Meetings of
BOARDS OF DIRECTORS

VALLEY METRO RAIL | VALLEY METRO

Joint Boards of Directors

Valley Metro RPTA – REVISED (4/14/25)

Valley Metro Rail

Date:
April 17, 2025

Starting Time:
11:15 a.m.

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

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

Agenda

April 10, 2025

Joint Meeting Agenda
Valley Metro RPTA
And
Valley Metro Rail
Thursday, April 17, 2025
Valley Metro, 101 N. 1st Avenue, 10th Floor
Boardroom/Webex
11:15 a.m.

	Action Recommended
1. Public Comment	1. For Information
The public will be provided with an opportunity at this time to address the committees on **non-agenda items and all action agenda items for the Joint, RPTA and VMR meeting agendas.** Up to three minutes will be provided per speaker unless the Chair allows more at their discretion. A total of 15 minutes for all speakers will be provided.	
2. Chief Executive Officer's Report	2. For information
Jessica Mefford-Miller, CEO, will brief the Joint Boards of Directors on current issues.	
3. Minutes	3. For action
Minutes from the March 20, 2025, Joint Boards meeting are presented for approval.	
4. Audit and Finance Subcommittee Update	4. For information
Councilmember White, AFS Chair, will provide an update on the discussions and actions taken at the AFS meeting.	

5. Job Order Contracts – Expenditure Authority Increase — 5. For action

Staff recommends that the Boards of Directors authorize the Chief Executive Officer to provide additional contract expenditure authority for the Job Order Contracts with SDB, Inc, Stacy and Witbeck, Inc., and J. Banicki Construction. in the amount of $19.7 million. This action would provide an overall contract authority of $39.7 million.

6. Class and Compensation Study Update — 6. For information

Staff will provide an overview and an update on the Class and Compensation Study.

7. Travel and Expenditures — 7. For information

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

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

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

9. Next Meeting — 9. For information

The next meeting of the Joint Boards of Directors is schedule for **May 22, 2025 at 11:15 a.m.**

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

Executive Summary

DATE **AGENDA ITEM 1**

April 10, 2025

SUBJECT

Public Comment

PURPOSE

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

RECOMMENDATION

This item is presented for information only.

BACKGROUND | DISCUSSION | CONSIDERATION

None

COST AND BUDGET

None

COMMITTEE PROCESS

None

CONTACT

Jessica Mefford-Miller
Jmeffordmiller@valleymetro.org

ATTACHMENT

None

Executive Summary

DATE
April 10, 2025

AGENDA ITEM 2

SUBJECT
Chief Executive Officer's Report

COST AND BUDGET
There are no costs associated with this item

RECOMMENDATION
This item is presented for information only.

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

ATTACHMENT
None

Meeting Minutes

April 10, 2025 **AGENDA ITEM 3**

Joint Boards of Directors
Thursday, March 20, 2025
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 – **Chair**
Councilmember Jennifer Adams, City of Tempe **– Vice Chair**
Councilmember Max White, City of Avondale - **Treasurer**
Councilmember Monica Dorcey, City of El Mirage
Councilmember Peggy McMahon, Town of Fountain Hills
Councilmember Kenny Buckland, Town of Gilbert
Vice Mayor Lauren Tolmachoff, City of Glendale
Vice Mayor Wally Campbell, City of Goodyear (phone)
Councilmember Francisco Heredia, City of Mesa
Councilmember Jon Edwards, City of Peoria
Councilmember Laura Pastor, City of Phoenix
Councilmember Bryan McClure, Town of Queen Creek (phone)
Councilmember Maryann McAllen, City of Scottsdale
Councilmember Earle Greenberg, City of Surprise
Councilmember Jimmy Davis, City of Tolleson
Mayor Michael LeVault, Town of Youngtown (phone)
Mayor BG Bratcher, Town of Wickenburg (phone)

Members Not Present
Councilmember Jamine Berry, City of Buckeye
Supervisor Steve Gallardo, Maricopa County

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

The Chair called the meeting to order at 10:25 a.m.

Chair Harris said good morning, everyone. And it's good to see all of you guys here today. Appreciate you guys taking your time and sacrificing your service to making sure that our transportation is the best transportation in the world.

Again, thank you guys so much for attending the Valley Metro RPTA and Valley Metro Rail Joint Board meetings for March 20, 2025.

We'll begin this session and want to again thank the members of this board for all the hard work that I know that many of us have to do behind the scenes and working with staff. That's always greatly appreciated.

And then also we want to thank our new board members. We have Councilmember Mary McAllen from Scottsdale. She's here. Let's give it up for her.

At this time we're going to have Pat call the roll.

Ms. Dillon said good morning, everyone.

Roll call by Pat Dillon.

City of Avondale, Councilmember Maxine White? Here.
City of Buckeye, Councilmember Jamaine Berry?
City of Chandler, Vice Mayor OD Harris? Here.
City of El Mirage, Councilmember Monica Dorsey? Present.
Town of Fountain Hills, Councilmember Peggy McMahon? Present.
Town of Gilbert, Councilmember Kenny Buckland? Here.
City of Glendale, Vice Mayor Lauren Tolmachoff? Here.
City of Goodyear, Vice Mayor Wally Campbell? Here.
Maricopa County Supervisor, Steve Gallardo?
City of Mesa, Councilmember Francisco Heredia?
City of Peoria, Councilmember Jon Edwards? Here.
City of Phoenix, Councilmember Laura Pastor? Here.
Town of Queen Creek, Councilmember Bryan McClure? Present.
City of Scottsdale, Councilmember Mary McAllen? Present.
City of Surprise, Councilmember Earle Greenberg? Here.
City of Tempe, Councilmember Jennifer Adams? Present.
City of Tolleson, Vice Mayor Jimmy Davis? Present.
Town of Wickenburg, Mayor B.G. Bratcher? Present.
Town of Youngtown, Mayor Michael LeVault? Yes, Pat, I'm here.

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

Chair Harris said thank you so much for that, Pat.

1. <u>Public Comment</u>

Chair Harris said at this time, we're going to open it up for public comment which is the opportunity for the committee to address non-agenda items.

Pat, is there any public comment at this time?

Ms. Dillon said yes, sir. We do have Mr. Kevin Hernandez.

Chair Harris said Mr. Kevin Hernandez, you have three minutes.

Mr. Hernandez said good morning. My name is Kevin Hernandez and I'm the Chief Strategy Officer of Inter-con Security. I'm honored to speak to you today not only as a member of the executive team of Inter-con Security but also as a member of the third generation of Hernandez family ownership. Our family has owned and operated Inter-con Security since its foundation 50 years ago. On behalf of our leadership and on behalf of the ownership we're honored to be considered for our security award with Valley Metro.

Fifty years ago, my grandfather founded the company on his kitchen table. His ultimate ambition was to start a security firm that served specific clientele with dedicated security services whose needs outstripped those of more traditional guarding companies just like the security program that Valley Metro has defined in its procurement.

Fifty years later my grandfather's ambition has been realized. We are proud to be the fourth largest security provider in the industry and also the largest minority owned business in the space. Our growth has been entirely organic. We have never acquired another company but instead we have focused on delivering consistent and exceptional results for our clients. A notable part of our success has been our performance in the mass transit security space.

Annually, we staff over three million hours across major transit systems including the Regional Transit Commission of Southern Nevada and San Diego Metropolitan Transit System. With this experience we believe we are especially well positioned to deliver a security program for Valley Metro that meets the needs of all of its stakeholders. We recognize the critical role this program plays in ensuring the safety and the confidence of its riders, employees and the broader community and if we were to be awarded, we would be eager to bring our expertise to Valley Metro's mission.

Thank you for your time and consideration. We appreciate it.

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

Ms. Dillon said no, sir.

Chair Harris said with that being said, thank you so much for the public comment.

2. Chief Executive Officer's Report

Chair Harris said we'll move right into the Chief Executive Officer's Report. Jessica.

Ms. Mefford-Miller said thank you, Mr. Chair. Good morning, members of the board. It is wonderful to see so many of you here in person today and on the screen. As we have a very full board agenda as well as the retreat today, I will be brief in my remarks though there are a great many exciting things happening here at Valley Metro.

This past weekend we were pleased to host American Transit Association's Legal Affairs seminar. Chair Harris did us the great honor of kicking off the Legal Affairs seminar which was held in Phoenix beginning on Sunday and Michael Wawro, our Chief Legal Officer, represented us. There was record attendance. I'd like to think that it was due in large part to Phoenix in March but also just a great deal of intrigue around the policy space within the transit industry right now. So wonderful conference. Delighted to host.

On March 8th we also had a remarkable event at Central and Baseline on the South Central Extension project. The purpose of this event was really to memorialize the first train running from downtown all the way south to Central and Baseline, which is going to be our new terminal station when we open the project later this spring. This was a small event, but it was really well attended. We had 250 people to help us celebrate a test train which is kind of a big deal, and I think remarkable signs of things to come when we plan for our major opening which is really going to be kicked off with a series of events along the five-and-a-half-mile corridor from downtown Phoenix all the way to Central and Baseline. It was well attended by Phoenix City Council including our Councilmember from Phoenix Laura Pastor as well as the mayor of city of phoenix and Congressman Stanton. So great day. Stay tuned for more.

We're going to hold off on events between now and then because we've got a lot of work to do on our testing and final construction.

And just real quick looking ahead we will be back in this room on April 17th for our regular board of directors meeting and we'll have a rather full agenda on that day, including a deep dive with our budget which we'll bring back to the board of directors for possible approval in May. And then we'll have our final meeting of the fiscal year the second week in June. I just want to note that that's going to be June 12th and not the third week in June which is June 19th is when that day happens to fall, so June 12th.

And with that, I'll kick it back to you, Mr. Chair unless there are any questions I may answer for the board.

Councilmember Pastor said I have one question. When is the opening of South Central?

Ms. Mefford-Miller said we are going to decide that at the end of the month. So our team is meeting on a weekly basis that includes our construction teams, community engagement, our safety and security team who's responsible for certifications, City of Phoenix leadership is also in that room and our goal is to make a decision on March 31st.

Councilmember Pastor said so will it be May or June?

Ms. Mefford-Miller said We'll make that decision on March 31st.

We've got a number of critical path testing so that May 8th date while it was a public event it was also just the very beginning of testing on the southern portion of the corridor and so we have to complete our critical path testing to ensure there are not any reasons especially those safety related that would cause us to push the opening date further.

Councilmember Pastor said because community's expecting end of May.

Ms. Mefford-Miller said that is our hope.

Councilmember Pastor said I don't want to disappoint the community on the opening day. The second item is the reason why I'm asking for the date is because starting at the bridge I will do a cruise on Central, so I need to know the date to start organizing all the car clubs in order to begin the cruise on Central as we did back in the day without light rail. And so I'm trying to figure that out in order to nail down all the car clubs that need to be present in order to drive down Central.

Ms. Mefford-Miller said nor do we. And I think our chiefs of capital and safety and security are looking at me saying please don't announce it until the 31st so we can get through those critical path items but we're nearly there. And I am pleased to report that all of our testing and certification to date has gone well.

Chair Harris said any more questions from the board?

Thank you so much.

3. <u>Minutes</u>

Chair Harris said we're going to move forward to Item number 3 Minutes. Minutes from February 20, 2025, joint board meetings are presented for approval. If there any questions or not this item needs to be approved. I request a motion and a second to approve the February 20, 2025, joint board meeting minutes. Is there a motion?

Councilmember Adams, second by Councilmember Edwards.

There's a motion and a second. Any discussion and conversation?

All those in favor, say aye. All right. The ayes have it and the motion has passed.

IT WAS MOVED BY COUNCILMEMBER ADAMS, SECOONDED BY COUNCILMEMBER EDWARDS, AND UNANIMOUSLY CARRIED TO APPROVE THE FEBRUARY 20, 2025 MEETING MINUTES.

4. Audit and Finance Subcommittee Update

Chair Harris said Moving to number 4 we'll move it over to Councilmember White for the Audit and Finance Subcommittee Update.

Councilmember White said thank you so much, Chair Harris. The Audit and Finance Subcommittee met on Thursday, March 6th at 12 p.m.

We had a report from our Chief Financial Officer. Mr. Kessler provided the public transportation fund sales tax numbers for February. We're still at about 2 percent over prior year and still between 1 and 2 percent under the current year budget so the sales tax revenue flow has stabilized for the last few months.

Our minutes were approved from our prior meeting.

We also took action to accept the annual comprehensive financial report and single audit report package. Valley Metro received a clean unmodified opinion on the financial statements and no findings to report and Valley Metro also received a government financial officer association certificate for excellence and reporting each year. So I just wanted to make sure we called that out. Thank you so much, staff and everything you all are doing to ensure that clean report. AFS also voted to accept the annual comprehensive financial report and single audit report package for Valley Metro, understanding that we have our joint boards, and we also have separate unmodified opinion on the financial statements and no findings to report. Very great information.

Mr. Kessler provided an overview of the Valley Metro RPTA and Valley Metro Rail FY26 budget. We're looking forward to seeing more of the detailed budget information in April.

We also heard from Mr. Kondrat, our Audit Manager. We have six internal audits in progress right now and additionally we have 27 internal safety and security audits that we're required to complete every three years from ADOT, and we recently started preliminary work in the first of nine scheduled for this year. In addition, we're coordinating the responses to several City of Phoenix compliance reviews and the fiscal year 2025 FTA triennial review which kicked off in mid-January. So far we've reviewed and submitted over 200 documents for the initial request. Just a reminder for any IGA contract change order, amendments and awards make sure you reach out to Valley Metro staff.

Our next AFS meeting is scheduled for Thursday, April 3rd at 12 p.m.

Thank you, Mr. Chair.

Chair Harris said thank you so much. You're doing a really good job taking care of the Audit and Finance and staying on top of it.

Good job. Team Audit, great job. It's awesome and I love to hear that we're being fiscally sound and making sure that we're checking all the boxes to make sure everything is good. All right.

5. Consent Agenda

Chair Harris said moving to number 5. I'm going to have our CEO introduce this item for us.

Ms. Mefford-Miller said thank you, Mr. Chair. Members of the board. If it pleases this board, I would like to request that we table this item. We have received feedback from city staff and have had conversations with the board who had questions about marketing. We did provide additional information which is included in your packet today. But I've asked our team to re-scope our FY26 planned marketing program. We think we can provide a little more detail on planned expenditures including how much of those campaigns include support for professional services like developing graphics and marketing materials and how much of those purchases involve things like media buys or commodities that we're paying for them.

We believe that we can continue this item and, in the meantime, still be able to deliver our current marketing activities, namely those that are associated with our soon opening of the South Central Extension within our existing contract and within the existing budget available to us. An existing contract, by the way, does expire in August 2025.

Then we'd like to come back to this board with our revised marketing plan and re-solicit as a new contract rather than extending the existing contract.

I would be happy to hear any direction or feedback or answer any questions from the board.

Chair Harris said are there any questions or any feedback?

Vice Mayor Tolmachoff said thank you, Mr. Chair. Thank you for pulling that. I think that it's probably in light of the variety of conversations we wanted to have around this item and some other items is some of the discussions and we've discussed it as well that now that we know we have a guaranteed funding source for 20 years I know that several board members like to take a look at what can we bring in house and what part of this can we bring in house and how are we able to save some money by bringing some of these service contracts in house. So, I appreciate the opportunity to get that information so we can take a real good look at, you know, media buys are something separate than people but what part of this could we bring in house and possibly save some money. So I appreciate the opportunity to move this forward for another conversation.

Chair Harris said awesome. Anymore comments from the board?

Councilmember White said thank you so much, Chair. I just wanted to thank Valley Metro staff because I believe the City of Avondale was one of the only transportation member on the call that you all hosted to provide additional information. So, I just want to encourage the staff members of all the other member agencies to show up when Valley Metro makes themself available to you. It makes a big difference. Thank you.

Vice Mayor Tolmachoff said Mr. Chair, I'd like to. So I guess this is a legal question. Do you want to table this to a date certain or how do you want us to proceed here?

Mr. Wawro said the Chair could certainly pull it for later consideration and we'll just bring it back and put it on an agenda at a later time if the Chair wants to. It's his prerogative.

Vice Mayor Tolmachoff said so no motion necessary. Thank you.

Chair Harris said is there any more commentary on this particular time from any of the board members?

Councilmember Pastor said I just want to make sure that the current contracts that are in place are still moving. This is more about additional dollars and future.

Ms. Mefford-Miller said yes, Councilmember, the current contract in place will remain in effect, and this contract expires in August of 2025.

Councilmember Pastor that's all I want to put it on the record.

Chair Harris said at this time, I would like to table the item to a later date. And again, I always encourage all the board members and their cities and their staff to work with the Valley Metro to get any questions or concerns out. I know there's a lot of new individuals here and it's a lot. It is a lot and it's a lot of conversations and I know everyone here has a lot more things outside of this, so just work with the team the best we can so that way when we show up to the board meeting we'll be able to be a little bit more closer to the same page in terms of what items we're going to be discussing. So thank you, Jessica and your team for making sure that that is happening.

Councilmember McMahon said can you make sure that we receive the date of the calls, et cetera, so if we want to be on it because I wasn't aware there was a call.

Chair Harris said let's make sure that we have the communications out there in a timely manner as well.

Ms. Mefford-Miller said we'd be happy to. We made that information available to member city staff but we can share this with the board as well and we welcome your participation. These are opportunities just to have a deep dive discussion, and staff is available to answer questions and provide more detailed information. This is a method that we've been using of late anytime we've got a fair amount of questions about an item we have done a number of such meetings both group and then with individual cities about the RPTA and midyear budget adjustment which we'll talk about in the next section of the meeting.

Councilmember Pastor said I'm going to follow up on that. I think it's wise to cc us so that we're aware of the meetings and sometimes staff aren't aware of our conversations and or sometimes we don't catch them up by the time a meeting is happening or what is happening so just for accountability's sake on our side so we know and say can you attend this meeting.

Vice Mayor Campbell said thank you. I just wanted to add that it would be helpful to let the new members especially know because we need to be brought back into the loop, and I was not aware of the call as well otherwise I would have certainly made an effort to be on it. So thank you.

Chair Harris said the good thing is that we're going to table this time till a later date. So now we all are on the same page. Make sure you guys get with staff and work with your staff to get it to this staff and we're going to be good to go. So we're going to table this item until further notice. We'll get back with you but again, preemptively whatever questions you have please go to them now and make your private appointments as many as you need. They're available to help you out. I know it's a lot so just do the best you can.

6. Fare Inspection and Security Services Contract Award

Chair Harris said moving on to Item number 6. I'm going to ask our CEO to introduce this item.

Ms. Mefford-Miller said thank you, Mr. Chair. Members of the board. We have before today for your consideration for approval for Valley Metro to enter into a contract for fare inspection and security services with Inter-con Security Systems, Incorporated whom you heard from earlier this morning.

Our fare inspection and security services contract just as a quick matter of background. 97% of this contract supports Valley Metro Rail directly. The majority of that service is hours of presence across the light rail and streetcar systems as well as our rail operations and maintenance facility. Three percent of the contract supports security services at the Mesa Greenfield Bus Operations and Maintenance facility.

Safety and security is our single highest priority. As we have increased our focus on creating a safer and more secure environment we have made changes to the operating environment, to the contract that we currently hold. With the approval of this board last July, we were able to increase wage rates, and we have moved from a record high vacancy rate of 50 percent to a present vacancy rate of around 2%. And the result is more presence across the system of security personnel who are riding with our customers and our team members.

We're continuing this journey to deepen our engagement within security by scoping a new contract that focuses primarily on hours of presence. It's that physical presence and engagement as well as supervision and support of our frontline team members across the field that is making a positive impact.

Adrian Ruiz, our Chief of Safety and Security will provide a brief presentation and we would be happy to entertain any questions and direction from the board. Adrian.

Ms. Ruiz said thank you, Jessica. Good morning, Chair, members of the joint board. I'm going to present to you a very brief presentation on the fare inspection and security services contract. I'd first like to cover some of the key components associated with the procurement objectives. Maintain full staffing, as Jessica stated. This is not a one size fits all approach and it's new at least to us. We want to lead with customer service supported by a foundation of security and civil enforcement knowledge.

Hours of presence, which is the new portion, is the number of hours dedicated to frontline staff and activities. All other functions such as supervisors, account managers, assistants, recruiters and trainers are designed to support and contribute to the success and effectiveness of the resources performing that hour presence work. The hour presence unit cost is an average of all those positions including support.

Next to frontline compensation. This is a priority to ensure quality applicants are recruited and retained and with frequent quality touch points and supervision in the field.

Next reduce cost to switch which is also new to this. By awarding a primary and secondary award, time and effort to switch contractors if current contractor is not meeting the contractual obligations is reduced significantly. There is no board approval needed.

And finally, a diverse panel of members that were part of this proposal with varying areas of focus internally and with law enforcement personnel in transit familiar with the security operations. We worked as a team to review every proposal thoroughly.

Next, we want to introduce Inter-con as with Mr. Hernandez what he stated earlier. The contractor selected is the primary award and Allied Universal, thank you for being here today, as the secondary award.

Inter-con attributes include 51 years of experience, family owned and led with over 80 percent retention through transitions, transit experience with positive referrals and outcomes. Transit experience includes Chicago Transit Authority, CTA, LA Metro, MTS with San Diego, DART and Vegas RTC. We did specifically reach out to several of these agencies and spoke to them at length and they shared Inter-con fills in an average of 99 percent of their weekly hours as well as special events.

A little bit more of what we're buying and why before we move to the next slide. We desire to modify the scope of work now ahead of South Central and look at competition offers from the current industry. We focused in the newly revised scope of work on four key points: Contractor accountability thus the hour presence model and methodology, enhanced experience of frontline personnel and key personnel, increase the requirement for account manager, assistant account manager, trainers and recruiters, training to include a more robust field officer training program and assessments in the field as well as mental health crisis management and response, reporting and data analysis to include not only a collection of the data but analysis of that data and using it to evaluate new deployment models and assess areas of highest risk and exposure and finally, revise the terms to one year contract with four one-year options thereby holding the contractor to earn every year.

Now, onto the award economics and implementation. First portion of this slide to the top with the arrows covers the 20 percent increase in hour presence that's related directly to South Central. 7% decrease in the hour of presence rate compared to the current contractor. A 12% increase in total cost. And new contractor provided a rate increase of the hourly rate by 75 cents.

Located on the bottom is the timeline. Board authorization, obviously, today with your approval. We would then activate the transition team with key personnel from Inter-con who are here today meeting with us this afternoon at 3:00. During that post-award conference we will set guidelines for expectations and the transition. Tomorrow we will have the actual transition kick-off meeting with our program managers, project managers. We want to focus on high incumbent captures of solid performing personnel with institutional knowledge. This will be key and a major part of this transition.

We have assigned a project management team comprised of Angie Devore and Rosalia Castro to support the coordination and logistics. Valley Metro Security Manager Don Schneidmiller will be the point of contact for the department and the transition connection between the contractor, accomplishments and any challenges. I will provide regular touch points, updates to my CEO and stakeholders on milestone activities transitioned between current and new contractor and address any issues immediately. Key components of this transition. Allied Universal, the professionals they are, have agreed to cooperate and support these activities. Communication is key and will be key to frontline personnel and throughout as well as the incumbent capture. We do have a message already prepared in cooperation with Inter-con that we will put out this afternoon. This will go to all field personnel.

Challenges are expected. However, we are confident of our transition timeline and team and plan to resolve any issues effectively with transparent and timely communication between Valley Metro, Inter-con and Allied.

This concludes my presentation. Before reading the recommendation or having it read by the Chair, we would open it up to any questions you may have. Thank you.

Chair Harris said thank you. At this time do any board members have any questions?

Vice Mayor Tolmachoff said thank you, Mr. Chair. How are the four one-year extensions -- would they show up on a future consent agenda or how would the extensions be handled?

Ms. Mefford-Miller said thank you, Vice Mayor Tolmachoff, Mr. Chair, for your question. And this is also going to be the subject of some of our procurement conversation in the board retreat.

We would seek board approval for the entirety of the contract. It is our intention that with this contract as well as any contract to bring back exercise of those option years well in advance of the date at which we would need to exercise them with an analysis and staff recommendation based on contract performance and continued and anticipated business need for goods or service.

So that is to say, what does that actually look like? That's to say we would come back to this board typically about a year and a half before we would anticipate executing an option year on a contract with an assessment of how the contract is performing as well as projections for our continued business need. And security for us that would mean how much hours of service are we going to need and will we see an increase, for instance, when we open Capital Extension, our next light rail expansion project. Or sometimes there might be a decrease in a need for goods or service and we might recommend either changing the scope or re-procuring.

So that would be an open conversation with both the board that would be preceded by dialogue and collaboration with our member city staff.

Vice Mayor Tolmachoff said prior to the extension being executed.

Ms. Mefford-Miller said yes, Councilmember.

Councilmember Pastor said I have a follow up on that. So you'll bring it back in a year? Did I hear that correctly?

Ms. Mefford-Miller said it would be about a year and a half before we would need to actually exercise the option. The reason we would do that far enough in advance is in the event that the chosen action is to re-procure the given contract.

That takes us right now eight to ten months to actually conduct a procurement and so we really have to decide to release a new RFP or to exercise a contract extension one year in advance.

Councilmember Pastor said and we exercise a contract extension it comes to the board, and we vote on it?

Ms. Mefford-Miller said sometimes.

Chair Harris said I think Councilmember we're going to be talking about some of that in the retreat.

Councilmember Pastor said no, I know. But what is the practice currently?

Ms. Mefford-Miller said sometimes on some of our contracts the board has authorized the full contract extension and that's the contract authority. There are actually two board actions that are required for a contract.

One is the contract authority and then one is the budget authority. The budget authority is typically awarded through the annual budget process unless we're asking for an increase in budgetary authority because of an increased need in service or as we've had lately with some of our design and construction contracts a shift in which fiscal year the funds are going to be expended. So it's a two part process and the board has two bites at the apple, if you will, on the contract vehicle and on the budget.

Councilmember Pastor said I'm going to break this down because in my head I have two different roles going on. I have the City world and the practice here. Contract authority comes to us, we say yes, we agree in the staff recommendation on the contract authority. And in that authority, we give a set amount of what can be spent within that contract authority with an amount that we allocate. Does the extension piece come back to us to say yes we would like to extend this contract or does staff make that authority?

Ms. Mefford-Miller said in this authority today on the award to Inter-con, we're asking for contract authority on the full scope of the contract. We will and we have in practice always come back to the board to request approval to execute those option years. I don't know the practices of every one of our member communities.

I do know in City of Phoenix typically council is approving the full scope of the contract and those opportunities to exercise option years don't go back to council. I want to differentiate we are coming back to the board here.

Councilmember Pastor said that's what I'm trying to figure it out.

Ms. Mefford-Miller said so it's a little bit, you know, it's a little bit of an extra step but again, we've been listening to board feedback and to member community feedback and I think it's important that we move through this defined process, again, of evaluating performance and business need in making a decision together and making that decision transparently.

Councilmember Pastor said and then you come back when there's a need for additional dollars?

Ms. Mefford-Miller said yes.

Councilmember Buckland said thank you, Chair. So I think what might be helpful and what may be missing here, I didn't see it anyways, is the contract itself. So typically I don't sign off on something that I have not or, you know, or approved the sign off that I've not actually gone through myself because I think we owe the due diligence of that to our constituents that we have a reasonable and equitable and a win-win for our constituents, for the board and for the vendor that is chosen. So I think that might answer some of those questions because I'm sure that language is in there anyways and would tell us. I have no problem seeing a contract, everything looks good, looks smart, giving authority to, for the efficiency sake of moving, you show that they performed well moving forward with the next year, two, three, four, you know, as staff without approval but I really would, I think, in the future like to see contract added into the document.

Ms. Mefford-Miller said thank you, Councilmember Buckland. Mr. Chair, members of the board. We can certainly provide draft contracts as we don't have contracts. The authorization that we're seeking for this contract today, which is like the authorization we're seeking to enter into other contracts is the board who delegates the authority to the CEO and then I sign the contract. And we'll discuss some of the mechanics of this but to answer your question we would be more than happy to share the draft contract with the board and I'll have to work with staff on this I'm not sure those draft contracts are ready when we begin the cycle because remember we're going to our regional transportation advisory group that city staff well in a month at least a month in advance of bringing that to the board but we could at least include frameworks of that contract.

Councilmember Buckland said I appreciate that very much. I don't expect a signed contract, obviously, but just what it's going to look like upon signature would be awesome and that helps us make better decisions, smarter decisions, I think.

Ms. Mefford-Miller said absolutely. And it might also be helpful to include the scope of work.

Councilmember Buckland said definitely.

Ms. Mefford-Miller said which the contract itself there's a lot of important legal language in there but the scope itself is also telling. So if it pleases you, Councilmember, we could include that.

Chair White said I move that we accept a one-year contract with four-year options to extend a primary award to Inter-con Security Systems, Inc. And the second award to Universal Protection Services, LP for fair inspection and security services with an aggregate value of $105,427,000.

Motion by Councilmember White, second by Vice Mayor Tolmachoff.

There's a motion and a second. Any more discussion? All right. All those in favor, say aye. All right. Everyone says aye. Any opposed?

Councilmember Buckland said only for not having see the contract draft.

Chair Harris said one dissent. And the ayes have it with one dissent, Councilmember Buckland.

IT WAS MOVED BY COUNCILMEMBER WHITE, SECONDED BY VICE MAYOR TOLMACHOFF, AND CARRIED TO AUTHORIZE THE CHIEF EXECUTIVE OFFICER TO EXECUTE A NON-YEAR CONTRACT WITH FOUR ONE-YEAR OPTIONS TO EXTEND, WITH A PRIMARY AWARD TO INTER-CON SECURITY SYSTEMS, INC., AND A SECONDARY AWARD TO UNIVERSAL PROTECTION SERVICES, LP, FOR FARE INSPECTION AND SECURITY SERVICES, WITH AN AGGREGATE VALUE OF $105,427,000.

7. Travel and Expenditures

Chair Harris said moving on to the next one is 7. Item 7 travels and expenditures. If there's any questions or concerns. This is for information only. I don't believe there's any.

8. Report on Current Events and Suggested Future Agenda Items

Chair Harris said moving on to item number 8. Report on any current events suggested future items. If there's anyone on the committee that wants to, now is your time to tell us about some of the amazing events that you guys may have going on or it's any suggested future items

9. Next Meeting

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

Without further discussion, the meeting was adjourned at 11:00 a.m.

Executive Summary

DATE
April 10, 2025

AGENDA ITEM 4

SUBJECT
Audit and Finance Subcommittee (AFS) Update

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

BACKGROUND | DISCUSSION | CONSIDERATION
The Audit and Finance Subcommitte met on Thursday, April 3, 2025. The draft minutes are attached.

COST AND BUDGET
None

COMMITTEE PROCESS
None

RECOMMENDATION
This item is presented for information only.

CONTACT
Ken Kessler
Chief Financial Officer
kkessler@valleymetro.org

ATTACHMENT
Draft April 3, 2025 AFS meeting minutes

Meeting Minutes

April 10, 2025 **AGENDA ITEM 4**

Audit and Finance Subcommittee
Thursday, April 3, 2025
Via WebEx/Phone
12:00 p.m.

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

Members Not Present
Councilmember Jimmy Davis, City of Tolleson

Chair White called the meeting to order at 12:04 p.m.

Chair White said thank you so much. I'd like to call the meeting to order at 12.04 p.m. Welcome everyone to our Audit and Finance Subcommittee meeting Thursday, April 3rd. We'll move to agenda item.

Actually, we'll move to roll call. Thank you so much. Pat.

Ms. Dillon said good afternoon, AFS members.

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

Chair, we are ready to proceed.

1. Public Comment

Chair White said we'll move to item number 1, Public Comment. The public will be provided with an opportunity at this time to address the committee on non-agenda items and all action agenda items. Up to three minutes will be provided per speaker unless the Chair allows more at her discretion. A total of 15 minutes per speaker will be provided during this meeting.

Pat, do we have any public comment or comments that you have received?

Ms. Dillon said no, ma'am.

Chair White said thank you very much. We will close public comment.

2. Chief Financial Officer's Report

Chair White said moving straight to item number 2, Chief Financial Officer's Update. Mr. Ken Kessler, our CFO, will go ahead and share an update and give us some current issues to take a look at.

Mr. Kessler said thank you, Madam Chair. Yeah, today I'd like to share our PTF revenues update. Being that today is the third day of April, we're likely to probably see the March revenues come in early next week so we've got PTF revenues through February at this point.

So for the fiscal year, we are up a little under 2%, about 1.7% compared to prior fiscal year. And compared to budget, we're about 1.4% below the budget, so still trending slightly below budget at this point. That's all I have. Since we have a fairly extensive budget review today, that's all I have for my comments.

Happy to take any questions.

Chair White said any questions from committee members? I believe we have call-in user number 2 has joined us as well, Pat.

Ms. Dillon said yes, could you please identify yourself, call-in user two?

Councilmember Adams said Councilmember Jennifer Adams.

3. Minutes

Chair White said moving to item number three. This item is an action item. Our minutes from March 6th Audit and Finance Subcommittee are presented for approval. We'll take just a brief moment for review, and I'll entertain a motion to approve our March 6th minutes.

We're looking for a second. I believe I can second that motion.

Ms. Dillon said yes, ma'am, you can.

Motion by Councilmember McMahon, second by Councilmember White.

All those in favor, aye. Any opposition, nay?

The motion carries. Our minutes have been moved.

IT WAS MOVED BY COUNCILMEMBER MCMAHON, SECONDED BY COUNCILMEMBER WHITE, AND UNANIMOUSLY CARRIED TO APPROVE THE MARCH 6, 2025, AUDIT AND FINANCE SUBCOMMITTEE MEETING MINUTES.

4. <u>FY 2026 Operating and Capital Budget Information Valley Metro RPTA and Valley Metro Rail</u>

We're moving to item number 4. This is FY 2026 Operating and Capital Budget Information for Valley Metro RPTA and Valley Metro Rail. I will turn this over to Mr. Kessler, our CFO, who's going to provide us a presentation on both RPTA and VMR. Mr. Kessler?

