Meetings of
BOARDS OF DIRECTORS

VALLEY METRO RAIL | VALLEY METRO

Joint Boards of Directors

Valley Metro RPTA

Valley Metro Rail

Date:
April 16, 2026

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, please go to the 14th floor or call 602.262.7433.

Agenda

April 9, 2026

Joint Boards Meeting Agenda
Valley Metro RPTA
And
Valley Metro Rail
Thursday, April 16, 2026
Valley Metro, 101 N. 1st Avenue, 10th Floor
Boardroom/You Tube
11:15 a.m.

	Action Recommended
1. Public Comment	1. For Information
The public will be provided with an opportunity at this time to address the committees on **non-agenda items and all action agenda items for the Joint, RPTA and VMR meeting agendas.** Up to three minutes will be provided per speaker unless the Chair allows more at their discretion. A total of 15 minutes for all speakers will be provided.	
2. Chief Executive Officer's Report	2. For information
Jessica Mefford-Miller, CEO, will brief the Joint Boards on current issues.	
3. Audit and Finance Subcommittee Update	3. For information
Councilmember White, AFS Chair, will provide an update on the discussions and actions taken at the March AFS meeting.	
4. Minutes	4. For action
Minutes from the March 19, 2026 Joint Boards meeting are presented for approval.	

5. [Executive Session] — 5. For action

The Joint Boards of Directors may vote to enter into and executive session according to A.R.S 38-431.03 A (3) discussion or consultation for legal advice with the attorney(s) of the public body and (7) discussions or consultations with designated representatives of the public body in order to consider the purchase, sale or lease of or real property.

6. Administrative Office Lease Contract Amendment — 6. For action

Authorization for the Chief Executive Officer to execute a contract amendment with SkanlanKemperBard Companies, to extend the contract through September 30, 2042, and increase the aggregate value of the contract for the amendment term not to exceed $35,859,553.

7. Fare Administration Policy — 7. For action

Authorization for adoption of the regional Fare Administration Policy.

8. Fare Study Recommendations — 8. For action

Authorization for the Chief Executive Officer to initiate the fare policy analysis and outreach process for Express/RAPID reduced fare and special events products and pricing. Final recommendations and action for Fare Policy change will be brought back for action at a later date.

9. Valley Metro Culture Survey Update — 9. For information

Staff will provide a presentation and update on the results of the Culture Survey.

10. Travel and Expenditures — 10. For information

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

11.	Report on Current Events and Suggested Future Agenda Items	11. For information

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

12.	Next Meeting	12. For information

The next meeting of the Joint Boards is scheduled for **Thursday, May 21, 2026 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. The supporting information for this agenda and the You Tube streaming link can be found on our web site at www.valleymetro.org.

Executive Summary

DATE **AGENDA ITEM 1**
April 9, 2026

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 9, 2026

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

Executive Summary

DATE **AGENDA ITEM 3**
April 9, 2026

SUBJECT
Audit and Finance Subcommittee Update

PURPOSE
Councilmember White, AFS Chair, will provide an update on the actions from the April 2, 2026 meeting.

COST AND BUDGET
None

COMMITTEE PROCESS
None

RECOMMENDATION
This item is presented for information only.

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

ATTACHMENT
None.

Executive Summary

DATE
April 9, 2026

AGENDA ITEM 4

SUBJECT
Minutes

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

RECOMMENDATION
There is no action on this item.

The March 26, 2026 Joint Board meeting will be included in the May 21, 2026 Board meeting agenda.

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

ATTACHMENT
None

Information Summary

DATE
April 9, 2026

AGENDA ITEM 5

SUBJECT
Executive Session

PURPOSE
To enter into Executive Session

RECOMMENDATION
The Joint Boards of Directors may vote to enter into and executive session according to A.R.S 38-431.03 A (3) discussion or consultation for legal advice with the attorney(s) of the public body and (7) discussions or consultations with designated representatives of the public body in order to consider the purchase, sale or lease of or real property.

CONTACT
Jessica Mefford-Miller
Chief Executive Officer
602-262-7433
jmeffordmiller@valleymetro.org

ATTACHMENT
None

Executive Summary

DATE **AGENDA ITEM 6**
April 9, 2026

SUBJECT
Administrative Office Lease Contract Amendment

COST AND BUDGET
Cost for the extension is $34,315,362 (base rent), plus 4.5% for operating expenses and taxes. The aggregate contract value for the amendment term will not exceed $35,859,553.

For FY26, there is no contract obligation. Contract obligations beyond FY26 are incorporated into the Agency's Five-Year Operating Forecast and Capital Program (FY26 through FY30).

The sources of funds are Public Transportation Funds, federal grants, and member cities.

RECOMMENDATION
Authorization for the Chief Executive Officer to execute a contract amendment with SkanlanKemperBard Companies, to extend the contract through September 30, 2042, and increase the aggregate value of the contract for the amendment term not to exceed $35,859,553.

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

- Goal 9: Financial sustainability
    - Tactic 9.2: Identify opportunities to improve resource allocation, fare collection, and service delivery models

COMMITTEE PROCESS
RTAG: January 20, 2026 for information
TMC/RMC: March 4, 2026, approved
Boards of Directors: March 26, 2026, for action
Boards of Directors: April 16, 2026, for information and possible action

CONTACT
Angie DeVore
Interim Chief Administrative Officer
adevore@valleymetro.org

ATTACHMENTS
Information requested at March Board Meeting
Lease contract amendment

Background Information

On June 30, 2005, Valley Metro originally leased 57,074 square feet for its administrative offices at the 101 North 1st Avenue building. On July 1, 2014, the lease was extended for an additional 12 years, terminating on June 30, 2026. On October 23, 2017, based on the agency's need for additional space, it entered a 102-month lease for the 14th floor co-terminating with Floors 9-13 bringing the total square footage to 70,316.

The administrative office houses the following functions:

- Administration and Projects
- Audit
- Capital Development
- Executive
- Finance and Procurement
- Human Resources
- Information Technology
- Legal and Risk
- Marketing and Communications
- Safety and Security
- Service Planning

As the consolidated administrative office lease expires on June 30, 2026, Valley Metro evaluated whether to relocate or extend the existing lease. Based on total cost, operational efficiency, and long-term flexibility, renewing the current lease provides the most fiscally conservative option while preserving future expansion, contraction, and early termination rights.

The administrative office for Valley Metro is in Phoenix's Downtown Central Business District submarket (see table A at the end of the memo). Since 2015, this submarket has experienced a steady, escalating vacancy rate, along with corresponding diminishing net absorption. The vacancy has increased significantly since 2023, creating a historically beneficial advantage for renegotiating the lease.

The following strategy was employed to capture and stabilize near-term occupancy for the Agency's administrative office needs:

1. Valley Metro worked with a real estate professional on State Contract to identify market conditions and critical leverage points for negotiation to maximize success on key issues, resulting in optimal contract flexibility and financial terms.
2. Valley Metro collaborated with a leading architecture and space-planning firm (paid for by the Landlords) to meticulously evaluate building options, ensuring the selected facility is optimally designed for operational efficiency, stays within budget, and accommodates projected growth and evolving needs over the near term.

3. In addition to the existing landlord, Valley Metro's real estate professional issued a detailed Request for Proposal (RFP) to three other property owners, clearly outlining the agency's specific operational, spatial, and technical requirements to ensure any potential building would fully support current needs and future expansion. Four alternatives were evaluated based on total lease cost, relocation expenses, operational disruption, and long-term flexibility.

Option		
1	Current Location 101 North 1st Avenue	Lowest cost per square foot and lowest base rent over the lease term, with an additional net cash surplus of $475,000 to Valley Metro from the moving allowance. These funds can be used for furniture reconfigurations, fixtures, or equipment needed to support the reconfiguration.
2	Renaissance Square, 40 North Central Avenue	Higher lease term base rent cost than option 1 and over $900K in out-of-pocket moving expenses.
3	Collier Center 201 East Washington	Higher lease term base rent cost than options 1 and 2, and over $1.6M in out-of-pocket moving expenses.
4	Central Station	Highest cost per square foot and highest lease term base rent cost, over $1.6M in out-of-pocket moving expenses and no visitor parking vouchers.

4. Multiple rounds of negotiation occurred. At each round, financial analytics and a summary report of non-financial and contractual flexibility terms were evaluated.

5. Valley Metro is taking a fiscally conservative, near-term approach by maintaining our current footprint and implementing interim measures to limit space requirements by:

   - Leveraging expanded office-sharing and flexible workspace solutions, such as hoteling (desk reservations), desk sharing based on schedules, and hot desking on a first-come, first-served basis.
   - Reconfiguring existing space and furniture, at the landlord's expense, to enhance capacity and functionality.

Given current market conditions and the significant cost premium associated with relocation, staff recommends renewing the current lease for 195 months and reconfiguring the existing space to accommodate additional staff within the same footprint, with no out-of-pocket costs for furniture or tenant improvements (TIs).

Base Rent was amended to include **22 months of free rent** with a starting rate of $28.00 per rentable square foot with annual increases of 2.5%. The average annual rate over 195 months is $30.03 per rentable square foot ($5.69/sq ft below the current downtown average of 35.72/sq ft). The table below illustrates the Base Rent Schedule and the allocation of rent abatement (in **bold**).

