	$ 397,000
	Light Rail Operations Utility Increase	$ -	$ 1,114,000	$ 1,114,000
Category Total		**$ 6,373,000**	**$ 1,511,000**	**$ 7,884,000**
Category % of Total		***81%***	***19%***	

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

Uses of Funds	FY24	FY25	Change $	Change %
Future Project Development	$13.4	$14.8	$1.4	11%
South Central Ext/Downtown Hub	285.6	196.0	(89.6)	-31%
Capitol Extention	12.9	18.4	5.5	43%
Northwest Extension Phase II	58.4	10.8	(47.7)	-82%
Tempe Streetcar	3.5	0.0	(3.5)	-100%
Gilbert Road Extension	2.3	0.0	(2.3)	-100%
Systemwide Improvements	12.1	4.4	(7.7)	-64%
State of Good Repair	17.2	17.4	0.2	1%
Total Capital Uses	**$405.4**	**$261.6**	**($143.8)**	**-35%**

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

Sources of Funds	FY24	FY25	Change $	Change %
Federal Funds	$148.4	$123.6	($24.8)	-17%
MAG Funds	0.5	0.5	0.0	0%
Member City Contributions	181.6	65.4	(116.2)	-64%
Public Transportation Funds	74.3	71.6	(2.7)	-4%
Regional Area Road Funds	0.5	0.5	0.0	0%
Total Capital Sources	**$405.4**	**$261.6**	**($143.8)**	**-35%**

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VMR

FY25-29 Five-Year Forecast

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5-Year Operating Sources and Uses

	FY25	FY26	FY27	FY28	FY29	Total
Operating ($,000)						
Sources of Funds						
Advertising	$ 1,250	$ 1,288	$ 1,326	$ 1,366	$ 1,407	$ 6,637
Fares	6,810	8,701	9,887	11,184	12,655	49,237
Federal Funds	1,627	1,651	1,676	1,701	1,727	8,382
Member City Contributions	87,249	106,721	109,027	111,323	113,556	527,876
Other	100	100	100	100	100	500
Total Sources of Funds	**97,036**	**118,461**	**122,016**	**125,674**	**129,445**	**592,632**
Uses of Funds						
Operations & Maintenance	78,117	96,939	99,849	102,842	105,928	483,675
Security	15,476	17,976	18,515	19,070	19,642	90,679
Agency Operating	3,443	3,546	3,652	3,762	3,875	18,278
Total Uses of Funds	**$ 97,036**	**$ 118,461**	**$ 122,016**	**$ 125,674**	**$ 129,445**	**$ 592,632**

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5-Year Capital Sources and Uses

	FY25	FY26	FY27	FY28	FY29	Total
Capital ($,000)						
Sources of Funds						
Federal Funds	$ 123,592	$ 125,780	$ 23,131	$ 55,515	$ 55,515	$ 383,533
MAG Funds	500	500	-	-	-	1,000
Member City Contributions	65,447	(108,630)	67,350	30,014	23,350	77,531
Public Transportation Funds	71,589	151,386	1,391	1,302	641	226,309
Regional Area Road Funds	500	500	-	-	-	1,000
Total Sources of Funds	**261,628**	**169,536**	**91,872**	**86,831**	**79,506**	**689,373**
Uses of Funds						
Future Project Development	14,792	17,505	10,466	8,359	8,516	59,638
South Central Ext./Downtown Hub	195,951	68,058	-	-	-	264,009
Capitol Extension	18,396	55,177	76,253	74,235	67,211	291,272
Northwest Extension Phase II	10,769	26,175	-	-	-	36,944
Systemwide Improvements	4,359	75	79	83	87	4,683
State of Good Repair	17,361	2,546	5,074	4,154	3,692	32,827
Total Uses of Funds	**$ 261,628**	**$ 169,536**	**$ 91,872**	**$ 86,831**	**$ 79,506**	**$ 689,373**

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Recap of Important Dates

Committee/Boards/FWG	
February 20, 2024	Present High Level Budget to City Staff (FWG & RTAG)
March	Present High Level Budget to Committees & Boards - for Information
March 19, 2024	Detailed Initiative Discussion & 5-Year Plans with City Staff (FWG & RTAG)
April Cycle	Present Annual Budget with Initiatives - for Information
April 4, 2024	Detailed Initiative Discussion with AFS
May Cycle	Present Annual Budget with Initiatives & 5-Year Plans - for Action

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1	**Service Promotions** Deliver Excellent Customer Experience	
	Combined	**VM Recommended**

Description

In support of strategic plan goal to "Deliver Excellent Customer Experience," this initiative would focus on marketing strategies and tactics to promote our services and their benefits, helping to create positive brand awareness as well as seek to increase ridership and usage of our modes and tools.

Bus Ridership Campaign

Valley Metro is recommending this campaign to seek to increase brand awareness, understanding of system availability and benefits and ridership on Express/RAPID (commuter) bus service and local bus routes. Bus ridership remains sluggish following the pandemic on local service, and most markedly on our Express/RAPID routes. The purpose of this program is to increase awareness of Valley Metro's affordable, reliable and safe transportation options that connect riders to the important destinations in their lives, including work, school, shopping, and special events. Target audiences will likely include new residents and households, growing communities, businesses, and employment centers, developing corridors, current or recent former riders, and the public. A detailed plan will be informed by data from Service Planning and market research, and in collaboration with member cities. This -campaign will be active across the first half of FY25 (~July – Nov. 2024) and evolve, as determined by data/trends, into 2025 and beyond. Tactics will include a mix of print materials, print advertising, geo-targeted digital/social media buy, outreach, partnerships, etc.