Mr. Kessler said thank you, Madam Chair, members of the subcommittee. Yes, today I'm presenting the details of the proposed FY26 Operating and Capital Budget. Just want to note that we have reviewed these details with city staff last month at the Regional Transit Advisory Group and Financial Working Group meeting. We got a fair amount of feedback. We've incorporated that feedback in terms of some of the suggestions for revising the write-ups in the packet, so we've incorporated that. And we look forward to your feedback today as well as feedback we received yesterday from TMC, RMC, as we move forward with the budget process.

Any feedback we've received yesterday as well as anything today, we'll move to try to incorporate that before the Financial Working Group and RTAG meeting on April 15th, and as well as incorporating as much of those changes as we can into the board meeting on April 17th.

So just a few things of note. The RPTA FY26 operating budget is $27.9 million, about a $500,000 increase over prior year, which represents less than a two-tenths of one percent increase. And on the VMR budget, the request is $118.9 million, which is about a $21 million increase, about 21 percent over prior year, mostly due to the full year of South Central operations, as well as increases in contract rates for rail ops, and security, and some proposed new safety and security positions, as well as utilities and insurance.

One thing in particular note that started when we had this detailed discussion with the city staff members at RTAG and Financial Working Group, we do have 21 positions requested, new positions requested in this budget, and so that got some particular attention. And so, we're taking a look at that, and for those that we hope to advance, we'll provide the details to city staff and Financial Working Group on that April 15th meeting. And we'll be showing the cost allocation by agency for each position, as well as the funding source for each position, and then also we'll more clearly identify those position requests that are really associated with in-sourcing current work that is being conducted currently under contracted services.

One thing of note on the RPTA side is important that of the new positions requested, none of those on the RPTA side would be supported by member city contributions. All of those positions are such that they would be supported by either public transportation funds or capital funds. And then on VMR, there's a number of new positions. Some of the new positions would be partially funded by the capital budget, but a majority would be supported by rail city contributions as they are part of the operating budget, and just as a reminder, PTF funds can't be used for rail operations. It's mostly funded by member city contributions. So just wanted to provide sort of that, I guess a little introduction to the budget before we get into the actual details, so from there I'll go ahead and move into the actual presentation.

First, starting with RPTA, just do want to note that the budget is built around our strategic plan, so here we display our strategic framework, and each of these initiatives is tied to a strategic plan goal. The details, just want to remind folks the details of these initiatives are in your packet. They're initiatives 1 through 17.

One through 12 are new initiatives, and 13 through 17 are basically those kind of ongoing commitments and obligations types of items, and we'll get to the details of that. Just did want to point that out because there is good detail in those write-ups for your review, as well as a breakdown of some of the details of the costs.

So in speaking of those initiative sheets, I just wanted to run quickly through kind of how they're laid out. So here's a sample of one of the initiatives. In the upper left here show the initiative number, so you can refer to that from between what's in the presentation slides today, as well as the cross-reference to the actual detail initiative document itself in the packet. And then we show the strategic plan goal that it's related to in the middle of the header. And then, as well, we identify whether it's a combined agency initiative or if it's Valley Metro Rail-specific or RPTA-specific. And just do want to point out for those that are combined agency efforts, we do have the breakout of the cost between the agencies in those detail initiatives in the table below the narrative write-up.

And then we also have the category of initiatives. So as I mentioned, 1 through 12 are new initiatives or what we call Valley Metro-recommended initiatives, and then 13 through 17 are ongoing obligations or continuing commitments, and we identify those in the header as such so that you could see that as you read through the materials. Here, just a reminder of the cost down at the bottom here in the table, the breakout by agency when we have an initiative that crosses both agencies. Many of the initiatives do cross both agencies, and so you'll see a breakout. Some of the costs will be on the RPTA side. Some will be on the Valley Metro Rail side, but there are some initiatives that are specific to RPTA and some specific just to Valley Metro Rail.

So from there, I will move on to how the budget is built. So basically, starting at the top here, we start with our base budget, which is essentially the current year budget, and then we do a review with the budget team along with our divisions to see where there might be some opportunities for savings. Maybe there's been some underruns in the past, some items that may be one time in nature in the current fiscal year that won't carry forward to next year, and so we look to reduce that base budget from the current year into the starting point for the new year budget as we build on that.

And then from there, we add in the obligations, those inflationary items or ridership impact type of items, as well as any continuing commitments, those contracts that go maybe for multiple years, from year to year. We see those contracts typically have rate increases year over year, either tied to inflation or some other metric.

And then lastly, we add in the Valley Metro recommendations or new initiatives. These are items recommended by Valley Metro staff to be implemented in the new fiscal year budget, and all those three combined to comprise our total budget.

And then looking at that in the actual numbers for FY26 proposed budget, you can see on the RPTA side the base budget is down about $14.7 million, about $11 million that is the reduction of Phoenix operated service funded by PTF. The other $3 to $4 million or so are actual items that we took out of the budget, either one-time items or areas where we saw underruns that we were able to kind of pull back on the budget need there. And then from there, we add in those obligations' items totaling about $12.6 million, and then the Valley Metro recommended initiatives of $2.7 million, which totals a $279.5 million budget.

And just for some context of the increased items, the obligations plus the Valley Metro recommended, we show here that the Valley Metro recommended items make up about 18% of those additional items going into the new budget, and 82% is the ongoing obligations.

And then looking at the budget in total, we see here that the Valley Metro recommendations of the total overall budget are about 1%, and the rest of the budget is 99%. So just a little context as far as how the numbers fit together.

Now moving on to the use of funds for the operating budget by program here, you can see the $279.5 million budget proposed with fixed route operations and demand services being the two biggest programs. And then the sources that fund the operating budget, public transportation funds, member city contributions, federal funds and fares being the primary funding sources that support our operating program.

So now I'd like to move into the recommended initiatives, go through some of this detail.

So first, and just for some orientation, we are going through these in strategic plan goal order. So basically, on that strategic framework visual, we're working kind of from the top down.

So the first strategic plan goal we have here is deliver excellent customer service. We have one initiative here. This initiative, as you can see in the detailed write up in the packet, is comprised of three items.

First of all, there's two additional new customer service experience coordinators.

There's a passenger information systems supervisor position to really help our efforts with wayfinding and the signage system. And this is really, mostly in-sourcing current work that's done through contract.

And then third in this initiative is a marketing effort to really leverage our new fare collection system. So this is an effort that we would roll out to leverage the fare programs, the new fare technology we have to enhance and grow our ridership.

The next goal that we have initiatives for, invest in our talent. A couple items here.

Number two here, initiative 2, agency staff compensation. That's comprised of an overall general 3.5% merit for staff across the agency. That's basically an overall average for the merits across the agency.

And then the other part of this is the implementation of the classification and compensation study, we're working towards wrapping that up. And right now, we wanted to budget for what we expect some of that impact to be going forward as we make some adjustments as a result of the class and comp study.

And then initiative number 3 is four additional HR positions. A couple of these are really kind of in-sourcing work that we contract out. And it's really to help with the growing agency. The agency has grown significantly over the years. The HR department really has not grown in conjunction with that. So we just wanted to make sure that we have the HR support for the overall agency as we continue to grow into the future.

So next, prioritize security on transit.

This initiative here, safety and security management. This is a couple of deputy chiefs. Deputy chief over safety and a deputy chief over security in the safety and security division. And this really will allow a more focused management effort on each of those programs specifically. Right now, Adrian is the head of the division. Really is kind of split and doesn't have, you know, the bandwidth to put the management level focus that's needed on each of those programs. So this will really augment the leadership and management of those two programs.

Next strategic plan goal, leverage data and technology. A couple initiatives here.

Number 5, this would be a service planner, additional service planner position. This would for the most part be in-sourcing some service planning that we contract out. And this would really allow for a more proactive approach to service planning as opposed to just reacting to member cities requests for looking at different potential service adjustments. It would be more of a proactive approach as we've grown our data tools and what we have at our hands available to us to use to look into this. This position would really have the ability and the bandwidth to dive into that data to be proactive in looking at service adjustments going forward.

And then initiative number 6, pretty, straightforward. It's just the replacement of hardware and software that have reached end of useful life.

So next strategic plan goal, deliver on stakeholder collaboration. A couple initiatives here.

Internal communications enhancement. What this includes is a specialist of internal communications. And this would really enhance internal communications with employees and contractors and specifically those contractors who are our frontline staff. Those folks that are out there, you know, they're experiencing, they're seeing what our customers are experiencing, they're living that every day. And this would allow us to better have that direct communication with frontline staff so, you know, we can, you know, act accordingly based on what we're hearing. And also for us to communicate with them so that they're getting the message directly from Valley Metro. Sometimes if it's filtered down through multiple layers, the message doesn't always get clearly out to those frontline folks.

And then number eight, a supervisor of community engagement is a new position there for capital planning. This is another one of those positions that is really in-sourcing what we're doing today with contracted personnel. And it's really to bring that in house to help continue the institutional and historical knowledge that's gained through these projects instead of it being a consultant who walks away at the end of a project, and we lose that. So that's the focus there. And I just do want to mention that position is mostly capital.

And remiss, I should have mentioned this earlier. I just wanted to point out these dollar amounts you're seeing on these slides represent the RPTA share only since we're in the RPTA budget. So you'll see in the initiative write-ups those cost tables at the bottom do show the breakout. And then when we get to the VMR presentation, you'll see the VMR share of these initiatives that are combined initiatives as well. So I just wanted to point that out.

As we get into our final strategic plan goal, financial sustainability, a couple initiatives here, financial planning and analysis enhancement is comprised of new financial forecasting software. We have for years been doing all of our financial planning and tracking of the Transit Lifecycle Program in Excel and an Access database. Very antiquated systems. We've built a new long-range Excel model for our total program combined but we have a procurement on the street for forecasting software that would streamline our efforts for doing that long-range forecasting. We've typically looked at like five-year horizons as you see each year in the budget. We put a five-year forecast out there. And we wanted to create a tool so we could look out, say, 20, 30 years and make sure that our program remains fiscally balanced throughout the long-term perspective.

Also, as part of this financial planning and analysis effort it includes a financial management analyst position. Today, we have one position that manages the TLCP and all of our financial forecasting. And it's -- that area is really at risk for us. So we feel strongly that a second position to support those efforts as we move from Prop 400 to Prop 479 on the Transit Lifecycle Program side of things as well as just the general long-term forecasting. And, again, as we kind of embark on doing new long-term forecasting we haven't typically done as an agency for the overall program, it's important that we have the resources to be able to manage that for us.

So one last item on the initiative for the financial sustainability is a new grants coordinator position. And this would really create a position that to a certain extent we've over time kind of either piecemealed out to staff as they've had available time or we've engaged with some of our consultants to do some of this work and it really hasn't been a well-coordinated effort. So this is a position that would reside within our government relations department. And really work across the agency as well with our member cities and other partners in grant-seeking efforts as well as coordinating -- when we decide to seek a grant, you know, coordinating those efforts and putting grant applications together. Again, as I mentioned, this is something that's largely been done either by engaging consultants or just trying to find staff, a planner or two that may have some time to kind of put this together. And it's really been more reactionary. And this will also enhance our abilities to be more proactive looking to find grants instead of just notices of funding opportunities coming out and we go, okay, here's another NOFO, let's react to it like we have. So this also takes us beyond just looking for those U.S. Department of Transportation grants but allows us to really dig deeper across other agencies and other opportunities for seeking grant funds. So that is the new initiatives.

And I'll pause there and see if there are any questions on new initiatives.

Madam Chair, if you're speaking, we don't hear you.

Chair White said no, I don't have any questions at this point. I have a few later on. I don't see any questions from our committee members online either.

I know we did have -- I think the verbiage was used earlier as we were talking about positions in regard to what does sourcing mean? Is that where we're getting the candidates from or how we're sourcing our hires, contracting versus internal?

Mr. Kessler said so by in-sourcing, what we mean really is adding an FTE and hiring somebody to do that job as opposed to relying on a consultant or a contractor to perform that work. Because as you know, with consultants and contractors, not only do we potentially lose that sort of historical institutional knowledge if they move on after the end of a project, but also, you know, you look at markups and additional costs when you're paying for, you know, an outside consultant to do work. And so we're going to continue to evaluate ongoing, looking at work that's being done to really look at where it makes sense to bring work in-house if it's work that's going to continue sort of in perpetuity and, you know, save some money. Plus, not only that, but also develop that ongoing historical and institutional knowledge within the agency as opposed to it being a contractor or consultant that kind of walks away with that knowledge at the end of a project.

Chair White said thank you for that clarification and that value add.

Mr. Kessler said sure. So now we'll move on and we'll go through the RPTA obligations.

Just want to point out here in terms of continuing commitments, $7.4 million, 5.1 under inflationary items for a total of $12.5 million there on those ongoing obligations. A number of items like contract rate increases and fuel, projected fuel increases, really driving a lot of those obligation type increases.

Any questions on the obligations?

All right. Hearing none, I'll go ahead and move on to the capital program.

Chair White said we do have a question. Sorry, Mr. Kessler. Go ahead, Councilmember Adams.

Councilmember Adams said sorry, I'm a little slow to the party here. Some of our top concerns are the member city contributions have increased 5% for RPTA and there's 21 new FTEs proposed between RPTA and VMR. And streetcar total increases are 10% and streetcar security increases are over 40%. So that's some of our concerns that we have regarding Tempe's budget.

Mr. Kessler said yes. Thank you for that comment. And, we've been having ongoing conversations with city staff on these issues and look to continue those. And as we mentioned, any feedback on adjustments going forward in terms of looking where we can sharpen our pencil on the budget as we move towards adoption, we'll certainly look to incorporate those.

Councilmember Adams said do you have a timeline for those changes?

Mr. Kessler said we plan to discuss that with the financial working group on the April 15th meeting.

Chair White said any additional questions? None. Thank you. Mr. Kessler. You can go ahead.

Mr. Kessler said certainly. So then moving on to our capital program. RPTA uses of capital $66.3 million. The largest items in this program are the regional fleet as well as debt service. And I do want to point out this debt service will go away after this final payment in FY26. We had debt that was we pledged the Prop 400 sales tax to service that. And so the debt amortization ends in FY26, and this will come off the books.

And then on the sources that support the capital program, public transportation funds and federal funds being the primary sources there.

And then just quickly passthrough funds. As you know, RPTA passes through mostly through to Valley Metro Rail as well as some Arizona Lottery funds that go to member cities for various transit services and projects. And then here are those sources that fund that $145.8 million forecasted for FY26.

Now I'll move on to the five-year forecast for RPTA. Starting with the operating program, we've got about a $1.8 billion five-year program on the operating side, largely funded by public transportation funds and member city contributions.

And then on the use side, the primary largest programs there are fixed route operations, demand services, as obviously as those are our main services we provide.

And then taking a look at the five-year capital program, again, on the sources side, public transportation funds and federal funds being the primary sources that support our capital program.

And then on the use side, regional fleet continues to be one of the largest program.

And then some rail program disbursements, as you can see in some of the early years, there's still some Prop 400 monies that will be passed through from RPTA to VMR for the Capital Extension Project. And then some of the Prop 479 state of repair funds coming in at much smaller numbers going forward from there.

So this is just a recap of the budget development and adoption dates. I'm targeting May for adoption of the FY26 budget.

So that concludes the RPTA presentation, and I'm happy to take any further questions on RPTA.

Chair White said I appreciate the review. I think some of my questions are kind of in the supplements on the next few pages as we go forward. Will we be going in detail over the next line items that you went over for the FTEs?

Mr. Kessler said as far as the presentation goes, those detailed write-ups are not part of that. They're in the packet for information, but certainly welcome to discuss any of those. And, answer any questions you might have.

Chair White said I'll go back to this one would be on our additional supplement, but it was presented earlier for the HR expansion. I think it's super important to expand HR, especially since the agency has gotten bigger. That's going to total about $196,000. I guess I'm just concerned because that's a total of four positions, three of them staff, one of them is a support person. Maybe pause to defer the staff support specialist role to get the talent in because we definitely do need some more HR but I'm not sure. We want to invest in our talent, so we do want to get the professionals in. As we invest in our talent, we probably want to be able to make sure we get them in place, and then we'll have a need to be able to justify a staff support person. I think that might be a better way to take a look at that.

I'm also taking a look at the service planner position. That only shows the $76,000 from RPTA, but I would take a look at that here. When we leverage data and technology, we give a chance for the current planner to give us some feedback and postpone or maybe shift that role a little bit later on and really lean in heavier on the data and technology we have at this moment because I just think the way that the economic environment is going, we want to use resources in place, and that's why we want to lean again leverage that data and tech.

The internal communications enhancement, that's only coming at RPTA with about $54,000. There is a VMR piece of that as well, but I think as we look at improving internal communication, this might be a space where we can defer as well and try and drive the excellent customer experience by improving how we deliver it now. Sometimes we throw more people at something that doesn't really make the change that we want to see. We might have to shift how we're doing things and then substantiate to me in the future how we can expand that role.

Just a couple more things here.

I was looking at the supervisor for community engagement. Maybe this is a function that can stay a contract function temporarily and pause, because I think we might have an opportunity to maintain the same level of engagement and have some flexibility here. And we have to also acknowledge that different members' contributions, you know, it's going to change, and PTA funding changes as well so we just want to be mindful.

And then I guess, finally, I would delay the financial planning and analyst enhancement. Again, just taking a look at the financial environment we're walking into right now. Things are uncertain and looking at the financial analyst position and the contract performance position, I know bringing basic costs is super important, but I think if we're going to have investments in software, we probably want to demonstrate some fiscal responsibility making sure all of our existing FT can manage and use that software instead of bringing in software and a person at the same time.

I don't know if those recommendations land or are received but just taking a look at it from my member city's perspective, those are things I wanted to make sure I had the opportunity to share.

And also, now I'm opening up for any other commentary. Any other questions, concerns, comments from our committee members?

Councilmember Adams said yes, this is Councilmember Adams. Max, I totally agree with what you're saying so I just want to concur with your statement. Thank you.

Chair White said thank you, Councilmember Adams. I know we still have Councilmember McMahon on the line. Any concerns, Councilmember McMahon?

Councilmember McMahon said thank you. I appreciate your comments, and I also share them. And I think that it's smart to, like, wait on the funding enhancement due to the new software, et cetera. So, yes, I agree. Thank you for asking.

Chair White said thank you, Mr. Kessler, for pausing for comments and questions. You can move forward.

Mr. Kessler said thank you. Appreciate the feedback. Okay. So now we will move on to the proposed Valley Metro FY26 budget.

Again, no need to go through the same slides that we looked at on the RPTA budget. And the buildup of the budget, do want to start here with the numbers, the breakdown of the budget buildup.

So the base budget for VMR, we were able to reduce that by $1.4 million over the current year budget, with ongoing obligations of $18.3 million and Valley Metro recommended initiatives of $4.1 million, arriving at a $118.9 million budget, $21 million, about 21% over prior year. Again, largely driven by the items of South Central, utilities, et cetera, that I mentioned at the outset.

Here's just a breakdown of those obligations and Valley Metro recommended initiatives. Eighty-two (82%) percent of that total are those ongoing obligations. Eighteen percent (18%) represents the Valley Metro recommended items. And then looking at the total budget, the Valley Metro recommended items comprise about 3% of the total proposed budget.

So now moving on to the operating budget use of funds by program, $107.1 million for light rail, streetcar at about $8.1 million, and agency operating at $3.7 million.

And then for the sources that support the operating budget, again, member city contributions and fares being the primary sources supporting operations.

Okay. So moving into the recommendations, there's several of these initiatives that were also RPTA, so I'll just move through those quickly and just kind of mention that these numbers here, this is the Valley Metro Rail share of those initiatives.

So this one here on the passenger engagement and education, same item we talked about previously, just the Valley Metro Rail share of the cost.

Similarly here for invest in talent, the Valley Metro Rail share of the cost of this item, about $1.9 million.

And then for prioritized security on transit, the VMR share of the deputies of safety and security, about $312,000. Oh, uh-oh. That jumped pretty quick. There we go.

This one here, number 7 and 8 are initiatives that were on RPTA as well, so this is the VMR share here on this slide.

Number 9 is VMR only. It's a capital development project manager, and this is really, again, mostly in-sourcing consultant work that's currently being done through contracts. And it's zero here because this position would be 100% dedicated to the capital program, and really this position would be doing things like planning and coordinating all the efforts for our state of good repair and improvement projects, so this would be a position not related to new extension projects or those types of things, but really to address the system needs as it ages and coordinate all the activities to maintain our state of good repair or transit asset management program.

And then the next item here, under operational excellence, rail maintenance program enhancements, this is a Valley Metro rail item only, so this is comprised of a few different items within this initiative.

First, there's an art maintenance budget increase of $50,000. As we're all aware, as the light rail system ages, not only do the systems age and need repair, but all the art that's been out there for many, many years, as well as the fact that we've extended and grown the system, so there's now more art to maintain, so it takes more resources to maintain that art in a state of good repair.

And then additionally, we have a new additional pressure washer position and the necessary equipment to go with that position. This is largely due to system expansion. With the addition of the South Central Extension, we have a need for some additional pressure washing, and then as well as also this position will allow us a little broader coverage throughout the day as well.

And then the third item here is the attraction power team, so this would comprise of a manager and three supervisors dedicated to traction power. Today, we do not have such positions dedicated. We have a supervisor, one supervisor on the team in our maintenance of way that does have traction power, the traction power expertise needed. So this is really to bring this part of our maintenance team up to industry best practice in terms of having folks who are subject matter experts in traction power managing and supervising the technicians that are out there.

And then the last item, again, is the same initiative as we had on the RPTA side, and $157,000 just represents the Valley Metro Rail's share of that cost.

So that is all on the new initiatives.

Happy to pause here and take any questions on VMR new initiatives.

Councilmember Adams said Madam Chair, I have some comments.

Chair White said please proceed, Councilmember Adams.

Councilmember Adams said yes. It appears that the implementation date for several of these recommendations has shifted. Can you explain that?

Mr. Kessler said Madam Chair, Councilmember Adams, I'm not sure what you're referring to as far as implementation dates.

Councilmember Adams said oh, those are in my notes. Let's see.

Ms. Mefford-Miller said is that the audit?

Councilmember Adams said I can't. That's what was given to me. So I'm sorry I can't explain that. Let me check my messages here.

Mr. Kessler said is that maybe a note about the implementation dates in the audit update?

Councilmember Adams said I guess it's in the next presentation. Are we still on 5 or are we on 4 still?

Mr. Kessler said we're on the budget still.

Ms. Dillon said we're on 4.

Chair White said we're still on the budget. Yes.

Councilmember Adams said I apologize. I will withdraw my question until later. Thank you.

Chair White said we switched over from RPTA to VMR. I think you're the only rail person still on. I just wanted to make sure there weren't any other questions about the VMR piece for you. I presented all of my questions and concerns and thoughts for RPTA. I don't have any additional questions. Mr. Kessler, I think that's it. Thank you.

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

We'll go to the VMR obligations. Here's a summary of those obligations. For continuing commitments, about $16.6 million. About $1.6 million in inflationary and ridership-type items. A total of $18.3 million. You see there, again, a number of items, again, similarly to RPTA. We have some contract rate increases. The South Central operations for a full 12 months in here being a very large portion of this total also as well.

Any questions on the obligations?

Chair White said no questions, Mr. Kessler.

Mr. Kessler said Okay. So we will move on to the capital program. So for the VMR capital program, uses of the funds in capital, future project development, the Capital Extension, and state of good repair efforts being the largest programs within our capital, about $114.5 million for FY26.

And then the sources that support those activities in the capital program, again, federal funds and public transportation funds being the largest portion of that.

And then moving on to the five-year forecast for VMR. On the operating side, about a $637 million program over the next five years. Member city contributions and fares being the primary sources that support the operating program. And then obviously our various operations and maintenance of light rail and streetcar, as well as ongoing security making up the uses.

And then on the capital side, about a billion-dollar program over the next five years for Valley Metro Rail capital, federal funds and member city contributions being the largest funding sources supporting that. And then over the next five years, the Capital Extension, Rio East Dobson Extension projects being two of the larger programs within the capital program.

Any questions on capital or five-year in general?

Chair White said I don't see any questions, Mr. Kessler. Thank you.

Mr. Kessler said again, here's the chart showing our timeline for the budget. And that's the end of my presentation on the budget and happy to take any additional questions.

Chair White said very comprehensive budget seeing that we're going to exceed a billion over the next five years for VMR and for RPTA, $1.8 billion over the next five years. I want to make sure we're good stewards of this, and I appreciate you at the helm of this review.

Councilmember McMahon, I see that you are on the screen. Do you have any questions?

Councilmember McMahon said yes, I do. And hopefully I can formulate this question. I see in the budget there's a 3.5% merit performance increase. Is that across the board? Is that for everybody? Or is it a merit increase? Is it something you do at that rate every single year? Because I'm just looking at the financial markets, et cetera right now, and I'm wondering if that is a buying increase or is it customary? Thank you.

Mr. Kessler said Madam Chair, subcommittee members, so that 3.5%, not everybody is going to get 3.5%. That's the overall average. And that really, as we indicated in the write-up, reflects last year's overall average merit increase across the whole agency.

So we just felt that budgeting at a similar level as we've experienced in the past made sense. So some folks may get 1%. Some folks may get, you know, 4%. It'll vary, but that's just the overall average.

Councilmember McMahon said thank you for explaining that. I appreciate it.

Chair White said thank you, Mr. Kessler. Any additional questions? I believe item number 4 is complete. Definitely. If you have any other questions or concerns, we can get back in front of Mr. Kessler before the 15th, that might be great, because I think that's the next meeting where we're presenting, and then our board meeting is on the 17th. So we want to make sure we get through the cycle and have any questions or concerns with any line items that we saw presented to us today. Get those back to him before we come back to our full board so that we can get those answers and present it to our full board.

With no other questions, thank you so much, Mr. Kressler.

5. Internal Audit Update

We'll move on to item number 5, external reviews and prior audit findings recommendations. Larry, we'll go ahead and turn it over to you. Mr. Kondrat, thank you so much.

Mr. Kondrat said thank you, Madam Chair and members of the subcommittee. I'm here to present this month's internal audit update.

For the six audits that are currently in progress, five of them are nearing completion right now. The Operator Fitness for Duty audit pertaining paratransit, the draft audit report's been finalized, and it's been distributed to Valley Metro divisions for review. The Operator Fitness for Duty bus draft audit report and the Valley Metro employee mileage reimbursement process draft audit report are in the final review stages. And we're drafting the audit reports for Rail Operator Fitness for Duty, the IT change management audit, and then test work for the IT patch management audit is nearing completion. So we should be reporting several audits out at the next AFS meeting in May.

The construction management contract, we had an entrance conference a couple of weeks ago and we're coordinating with them to schedule onsite visits.

The internal safety and security audits, we're currently conducting three of those.

And the FTA Triennial Review, the FTA is tentatively scheduled onsite visits for late April, but nothing is definite yet.

So are there any questions on the current audits?

Chair White said Mr. Kondrat, I think I might have been thinking when you said this or missed it. I know with the conflict-of-interest oversight audit, we have one in progress with an estimated completion date of 2-28, incorporating annual ethics, conflict prevention training for all employees. Was that status updated since those were printed? I might have an old version.

Mr. Kondrat said thank you, Madam Chair, for that question.

I was going to touch on that in the audit recommendations update, but we have not received an update on that particular recommendation. The other recommendation that was associated with that audit, legal and HR sent out the ethics policy for all of Valley Metro to review. And as far as I know, they're working on developing a training program that they're going to shoot out in the near future.

Chair White said I will make sure I comply and get that back soon, and I might be a part of why that audit is still outstanding. Thank you.

Any additional questions?

Councilmember Adams said yes. This is Councilmember Adams. It appears that the implementation date for several of these recommendations has shifted? Can you explain that please?

Mr. Kondrat said thank you, Madam Chair, and thank you, Councilmember Adams for that question. Regarding the bus operator certification and labor audit, there were three recommendations that were extended approximately a month and a half. That's partly due to Internal Audit conducting an audit right now of the new bus providers, and we're waiting upon completion to see what we reviewed. And then Internal Audit is also working with the bus safety department, and we're working on modifying the monitoring process. And then they also, they have an on-site visits scheduled for the middle of April. So it's going to take probably a couple of weeks to go through the data that they're going to gather later in April. So that's why for that particular audit, the three recommendations were pushed back.

When it comes to the credit card, and yes, particularly the credit card, two outstanding recommendations. We've had our Chief Administrative Officer retire, and so there's been a change in the review process for the Valley Metro policies. And they're working on developing and revising the P-card policy right now. And once that's complete, they'll meet with Valley Metro leadership.

Councilmember Adams said what is our date for completion?

Mr. Kondrat said yes, they're going to meet with Valley Metro leadership to address a recommendation. And then they're going to revise the P-card policy, and then they're going to distribute it through Valley Metro for review and comments. And then it'll go through the approval process.

Councilmember Adams said and what is the approximate timeline for all of that?

Mr. Kondrat said the credit card, it was moved back. One recommendation was moved back 30 days, and the other one was a couple of weeks. So by the middle of May, we hope to have everything finalized. But a lot of it's contingent on the review process, if there's a lot of comments or a lot of changes that have to be done. So we're anticipating the middle of May.

Councilmember Adams said and then the conflict-of-interest oversight audit, that's also overdue. There are no comments included in that update. Are there any updates to share on that?

Mr. Kondrat said yes, HR and legal are in the process of developing a training program. I'm not sure on the exact time frame of when the training will be completed. But they're in the process of working on developing a program or training right now.

Councilmember Adams said and the presentation lists 12 recommendations as in progress but only nine are in the packet. Are there others?

Mr. Kondrat said I'm sorry. Can you repeat the question, please?

Councilmember Adams said sure. The presentation lists 12 recommendations as in progress. But only nine are included in the packet. Are there others?

Mr. Kondrat said thank you, Madam Chair, and thank you, Councilmember Adams for that question. There are three IT audit outstanding recommendations that are sensitive information. And so I don't include that in the packet. But if you want to reach out to me, I'd be happy to discuss with you.

Councilmember Adams said understood. Thank you so much.

Chair White said thank you, Councilmember. Thank you so much, Mr. Kondrat. Any additional questions, Councilmember McMahon? Concerns?

Chair White said if there are any further details, please reach out to Mr. Kondrat directly. The additional concerns are sensitive matters that we just don't want to open to the public. However, thank you for your accurate reporting.

Other than that, we'll close out item 5, Mr. Kondrat, and move to item 6 Intergovernmental agreements, contract change orders, amendments.

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

Chair White said this is for information only. If any of our committee members would like to get into details, we have that full information in our packet. But, please, if you have a time that you reach out to Valley Metro staff, you can ask Pat to be the conduit to have any additional questions or concerns directed to the appropriate staff people so that we can answer any of those questions offline. But this information is in our packet for information only today.

7. Report on Current Events and Suggested Future Agenda Items

Moving to item number 7, report on current events and suggested future agenda items. This is the opportunity for those committee members on the call to share any current events and suggested future agenda items they would like to see come before our AFS subcommittee.

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

Councilmember Adams said I don't either. Thank you.

Chair White said thank you, Councilmember McMahon, Councilmember Adams.

8. Next Meeting

Without any additional items here, our next meeting of the Audit and Finance subcommittee is scheduled for Thursday, May 8, 2025, at 12:00 p.m.

Otherwise, this meeting is now adjourned. Thank you so much for your time and patience. Thank you to Valley Metro for staff, and I appreciate you all being available to take our questions and concerns. Have a terrific Thursday afternoon, and we will see you all for our board meeting later on this month.

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

Executive Summary

DATE
April 10, 2025

AGENDA ITEM 5

SUBJECT
Job Order Contracts – Expenditure Authority Increase

COST AND BUDGET
This request is for approval for the Chief Executive Officer (CEO) to provide additional contract expenditure authority for the Job Order Contracts (JOC) with J. Banicki Construction, Stacy and Witbeck, Inc., and SDB, Inc. in the amount of $19.7 million.

The JOC contracts are task order based. The source of funding will be determined on an individual task order basis specific to a project. Typical sources of funding for the projects will be from the regional Public Transportation Fund (PTF), federal funding, and/or Member cities. It is estimated that 90% of the contract work will support VMR and 10% will support RPTA.

RECOMMENDATION
Staff recommends that the Boards of Directors authorize the Chief Executive Officer to provide additional contract expenditure authority for the Job Order Contracts with SDB, Inc, Stacy and Witbeck, Inc., and J. Banicki Construction. in the amount of $19.7 million. This action would provide an overall contract authority of $39.7 million.

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

- Goal 1: Deliver excellent customer experience
  - Initiative 1.2: Prioritize a unified customer experience across various modes and services, moving from transactional to relational interactions.
- Goal 3: Prioritize security on transit
  - Initiative 3.4: Evaluate the physical infrastructure and security of regional transit assets and stations and make necessary improvements (e.g., crime prevention through environmental design (CPTED); better lighting, restrict hiding places, enhance security monitoring systems).
- Goal 5: Deliver on stakeholder collaboration and unify efforts from diverse interests
  - Initiative 5.3: Engage and diversify third-party contractors and consultants for collaborative success on shared projects, setting clear expectations, priorities, and ensuring responsiveness.

COMMITTEE PROCESS
RTAG: March 18, 2025 for information
TMC/RMC: April 2, 2025 approved
Boards of Directors: April 17, 2025 for action

CONTACT
Trevor Collon, PE
Chief of Capital Development
tcollon@valleymetro.org

ATTACHMENT
None

Background Information

Job Order Contracts – Expenditure Authority Increase

BACKGROUND DISCUSSION

In October 2023, the Joint Boards of Directors authorized the CEO to execute Job Order Contracts (JOCs) with J. Banicki Construction, Stacy and Witbeck, Inc., and SDB, Inc to provide construction services for Valley Metro's transit capital and operating needs for a combined amount not to exceed $20 million for a three-year base term. These three task-order-based, FTA-compliant contracts were executed on January 2, 2024. The contract includes two one-year options, for a total potential contract term of five years. This request does not involve the exercising of contract option years, which would be considered separately at a later date.

The JOC Contractors perform construction projects of various sizes to support bus and rail operations and maintenance. Valley Metro's rail system is transitioning to a mature operating service with many assets having been in continual service for over fifteen years. In order to maintain Valley Metro's critical assets in a state of good repair, it is important to begin rehabilitating or replacing assets that have reached end-of-life with no available replacement parts, have become obsolete due to new technology, or have been replaced by new standards as design criteria have evolved over time.