Base Rent Schedule	101 North 1st Avenue						
SIZE	PERIOD From	PERIOD To	# MONTHS	YEAR	BASE RENT (Square Foot)	MONTHLY	AGGREGATE
70,316	**07/01/26**	**06/30/27**	**12**	**1**	**$0.00**	**$0.00**	**$0.00**
70,316	07/01/27	06/30/28	12	**2**	$28.00	$164,070.67	$1,968,848.00
70,316	**07/01/28**	**11/30/28**	**5**	3	**$0.00**	**$0.00**	**$0.00**
70,316	12/01/28	06/30/29	7		$28.70	$168,172.43	$1,177,207.03
70,316	**07/01/29**	**11/30/29**	**5**	4	**$0.00**	**$0.00**	**$0.00**
70,316	12/01/29	06/30/30	7		$29.42	$172,376.74	$1,206,637.21
70,316	07/01/30	06/30/31	12	5	$30.15	$176,686.16	$2,120,233.95
70,316	07/01/31	06/30/32	12	6	$30.91	$181,103.32	$2,173,239.80
70,316	07/01/32	06/30/33	12	7	$31.68	$185,630.90	$2,227,570.80
70,316	07/01/33	06/30/34	12	8	$32.47	$190,271.67	$2,283,260.07
70,316	07/01/34	06/30/35	12	9	$33.28	$195,028.46	$2,340,341.57
70,316	07/01/35	06/30/36	12	10	$34.12	$199,904.18	$2,398,850.11
70,316	07/01/36	06/30/37	12	11	$34.97	$204,901.78	$2,458,821.36
70,316	07/01/37	06/30/38	12	12	$35.84	$210,024.32	$2,520,291.89
70,316	07/01/38	06/30/39	12	13	$36.74	$215,274.93	$2,583,299.19
70,316	07/01/39	06/30/40	12	14	$37.66	$220,656.81	$2,647,881.67
70,316	07/01/40	06/30/41	12	15	$38.60	$226,173.23	$2,714,078.71
70,316	07/01/41	06/30/42	12	16	$39.56	$231,827.56	$2,781,930.68
70,316	07/01/42	09/30/42	3		$40.55	$237,623.25	$712,869.74
		TOTAL MONTHS	195			TOTAL BASE RENT	$34,315,361.79

Operating Expenses: Valley Metro will be fully released from Common Area Maintenance (CAM) and Real Estate Tax assessments tied to the outdated Base Year. These will transition to the newly agreed-upon 2027 Base Year, with no CAM or Real Estate Tax charges applied until the first quarter of calendar year 2028 (immediate savings of $223,655 between November 2025 and June 30, 2026).

Additionally, starting January 1, 2033, assessments will shift to the 2033 Base Year, reflecting actual expenses for that year. Valley Metro will incur no CAM or Real Estate Tax charges until the first quarter of calendar year 2034, when the 2033 Base Year takes effect.

Importantly, multiple defense mechanisms that were part of the original lease terms will carry forward in all future years.

- **Parking**: Valley Metro will be fully released from all Covered and Reserved Parking charges retroactive effective 11/1/2025 (in the form of a credit) and granted the following favorable parking rights:
  - A guaranteed parking ratio of 2.77 spaces per 1,000 rentable square feet (equating to 195 total spaces), available on an as-needed basis.
  - 35 Covered/Reserved spaces (representing 18% of the total allocation) provided at **no cost** through the 195-month term of the lease.
  - 160 Covered/Unreserved spaces at a fixed rate of $50.00 per space per month through the 195-month term of the lease
  - If the agency expands its leased space, it will receive additional parking at the same 2.77:1,000 ratio. At its sole discretion, Valley Metro may maintain the 18% proportion of Covered/Reserved spaces at no charge, with any additional Covered/Unreserved spaces priced at $50.00 each per month through the entire lease term.
  - The Landlord will issue 550 monthly visitor parking vouchers (cumulatively each month) throughout the 195-month lease term:
    - 150 × 1-hour ($4)
    - 80 × 2-hour ($8)
    - 80 × 3-hour ($12)
    - 240 × all-day ($18)

    Total value: $4,720/month ($56,640/year)

- **Tenant Improvement**: The Landlord will fully fund and deliver a turnkey installation of Valley Metro's tenant improvements at the Landlord's sole expense. Any minor changes resulting in a cost variance of 10% or less will also be included in the turnkey build-out at no additional cost.

Additionally, the Landlord will provide Valley Metro with a $10.00 per rentable square foot Refurbishment Allowance (totaling $796,150), available for use at the agency's discretion between July 2033 and July 2036.

- **Cash Allowance**: The Landlord will provide Valley Metro with a one-time payment of $475,000 to fully cover all costs related to space for space reconfiguration for furniture, fixtures, and equipment (FF&E).

- **Building Amenities**: The Landlord has agreed to provide (i) 24-hour fitness center free for Valley Metro employees; (ii) Building Conference facilities free for Valley Metro; (iii) 8th floor Amenity Deck on a non-exclusive basis any time (exclusively with advance arrangement).

- **Expansion Option**: Valley Metro will have the option to expand into all or any portion of the 15th and 16th ("Expansion Space") on the same terms and conditions as the initial premises, exercisable at any time within 24 months following execution of the Amendment. Any tenant improvement allowance and free rent applicable to Expansion Space will be prorated accordingly.

Starting in the 25th month of the lease, the Expansion Option will convert to an Ongoing Right of First Refusal (ROFR) on the entire 15th and 16th floors (the "Expansion Space").

- **Contraction Option**: Valley Metro will have 2 occasions to return up to 50% of the space to the Landlord on either June 2034 or June 2038, by delivering 12 months' prior written notice and paying a Termination Fee

- **Renewal Option**: Valley Metro will have two (2) five (5) year options to renew the lease for all or part of the premises upon 12 months' prior written notice at fair market value.

- **Early Termination**: Valley Metro will have two (2) opportunities to terminate the lease early, exercisable either June 2034 or June 2038, by delivering 12 months' prior written notice and paying a Termination Fee.

- **Landlord Remedies**: The agency has experienced some building challenges with heating, ventilation, and air conditioning (HVAC) and elevators.
  - The Landlord has agreed to a "day for day" rent abatement for areas materially affected by HVAC outages.
  - Landlord states it is in the process of upgrading the elevator control system, which will be completed by the second quarter of calendar year 2026.

Valley Metro will retain numerous favorable provisions from the original lease, including:
- Strong protections against excessive operating expense and real estate tax increases.
- The right to audit operating expenses and real estate taxes using a contingency-based provider.
- Flexible sublease and assignment terms.
- Roof rights and riser rights.

These defensive measures will continue to safeguard the agency's interests throughout the renewed term.

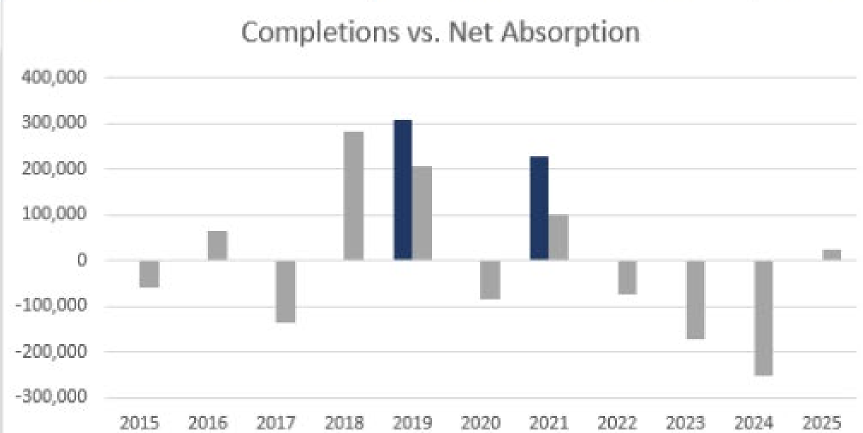
TABLE A

Office Market Report

Historical Statistics | Downtown | Class A

Q3 2025

	EXISTING PROPERTIES				U/C & COMPLETIONS		NET ABSORPTION & LEASING ACTIVITY		
YEAR	#	TOTAL INVENTORY	TOTAL VACANT	VACANCY %	U/C	COMPLETIONS YTD	LEASING ACTIVITY YTD	NET ABSORPTION YTD	ASKING RENTS
2015	7	3,205,626	632,784	19.7%	-	-	236,261	(58,183)	$28.37
2016	7	3,205,626	568,578	17.7%	-	-	105,892	64,206	$29.50
2017	7	3,205,626	704,499	22.0%	307,030	-	849,309	(135,921)	$32.46
2018	7	3,205,626	422,576	13.2%	307,030	-	210,694	281,923	$32.72
2019	8	3,512,656	524,259	14.9%	227,113	307,030	247,592	205,347	$33.81
2020	8	3,512,656	610,337	17.4%	227,113	-	136,971	(86,078)	$33.35
2021	9	3,376,658	678,425	20.1%	-	227,113	307,318	99,694	$31.19
2022	9	3,376,658	753,604	22.3%	-	-	117,698	(75,179)	$34.83
2023	8	3,376,658	924,531	27.4%	70,000	-	45,383	(170,927)	$36.49
2024	8	3,376,658	1,175,082	34.8%	70,000	-	105,693	(250,551)	$35.07
2025	8	3,376,658	1,150,788	34.1%	70,000	-	81,944	24,294	$35.72



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Information requested at March Board Meeting
The fifth amendment to the lease was presented at the March 26, 2026, Board meeting. The following information and actions were requested during the meeting:

1. Request for Comparable Lease Terms (over 25,000 square feet).
   See Attachment A.

2. Where does the downtown submarket fall in the Phoenix market?
   The downtown submarket falls slightly below the midpoint of 24 Phoenix markets (11 of 24).

3. Lease Rate if Amendment Is Not Approved
   If the amendment is not approved upon lease expiration, the lease will convert to month-to-month terms at 150% of the current rate - approximately $300,000 per month (excluding taxes).