Diamondbacks Ticket Partnership Marketing Campaign

Valley Metro Rail directly connects to several major entertainment and sports venues and/or special events, providing convenient, easily accessible, safe one-seat rides to a broad cross-section of current and potential rail riders. Events are also a way get on board with public transit, with a crowd of like-minded fans and easy-to-navigate experiences, paving the way for return ridership. Special event-based ticket partnerships have proven to drive ridership, with some of our highest rail ridership days being those with major events at our partner venues, and they help with brand visibility and provide a guaranteed revenue stream. VMR has successful ticket partnerships with Footprint Center and Phoenix Rising Football Club, and we're seeking a similar agreement with the Arizona Diamondbacks beginning during their 2024 season. The Diamondbacks organization and Valley Metro staff are engaged in defining a potential ticket partnership. If this partnership comes to fruition and generates requisite fare revenue, these marketing dollars would be deployed to launch the inaugural program, market our partnership and push ridership. The budgeted amount would be used to create marketing material, including but not limited to videos and graphics to co-brand the new partnership shared via Diamondbacks, Chase Field, and Valley Metro communication channels. This initiative is contingent upon a revenue-generating ticket partnership and this level of support (at $100k) would be for the inaugural year of the program. Ongoing marketing does remain at a lower level.

Item	RPTA	VMR	Note
Bus Ridership Campaign	$250,000		
Diamondbacks Ticket Partnership Marketing Campaign		$100,000	Market ticket partnership within stadium and throughout Valley to expand ridership and excellent customer experiences on the rail system
Total	**$250,000**	**$100,000**	

2	**Customer Digital Tools Enhancement** Deliver Excellent Customer Experience	
	RPTA	**VM Recommended**

Description

In support of strategic plan goal to "Deliver Excellent Customer Experience" this initiative would support enhancements of the digital tools used by riders to provide for more convenient and seamless experiences for transit journeys across the Valley. Improvements and additional features are recommended for the Valley Metro website as well as additional features and integration of the Valley Metro mobile app.

Website Feature Additions and Improvements

In 2021, Valley Metro's mobile app was replaced with a new app from the new Fare Collection System to support trip planning, mobile payments, etc. As a result, Valley Metro's existing website and mobile app now have different appearances and functionality. This initiative will allow modifications the website to make it consistent with the mobile app and add new features and improvements to the customer experience by providing a unified customer experience ensuring customers receive consistent information and digital features.

Third Party Mobile Services Integration - Mobile App

Valley Metro will work with mobile app vendor Vix to improve the user experience, add new features, and integrate micro transit into Valley Metro's mobile app to allow riders to use this mode as a component of the regional transit network. This will eliminate the need for riders to navigate multiple apps and payment portals, including third-party apps, in order to successfully plan, pay for, and execute multi-modal trips involving services outside of bus and rail (e.g. paratransit, micro transit).

Item	RPTA	VMR	Note
Vix VM mobile app customized development	$500,000	$0	
Kirschbaum Development Services Expansion	$70,000	$0	
Total	**$570,000**	**$0**	

3	**Enhanced Passenger Wayfinding and Communication** Deliver Excellent Customer Service	
	Combined	**VM Recommended**

Description

In support of strategic plan goal to "Deliver on Stakeholder Collaboration" this initiative will evaluate current system signage with a focus to improve passenger wayfinding. Additionally, a education program is recommended to inform customers about how to effectively navigate the new two-line rail system that will begin revenue service in mid-2025.

Bus Stop Regional Signage Audit, Design & Coordination

Updating bus stop signage provides at-stop communications with riders and will help create a process to unify signage and the rider experience across the entire system. With the evolution of NextRide, discussions with member agency staff have begun regarding existing bus stop signage, improvements and placement at more than 8,000 bus stops.

This initiative would commence in FY 2024 with Valley Metro's wayfinding/signage vendor to develop bus stop signage concepts, including additional research and coordination with member agencies on how each jurisdiction currently creates, produces and installs bus stop signage. Potential cost saving and coordination benefits include producing consistent regionally branded signage with a single manufacturer and creating volume discounts across the region. This initiative does not include the costs to replace or install signage for over 8,000 bus stops across the region.

Rail System Signage Audit

Valley Metro staff recommends conducting an audit of rail system signage to inventory what is currently posted, sign conditions, ADA accessibility, and passenger comprehension ahead of installation of additional signage for two-line system wayfinding. Signage clutter impacts customer comprehension and ease of use of the system, creating confusion, decreasing satisfaction and creating barriers to increasing ridership. Signage in poor condition creates a negative impression of system, impressions regarding overall safety and impacts overall customer experience. The audit will also help track and manage lifecycle maintenance costs.

Two Line Rail System Educational Campaign

The light rail system in existence since December 2008 will go from a one-line to a two-line operation in mid-2025. There has been a lot of work over the years, including into this fiscal year, to develop a signage and wayfinding program incorporating rider and community feedback. This effort includes communicating upcoming service changes so riders understand how to navigate the new system and access their destinations with ease. Without a marketing and communication program, riders will have little education on how to effectively navigate the new system, leading to confusion and overall dissatisfaction with the regional system Effective messaging helps create a more user-friendly regional transit system, making service more efficient and enhancing the rider experience.