Valley Metro's recent efforts in improving its transit asset management processes have helped to identify the assets that need to be addressed in future years. Historical costs were used to estimate anticipated spend during the solicitation of the JOCs and did not accurately reflect the volume of work and the costs of these types of asset repairs (e.g., track, traction power, rail, signal/communications equipment).

As of March 2025, 87% of the $20 million contract authority has been obligated through over 50 task orders. The project needs have outpaced originally forecasted demand. To date, 96% of the task orders by dollar value have been in support of VMR with the remaining 4% supporting RPTA. With upcoming efforts on a bus park-and-ride and Valley Metro's bus fleet electrification initiative, it is anticipated that those percentages will be closer to approximately 90% VMR and 10% RPTA at the completion of the 3-year base term of the contract. This request is solely for additional contract expenditure authority through the base term of the contract, through January 2027.

Table 1 provides a summary of actual and anticipated expenditures through the end of the three-year base contract term (January 2027).

Table 1. Summary of JOC Contract Obligations

Description	Amount
Existing Contract Expenditure Authority	$20,000,000
Executed Task Orders (January 2024-March 2025)	$17,400,000
Anticipated Task Orders (April 2025-December 2026)	$20,500,000
TOTAL	$37,900,000
Deduct Existing Contract Authority	-$20,000,000
Additional Contract Authority Needed	$17,900,000
10% Contingency	$1,790,000
TOTAL	$19,690,000
Total Additional Contract Authority Requested	**$19,700,000**

To date, the current JOCs have provided support services on multiple efforts including:

- Civil site preparation for the installation of station platform mobile fare validators and ticket vending machines
- Rail operations and maintenance center facility rehabilitation and improvements
- Member Agency transit center construction
- Public art maintenance
- Rail station painting and station safety railing
- Rail alignment repairs
- Accident repairs (property damage)
- Two-line wayfinding signage installation at rail stations and streetcar stops
- Civil site preparation for ticket vending machines at streetcar stops

In addition, future projects are also anticipated to include:

- Member Agency bus park-and-ride construction
- Electric bus charging infrastructure construction
- Rail system fiber installation
- Rail alignment repairs
- Facilities rehabilitation
- Traffic signal optimization
- Crime prevention through environmental design (CPTED) improvements
- Emergency services

This item serves the Agency's strategic plan by ensuring Valley Metro can continue to deliver excellent customer service, prioritize security, and deliver on stakeholder collaboration to unify efforts from diverse interests.

1

Contracts Summary

- Contracts executed in January 2024
- Term: 3-year base + two option years*
- Current contract expenditure authority is $20 million total over three contracts
- Task-order, FTA-compliant, cooperative contract available to Member Agencies
- Requesting additional $19.7 million over the 3-year base term

  *Exercising option years are not included in this Board action and would be brought for consideration at a later date.

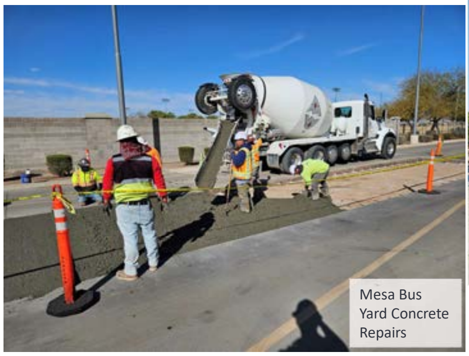
2

2

Completed Projects

FCSM Support


HVAC Rehabilitation


Mesa Bus Yard Concrete Repairs


Avondale Transit Center


19th Ave/Dunlap Retention Basin Fencing

VALLEY METRO

3

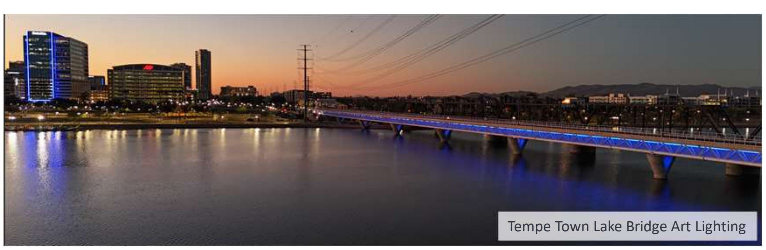
3

Completed Projects


Tenant Improvements


Chiller Replacement


Station Painting

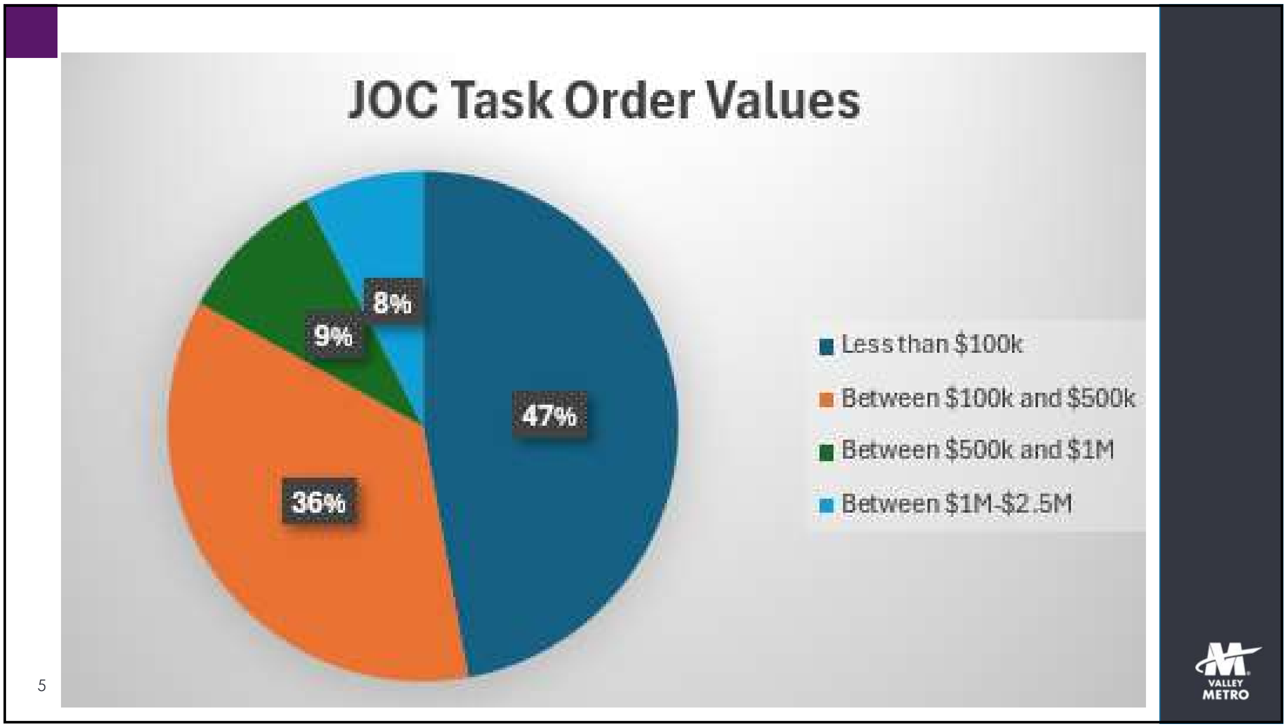

Tempe Town Lake Bridge Art Lighting


Rail Repairs

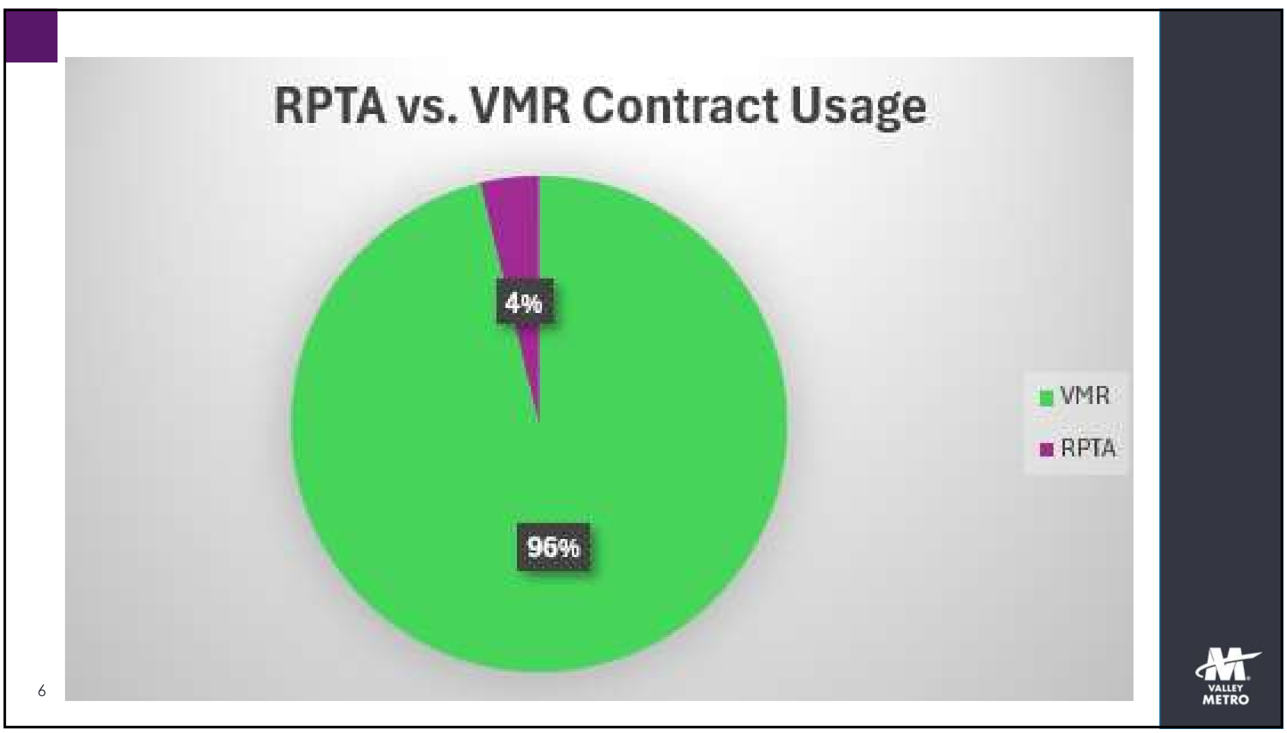
VALLEY METRO

4

4


JOC Task Order Values
47%
36%
9%
8%
Less than $100k
Between $100k and $500k
Between $500k and $1M
Between $1M-$2.5M
5
VALLEY METRO

5


RPTA vs. VMR Contract Usage
4%
96%
VMR
RPTA
6
VALLEY METRO

6

Description	Amount
Existing Contract Expenditure Authority	$20,000,000
Executed Task Orders (January 2024-March 2025)	$17,400,000
Anticipated Task Orders (April 2025-December 2026)	$20,500,000
TOTAL	$37,900,000
Deduct Existing Contract Authority	-$20,000,000
Additional Contract Authority Needed	$17,900,000
10% Contingency	$1,790,000
TOTAL	$19,690,000
Total Additional Contract Authority Requested	**$19,700,000**

VALLEY METRO

7

7

Anticipated Future Projects

- Rail station painting and canopy replacements
- Rail station surface paver replacement to concrete
- Town of Gilbert Park-and-Ride
- Electric Bus Charging Infrastructure Installation
- Crime Prevention Through Environmental Design (CPTED) Improvements
- Collision Reduction/Travel Time Optimization efforts
- Facilities maintenance (e.g., HVAC, roof)
- Public art maintenance
- Accident Repairs and Emergency Services
- Overall Anticipated Expenditures: 90% VMR and 10% RPTA

VALLEY METRO

8

8

Recommendation

Staff recommends that the Boards of Directors authorize the CEO to provide additional contract expenditure authority for the Job Order contracts with SDB, Inc, Stacy and Witbeck, Inc., and J. Banicki Construction in the amount of $19.7 million. This action would provide an overall contract authority of $39.7 million.

VALLEY METRO

Executive Summary

DATE **AGENDA ITEM 6**
April 10, 2025

SUBJECT
Classification & Compensation Study Update and Preliminary Budget Projections

COST AND BUDGET
To implement the classification and compensation study, Valley Metro staff proposes a total budget allocation of $800,000. The allocation will be divided as follows: $304,000 for RPTA and $496,000 for VMR Class & Compensation.

RECOMMENDATION
This item is presented for information only.

STRATEGIC PLAN ALIGNMENT
This item relates to the following goals and strategies in the Five-Year Strategic Plan,
(In this section you will need to name the relevant goal(s) and tactic(s) identified in the Strategic Plan. For example:

- Goal 2: Invest In Talent
    - Initiative: Classification and Compensation Study
        - Tactic 1: 2.2 Retain current employees through a workplace and culture that engages, supports, and develops staff.

COMMITTEE PROCESS
Boards of Directors – April 17, 2025, For Information

CONTACT
Penny Lynch
Director Human Resources
plynch@valleymetro.org

ATTACHMENT
Classification and Compensation Study Update Presentation

Background Information

Valley Metro, in partnership with Logic Compensation Group, is conducting a comprehensive Classification and Compensation Study to evaluate the agency's current job classification structure, compensation, and benefits programs. The last agency-wide study was completed in 2006, and since then, workforce dynamics, labor market trends, and industry standards have evolved significantly.

The primary objective of this study is to ensure Valley Metro remains a competitive employer by supporting market aligned compensation practices and promoting internal equity. To date, several key phases, including job evaluation and market analysis, have been completed.

While the study is ongoing, preliminary findings are actively informing the development of budget projections for Fiscal Year 2026 (FY26) and guiding the agency's strategic approach to compensation and classification updates. The study results will serve as the foundation for updates to Valley Metro's classification, compensation, and benefits structure, supporting the agency's ability to attract, retain, and engage a high-performing workforce.

A presentation will provide an update on the study's status, an assessment of impact, and implementation recommendations. The study's results, including associated costs, will guide decisions on potential updates to Valley Metro's classification, compensation, and benefits structure, helping the agency maintain a competitive position in the labor market.

To promote long-term sustainability and responsiveness to changing market conditions, it is recommended that a classification and compensation review be conducted every three years or as needed. The costs for future updates will be incorporated into the respective annual budgets.

Funding to support implementation of Classification & Compensation Study recommendations has been included in the FY26 budget.

Invest in Talent

CLASSIFICATION AND COMPENSATION

Study Update

1

Study Objectives

- Ensure Market/Internal Structure Alignment.
- Update & Simplify Classification Structure(s).
- Identify Paths For Career Progression.
- Address Recruitment and Retention Needs.
- Review & Update Job Classifications for Budgeted Positions.
- Assess Employee Benefits Programs.
- Update Compensation Philosophy.

2

VALLEY METRO

2

Study Comparator Organizations

Active Participation

- City of Chandler
- City of Mesa
- City of Glendale
- City of Goodyear
- RTD - Denver, CO
- TriMet – Portland, OR
- DART – Dallas, TX
- Metro – Houston, TX
- Sound Transit, WA
- Sacramento Regional Transit District, CA
- CATS – Charlotte, NC

Organization's Data Researched

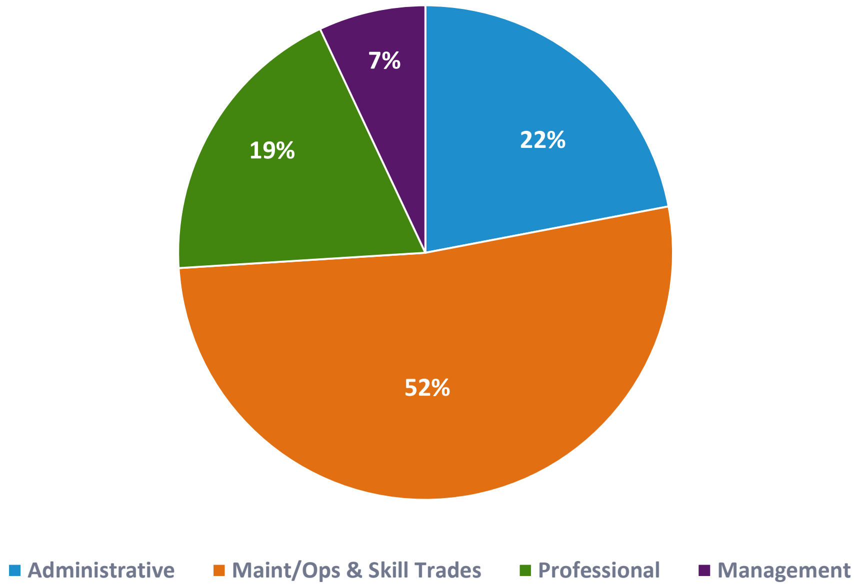
- City of Phoenix
- City of Scottsdale
- San Diego MTS, CA
- Utah Transit Authority, UT
    - Published Survey
- Metro Transit - Minneapolis, MN

All technical job data was gathered from Transit-specific organizations listed above.

Results

ADJUSTMENTS APPLIED TO APPLICABLE EMPLOYEES	PROJECTED COSTS
Bring Current Employees and March to Oct New Hire Salaries to Minimum of New Pay Range	$363,000
Address Pay Compression	$437,000
FY26 REQUESTED BUDGET	**$800,000**

Distribution of Bring to Minimum and Compression Adjustments by Group



5

FY26 Compensation Implementation Approach:

- **July 2025**: Apply the FY26 Board Approved Performance Merits
- **October 2025**: Apply Class and Comp Study Salary Adjustments

6

Executive Summary

DATE
April 10, 2025

AGENDA ITEM 7

SUBJECT
Travel and Expenditures

PURPOSE
The monthly travel and expenditures are presented for information.

RECOMMENDATION
This item is presented for information only.

BACKGROUND | DISCUSSION | CONSIDERATION
None

COST AND BUDGET
None

COMMITTEE PROCESS
None

CONTACT
Ken Kessler
Chief Financial Officer
Kkessler@valleymetro.org

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

Valley Metro
Travel Reimbursement Report

Job Title	Purpose of Travel	Location	Dates Traveled	Total Travel Cost	Airfare	Other Transport	Lodging	Meals	Misc.
Marketing Creative Supervisor	APTA Mktg, Comm. & Customer Experience Workshop	Long Beach, CA	2/23/25-2/26/25	$1,672.64	$395.96	$84.00	$937.68	$255.00	

Total this reporting period $1,672.64

Year to Date **$82,906.53**

Report reflects Out of State (AZ) Travel

** Misc*

[1] Baggage Fees

[2] Flight Wi-Fi Fee

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

Payment Number	Date	Supplier or Party Name	Transaction Description	Amount
10003213	2/26/2025	Keolis Transit Services LLC	Fixed Route Bus Operations/Maintenance/Professional Services	7,129,661.60
10003212	2/26/2025	City of Phoenix	Transportation Services for East/West Valley-Fixed & ADA Routes	5,577,275.65
90000374	2/7/2025	ADP Inc	PPE 02/02/2025 Payroll Liabilities	1,445,814.37
90000378	2/21/2025	ADP Inc	PPE 02/16/2025 Payroll Liabilities	1,434,527.07
10003174	2/18/2025	Keolis Transit Services LLC	Fixed Route Bus Operations/Maintenance/Professional Services	959,239.93
10003141	2/7/2025	MJM Innovations	Broker Services	685,603.42
90000376	2/21/2025	Cigna Health and Life Insurance Company	Health Insurance Premiums	670,372.37
10003202	2/26/2025	Commute with Enterprise	Vanpool Services	482,947.42
10003170	2/18/2025	City of Phoenix	PTF Reimbursement	409,919.48
90000373	2/7/2025	ASRS	PPE 02/02/25 ASRS Contributions & LTD	391,995.89
90000375	2/21/2025	ASRS	PPE 02/16/25 ASRS Contributions & LTD	386,636.58
10003186	2/18/2025	MJM Innovations	Broker Services	289,047.10
10003142	2/7/2025	MJM Innovations	Pass Through Provider Costs	273,539.38
10003210	2/26/2025	101 North First Ave LLC	101 Building Rent	201,570.69
90000379	2/28/2025	Surepays	RPTA Monthly Utilities	148,816.19
10003173	2/18/2025	Keolis Transit Services LLC	Engines and Transmissions	131,211.55
10003171	2/18/2025	Keolis Transit Services LLC	Engines and Transmissions	112,606.93
10003129	2/7/2025	HDR Engineering Inc	Community Relations Support Services	106,878.69
10003185	2/18/2025	Vix Technology USA Inc	Customer Service Network	95,396.17
1002913	2/21/2025	CopperPoint Insurance Company	Rent and CAM Charges	69,549.25
10003153	2/18/2025	ACRO Service Corporation	Staffing Services	68,581.42
10003181	2/18/2025	Senergy Petroleum LLC	Bulk Fuel	61,004.82
90000377	2/21/2025	Wells Fargo Bank	Monthly Credit Card Charges	48,931.40
10003200	2/26/2025	ACRO Service Corporation	Staffing Services	47,804.77
10003178	2/18/2025	Dell Marketing LP	IT Computer equipment, peripherals and supplies	45,081.78
1002901	2/18/2025	Hewlett Packard Enterprise Company	Technology Equipment, Services and Support	44,897.93
1002894	2/7/2025	Regional Transportation Authority of Pima	Ajo 685 Long Route Trips	42,608.97
10003203	2/26/2025	QCM Technologies Inc	Information Technology Services	41,470.95
10003161	2/18/2025	QCM Technologies Inc	Information Technology Services	38,165.00
10003172	2/18/2025	Keolis Transit Services LLC	Engines and Transmissions	36,888.66

10003148	2/7/2025	ACRO Service Corporation	Staffing Services	35,290.93
10003192	2/21/2025	Senergy Petroleum LLC	Bulk Fuel	34,197.77
10003195	2/21/2025	WSP USA Inc	Project Development Support	31,139.22
1002916	2/21/2025	Hye Tech Network & Security Solutions L	Technology and Audio/Visual Solutions	29,899.96
1002889	2/7/2025	CopperPoint Insurance Company	Workers Comp Premium Renewal	29,507.40
1002903	2/18/2025	Info-Tech Research Group Inc	IT Research, Advisory, Assessment, Verification and Validation - Consulting	25,196.61
				21,663,277.32

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

Payment Number	Date	Supplier or Party Name	Transaction Description	Amount
50002957	2/18/2025	Kiewit Infrastructure West Company	CMAR Services for South Central-Downtown Hub	9,958,666.43
50002920	2/7/2025	Alternate Concepts Inc	Transportation Services - Direct Labor Costs	1,605,231.44
5003248	2/7/2025	Southwest Gas Corporation	Third Party Utilities for SCE	1,350,633.17
50002985	2/26/2025	Allied Universal Security Services	Field Security Officers	1,216,255.20
50002976	2/21/2025	Stacy and Witbeck Inc	Supplemental Construction Services	1,032,732.94
50002926	2/7/2025	DMS Facility Services Inc	Facilities Maintenance Services	958,422.08
50002992	2/26/2025	Jacobs Engineering	Capitol Extension Design	770,126.95
5003220	2/7/2025	Cox Communications	Third Party Utilities for NWEII	675,607.78
50002990	2/26/2025	Hill International Inc	PMCM Services	532,219.55
50002962	2/18/2025	Stacy and Witbeck Inc	Supplemental Construction Services	339,915.84
90000044	2/28/2025	Surepays	VMR Monthly Utilities	192,486.19
50002941	2/7/2025	Centurylink	SCE Non Prior Right Utilities	182,437.60
5003266	2/21/2025	Peoria Ford	New Vehicle Purchases	166,521.39
50002919	2/7/2025	AECOM Technical Services Inc	Design Services for South Central-Downtown Hub	162,710.85
5003244	2/7/2025	STV Incorporated	Project Development Support	135,114.23
50002973	2/21/2025	PGH Wong Engineering Inc	System Design Services	126,573.93
50002961	2/18/2025	Siemens Mobility Inc	Light Rail Vehicles - Spare Parts, Special Tools & Test Equipment	116,001.58
50002984	2/26/2025	AECOM Technical Services Inc	Environmental Services Support	115,052.86
50002981	2/21/2025	Voith US Inc VTI	Pinion Shaft/Intermediate Shaft-Assembly/Spur Gear	114,442.00
50002930	2/7/2025	PGH Wong Engineering Inc	System Design Services	110,163.98
50002999	2/26/2025	Southwest Transit Partners	CAPEX - Risk Services Pre-Construction Services	107,067.52
50002934	2/7/2025	URW LLC	Landscape Maintenance Services	98,808.29
50002963	2/18/2025	URW LLC	Landscape Maintenance Services	90,882.98
50002965	2/18/2025	Trapeze Software Group	Trapeze EAM Software license	81,961.94
50002982	2/21/2025	SRP	Third Party Utilities for SCE	81,890.85
5003280	2/26/2025	Jenco Inc	LED Replacements	71,889.93
50002986	2/26/2025	ARCADIS	Consulting Support Services	66,046.03
5003282	2/26/2025	Smith-Emery Laboratories Inc	Rail Testing Services-Option YR 1 Testing	65,000.00
5003243	2/7/2025	Zayo Group LLC	Third Party Utilities for NWEII	57,854.82
50002951	2/18/2025	ARCADIS	Consulting Support Services	57,213.80

50002959	2/18/2025	QCM Technologies Inc	Information Technology Services	55,036.61
5003271	2/21/2025	STV Incorporated	Project Development Support	52,405.54
5003279	2/26/2025	Downtown Phoenix Inc	Rent-Cityscape	50,000.00
50002956	2/18/2025	HDR Engineering Inc	Project Development Support	48,650.32
50002993	2/26/2025	Siemens Mobility Inc	RTV for Replacement.	45,905.52
5003281	2/26/2025	STV Incorporated	Project Development Support	44,644.74
50002949	2/7/2025	SRP	Third Party Utilities for SCE	44,558.67
50002922	2/7/2025	Award Winning Restorations	Accident Repairs	44,266.23
50002974	2/21/2025	Siemens Mobility Inc	Light Rail Vehicles-per base contract Milestone Schedule	35,610.45
50002971	2/18/2025	National Corrosion	Annual Corrosion Control Testing Service	34,784.61
50002928	2/7/2025	HDR Engineering Inc	Project Development Support	34,493.79
50002933	2/7/2025	Traction Systems Inc	Cylinder Roller Bearings	32,285.00
50002943	2/7/2025	Voith US Inc VTI	Coupling Rubber Wedge/Axle	29,478.00
50002968	2/18/2025	Centurylink	SCE Non Prior Right Utilities	25,877.11
				21,217,928.74

Executive Summary

DATE
April 10, 2025

AGENDA ITEM 8

SUBJECT
Report on Current Events and Suggested Future Agenda Items

COST AND BUDGET
There are no costs associated with this item

RECOMMENDATION
This item is presented for information only.

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

ATTACHMENT
None

Pending Items Request

Item Requested	Date Requested	Planned Follow-up Date

Agenda

April 10, 2025
REVISED April 14, 2025

Valley Metro RPTA
Board of Directors
Thursday, April 17, 2025
Boardroom/Webex
Valley Metro, 101 N. 1st Avenue, 10th Floor
11:15 a.m.

Action Recommended

CONSENT AGENDA

1A. Minutes — 1A. For action

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

1B. October 2025 Proposed Service Changes — 1B. For action

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

1C. Transportation Demand Management Platform Contract Award — 1C. For action

Staff recommends that the Board of Directors authorize the Chief Executive Officer to enter into a contract with Right Click Solutions, Inc., dba Ride Amigos, for a Transportation Demand Management Platform for a one-year base term and four, one-year options for an aggregate total contract value of $519,750.

REGULAR AGENDA

2. Gilbert Park-and-Ride Design, Construction, and Funding Agreement — 2. For action

Staff recommends that the Board of Directors authorize the CEO to execute the Design, Construction, and Funding Agreement with the Town of Gilbert for the park-and-ride project.

3. RPTA Fiscal Year 2025 (FY25) Mid-Year Budget Adjustment — 3. For information

Staff will be available to review the changes leading up to the resolution to the FY25 Mid-Year Budget Adjustment.

4. Valley Metro RPTA Fiscal Year 2026 (FY26) Preliminary Operating and Capital Budget and Five-Year Operating Forecast and Capital Program (FY26 through FY30) — 4. For information

Staff will preview the RPTA Fiscal Year 2026 Preliminary Operating and Capital Budget, Five-Year Operating Forecast, Capital Program.

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

Chair Harris 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 22, 2025 at 11:15 a.m.**

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

Meeting Minutes

April 10, 2025 **AGENDA ITEM 1A**

Valley Metro RPTA Boards of Directors
Thursday, March 20, 2025
Lake Powell Conference Room/Webex
101 N. 1st Avenue, 10th Floor
11:15 a.m.

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

Members Not Present
Councilmember Jamine Berry, City of Buckeye
Supervisor Steve Gallardo, Maricopa County

The chair called the meeting to order at 11:01 a.m.

Chair Harris said we're going to open up the next meeting. So now we're going to convene the Valley Metro Board of Directors for Thursday, March 20, 2025. I want to welcome all the members to this March meeting.

1. Consent Agenda

Chair Harris said the Consent Agenda is presented for action and I ask the committee if there's any questions or if there are any items that needs to be pulled for a separate discussion.
I'm going to request a motion and a second to approve the Consent Agenda Items 1A and 1B.

Motion by Councilmember White, second by Vice Mayor Davis.

There's been a motion and a second.

All those in favor, say aye. All right. Those that opposed, say nay. All right. The ayes have it.

IT WAS MOVED BY COUNCILMEMBER WHITE, SECONDED BY VICE MAYOR DAVIS, AND UNANIMOUSLY CARRIED TO APPROVE CONSENT AGENDA ITEMS 1A AND 1B.

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

Chair Harris said Moving on to item number 2. I'm going to allow our CEO to introduce this item.

Ms. Mefford-Miller said thank you, Mr. Chair. Members of the board. The item before you is an item that was continued from last month, the RPTA fiscal year 2025 mid-year budget adjustment. Respectfully, if it pleases the board, I wish to recommend that we continue this item. We began this item, the mid-year budget adjustment, in December of 2024. Anytime we anticipate that in a specific line item we would exceed our budget we would come back to the board for a mid-year budget adjustment. As we sit here today in March, I believe that we can reduce the budget adjustment authority that we're requesting from $1.9 million to a lesser amount for two reasons.

Number one, that paratransit item, which is the single largest item I want to address that separately in a moment, we believe we can bring that cost down just a little bit. We are also closer to having an understanding of our budget first actual performance of the overall RPTA budget. When we come back in April if the board chooses to revisit this item in April we will have three quarters of the fiscal year of data behind us and I would rather get closer to the actual amount. And we actually bill our member communities on a monthly basis relative to our budget. We true up at the end of the year so that we adjust billing so that actual billing reflected actual but rather than asking for money we might not spend I think it's prudent to skinny that down a little bit.

We've also been having our detailed conversations with our member communities and board members about paratransit. As well we are engaged in performance improvement plans with our paratransit contractors.

I'd like to come back to this board at a future date to discuss contracting including possibly re-procuring this paratransit contract down the road. Be happy to answer any questions or take direction from the board on this item.

Councilmember Edwards said thank you, Mr. Chair. Thank you, Jessica. As one of those cities I just want to thank you for your openness and your teams being able to answer the questions that the City of Peoria had. There were numerous questions, and I believe that most of those were answered. I know there's still some sharpening of the pencils that need to be done, and I look forward to having it brought back to us with some final numbers.

Councilmember Pastor said I was going to do a motion. Or no, we don't have to.

Chair Harris said no, we don't have to do a motion, no. I want to thank the Valley Metro team. I know that when we discussed this last at the last meeting there was a lot of new activity new board members coming on board and I thought it would only been responsible for me as the chair to allow the opportunity that the new board members that are representing all these amazing cities across the Valley to have the opportunity to sit down and talk with staff. And I think the last direction I had gave was for each of the board members to work with Valley Metro and I gave that direction to you as well, Jessica, to work with the cities to allow them help them understand. And thank you for staying in contact with me throughout the process and making sure that each city whatever information they needed you provided. Your team works with them actively. And that's one thing I really appreciate about Valley Metro and your team is that you're here to help serve, you know, we want to make sure that things are being taken care of. There are new requests for things to be added. I appreciate your activity and your willingness and thank you, Councilmember Edwards, for that, those compliments. Because that's what we're doing here we're working together to provide transportation for everybody. And I think you're doing a really good job so thank you so much.

So at this time there's no motion that's needed for this. If there's not any more comments about this particular item we'll just move on to the next one. Seeing that there's no further comments about this.

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

3. Executive Session

Chair Harris said we'll go to, well, actually I don't think there's going to be.

Ms. Dillon said Chair, we had the executive session in case it was needed today but we don't need it today.

Chair Harris said that's what I was thinking so good job. Good job, everyone.

4. Executive Session Action Item(s)

Item not used.

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

Chair Harris said I will move to item number 5 for the annual comprehensive financial report and single audit reporting package as being presented for information only. Formal action on this item is to be taken at the next meeting and the Audit and Finance Subcommittee. So if there's any questions regarding this item speak now or forever hold your piece.

Chair Harris said is there a presentation coming? There is.

Ms. Mefford-Miller said I don't believe there's a presentation on this item but Mr. Kessler, our Chief Financial Officer, is prepared to answer any questions you may have regarding the comprehensive financial report or ACFR and our audit and reporting package.

Councilmember White said again, I just want to provide some commendations. I think it's important that we acknowledge the fact that the Government Finance Officers Association has given a certificate for excellence in reporting each year, so it's really impactful. This is a pretty big agency, a lot of money flows through this agency and you are a great steward of that Mr. Kessler. Thank you so much for your oversight and leadership.

Mr. Kessler said Mr. Chair, members of the board, thanks for that comment. I do want to acknowledge and really give credit where credit is due to the folks who do the hard work in putting this all together. It's quite a lengthy process after the end of each fiscal year and our accounting team led by our controller Michael Matthews as well as Melissa Gaines, who's very instrumental in putting together the financial statements and the single audit report package and other folks throughout the organization who contribute to some documentation requests. These audits are pretty extensive and so a number of folks are involved throughout the organization and especially our accounting team, who do a great job every year putting this together.

Chair Harris said that's awesome. Thank you so much, Mr. Kessler and thank you for all your hard work. And send your team our kudos. We appreciate them.

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

Chair Harris said we'll move on to the next item number 6. I'm going to Valley Metro our PTA fiscal year 2026 FY26. I'm going to send this over to our CEO to introduce.