4. Contraction Period
   There is not a dollar value assigned to lowering the contraction period. However, our broker estimates that Valley Metro could lose over $12M in incentives if this concession is insisted upon.

5. What is the required timeline and associated costs to prepare a new space for move-in?
   The timeline and associated costs required to prepare a new space for move-in, including landlord fit testing, site visits, and negotiations, with the earliest estimated readiness being approximately 6 months. Estimated costs to move is approximately $1.2M (without any additional furniture); final costs are dependent on landlord-funded moving allowances,

6. Space Reduction Efforts
   What actions have been taken to reduce space?
   - A comprehensive review of space requirements was conducted.
   - Currently, 59 staff are assigned to shared workspaces.
   - Divisions have identified office and desk-sharing strategies, along with opportunities to maximize space utilization.
   - Storage space was converted to cube space.

LEASE COMPARABLES | SUMMARY AVERAGES

Submarket	Tenant	Building Name	Building Address	Size SqFt	Term Length Commence	Expire	Free Rent # Months	% Free Rent to Term Length	Starting Rent SqFt	Ending Rent SqFt	Effective Rent SqFt	TI SqFt	Parking	Base Year	Comments
Downtown	VALLEY METRO	101	101 North 1st Avenue	70,316	16 Years / 3 Months (195 Months) 7/1/2026	9/30/2042	22	11.28%	$28.00	$47.46	$30.03	Turnkey*	26 Reserved @ $125/mo 34 Unreserved @ $105/mo No Free Parking	2027**	Early Renewal. Landlord waives all OpEX and reserved parking charges Retroactive to 11/1/2025. Early contraction and termination rights. $475,000 for Furniture and $795,000 in a refurbishment TI.

** All Tenant Improvement allowances expose the Tenant to liability for construction overages. "Turnkey" places 100% of the construction cost on the Landlord*

*** The Base Year will adjust to the actuals for 2033*

Submarket	# of Lease Comps	Age of the Comparable *Oldest Start Date*	*Most Recent Start Date*	Average Size *SqFt*	Average Term Length *Years/Months (Total Months)*	Average Free Rent *# Months*	Average % of Free Months *to Term Length*	Average Effective Rent *$$/SqFt*	Average TI *$$/SqFt*	Comments
DOWNTOWN	4	9/1/2024	10/1/2026	27,855	8 Years / 4 Months (100 Months)	4.75	4.75%	$36.33	$32.50	The average downtown leases were considerably smaller than Valley Metro's proposed size and 75% were early renewals with only one giving space back.
MIDTOWN	4	10/1/2024	4/1/2026	32,044	8 Years / 8 Months (108 Months)	8	7.41%	$30.13	$60.00	The average midtown leases were smaller than Valley Metro's proposed size. Half were renewals, one included an expansion. One of the new leases was a consolidation and a flight to lower lease rates.
CAMELBACK CORRIDOR	3	1/1/2026	8/1/2026	29,174	8 Years / 4 Months (100 Months)	7	7.00%	$42.20	$39.17	The average Camelback Corridor leases were smaller than Valley Metro's proposed size and considerably more expensivenotwithstanding one being a sublease at $36.17/sqft effectively over 8 years.
SOUTH AIRPORT	3	12/1/2025	4/1/2026	62,188	5 Years / 8 Months (68 Months)	3.67	5.39%	$27.51	$23.33	The Amazon renewal and expansion at 119,742 sqft elevated the average size from 52,286 to 62,188.
SCOTTSDALE	6	1/23/2026	11/1/2026	62,938	9 Years / 4 Months (112 Months)	8.33	7.44%	$37.42	$38.97	Two Subleases skew the averages for effective rent and TI contributions. and four new leases. Excluding Subleases, the Effective Rate is $45.51 and the TI Contributions are $58.45/sqft
TEMPE	10	11/1/2025	4/1/2027	40,919	10 Years / 2 Months (122 Months)	10	8.20%	$43.55	$77.46	Six new leases , one consolidating from three valley locations. Two lease renewals and two lease renewals with expansions
MESA	2	4/1/2026	7/1/2026	33,616	10 Years / 9 Months (129 Months)	9	6.98%	$43.89	$117.50	Two new leases
CHANDLER-GILBERT	4	10/8/2025	8/1/2026	59,338	7 Years and 9 Months (93 Months)	9	9.68%	$32.54	$27.08	Three new leases with one renewal and expansion.
WEST VALLEY	2	6/1/2026	1/1/2027	40,904	12 Years / 2 Months (146 Months)	5	3.42%	$34.69	$70.00	These two leases skew high because one is a college signing a 14 year lease and the other is a medical facility with significant tenant improvement required (less free rent)
NORTHWEST VALLEY	3	5/1/2025	6/1/2026	52,514	5 Years / 4 Months (64 Months)	3.67	5.73%	$27.16	$27.47	One of the leases is a 2 year renewal and that skews the average term, effective rent and free rent model. Taking that comp out, the average term is 6 years and 10 months (82 months). The average # of free months is 4.5 (5.49%) the average effective lease rate is $31.05, and the average TI contribution is $41/sqft

FIFTH AMENDMENT TO LEASE

THIS FIFTH AMENDMENT TO LEASE is made effective as of _____________, 2026 (the "Effective Date") by and between 101 North First Ave LLC, a Delaware limited liability company ("Landlord"), and Valley Metro Rail, Inc., an Arizona not for profit corporation ("Tenant").

RECITALS

A. Landlord and Tenant are parties to that certain Lease dated June 30, 2005 (the "Original Lease") as amended by First Amendment dated January 11, 2011, Second Amendment dated October, 2011, Third Amendment dated April 3, 2014 (the "Third Amendment"), and Fourth Amendment to Lease dated October 23, 2017 (collectively the "Lease"). Pursuant to the Lease, Tenant is leasing the Premises at 101 N. First Avenue in Phoenix, Arizona. The Premises contains 70,316 rentable square feet. The defined, capitalized terms used in the Lease shall have the same meanings when used herein.

B. Landlord and Tenant desire to amend the Lease as set forth in this Amendment.

NOW, THEREFORE, it is agreed as follows.

1. Omitted.

2. Condition of Premises. Landlord shall Substantially Complete Landlord's Work (as defined in Exhibit A) in accordance with Exhibit A, not later than August 15, 2026 (the "Improvements Completion Date"). Except as set forth in the Work Letter, the Premises are accepted in "AS IS" condition.

(a) Moving Allowance. Within sixty (60) days following the Effective Date, Landlord shall provide Tenant with a one-time payment of Four Hundred Seventy-Five Thousand Dollars ($475,000) for Tenant's costs of space consolidation, relocation, and network infrastructure work (the "Moving Allowance").

(b) Refurbishment Allowance. Within sixty (60) days following Tenant's written request, which shall be made (if at all) after Month 83 and before Month 121, Landlord shall provide Tenant with additional refurbishment allowance of Seven Hundred Ninety-Six Thousand One Hundred Fifty Dollars ($796,150) (the "Refurbishment Allowance").

3. Omitted.

4. Term. The term of the Lease with respect to the Premises is hereby for the one hundred ninety-five (195) full calendar month period commencing on July 1, 2026, an expiring on September 30, 2042 (the "Renewal Term").

5. Base Rent. During the Renewal Term, Tenant shall pay Base Rent as follows (not including 2.9% rent tax):

Base Rent Schedule			101 North 1st Avenue				
SIZE	**PERIOD** *From*	*To*	**# MONTHS**	**YEAR**	**BASE RENT** *(Square Foot)*	**MONTHLY**	**AGGREGATE**
70,316	**07/01/26**	**06/30/27**	**12**	**1**	**$0.00**	**$0.00**	**$0.00**
70,316	07/01/27	06/30/28	12	**2**	$28.00	$164,070.67	$1,968,848.00
70,316	**07/01/28**	**11/30/28**	**5**	3	**$0.00**	**$0.00**	**$0.00**
70,316	12/01/28	06/30/29	7		$28.70	$168,172.43	$1,177,207.03
70,316	**07/01/29**	**11/30/29**	**5**	4	**$0.00**	**$0.00**	**$0.00**
70,316	12/01/29	06/30/30	7		$29.42	$172,376.74	$1,206,637.21
70,316	07/01/30	06/30/31	12	5	$30.15	$176,686.16	$2,120,233.95
70,316	07/01/31	06/30/32	12	6	$30.91	$181,103.32	$2,173,239.80
70,316	07/01/32	06/30/33	12	7	$31.68	$185,630.90	$2,227,570.80
70,316	07/01/33	06/30/34	12	8	$32.47	$190,271.67	$2,283,260.07
70,316	07/01/34	06/30/35	12	9	$33.28	$195,028.46	$2,340,341.57
70,316	07/01/35	06/30/36	12	10	$34.12	$199,904.18	$2,398,850.11
70,316	07/01/36	06/30/37	12	11	$34.97	$204,901.78	$2,458,821.36
70,316	07/01/37	06/30/38	12	12	$35.84	$210,024.32	$2,520,291.89
70,316	07/01/38	06/30/39	12	13	$36.74	$215,274.93	$2,583,299.19
70,316	07/01/39	06/30/40	12	14	$37.66	$220,656.81	$2,647,881.67
70,316	07/01/40	06/30/41	12	15	$38.60	$226,173.23	$2,714,078.71
70,316	07/01/41	06/30/42	12	16	$39.56	$231,827.56	$2,781,930.68
70,316	07/01/42	09/30/42	3		$40.55	$237,623.25	$712,869.74
		TOTAL MONTHS	**195**			**TOTAL BASE RENT**	**$34,315,361.79**

*The parties value the total rent abatement attributable to the three abated rent periods at $3,671,667.13 (the "Abatement Value").