Item	RPTA	VMR	Note
Rail System Signage Audit		$100,000	
Bus Stop Regional Signage Design	$50,000		Design would occur through current Wayfinding consultant
Two-line Rail System Educational Campaign	$0	$200,000	Marketing campaign to educate on two-line system passenger and wayfinding changes
Total	**$50,000**	**$300,000**	

4	**Enhanced Stakeholder Collaboration** Deliver on Stakeholder Collaboration	
	Combined	**VM Recommended**

Description

In support of strategic plan goal to “Deliver on Stakeholder Collaboration” this initiative includes additional licensing to provide member jurisdictions better access and usability of data and a new tool to connect with diverse, hard to reach, underserved communities in the region.

Data Portal Publication

This initiative seeks to acquire additional licensing to allow the existing Tableau data portal to be provided to member agency staff allowing them access to real-time reports and dashboards, including the ability to download and review the raw data. Currently, these capabilities are restricted and assigned to certain agency staff; data is reserved and published in static snapshot reports published periodically via the Valley Metro website.

SMS Stakeholder & Rider Outreach

Staff recommends implementing an SMS text-based outreach tool with a focus on existing riders in addition to establishing communication with stakeholders whom we do not have an existing relationship with and are not subscribed to one of our existing communication channels. This initiative is focused on connecting with, and incorporating feedback from, diverse, hard-to-reach and underserved communities.

Item	RPTA	VMR	Note
Additional reporting platform licensing	$19,000	$14,000	Additional Tableau licensing to allow internal users and external stakeholders to view real-time, filterable reports
Third Party Outbound Texting	$20,000	$0	A third-party solution allowing cold SMS outreach to potential riders/stakeholders without the risk of our established digital communication channels being censored for SPAM
Total	**$39,000**	**$14,000**	

5	Construction Contract Performance Audit Financial Sustainability	
	VMR	**VM Recommended**

Description
In support of strategic plan goal “Financial Sustainability” this initiative will help Valley Metro ensure construction costs charged by contractors are appropriate and comply with contract terms. Construction projects are an area of high risk in the public transit industry due to the size and scope of these projects and the expense associated with completing these types of projects. This audit would allow Internal Audit function to engage a consultant with expertise in the public transportation construction area to determine whether Valley Metro performance metrics and management practices for construction contracts meet industry best practices and that performance metrics are working as intended in current light rail projects. This exercise will provide benchmarking Valley Metro performance with the performance of peer agencies and identify recommendations for improvement within construction contracting.

Item	RPTA	VMR	Note
Construction Contract Audit		$125,000	
Total	**$0**	**$125,000**	

6	Agency Cost of Living Adjustment (COLA) & Merit Award Invest in Our Talent	
	Combined	**VM Recommended**

Description

In support of the strategic plan goal to "Invest in Our Talent" this initiative would allow Valley Metro to be more competitive in the labor market to attract and retain employees critical to effectively and efficiently provide and manage regional transit service. Until recent months inflation in the Phoenix Metropolitan Area had been consistently among the highest in the country. Inflation reached 13.0% in the Valley in August 2022 and gradually decreased to 8.5% in February 2023. From December 2020 to February 2023, inflation increased by 21.6% in aggregate. While inflation has slowed recently, year over year inflation in the region was 2.7% for January 2024. The January 2024 unemployment rate of 3.4% is still well below the 30-year average of 5.0% in the Valley.

Valley Metro's workforce has improved slightly over the first six months of the year as compared to last year, however it continues to face challenges. Valley Metro's annualized 90-day average turn-over rate was 22% for FY23 and is 14% thus far this year. Additionally, local member agencies have been surveyed and some have indicated planned modest wage adjustments for FY25 in order to enhance employee recruitment and retention competitiveness. Consistent and commensurate with adjustments being considered by member agencies, Valley Metro staff recommends an employee market adjustment comprised of a 2.5% cost of living adjustment and up to 5% merit award.

Item	RPTA	VMR	Note
3.5% Merit Increase	$620,000	$916,000	
2.5% COLA Increase	$442,000	$652,000	
Total	**$1,062,000**	**$1,568,000**	

7	**Automated Passenger Counters (APCs) Validation** Leverage Data and Technology	
	RPTA	**VM Recommended**

Description

In support of strategic plan goal to "Leverage Industry Best Practices and Innovations on Data and Technology" this initiative would involve the validation of Clever Devices bus automatic passenger counters (APCs) on RPTA operated buses. This will establish that the accuracy level of the data produced by the APCs is acceptable for National Transit Database (NTD) reporting, and by extension monthly regional and other ad hoc reporting to member cities for budgeting and accounting purposes. Until these counters are certified, Valley Metro is required to report and rely on farebox data, which is typically subject to more errors than APC technology. Once the APCs are validated, we can transition from farebox-based ridership to APC-based ridership. The bus APCs are currently reporting higher ridership than the fareboxes. Yet we are unable to use bus APC ridership data to ascertain more accurate ridership numbers for reporting purposes because the APCs are not validated and certified. APC certification will also eliminate the need for operators to collect hand counts on circulator routes without fareboxes, and will provide the agency the utility of a reliable APC system that has been lacking.

This initiative is critically important and necessary because extensive time and resources have been invested in the installation and maintenance of the Clever APC system to produce reports for which the reliability has not yet been validated. This initiative will also complement the City of Phoenix's similar forthcoming effort on their bus fleet, which is also equipped with the Clever APCs and requires validation.

The long-term benefits are many, including but not limited to having a better representation of actual ridership, operational costs and service demand. APCs provide data about where riders get off of the bus, in addition to where they get on. Additionally, Planning staff will free up substantial resources currently spent on statistical adjustments needed to massage APC data into presentable reports and maps and gain access to more accurate ridership data for use in service planning and decision making; for NTD reporting; and for general reporting to the public.