Ms. Mefford-Miller said thank you, Mr. Chair. Members of the board. And Mr. Kessler is going to hang with us through this item. The purpose of the presentation today is information only and this is part of our March through the draft FY26 budget process. Today's presentation presents what we call continuing commitments and underlying assumptions for the budget. So this is a high-level overview on what we anticipate spending in our base budget. The base budget is really driven by level of service delivered. In a separate item next month, we'll be reviewing new initiatives. This was reviewed with city staff, by the way, earlier this week on the 18th with the Financial Working Group and combined RTAG, Regional Transportation Advisory Group, which is made up of your city staff. So they preview this before it actually comes to the board.

One note about the FY26 budget I want to make, and this will be resonant for board members who have been with us through multiple cycles but relevant for our new board members as well. In the past we have historically operated with some pretty significant budget underruns, right, and we're asking for cities to budget those amounts at the onset of the fiscal year. And then again, we're billing to that every month so there might be a true up or a refund back to the city at the end of the fiscal year if we have an underrun. I have challenged our staff and our finance team, and they have answered this call to look very closely at our past expenditures against budgets or a budget to actual and in detail provide a little bit greater rigor in the forecast for our initiatives moving forward. As a result, I expect that we're going to be running closer to our actual budget relative to our expenses so we've got narrow margins that doesn't give us a lot of buffer but I think it is important especially now as many of our member communities are facing financial constraints due to things like the removal of the residential rental tax and a little bit of slowing in some of our revenue streams. So I say that to say this is a skinnied-down version of the budget but now I'll defer to Mr. Kessler to walk us through the underlying assumptions. For those of you who are new to us, we go deeper into the budget process each month as we progress on so this is high level. You're going to see more detail next month. Mr. Kessler.

Mr. Kessler said thank you, Jessica. Mr. Chair, members of the board. I'm going to provide an overview of the budget, kind of a high-level look at the proposed budget for FY26. In previous months we did give you some of the very high-level narrative assumptions and so this kind of gets a little more into the numbers. This is a presentation that was provided last month to both Financial Working Group and RTAG and as Jessica mentioned, we went into more details of the budget just earlier this week and that same detail process, as Jessica mentioned, we'll be going through to TMC, RMC and AFS and the full board in the April cycle.

So first just want to start with a look at bus operations. FY26 forecasted budget to be about $138.9 million with forecasted fare revenues at about $4.7 million. We're forecasting fare revenues rather conservatively. We're still waiting for some data with the new fare collection system that came on board really only fully operational for the last couple few months so we don't have a lot of robust data yet. So we're sorting through that, and we'll be refining these numbers as we go forward and get more data on the new fare system.

And in terms of paratransit operations for FY26. A little under $27 million budget with $1.1 million in fare revenues forecasted. Do want to note you could see here the year-over-year decrease for '25 to '26 and the gross operating cost. That's mostly due to about a $1 million estimated cost in the current year budget for some software that we actually determined is better suited for the capital budget. The procurement of that is actually going to happen early in next fiscal year. So the budget for that approximately $1 million for that software will happen in the capital budget in FY26. So the operating budget is a little lower next year.

And then on the Ride Choice program. We still continue to see growth in this program, increased demand, increased trips so next year's budget is forecast to be $16.4 million with about $1.3 million in forecasted revenues.

So just want to show the overall operating capital budget in terms of the use of funds. You can see here that passenger services is the majority of that as well as VMR capital program and that's basically a passthrough of public transportation funds to VMR for the capital program on the rail side.

And on the sources that support the operating and capital budget. Here the public transportation funds and member city contributions are the largest components that support the operating capital overall program.

And now looking at the use of funds in the operating budget specifically by program here. We see fixed route operations and demand services are, of course, the two largest programs within the operating budget at about 170 million and 63 million respectively. Total operating budget for FY26 $279.4 million. It's a slight increase over the current year. We get into details next month with this body. You'll see some of the increases in inflationary items and contract rate increases and a big part of why this budget has stayed flat is, like Jessica mentioned, we looked at some of the base budget items looked, you know, really drilled down and kind of brought the base budget down before we added some of those inflationary items in based on contracts and so forth. And then as well Phoenix is pulling back on what they fund in terms of their operations with PTF a fair amount. They increased their allocation of use of PTF funds over the last couple years as we were heading into the end of Prop 400 and as we get into the end of Prop 400, they've pulled that back to what was forecasted to be funded by PTF in the 2019 TLCP.

And then on the sources for the operating budget. Again, public transportation funds being the primary funding source along with member city contributions, federal funds and fares being those major categories that support our operating program.

Now looking at the capital program on the RPTA side. About a $66 million total capital budget. Regional fleet and debt service being the two largest categories there of capital expenditures. Do want to note the debt service there will go away after this next fiscal year. The final payment for our debt service happens in FY 26 so that will be zeroed out going forward.

And then on the sources that fund the capital program. Again, public transportation funds and federal funds are also a very important part of funding our capital program.

And then touching on passthrough funds. So this is mostly passthroughs from RPTA to VMR. Just as a reminder and maybe new information for some of the newer board members all agency personnel are actually employees of RPTA and so the cost for those folks who are providing efforts for VMR those are in the VMR budget, they're passed through here from RPTA to VMR reimbursed by the operating budget, basically the member city contributions on the VMR side.

And then we also have lottery funds as well. Touch on that. Lottery funds we passthrough mostly to member cities or member agencies for a variety of transit uses and every year we pretty much get about a similar amount in lottery funds around $11, $11.2 million.
So that's the RPTA budget.

And this is just a summary of the key dates going through the budget development and approval process and as Jessica mentioned, with the target of board adoption of the FY26 budget in May. So with that, I'd be happy to take any questions.

Chair Harris said I'm going to go ahead and allow Vice Chair.

Councilmember Adams said yes, thank you. I appreciate it. Thank you for the discussion with the details of this contract and with our staff. The presentation suggests a decrease in hourly contract rates. Can you explain the rationale and if true, would the savings be passed on to member cities.

Mr. Kessler said Mr. Chair, Councilmember Adams, which contract rates are you specifically referring to?

Councilmember Adams said I'm specifically looking at slide 5.

Mr. Kessler said of this presentation? Let me go back.

Councilmember Adams said I asked a little late. Sorry. It's the hourly pay is less.

Mr. Kessler said are you referring to the fare inspection and security services contract?

Councilmember Adams said I apologize I was ahead of myself. The RPTA board agenda item 6 Valley Metro RPTA fiscal year 2026 preliminary operating and capital budget. As we begin to discuss the budget for the next fiscal year it is important we consider some of our local funding challenges. The loss of our residential tax to the tune of $22 million has had a serious impact on our local budgets. In Tempe we're considering freezing vacancies. And in fact, I think we're already have gone into that. And supplemental budget increases to reduce expenditures so we're not going to have any supplementals in the next three years, I believe. And so it's really important that we manage the growth very carefully. This may not be the time to add additional staffing. Timing is important because I think you guys are asking for 40 more staff members. Is that correct?

Ms. Mefford-Miller said no. We're not. They're in the new initiatives which was presented to Financial Working Group and Regional Transit Advisory Group earlier this week. It did include additional staff and some of which are supporting capital projects. I believe that number was 21.

Mr. Kessler said yes, 21.

Ms. Mefford-Miller said we're working to respond as we can to member community feedback but regarding the hourly rates on the contract. I want to point to what's numbered slide 7 in this particular presentation for RPTA and uses of funds operating. I want to note that our RPTA operating budget number just for operations in FY25 current fiscal year is $279.0 million and the proposed FY26 is $279.4 for a net increase of $400,000 or 0.1%.

And so, going back to my comments earlier I do want to indicate to this board and to our member communities that we are working to exercise tremendous restraint when it comes to increasing the operating budget. None of our operating contracts which include programs like bus, van, light rail operators, paratransit operators, the security contract that with your approval in the last meeting will not execute, none of those include reductions in wage rates. I do want to make that clear in case I was hearing something about wage rates for our contractors or team members.

We do look forward to having a discussion with the board next month on the detailed initiatives. And I think it might be appropriate for us to respond there since that information's not included in the presentation today.

Councilmember Adams said sure. I'm fine with that.

Ms. Mefford-Miller said and that also gives us a little bit of time to respond to the feedback that we received from Financial Working Group and RTAG earlier this week. Part of this progressive process and moving through staff and then up to the board gives us time to hear feedback from your staff and respond and then make adjustments as necessary when we bring it to the board.

Councilmember Adams said I guess we're just having a hard time with we're not adding any additional employees for at least a year. I think it'll probably be three years and you guys want 21 more employees. So it's just when we're at that kind of restrictions and it was made very clear to us last week when we were in Washington, DC that we were not going to get more money, no more federal funding. So I just want to make people aware that that was really bad news. And like our streetcar, for example, that we're trying to extend, that's out. That's out of the picture now. So it was a very disturbing week on Capitol Hill and I'm sure some of my members that were there can attest to that. So I want us to have a plan B if they cut our federal funding what are we going to do. So that's concludes what I need to say, I guess.

Ms. Mefford-Miller said thank you, Councilmember.

Chair Harris said did you want to add to what she just said?

Vice Mayor Davis said I do want to add to what she said. I think it is important that we do have a plan just in case federal funding is cut.

Ms. Mefford-Miller said we're going to talk about that in the retreat.

Vice Mayor Tolmachoff said thank you. So can you help me, Mr. Kessler, understand slide number 2 on baseline RPTA operations? So we're forecasting about 1,500 more passenger boardings but we're forecasting a decrease in revenue and a decrease in fare recovery. So can you help me understand that?

Mr. Kessler said on the boardings those are forecasts that come from planning in terms of where they see boardings happening currently, so that's kind of independent. The revenues, although typically, are tied to the boardings from finance we wanted to be a little more conservative because we have the new fare collection system, and we really don't have much useful data yet for that. The transition process has included exchanging and credits for a variety of organizational customers like our retail network that are no longer participating in the new retail network so Phoenix has had to provide a refunds there, some credits and exchanges for some of those organizational customers that do provide like fares to their employees or clients and things like that and so a lot of exchanges of the old fare media for credits for to buy new fares in the future. And so we're hopeful that as we near quarter four of this fiscal year, get into quarter four of this fiscal year, we'll have a little more data on where our revenues are actually at net of all these credits and exchanges and all these things that are part of the transition from the old fare system to the new and perhaps give us a better idea of what we can expect for next year. We wanted to be more conservative because we use these numbers to determine IGA amounts and how much we're going to bill member cities for their member contributions and we didn't want to be overly aggressive or not conservative enough, if you will, on those fare revenues because then that leaves a potential we're going to have to bill member cities for more at the end of the year if we overshoot on the revenues.

Vice Mayor Tolmachoff said that's never a good thing.

Mr. Kessler said right. So we prefer to be a little conservative on the revenues and you'll send a refund a the end of the year when we do that end of year reconciliation.

Vice Mayor Tolmachoff said very good. That makes sense. I mean but when you look at it, it's a little startling. You think how is that possible? But the explanation makes sense.

Mr. Kessler said I would agree and that was my gut reaction too when I first saw this information as well but you know, we work through it and clarified exactly what's going on.

Chair Harris said thank you, Vice Mayor. Any more comments from the board, any more questions? Mr. Kessler, thank you so much for your time and thank you for doing a good job.

7. Report on Current Events and Suggested Future Agenda Items

Chair Harris said we'll move on to the next item. Item number 7. I wanted to make sure that I didn't say this in the last meeting, but I want to make sure that we have it. If Jessica, if you can work with Michael to work with Councilmember Buckland because he specifically wanted to look at the contracts and stuff like that. So if you can work with him on that that would be great and as many questions or concerns or as many contracts, he wants to look at to help him out. Is that yes?

Ms. Mefford-Miller said Mr. Chair and Councilmember Buckland, I think what we can do moving forward including providing via email the content requested today which was on the Fare Inspection Security Services contract I think it might be prudent and Pat and I have been conferring here on the side is to include a draft contract and scope of work in the board packet moving forward, if that pleases the board.

Chair Harris said everyone's shaking their head.

Ms. Mefford-Miller said we have it. We're happy to do that.

Chair Harris said so moving forward can I just make the statement, Michael? Well, you have the direction. Let's move forward and that way everyone can have the information that's needed.

Was there anything else? I don't think there was.

With that being said, any more future items, suggestions or anything like that?

8. Next Meeting

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

Without further discussion, the meeting was adjourned at 11:27 a.m.

Executive Summary

DATE
April 10, 2025 **AGENDA ITEM 1B**

SUBJECT
Proposed October 2025 Service Changes

COST AND BUDGET
Items here include only service changes for Valley Metro-operated services and routes, and routes funded through the regional Public Transportation Fund (PTF). Costs for changes that do not impact Valley Metro-operated routes and routes not funded through PTF are excluded from this memorandum. Contract adjustments for minor bus service changes that do not require an amendment to the IGAs will be made through the year-end reconciliation process.

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

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

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

COMMITTEE PROCESS
RTAG: March 18, 2025 for information
TMC/RMC: April 2, 2025 approved
Board of Directors: April 17, 2025 for action

CONTACT
Aaron Xaevier
Service Planning & GIS Manager
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ATTACHMENT
None

Background Information

October 2025 Proposed Service Changes

BACKGROUND
Effective October 27, 2025 Valley Metro the following transit service change is proposed for the region. Changes were coordinated and analyzed through the five-year Short Range Transit Program as well as the Board adopted Transit Standards and Performance Measures. In addition, the fixed route service changes are proposed and reviewed in coordination with the Valley Metro Service Planning Working Group, comprising representatives from Valley Metro member agencies. Valley Metro also worked with each affected member agency regarding the proposed changes and funding impacts prior to arriving at recommendations. Extensive public outreach will also be conducted.

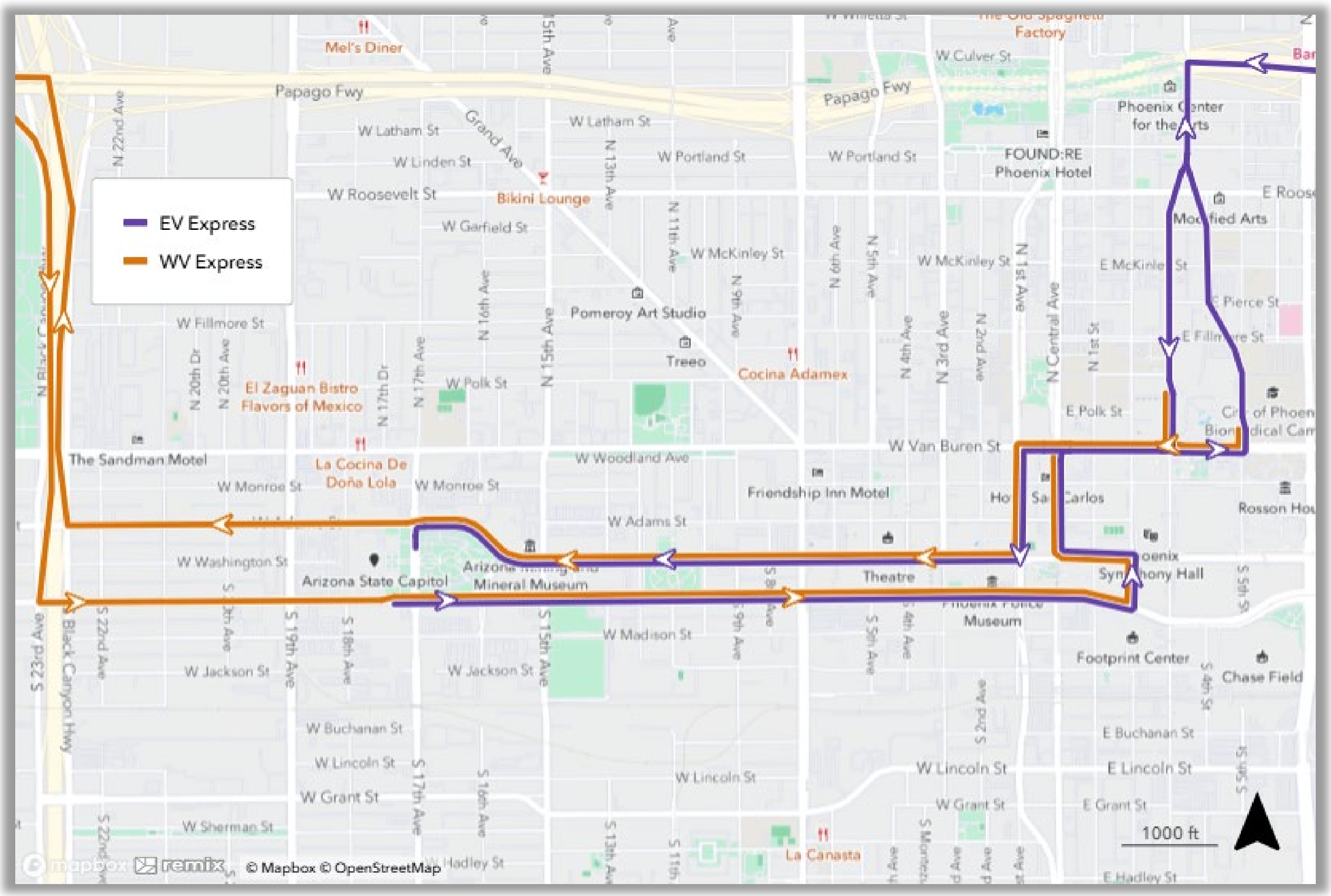
This summary includes the one recommended bus service change for Valley Metro-operated services and routes, and routes funded through the regional Public Transportation Fund (PTF). Changes that only affect locally funded service operated by other agencies (e.g. Phoenix) are not addressed herein. Overall,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

Service Changes

Regional Express Route Realignment: Valley Metro Express services provide commuter-oriented services to downtown Phoenix during weekday peak hours. These routes were realigned in the downtown Phoenix area to accommodate the construction of the South Central Extension, the Downtown Hub, and Central Station. With construction ending for the rail work in the summer, and Central Station in the fall, these routes are proposed to be rerouted to an alignment closer to pre-construction routing. See the alignments proposed for both the EV and WV routes, which will be consistent except for the 575 route that will continue running from I17 instead of I10 as all other WV expresses do.

The routes listed below will be rerouted as noted:
- Route 514 Scottsdale Express
- Route 521 Central Tempe Express
- Route 522 South Tempe Express
- Route 531 Mesa/Gilbert Express
- Route 533 Mesa Express
- Route 535 Northeast Mesa Express
- Route 542 Chandler Express
- Route 562 Goodyear Express
- Route 563 Avondale/Buckeye Express
- Route 571 Surprise Express
- Route 573 West Glendale Express
- Route 575 North Glendale Express

Proposed Downtown Rerouting Map:



Route 104 Alma School: The local bus service on Alma School is proposed to have an expansion of evening span, with Saturday service extended until 9 PM in Chandler.

Route 112 Country Club/Arizona Ave: Extend route south in Chandler to Snedigar Sports Center.

Route 136 Gilbert Rd: The local bus service on Gilbert Rd is proposed to have a span expansion with extended evening service on weekdays and Saturdays to Chandler.

Route 156 Chandler Blvd: The local bus service on Chandler Blvd is proposed to have a peak frequency increase to 15 minutes from the western end of line to Gilbert Rd.

Route 542 Chandler Express: The Express bus service from Chandler PNR to downtown Phoenix is proposed to add one additional morning and evening trip.

Route 575 North Glendale Express: All transit routes in Arrowhead TC are being removed in October as the lease for space is ending. This specific route will now begin inbound trips and end outbound trips at the other currently served PNR at FRAC in north Glendale.

Rural Route 685- Long trip schedule adjustments to accommodate operations from Phoenix region instead of Ajo, and adjust end of line to a more central location in Ajo.

Public Outreach

An extensive public outreach will be conducted during May 2025, via online comment, email, social media and a remote public hearing via webinar. The outreach covered all proposed service changes regardless of funding source or operator.

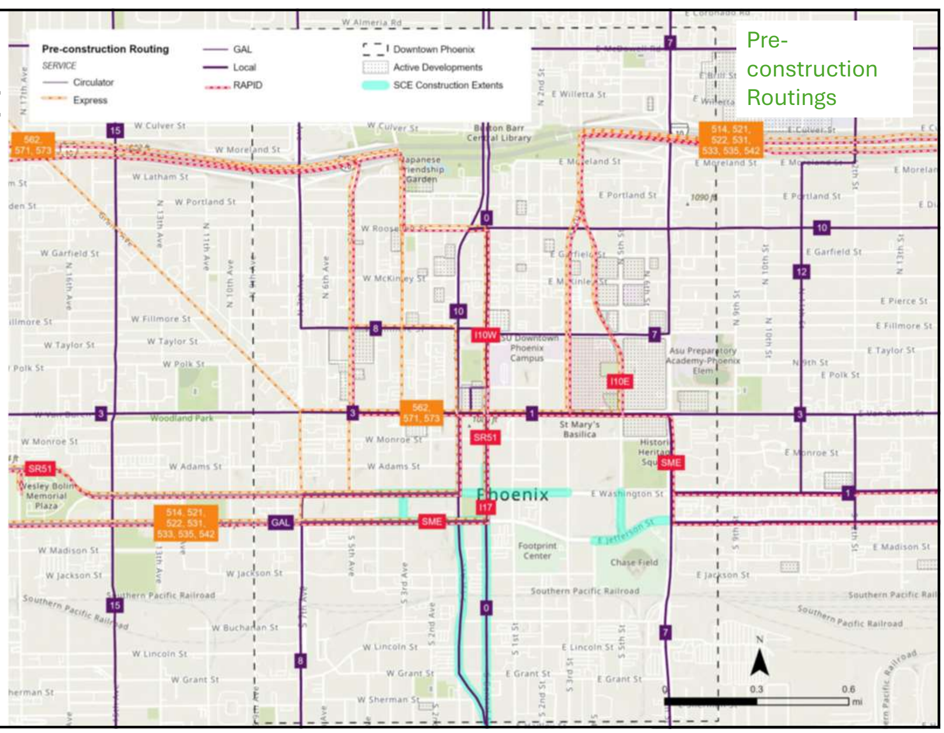
- **Input Opportunities**:
  - Virtual public hearing conducted mid-May 2025
  - Online comment card
  - Via email at input@valleymetro.org
  - Social media

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

1

Readjustment of Express Service Downtown

Return routings of Express and RAPID service to Jefferson and Washington, similar to preconstruction routing



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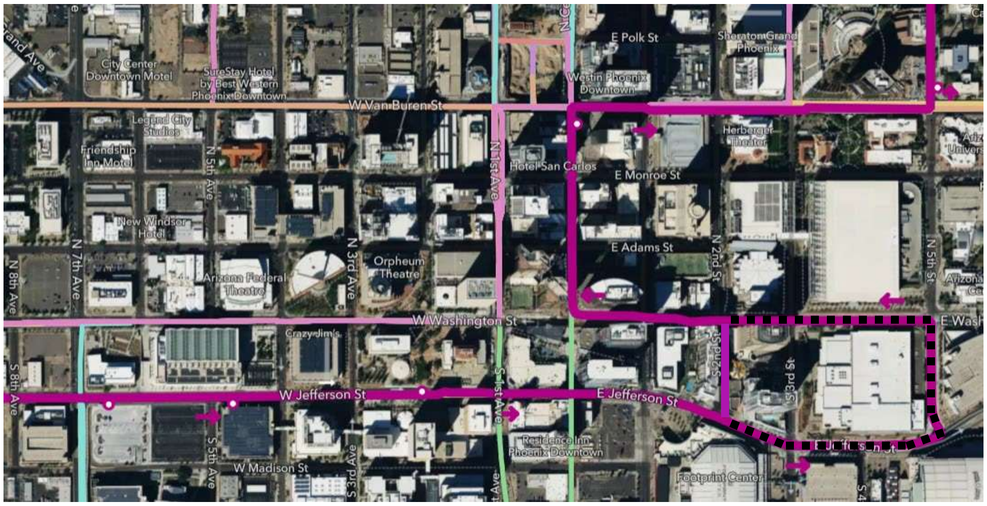
Routing Overview- 2nd St

Eastbound buses go to 2nd street, 5th St during closures



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EV Service Increases

- **Route 104 Alma School**: The local bus service on Alma School is proposed to have an expansion of evening span, with Saturday service extended until 9 PM in Chandler.
- **Route 112 Country Club/Arizona Ave**: Route extension, extended to Snedigar Sports Center.
- **Route 136 Gilbert Rd**: The local bus service on Gilbert Rd is proposed to have a span expansion with extended evening service on weekdays and Saturdays to Chandler.
- **Route 156 Chandler Blvd**: The local bus service on Chandler Blvd is proposed to have a peak frequency increase to 15 minutes from the western end of line to Gilbert Rd.
- **Route 542 Chandler Express**: The Express bus service from Chandler PNR to downtown Phoenix is proposed to add one additional morning and evening trip.

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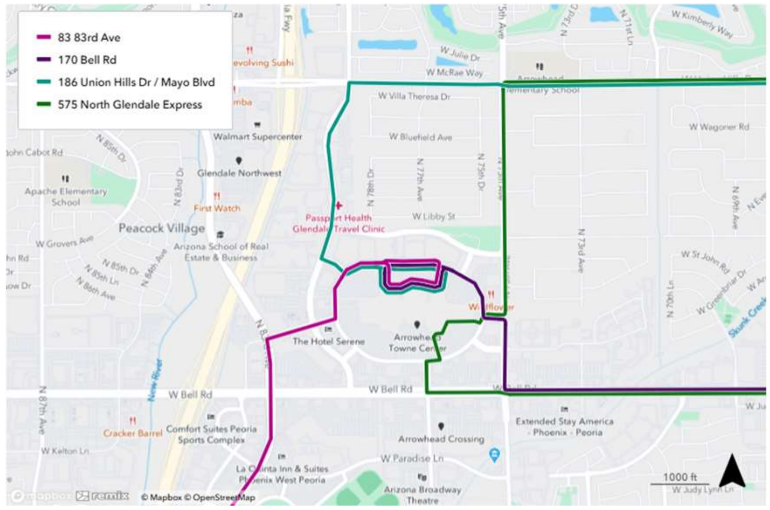
Operational Service Changes

- Rural Route 685- Long trip schedule adjustment to accommodate operations from Phoenix region instead of Ajo, and adjust end of line to a more central location in Ajo
- Arrowhead TC Service Removal-The following routes will be removed from Arrowhead TC:
  - Route 83-83rd Ave
  - Route 170- Bell Rd
  - Route 186- Union Hills Dr
  - Route 575 North Glendale Express



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Central Station Changes

- **Route 0 Central Ave** - Northbound trips to enter Central Station instead of staying on Central Ave at Van Buren Street
- **Route 1 Washington St**- Westbound trips to end inside Central Station
- **Route 3 Van Buren St**- Westbound stop to move from 2nd Avenue back to on Van Buren just west of Central Ave
- **Route 7 7th St**- Northbound trips to enter Central Station instead of staying on Central Ave at Van Buren Street
- **Route 8 7th Ave**- Northbound trip to relocate from stop north of Polk Street (farside) to stop south of Polk Street (nearside). Southbound trip to reroute to travel south on 1st Avenue to Washington St then turn south at 7th Ave.
- **Route 10 Roosevelt St**- Eastbound trips to begin inside Central Station
- **Phoenix Downtown DASH**- Route to return to Central Station

6

Recommendation

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

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Executive Summary

DATE **AGENDA ITEM 1C**
April 10, 2025

SUBJECT
Transportation Demand Management Platform Contract Award

COST AND BUDGET
Cost for the full contract term is $472,500, plus a contingency of $47,250 or 10%, for an aggregate value of $519,750 for up to five years.

For FY25, the Agency contract obligation is $94,500, which is fully funded within the adopted FY25 Operating and Capital Budget. Contract obligations beyond FY25 are incorporated into the Agency's Five-Year Operating Forecast and Capital Program (FY26 through FY31).

The source of funds are federal grants.

RECOMMENDATION
Staff recommends that the TMC forward to the Board of Directors authorization for the Chief Executive Officer to enter into a contract with Right Click Solutions, Inc., dba Ride Amigos, for a Transportation Demand Management Platform for a one-year base term and four, one-year options for an aggregate total contract value of $519,750.

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

- Goal 1: Delivering excellent customer experience
  - Initiative 1.2: Prioritize a unified customer experience across various modes and services, moving from transactional to relational interactions
- Goal 8: Operational excellence
  - Initiative 8.1: Optimize service performance to meet current and evolving regional transit needs

COMMITTEE PROCESS
RTAG: March 18, 2025, for information
TMC: April 2, 2025, approved
Board of Directors: April 17, 2025, for action

CONTACT
Abigail Cooksey-Williams
Manager, TDM/Commute Solutions
acwilliams@valleymetro.org

ATTACHMENT

A copy of the contract is available upon request.

Background Information

BACKGROUND DISCUSSION
Valley Metro Commute Solutions assists employers in the Maricopa County Travel Reduction Program (TRP), as well as the public, in finding commuting alternatives to driving alone.

A key element of this program is ShareTheRide.com. ShareTheRide is Valley Metro's free, online commute-matching system. The tool connects Maricopa County commuters to a secure matching platform that displays carpooling, vanpooling, transit, and/or bicycle options. The homepage of ShareTheRide includes links to additional information for various modes. For commuters, in addition to creating commute matches, the new and enhanced system will:

- Manage online contests and challenges to reward alternative mode users.
- Offer gamification and perks via a user-friendly branded mobile app.
- Calculate pollution, fuel, and financial savings from alternative mode use.
- Provide results and reporting on an individual or aggregated basis.
- Provide real-time information on traffic, transit routes, and more.

ShareTheRide also allows companies to manage their Travel Reduction Programs (TRP) online, streamlining tracking efforts. Employers can manage their internal TRP contests and obtain reports of their employees using ShareTheRide and alternative modes. Employers can also create ShareTheRide accounts for employees without internet access.

In 2020, the Board authorized the CEO to enter into a contract with Right Click Solutions Inc., dba Ride Amigos, to implement, host, maintain and administer the current ride-matching software platform supporting ShareTheRide.com. The current service will expire on May 5, 2025.

This contract is needed to meet our contractual obligations with our federally funded partners and associated agreements.

This item has been reviewed and approved by all necessary parties, including Valley Metro IT and the Maricopa County Air Quality Department.

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

Three offerors submitted proposals deemed responsive and responsible. An evaluation committee made up of Agency staff and a program partner/funder evaluated those offers on the following criteria with a maximum possible point total of 1,000:

- Functional Requirements (0 – 400 points)
- Implementation Plan and Timeline (0 – 200 points)
- Qualifications and Experience (0 – 200 points)
- Price (0 – 200 points)

After reaching consensus, the evaluation committee recommends an award to Right Click Solutions Inc., dba Ride Amigos, based on the following results:

- Right Click Solutions, Inc. dba Ride Amigos 864.30 points
- Agile Mile, Inc. 835.67 points
- CelWell Services, LLC 651.78 points

CONTRACT TYPE AND TERM

The contract is fixed-price with economic adjustment contract. The contract will begin on or about May 11, 2025, for an initial one-year term with four, one-year options to extend, for a maximum term of up to five years.

Transportation Demand Management Platform Contract Award

1

Background Information

- Agency sought a vendor to provide a transportation demand management platform to assist employers in the Travel Reduction Program, as well as the public, in finding commuting alternatives to driving alone.
  - This platform is required as part of a grant funded program and is paid for through federal funds.
- Through competitive solicitation, received 3 proposals.
- Contract award is for an initial one-year term with four, one-year options to extend, for a maximum term up of five years.

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Recommendation

Staff recommends that the Board of Directors authorize the Chief Executive Officer to enter into a contract with Right Click Solutions, Inc., dba Ride Amigos, for a Transportation Demand Management Platform for a one-year initial term and four, one-year options to extend for an aggregate contract value of $519,750.

3

Executive Summary

DATE **AGENDA ITEM 2**
April 10, 2025

SUBJECT
Gilbert Park-and-Ride Design, Construction, and Funding Agreement

COST AND BUDGET
The capital cost estimate to design and construct the Gilbert Park-and-Ride (GPNR) project is $5.2 million. The GPNR project is eligible for regional funding and is approved in the Regional Transit Life Cycle Plan (TLCP). For Fiscal Year 2025, the Agency obligation is $1.7 million, which is fully funded within the adopted FY2025 Operating and Capital Budget. Contract obligations beyond FY2025 are incorporated into the Agency's Five-Year Operating Forecast and Capital Program (FY2024 thru FY2028). The source of funds is PTF.

RECOMMENDATION
Staff recommends that the Board of Directors authorize the Chief Executive Officer to execute the Design, Construction, and Funding Agreement with the Town of Gilbert for the park-and-ride project.

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

- Goal 1: Deliver excellent customer experience
  - Initiative 1.5: Continue to expand transit availability and equity
- Goal 5: Stakeholder collaboration
  - Initiative 5.2: Incorporate member agency and stakeholder input into action plans to build the future regional transit system
- Goal 8: Operational Excellence
  - Initiative 8.1: Optimize service performance to meet current and evolving regional travel needs

COMMITTEE PROCESS
RTAG: March 18, 2025 for information
TMC: April 2, 2025 approved
Board of Directors: April 17, 2025 for action

CONTACT
Trevor Collon, PE
Chief, Capital Development
tcollon@valleymetro.org

ATTACHMENT
None.

A draft of the agreement is available upon request.

Background Information

BACKGROUND DISCUSSION

In February 2023, Valley Metro initiated a park-and-ride relocation study at the request of the Town of Gilbert. Transit operations at an existing park-and-ride facility are scheduled to end in 2025 with the redevelopment of the existing site. The park-and-ride relocation study included scope to provide professional services to the Town of Gilbert to complete an assessment of potential sites to develop a new park-and-ride facility.

The study included:

(1) Public involvement
(2) Express Service Market Analysis on service in the East Valley
(3) Facility needs assessment
(4) Site analysis selection
(5) Express service scenario planning
(6) Conceptual design of the new park-and-ride facility
(7) Title VI Analysis
(8) Capital cost estimate
(9) Final report summarizing completed work

The study includes recommendations to provide a park-and-ride facility with up to 100 parking stalls, with options for future expansion. Title VI outreach was performed in Fall 2024 to review the study recommendations, including a review of the preferred site for the new park-and-ride facility.