6. Adjustments.

(a) Tenant's Proportionate Share. Commencing on the first day of the Renewal Term, Tenant's Proportionate Share of the Building shall be 19.57% (70,316 rentable square feet / 359,256 total rentable square feet in the Building). All references in the Lease to Tenant's Proportionate Share (including for purposes of Operating Expenses, Taxes, and any other pass-through or shared costs) shall be deemed amended to reflect this updated percentage effective as of the first day of the Renewal Term.

(b) Base Year.

(i) Base Year 2027 / Retroactive Effective Date. Notwithstanding anything to the contrary in the Lease, effective as of November 1, 2025 (on a retroactive basis), the "Base Year" for Operating Expenses and Taxes under the Lease shall be the actual Operating

Expenses and Taxes incurred for the calendar year 2027. Landlord shall not bill or collect from Tenant any amounts on account of Operating Expense Excess or Tax Excess for any period commencing on November 1, 2025 through and including December 31, 2027, and Tenant shall first become obligated to pay Operating Expense Excess and Tax Excess, if any, with respect to the calendar year 2028 (such amounts to be billed and reconciled in accordance with the terms of the Lease).

(ii) Base Year 2033 / Reset. Effective as of January 1, 2033, the "Base Year" for Operating Expenses and Taxes shall be the actual Operating Expenses and Taxes incurred for the calendar year 2033, and the prior Base Year of 2027 shall no longer apply. Landlord shall not bill or collect from Tenant any Operating Expense Excess or Tax Excess for any period during the calendar year 2033 based on the 2027 Base Year, and Tenant shall first become obligated to pay Operating Expense Excess and Tax Excess measured against the 2033 Base Year with respect to periods commencing on and after January 1, 2034, in accordance with the Lease.

(c) Parking. Effective on November 1, 2025 (on a retroactive basis), Tenant shall be released from all charges for Covered/Reserved parking spaces previously allocated to Tenant under the Lease. Effective from and after January 1, 2026 through and including September 30, 2042, Tenant shall have the right, but not the obligation, to use parking in the parking facilities serving the Building at a ratio of two and seventy-seven hundredths (2.77) spaces per 1,000 rentable square feet of the Premises (which ratio equals one hundred ninety-five (195) spaces based on 70,316 rentable square feet), allocated as follows: (i) thirty-five (35) Covered, Reserved spaces at no monthly charge, and (ii) one hundred sixty (160) Covered, Unreserved spaces at a charge of Fifty and No/100 Dollars ($50.00) per space per month. Tenant shall have no obligation to pay for any Unreserved parking spaces that Tenant does not elect to use in any given month.

Upon any increase or decrease in the size of the Premises, the number of spaces (and the number of Covered, Reserved spaces) allocated to Tenant shall be adjusted so that Tenant continues to receive parking at the ratio of 2.77 spaces per 1,000 rentable square feet of the Premises, with thirty-five (35) of such spaces (or, in the case of expansion, such increased number of Covered, Reserved spaces as Tenant may elect, in proportion to the ratio reflected above) provided at no monthly charge and the balance provided as Covered, Unreserved spaces at Fifty and No/100 Dollars ($50.00) per space per month, in each case through and including September 30, 2042. Additionally, commencing on July 1, 2026 and continuing through September 30, 2042, Landlord shall provide the following visitor parking vouchers to Tenant on the first day of each month: (a) one hundred fifty (150) one-hour vouchers, (b) eighty (80) two-hour vouchers, (c) eighty (80) three-hour vouchers, and (d) two hundred forty (240) all day vouchers.

(d) HVAC. Section 7(a)(i) of the Original Lease is hereby modified to provide that heating and air conditioning shall be provided from 6 a.m. until 6 p.m. Monday through Friday and from 6 a.m. to 1 p.m. on Saturdays and recognized holidays ("Business Hours"). The cost charged by Landlord for air conditioning service outside such periods shall be $100.00 per hour, regardless of the number of floors requiring after hours service. In addition, if there is a failure or interruption of HVAC service to any material portion of the Premises during Business Hours (other than due to Tenant-caused acts or omissions), and such failure continues for more than two (2) consecutive Business Hours in any day, then such failure shall be deemed to materially interfere with Tenant's use and occupancy of the affected portion of the Premises.

From and after the expiration of any such two (2) Business Hour period of which Tenant has provided notice to Landlord (which may be provided electronically or by telephone), and for each day (or portion thereof) during which such outage continues during Business Hours, Base Rent and Additional Rent shall automatically abate, without further notice or demand, with respect to the portion of the Premises so affected, in an amount equal to one (1) day's worth of such Rent for each such day (or portion thereof).

The parties acknowledge and agree that during a loss of HVAC service for more than two (2) consecutive Business Hours, interior conditions within the affected portion of the Premises may become unreasonably hot, unhealthy, and unsuitable for normal business operations, and that Tenant may, in its sole but commercially reasonable discretion, be required to send employees home, reduce staffing levels, or suspend operations in the affected area in order to protect employee health and safety. Such actions shall not affect Tenant's right to rent abatement as provided herein.

7. Renewal Options. Section 5 of the Third Amendment is hereby deleted. Landlord hereby grants to Tenant the option to renew this Lease with respect to all or any portion of the Premises for two (2) additional terms of sixty (60) months each (each, a "Renewal Term"). If this option is exercised, references in the Lease to the Term shall include the Renewal Term.

(a) Exercise. Tenant must exercise the option to renew, if at all, by giving Landlord written notice of such exercise ("Renewal Notice") not later than 365 days prior to expiration of the then current Term. Upon exercise of the option to renew, the Term shall be extended through the expiration date of the Renewal Term on the same terms and conditions as contained herein, except that (a) there shall be no further right to renew the Term beyond the two Renewal Terms, Base Rent during the Renewal Term shall be fair market rental value determined pursuant to this Section. Tenant may not exercise the option to renew during the continuance of an event of default.

(b) Base Rent. Base Rent during each Renewal Term shall be the Fair Market Value ("FMV") rental rate for comparable space in comparable buildings in the downtown Phoenix market as of the commencement of the applicable Renewal Term, taking into account all relevant factors, including, without limitation, customary market factors applicable to renewal transactions for comparable space in comparable buildings in the downtown Phoenix market, which may include consideration of Tenant's creditworthiness, the absence of marketing or vacancy downtime for Landlord, and whether tenant improvement allowances or rent concessions are typically provided for comparable renewal transactions. Landlord shall deliver its written determination of FMV to Tenant not later than twelve (12) months prior to the expiration of the then current Term. If Tenant disagrees with Landlord's determination, Tenant shall notify Landlord in writing within thirty (30) days after receipt, and the parties shall thereafter negotiate in good faith for a period of up to six (6) months to agree upon the FMV. If the parties are unable to agree upon the FMV within such six (6) month period, then either party may submit the dispute to binding arbitration administered by the American Arbitration Association in the county where the Building is located, and the arbitrator(s) shall determine the

FMV in accordance with the criteria set forth above. The costs and fees of the arbitrator(s) shall be borne equally by Landlord and Tenant.

(c) Base Year. Commencing on the first day of any Renewal Term, the Base Year shall be the calendar year in which such Renewal Term commences, and the limitation on Controllable Operating Expenses set forth in Section 4(c) of the Original Lease shall apply to Controllable Operating Expenses commencing with such calendar year.

8. Early Cancellation. Section 8 of the Third Amendment is hereby deleted.

(a) Grant. Tenant shall have two (2) one-time rights (each, an "Early Cancellation Option") to cause the Term of the Lease to expire, the first such right being applicable to the final day of the 96th full calendar month of the Term (June 2034) and the second such right being applicable to the final day of the 144th full calendar month of the Term (June 2038) (individually and collectively, the "Early Cancellation Date") on the terms set forth in this Section.

(b) Conditions. Tenant may exercise an Early Cancellation Option by delivering written notice (an "Early Cancellation Notice") to Landlord not less than twelve (12) full calendar months prior to the applicable Early Cancellation Date and simultaneously paying the Early Cancellation Fee (as defined below)

(c) Early Cancellation Fee. In connection with any Early Cancellation Date properly exercised by Tenant, Tenant shall pay to Landlord, on or before the applicable Early Cancellation Date, an early termination fee (the "Early Cancellation Fee") equal to: (i) the unamortized portion, as of such Early Cancellation Date, of Landlord's total transaction costs incurred in connection with this Fifth Amendment, consisting of (A) leasing commissions, (B) all rent concessions (including Base Rent abatement and any half-rent periods) granted under this Fifth Amendment, (C) the costs of the turnkey Tenant Improvement work described in Exhibit A, and (D) the Moving Allowance, such costs to be amortized on a straight-line basis at an annual interest rate of eight percent (8%) over the initial one hundred ninety-five (195) month extension of the Term; plus (ii) an amount equal to four (4) months of the Base Rent (excluding Operating Expenses and Additional Rent) payable for the Premises immediately prior to such Early Cancellation Date. Only Landlord's actual, documented, and non-duplicative costs shall be included in the calculation of the applicable fee, and no cost shall be included more than once.

9. Contraction Right.

(a) Grant. Tenant shall have two (2) separate, one-time options (each, a "Contraction Option") to cause the Term to expire with respect to up to fifty percent (50%) of the then-existing Premises (the "Contraction Space"), effective as of (i) the last day of the ninety-sixth (96th) full calendar month of the Renewal Term (June 2034), and/or (ii) the last day of the one hundred forty-fourth (144th) full calendar month of the Renewal Term Date (June 2038) (each, a "Contraction Effective Date"), provided that Tenant has not previously exercised the applicable Contraction Option.