Item	RPTA	VMR	Note
Validate APCs for NTD Reporting	$300,000		
Total	**$300,000**	**$0**	

8	**Improve Enterprise Asset Management (EAM) System Utility** Leverage Data and Technology	
	Combined	**VM Recommended**

Description

In support of strategic plan goal to "Leverage Industry Best Practices and Innovations on Data and Technology" this initiative will enhance the Enterprise Asset Management (EAM) system to improve system utility. An enhanced EAM system will reduce time, error rates, and associated cost of rework of manual processes entering and transferring data between the EAM and associated systems. This will result in optimized maintenance strategies, increased operational reliability and efficiency of Valley Metro assets, and minimized asset downtimes. This translates into substantial cost savings over the asset lifecycle. Furthermore, compliance management will improve, helping ensure alignment with regulatory standards, mitigating risks and fostering a safer operational environment. Implementation and customization development support will be required from various vendors, however, $55,300 in annual Ellipse system maintenance costs will be eliminated once data transition is completed.

Item	RPTA	VMR	Note
EAM System Improvement	$169,000	$122,000	Trapeze and third-party professional services and customized development
Total	**$169,000**	**$122,000**	

9	**Replace End of Life IT Hardware** Leverage Data and Technology	
	Combined	**VM Recommended**

Description

In support of strategic plan goal Leverage industry best practices and innovations on data and technology this recommendation seeks to update critical information technology (IT) tools. Maintaining modern technology systems and hardware is vital to the efficient operation of Valley Metro, and it is recommended that the agency replace aging digital storage hardware and end-user IT equipment.

Agency Digital Storage Hardware Refresh

Enterprise storage hardware that was implemented in the mid-2010's will reach the manufacturer's end-of-life in October 2024, and therefore, must be replaced. This initiative also includes software providing for the implementation of a more robust, rapid disaster recovery ability allowing us to fail over more quickly in the event of a significant issue such as a power or network failure.

Without this initiative we will be in a position where the manufacturer will no longer support or provide parts for the storage hardware, meaning that we may be unable to recover from any firmware, software, or hardware failures past that point, depriving agency staff of access to data and mission-critical internal applications. In the event of a significant failure, it will require hours to shift digital operations to our backup site rather than a matter of minutes.

End-User IT Equipment Refresh

This initiative replaces end-user IT equipment that has exceeded its standard useful lifecycle (four years for mobile devices, five years for desktops) or whose manufacturer has declared it end-of-life. This covers 53 computers and laptops along with 13 VoIP phones, the majority of which were purchased at the beginning of the pandemic and will reach or have exceeded their replacement cycle in FY25. Replacing this equipment is essential to avoiding reduced productivity caused by the use of slow, unreliable computers and laptops.

Agency Digital Storage Hardware (Storage Area Network) Refresh	$63,000	$45,000	Hardware maintenance, software updates, and service subscriptions for four Enterprise SAN units, along with software allowing automated and rapid disaster recovery failover of mission-critical systems from the primary data center (Aligned Energy) to the secondary site (OMC)
End-user IT Equipment Refresh	$62,000	$45,000	Computers (53) and phones (13) that have reached the end of their useful lifecycle
Total	**$125,000**	**$90,000**	

10	**Audit Recommended SCADA Specialist (Cyber-Security)** Operational Excellence	
	VMR	**VM Recommended**

Description

In support of strategic plan goal of "Operational Excellence" this initiative would support adding a SCADA Specialist to provide more effective and efficient management of the SCADA system. SCADA (Supervisory Control and Data Acquisition) systems are essential for improving rail transportation safety and efficiency. This initiative is an OT cybersecurity audit recommendation for continued SCADA and IT/OT assessments.

There is currently two SCADA administrators that support the SCADA system. These two individuals need to respond to issues that may affect this critical system 24 hours a day, 365 days a year. In addition to the regular support of this system they must also support a vast majority of integration testing that is needed for our rail expanding system. This workload is not reasonable for two individuals, and additional resources are needed for adequate coverage and succession planning purposes. This is a critical role that takes a significant amount of site-specific training and Valley Metro must be prepared to support an expanding SCADA system.

Item	RPTA	VMR	Note
Salary and Fringe		$119,000	
Equipment		$9,000	Workspace, Laptop, monitor, keyboard, etc.
Total	**$0**	**$128,000**	

11	**Automated Fuel Management System Implementation** Operational Excellence	
	RPTA	**VM Recommended**

Description

In support of strategic plan goal for "Operational Excellence" this initiative is to implement an automated fuel management system for the Valley Metro bus fleet recommended to optimize the refueling process and realize associated efficiencies. This system would automate the current manual process for tracking fueling, coolant, diesel exhaust fluid (DEF) and mileage, providing significantly more accurate and timely data on buses' consumption of commodities. This will allow maintenance staff to better identify issues with buses consuming greater than expected commodities and more promptly make needed repairs.

Item	RPTA	VMR	Note
Fuel Focus Implementation	$300,000	$0	Implementation of an automated fuel management system including pump and vehicle hardware and management software
Total	**$300,000**	**$0**	

12	**Blue Stake Base Map Updates** Operational Excellence	
	VMR	**VM Recommended**

Description
In support of strategic plan goal of "Operational Excellence" this initiative would update our utility base files with 811 services to ensure we are notified anytime anyone plans to dig near VMR's underground utilities. This update is needed to mitigate the risk of 811 locating services providing the public with outdated or incomplete information on Valley Metro's underground utilities, as well as ensuring we are notified to locate our utilities when underground contractors call in a Blue Stake ticket. Updating the Blue Stake maps will help protect our underground utilities and avoid any costly repairs due to an unmarked utility strike. Valley Metro will gain efficiency in labor costs for in-house blue stake locating efforts. The base file updates to aerial mapping and known existing conditions will enable staff faster and more accurate locating.