The intent of this Design, Construction, and Funding Agreement (DCFA) is to finalize preliminary engineering, design, and construct a new park-and-ride facility at the preferred site location as recommended by the park-and-ride relocation study. The DCFA also defines the relationship between Regional Public Transportation Authority (RPTA) and Town of Gilbert relating to the administration, management, and funding of the project. All project procurements required to complete the project will be the responsibility of RPTA, except procurements related to property rights acquisition services. No property acquisition services are expected to be required. The project is anticipated to be completed in 2026.

The Gilbert Town Council took action to approve this agreement in February 2025.

VALLEY METRO

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Gilbert Park-and-Ride (GPNR)
Design, Construction, and Funding Agreement

- Agreement between Town of Gilbert and Valley Metro to define design, construction, and funding roles, responsibilities, expectations, and obligations
- Currently programmed in the Regional Transit Life Cycle Plan (TLCP), project funded with PTF
- Capital cost estimate of $5.2M with project completion in 2026
- No property acquisition anticipated

2

gilbert arizona

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Conceptual Design – Gilbert Park-and-Ride (GPNR)

3

VALLEY METRO

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Recommendation

Staff recommends that the Board of Directors authorize the CEO to execute the Design, Construction, and Funding Agreement with the Town of Gilbert for the park-and-ride project.

4

VALLEY METRO

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Executive Summary

DATE **AGENDA ITEM 3**
April 14, 2025

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

COST AND BUDGET
None

RECOMMENDATION
This item is presented for information only.

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

- Goal 9: Financial Sustainability

COMMITTEE PROCESS
RTAG: January 21, 2025 for information
TMC: February 5, 2025 for action
Board of Directors: February 20, 2025 for action – item was tabled
March 20, 2025 for action – item was tabled
April 17, 2025 for information only

CONTACT
Ken Kessler
Chief Financial Officer
kkessler@valleymetro.org

Background Information

BACKGROUND DISCUSSION
In November 2024, the Budget team began the annual process of analyzing the operating and capital budgets to determine if there was a need to prepare a mid-year budget adjustment for Board approval. Initially, as a result of the higher than anticipated billing rate for the paratransit transportation provider contract, we anticipated a calculated increase of $4.7 million would be needed for paratransit in FY25. Upon refinement of the budget across the agency, including projected decreases in anticipated spend for ongoing programs, it was determined at that time that an overall net increase of $1.9 million to the RPTA FY25 operating budget would be needed.

Upon taking the mid-year budget adjustment to the Board of Directors in February for approval, the Board moved to table the mid-year budget adjustment agenda item to allow for additional inquiry and questions and for response by Valley Metro staff. Staff took the time to answer additional questions from member city staff and further pare down anticipated spend based upon the paratransit demand trend at that time. This resulted in an estimated overall net budget adjustment of $1.3 million. When brought back to the Board of Directors in March, the Board moved to table the item once again to allow for additional time for consideration.

Further analysis of the RPTA FY25 budget after eight months of actual expenditure data now indicates that RPTA will under run the Board adopted FY25 budget. At this time, paratransit is currently forecasted to be over its program budget by $2.6 million, down $1.5 million due to a software purchase that was budgeted for FY25, however will not be purchased until FY26. With budget under runs forecasted for other operating programs as well as the RPTA capital program, the total operating and capital program for RPTA is estimated to be approximately $16.6 million under the board adopted budget for FY25. As such, a FY25 mid-year budget adjustment will not be necessary.

The table below lists the areas forecasted to have budget over runs and under runs for FY25, including those that were included in the original Board memo.

Budget Item	Description	Increase / (Decrease) Amount
Operating Activities (included in original Board memo):		
East Valley Bus	Reduction of fuel estimate by Tempe.	$ (2,844,000)
RideChoice	Addition of Phoenix and Glendale service along with increased provider rates.	$ 1,958,000
Paratransit[1]	Higher rates based on lower trip usage, increased overflow provider usage, and delays in transitioning Brokerage vendor.	$ 2,566,000
Regional Vanpool Service	Higher rates based on vans being supplied to riders and higher than planned number of vanpools.	$ 1,768,000
I-10 Broadway Curve Rideshare and Trip Reduction	I-10 Broadway Curve completed later than initially planned due to construction delays. Ad agency responsible for the Broadway curve campaign. Reimbursed by ADOT grant.	$ 177,000
Phoenix Fixed Route	Lower cost per mile due to higher federal preventive maintenance funding and lower fuel costs.	$ (3,819,000)
Operating Activities Subtotal		**$ (194,000)**
Capital Activities:		
Revenue Fleet	Revenue fleet expenditures originally planned for FY25 that will occur in FYT26	$ (5,700,000)
Electric Bus Infrastructure	Electric bus infrastructure delays	$ (2,300,000)
Gilbert Bus Stops	Most of the Gilbert bus stop expenditures are deferred to FY26	$ (2,000,000)
Gilbert and Glendale Park-and-Rides	Most of the Gilbert and Glendale Park-and-Ride expenditures are deferred to FY26	$ (3,800,000)
State of Good Repair	Underruns for various state of good repair projects	$ (2,600,000)
Capital Activities Subtotal		**$ (16,400,000)**
Grand Total		**$ (16,594,000)**

[1] Previous Board memo included an estimated increase of $4,066,000, which was reduced by $1,500,000 for the planned FY25 software purchase that will now occur in FY26 and will be funded within the capital budget, not the operating budget.

Executive Summary

DATE **AGENDA ITEM 4**
April 10, 2025

SUBJECT
Valley Metro RPTA Fiscal Year 2026 (FY26) Preliminary Operating and Capital Budget and Five-Year Operating Forecast and Capital Program (FY26 through FY30)

COST AND BUDGET
See the information below.

RECOMMENDATION
This item is presented for information.

STRATEGIC PLAN ALIGNMENT
This item relates to the following goals and strategies in the Five-Year Strategic Plan:
Goal 9: Financial Sustainability

COMMITTEE PROCESS
Preliminary Budget Review:
Financial Working Group: February 18, 2025 for information
TMC: March 5, 2025 for information
AFS: March 6, 2025 for information
Board of Directors: March 20, 2025 for information

Budget Review with Initiatives:
RTAG/FWG: March 18, 2025 for information
TMC: April 2, 2025 for information
AFS: April 3, 2025 for information
Board of Directors: April 17, 2025 for information

Proposed Budget Adoption:
AFS: May 1, 2024 for information
TMC: May 7, 2025 for action
Board of Directors: May 22, 2025 for action

CONTACT
Ken Kessler
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kkessler@valleymetro.org

ATTACHMENT
None

Background Information

BACKGROUND DISCUSSION
The Valley Metro Regional Public Transportation Authority (RPTA) FY26 preliminary combined operating and capital budget (the budget) is $490.6 million and includes $85.3 million of expenses for light rail/high-capacity transit capital. The preliminary FY26 budget has been prepared with the goal of delivering a fiscally prudent, balanced budget. The budget was developed in compliance with Board of Directors' adopted budget, financial and Transit Life Cycle Program (TLCP) policies.

Valley Metro began the FY26 budget process by carefully reviewing its operations to identify efficiencies and other potential reductions to the FY26 base operating budget. This resulted in a proactive reduction in the RPTA base operating budget of $14.7 million. The largest areas of reduction include one-time items in the FY25 budget not continuing into FY26, reductions in service in the City of Phoenix operated bus service funded with PTF, shifting of demand services replacement software to the capital budget, and reduced costs for the Ajo bus route and City of Phoenix Regional Support Services.

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 FY26, these non-discretionary items total $12.6 million, comprising 84% of the total increase, excluding base change, in the FY26 operating budget. Of this amount, four issues – contract rate increases (including Board-approved contract adjustments), inflationary changes in cost of service, volume of service provided changes, and increasing bus fuel costs – comprise 97% of the total non-discretionary increase.

Additionally, Valley Metro recommends the Board adopt $2.4 million of increased spending for new initiatives in FY26. This includes funding for ten initiatives, listed below.

FY26 Valley Metro Staff Recommended Initiatives

Initiative#	Description	Amount
1	Passenger Engagement & Education [1]	$ 178,000
2	Agency Staff Compensation	$ 1,208,000
3	HR Infrastructure for Growing Organization [2]	$ 262,000
4	Safety & Security Management	$ 121,000
5	Service Planning Enhancement	$ 76,000
6	End of Useful Life System Replacements	$ 253,000
7	~~Internal Communications Enhancement~~ (Removed)	~~$ -~~
8	External Stakeholder Engagement	$ 34,000
11	Financial Planning & Analysis Enhancement [3]	$ 172,000
12	Grants Coordinator	$ 71,000
Total		**$ 2,375,000**

(1) Removed 2 Customer Experience Coordinators.
(2) Removed 2 Human Resources (HR) positions – Sr. Learning & Development Specialist and HR Specialist.
(3) Removed Financial Analyst, Contract Performance.

*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.

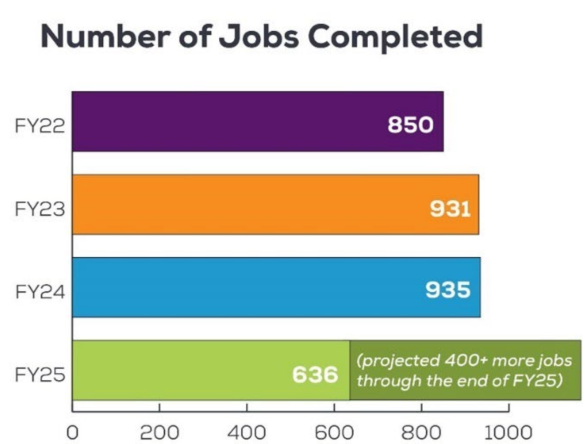
1	**Passenger Engagement & Education** Deliver Excellent Customer Experience	
	Combined	**VM Recommended**

Description

In support of Strategic Plan goal to "Deliver Excellent Customer Experience," this initiative will enhance Valley Metro's engagement and communication with passengers by adding resources to interact with customers on the system, develop and manage a comprehensive wayfinding and signage system, and leverage the new fare system investment with a marketing and outreach program to create awareness of the programs, benefits and features of the new system.

~~Customer Experience Coordinators (CECs)~~ **(REMOVED)**
Adding one CEC will provide additional customer assistance resources and presence on Valley Metro Rail system. CECs serve as the "eyes and ears" on the system, interacting with and educating customers and the public while also working with operations and security to monitor, report and help make decisions on service, security and maintenance activities to support a positive customer experience.

Supervisor, Passenger Information Systems
On-system signage is critical for helping our customers navigate the system, and sharing important information about what's happening across Valley Metro and their community. This position in the Marketing Department would develop and manage a comprehensive and growing wayfinding and signage system, agency print production, delivery and installation. The position would supervise two staff and oversee the agency printing (seven vendors) and wayfinding (one vendor) contracts. The position would conduct audits of current system signage (bus and rail), build quality assurance and maintenance programs, execute long-range planning for future system signage needs, incorporating passenger feedback, and better leverage current system signage offerings (car cards, kiosk posters, stop/vehicle/facility signage, etc.) to expand education and communication with riders, and be more responsive to changes. Our current system has ~4,000 wayfinding/signage pieces (which will grow with the opening of the two-line rail system) that are updated at least annually, and up to quarterly and as needed. We know we need to be more nimble to support regional bus and rail service changes and customer feedback. In the past year, we have increased service change signage updates from two times a year to now four so that we can deliver excellent service that meets our customers' needs. The Marketing Department has seen a steady increase in the number of jobs executed by internal staff and managed by the production and delivery team members (who, in the future, would be managed by this position), as demonstrated in the chart below. (Note: Service change jobs are lumped together as a single project for each service change period.)



The expected outcome with this position is to provide higher-quality, consistent and more effective signage systems, providing clear, easy to understand directions and information for all passengers, regardless of language or ability. A well-designed and maintained wayfinding/signage system provides enhanced customer experience and helps us grow ridership, through ease and understanding as well as overall system aesthetics. This position would also manage all print production, material distribution and installation across the region and on behalf of member cities. Today, this function, in part, is supported by a contractor; in-housing the role in full would save the agency approximately $140,000 annually. Supporting a dedicated Passinger Information resource has become an industry best practice; many of our peers, including LA Metro, TriMet (Portland), DART (Dallas), RTD (Denver) and Sound Transit (Seattle), have this function, dedicated to signage and production, in house.

Ridership Development through Fare Collection System Modernization (FCSM)
This effort would develop a marketing and outreach campaign and further expand partnerships to create continued adoption of our new fare system and, ultimately, encourage greater ridership through this investment. This effort would further advertise the benefits, programs and features of the new system to on-board new riders, ultimately expanding Valley Metro's reach and ridership. The effort would seek to increase usage in our new fare programs and attract new markets through continued education and partnership with new user groups, highlighting the benefits, ease-of-use and cost savings. Staff would continue engagement at key transit/community locations and partner with community organizations to reach diverse audiences, including reduced fare audiences. We would identify new target markets, including new residential, employers, visitor groups, etc., who would benefit from the new tools/programs within FCSM. We would also seek to grow our participation in existing fare programs and develop new partnerships, making our service an integral part of events, conferences, with organizations and/or new developments.

Item	RPTA	VMR	Note
~~Customer Experience Coordinator (2)~~	~~$0~~	~~$0~~	~~Salary, fringe, and equipment~~
Supervisor, Passenger Information Systems (*)	$78,000	$77,000	Salary, fringe, and equipment
Ridership Development through FCSM	$100,000	$100,000	
Total	**$178,000**	**$177,000**	

(*) This position will in-source existing work being performed under contract.

2	**Agency Staff Compensation** Invest in Our Talent	
	Combined	**VM Recommended**

Description

In support of Strategic Plan goal to "Invest in our Talent" this initiative will allow Valley Metro to continue to be competitive within the labor market to attract and retain employees critical to effectively and efficiently managing the provision of regional transit service.

The region has experienced substantial inflation in past years, but the inflation rate has recently slowed. Year-over-year inflation in the region was 1.6% for December 2024. The December 2024 unemployment rate of 3.1% is still well below the 30-year average of 4.9% in the Valley. To remain competitive within the labor market Valley Metro staff recommends budgeting funds to provide performance merits and implement the classification and compensation study.

- Valley Metro staff recommends an overall 3.5% performance merit. In reviewing the actual performance merits issued during FY25, staff on average was awarded 3.5%, therefore the budgeted merit for FY26 is in-line with FY25.
- To support the implementation of the classification and compensation study, Valley Metro staff proposes a budget allocation of $980,000. These funds will be used to address necessary adjustments to align employee compensation with the study's findings, ensuring internal equity and market competitiveness.

Item	RPTA	VMR	Note
3.5% Merit	$837,000	$1,371,000	
Class & Compensation	$371,000	$609,000	
Total	**$1,208,000**	**$1,980,000**	

3	**HR Infrastructure for Growing Organization** Invest in Our Talent	
	RPTA	**VM Recommended**

Description

In support of Strategic Plan goal "Invest in Talent," this initiative will enable Valley Metro's Human Resources Department to deliver on strategic plan activities related to recruitment, retention, and advancement; workplace culture; professional development; and workforce development. The Human Resources Department plays a critical role in delivering not only the Invest in Talent strategic initiatives but also in ensuring that Valley Metro's ten divisions have the talent necessary to meet the agency's evolving needs. With over four hundred and fifty employees, Valley Metro's turn-over rate for calendar year 2024 is 14.2%. Between turnover and new positions, Human Resources typically facilitates the filling of approximately 100 vacancies per year. The department is also responsible for supporting administration of total rewards programs, growth and development of staff including benefits renewals and administration, performance management, personnel actions, learning and development, and wellness programs.

~~Senior Learning and Development Specialist~~ (REMOVED)
~~This position would be responsible for aligning Learning and Development opportunities to support staff training, staff retention and advancement, and partnering with regional partners to initiate and facilitate robust workforce development activities.~~

Benefits Administrator
This position would be responsible for managing benefits administration for our 450+ employees, retirement plans, and ensuring compliance and effective employee support. It would also be responsible for managing Wellness Program activities emphasizing mental and physical health, ensuring employees are educated and can access Wellness benefits, and managing the Wellness Working Group activities.

Human Resources Generalist (Recruiter)
This position would join Valley Metro's recruiting team currently comprised of one recruiter and one Talent Manager. The position will assist with Position Requisitions, job postings, advertising with industry and job boards, pre-screening applicants, facilitating the interview process, supporting hiring managers through the offer-and-acceptance phase, and supporting new employees through orientation and on-boarding activities.

~~HR Specialist (Support Staff)~~ (REMOVED)
~~This position would support completion of administrative tasks, employee engagement activities, scheduling, and special Human Resources projects to free senior staff for high-impact work.~~
~~Investing in these roles ensures HR can meet the agency's growing needs, deliver high-quality service, and support long-term workforce success.~~

Item	RPTA	VMR	Note
~~Senior Learning & Development Specialist~~	~~$0~~	~~$0~~	~~Salary, fringe, and equipment~~
Benefits Administrator	$142,000	$0	Salary, fringe, and equipment
Human Resources Generalist (Recruiter)	$120,000	$0	Salary, fringe, and equipment
~~Human Resources Specialist (Support Staff)~~	~~$0~~	~~$0~~	~~Salary, fringe, and equipment~~
Total	**$262,000**	**$0**	

4	**Safety & Security Management** Prioritize Security on Transit	
	Combined	**VM Recommended**

Description

In support of Strategic Plan goal to "Prioritize Safety & Security on Transit," this initiative will add two critical management positions: Deputy Chief of Security, and Deputy Chief of Safety, seeking to enhance Valley Metro's management and oversight of the local and federal safety and security programs, practices and procedures. With the current Division Chief split over multiple modes and areas of responsibility, this initiative will allow for more focused management of the safety and security programs and provide a safer and more secure transit system for our riders, staff and the general public.

As the Arizona Department of Transportation State Safety Oversight Agency (ADOT SSOA) and the FTA, recommended standard, the roles and functions of safety and security should be independent to allow for effective management and oversight of an agency's safety and security procedures, practices and programs. Federal priorities and regulations require more of the safety and security team. By increasing the capability, scope and support of the Security and Safety Departments, the goal is to enhance the rider experience, helping to increase in ridership and grant eligibility through reduced incidents and lower claims. A more robust and required focus, as stipulated through the addition of Risk Based Inspections (by the SSOA) and FTA direction, the role of Safety Rail oversight at an executive level, separate from security, is necessary.

Deputy Chief, Security

The Deputy Chief, Security will work to ensure compliance with the processes in the Rail and Non-Rail Security/Emergency Preparedness Plans (SEPP), support the Security Department for bus and rail/streetcar, play a vital role in capital project development and will be key to the effective oversight and deployment of the new Fare Inspection & Security Services contract. Adding this position will provide a more thorough, strategic capability and program/project development for the growing and changing needs of system security and increase the agency's capability to collaborate with law enforcement partners.

Deputy Chief, Safety

The Deputy Chief, Safety will work to ensure compliance with the processes and procedures outlined in the Public Transit Agency Safety Plans (PTASP) for both bus and rail and will be identified as the Safety Management System (SMS) Administrator for the agency as required by the ADOT SSOA and as recommended by the FTA. This position will play a vital role in the support of future capital project development and will be better resourced to assess risk and mitigations. By allowing for a more strategic, higher-level focus on both bus and rail safety for our ridership as well as employee safety, the goal is to improve safety metrics, maintain positive compliance with FTA regulations and SSOA requirements, reduce claims and workplace injuries and damage.
Without this position the agency remains vulnerable to delays in SMS implementation, risk of future funding or possible penalties from SSOA if mitigations and hazards are not addressed effectively. As the system continues to grow and age, more hazards and risks are being introduced and not having focused management support could impact incident rates, future funding and higher claims/rates.

Item	RPTA	VMR	Note
Deputy Chief, Safety	$61,000	$173,000	Salary, fringe, and equipment
Deputy Chief, Security	$60,000	$173,000	Salary, fringe, and equipment
Less capital	$0	-$34,000	Share of cost allocated to the capital budget
Total	**$121,000**	**$312,000**	

5	**Service Planning Enhancement** Leverage Data & Technology	
	Combined	**VM Recommended**

Description

In support of Strategic Plan goal to "Leverage Data & Technology," this initiative will add a Service Planner position to improve Valley Metro's service planning data analysis and quality control to help ensure timely, high quality data analysis, supporting the development of a more effective, higher-performing service plan and customer experience.

Service Planner

This new Service Planner/Analyst position will enhance Valley Metro's ability to take a more proactive approach to service planning by analyzing system performance trends, customer insights, and operational data to drive better decision-making. Currently, the Service Planning team—consisting of two Service Planners and one Service Planning Manager—faces growing demands for data analysis and quality control. With limited resources, the team is often reactive, responding to requests rather than strategically identifying opportunities to optimize service. This new position will help shift the agency toward a more data-driven and forward-looking planning model. By adding this position, Valley Metro gains the capacity to evaluate key performance metrics, identify inefficiencies, and anticipate service needs before they become challenges. This proactive approach will enable the agency to refine route performance, improve service reliability, and enhance the customer experience. Additionally, by bringing this analytical expertise in-house, the agency eliminates a more costly $150,000 contract expense while increasing its ability to conduct ongoing performance assessments and strategic planning.

Item	RPTA	VMR	Note
Service Planner (*)	$76,000	$50,000	Salary, fringe, and equipment
Less capital	$0	-$30,000	Share of cost allocated to the capital budget
Total	**$76,000**	**$20,000**	

(*) This position will in-source existing work being performed under contract.

6	**End of Useful Life System Replacements** Leverage Data & Technology	
	Combined	**VM Recommended**

Description

In support of Strategic Plan goal to "Leverage Data & Technology," this initiative ensures that the components identified below function appropriately and are supported by the respective manufacturer, keeping our equipment healthy and agency productivity high.

End of Useful Life System Replacements

Responsible management of the organization's technology assets requires periodically replacing hardware and software as the manufacturer or developer ceases to support it or it reaches the end of its useful life, and the cost of maintenance and replacement parts exceeds the cost of replacement. Without this initiative, Valley Metro will experience mounting maintenance costs and increased downtimes for these systems, which, in the case of the security camera system, could result in liability issues. This initiative will reduce or even eliminate, in the near-term, the ongoing cost of maintenance, and in the case of the security camera system and application delivery controllers (ADCs), will help prevent inflation of the agency's cybersecurity insurance premium.

- The Network Video Recorders (NVRs) for the non-OT security camera system storing security footage
- The audio-visual and teleconferencing equipment in three key conference rooms
- The application delivery controllers (ADCs) protecting the agency's applications and remote connections
- The oldest and most heavily used Multi-Function Printers (MFP)
- The software used to control the content displayed on agency monitors, an internal communications tool

Item	RPTA	VMR	Note
End of Useful Life System Replacements	$253,000	$285,000	
Total	**$253,000**	**$285,000**	

~~7~~	~~**Internal Communications Enhancement**~~(REMOVED) ~~Deliver on Stakeholder Collaboration~~	
	Combined	**VM Recommended**

Description

~~In support of Strategic Plan goal to "Deliver on Stakeholder Collaboration," this initiative will add an Internal Communications Specialist focused on enhancing internal communications, encouraging engagement and feedback, and aligning messaging across the organization, and with contracted teams.~~

~~**Specialist, Internal Communications**~~

~~This position in the Communications Department would be responsible for crafting and implementing a comprehensive internal communications strategy to engage a diverse workforce, with a specific focus on frontline teams, across various locations, including many who lack access to traditional communication channels. This role would focus on enhancing clarity, consistency and alignment with the agency's goals, values and as referenced in the Strategic Plan (Stakeholder Collaboration). Key responsibilities would include creating and executing high-quality internal communication plans, developing engaging content, providing critical updates and fostering two-way feedback loops to encourage employee input and agency follow-through. The role would involve collaborating with key stakeholders, internal Divisions and contract partners, managing internal communication tools and resources (e.g., hands-on outreach, leave-behind material, newsletters, social media, podcasts and possibly new solution(s)), and ensuring message transparency and understanding across the organization and its contractors. Additionally, the position would support morale-building efforts, promote employee engagement and contribute to internal campaigns, such as Safe Place and workplace safety promotion (as part of our agency's Public Transportation Agency Safety Plans). The specialist would also travel to multiple locations to gather input, hear ideas/concerns and build relationships with employees and contractors, while measuring the effectiveness of communications through surveys, metrics and data analysis. This role would regularly and consistently communicate with more than 1,400 individuals at various Valley Metro locations: Mesa, Tempe and West Valley bus operations & maintenance teams (~700); rail/streetcar operations & maintenance teams at the Operations & Maintenance Center (~185); field security personnel (~200); Mobility Center/ADA/Customer Service staff (~110); and agency administration (~215); in addition to partnering with city of Phoenix and other member communities to communicate vital information and updates with their frontline teams. Generally, a highly engaged and informed workforce is more productive, loyal and committed to organizational goals, including Customer Experience.~~

Item	RPTA	VMR	Note
~~Specialist, Internal Communications~~	~~$54,000~~	~~$53,000~~	~~Salary, fringe, and equipment~~
~~**Total**~~	~~**$54,000**~~	~~**$53,000**~~	

8	**External Stakeholder Engagement** Deliver on Stakeholder Collaboration	
	Combined	**VM Recommended**

Description

In support of Strategic Plan goal to "Deliver on Stakeholder Collaboration," this initiative will add one position: Supervisor, Community Engagement and Manager, who will seek to enhance Valley Metro's engagement with external stakeholders to better collaborate with the community, build relationships, and more effectively share information and obtain input and feedback.

Supervisor, Community Engagement (Capital Planning Projects)

This position in the Community Relations Department would replace a consultant resource and serve as the outreach lead for all future capital planning projects, both rail and bus, working under the Manager, Community Engagement (Future Projects). The position would be responsible for creating public involvement plans for the particular corridors or projects in planning, building relationships with and gathering feedback from stakeholders to meet project goals and collaborating with the technical teams and the respective cities/towns to effectively share information and garner input. This supervisor would lead teams of Community Engagement professionals, often embedded in these project areas, to help shape the future project with community feedback. With a dedicated, in-house role to lead community engagement (future capital projects), the community's voice will be more effectively heard, and we will build up our internal capacity and institutional know-how to develop more innovative, tailored and thoughtful public involvement plans, as this is a consultant-conversion position, saving the agency approximately $400,000+ in annual contractor costs.

Item	RPTA	VMR	Note
Supervisor, Community Engagement (Capital Planning Projects)(*)	$34,000	$121,000	Salary, fringe, and equipment
Less capital	$0	-$89,000	Share of cost allocated to the capital budget
Total	**$34,000**	**$932,000**	

(*) This position will in-source existing work being performed under contract.

~~**System Enhancements and Improvements in Project Management**~~ **(REMOVED)** ~~Deliver on Stakeholder Collaboration~~	
VMR	**VM Recommended**

Description

~~In support of Strategic Plan goal to "Deliver on Stakeholder Collaboration," this initiative will add a Capital Development Project Manager position to more effectively manage the increasing workload regarding state of good repair, system improvements, studies, and agency initiatives. This initiative will provide a deeper and dedicated focus on projects that will improve and optimize the transit system with a more consistent and timely delivery on these efforts.~~

~~**Project Manager, Capital Development**~~

~~Currently, there are project managers assigned to large rail extension projects and job order contracts. While system expansion is a continuing priority, there is also a need to make continued enhancements and improvements to the existing system, and that need is growing as our rail infrastructure ages, now in operation for more than 16 years. There is a need for a project manager to oversee the longer-term study, scope definition and implementation and oversight of these improvement projects. Without a dedicated role to lead these initiatives, they will continue to be assigned to other staff members as workload allows, or they would be assigned on a task order basis to consultant resources. This is not efficient, nor financially prudent, as we lose institutional knowledge with consultant-led initiatives once the projects are completed or handed off to the agency.~~

~~A dedicated project manager overseeing agency infrastructure improvements to the existing system will provide for a more efficient approach to these projects, creating a more consistent and efficient approach to problem-solving, balancing and prioritizing initiatives, resulting in more consistent and timely implementation. The projects are inclusive of maintenance programs, overhauls, Security initiatives, and IT projects, identified via agency/Board priorities and Valley Metro's Transit Asset Management (TAM) program, mandated by FTA. There is also a long-term cost benefit to bring in-house resources that have been perpetual consultant-provided labor, saving the organization money as well as in-housing the talent and expertise.~~

Item	RPTA	VMR	Note
~~Project Manager, Capital Development (*)~~	~~$0~~	~~$0~~	~~Salary, fringe, and equipment~~
~~Less capital~~	~~$0~~	~~$0~~	~~Share of cost allocated to the capital budget~~
~~**Total**~~	~~**$0**~~	~~**$0**~~	

10	**Rail Maintenance Program Enhancements** Operational Excellence	
	VMR	**VM Recommended**

Description

In support of Strategic Plan goal to provide "Operational Excellence," this initiative will increase the art maintenance program, add a Utility Worker position and Traction Power Manager and three additional Traction Power Supervisors to strengthen Valley Metro Rail's maintenance program.

Art Maintenance

The art maintenance budget supports regular maintenance and upkeep/repair work needed from damage due to vandalism and long-term rehabilitation or replacement of parts due to age. From FY22 to the end of FY25, Valley Metro's public art collection has increased from 49 to 70 art installations, a growth of 43% with the completion of the Tempe Streetcar and Northwest Extension Phase II, and soon to be complete South Central Extension / Downtown Hub project. The requested increase to the art maintenance budget represents a 38% increase over the same period. The additional funds will be used for art maintenance supplies and contracted services when necessary.

Artwork along the rail alignments provides interest and beauty to the transit network and are reflective of the communities it serves, building pride and connectivity with the local community and ridership. Additionally, Valley Metro artwork is often used in promotion of Valley Metro and the metro Phoenix region, helping to build a strong, positive visual aesthetic, also helpful to creating a welcoming environment across the transit system. Like maintaining the rest of the system, maintaining art is crucial to the representation of our values and characteristics as well as upholding basic crime prevention through environmental design (CPTED) principles. Fully functioning and well-maintained public art would continue as a point of pride for Valley Metro and for the Valley. In addition, a continued increase in funds to match rising costs and system growth allows staff to focus more on preventative maintenance to mitigate future costs to cure.

Utility Worker (Pressure Washer)

This initiative would add one team to maintain our current levels of service and provide timely response to graffiti removal, station cleanliness and improved customer experience. As part of Valley Metro's maintenance cleaning program, all agency properties are frequently pressure washed to provide safe and comfortable spaces for our riders and staff. Currently, we have three pressure washer teams that replaced contract workers – each team consisting of one full-time employee, one light duty truck and one pressure washer trailer. The pressure washer teams' main responsibility is to pressure wash passenger stations, traction power substations, park-and-rides, security buildings, operator facilities and the Operations & Maintenance Center and Mesa Bus Operations & Maintenance Facility. In addition, each night prior to starting pressure washing services, they will perform other cleaning duties as assigned, including graffiti removal, debris removal, encampment removal, biohazard/drug paraphernalia response and removal along with many other types of cleaning maintenance.

The addition of the South Central Extension / Downtown Hub will increase system size, adding 12 passenger stations, 5 traction power substations, 2 signal buildings, and one park-and-ride, along with increased ridership, creating the need for this new team. The estimated average annual cost of performing this work with Valley Metro staff, including all equipment, is $122,500 compared to an average annual cost of $143,000 to contract out the work.

Traction Power Labor Resources

Valley Metro's traction power system provides power to light rail and streetcar vehicles via an overhead catenary system (OCS). Growth in the Valley Metro rail system requires additional labor and expertise in the traction power space. At this stage in the evolution of the rail system, it is prudent to adequately resource this critical function. This budget item proposed making Traction Power its own work unit within the Maintenance of Way Department, which is an industry standard practice. This unit would be comprised of a Traction Power Manager and three additional Traction Power Supervisors, which will benefit the agency by adding technical expertise to the Maintenance of Way function, and creating adequate supervision to support this 24/7 operation. It is critical that we provide improved reliability of our traction power system and quicker emergency response and recovery time when accidents or incidents occur resulting in catenary power disruptions. The long-term benefits of investing in this specialized discipline include creating an expert supervisory/management group experienced in high voltage, direct current substations, and overhead catenary. This investment also provides growth and promotion opportunities for our traction power staff, creating career paths for now difficult to fill positions.

Without this specialized work unit, the agency faces vulnerability due to our limited capacity to support our high-voltage system dependent on the overhead catenary system and substations. We must continue to expand our coverage and expertise as our system matures and requires reinvestment to maintain system reliability.

Item	RPTA	VMR	Note
Art Maintenance	$0	$50,000	
Utility Worker (Pressure Washer) (*)	$0	$62,000	Salary and fringe
Traction Power Supervisor (3)	$0	$367,000	Salary and fringe
Traction Power Manager	$0	$147,000	Salary and fringe
Truck/Trailer/Equipment	$0	$181,000	
Total	**$0**	**$807,000**	

(*) This position will in-source existing work being performed under contract.

11	Financial Planning & Analysis Enhancement Financial Sustainability	
	Combined	VM Recommended

Description

In support of Strategic Plan goal to provide "Financial Sustainability," this initiative will enhance Valley Metro's financial planning and analysis capabilities by adding a Management Analyst position, a Contract Performance Financial Analyst position and new financial forecasting software.

Financial Forecasting Software

Valley Metro's Transit Life Cycle Program (TLCP) is currently managed through a pair of financial models built over a decade ago. The Bus model was developed through an Access database in 2011, and the Rail model was developed in 2005 and re-engineered in 2012 using an Excel spreadsheet. These aging tools present multiple hurdles to Finance staff, including:

- Inability to implement all new rules and requirements introduced by Prop 479
- Difficulty finding qualified personnel to maintain and update the tools
- Inability to drill down through levels of detail within a report
- Inability to provide route/city-level details
- Inability to provide direct, anytime visibility to city partners

The financial modeling software being proposed would allow Valley Metro to consolidate its Financial Planning & Analysis (FP&A) processes and reporting into a unified tool that is capable of:

- Providing a comprehensive view of the agency's financial information
- Adapting to the changes introduced by Prop 479
- Allowing the data to be collated and reported at various levels from various perspectives
- Providing self-service access to member city partner staff and internal stakeholders for improved availability and transparency
- Handling new transit modes (e.g. streetcar, microtransit, etc.) and new funding sources as they are adopted
- Saving an estimated 30 person-hours per month spent on maintaining the current models and manual reporting processes

Management Analyst, Financial Planning Support

This new position in the Budget & Operations Financial Controls Department would provide support and redundancy in managing and administrating the remaining Prop 400 sales tax as well as the future Prop 479 sales tax and overall financial forecasting for the agency. This work is currently being done by one Senior Management Analyst and there is no support or redundant staff resources. Without this position the agency would be at a continued and possibly increased risk of not being able to complete core functions around the long-range tax revenue program, including but not limited to making updates to the MAG Transportation Improvement Program (TIP), the Transit Life Cycle Program (TLCP), Prop 400/479 analysis, etc. This position will help our team maintain productivity, continuity and organizational resiliency. Having redundancy for this responsibility will further benefit the agency by reducing bottlenecks, supporting institutional knowledge retention, and enhancing team flexibility to provide coverage during peak workloads or emergencies.