(b) Conditions. Tenant may exercise a Contraction Option by delivering written notice (a "Contraction Notice") to Landlord not less than twelve (12) full calendar months prior to the applicable Contraction Effective Date and simultaneously paying the Contraction Fee (as defined below). The Contraction Space designated by Tenant shall be reasonably marketable as a separate premises, as reasonably determined by Landlord, and shall consist of one or more full floors or other reasonably leasable configurations.

(c) Contraction Fee. As consideration for any Contraction Option, Tenant shall pay to Landlord, concurrently with delivery of the Contraction Notice, a fee (the "Contraction Fee") equal to: (i) the unamortized portion, as of the applicable Contraction Effective Date, of Landlord's transaction costs attributable to the Contraction Space, consisting of (A) leasing commissions, (B) all rent concessions (including Base Rent abatement and any half-rent periods) attributable to the Contraction Space, (C) the costs of the turnkey Tenant Improvement work in the Contraction Space, and (D) the portion of the Moving Allowance allocable to the Contraction Space, such costs to be amortized on a straight-line basis at eight percent (8%) per annum over the initial one hundred ninety-five (195) month extension of the Term; plus (ii) an amount equal to four (4) months of the Base Rent (excluding Operating Expenses and Additional Rent) payable for the Contraction Space immediately prior to the applicable Contraction Effective Date; plus (iii) all reasonable, out-of-pocket costs incurred by Landlord to convert the floor(s) containing the Contraction Space from single-tenant to multi-tenant occupancy, including, without limitation, demising, corridor and common-area modifications. Only Landlord's actual, documented, and non-duplicative costs shall be included in the calculation of the applicable fee, and no cost shall be included more than once.

(d) Effect. As of the applicable Contraction Effective Date, the Premises shall be reduced by the Contraction Space, Rent shall be equitably adjusted, and the parties shall document such reduction in a written amendment to the Lease, provided that the effectiveness of the Contraction shall not be conditioned upon the execution of such amendment.

10. Expansion Option. From July 1, 2026, until June 30, 2028 (the "Expansion Option Period"), Tenant shall have a one-time option (the "Expansion Option") to lease all or any then-vacant portion of the 15th and/or 16th floors of the Building (the "Expansion Space"); provided, however, that such portion (the "Expansion Exercise Space") shall be not less than Four Thousand Five Hundred (4,500) rentable square feet. The Expansion Option shall be exercisable by written notice from Tenant to Landlord prior to the last day of the Expansion Option Period specifying the Expansion Exercise Space. The economic terms applicable to the Expansion Exercise Space (including Base Rent, Additional Rent, Operating Expense and Tax pass-throughs, and other monetary obligations, but excluding any obligation of Landlord to provide a Moving Allowance or Refurbishment Allowance with respect to the Expansion Exercise Space) shall be the same as those then applicable to the Premises, except that any tenant improvement allowance or rent abatement that would otherwise be granted for a full 195-month term shall be prorated based upon the number of full calendar months remaining in the Term at the commencement of the lease of the Expansion Space relative to such 195-month period. Upon Tenant's exercise of the Expansion Option, Landlord and Tenant shall promptly enter into an amendment to this Lease memorializing the lease of the Expansion Space on the terms set forth in this Section 10; provided, however, that Tenant's exercise of the Expansion Option shall be effective and binding notwithstanding a delay in the execution of such amendment.

11. Right of First Offer.

(a) Grant. From and after the expiration of the Expansion Option Period, and continuing for the remainder of the Term, Tenant shall have an ongoing right of first refusal (the "ROFR") with respect to all or any portion of the Expansion Space that is not then leased to Tenant, subject only to the terms of this Section 11. Landlord represents that the Expansion Space is not presently subject to any rights of first offer, rights of first refusal, expansion rights or similar rights in favor of any third party that are superior to the ROFR.

(b) Procedure. If at any time during the Term Landlord receives a bona fide written proposal from a third party to lease all or any portion of the Expansion Space (the "Third-Party Offer") that Landlord desires to accept, Landlord shall deliver to Tenant a copy of such Third-Party Offer together with a notice (the "ROFR Notice") identifying the space covered thereby and the material business terms thereof. Tenant shall have fifteen (15) Business Days after receipt of the ROFR Notice to elect, by written notice to Landlord, to lease all (or, at Tenant's option, a reasonable portion) of the Expansion Space on the same economic terms (subject to prorated tenant improvement allowances and rent abatement consistent with Section 10 above) and non-economic terms that are no less favorable than those set forth in the Third-Party Offer. If Tenant timely so elects, Landlord and Tenant shall promptly execute an amendment to this Lease memorializing the lease of such ROFR Space; provided that Tenant's election shall be binding notwithstanding any delay in executing such amendment.

(c) Co-Terminus; Reinstatement. Any lease of Expansion Space pursuant to this Section 11 that commences prior to the one hundred fifty-ninth (159th) full calendar month of the Term (September 2039) shall be coterminous with the Term of the Lease for the initial Premises. If Tenant waives or fails to exercise the ROFR with respect to a particular Third-Party Offer and the transaction contemplated thereby is not consummated on substantially the same terms within twelve (12) months after Tenant's waiver, the ROFR shall automatically be reinstated as to such space. If Landlord leases the Expansion Space to a third party for a term of twelve (12) years or less, then upon the expiration (and earlier termination, if applicable) of such lease, the ROFR shall automatically be reinstated as to such space and shall be superior to any renewal or extension rights of such third-party tenant. In the event Tenant desires to exercise the ROFR as to any Expansion Space after the one hundred fifty-ninth (159th) full calendar month of the Term (September 2039), Tenant may do so only if Tenant simultaneously extends the Term with respect to both the initial Premises and the Expansion Space so that Landlord receives not less than sixty (60) full calendar months of term from the commencement of Tenant's lease of such Expansion Space. The foregoing requirement is intended solely to address term alignment and shall not be deemed to modify the economic terms or exercise mechanics of the ROFR as otherwise set forth herein.

12. Storage Units. Tenant presently leases from Landlord three (3) storage units (collectively, the "Storage Units") pursuant to separate storage agreements (collectively, the "Storage Agreements"). Effective as of the first day of the Renewal Term, the Storage Agreements shall terminate and the Storage Units shall be deemed incorporated into, and shall constitute part of, the Premises under the Lease for all purposes. From and after the first day of the Renewal Term, Tenant shall pay monthly Base Rent for the Storage Units in the fixed amount of One Thousand Three Hundred Sixty-Seven and 88/100 Dollars ($1,367.88) per month, in lieu of any charges under the Storage Agreements. Tenant shall have the right, upon not less than thirty (30) days' prior written notice to Landlord, to terminate the Lease solely with respect to one or more of the

Storage Units. In such event, Rent for the Storage Units shall be equitably adjusted based on the number of Storage Units retained by Tenant and shall be prorated as of the effective date of such termination.

13. Building Amenities.

(a) Fitness Center. Landlord shall make the Building's fitness center available to Tenant and all of Tenant's employees on a twenty-four (24) hour per day, seven (7) day per week basis (subject to reasonable closures for cleaning, repairs, maintenance, and refurbishment), without any access fee or membership charge to Tenant or its employees (other than nominal card or key replacement fees).

(b) Conference Facilities. Landlord shall make the Building's conference facilities available for Tenant's nonexclusive use, without any room rental charge or usage fee (other than reasonable charges for extraordinary services actually requested by Tenant, such as catering or specialized AV support). Tenant shall be entitled to schedule such conference facilities in advance in accordance with Landlord's reasonable scheduling procedures.

(c) 8th Floor Game Room and Amenity Deck. Subject to availability, Tenant and its employees shall have the right to use the Building's 8th floor game room and amenity deck (the "Amenity Deck") on a non-exclusive, first-come, first-served basis at all times that the Amenity Deck is open, subject to reasonable, non-discriminatory rules and regulations generally applicable to all tenants. In addition, upon reasonable prior written notice to Landlord, Tenant shall have the right to reserve the Amenity Deck and game room for Tenant's exclusive events and functions (not to exceed four (4) hours per event or function) at no charge (other than direct out-of-pocket costs incurred by Landlord for such event, if any) for the duration of the term of the Lease.

14. Holdover. Notwithstanding anything to the contrary in the Lease, if Tenant continues to occupy the Premises after the expiration of the Term without a written renewal or extension agreement then in effect, Tenant's continued occupancy for up to three (3) full calendar months following such expiration (the "Approved Holdover Period") shall be at a Base Rent rate equal to one hundred percent (100%) of the Base Rent payable for the last full calendar month of the Term, plus Additional Rent as provided in the Lease. If Tenant holds over beyond the Approved Holdover Period, then for so long as Tenant continues in possession without a written extension agreement, Tenant shall pay Base Rent at a rate equal to one hundred twenty-five percent (125%) of the Base Rent payable for the last full calendar month of the Term, plus Additional Rent.