Item	RPTA	VMR	Note
Utility Consultant		$200,000	The amount was based on dollar amounts spent in previous years and related projects
Total	**$0**	**$200,000**	

13	Enhanced Facility Cleaning and Oversight Operational Excellence	
	VMR	**VM Recommended**

Description

In support of strategic plan goal of "Operational Excellence" this initiative will enhance the cleanliness of light rail and streetcar platforms addressing the perception of safety and cleanliness, making the system more appealing to riders. To provide better oversight and quality assurance/quality control for cleaning services over the entire rail system, staff recommends bringing pressure washing services in-house and adding a Cleaning Services Coordinator.

Pressure Washing Staff and In-House Resources

Hire three (3) Pressure Washers to better clean and maintain the current alignment. This will reduce the DMS Cleaning Services contract by $324,000 to initially fund this initiative in FY25. In-house cleaning services will also require three Ford F-250 trucks, three pressure washers/trailers along with the required fuel, insurance, supplies and uniforms. Although this effort requires an up-front investment in equipment in addition to the ongoing costs for the positions, equipment maintenance, fuel and insurance, this initiative will generate savings after this work is performed in house for four years. Annual savings after year four is estimated to be $80,000 - $90,000, which will generate the funding needed to replace equipment at the end of its useful life and still result in a net annual savings of approximately $50,000. Also, bringing this work in-house will provide more timely response to graffiti removal, cleaner stations and improved customer experience by addressing the perception of safety and cleanliness of the system by providing better management and oversight of in-house employees versus contract staff.

Cleaning Services Coordinator

Adding a Cleaning Services Coordinator will allow Valley Metro to better serve our customers and assume a higher level of oversight and ownership of the services performed by our facilities maintenance cleaning services contractor. Currently we have oversight of the first shift contracted cleaning services while the second shift represents an area of improvement. A Cleaning Services Coordinator staffed on second shift will provide Valley Metro and our customers with much needed QA/QC of the cleaning services performed at our passenger stations, rolling stock and support facilities. Currently, most of our cleaning effort is performed on the second shift. Weekly hours of cleaning services performed:

First shift – 34%
Second shift – 66%

Item	RPTA	VMR	Note
Salary and Fringe		$280,000	
Three (3) Ford F-250 Trucks, Pressure washers, Trailers		$273,000	
Equipment		35,000	Workspace, Laptop, monitor, keyboard, etc.
Total	**$0**	**$588,000**	

14	South Central Extension Staffing for Revenue Service Operational Excellence	
	VMR	VM Recommended

Description

In support of strategic plan goal of "Operational Excellence" this initiative includes the additional staffing needed for revenue service of the South Central Extension/Downtown Hub (SCE/DH) light rail project. These positions will increase oversight and quality assurance/quality control over the service management and contractor operations to improve the overall customer experience, increase engagement with internal/external stakeholders, and allow for increased staff development opportunities. The 5.5-mile SCE/DH will connect with the current light rail system in downtown Phoenix and operate south to Baseline Road. The project also includes a transfer hub in downtown Phoenix, eight new stations and two park-and-rides, transitioning the current one-line system to a two-line system. It is currently anticipated the SCE/DH project will transition from the construction phase to revenue operations in mid- 2025. Since the extension will commence revenue operations in FY26, there are no operating costs associated with these positions in FY25, but they need to be filled ahead of revenue operations for training and system testing and start-up activities. All costs incurred ahead of revenue operations will be funded through the capital project

Transportation Positions:

- Assistant Rail Manager – oversee A line, oversee the CED program, coordinate special events, monitor Guard-Tek system, review video, Safety Committee responsibilities, on call and Rail Activation responsibilities.
- Assistant Rail Manager – oversee and monitor the workflow of OCC and Dispatch to ensure quality oversight and affirm contract compliance, monitor the deliverables of any software upgrades to include SCADA additions to ensure adequate oversight and that the upgrades are fully implemented As we onboard a two-line system, it is imperative that the oversight of the workflow and transition period is closely monitored for assurance of a smooth transition.
- Rail Operations Coordinator – support SCE integration testing, assist with testing and commissioning of additional LRV's, assist with additional field audits, event support, and auxiliary incident review.
- Customer Experience Coordinator (2) - Customer Experience Coordinators serve as the "eyes and ears" on the system, interacting with customers and the public also while working with operations and security personnel to monitor, report and make decisions on service, security and maintenance activities to support a positive customer experience along the light rail line.

Maintenance Positions:

- Traction Power (3) - support the additional inspections and maintenance of substations and overhead catenary to support the opening of the South Central project.
- Signal Technician (2) – support the additional inspections and maintenance of signaling equipment (switches, grade crossings, and TVM's) that will be added to the alignment from the opening of the South Central project. This position will also be responsible for the new Mobile fare validator maintenance and repair.
- Track Maintainer (2) – these positions are to support the additional track inspections and maintenance to support the opening of the South Central project.
- Communication Technician (2) - support the additional inspections and maintenance of communications equipment (TVM's, Cameras, Emergency Call Boxes, VMB's) that will be added to the alignment from the opening of the South Central project. This position will also be responsible for the new Mobile fare validator maintenance and repair.