~~**Financial Analyst, Contract Performance**~~

~~This position in the Procurement Department would partner with internal customers to coordinate quarterly and annual reviews of the agency's key contracts. These reviews would include contractor performance, invoice analysis to the price schedule, and annually benchmark the contracted price to the market. In addition, they would support business model development by contributing the required contract actions and process improvement to more closely achieve best practice timelines. Anticipated benefits include increased vendor~~

oversight, performance analysis and management, and the ability to regularly touch strategically and economically impactful contracts.

Item	RPTA	VMR	Note
Financial Forecasting Software	$50,000	$36,000	Software
Management Analyst, Financial Planning Support	$122,000	$0	Salary, fringe, and equipment
~~Financial Analyst, Contract Performance~~	~~$0~~	~~$0~~	~~Salary, fringe, and equipment~~
Total	**$172,000**	**$36,000**	

12	Grants Coordinator Financial Sustainability	
	Combined	VM Recommended

Description

In support of Strategic Plan goal to provide "Financial Sustainability" this initiative will add a Grants Coordinator position to provide better grant seeking coordination efforts both internally to Valley Metro, as well as with member agencies.

Grants Coordinator

An in-house grant function in the Policy and Intergovernmental Relations Department will position Valley Metro and its member agencies to be more competitive for grant funding opportunities, providing sufficient lead time to plan and coordinate activities prior to any grant submittal. This position would coordinate activities relating to the development of Valley Metro's new grants function, which includes strategic pursuit of federal, state and/or other available formula, discretionary or congressionally-directed grant funding opportunities when they are made available.

This position will develop an annual needs assessment, be responsible for identifying potential grant funding opportunities to support existing, planned or desired agency projects and maintain a grants inventory with timelines, recommendations and compliance with applicable laws and/or regulations. This includes working with MAG (MPO) and the City of Phoenix (designated recipient) to coordinate, collaborate and review inclusion of Agency federally funded and regionally significant transit projects in the Regional Transportation Improvement Program (RSTIIP) and annual program of projects; and coordinate with member cities and Agency project managers to ensure timely accounting and reporting.

Not maximizing funding opportunities when eligible and available, can delay project(s) implementation and further place a financial burden on member agencies to fully fund capital, program or planning projects not otherwise budgeted for. This puts Valley Metro at a competitive disadvantage among its peers by lacking the in-house knowledge and experience of transit or transportation-related grant programs, requirements and regulations relative to Notice of Funding Opportunities (NOFOs), grant proposals and application procedures and funding eligibility guidelines and timelines.

Grant expertise, including research, data and grant submissions have typically been outsourced to consultant(s) based upon agency priorities, announced notice of funding opportunities (NOFO), and level of preparedness. Depending on timelines, level of effort and complexity of a sought-after grant, estimated costs and budget have ranged annually from $50,000 – $100,000 for the research and planning work for individual grant submissions. For example, Valley Metro spent approximately $73,000 to date to prepare and submit for the Low/No Emissions Grant program, of which we were awarded $13.3M. This does not account for ongoing expertise and availability necessary should supplemental information be required, revisions are necessary and/or ongoing coordination between agency divisions and/or member cities. Over the next 5 years, we estimate an in-house grant coordinator position could save the agencies approximately $495,000 or $99,000 per year.

Item	RPTA	VMR	Note
Grants Coordinator (*)	$71,000	$70,000	Salary, fringe, and equipment
Total	**$71,000**	**$70,000**	

(*) This position will partially in-source existing work being performed under contract.

13	Continuing Commitments Deliver Excellent Customer Experience	
	Combined	Continuing Commitment

Description

Rail Landscaping Contract Rate Increase

Valley Metro contracts with URW to provide landscaping for light rail. This contract has an annual escalation rate defined in the existing contract.

Comprehensive Operational Analysis

The Valley Metro Board of Directors previously approved the solicitation for a Comprehensive Operational Analysis (COA) of the existing regional transit network to evaluate 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 FY25 Continuing Commitment.

Rail and Bus Facility Maintenance

Valley Metro contracts with DMS to provide maintenance for rail facilities for both light rail, streetcar, OMC, and the Mesa Bus Operations facility. This contract has an annual escalation rate defined in the existing contract.

Item	RPTA	VMR	Note
Rail Landscaping Contract Rate Increase	$0	$15,000	
Comprehensive Operational Analysis	$200,000	$0	
Rail & Bus Facility Maintenance	$79,000	$121,000	
Total	**$279,000**	**$136,000**	

14	Continuing Commitments Prioritize Security on Transit	
	Combined	Continuing Commitment

Description
Security Contract Rate Increase Valley Metro currently contracts its fare inspection and security for rail modes and Valley Metro transit facilities to Allied Universal. This contract was recently reprocured and awarded to a new contractor, Inter-Con, by the Board in March of 2025, with an effective start date around early May. Based upon the new contract, the FY26 cost is estimated to be an increase of $2.2M from the FY25 budget.

Item	RPTA	VMR	Note
Security Contract Rate Increase	$196,000	$2,039,000	
Total	**$196,000**	**$2,039,000**	

15	Continuing Commitments Operational Excellence	
	Combined	Continuing Commitment

Description

Light Rail (SCE/DH) South Central Extension/Downtown Hub Operations

The South Central Extension/Downtown Hub is anticipated to start revenue service in May 2025. The FY25 budget included the need for positions related to the new extension, however the costs were born by the capital project. In FY26, with the start of revenue operations, the full operations costs, including transportation, maintenance, insurance, and security for FY26 are estimated to be $11.8M

Bucket Trucks

In February 2023, the Board approved the purchase of the four bucket trucks for rail maintenance activities. Due to long delivery lead times, the trucks are estimated to arrive in FY26 ($1.1M).

Insurance Premium

The annual renewal of Valley Metro's property and liability coverage was authorized by the Board of Directors in November 2024. Staff recommend 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.

Bus Service and Rate Increase

Valley Metro contracts its local, express, and circulator bus service out to two different providers. Keolis provides service for the East Valley and the current contract has previously defined annual escalation rates. National Express provides service for the West Valley, however that contract is currently under procurement and rates for FY26 are unknown (additional details provided in inflationary section). Based on annual escalations and service mileage changes, increases for FY26 are as follows:

- East Valley (Keolis), $4.7M

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. Both MTM and MJM provide services for eligibility determination, travel training and transportation to the Mobility Center. Each Valley Metro contract has annual rate escalation defined in the existing contracts. The annual contract rate increases result in the following increases:

- Paratransit Services (MJM/MTM), $0.5M
- RideChoice Services (MJM), $0.8M
- Mobility Center (MJM/MTM), $0.6M

Vanpool Program - Contract Rate Change

Valley Metro's contract for vanpool covers the cost of operations and leasing of vendor vehicles. Under the current contract the annual increase for FY26 is 5% above FY25 ($0.4M).

Rail Transportation Service 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, 2025. For FY26, the increase for ACI includes $1.5M for the annual increase of the base contract.

Item	RPTA	VMR	Note
Light Rail SCE/DH Operations	$0	$11,816,000	
Bucket Trucks	$0	$1,106,000	
Insurance Premium	$58,000	$100,000	
Demand Service Rate Increase	$1,877,000	$0	
Vanpool Program - Contract Rate Change	$371,000	$0	
Bus Service and Rate Increase	$4,652,000	$0	
Rail Transportation Service Rate Increase	$0	$1,455,000	
Total	**$6,958,000**	**$14,477,000**	

16	Inflationary/Market & Ridership Deliver Excellent Customer Experience	
	VMR	**Inflationary/Market & Ridership**

Description

Rail Vehicle and Facility Cleaning Contractual Increase

Valley Metro contracts with DMS to provide cleaning services for rail vehicles and facilities for both light rail, and streetcar. This contract expires 12/31/25 and will be procured through a competitive solicitation and rates are not yet known for FY26. The FY26 budget amount is based on historical trends in rates for the current contract.

Item	RPTA	VMR	Note
Rail Vehicle and Facility Cleaning Contractual Increase	$0	$34,000	
Total	**$0**	**$34,000**	

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

Description

Light Rail Operations Utility and Propulsion Power Increase
Based on historical usage trends and anticipated utility provider rate increases, the FY26 increase is estimated to be $1.2M.

Demand Service Ridership Increase
In FY26, Valley Metro Demand Services programs anticipate an increase in regular trips of 4% for Paratransit, along with an offset of reduced overflow trips ($0.1M), and 7% for RideChoice ($0.9M), for a total increase in costs $1.0M.

Bus Fuel Increase
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 FY26 is estimated to be $1.6M. Prices at the Mesa Facility have remained relatively stable.

West Valley Service and Rate Increase
The West Valley bus contract is currently under procurement and rates for FY26 are not known at this point. The estimated cost of service for FY26 was determined using an independent cost estimate, resulting in an increase of $48,000 compared to FY25.

Vanpool Van Type Cost and Ridership Increase
The vanpool program under the new contract with leased vehicles continues to have rapid increased participation. For FY26 Valley Metro estimates an increase in participating vans of 24%, for an increase of $1.4M. In addition, the vans assigned to riders have been changing based on the size of the van and number of miles used. As the program is evolving, Valley Metro estimates the total increase cost due to the van utilization is $1.0M

City of Phoenix Regional Service
City of Phoenix also provide regional services for fixed route operations through contracts that they have, seeking reimbursement from other transit agencies for their relative share of these services. These services include but are not limited to scheduling services and related software, CLEVER vehicle location management services, fare collection system operational costs, etc.

Item	RPTA	VMR	Note
Light Rail Operations Utility Increase	$0	$1,154,000	
Demand Service Ridership Increase	$961,000	$0	
Bus Fuel Increase	$1,597,000	$0	
Vanpool Van Type Cost and Ridership Increase	$2,421,000	$0	
City of Phoenix Regional Service	$134,000	$496,000	
West Valley Service and Rate Increase	$48,000	$0	
Total	**$5,161,000**	**$1,650,000**	

Full-Time Equivelants by Agency

	RPTA	VMR	Total FTEs
FY25 Adopted FTEs	**174.7**	**342.3**	**517.0**
FY25 Mid-Year Additions	**RPTA**	**VMR**	**Total FTEs**
Bus Fleet Maintenance Superintendent (*)	3.00	-	3.00
Total Mid-Year	**3.0**	**-**	**3.0**
Existing staff change in effort for FY26	**0.5**	**(0.5)**	**-**
FY26 Proposed New Positions	**RPTA**	**VMR**	**Total FTEs**
Supervisor, Passenger Information Systems (*)	0.50	0.50	1.00
Supervisor, Community Engagement (Future Projects) (*)	0.20	0.80	1.00
Management Analyst/Grants Coordinator (*)	0.50	0.50	1.00
Management Analyst	1.00	-	1.00
Human Resources Generalist (Recruiter)	1.00	-	1.00
Benefits Administrator	1.00	-	1.00
Utility Worker (*)	-	1.00	1.00
Traction Power Supervisor	-	3.00	3.00
Traction Power Manager	-	1.00	1.00
Planner (*)	0.65	0.35	1.00
Deputy Chief of Safety	0.25	0.75	1.00
Deputy Chief of Security	0.25	0.75	1.00
Change	**5.4**	**8.7**	**14.0**
FY26 Proposed FTEs	**183.5**	**350.5**	**534.0**

(*) This position will in-source existing work being performed under contract.

Valley Metro RPTA Fiscal Year 2026 (FY26) Preliminary Operating and Capital Budget & 5-Year Forecast

1

RPTA

FY26 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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Recap of Important Dates

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

VALLEY METRO

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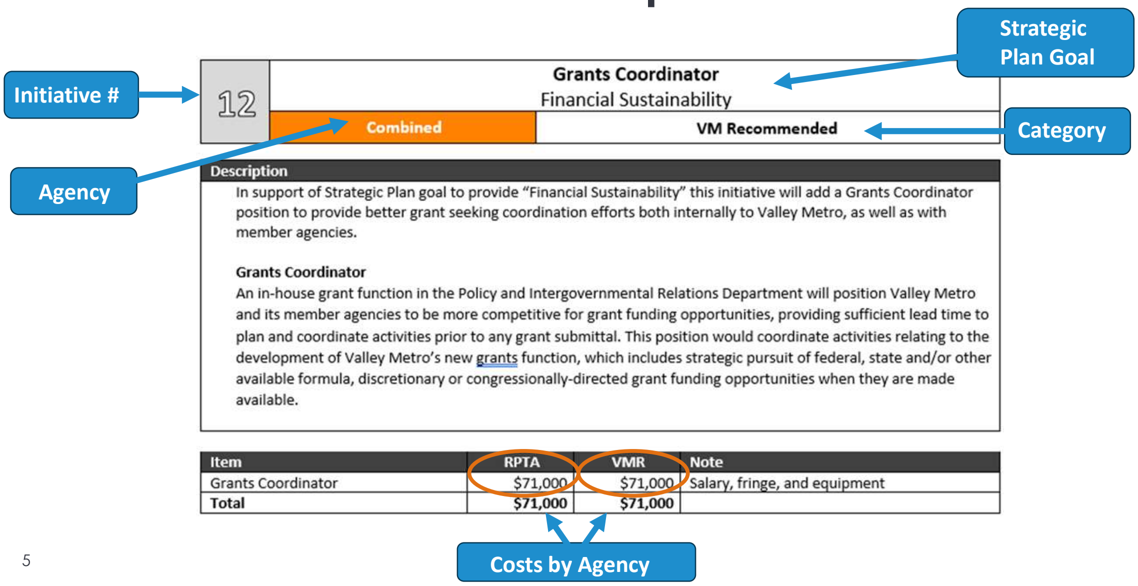
Detailed Initiative Write-Ups



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Grants Coordinator
Financial Sustainability

Combined | **VM Recommended**

Description

In support of Strategic Plan goal to provide "Financial Sustainability" this initiative will add a Grants Coordinator position to provide better grant seeking coordination efforts both internally to Valley Metro, as well as with member agencies.

Grants Coordinator
An in-house grant function in the Policy and Intergovernmental Relations Department will position Valley Metro and its member agencies to be more competitive for grant funding opportunities, providing sufficient lead time to plan and coordinate activities prior to any grant submittal. This position would coordinate activities relating to the development of Valley Metro's new grants function, which includes strategic pursuit of federal, state and/or other available formula, discretionary or congressionally-directed grant funding opportunities when they are made available.

Item	RPTA	VMR	Note
Grants Coordinator	$71,000	$71,000	Salary, fringe, and equipment
Total	**$71,000**	**$71,000**	

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FY26 Operating Budget Format

Base Budget – FY 2025'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 2026

FY 2026 Total Operating Budget

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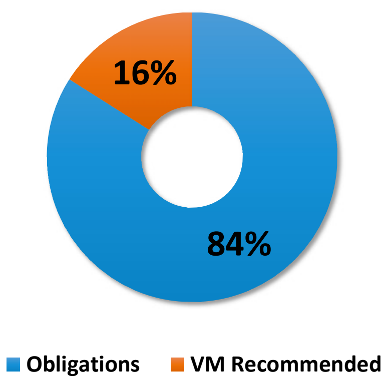
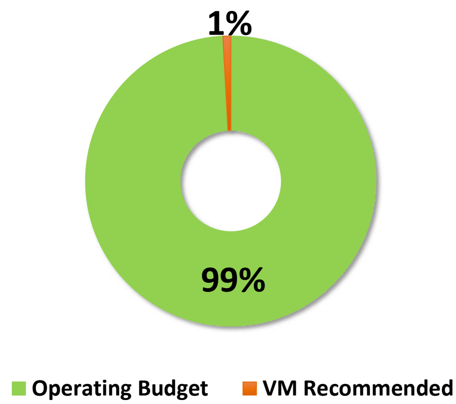
Operating Budget Overview ($ millions)

RPTA									
				Obligations					
	FY 2025 Budget	FY 2026 Base	Change v FY25	Cont Commit	Inflation & Ridership	Total Obligations	VM Recommend	FY 2026 Budget	Total Change
Total	$ 279.0	$ 264.3	$ (14.7)	$ 7.4	$ 5.2	$ 12.6	$ 2.4	$ 279.2	$ 0.3





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

Uses of Funds	FY25	FY26	Change $	Change %
Fixed Route Operations	$175.8	$170.1	($5.7)	-3%
Demand Service	62.9	63.7	0.8	1%
Vanpool Operations	6.4	9.2	2.8	44%
Commute Solutions	1.7	1.6	(0.1)	-6%
Planning	4.3	3.9	(0.4)	-10%
Regional Services	22.3	24.8	2.5	11%
Administration and Finance	5.4	5.8	0.4	8%
RPTA Operating	$279.0	$279.2	$0.3	0.1%

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

Source of Funds	FY25	FY26	Change $	Change %
Public Transportation Funds	$164.9	$182.1	$17.2	10%
Regional Area Road Funds	5.4	5.1	(0.3)	-5%
Member City Contributions	59.8	62.6	2.8	5%
Bus Advertising	0.8	0.8	0.0	0%
Federal Funds	15.4	15.5	0.1	1%
Fares	11.5	13.0	1.5	13%
MAG Funds	0.2	0.2	0.0	0%
Other	0.1	0.1	0.0	3%
Carry Forward & Reserves	21.1	0.0	(21.1)	-100%
RPTA Operating	**$279.0**	**$279.2**	**$0.3**	**0.1%**

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FY26 Budget Staffing Changes from Previous Version

- Removed 2 Customer Experience Coordinators (Initiative #1)
- Removed 2 Human Resource (HR) positions - Sr. Learning & Development Specialist and HR Specialist (Initiative #3)
- Removed Specialist, Internal Communications (Initiative #7)
- Removed Project Manager, Capital Development (Initiative #9)
- Removed Financial Analyst, Contract Performance (Initiative #11)

Total Reduction - 7 positions

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FY26 Budget

Comparison of FTE and Consultants Annual Costs - In-Source Positions							
Position	**Vendor**	**Contract amt.**		**In-Source**		**Savings**	
Supervisor, Passenger Information Systems	Guidesoft	$	125,000	$	155,000	$	(30,000)
Supervisor, Community Engagement (Future Projects)	HDR Engineering	$	444,000	$	155,000	$	289,000
Management Analyst/Grants Coordinator	Multiple	$	240,000	$	141,000	$	99,000
Utility Worker	DMS	$	143,000	$	122,500	$	20,500
Planner	Multiple	$	150,000	$	126,000	$	24,000
		$	**1,102,000**	**$**	**699,500**	**$**	**402,500**

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VALLEY METRO

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RPTA Recommended Initiatives

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Deliver Excellent Customer Experience

VM Recommended

Initiative #	Name	VM Recommended
1	Passenger Engagement & Education (*)	$ 178,000
Category Total		$ 178,000

- The Supervisor, Passenger Information Systems position will in-source existing work being performed under contract.

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Invest In Our Talent

VM Recommended

Initiative #	Name	VM Recommended
2	Agency Staff Compensation	$ 1,208,000
3	HR Infrastructure for Growing Organization (*)	$ 262,000
Category Total		$ 1,470,000

- Removed 2 Positions – Sr. Learning & Development Specialist and Human Resource Specialist (Initiative #3).

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Prioritize Security on Transit

VM Recommended

Initiative #	Name	VM Recommended	
4	Safety & Security Management	$	121,000
Category Total		**$**	**121,000**

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Leverage Data and Technology

VM Recommended

Initiative #	Name	VM Recommended	
5	Service Planning Enhancement (*)	$	76,000
6	End of Useful Life System Replacements	$	253,000
Category Total		**$**	**329,000**

- **The Service Planner position will in-source existing work being performed under contract.**

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Deliver on Stakeholder Collaboration
VM Recommended

Initiative #	Name	VM Recommended
7	~~Internal Communications Enhancement~~ (Removed)	~~$~~
8	External Stakeholder Engagement (*)	$ 34,000
Category Total		$ 34,000

- Removed Specialist, Internal Communications (Initiative #7)
- The Supervisor, Community Engagement Capital Planning Projects position will in-source existing work being performed under contract (Initiative #8).

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Financial Sustainability
VM Recommended

Initiative #	Name	VM Recommended
11	Financial Planning & Analysis Enhancement	$ 172,000
12	Grants Coordinator (*)	$ 71,000
Category Total		$ 243,000

- Removed Financial Analyst, Contract Performance (Initiative #11).
- The Grants Coordinator position will in-source existing work being performed under contract (Initiative #12).

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RPTA Obligations

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Deliver Excellent Customer Experience

Obligations

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
13	Comprehensive Operational Analysis	$ 200,000	$ -	$ 200,000
	Rail & Bus Facility Maintenance	$ 79,000	$ -	$ 79,000
Category Total		**$ 279,000**	**$ -**	**$ 279,000**

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VALLEY METRO

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Prioritize Security on Transit
Obligations

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
14	Security Contract Rate Increase	$ 196,000	$ -	$ 196,000
Category Total		$ 196,000	$ -	$ 196,000

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Operational Excellence
Obligations

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
15	Bus Service and Rate Increase	$ 4,652,000	$ -	$ 4,652,000
	Insurance Premium	$ 58,000	$ -	$ 58,000
	Demand Service Rate Increase	$ 1,877,000	$ -	$ 1,877,000
	Vanpool Program - Contract Rate Change	$ 371,000	$ -	$ 371,000
17	City of Phoenix Regional Service	$ -	$ 134,000	$ 134,000
	Demand Service Ridership Increase	$ -	$ 961,000	$ 961,000
	Bus Fuel Increase	$ -	$ 1,597,000	$ 1,597,000
	Vanpool Van Type Cost and Ridership Increase	$ -	$ 2,421,000	$ 2,421,000
	West Valley Service and Rate Increase	$ -	$ 48,000	$ 48,000
Category Total		$ 6,958,000	$ 5,161,000	$ 12,119,000

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Obligations Summary

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
13	Comprehensive Operational Analysis	$ 200,000	$ -	$ 200,000
	Rail & Bus Facility Maintenance	$ 79,000	$ -	$ 79,000
14	Security Contract Rate Increase	$ 196,000	$ -	$ 196,000
15	Bus Service and Rate Increase	$ 4,652,000	$ -	$ 4,652,000
	Insurance Premium	$ 58,000	$ -	$ 58,000
	Demand Service Rate Increase	$ 1,877,000	$ -	$ 1,877,000
	Vanpool Program - Contract Rate Change	$ 371,000	$ -	$ 371,000
17	City of Phoenix Regional Service	$ -	$ 134,000	$ 134,000
	Demand Service Ridership Increase	$ -	$ 961,000	$ 961,000
	Bus Fuel Increase	$ -	$ 1,597,000	$ 1,597,000
	Vanpool Van Type Cost and Ridership Increase	$ -	$ 2,421,000	$ 2,421,000
	West Valley Service and Rate Increase	$ -	$ 48,000	$ 48,000
Category Total		**$ 7,433,000**	**$ 5,161,000**	**$ 12,594,000**
Category % of Total		***59%***	***41%***	

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

Uses of Funds	FY25	FY26	Change $	Change %
Regional Fleet	$18.1	$20.7	$2.6	14%
Regional Facilities	6.2	9.2	$3.0	48%
Other Regional Projects	8.4	4.4	($4.0)	-48%
Debt Service	22.3	22.2	($0.1)	-1%
Member Agency Disburement	12.3	9.7	($2.6)	-21%
RPTA Capital	**$67.3**	**$66.2**	**($1.1)**	**-2%**

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

Source of Funds	FY25	FY26	Change $	Change %
Public Transportation Funds	$0.1	$42.9	$42.8	34230%
Carry Forward & Reserves	43.8	0.0	(43.8)	-100%
Federal Funds	23.3	22.1	(1.2)	-5%
Other	0.1	1.2	1.1	1264%
RPTA Capital	**$67.3**	**$66.2**	**($1.1)**	**-2%**

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VALLEY METRO

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

Uses of Funds	FY25	FY26	Change $	Change %
VMR RARF Disbursements	$0.5	$0.5	$0.0	0%
AZ Lottery Funds Disbursements	11.2	11.2	0.0	0%
VMR Personnel	44.5	48.1	3.6	8%
VMR PTF Capital Funding	71.6	85.3	13.7	19%
VMR PTF Capital Reserve for Future Use	23.0	0.0	(23.0)	-100%
RPTA Pass-Thru	**$150.8**	**$145.1**	**($5.6)**	**-4%**

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VALLEY METRO

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

Source of Funds	FY25	FY26	Change $	Change %
VMR Personnel Reimbursements	$11.2	$11.2	$0.0	0%
AZ Lottery Funds	0.5	0.5	0.0	0%
VMR Personnel Reimbursements	44.5	48.1	3.6	8%
VMR PTF Capital Funding Allocation	94.6	85.3	(9.3)	-10%
RPTA Pass-Thru	**$150.8**	**$145.1**	**($5.6)**	**-4%**

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RPTA

FY26-30 Five-Year Forecast

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5-Year Operating Sources and Uses

Operating ($,000)	FY26	FY27	FY28	FY29	FY30	Total
Sources of Funds						
Advertising	$ 750	$ 825	$ 908	$ 999	$ 1,100	$ 4,582
Public Transportation Funds	182,100	184,665	189,327	196,336	203,010	955,438
Regional Area Road Funds	5,594	5,170	5,248	5,327	5,407	26,746
Member City Contributions	62,563	66,105	68,931	71,674	71,992	341,265
VMR Reimbursements	48,149	50,368	51,879	53,435	55,038	258,869
AZ Lottery Funds	11,200	11,200	11,200	11,200	11,200	56,000
Federal Funds	15,460	16,754	18,572	18,925	19,285	88,995
Fares	13,010	13,654	14,360	14,933	15,529	71,484
MAG Funds	175	175	175	175	175	875
Other	82	200	200	200	200	882
Total Sources of Funds	**339,083**	**349,115**	**360,799**	**373,204**	**382,935**	**1,805,136**
Uses of Funds						
Fixed Route Operations	170,120	175,224	180,480	185,894	191,471	903,189
Demand Service Operations	63,746	65,925	68,624	72,967	74,549	345,811
Vanpool Operations	9,183	10,483	11,983	12,342	12,713	56,704
Planning	3,882	3,960	4,039	4,120	4,202	20,202
Commute Solutions	1,631	1,664	1,697	1,731	1,765	8,488
Regional Services and Administration	24,831	25,291	25,810	26,341	26,734	129,007
Adminstration and Finance	5,341	4,938	5,037	5,137	5,240	25,693
Operating Contingency	500	500	500	500	500	2,500
Pass-through Disbursements	59,849	61,131	62,629	64,172	65,761	313,542
Total Uses of Funds	**$ 339,083**	**$ 349,115**	**$ 360,799**	**$ 373,204**	**$ 382,935**	**$ 1,805,136**

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VALLEY METRO

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5-Year Capital Sources and Uses

Capital ($,000)	FY26	FY27	FY28	FY29	FY30	Total
Sources of Funds						
Public Transportation Funds	$ 42,912	$ 10,222	$ 16,313	$ 16,577	$ 17,591	$ 103,615
Federal Funds	22,069	29,700	32,441	32,058	36,141	152,409
Other	1,200	117	120	111	115	1,663
VMR Public Transportation Funds Program	85,293	11,050	11,590	12,190	12,800	132,923
VMR Public Transportation Funds Reserve	-	16,855	-	-	-	16,855
Total Sources of Funds	**151,474**	**67,944**	**60,464**	**60,936**	**66,647**	**407,465**
Uses of Funds						
Regional Fleet	20,667	29,784	33,012	33,603	39,137	156,203
Regional Facilities	9,230	2,917	2,978	1,982	1,608	18,715
Other Regional Projects	4,390	3,915	3,915	3,925	3,715	19,860
Member Agency Disbursements	9,650	3,423	8,969	9,236	9,387	40,665
Debt Service	22,244	-	-	-	-	22,244
Rail Program Disbursements	85,293	27,905	4,964	5,123	5,277	128,561
VMR Reserve for Future Use	-	-	6,627	7,067	7,523	21,217
Total Uses of Funds	**$ 151,474**	**$ 67,944**	**$ 60,464**	**$ 60,936**	**$ 66,647**	**$ 407,465**

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VALLEY METRO

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Executive Summary

DATE
April 10, 2025

AGENDA ITEM 5

SUBJECT
Report on Current Events and Suggested Future Agenda Items

COST AND BUDGET
None

RECOMMENDATION
This item is presented for information only.

BACKGROUND | DISCUSSION | CONSIDERATION
None

COMMITTEE PROCESS
None

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

ATTACHMENT
None

Pending Items Request

Item Requested	Date Requested	Planned Follow-up Date

Agenda

April 10, 2025

Valley Metro Rail
Board of Directors
Thursday, April 17, 2025
Boardroom/Webex
Valley Metro, 101 N. 1st Avenue, 10th Floor
11:15 a.m.

CONSENT AGENDA

1A.	Minutes Minutes from the March 20, 2025, Board meeting are presented for approval.	1A.	For action
1B.	Federal Transit Administration Pass-Through Grant Amendment Staff recommends that the Board of Directors authorize the Chief Executive Officer to execute an IGA amendment with the City of Phoenix for the listed grant.	1B.	For action
1C.	Light Rail Alignment Camera Replacements Contract Award Staff recommends that the Board of Directors authorize the Chief Executive Officer to execute a cooperative contract with Applied Business Communications of Arizona (ABCOM) to purchase 206 of the 760 cameras to replace cameras along the alignment in the amount of $212,322 plus a 5% contingency of $10,616, for an aggregate amount of $222,938.	1C.	For action

REGULAR AGENDA

2.	Valley Metro Rail, Inc. Fiscal Year 2026 (FY26) Preliminary Operating and Capital Budget and Five-Year Operating Forecast and Capital Program (FY26 through FY30) Staff will preview the VMR Fiscal Year 2026 Preliminary Operating and Capital Budget.	2.	For information

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

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

4. Next Meeting — 4. For information

The next Board meeting is scheduled for Thursday**, May 22, 2025 at 11:15 a.m.**

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

Meeting Minutes

April 10, 2025 **AGENDA ITEM 1A**

Valley Metro Rail Boards of Directors
Thursday, March 20, 2025
Lake Powell Conference Room/Webex
101 N. 1st Avenue, 10th Floor
11:15 a.m.

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

The chair called the meeting to order at 11:27 a.m.

Chair Pastor said I'm going to convene the meeting and welcome members to the March meeting.

1. Minutes

Chair Pastor said Item number 1 is the minutes. Minutes from the February 20, 2025 board meeting are presented for approval.

I request a motion and a second to approve the February 20, 2025, RMC meeting minutes.

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

I have a motion and a second. All those in favor, please say aye. Those not? Any -- okay. The ayes carry it.

IT WAS MOVED BY COUNCILMEMBER HARRIS, SECONDED BY COUNCILMEMBER ADAMS, AND UNANIMOUSLY CARRIED TO APPROVE THE FEBRUARY 20, 2025 MEETING MINUTES.

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

Chair Pastor said Item number 2. Fiscal year 2024 Valley Metro Rail annual comprehensive financial report and single audit reporting package. The annual comprehensive financial report and single audit reporting package is being presented for information. Formal action was taken at the March 6, 2025, Audit and Finance Subcommittee meeting. Are there any questions regarding this item? There are no questions. Thank you for all your work.

Mr. Kessler said again, reiterate my kudos to my team and the staffs about the organization for all the hard work.

Chair Pastor said thank you.

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

Chair Pastor said Item number 3 Valley Metro Rail fiscal year 2026 preliminary operating capital budget. Miss Jessica Mefford-Miller, could you please introduce this item?

Ms. Mefford-Miller said thank You, Madam Chair and I would like to just hand it over to Mr. Kessler, Chief Financial Officer, to present the draft, again, preliminary operating capital budget for Valley Metro Rail. Mr. Kessler.

Mr. Kessler said thank you, Jessica. Madam Chair, members of the board. Again, a high-level overview of the VMR budget for FY26.

Here showing the light rail operations projecting about $106.8 million budget for gross operating costs. Fare revenues, again, conservatively forecasted about $6.8 million for next fiscal year.

On streetcar operations. We've got a $8.3 million budget for FY26 and about $254,000 estimated for fare revenues with the fare revenue collection slated to be launched this summer as we move into the new fiscal year.

And then on the capital side, use of funds. Project development I-10 West is preliminary and those efforts ramp up as well as Rio East Dobson making up a couple of the major components of our future project development budget at about $21.8 million for FY26.

And then looking at a graphical view of the total operating and capital uses for FY26. Pretty much split for VMR, almost 50% passenger services and almost 50% on the capital side. Again, with VMR a growing organization building out the system still a very capital-intensive program for the agency.

And the sources that support the operating and capital programs. Again, federal funds and public transportation funds are very big important parts of that as well as member city contributions.

And on the operating side for the use of funds. Looking at the various programs within VMR light rail at about $106.9 million budget for FY26. Much of the increase year-over-year is due to the full year of operations of South Central. And then we have streetcar operations and maintenance and security at about an overall $0.9 million increase year-over-year at $8.3 million and then agency operating at about $3.7 million.

And looking at the sources that support the operating program for VMR. Again, member city contributions being the lion's share along with fare revenues that support the program.

Councilmember Adams said I have a question. With rail costs almost entirely locally funded, we're concerned about the projected growth. The proposed 51% increase to streetcar security cost is not a cost that Tempe can reasonably absorb. So I want to make sure everyone was aware of that.

And also, I was informed in Washington that our streetcar extension will not happen in near future because of budget cuts. But I just want to throw that out there. That's a huge increase 51% for our streetcar.

Mr. Kessler said yes, Mr. Chair, Councilmember Adams, we have been engaging in conversations with your staff several times over the last couple weeks and as most recently as this morning. We've worked on looking at those numbers. We've actually brought the streetcar security down to about a $100,000 at this point and we're continuing to look at that and help with your city staff in terms of where we're at. And so we had a good conversation with your staff this morning.