15. Assignment and Subletting. Effective as of the date hereof, Paragraph 15 of the Original Lease (Assignment and Subletting) is hereby amended by adding the following new subsection(s), which shall supersede any conflicting provisions: "Notwithstanding anything to the contrary in this Lease (including any restrictions on assignment, subletting, transfer, or sharing of profits or excess rent), the following shall apply:

a) **Affiliate Transfers.** Tenant shall have the right, without Landlord's prior consent, approval, or notice (except as expressly required below), and without any obligation to share any profits, excess rent, or other consideration with Landlord, to assign this Lease or sublet (or license or otherwise permit occupancy of) all or any portion of the Premises to any Affiliate of Tenant. For purposes hereof, 'Affiliate' means any entity that directly or indirectly controls, is controlled by, or is under common control with Tenant (including any parent, subsidiary, sister company, or related public entity such as the Valley Metro Regional Public Transportation Authority), where 'control' means ownership of more than fifty percent (50%) of the voting equity interests or the power to direct or cause the direction of management and policies. Tenant shall provide Landlord with written notice of any such assignment or subletting to an Affiliate within thirty (30) days after the effective date thereof, together with reasonable evidence of the Affiliate relationship. Any such permitted transfer shall not release Tenant from its primary obligations under this Lease, and the transferee shall assume such obligations to the extent applicable, but Landlord shall have no right to recapture the Premises, terminate the Lease, or participate in any economic benefits derived therefrom.

b) **Third-Party Transfers.** Except as permitted under Subsection (a) above, Tenant shall not assign this Lease or sublet (or license or otherwise permit occupancy of) all or any portion of the Premises without Landlord's prior written consent, which consent shall not be unreasonably withheld, delayed, or conditioned. If Landlord consents to any such assignment or sublease to a third party (i.e., any entity that is not an Affiliate of Tenant), then, after Tenant has first recouped its reasonable, documented, out-of-pocket costs directly incurred in connection with such transaction (including, without limitation, brokerage commissions, legal fees, tenant improvement costs or allowances provided to the assignee or subtenant, free rent or other concessions granted to the assignee or subtenant, and marketing costs), Tenant shall pay to Landlord, as additional rent, an amount equal to fifty percent (50%) of the Net Profits received by Tenant in connection with such assignment or sublease. 'Net Profits' means the excess of (i) all rent, fees, and other consideration actually received by Tenant from such assignee or subtenant (excluding any amounts attributable to services, goods, or other non-rent items provided by Tenant), over (ii) the sum of (A) the Base Rent and Additional Rent payable by Tenant to Landlord under this Lease with respect to the space and period so assigned or subleased, plus (B) Tenant's reasonable, documented transaction costs as described above. The foregoing profit-sharing obligation shall apply only to third-party assignments and subleases (and not to Affiliate transfers under Subsection (a)), and Landlord shall have no right to any profits, excess rent, or other consideration other than as expressly provided in this Subsection (b). Tenant shall provide Landlord with a reasonable accounting of any such Net Profits (and supporting documentation) within thirty (30) days after receipt thereof, with payment due concurrently therewith.

c) **General Provisions.** Any assignment or subletting (whether to an Affiliate or third party) shall not relieve Tenant of its primary liability and obligations under this Lease. Landlord's consent to one assignment or subletting shall not constitute consent to any subsequent transaction. If Tenant requests Landlord's consent to a third-party assignment or sublease, Tenant shall provide Landlord with all reasonable information regarding the proposed transferee (including financials and proposed terms) to enable Landlord to evaluate the request promptly.

16. Audit Rights. In addition to Tenant's existing audit rights under the Lease, Tenant may, at its option, engage a third-party auditor, including a contingency-based audit firm, to review Landlord's records relating to Operating Expenses, Taxes, and other amounts passed through to Tenant under the Lease. Landlord shall retain its records supporting such charges for a period of not less than three (3) years following the close of each applicable calendar year or other applicable billing period, and shall make such records reasonably available for Tenant's inspection and audit upon reasonable prior notice and during normal business hours at Landlord's offices or such other reasonable location as Landlord may designate.

17. Invoice Timing. Landlord shall deliver to Tenant all regular monthly invoices for Base Rent and Additional Rent (including estimated Operating Expenses and Taxes) not less than fourteen (14) days prior to the applicable due date for such payments. Any reconciliation statements or year-end adjustment invoices for Operating Expenses or Taxes shall be delivered within the time periods set forth in the Lease, but in all events at least fourteen (14) days prior to the date on which payment thereunder is due.

18. Roof Rights.

(a) Grant of Rights. Subject to the terms of this Section 18, Landlord grants to Tenant, at no additional rental or license fee (other than the Rent payable under the Lease), the non-exclusive right to use a reasonable portion of the roof of the Building (the "Roof Area") for the installation, operation, maintenance, repair, replacement and removal of Tenant's satellite dishes, antennae and related communications equipment (collectively, the "Rooftop Equipment"), in a location reasonably designated by Landlord that is within the most favorable available data transmission area on the Roof Area and that is reasonably acceptable to Tenant. Tenant's indemnity obligations pursuant to the Lease shall apply in all respects to Tenant's use of the Roof Area.

(b) Compliance; No Interference with Warranties. All Rooftop Equipment and related cabling and penetrations shall be installed and maintained (i) in compliance with all applicable laws, codes and governmental regulations, (ii) in a manner reasonably acceptable to Landlord, and (iii) so as not to invalidate or adversely affect any manufacturer's or installer's warranties on the roof membrane or roof system. If any such warranty is adversely affected as a result of Tenant's work, Tenant shall, at its sole cost and expense, cooperate with Landlord to restore such warranty or obtain a comparable replacement warranty reasonably acceptable to Landlord.

(c) Installation; Structural and Operational Limitations. Tenant's installation and use of the Rooftop Equipment shall not adversely affect the structural integrity of the Building or the roof, nor materially interfere with the use of the roof by Landlord or other tenants for customary mechanical, telecommunications or building operations. Landlord shall have the right to reasonably approve the size, weight, location and mounting method of the Rooftop Equipment (such approval not to be unreasonably withheld, conditioned or delayed).

(d) Access. Tenant and its vendors shall have reasonable access to the Roof Area, at all reasonable times and on reasonable prior notice (except in emergencies, in which case no prior notice shall be required), for the purposes of installing, operating, maintaining, repairing, replacing and removing the Rooftop Equipment, subject to Landlord's reasonable security requirements and rules and regulations for rooftop access. Tenant shall promptly repair any damage to the roof or other portions of the Building caused by the installation, maintenance, repair, replacement or removal of the Rooftop Equipment, at Tenant's sole cost and expense.

19. Riser Rights.

(a) Riser Space Rights. Landlord shall provide Tenant, at no additional rental or license fee (other than the Rent payable under the Lease), with space within the Building's vertical risers and related pathways (collectively, the "Riser Space") to allow Tenant to install, operate, maintain, repair, replace and remove its low-voltage, data, telecommunications and related cabling and conduits (collectively, "Communications Cabling") (i) between the Building's main telecommunications room(s) and the Premises, (ii) between each floor of the Premises, and (iii) between the Premises and the Roof Area for purposes of serving any Rooftop Equipment installed by Tenant pursuant to Section 18.

(b) Dedicated/Secure Use. The Riser Space provided for Tenant's Communications Cabling shall be dedicated to Tenant's use to the extent reasonably necessary to accommodate Tenant's communications needs for the Premises and shall be maintained in a manner that is secure and accessible only to Landlord, Tenant, and their respective authorized agents and contractors. Landlord shall not permit other tenants or occupants of the Building to use or disturb such dedicated Riser Space in a manner that would materially interfere with Tenant's Communications Cabling.

(c) Installation Standards. Tenant's installation and use of the Communications Cabling in the Riser Space shall comply with all applicable laws, codes, and governmental regulations and with Landlord's reasonable design and installation standards for riser management, which standards shall be applied in a non-discriminatory manner. Tenant shall coordinate with Landlord's designated riser manager (if any) with respect to any new installations or material modifications and shall promptly repair any damage to the risers or other Building systems caused by Tenant's work, at Tenant's sole cost and expense.

(d) No Material Interference. Tenant's use of the Riser Space shall not materially interfere with or impair the use of the Building's risers or mechanical/electrical systems by Landlord or other tenants for customary building and telecommunications purposes. Landlord shall manage the allocation of riser capacity in a commercially reasonable, non-discriminatory manner.

20. Delivery and Notices. This Amendment and all later documents, such as amendments, (a) may be executed by electronic signature, (b) may be executed and delivered in counterpart, and (c) may be delivered electronically or by facsimile (provided, if requested by Landlord, Tenant shall deliver a manually executed original or any of the foregoing to Landlord). Electronic records, electronic signatures, and facsimile signatures may be used in connection with the execution of this Amendment and such later documents, and the same shall be legal and binding and have the same full force and effect as if a paper original of this Amendment or such document had been signed using a handwritten signature. Landlord and Tenant (i) intend to be bound by electronic signatures and by documents and notices sent or delivered by facsimile,

electronic mail, or other electronic means, (ii) are aware that the other party will rely on such signatures, and (iii) hereby waive any defenses to the enforcement of the terms of this Amendment or any later documents or notices based on the foregoing forms of signature or delivery. The foregoing does not prohibit the use of handwritten signatures or physical delivery. Notices under the Lease may be given as provided in the Lease or by facsimile or electronically to the address set forth below.

21. Effect of Amendment. Submission of this Amendment for review does not constitute an offer by Landlord to Tenant. This document may not be relied upon, nor may any claim (for reliance, estoppel or otherwise) be made based upon this document, unless and until this document is fully executed and delivered by each party.

22. Tenant's Representations and Warranties. Tenant hereby represents, warrants and agrees that: (1) there exists no breach, default or event of default by Landlord under the Lease, or any event or condition which, with notice or passage of time or both, would constitute a breach, default or event of default by Landlord under the Lease; (2) the Lease continues to be a legal, valid and binding agreement and obligation of Tenant; (3) Tenant has no current offset or defense to performance of its obligations under the Lease; and (4) Tenant has engaged no broker regarding this Amendment other than Cushman & Wakefield.