- Electro Mechanic (3) – performs a variety of skilled mechanical and electrical duties involved in performing inspections, preventive and corrective maintenance, and troubleshooting on all mechanical and electrical systems for rail vehicles.
- Mechanic – performs a variety of skilled mechanical and minor electrical duties involved in performing inspections, preventive and corrective maintenance, and troubleshooting on all mechanical and electrical systems for rail vehicles.
- SCADA Specialist – this position is to support a 24 hour, 7 days a week Operations Control Center. This position will be onsite during off hours to support Maintenance of Way and OCC personnel. Having this person on site will expedite SCADA trouble calls timelier and more efficient.

Administrative Position:
Public Information Specialist - As transit service continues to expand and we move into a multi-line rail system, additional staffing is required to manage the communications needs for the expansion of our regional transit system. This includes supporting increased needs in media relations, social media and the continual expansion of digital platforms. The existing Communications staffing of two public information staff has remained static since 2012, while the system has grown significantly as well as the needs of riders, stakeholders and expectations for increased and more transparent and real-time communications.

South Central Extension / Downtown Hub Transportation and Maintenance new FTE Request

Position (1)	Qty	Salary & Benefits	Equipment	Total
Transportation				
Assistant Rail Manager	1	$ 146,000	$ 9,000	$ 155,000
Assistant Rail Manager (2)	1	75,000	9,000	84,000
Rail Coordinator	1	101,000	9,000	110,000
Customer Experience Coordinator (2)	2	182,000	4,000	186,000
Maintenance				
Communications Systems Technician (2)	2	144,000	4,000	148,000
Electro-Mechanical Technician (Rail Vehicle) (2)	3	228,000	6,000	234,000
Rail Vehicle Mechanic (2)	1	66,000	2,000	68,000
SCADA Specialist (2)	1	89,000	9,000	98,000
Signal Systems Technician (2)	2	144,000	4,000	148,000
Track Maintainer (2)	2	122,000	4,000	126,000
Traction Power Systems Technician	3	318,000	6,000	324,000
Administrative				
Public Information Specialist	1	98,000	9,000	107,000
Total		**$ 1,713,000**	**$ 75,000**	**$ 1,788,000**
		Less Capital Allocation		$ (1,788,000)
		Total Operating Cost		**$ -**

(1) *Will charge to SCE/DH capital project until revenue SCE is in revenue operations (est. July 25)*

(2) *Partial year hire, will charge to SCE/DH once in revenue operations (est. July 25)*

Item	RPTA	VMR	
Salary and Benefits		$1,713,000	
Equipment		75,000	Workspace, Laptop, monitor, keyboard, etc.
Less Capital		-$1,788,000	
Total	**$0**	**$0**	

15	**Cybersecurity Risk Reduction** Prioritize Security on Transit	
	Combined	**VM Recommended**

Description

In support of strategic plan goal to "Prioritize Security on Transit" this initiative will enhance Valley Metro's efforts in mitigating cybersecurity risk. This initiative addresses multiple findings from the 2023 Operational Technology (OT) Systems Cybersecurity Audit. Currently we have systems that are vulnerable to well-established malicious attacks and may not be able to run modern applications, as well as the increased risk of an OT network that is monitored only for operational failures (is the device online) and not security events (is the device compromised).

Information Technology Cybersecurity Tool Refresh
The Information Security team is seeking to replace two key tools that are lacking capabilities: Endpoint Detection and Response and Email Security. These tools work together to protect agency technology including computers from being compromised by phishing attacks, ransomware, and other forms of malware. Moving to better preforming tools will improve our capability to detect malicious activity and reduce the number of false positive events that result in legitimate emails 'disappearing' into quarantine or cause other applications to perform poorly.

Operational Technology Cybersecurity Updates
The Information Security and Maintenance of Way teams need to update the existing OT server and workstation operating systems as well as expand the cybersecurity monitoring tools used to secure the IT network to cover the OT network as well.

Item	RPTA	VMR	Note
IT Security Enhancements	$77,000	$55,000	Subscription and implementation services for a replacement Endpoint Detection & Response (EDR, functionality of an antivirus software plus advanced protection against a wider range of threats) and Email Security Appliance.
OT Security Enhancements	$33,000	$71,000	Additional licensing to expand EDR, vulnerability scanning, and log monitoring to the OT network, as well as upgrading OT's expired VMware platform, Windows Server (10), and Windows (50) operating systems to supported versions.
Total	**$110,000**	**$126,000**	

16	**Rail Safety Specialists** Prioritize Security on Transit	
	VMR	**VM Recommended**

Description

In support of strategic plan goal to “Prioritize Security on Transit” this initiative adds two Rail Safety Specialist II’s to support system safety, resulting in greater system safety oversight to reduce system safety risk. These positions are elevated Safety Specialist roles in the Safety, Security, Quality Assurance Division, and will be specifically required to support and interact with the Arizona Department of Transportation (ADOT) Risk Based Inspection Program as directed by the Federal Transit Administration. The objective of these positions is to work the system in line segments, assigning each specialist to an area to assess, track and trend incidents, events and apply proper mitigations/recommendations in concert with the operations and maintenance personnel.

State and Federal safety requirements for transit agencies have significantly increased with the CFR 49 Parts 670, 671, 672, 673, 674 and the Bipartisan Infrastructure Law. By industry standards, and as noted in the 2023 APTA Safety and Security Peer Review, Valley Metro’s Safety Department is significantly understaffed. Allocating additional personnel who are tasked and responsible for identifying hazards and mitigating risks may reduce the likelihood of costly investigations or reviews by FTA/ADOT.