Councilmember Adams said so are we thinking that it's going to be less than that then?

Mr. Kessler said there would be options. I mean, that would have to be considered to bring it down in terms of things like, you know, the hours of presence on the streetcar system and things like that that would be the most impactful to bringing down that security budget.

Councilmember Adams said no extension will bring it down. You know, because then we wanted to go down Rio Salado all the way to Sloan Park in Mesa. I don't know we had plans approved for that and now I think we don't have any money.

Mr. Kessler said and this is specifically for the three-mile Tempe alignment, right?

Councilmember Adams said yes, exactly.

Chair Pastor said may I ask a question on this? So if the streetcar security could we just stay at a flat at 1.0?

Mr. Kessler said to do that a couple things. We would probably need to look at service levels to bring that down, would again, would be the most impactful way to do that. Otherwise, the only way to do that would be to shift the cost of the light rail, you know, and not allocate the appropriate amount to streetcar and that would be additional cost for Phoenix and Mesa as well as some of that to Tempe on the light rail side.

Chair Pastor said I guess what I'm hearing from my sister city is that there's the possibility of not being able to pay for those additional dollars. So there has to come up with some solution or we stay 1.0.

Ms. Mefford-Miller said so I've asked our team to work with City of Tempe staff to really try and separate that, which is, I'll call it inflationary growth, so the actual contract including the contract that we just approved and then give options for different levels of service so that we could bring that down. So streetcar security, this includes primarily hours of presence on the streetcar system plus a small share of the streetcar's portion of security at our operations and maintenance center which supports our three miles and 14 stations of streetcar and our today 30 miles of light rail and 38 stations. Soon, of course in FY26, to grow and then more of that operations and maintenance center shifts to Phoenix as the South Central Extension which is entirely within Phoenix opens. So I say that to say, we've got some savings which are not reflected in this slide which shows the 51% increase.

Mr. Kessler, it would be helpful I think if we produce one packet. We share that with RTAG and TMC/RMC and then we share it with the board. When we come back, I'd like to bring this revised number that we've already arrived at and perhaps it will be revised further still, should City of Tempe choose a lower level of presence across streetcar so that we can bring that in line with budgetary expectations.

As Mr. Kessler, Ms. Ruiz and Tempe staff who are working through that now.

Councilmember Adams said great, thank you.

Mr. Kessler said moving on. So the sources that support the operating budget for VMR mostly member city contributions with affairs and a little bit of federal funds for preventive maintenance funding and some advertising revenues.

Now in the capital program for VMR. About a $114 million capital program for FY26. Really a big change there is South Central ramping down so that number is coming down significantly to really just some of those trailing costs for that project. And then Capital Extension ramping up a bit into FY26 as well as some additional needs on state of good repair as our system continues to age.

And the sources that support our capital program. Largely federal and public transportation funds that support the capital program.

And I think for this one I think we got the arrow on the wrong date. We're actually in March as was shown on the RPTA slide.

That concludes my presentation. Happy to take any additional questions.

Chair Pastor said any additional questions? Thank you for the information. I appreciate it.

4. Report on Current Events and Suggested Future Agenda Items

Chair Pastor said Item number 4 is report on current events and suggested future items, agenda items. Anybody have any current events, suggested future items? I guess the streetcar but that will be part of the presentation.

5. Next Meeting

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

Without further discussion, the meeting was adjourned at 11:38 a.m.

Executive Summary

DATE
April 10, 2025

AGENDA ITEM 1B

SUBJECT
Federal Transit Administration Pass-Through Grant Amendment

COST AND BUDGET
All expenses will be included in FY 2026 Capital Budget and 5-Year Capital Program that will be submitted separately for board approval. The grant funds will offset expenses, reducing the net cost to the Public Transportation Fund budgets.

RECOMMENDATION
Staff recommends that the RMC forward to the Board of Directors authorization for the Chief Executive Officer to execute an IGA amendment with the City of Phoenix for the listed grant.

STRATEGIC PLAN ALIGNMENT

- Goal 9: Financial sustainability
    - Initiative 9.3: Maximize revenue generation, including advertising, farebox recovery, and discretionary/competitive grant opportunities.

COMMITTEE PROCESS
RTAG: March 18, 2024 for information
RMC: April 2, 2025 approved
Board of Directors: April 17, 2025 for action

CONTACT
Ken Kessler
Chief Financial Officer
kkessler@valleymetro.org

ATTACHMENT
None

Background Information

Federal Transit Administration Pass-Through Grant Amendment

BACKGROUND DISCUSSION
Valley Metro is being provided federal funds through the Federal Transit Administration (FTA) for Tempe Streetcar capital project. The pass-through grant agreement AZ-2019-031 with the City of Phoenix will expire on June 30, 2025. An extension until June 30, 2026 is needed as additional time is needed to pay the final capital project costs and drawdown the remaining federal funding.

Grant	**FTA Program**	**Federal Share (Remaining)**	**Local Share (Remaining)**	**Regional (Remaining)**	**Total (Remaining)**
AZ-2019-031	Capital Investment Grant	$676,021	-	$837,494	$1,513,515

The City of Phoenix is the designated recipient of all FTA grant funds for the region. Valley Metro undertakes projects approved for FTA grant funding, then submits requests to Phoenix for reimbursement of actual expenses incurred. Phoenix then executes a drawdown of funds from FTA to pass through the reimbursement to Valley Metro.

This item serves the Agency's strategic plan by providing financial sustainability by offsetting expenses and reducing the net cost to the Public Transportation Fund budgets.

Federal Transit Administration Pass-Through Agreement Amendment

VALLEY METRO

1

FTA Pass-Through Agreements

Grant Extension until June 30, 2026

		Remaining Funding			
Grant	FTA Program	Federal Share	Local Share	Regional	Total
AZ-2020-027	Capital Investment Grant	$676,021	-	$837,494	$1,513,515

- Grant agreement for AZ-2019-031 will expire on 6/30/25
- Extension needed to provide additional time is needed to pay the final capital project costs and drawdown the remaining funding

2

VALLEY METRO

2

Recommendation

Staff recommends that the Board of Directors authorize the Chief Executive Officer to execute an IGA amendment with the City of Phoenix for the listed grant.

3

3

Executive Summary

DATE **AGENDA ITEM 1C**
April 10, 2025

SUBJECT
Light Rail Alignment Camera Replacements Contract Award

COST AND BUDGET
Cost for the full term is $212,322 plus a 5% contingency of $10,616, for an aggregate amount of $222,938.

For FY25, the Agency contract obligation is fully funded within the adopted FY25 Operating and Capital Budget. Contract obligations beyond FY25 are incorporated into the Agency's Five-Year Operating Forecast and Capital Program (FY26 through FY30).

The source of funds is member cities.

RECOMMENDATION
Staff recommends that the RMC forward to the Board of Directors authorization for the Chief Executive Officer to execute a cooperative contract with Applied Business Communications of Arizona (ABCOM) to purchase 206 of the 760 cameras to replace cameras along the alignment in the amount of $212,322 plus a 5% contingency of $10,616, for an aggregate amount of $222,938.

STRATEGIC PLAN ALIGNMENT
This item relates to the following goals and strategies in the Five-Year Strategic Plan:
- Goal 1: Increase customer focus
    - Tactic A: Improve customer satisfaction
- Goal 2: Advance performance-based operation
    - Tactic A: Operate an effective, reliable, high-performing transit system

COMMITTEE PROCESS
RTAG: February 18, 2025 for information
RMC: April 17, 2025 for action
Board of Directors: April 20, 2025 for action

CONTACT
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dcurry@valeymetro.org

ATTACHMENT
None

Background Information

Alignment Cameras Replacements – Request for Award

BACKGROUND DISCUSSION
The cameras along the Central Mesa Extensions (CME) and Central Phoenix East Valley (CPEV) extension that were not updated during the last upgrade in 2017 have become outdated and new upgrades are programmed in FY25. The Signals and Communication team along with the SCADA Administrators selected three different types of cameras to give adequate coverage at the passenger stations.

The three camera types are:

- **Fixed mount box cameras**: These cameras are used mainly to view Fare Vending Machines. They are enclosed in weatherproof housing to protect them from the elements and heat.
- **Fixed mount dome cameras**: These cameras have a transparent dome cover. Although they are aimed in one direction, they have a wide viewing angle. The camera module can be rotated for the area needing monitoring.
- **PTZ (Pan, Tilt, Zoom) dome cameras:** These cameras have a motorized camera module that can be remotely rotated to the viewing area needed.

Contract authority requested is for the purchase of the camera hardware only. The installation will be completed by Valley Metro staff. Also, the cameras will have no impact on the proprietary software.

PROCUREMENT INFORMATION
In accordance with the Agency's Joint Procurement Manual, standard competition was waived as a result of an approved Determination Memo based upon the following reason: Special Circumstances – Alternative Competition. The Applied Business Communications of Arizona, LLC (ABCOM) Security and Protection Systems contract (CTR056378) was awarded using a competitive process consistent with the Agency's procurement processes.

CONTRACT TYPE AND TERM
The contract is a firm fixed-price contract. The contract will begin on or about March 24, 2025, and shall be co-terminus with the Cooperative Contract, as amended.

Light Rail Alignment Camera Replacement Contract Award

VALLEY METRO

1

Light Rail Alignment Camera Replacement Contract Award

- Fixed Mount Camera – These cameras are used mainly to view Fare Vending Machines. They are enclosed in weatherproof housing to protect them from the elements and heat.

- Fixed Mount Dome Camera - These cameras have a transparent dome cover. Although they are aimed in one direction, they have a wide viewing angle. The camera module can be rotated for the area needing monitoring.

- PTZ (Pan, Tilt and Zoom) Camera – These cameras have a motorized camera module that can be remotely rotated to the viewing area needed.

2

VALLEY METRO

2

Recommendation

Staff recommends that the Board of Directors authorize the Chief Executive Officer to execute a cooperative contract with Applied Business Communications of Arizona (ABCOM) to purchase 206 of the 760 cameras to replace cameras along the alignment in the amount of $212,322 plus a 5% contingency of $10,616, for an aggregate amount of $222,938.

3

Executive Summary

DATE **AGENDA ITEM 2**
April 10, 2025

SUBJECT
Valley Metro Rail, Inc. Fiscal Year 2026 (FY26) Preliminary Operating and Capital Budget and Five-Year Operating Forecast and Capital Program (FY26 through FY30)

COST AND BUDGET
See information below.

RECOMMENDATION
This item is presented for information.

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

- Goal 9: Financial Sustainability

COMMITTEE PROCESS
Preliminary Budget Review:
Financial Working Group: February 18, 2025 for information
RMC: March 5, 2025 for information
AFS: March 6, 2025 for information
Board of Directors: March 20, 2025 for information

Budget Review with Initiatives:
RTAG/FWG: March 18, 2025 for information
RMC: April 2, 2025 for information
AFS: April 3, 2025 for information
Board of Directors: April 17, 2025 for information

Proposed Budget Adoption:
AFS: May 1, 2024 for information
RMC: May 7, 2025 for action
Board of Directors: May 22, 2025 for action

CONTACT
Ken Kessler
Chief Financial Officer
kkessler@valleymetro.org

ATTACHMENT
None

Background Information

The Valley Metro Rail, Inc. (VMR) FY26 combined operating and capital budget (the budget) is $232.9 million. The preliminary FY26 budget has been prepared with the goal of delivering a fiscally prudent, balanced budget. The budget was developed in compliance with Board of Directors' adopted budget, financial and Transit Life Cycle Program (TLCP) policies.

Valley Metro began the FY26 budget process by carefully reviewing its operations to identify efficiencies and other potential reductions to the FY26 base operating budget. This resulted in a proactive reduction in the VMR base operating budget of $1.4 million. The largest areas of reduction include one-time items in the FY25 budget not continuing into FY26, reductions in regional fees by City of Phoenix, reductions in IT software costs and outside contracted repair 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 FY26, these non-discretionary items total $18.3 million, comprising 83% of the total increase, excluding base change, in the FY26 operating budget. Of this amount, five issues – contract rate increases (including Board-approved contract adjustments), SCE/DH revenue service, insurance and utilities increases, approved non-revenue vehicle purchases and security enhancements – comprise 99% of the total non-discretionary increase.

Additionally, Valley Metro recommends the Board adopt $3.7 million of increased spending for new initiatives in FY26. This includes funding for eleven initiatives, listed below.

FY26 Valley Metro Staff Recommended Initiatives

Initiative#	Description	Amount
1	Passenger Engagement & Education [1]	$ 177,000
2	Agency Staff Compensation	$ 1,980,000
4	Safety & Security Management	$ 312,000
5	Service Planning Enhancement	$ 20,000
6	End of Useful Life System Replacements	$ 285,000
7	~~Internal Communications Enhancement~~ (Removed)	$ -
8	External Stakeholder Engagement	$ 32,000
9	~~System Enhancements & Improvements in Project Management~~ (Removed)	$ -
10	Rail Maintenance Program Enhancements	$ 807,000
11	Financial Planning & Analysis Enhancement [2]	$ 36,000
12	Grants Coordinator	$ 70,000
Total		**$ 3,719,000**

(1) Removed 2 Customer Experience Coordinators.
(2) Removed Financial Analyst, Contract Performance.

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

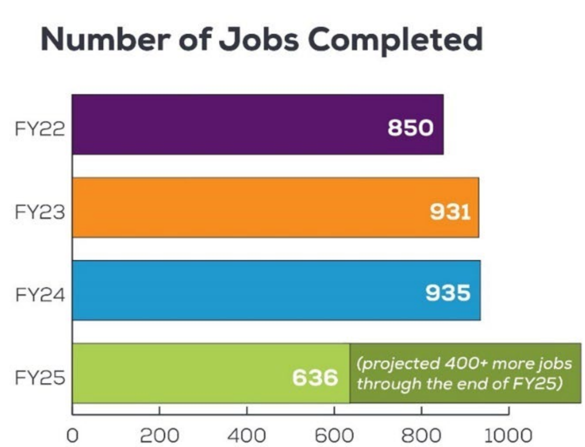
1	**Passenger Engagement & Education** Deliver Excellent Customer Experience	
	Combined	**VM Recommended**

Description

In support of Strategic Plan goal to “Deliver Excellent Customer Experience,” this initiative will enhance Valley Metro’s engagement and communication with passengers by adding resources to interact with customers on the system, develop and manage a comprehensive wayfinding and signage system, and leverage the new fare system investment with a marketing and outreach program to create awareness of the programs, benefits and features of the new system.

~~Customer Experience Coordinators (CECs)~~ **(REMOVED)**
Adding one CEC will provide additional customer assistance resources and presence on Valley Metro Rail system. CECs serve as the "eyes and ears" on the system, interacting with and educating customers and the public while also working with operations and security to monitor, report and help make decisions on service, security and maintenance activities to support a positive customer experience.

Supervisor, Passenger Information Systems
On-system signage is critical for helping our customers navigate the system, and sharing important information about what’s happening across Valley Metro and their community. This position in the Marketing Department would develop and manage a comprehensive and growing wayfinding and signage system, agency print production, delivery and installation. The position would supervise two staff and oversee the agency printing (seven vendors) and wayfinding (one vendor) contracts. The position would conduct audits of current system signage (bus and rail), build quality assurance and maintenance programs, execute long-range planning for future system signage needs, incorporating passenger feedback, and better leverage current system signage offerings (car cards, kiosk posters, stop/vehicle/facility signage, etc.) to expand education and communication with riders, and be more responsive to changes. Our current system has ~4,000 wayfinding/signage pieces (which will grow with the opening of the two-line rail system) that are updated at least annually, and up to quarterly and as needed. We know we need to be more nimble to support regional bus and rail service changes and customer feedback. In the past year, we have increased service change signage updates from two times a year to now four so that we can deliver excellent service that meets our customers’ needs. The Marketing Department has seen a steady increase in the number of jobs executed by internal staff and managed by the production and delivery team members (who, in the future, would be managed by this position), as demonstrated in the chart below. (Note: Service change jobs are lumped together as a single project for each service change period.)



The expected outcome with this position is to provide higher-quality, consistent and more effective signage systems, providing clear, easy to understand directions and information for all passengers, regardless of language or ability. A well-designed and maintained wayfinding/signage system provides enhanced customer experience and helps us grow ridership, through ease and understanding as well as overall system aesthetics. This position would also manage all print production, material distribution and installation across the region and on behalf of member cities. Today, this function, in part, is supported by a contractor; in-housing the role in full would save the agency approximately $140,000 annually. Supporting a dedicated Passinger Information resource has become an industry best practice; many of our peers, including LA Metro, TriMet (Portland), DART (Dallas), RTD (Denver) and Sound Transit (Seattle), have this function, dedicated to signage and production, in house.

Ridership Development through Fare Collection System Modernization (FCSM)
This effort would develop a marketing and outreach campaign and further expand partnerships to create continued adoption of our new fare system and, ultimately, encourage greater ridership through this investment. This effort would further advertise the benefits, programs and features of the new system to on-board new riders, ultimately expanding Valley Metro's reach and ridership. The effort would seek to increase usage in our new fare programs and attract new markets through continued education and partnership with new user groups, highlighting the benefits, ease-of-use and cost savings. Staff would continue engagement at key transit/community locations and partner with community organizations to reach diverse audiences, including reduced fare audiences. We would identify new target markets, including new residential, employers, visitor groups, etc., who would benefit from the new tools/programs within FCSM. We would also seek to grow our participation in existing fare programs and develop new partnerships, making our service an integral part of events, conferences, with organizations and/or new developments.

Item	RPTA	VMR	Note
~~Customer Experience Coordinator (2)~~	~~$0~~	~~$0~~	~~Salary, fringe, and equipment~~
Supervisor, Passenger Information Systems (*)	$78,000	$77,000	Salary, fringe, and equipment
Ridership Development through FCSM	$100,000	$100,000	
Total	**$178,000**	**$177,000**	

(*) This position will in-source existing work being performed under contract.

2	**Agency Staff Compensation** Invest in Our Talent	
	Combined	**VM Recommended**

Description

In support of Strategic Plan goal to "Invest in our Talent" this initiative will allow Valley Metro to continue to be competitive within the labor market to attract and retain employees critical to effectively and efficiently managing the provision of regional transit service.

The region has experienced substantial inflation in past years, but the inflation rate has recently slowed. Year-over-year inflation in the region was 1.6% for December 2024. The December 2024 unemployment rate of 3.1% is still well below the 30-year average of 4.9% in the Valley. To remain competitive within the labor market Valley Metro staff recommends budgeting funds to provide performance merits and implement the classification and compensation study.

- Valley Metro staff recommends an overall 3.5% performance merit. In reviewing the actual performance merits issued during FY25, staff on average was awarded 3.5%, therefore the budgeted merit for FY26 is in-line with FY25.
- To support the implementation of the classification and compensation study, Valley Metro staff proposes a budget allocation of $980,000. These funds will be used to address necessary adjustments to align employee compensation with the study's findings, ensuring internal equity and market competitiveness.

Item	RPTA	VMR	Note
3.5% Merit	$837,000	$1,371,000	
Class & Compensation	$371,000	$609,000	
Total	**$1,208,000**	**$1,980,000**	

3	**HR Infrastructure for Growing Organization** Invest in Our Talent	
	RPTA	**VM Recommended**

Description

In support of Strategic Plan goal "Invest in Talent," this initiative will enable Valley Metro's Human Resources Department to deliver on strategic plan activities related to recruitment, retention, and advancement; workplace culture; professional development; and workforce development. The Human Resources Department plays a critical role in delivering not only the Invest in Talent strategic initiatives but also in ensuring that Valley Metro's ten divisions have the talent necessary to meet the agency's evolving needs. With over four hundred and fifty employees, Valley Metro's turn-over rate for calendar year 2024 is 14.2%. Between turnover and new positions, Human Resources typically facilitates the filling of approximately 100 vacancies per year. The department is also responsible for supporting administration of total rewards programs, growth and development of staff including benefits renewals and administration, performance management, personnel actions, learning and development, and wellness programs.

~~Senior Learning and Development Specialist~~ (REMOVED)
~~This position would be responsible for aligning Learning and Development opportunities to support staff training, staff retention and advancement, and partnering with regional partners to initiate and facilitate robust workforce development activities.~~

Benefits Administrator
This position would be responsible for managing benefits administration for our 450+ employees, retirement plans, and ensuring compliance and effective employee support. It would also be responsible for managing Wellness Program activities emphasizing mental and physical health, ensuring employees are educated and can access Wellness benefits, and managing the Wellness Working Group activities.

Human Resources Generalist (Recruiter)
This position would join Valley Metro's recruiting team currently comprised of one recruiter and one Talent Manager. The position will assist with Position Requisitions, job postings, advertising with industry and job boards, pre-screening applicants, facilitating the interview process, supporting hiring managers through the offer-and-acceptance phase, and supporting new employees through orientation and on-boarding activities.

~~HR Specialist (Support Staff)~~ (REMOVED)
~~This position would support completion of administrative tasks, employee engagement activities, scheduling, and special Human Resources projects to free senior staff for high-impact work.~~
~~Investing in these roles ensures HR can meet the agency's growing needs, deliver high-quality service, and support long-term workforce success.~~

Item	RPTA	VMR	Note
~~Senior Learning & Development Specialist~~	~~$0~~	~~$0~~	~~Salary, fringe, and equipment~~
Benefits Administrator	$142,000	$0	Salary, fringe, and equipment
Human Resources Generalist (Recruiter)	$120,000	$0	Salary, fringe, and equipment
~~Human Resources Specialist (Support Staff)~~	~~$0~~	~~$0~~	~~Salary, fringe, and equipment~~
Total	**$262,000**	**$0**	

4	Safety & Security Management Prioritize Security on Transit	
	Combined	**VM Recommended**

Description

In support of Strategic Plan goal to "Prioritize Safety & Security on Transit," this initiative will add two critical management positions: Deputy Chief of Security, and Deputy Chief of Safety, seeking to enhance Valley Metro's management and oversight of the local and federal safety and security programs, practices and procedures. With the current Division Chief split over multiple modes and areas of responsibility, this initiative will allow for more focused management of the safety and security programs and provide a safer and more secure transit system for our riders, staff and the general public.

As the Arizona Department of Transportation State Safety Oversight Agency (ADOT SSOA) and the FTA, recommended standard, the roles and functions of safety and security should be independent to allow for effective management and oversight of an agency's safety and security procedures, practices and programs. Federal priorities and regulations require more of the safety and security team. By increasing the capability, scope and support of the Security and Safety Departments, the goal is to enhance the rider experience, helping to increase in ridership and grant eligibility through reduced incidents and lower claims. A more robust and required focus, as stipulated through the addition of Risk Based Inspections (by the SSOA) and FTA direction, the role of Safety Rail oversight at an executive level, separate from security, is necessary.

Deputy Chief, Security
The Deputy Chief, Security will work to ensure compliance with the processes in the Rail and Non-Rail Security/Emergency Preparedness Plans (SEPP), support the Security Department for bus and rail/streetcar, play a vital role in capital project development and will be key to the effective oversight and deployment of the new Fare Inspection & Security Services contract. Adding this position will provide a more thorough, strategic capability and program/project development for the growing and changing needs of system security and increase the agency's capability to collaborate with law enforcement partners.

Deputy Chief, Safety
The Deputy Chief, Safety will work to ensure compliance with the processes and procedures outlined in the Public Transit Agency Safety Plans (PTASP) for both bus and rail and will be identified as the Safety Management System (SMS) Administrator for the agency as required by the ADOT SSOA and as recommended by the FTA. This position will play a vital role in the support of future capital project development and will be better resourced to assess risk and mitigations. By allowing for a more strategic, higher-level focus on both bus and rail safety for our ridership as well as employee safety, the goal is to improve safety metrics, maintain positive compliance with FTA regulations and SSOA requirements, reduce claims and workplace injuries and damage.
Without this position the agency remains vulnerable to delays in SMS implementation, risk of future funding or possible penalties from SSOA if mitigations and hazards are not addressed effectively. As the system continues to grow and age, more hazards and risks are being introduced and not having focused management support could impact incident rates, future funding and higher claims/rates.

Item	RPTA	VMR	Note
Deputy Chief, Safety	$61,000	$173,000	Salary, fringe, and equipment
Deputy Chief, Security	$60,000	$173,000	Salary, fringe, and equipment
Less capital	$0	-$34,000	Share of cost allocated to the capital budget
Total	**$121,000**	**$312,000**	

5	**Service Planning Enhancement** Leverage Data & Technology	
	Combined	**VM Recommended**

Description

In support of Strategic Plan goal to "Leverage Data & Technology," this initiative will add a Service Planner position to improve Valley Metro's service planning data analysis and quality control to help ensure timely, high quality data analysis, supporting the development of a more effective, higher-performing service plan and customer experience.

Service Planner

This new Service Planner/Analyst position will enhance Valley Metro's ability to take a more proactive approach to service planning by analyzing system performance trends, customer insights, and operational data to drive better decision-making. Currently, the Service Planning team—consisting of two Service Planners and one Service Planning Manager—faces growing demands for data analysis and quality control. With limited resources, the team is often reactive, responding to requests rather than strategically identifying opportunities to optimize service. This new position will help shift the agency toward a more data-driven and forward-looking planning model. By adding this position, Valley Metro gains the capacity to evaluate key performance metrics, identify inefficiencies, and anticipate service needs before they become challenges. This proactive approach will enable the agency to refine route performance, improve service reliability, and enhance the customer experience. Additionally, by bringing this analytical expertise in-house, the agency eliminates a more costly $150,000 contract expense while increasing its ability to conduct ongoing performance assessments and strategic planning.

Item	RPTA	VMR	Note
Service Planner (*)	$76,000	$50,000	Salary, fringe, and equipment
Less capital	$0	-$30,000	Share of cost allocated to the capital budget
Total	**$76,000**	**$20,000**	

(*) This position will in-source existing work being performed under contract.

6	**End of Useful Life System Replacements** Leverage Data & Technology	
	Combined	**VM Recommended**

Description

In support of Strategic Plan goal to "Leverage Data & Technology," this initiative ensures that the components identified below function appropriately and are supported by the respective manufacturer, keeping our equipment healthy and agency productivity high.

End of Useful Life System Replacements

Responsible management of the organization's technology assets requires periodically replacing hardware and software as the manufacturer or developer ceases to support it or it reaches the end of its useful life, and the cost of maintenance and replacement parts exceeds the cost of replacement. Without this initiative, Valley Metro will experience mounting maintenance costs and increased downtimes for these systems, which, in the case of the security camera system, could result in liability issues. This initiative will reduce or even eliminate, in the near-term, the ongoing cost of maintenance, and in the case of the security camera system and application delivery controllers (ADCs), will help prevent inflation of the agency's cybersecurity insurance premium.

- The Network Video Recorders (NVRs) for the non-OT security camera system storing security footage
- The audio-visual and teleconferencing equipment in three key conference rooms
- The application delivery controllers (ADCs) protecting the agency's applications and remote connections
- The oldest and most heavily used Multi-Function Printers (MFP)
- The software used to control the content displayed on agency monitors, an internal communications tool

Item	RPTA	VMR	Note
End of Useful Life System Replacements	$253,000	$285,000	
Total	**$253,000**	**$285,000**	

~~7~~	~~**Internal Communications Enhancement**~~(REMOVED) ~~Deliver on Stakeholder Collaboration~~	
	Combined	**VM Recommended**

Description

~~In support of Strategic Plan goal to "Deliver on Stakeholder Collaboration," this initiative will add an Internal Communications Specialist focused on enhancing internal communications, encouraging engagement and feedback, and aligning messaging across the organization, and with contracted teams.~~

~~**Specialist, Internal Communications**~~

~~This position in the Communications Department would be responsible for crafting and implementing a comprehensive internal communications strategy to engage a diverse workforce, with a specific focus on frontline teams, across various locations, including many who lack access to traditional communication channels. This role would focus on enhancing clarity, consistency and alignment with the agency's goals, values and as referenced in the Strategic Plan (Stakeholder Collaboration). Key responsibilities would include creating and executing high-quality internal communication plans, developing engaging content, providing critical updates and fostering two-way feedback loops to encourage employee input and agency follow-through. The role would involve collaborating with key stakeholders, internal Divisions and contract partners, managing internal communication tools and resources (e.g., hands-on outreach, leave-behind material, newsletters, social media, podcasts and possibly new solution(s)), and ensuring message transparency and understanding across the organization and its contractors. Additionally, the position would support morale-building efforts, promote employee engagement and contribute to internal campaigns, such as Safe Place and workplace safety promotion (as part of our agency's Public Transportation Agency Safety Plans). The specialist would also travel to multiple locations to gather input, hear ideas/concerns and build relationships with employees and contractors, while measuring the effectiveness of communications through surveys, metrics and data analysis. This role would regularly and consistently communicate with more than 1,400 individuals at various Valley Metro locations: Mesa, Tempe and West Valley bus operations & maintenance teams (~700); rail/streetcar operations & maintenance teams at the Operations & Maintenance Center (~185); field security personnel (~200); Mobility Center/ADA/Customer Service staff (~110); and agency administration (~215); in addition to partnering with city of Phoenix and other member communities to communicate vital information and updates with their frontline teams. Generally, a highly engaged and informed workforce is more productive, loyal and committed to organizational goals, including Customer Experience.~~

Item	RPTA	VMR	Note
~~Specialist, Internal Communications~~	~~$54,000~~	~~$53,000~~	~~Salary, fringe, and equipment~~
~~**Total**~~	~~**$54,000**~~	~~**$53,000**~~	

8	External Stakeholder Engagement Deliver on Stakeholder Collaboration	
	Combined	VM Recommended

Description

In support of Strategic Plan goal to "Deliver on Stakeholder Collaboration," this initiative will add one position: Supervisor, Community Engagement and Manager, who will seek to enhance Valley Metro's engagement with external stakeholders to better collaborate with the community, build relationships, and more effectively share information and obtain input and feedback.

Supervisor, Community Engagement (Capital Planning Projects)

This position in the Community Relations Department would replace a consultant resource and serve as the outreach lead for all future capital planning projects, both rail and bus, working under the Manager, Community Engagement (Future Projects). The position would be responsible for creating public involvement plans for the particular corridors or projects in planning, building relationships with and gathering feedback from stakeholders to meet project goals and collaborating with the technical teams and the respective cities/towns to effectively share information and garner input. This supervisor would lead teams of Community Engagement professionals, often embedded in these project areas, to help shape the future project with community feedback. With a dedicated, in-house role to lead community engagement (future capital projects), the community's voice will be more effectively heard, and we will build up our internal capacity and institutional know-how to develop more innovative, tailored and thoughtful public involvement plans, as this is a consultant-conversion position, saving the agency approximately $400,000+ in annual contractor costs.

Item	RPTA	VMR	Note
Supervisor, Community Engagement (Capital Planning Projects)(*)	$34,000	$121,000	Salary, fringe, and equipment
Less capital	$0	-$89,000	Share of cost allocated to the capital budget
Total	**$34,000**	**$932,000**	

(*) This position will in-source existing work being performed under contract.

	~~**System Enhancements and Improvements in Project Management**~~ **(REMOVED)** ~~Deliver on Stakeholder Collaboration~~	
	VMR	**VM Recommended**

Description

~~In support of Strategic Plan goal to "Deliver on Stakeholder Collaboration," this initiative will add a Capital Development Project Manager position to more effectively manage the increasing workload regarding state of good repair, system improvements, studies, and agency initiatives. This initiative will provide a deeper and dedicated focus on projects that will improve and optimize the transit system with a more consistent and timely delivery on these efforts.~~

~~**Project Manager, Capital Development**~~

~~Currently, there are project managers assigned to large rail extension projects and job order contracts. While system expansion is a continuing priority, there is also a need to make continued enhancements and improvements to the existing system, and that need is growing as our rail infrastructure ages, now in operation for more than 16 years. There is a need for a project manager to oversee the longer-term study, scope definition and implementation and oversight of these improvement projects. Without a dedicated role to lead these initiatives, they will continue to be assigned to other staff members as workload allows, or they would be assigned on a task order basis to consultant resources. This is not efficient, nor financially prudent, as we lose institutional knowledge with consultant-led initiatives once the projects are completed or handed off to the agency.~~

~~A dedicated project manager overseeing agency infrastructure improvements to the existing system will provide for a more efficient approach to these projects, creating a more consistent and efficient approach to problem-solving, balancing and prioritizing initiatives, resulting in more consistent and timely implementation. The projects are inclusive of maintenance programs, overhauls, Security initiatives, and IT projects, identified via agency/Board priorities and Valley Metro's Transit Asset Management (TAM) program, mandated by FTA. There is also a long-term cost benefit to bring in-house resources that have been perpetual consultant-provided labor, saving the organization money as well as in-housing the talent and expertise.~~

Item	RPTA	VMR	Note
~~Project Manager, Capital Development (*)~~	~~$0~~	~~$0~~	~~Salary, fringe, and equipment~~
~~Less capital~~	~~$0~~	~~$0~~	~~Share of cost allocated to the capital budget~~
~~**Total**~~	~~**$0**~~	~~**$0**~~	

10	Rail Maintenance Program Enhancements Operational Excellence	
	VMR	VM Recommended

Description

In support of Strategic Plan goal to provide "Operational Excellence," this initiative will increase the art maintenance program, add a Utility Worker position and Traction Power Manager and three additional Traction Power Supervisors to strengthen Valley Metro Rail's maintenance program.

Art Maintenance

The art maintenance budget supports regular maintenance and upkeep/repair work needed from damage due to vandalism and long-term rehabilitation or replacement of parts due to age. From FY22 to the end of FY25, Valley Metro's public art collection has increased from 49 to 70 art installations, a growth of 43% with the completion of the Tempe Streetcar and Northwest Extension Phase II, and soon to be complete South Central Extension / Downtown Hub project. The requested increase to the art maintenance budget represents a 38% increase over the same period. The additional funds will be used for art maintenance supplies and contracted services when necessary.

Artwork along the rail alignments provides interest and beauty to the transit network and are reflective of the communities it serves, building pride and connectivity with the local community and ridership. Additionally, Valley Metro artwork is often used in promotion of Valley Metro and the metro Phoenix region, helping to build a strong, positive visual aesthetic, also helpful to creating a welcoming environment across the transit system. Like maintaining the rest of the system, maintaining art is crucial to the representation of our values and characteristics as well as upholding basic crime prevention through environmental design (CPTED) principles. Fully functioning and well-maintained public art would continue as a point of pride for Valley Metro and for the Valley. In addition, a continued increase in funds to match rising costs and system growth allows staff to focus more on preventative maintenance to mitigate future costs to cure.