23. Counterparts. This Amendment may be executed and delivered in counterparts; delivery by facsimile or pdf is sufficient.

24. Status of Lease. Except as expressly amended hereby, the Lease remains in full force and effect and the same is hereby ratified and confirmed.

[signatures follow]

IN WITNESS WHEREOF, this Amendment has been executed as of the date first above written.

LANDLORD:	101 North First Ave LLC, a Delaware limited liability company
	By: ____________________ Name: ____________________ Title: ____________________
TENANT:	Valley Metro Rail, Inc., an Arizona not for profit corporation
	By: ____________________ Name: ____________________ Title: ____________________

EXHIBIT A

WORK LETTER

1. **Landlord's Work**.

1.1 Existing Conditions. Landlord shall be solely responsible for ensuring the following as of the Improvements Completion Date:

(a) All exterior window blinds are to be in good working order (or replaced as needed).

(b) Existing fire/life safety systems in compliance with all applicable laws, as required by the City of Phoenix, to the extent required on the Improvements Completion Date (i.e., excluding any applicable legally permitted noncompliance or so-called "grandfathering").

(c) All mechanical, plumbing, and electrical systems are up to current code and applicable laws to the extent required on the Improvements Completion Date (i.e., excluding any applicable legally permitted noncompliance or so-called "grandfathering").

(d) The Premises meets the requirements of the latest ADA to the extent required on the Improvements Completion Date (i.e., excluding any applicable legally permitted noncompliance or so-called "grandfathering").

(e) Building systems serving the Premises are to be in good working order, free of known leaks.

(f) To Landlord's actual knowledge without duty of inquiry, the indoor air quality meets or exceeds the current ASHRAE Standards and any other repairs or replacements to place the building systems, mechanical (including controls and energy management systems), plumbing, electrical, etc., including elevators, in good working order.

1.2 Plans. Landlord shall improve the Premises by constructing the improvements described on Schedule 1 hereto (the "Final Plans") in accordance with the budget attached hereto as Schedule 2. The installation of the improvements shown on the Final Plans and as further described in Section 1.3 below is herein referred to as "Landlord's Work." Landlord shall conduct Landlord's Work incorporating building standard materials and finishes or other materials selected by Landlord unless otherwise specified.

Landlord shall also improve the Premises, including Floors 9-14, by constructing the improvements described on the Final Plans in accordance with the budget attached hereto as Schedule 2 and as further described in Section 1.3(a) through 1.3(g).

1.3 Construction. Landlord shall perform Landlord's Work substantially in accordance with the Final Plans on a turnkey basis, including all hard and soft costs (subject to Section 1.4 below). At Landlord's election, substantial completion may be demonstrated by a temporary or permanent certificate of occupancy or other final inspection (with or without conditions) or a certificate of substantial completion from Landlord's architect. Landlord's

Work shall be deemed substantially complete on the earlier of (i) the date that Landlord has substantially completed construction in accordance with the Final Plans, or (ii) the date that Landlord could have achieved such substantial completion absent delays attributable to Tenant, including delays related to changes pursuant to Section 1.4 below, and/or delays in Landlord's Work caused by Tenant.

Landlord's Work shall include the following:

(a) All new carpet, base, and wall painting (off hours work included throughout).

(b) New LVT where shown on Final Plans.

(c) Relocation of furniture in support of the new finishes.

(d) New ceiling tile and lighting.

(e) Three new copy areas with millwork.

(f) Reconfiguration of walls, ceilings and floors as outlined on the Final Plans.

(g) New HVAC distribution as needed due to wall relocations in floors 9-14, VAV boxes reused.

1.4 Changes in Plans. Tenant may request reasonable changes in the Final Plans. Landlord may disapprove such request on any reasonable grounds. If Landlord approves the request, Tenant shall pay any additional cost required to implement such change, including, without limitation, architecture fees, increase in construction costs and other charges payable hereunder caused by delay, and Tenant shall pay Landlord for said costs within fifteen (15) days after written notice from Landlord; provided, however, that Tenant shall not be required such additional costs unless and until they increase Costs (defined below) by more than ten percent (10%). Such requests shall constitute an agreement by Tenant to any delay in substantial completion caused by reviewing, processing and implementing such change.

1.5 Adequacy of Final Plans. Neither the approval by Landlord of the Final Plans or any other plans, specifications, drawings or other items associated with the Landlord's Work nor Landlord's performance, supervision or monitoring of the Landlord's Work shall constitute any warranty or covenant by Landlord to Tenant of the adequacy of the design for Tenant's intended use of the Premises. Tenant agrees to, and does hereby, assume full and complete responsibility to ensure that Landlord's Work and the Final Plans are adequate to fully meet the needs and requirements of Tenant's intended operations of its business within the Premises.

1.6 Inspection and Punchlist. Prior to the date which Landlord anticipates to be the date of substantial completion, Landlord shall deliver to Tenant written notice of the expected date of such substantial completion. Prior to the date of substantial completion, if Tenant desires, representatives of Landlord and Tenant shall make a joint inspection of the Premises to create an agreed upon list of items yet to be substantially completed. The items included in such list are herein referred to as "Punchlist Items." Certain of the Punchlist Items may be completed by Landlord prior to substantial completion and Landlord shall complete the remaining Punchlist Items with due diligence. If the parties are unable to agree whether any particular item is to be included as a Punchlist Item or whether the same has been satisfactorily completed, then the decision of Landlord's architect shall be binding. Landlord shall continue to have complete access to the Premises for the purpose of taking any and all steps related to any then remaining Punchlist Items. Landlord's obligation to complete the Punchlist Items shall not alter the date of substantial completion. The obligation of Landlord to perform Punchlist Items work shall be to perform the same to an industry standard level, not to perfection. Except for the obligation to perform Punchlist Items, Landlord shall have no other or further obligation with respect to construction of Landlord's Work.

2. **Costs**. The "Costs" of Landlord's Work are all hard and soft costs related to Landlord's Work including but not limited to architectural plans, permits, construction costs, and Landlord's project management fee. Landlord shall pay all Costs except as provided in Section 1.3 above.

SCHEDULE 1

Final Plans

Pricing Plan prepared by Krause under Project No. 26001.001 dated February 3, 2026.

SCHEDULE 2

Budget

[attached]

Stevens-Leinweber
CONSTRUCTION INC.

PRELIMINARY CONSTRUCTION ESTIMATE

PROJECT	VALLEY METRO 101 NORTH 101 N 1ST AVE FLOORS 9-14 PHOENIX, AZ 85003	ARCHITECT REV PLAN DATE REV BUDGET DATE	CoxJames 1/25/2026 2/1/2026

	TRADE AND DESCRIPTION	QTY	UNIT	UNIT COST	ITEM COST	BUDGET
102050	**DEMOLITION**					$71,720
	REMOVE ALL FLOORING AND PREP FOR NEW CARPET TILE AND LVT, REMOVE ALL LIGHTING AND CEILING TILE IN PHASES FOR INSTALL OF NEW, REMOVE SECTIONS OF MILLWORK	1	LS	71720	71,720	
106200	**FINISH CARPENTRY**					$16,645
	INSTALL NEW DOORS/FRAMES	0	EA	300	-	
	RELOCATE DOORS/FRAMES	3	EA	275	825	
	RELOCATE DOORS/SIDELIGHT FRAMES	22	EA	450	9,900	
	INSTALL NEW DOORS/24" SL FRAMES	8	EA	465	3,720	
	INSTALL PAIRED DOORS IN FRAME	1	PR	550	550	
	INSTALL DOOR CLOSERS	1	LS	900	900	
	PREP DOORS AND FRAMES AS NECESSARY FOR SIZING AND SPECIALTY HARDWARE	1	LS	750	750	
106400	**MILLWORK**					$45,600
	NEW COPY AREA UPPER AND LOWER PLAM CABINETS	54	LF	650	35,100	
	REWORK BREAK ROOM CABINET AT 14TH FLOOR BREAK	1	LS	1200	1,200	
	NEW COPY ROOM PLAM UPPER AND LOWER CABINETS ON 15TH FLOOR	6	LF	650	3,900	
	NOTE 6: PLAM LOWER CABINETS WITH PLAM TOP	12	LF	450	5,400	
107200	**INSULATION**					$4,200
	IN WALL INSULATION	1	LS	4200	4,200	
108100	**ALUMINUM DOOR FRAMES**					$6,550
	SINGLE ALUMINUM DOOR FRAMES	0	EA	215	-	
	PAIRED DOOR FRAMES	1	EA	790	790	
	DOOR FRAMES WITH INTEGRAL 24" SL	8	EA	720	5,760	
108200	**WOOD AND METAL DOORS**					$7,260
	NEW SOLID CORE WOOD DOORS	12	EA	605	7,260	
108700	**FINISH HARDWARE**					$17,850
	HARDWARE, LOCKSETS, CLOSERS, ELECTRIFIED LOCKSETS, STOPS, HINGES, PANIC HARDWARE	1	LS	17850	17,850	
108800	**GLASS**					$1,830
	24" WIDE SIDELIGHT GLASS IN FRAMES	6	EA	305	1,830	
109250	**GWB & METAL FRAMING**					$77,137
	NEW PARTITIONS TO GRID, REPAIR EXISTING WALLS THROUGHOUT FOR PAINT BACKING FOR NEW CABINETS	1	LS	77137	77,137	
109500	**ACOUSTICAL TREATMENT**					$363,800
	FURNISH/INSTALL NEW ACOUSTICAL CEILING TILE (FIGURED PHASED AND OFF HOURS)	1	LS	363800	363,800	
109680	**FLOOR COVERING**					$373,363
	NEW CARPET TILE (PHASED AND OFF HOURS, $32/YD INSTALL ALLOWANCE)	1	LS	241778	241,778	
	LVT AT BREAK AREAS, STORAGE AND COPY ROOMS	1	LS	5810	5,810	
	LVT AT HALLWAYS ON 10TH FLOOR	1	LS	7395	7,395	
	VCT AT IT/STORAGE ROOMS	1	LS	2460	2,460	
	RUBBER WALL BASE	1	LS	17820	17,820	
	FURNITURE MOVE ALLOWANCE (PER PHASE)	24	EA	3200	76,800	
	FLOOR PREP ALLOWANCE	1	LS	15000	15,000	
	BACKSPLASH TILE	1	LS	6300	6,300	
109900	**PAINTING**					$109,825
	PAINT WALLS (PHASED AND OFF HOURS)	1	LS	99225	99,225	
	PAINT CORE DOORS/FRAMES ALLOWANCE	1	LS	10600	10,600	
110800	**MISCELLANEOUS**					$25,120
	RESTROOM ACCESSORIES AND PARTITIONS	0	LS	55800	-	
	APPLIANCES AS NOTED	1	LS	25120	25,120	
112500	**WINDOW COVERINGS**					$3,500
	MINI BLIND REPAIR ALLOWANCE (ASSUMES ALL WINDOWS HAVE EXISTING)	1	LS	3500	3,500	