Item	RPTA	VMR	Note
Salary and Benefits	$0	$206,000	Two positions
Equipment	$0	$18,000	Workspace, Laptop, monitor, keyboard, etc.
2 Vehicles		$68,000	Ford Escape and extended warranty
Total	**$0**	**$292,000**	

17	Continuing Commitments Deliver Excellent Customer Experience	
	Combined	Continuing Commitment

Description

Rail Vehicle and Facility Cleaning Costs
Valley Metro contracts with DMS to provide cleaning services for rail vehicles and facilities for both light rail and streetcar. This contract has an annual escalation rate defined in the existing contract.

Comprehensive Operational Analysis (COA)
The Valley Metro Board of Directors previously approved the solicitation for a Comprehensive Operational Assessment (COA) of the existing regional transit network to evaluate of the service area in Maricopa County for the purpose of increasing mobility value, effectiveness, resource efficiency and equity for residents and riders. This effort will support recommendations to improve transit service with a focus on productivity, regional travel, and emerging transit markets, in addition to future improvements aimed at addressing unmet transit needs and regional transit priorities. This effort will be led by Valley Metro, in coordination with MAG and in partnership with the City of Phoenix. It will provide the most efficient and effective service with available resources and help induce ridership across our communities. This is a continuation of the previously approved FY24 VM Recommended initiative.

Item	RPTA	VMR	Note
Rail Vehicle and Facility Cleaning Costs	$0	$212,000	
Transit System Comprehensive Operational Analysis	$500,000	$0	
Total	**$500,000**	**$212,000**	

18	Continuing Commitments Leverage Data and Technology	
	Combined	Continuing Commitment

Description

Information Technology Contract Rate Annualization Increase

Valley Metro uses a range of software and services in its daily operations. All of the software and services listed below reflect the continued use of products previously approved by the Board. Their FY25 costs are increasing for several reasons:

- Annual rate increases included in multi-year contracts (e.g., AccountabilIT, Cisco, Microsoft)
- Annualization of partial year increases in FY 24 (e.g., Swiftly, OpenGov)
- Increased usage (Oracle ERP, Manage Engine)

Item	RPTA	VMR	Note
IT Contract Rates and Annualization	$162,000	$282,000	
Total	**$162,000**	**$282,000**	

19	**Continuing Commitments** Operational Excellence	
	Combined	**Continuing Commitment**

Description

Claims Management Services and Insurance Brokerage and Consulting Services
The contract with Valley Metro's current insurance broker is expiring May 2024. A new RFP was authorized by the Board of Directors in August 2023, with a contract anticipated in FY25. To secure an agency broker to meet agency needs, staff recommends a budget increase consistent with the Board approved amount of $675,000 (5 years). For claims management services, staff estimates an amount of $72,000 for a one (1) year contract term. These services include property and casualty insurance coverage brokerage, workers compensation, risk mitigation consultation, and resolution of various property damage subrogation claims for VMR and RPTA.

Fare Collection System Implementation
The regional Fare Collection System Modernization (FCSM) project will enter Phase II, beginning in early summer of 2024, in which reloadable account-based smartcards and other features will be available to the general public. Valley Metro has existing contracts in place with Vix (to provide customer service) and InComm (retail network and fare media supplier). Vix will bring on additional contracted staff to support the additional sales channels and InComm will provide fare media to retail networks ahead of the launch, therefore requiring additional funding for the year.

Insurance Premium
The annual renewal of Valley Metro's property and liability coverage was authorized by the Board of Directors in November 2023. Staff recommends a budget increase to account for the Valley Metro Insurance program to ensure Valley Metro's assets are adequately protected. Insurance impacts both VMR and RPTA.

New Vanpool Contract
The current vanpool service contract, operated by Enterprise, was awarded by the Board of Directors in October 2023 with an effective start-date of January 1, 2024. The FY25 increase of $2.1M is made up of: Annualizing the new contract that starts 1/1/24 - $1.4M, annualizing the cost to fully transition to contractor owned and supplied vehicles - $0.6M, and estimated contract rate escalation of 3.5% in FY25 (January 2025) - $0.1M.

Light Rail NWEII Operations Annualization
The Northwest Extension Phase II officially entered revenue service on January 27, 2024. The FY24 budget only contained six months of operations, therefore this initiative will annualize the costs of transportation and maintenance for the 12 months in FY25.

Demand-Response Service Management System Implementation
In its January 2024 meeting, the RPTA Board of Directors approved the issuance of a RFP for the competitive solicitation of demand response scheduling and dispatch software to support service provisioning and operations for the joint administration of Paratransit, Ride Choice, and future micro-transit services. This solution would replace both Trapeze PASS and its associated supporting modules as well as the current vendor proprietary system being used to manage the Ride Choice program. This effort will begin in FY24 and continue through some or all of FY25 depending on the implementation timeline of the resulting solution.

Rail Operator Rate Increase
Valley Metro contracts its operations of both light rail and streetcar to Alternate Concepts, Inc. (ACI). The ACI contract includes a standard annual wage increase effective July 1, 2024. For FY25, the increase for ACI includes $0.8M for the annual increase of the base contract.

- Light Rail, $0.7M
- Streetcar, $0.1M

Bus Service and Rate Increase

Valley Metro contracts its local, express, and circulator bus service out to two different providers. Each contract has annual escalation rates defined in the existing contracts, combined with service mile adjustments requested by member cities.

Keolis provides services for East Valley bus, while National Express provides service for West Valley bus. West Valley bus costs are significantly down year to year, due to the cancellation of both POGO and ZOOM circulators, effective October 2023.