Utility Worker (Pressure Washer)

This initiative would add one team to maintain our current levels of service and provide timely response to graffiti removal, station cleanliness and improved customer experience. As part of Valley Metro's maintenance cleaning program, all agency properties are frequently pressure washed to provide safe and comfortable spaces for our riders and staff. Currently, we have three pressure washer teams that replaced contract workers – each team consisting of one full-time employee, one light duty truck and one pressure washer trailer. The pressure washer teams' main responsibility is to pressure wash passenger stations, traction power substations, park-and-rides, security buildings, operator facilities and the Operations & Maintenance Center and Mesa Bus Operations & Maintenance Facility. In addition, each night prior to starting pressure washing services, they will perform other cleaning duties as assigned, including graffiti removal, debris removal, encampment removal, biohazard/drug paraphernalia response and removal along with many other types of cleaning maintenance.

The addition of the South Central Extension / Downtown Hub will increase system size, adding 12 passenger stations, 5 traction power substations, 2 signal buildings, and one park-and-ride, along with increased ridership, creating the need for this new team. The estimated average annual cost of performing this work with Valley Metro staff, including all equipment, is $122,500 compared to an average annual cost of $143,000 to contract out the work.

Traction Power Labor Resources

Valley Metro's traction power system provides power to light rail and streetcar vehicles via an overhead catenary system (OCS). Growth in the Valley Metro rail system requires additional labor and expertise in the traction power space. At this stage in the evolution of the rail system, it is prudent to adequately resource this critical function. This budget item proposed making Traction Power its own work unit within the Maintenance of Way Department, which is an industry standard practice. This unit would be comprised of a Traction Power Manager and three additional Traction Power Supervisors, which will benefit the agency by adding technical expertise to the Maintenance of Way function, and creating adequate supervision to support this 24/7 operation. It is critical that we provide improved reliability of our traction power system and quicker emergency response and recovery time when accidents or incidents occur resulting in catenary power disruptions. The long-term benefits of investing in this specialized discipline include creating an expert supervisory/management group experienced in high voltage, direct current substations, and overhead catenary. This investment also provides growth and promotion opportunities for our traction power staff, creating career paths for now difficult to fill positions.

Without this specialized work unit, the agency faces vulnerability due to our limited capacity to support our high-voltage system dependent on the overhead catenary system and substations. We must continue to expand our coverage and expertise as our system matures and requires reinvestment to maintain system reliability.

Item	RPTA	VMR	Note
Art Maintenance	$0	$50,000	
Utility Worker (Pressure Washer) (*)	$0	$62,000	Salary and fringe
Traction Power Supervisor (3)	$0	$367,000	Salary and fringe
Traction Power Manager	$0	$147,000	Salary and fringe
Truck/Trailer/Equipment	$0	$181,000	
Total	**$0**	**$807,000**	

(*) This position will in-source existing work being performed under contract.

11	**Financial Planning & Analysis Enhancement** Financial Sustainability	
	Combined	**VM Recommended**

Description

In support of Strategic Plan goal to provide "Financial Sustainability," this initiative will enhance Valley Metro's financial planning and analysis capabilities by adding a Management Analyst position, a Contract Performance Financial Analyst position and new financial forecasting software.

Financial Forecasting Software

Valley Metro's Transit Life Cycle Program (TLCP) is currently managed through a pair of financial models built over a decade ago. The Bus model was developed through an Access database in 2011, and the Rail model was developed in 2005 and re-engineered in 2012 using an Excel spreadsheet. These aging tools present multiple hurdles to Finance staff, including:

- Inability to implement all new rules and requirements introduced by Prop 479
- Difficulty finding qualified personnel to maintain and update the tools
- Inability to drill down through levels of detail within a report
- Inability to provide route/city-level details
- Inability to provide direct, anytime visibility to city partners

The financial modeling software being proposed would allow Valley Metro to consolidate its Financial Planning & Analysis (FP&A) processes and reporting into a unified tool that is capable of:

- Providing a comprehensive view of the agency's financial information
- Adapting to the changes introduced by Prop 479
- Allowing the data to be collated and reported at various levels from various perspectives
- Providing self-service access to member city partner staff and internal stakeholders for improved availability and transparency
- Handling new transit modes (e.g. streetcar, microtransit, etc.) and new funding sources as they are adopted
- Saving an estimated 30 person-hours per month spent on maintaining the current models and manual reporting processes

Management Analyst, Financial Planning Support

This new position in the Budget & Operations Financial Controls Department would provide support and redundancy in managing and administrating the remaining Prop 400 sales tax as well as the future Prop 479 sales tax and overall financial forecasting for the agency. This work is currently being done by one Senior Management Analyst and there is no support or redundant staff resources. Without this position the agency would be at a continued and possibly increased risk of not being able to complete core functions around the long-range tax revenue program, including but not limited to making updates to the MAG Transportation Improvement Program (TIP), the Transit Life Cycle Program (TLCP), Prop 400/479 analysis, etc. This position will help our team maintain productivity, continuity and organizational resiliency. Having redundancy for this responsibility will further benefit the agency by reducing bottlenecks, supporting institutional knowledge retention, and enhancing team flexibility to provide coverage during peak workloads or emergencies.

~~**Financial Analyst, Contract Performance**~~

~~This position in the Procurement Department would partner with internal customers to coordinate quarterly and annual reviews of the agency's key contracts. These reviews would include contractor performance, invoice analysis to the price schedule, and annually benchmark the contracted price to the market. In addition, they would support business model development by contributing the required contract actions and process improvement to more closely achieve best practice timelines. Anticipated benefits include increased vendor~~

oversight, performance analysis and management, and the ability to regularly touch strategically and economically impactful contracts.

Item	RPTA	VMR	Note
Financial Forecasting Software	$50,000	$36,000	Software
Management Analyst, Financial Planning Support	$122,000	$0	Salary, fringe, and equipment
~~Financial Analyst, Contract Performance~~	~~$0~~	~~$0~~	~~Salary, fringe, and equipment~~
Total	**$172,000**	**$36,000**	

12	Grants Coordinator Financial Sustainability	
	Combined	VM Recommended

Description

In support of Strategic Plan goal to provide "Financial Sustainability" this initiative will add a Grants Coordinator position to provide better grant seeking coordination efforts both internally to Valley Metro, as well as with member agencies.

Grants Coordinator

An in-house grant function in the Policy and Intergovernmental Relations Department will position Valley Metro and its member agencies to be more competitive for grant funding opportunities, providing sufficient lead time to plan and coordinate activities prior to any grant submittal. This position would coordinate activities relating to the development of Valley Metro's new grants function, which includes strategic pursuit of federal, state and/or other available formula, discretionary or congressionally-directed grant funding opportunities when they are made available.

This position will develop an annual needs assessment, be responsible for identifying potential grant funding opportunities to support existing, planned or desired agency projects and maintain a grants inventory with timelines, recommendations and compliance with applicable laws and/or regulations. This includes working with MAG (MPO) and the City of Phoenix (designated recipient) to coordinate, collaborate and review inclusion of Agency federally funded and regionally significant transit projects in the Regional Transportation Improvement Program (RSTIIP) and annual program of projects; and coordinate with member cities and Agency project managers to ensure timely accounting and reporting.

Not maximizing funding opportunities when eligible and available, can delay project(s) implementation and further place a financial burden on member agencies to fully fund capital, program or planning projects not otherwise budgeted for. This puts Valley Metro at a competitive disadvantage among its peers by lacking the in-house knowledge and experience of transit or transportation-related grant programs, requirements and regulations relative to Notice of Funding Opportunities (NOFOs), grant proposals and application procedures and funding eligibility guidelines and timelines.

Grant expertise, including research, data and grant submissions have typically been outsourced to consultant(s) based upon agency priorities, announced notice of funding opportunities (NOFO), and level of preparedness. Depending on timelines, level of effort and complexity of a sought-after grant, estimated costs and budget have ranged annually from $50,000 – $100,000 for the research and planning work for individual grant submissions. For example, Valley Metro spent approximately $73,000 to date to prepare and submit for the Low/No Emissions Grant program, of which we were awarded $13.3M. This does not account for ongoing expertise and availability necessary should supplemental information be required, revisions are necessary and/or ongoing coordination between agency divisions and/or member cities. Over the next 5 years, we estimate an in-house grant coordinator position could save the agencies approximately $495,000 or $99,000 per year.

Item	RPTA	VMR	Note
Grants Coordinator (*)	$71,000	$70,000	Salary, fringe, and equipment
Total	**$71,000**	**$70,000**	

(*) This position will partially in-source existing work being performed under contract.

13	Continuing Commitments Deliver Excellent Customer Experience	
	Combined	Continuing Commitment

Description

Rail Landscaping Contract Rate Increase

Valley Metro contracts with URW to provide landscaping for light rail. This contract has an annual escalation rate defined in the existing contract.

Comprehensive Operational Analysis

The Valley Metro Board of Directors previously approved the solicitation for a Comprehensive Operational Analysis (COA) of the existing regional transit network to evaluate 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 FY25 Continuing Commitment.

Rail and Bus Facility Maintenance

Valley Metro contracts with DMS to provide maintenance for rail facilities for both light rail, streetcar, OMC, and the Mesa Bus Operations facility. This contract has an annual escalation rate defined in the existing contract.

Item	RPTA	VMR	Note
Rail Landscaping Contract Rate Increase	$0	$15,000	
Comprehensive Operational Analysis	$200,000	$0	
Rail & Bus Facility Maintenance	$79,000	$121,000	
Total	**$279,000**	**$136,000**	

14	Continuing Commitments Prioritize Security on Transit	
	Combined	Continuing Commitment

Description

Security Contract Rate Increase

Valley Metro currently contracts its fare inspection and security for rail modes and Valley Metro transit facilities to Allied Universal. This contract was recently reprocured and awarded to a new contractor, Inter-Con, by the Board in March of 2025, with an effective start date around early May. Based upon the new contract, the FY26 cost is estimated to be an increase of $2.2M from the FY25 budget.

Item	RPTA	VMR	Note
Security Contract Rate Increase	$196,000	$2,039,000	
Total	**$196,000**	**$2,039,000**	

15	**Continuing Commitments** Operational Excellence	
	Combined	**Continuing Commitment**

Description

Light Rail (SCE/DH) South Central Extension/Downtown Hub Operations

The South Central Extension/Downtown Hub is anticipated to start revenue service in May 2025. The FY25 budget included the need for positions related to the new extension, however the costs were born by the capital project. In FY26, with the start of revenue operations, the full operations costs, including transportation, maintenance, insurance, and security for FY26 are estimated to be $11.8M

Bucket Trucks

In February 2023, the Board approved the purchase of the four bucket trucks for rail maintenance activities. Due to long delivery lead times, the trucks are estimated to arrive in FY26 ($1.1M).

Insurance Premium

The annual renewal of Valley Metro's property and liability coverage was authorized by the Board of Directors in November 2024. Staff recommend 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.

Bus Service and Rate Increase

Valley Metro contracts its local, express, and circulator bus service out to two different providers. Keolis provides service for the East Valley and the current contract has previously defined annual escalation rates. National Express provides service for the West Valley, however that contract is currently under procurement and rates for FY26 are unknown (additional details provided in inflationary section). Based on annual escalations and service mileage changes, increases for FY26 are as follows:

- East Valley (Keolis), $4.7M

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. Both MTM and MJM provide services for eligibility determination, travel training and transportation to the Mobility Center. Each Valley Metro contract has annual rate escalation defined in the existing contracts. The annual contract rate increases result in the following increases:

- Paratransit Services (MJM/MTM), $0.5M
- RideChoice Services (MJM), $0.8M
- Mobility Center (MJM/MTM), $0.6M

Vanpool Program - Contract Rate Change

Valley Metro's contract for vanpool covers the cost of operations and leasing of vendor vehicles. Under the current contract the annual increase for FY26 is 5% above FY25 ($0.4M).

Rail Transportation Service 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, 2025. For FY26, the increase for ACI includes $1.5M for the annual increase of the base contract.

Item	RPTA	VMR	Note
Light Rail SCE/DH Operations	$0	$11,816,000	
Bucket Trucks	$0	$1,106,000	
Insurance Premium	$58,000	$100,000	
Demand Service Rate Increase	$1,877,000	$0	
Vanpool Program - Contract Rate Change	$371,000	$0	
Bus Service and Rate Increase	$4,652,000	$0	
Rail Transportation Service Rate Increase	$0	$1,455,000	
Total	**$6,958,000**	**$14,477,000**	

16	Inflationary/Market & Ridership Deliver Excellent Customer Experience	
	VMR	**Inflationary/Market & Ridership**

Description

Rail Vehicle and Facility Cleaning Contractual Increase

Valley Metro contracts with DMS to provide cleaning services for rail vehicles and facilities for both light rail, and streetcar. This contract expires 12/31/25 and will be procured through a competitive solicitation and rates are not yet known for FY26. The FY26 budget amount is based on historical trends in rates for the current contract.

Item	RPTA	VMR	Note
Rail Vehicle and Facility Cleaning Contractual Increase	$0	$34,000	
Total	**$0**	**$34,000**	

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

Description

Light Rail Operations Utility and Propulsion Power Increase
Based on historical usage trends and anticipated utility provider rate increases, the FY26 increase is estimated to be $1.2M.

Demand Service Ridership Increase
In FY26, Valley Metro Demand Services programs anticipate an increase in regular trips of 4% for Paratransit, along with an offset of reduced overflow trips ($0.1M), and 7% for RideChoice ($0.9M), for a total increase in costs $1.0M.

Bus Fuel Increase
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 FY26 is estimated to be $1.6M. Prices at the Mesa Facility have remained relatively stable.

West Valley Service and Rate Increase
The West Valley bus contract is currently under procurement and rates for FY26 are not known at this point. The estimated cost of service for FY26 was determined using an independent cost estimate, resulting in an increase of $48,000 compared to FY25.

Vanpool Van Type Cost and Ridership Increase
The vanpool program under the new contract with leased vehicles continues to have rapid increased participation. For FY26 Valley Metro estimates an increase in participating vans of 24%, for an increase of $1.4M. In addition, the vans assigned to riders have been changing based on the size of the van and number of miles used. As the program is evolving, Valley Metro estimates the total increase cost due to the van utilization is $1.0M

City of Phoenix Regional Service
City of Phoenix also provide regional services for fixed route operations through contracts that they have, seeking reimbursement from other transit agencies for their relative share of these services. These services include but are not limited to scheduling services and related software, CLEVER vehicle location management services, fare collection system operational costs, etc.

Item	RPTA	VMR	Note
Light Rail Operations Utility Increase	$0	$1,154,000	
Demand Service Ridership Increase	$961,000	$0	
Bus Fuel Increase	$1,597,000	$0	
Vanpool Van Type Cost and Ridership Increase	$2,421,000	$0	
City of Phoenix Regional Service	$134,000	$496,000	
West Valley Service and Rate Increase	$48,000	$0	
Total	**$5,161,000**	**$1,650,000**	

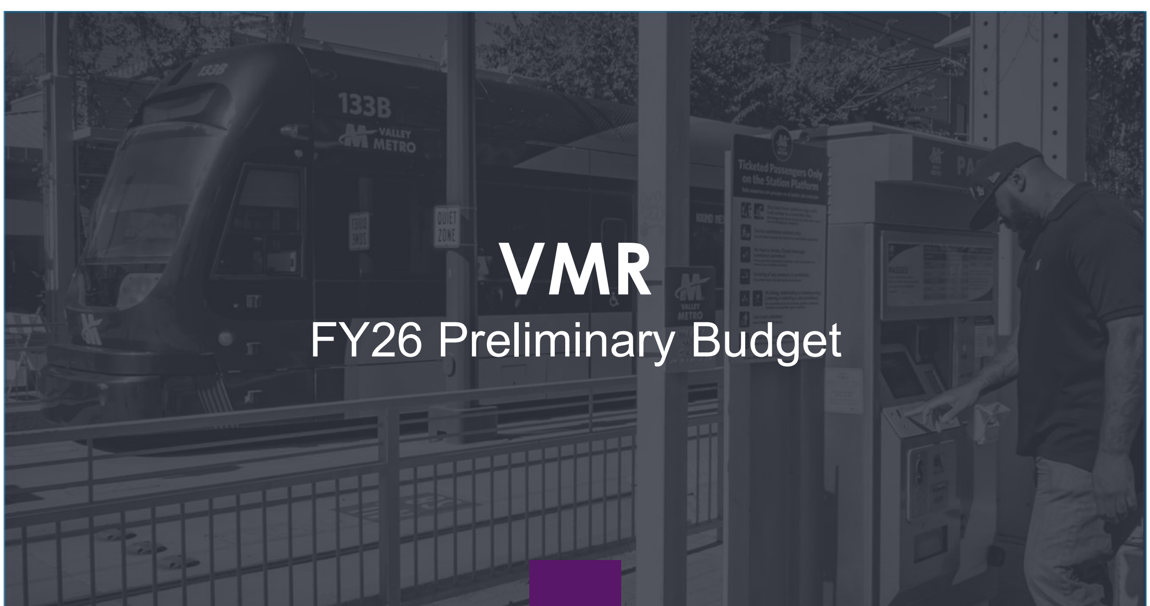
Full-Time Equivelants by Agency

	RPTA	VMR	Total FTEs
FY25 Adopted FTEs	**174.7**	**342.3**	**517.0**
FY25 Mid-Year Additions	**RPTA**	**VMR**	**Total FTEs**
Bus Fleet Maintenance Superintendent (*)	3.00	-	3.00
Total Mid-Year	**3.0**	**-**	**3.0**
Existing staff change in effort for FY26	**0.5**	**(0.5)**	**-**
FY26 Proposed New Positions	**RPTA**	**VMR**	**Total FTEs**
Supervisor, Passenger Information Systems (*)	0.50	0.50	1.00
Supervisor, Community Engagement (Future Projects) (*)	0.20	0.80	1.00
Management Analyst/Grants Coordinator (*)	0.50	0.50	1.00
Management Analyst	1.00	-	1.00
Human Resources Generalist (Recruiter)	1.00	-	1.00
Benefits Administrator	1.00	-	1.00
Utility Worker (*)	-	1.00	1.00
Traction Power Supervisor	-	3.00	3.00
Traction Power Manager	-	1.00	1.00
Planner (*)	0.65	0.35	1.00
Deputy Chief of Safety	0.25	0.75	1.00
Deputy Chief of Security	0.25	0.75	1.00
Change	**5.4**	**8.7**	**14.0**
FY26 Proposed FTEs	**183.5**	**350.5**	**534.0**

(*) This position will in-source existing work being performed under contract.

Valley Metro VMR Fiscal Year 2026 (FY26) Preliminary Operating and Capital Budget & 5-Year Forecast

1



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

3

VALLEY METRO

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Detailed Initiative Write-Ups

Initiative #

Agency

Strategic Plan Goal

Category

12	**Grants Coordinator** Financial Sustainability	
	Combined	VM Recommended

Description

In support of Strategic Plan goal to provide "Financial Sustainability" this initiative will add a Grants Coordinator position to provide better grant seeking coordination efforts both internally to Valley Metro, as well as with member agencies.

Grants Coordinator

An in-house grant function in the Policy and Intergovernmental Relations Department will position Valley Metro and its member agencies to be more competitive for grant funding opportunities, providing sufficient lead time to plan and coordinate activities prior to any grant submittal. This position would coordinate activities relating to the development of Valley Metro's new grants function, which includes strategic pursuit of federal, state and/or other available formula, discretionary or congressionally-directed grant funding opportunities when they are made available.

Item	RPTA	VMR	Note
Grants Coordinator	$71,000	$71,000	Salary, fringe, and equipment
Total	**$71,000**	**$71,000**	

Costs by Agency

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FY26 Operating Budget Format

Base Budget – FY 2025'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 2026

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FY 2026 Total Operating Budget

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Recap of Important Dates

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

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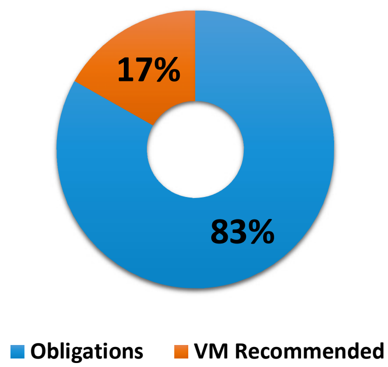
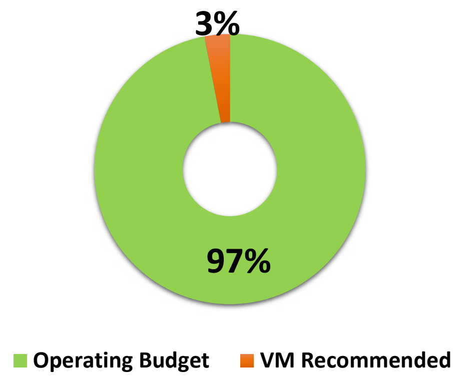
Operating Budget Overview ($ millions)

VMR	FY 2025 Budget	FY 2026 Base	Change v FY25	Obligations: Cont Commit	Obligations: Inflation & Ridership	Total Obligations	VM Recommend	FY 2026 Budget	Total Change
Total	$ 97.9	$ 96.5	$ (1.4)	$ 16.7	$ 1.7	$ 18.3	$ 3.7	$ 118.6	$ 20.7





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

Uses of Funds	FY25	FY26	Change $	Change %
Light Rail Operations & Maintenance	$71.7	$86.2	$14.5	20%
Light Rail Security	15.3	20.6	5.3	35%
Subtotal Light Rail	*87.1*	*106.8*	*19.7*	*23%*
Streetcar Operations & Maintenance	6.4	6.7	0.3	5%
Streetcar Security	1.0	1.4	0.4	39%
Subtotal Streetcar	*7.4*	*8.1*	*0.7*	*10%*
Agency Operating	3.4	3.7	0.3	8%
Total Operating Uses	**$97.9**	**$118.6**	**$20.6**	**21%**

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

Sources of Funds	FY25	FY26	Change $	Change %
Advertising	$1.3	$1.3	$0.0	0%
Fares	6.8	7.1	0.3	4%
Federal Funds	2.5	2.8	0.3	11%
Member City Contributions	87.2	107.3	20.1	23%
Other	0.1	0.1	0.0	0%
Total Operating Sources	**$97.9**	**$118.6**	**$20.6**	**21%**

FY26 Budget Staffing Changes from Previous Version

- Removed 2 Customer Experience Coordinators (Initiative #1)
- Removed 2 Human Resource (HR) positions - Sr. Learning & Development Specialist and HR Specialist (Initiative #3)
- Removed Specialist, Internal Communications (Initiative #7)
- Removed Project Manager, Capital Development (Initiative #9)
- Removed Financial Analyst, Contract Performance (Initiative #11)

Total Reduction - 7 positions

FY26 Budget

Comparison of FTE and Consultants
Annual Costs - In-Source Positions

Position	Vendor	Contract amt.	In-Source	Savings
Supervisor, Passenger Information Systems	Guidesoft	$ 125,000	$ 155,000	$ (30,000)
Supervisor, Community Engagement (Future Projects)	HDR Engineering	$ 444,000	$ 155,000	$ 289,000
Management Analyst/Grants Coordinator	Multiple	$ 240,000	$ 141,000	$ 99,000
Utility Worker	DMS	$ 143,000	$ 122,500	$ 20,500
Planner	Multiple	$ 150,000	$ 126,000	$ 24,000
		$ 1,102,000	**$ 699,500**	**$ 402,500**

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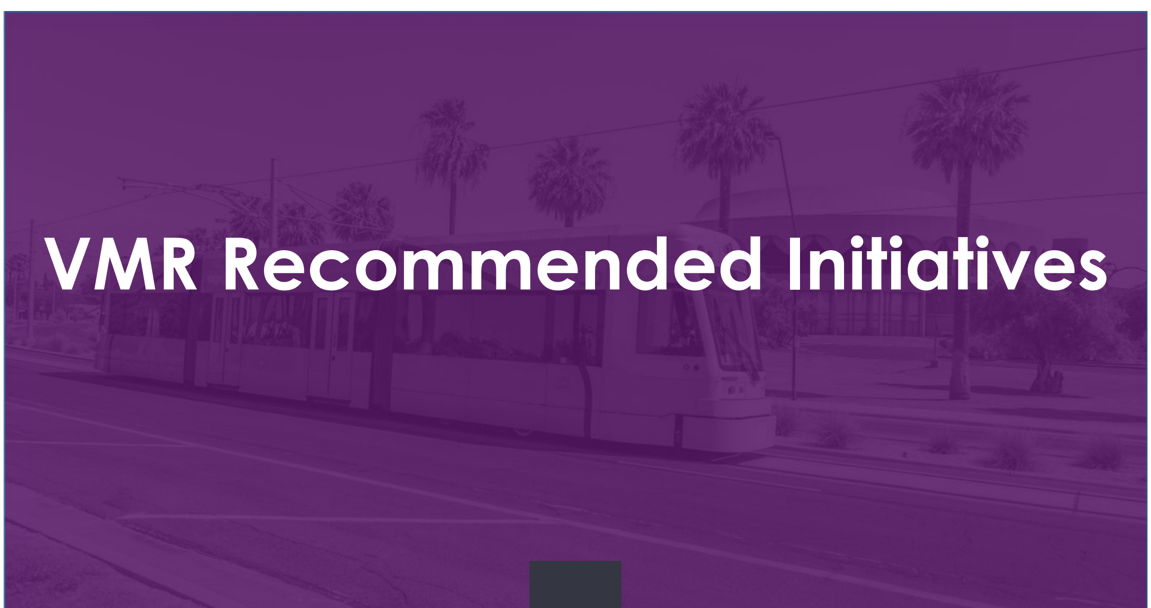

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Deliver Excellent Customer Experience
VM Recommended

Initiative #	Name	VM Recommended
1	Passenger Engagement & Education (*)	$ 177,000
Category Total		**$ 177,000**

- **The Supervisor, Passenger Information Systems position will in-source existing work being performed under contract.**
- **Removed two Customer Experience Coordinators.**

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Invest In Our Talent
VM Recommended

Initiative #	Name	VM Recommended
2	Agency Staff Compensation	$ 1,980,000
Category Total		**$ 1,980,000**

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Prioritize Security on Transit

VM Recommended

Initiative #	Name	VM Recommended
4	Safety & Security Management	$ 312,000
Category Total		**$ 312,000**

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Leverage Data and Technology

VM Recommended

Initiative #	Name	VM Recommended
5	Service Planning Enhancement (*)	$ 20,000
6	End of Useful Life System Replacements	$ 285,000
Category Total		**$ 305,000**

- **The Service Planner position will in-source existing work being performed under contract.**

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Deliver on Stakeholder Collaboration
VM Recommended

Initiative #	Name	VM Recommended
7	~~Internal Communications Enhancement~~ (Removed)	$ -
8	External Stakeholder Engagement (*)	$ 32,000
9	~~System Enhancements & Improvements in Project Management~~ (Removed)	$ -
Category Total		**$ 32,000**

- **Removed Specialist, Internal Communications (Initiative #7) and Project Manager, Capital Development (Initiative #9).**
- **The Supervisor, Community Engagement (Capital Planning Projects) position will in-source existing work being performed under contract. (Initiative #8)**

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Operational Excellence
VM Recommended

Initiative #	Name	VM Recommended
10	Rail Maintenance Program Enhancements (*)	$ 807,000
Category Total		**$ 807,000**

- **The Pressure Washer position will in-source existing work being performed under contract.**

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Financial Sustainability
VM Recommended

Initiative #	Name	VM Recommended
11	Financial Planning & Analysis Enhancement	$ 36,000
12	Grants Coordinator (*)	$ 70,000
Category Total		**$ 106,000**

- **Removed Financial Analyst, Contract Performance (Initiative #11).**
- **The Grants Coordinator position will in-source existing work being performed under contract (Initiative #12).**

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Deliver Excellent Customer Experience
Obligations

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
13	Rail Landscaping Contract Rate Increase	$ 15,000	$ -	$ 15,000
	Rail & Bus Facility Maintenance	121,000	-	121,000
16	Rail Vehicle and Facility Cleaning Contractual Increase	-	34,000	34,000
Category Total		**$ 136,000**	**$ 34,000**	**$ 170,000**

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Prioritize Security on Transit
Obligations

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
14	Security Contract Rate Increase	$ 2,039,000	$ -	$ 2,039,000
Category Total		**$ 2,039,000**	**$ -**	**$ 2,039,000**

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Operational Excellence
Obligations

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
15	Light Rail SCE/DH Operations	$ 11,816,000	$ -	$ 11,816,000
	Bucket Trucks	1,106,000	-	1,106,000
	Insurance Premium	100,000	-	100,000
	Rail Transportation Service Rate Increase	1,455,000	-	1,455,000
17	Light Rail Operations Utility Increase	-	1,154,000	1,154,000
	City of Phoenix Regional Service	-	496,000	496,000
Category Total		**$ 14,477,000**	**$ 1,650,000**	**$ 16,127,000**

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Obligations Summary

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
13	Rail Landscaping Contract Rate Increase	$ 15,000	$ -	$ 15,000
	Rail & Bus Facility Maintenance	121,000	-	121,000
14	Security Contract Rate Increase	2,039,000	-	2,039,000
15	Light Rail SCE/DH Operations	11,816,000	-	11,816,000
	Bucket Trucks	1,106,000	-	1,106,000
	Insurance Premium	100,000	-	100,000
	Rail Transportation Service Rate Increase	1,455,000	-	1,455,000
16	Rail Vehicle and Facility Cleaning Contractual Increase	-	34,000	34,000
17	Light Rail Operations Utility Increase	-	1,154,000	1,154,000
	City of Phoenix Regional Service	-	496,000	496,000
Category Total		**$ 16,652,000**	**$ 1,684,000**	**$ 18,336,000**
Category % of Total		***91%***	***9%***	

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

Uses of Funds	FY25	FY26	Change $	Change %
Future Project Development	$16.5	$21.9	$5.4	33%
South Central Ext/Downtown Hub	297.2	18.8	(278.4)	-94%
Capitol Extension	20.8	32.1	11.3	54%
Northwest Extension Phase II	12.6	2.6	(10.0)	-79%
Tempe Streetcar	8.3	6.7	(1.6)	-19%
Gilbert Road Extension	2.2	0.0	(2.2)	-100%
Systemwide Improvements	11.7	4.2	(7.5)	-64%
State of Good Repair	22.2	28.0	5.8	26%
Total Capital Uses	**$391.7**	**$114.3**	**($277.5)**	**-71%**

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

Sources of Funds	FY25	FY26	Change $	Change %
Federal Funds	$128.9	$110.8	($18.1)	-14%
MAG Funds	$0.5	$0.5	0.0	0%
Member City Contributions	$168.6	-$86.8	(255.4)	-151%
Public Transportation Funds	$93.1	$85.3	(7.8)	-8%
Regional Area Road Funds	$0.5	$0.5	0.0	0%
Carry Forward & Reserves	$0.0	$4.0	4.0	-
Total Capital Sources	**$391.7**	**$114.3**	**($277.5)**	**-71%**

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VMR

FY26-30 Five-Year Forecast

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5-Year Operating Sources and Uses

		FY26		FY27		FY28		FY29		FY30		Total
Operating ($,000)												
Sources of Funds												
Advertising	$	1,250	$	1,288	$	1,326	$	1,366	$	1,407	$	6,637
Fares		7,104		7,904		8,653		9,668		10,776		44,105
Federal Funds		2,827		2,869		2,912		2,956		3,000		14,564
Member City Contributions		107,299		109,975		114,047		117,658		120,417		569,396
Other		100		100		100		100		100		500
Total Sources of Funds		**118,580**		**122,136**		**127,038**		**131,748**		**135,700**		**635,202**
Uses of Funds												
Operations & Maintenance		92,833		95,617		99,723		103,614		106,721		498,508
Security		22,037		22,698		23,379		24,080		24,803		116,997
Agency Operating		3,710		3,821		3,936		4,054		4,176		19,697
Total Uses of Funds	**$**	**118,580**	**$**	**122,136**	**$**	**127,038**	**$**	**131,748**	**$**	**135,700**	**$**	**635,202**

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5-Year Capital Sources and Uses

	FY26	FY27	FY28	FY29	FY30	Total
Capital ($,000)						
Sources of Funds						
Federal Funds	$ 110,785	$ 53,416	$ 62,004	$ 57,732	$ 63,773	$ 347,710
MAG Funds	500	-	-	-	-	500
Member City Contributions	(86,808)	127,637	128,934	138,485	219,071	527,319
Public Transportation Funds	85,293	27,899	4,964	5,123	5,277	128,556
Regional Area Road Funds	500	-	-	-	-	500
Reserves/Carryforward	4,000	4,200	4,409	22	-	12,631
Total Sources of Funds	**114,270**	**213,152**	**200,311**	**201,362**	**288,121**	**1,017,216**
Uses of Funds						
Future Project Development	21,875	28,050	19,340	13,305	47,325	129,895
South Central Ext./Downtown Hub	18,785	3,329	-	-	-	22,114
Capitol Extension	32,054	110,490	103,588	59,517	32,074	337,723
Northwest Extension Phase II	2,637	21,562	-	-	-	24,199
Tempe Streetcar	6,691	522	-	-	-	7,213
Rio East-Dobson extension	-	23,250	48,250	97,820	178,520	347,840
Systemwide Improvements	4,184	5,311	2,564	2,597	2,625	17,281
State of Good Repair	28,044	20,638	26,569	28,123	27,577	130,951
Total Uses of Funds	**$ 114,270**	**$ 213,152**	**$ 200,311**	**$ 201,362**	**$ 288,121**	**$ 1,017,216**

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Executive Summary

DATE **AGENDA ITEM 3**
April 10, 2025

SUBJECT
Report on Current Events and Suggested Future Agenda Items

COST AND BUDGET
None

RECOMMENDATION
This item is presented for information only.

BACKGROUND/DISCUSSION/CONSIDERATION
None

COMMITTEE ACTION
None

CONTACT
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Chief Executive Officer
jmeffordmiller@valleymetro.org

ATTACHMENT
None

Pending Items Request

Item Requested	Date Requested	Planned Follow-up Date