- East Valley (Keolis), $11.716M
- West Valley (National Express), -$2.587M

Demand Service Rate Increase

Valley Metro contracts its Paratransit service delivery out to one provider (MTM). The Administration of trip assignment and brokerage is done by another contractor, MJM. RideChoice trips are delivered by local vendors who contract with MJM. Each Valley Metro contract has annual escalation rate defined in the existing contracts. The annual contract rate increases, combined with the annualization of these new contracts authorized in FY24, results in the following increases:

- Paratransit (MJM/MTM), $1.1M
- RideChoice (MJM), $0.4M

Item	RPTA	VMR	Note
Claims Management and Insurance Brokerage and Consulting Services	$6,000	$192,000	
Fare Collection System Implementation	$1,168,000	$0	
Insurance Premium	$52,000	$1,032,000	
New Vanpool Contract	$2,103,000	$0	
Light Rail NWEII Operations Annualization	$0	$1,675,000	
Demand-Response Service Management System Implementation	$1,618,000	$0	
Rail Operator Rate Increase	$0	$802,000	
Bus Service and Rate Increase	$9,129,000	$0	
Demand Service Rate Increase	$1,503,000	$0	
Total	**$15,579,000**	**$3,701,000**	

20	**Continuing Commitments** Prioritize Security on Transit	
	Combined	**Continuing Commitment**

Description

Light Rail NWEII Security Annualization
The Northwest Extension Phase II officially entered revenue service on January 27, 2024. The FY24 budget only contained 6 months of operations, therefore this initiative will annualize fare inspection and security for the 12 months in FY25.

Security Contract Rate Increase
Valley Metro contracts its fare inspection and security for rail modes and Valley Metro transit facilities to Allied Universal. The Allied Universal contract includes a standard annual wage increase effective July 1, 2024. For FY25, the increase for ACI includes $0.8M for the annual increase of the base contract.

Security Re-Deployment
The Re-Deployment plan for Allied Universal includes an increase in the supervision of field teams by adding 2 additional field supervisors working in a walking beat capacity, an additional rover team with a vehicle and an additional shift supervisor with vehicle. During the 2022 and 2023 APTA Peer Review, it was concluded the current security contract lacks appropriate levels of supervision and oversight. By utilizing the existing underrun on the contract, we have allowed for additional hiring to boost the field, shift supervisory oversight, layer the supervision to foot patrols as well as vehicle patrol capability and add an additional rover team to cover gaps in coverage along the alignment.

OMC Yard Entrance
Upon completion of the Operations and Maintenance Center (OMC) yard security entrance kiosk in 2023, Valley Metro utilized existing contract authority to staff this building. This security element is designed to enhance the security elements to this facility as well as the efficient card access pass through of contractors and staff.

Item	RPTA	VMR	Note
Light Rail NWEII Security Annualization	$0	$575,000	
Security Contract Rate Increase	$7,000	$224,000	
Security Re-Deployment	$0	$902,000	
OMC Yard Entrance	$0	$477,000	
Total	**$7,000**	**$2,178,000**	

21	**Inflationary/Market & Ridership** Operational Excellence
Combined	**Inflationary/Market & Ridership**

Description

ADA Ridership Growth

Paratransit

In FY25, Valley Metro anticipates a decrease in trips of (4.6%), as a shift from Paratransit to RideChoice ridership continues. The decrease in ridership results in a decrease of $(0.5)M.

RideChoice

In FY25, Valley Metro anticipates a ridership increase of 22%, as trips based on the trend mentioned above from Paratransit to RideChoice ridership, resulting in an increase of $1.4M.

Bus Fuel

Tempe fuel (diesel and natural gas) prices continue to fluctuate. The Tempe facility, owned by the City of Tempe, provides approximately 200,000 gallons of Diesel and unleaded fuel, and 2.4M gallons of natural gas (LNG & CNG, which is trucked to the facility). The anticipated increase in cost for FY25 is estimated to be $0.8M. Prices at the Mesa Facility have remained relatively stable.

Rail System Maintenance

The cost of equipment, parts and supplies for rail system maintenance continues to rise. Also, with aging non-revenue maintenance fleet, related maintenance and fuel costs are increasing. Additionally, the cost of third-party repairs for vandalism and accidents have increased, as well as the contractual obligations for the SCADA system and the Phoenix Regional Wireless Network.

Light Rail Operations Utility Increase

Both major utility providers have passed rate increases recently. SRP and APS's increases will be approximately 9.6% and almost 10% for APS. The FY25 increase is estimated to be $1.1M

Item	RPTA	VMR	Note
ADA Ridership Growth	$885,000	$0	
Bus Fuel	$795,000	$0	
Rail System Maintenance	$0	$397,000	
Light Rail Operations Utility Increase	$0	$1,114,000	
Total	**$1,680,000**	**$1,511,000**	

Information Summary

DATE **AGENDA ITEM 4**

April 11, 2024

SUBJECT

Executive Session

PURPOSE

The Valley Metro Rail 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.

COST AND BUDGET

None

RECOMMENDATION

Staff recommends that the Board of Directors vote to enter into Executive Session.

BACKGROUND | DISCUSSION | CONSIDERATION

None

COMMITTEE PROCESS

None

CONTACT

Jessica Mefford-Miller
Chief Executive Officer
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ATTACHMENT

None

Information Summary

DATE **AGENDA ITEM 4**
April 11, 2024

SUBJECT
Report on Current Events and Suggested Future Agenda Items

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

COST AND BUDGET
None

RECOMMENDATION
This item is presented for information only.

BACKGROUND/DISCUSSION/CONSIDERATION
None

COMMITTEE ACTION
None

CONTACT
Jessica Mefford-Miller
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jmeffordmiller@valleymetro.org

ATTACHMENT
None

Pending Items Request

Item Requested	Date Requested	Planned Follow-up Date