115400	**PLUMBING**					$0
	WATERLINES AT 15TH FLOOR APPLIANCES	0	EA	2320	-	
	FURNISH/INSTALL NEW PIPING, SINKS, FAUCETS, INSTA HOTS, WATERLINES, AT BREAK AREAS	0	EA	11980	-	
	ADA HI/LOW DRINKING FOUNTAINS	0	EA	4980	-	
	ADA PRIVATE RESTROOMS	0	EA	12140	-	
115500	**FIRE SPRINKLER**					$7,130
	RELOCATE AND ADD HEADS PER CODE	1	LS	7130	7,130	
115600	**HVAC AND EMS CONTROLS**					$55,925
	HVAC DISTRIBUTION REWORK AT NEW WALLS	1	LS	42275	42,275	
	RELOC ATE SENSORS FOR NEW WALL LOCATIONS (APPROX 12 FOR ALL FLOORS)	1	LS	13650	13,650	
116001	**ELECTRICAL SYSTEMS**					$670,600
	NEW 2X4 LIGHTING AND CONTROLS AT FLOORS 9-14	1	LS	670600	670,600	
	EXIT SIGNS					
	DUPLEX OUTLETS					
	DATA DROP STUB OUTS					
	ALLOWANCE FOR A/V AND SECURITY POWER PROVISIONS					
	DEDICATED OUTLETS FOR COPIERS AND APPLIANCES					
	FLOOR POWER AT OPEN WORK AREAS (INCLUDES CIRCUITS)					
	CIRCUITS TO WORK STATIONS (WALL FED)					
	FLOOR XRAY					
	CONDUIT WIRING					
116720	**FIRE ALARM**					$18,480
	FIRE ALARM DEVICES/PERMIT (TO CODE IN AREAS OF NEW PARTITION INSTALL AND DEMO)	1	LS	18480	18,480	
101150	**GENERAL CONDITIONS**					142,330
	PROJECT SUPERINTENDENT	24	WK	3200	76,800	
	TELEPHONE/COMPUTER	1	LS	750	750	
	FIELD DELIVERIES/COURIER	1	LS	250	250	
	PLASTICS/PROTECTION	1	LS	4500	4,500	
	PROGRESS CLEANING	24	WK	1110	26,640	
	DUMPSTER	18	EA	430	7,740	
	SMALL TOOLS & EXPENDABLES (FLOOR PROTECTION, BINS, BOXES, CARTS)	1	LS	3000	3,000	
	SAFETY/FIRST AID	1	LS	150	150	
	PLAN & SPEC REPRODUCTION	1	LS	900	900	
	FINAL CLEANING	1	LS	21600	21,600	
	SUBTOTAL DIRECT COST					$2,018,865
	INSURANCE (1%)					$20,189
	OH&P (4% FEE)					$81,562
	TAX (5.9% PHOENIX PRIME CONTRACTING TAX)					$120,304
	TOTAL					$2,240,920

QUALIFICATIONS

1) BUDGET IS BASED OFF OF WORKING IN OCCUPIED AREAS (PHASED AND OFF HOURS)

2) FURNITURE MOVING IS INCLUDED

3) PLAN REVIEW AND PERMIT FEES ARE NOT INCLUDED

4) BUILDING CORE RESTROOMS AND ELEVATOR LOBBIES ARE TO REMAIN IN EXISTING CONDITIONS

5) FIRE ALARM, FIRE SPRINKLER, HVAC AND EMS WORK IS INCLUDED IN AREAS OF CONSTRUCTION ONLY

6) ALL FLOORING, CEILING GRID/TILE, AND LIGHTING WILL BE REPLACED AND ALL WALLS AND DRYWALL CEILINGS WILL RECEIVE NEW PAINT

Executive Summary

DATE
April 9, 2026

AGENDA ITEM 7

SUBJECT
Fare Administration Policy

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

RECOMMENDATION
Authorization for adoption of the regional Fare Administration Policy.

STRATEGIC PLAN ALIGNMENT

- Goal 9: Financial sustainability
  - 9.2 Support effective transit system design by identifying opportunities to improve or pursue resource allocation, fare collection enhancements, alternative service delivery models, and innovative mobility technologies to ensure sustainable lifecycle costs.
  - 9.3 Maximize revenue generation, including advertising, farebox recovery, and discretionary/competitive grant opportunities

COMMITTEE PROCESS
FPWG: March 17, 2026 for information
RTAG: March 17, 2026 for information
TMC/RMC: April 1, 2026 approved
Boards of Directors: April 16, 2026, for action

CONTACT
Ken Kessler
Chief Financial Officer
Kkessler@valleymetro.org

Dane Ryals
Fare Programs Manager
Dryals@valleymetro.org

ATTACHMENT
Fare Administration Policy

Background Information

The Valley Metro Joint Boards of Directors held a *Fare Policy and Fare Programs Review* Study Session in February 2023 during which the Boards were provided with an overview of 1) industry trends and transit fare alternatives for fare-free and discounted fare programs and 2) Valley Metro's existing fare policy and fare programs. The outcome of the Study Session was a directive to conduct a comprehensive fare study.

Valley Metro engaged Jacobs and NWC Partners (the study team) to perform this fare study, with work commencing in August 2023. To guide the fare study, Valley Metro formed a Steering Committee that included representatives from Valley Metro and the City of Phoenix Public Transit Department.

The Steering Committee, with input from Valley Metro's Chief Executive Officer and its Chief Policy and Government Relations Officer, developed a Fare Administration Policy to define the process, roles, and responsibilities for planning and approving fare adjustments, fare program changes, and new pilot fare programs. Three overarching objectives were identified for the Fare Administration Policy:

- Support long-term financial sustainability and promote system ridership by reviewing fares at least every three years, or more frequently as needed.
- Establish a process for reviewing and evaluating fare changes, including fare increases or reductions, changes to the fare structure, and the introduction of new fares, passes, and programs and/or fare payment technology.
- Comply with applicable laws and regulations, including Federal Title VI regulations and Arizona Revised Statutes.

Executive Summary

DATE **AGENDA ITEM 8**
April 9, 2026

SUBJECT
Fare Study Recommendations

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

RECOMMENDATION
Authorization for the Chief Executive Officer to initiate the fare policy analysis and outreach process for Express/RAPID reduced fare and special events products and pricing. Final recommendations and action for Fare Policy change will be brought back for action at a later date.

STRATEGIC PLAN ALIGNMENT
- Goal 1:
  - Prioritize a unified customer experience across various modes and services, moving from transactional to relational interactions.
- Goal 9: Financial sustainability
  - 9.2 Support effective transit system design by identifying opportunities to improve or pursue resource allocation, fare collection enhancements, alternative service delivery models, and innovative mobility technologies to ensure sustainable lifecycle costs.
  - 9.3 Maximize revenue generation, including advertising, farebox recovery, and discretionary/competitive grant opportunities

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Chief Financial Officer
Kkessler@valleymetro.org

Dane Ryals
Fare Programs Manager
Dryals@valleymetro.org

ATTACHMENT
Fare Study Recommendations – PowerPoint
Fare Study Executive Summary
Fare Study Report available upon request

Background Information

The Valley Metro Joint Boards of Directors held a Fare Policy and Fare Programs Review Study Session in February 2023 during which the Boards were provided with an overview of 1) industry trends and transit fare alternatives for fare-free and discounted fare programs and 2) Valley Metro's existing fare policy and fare programs. The outcome of the Study Session was a directive to conduct a comprehensive fare study. Valley Metro, in collaboration with the City of Phoenix Public Transit Department, initiated the fare study in August 2023.

In October 2025, a Study Session was held with the Joint Boards of Directors to provide results from the Fare Study and seek Board guidance on proposed fare strategy options. In January 2026, additional information requested by the Board was presented for feedback.

From the Fare Study, three items have been identified for recommendation to complete a final data analysis, Title VI analysis, public outreach, and a potential future Fare Policy change:

- **Introduction of a reduced fare for all Express/RAPID service**
    - *Required per FTA guidelines when RAPID off-peak service is added in Oct. 2026*
- **Increased marketing of fare programs**
- **Modification of special events pass program products and pricing**

1

Fare Administration Policy

- Objectives of the Fare Administration Policy
  - ✓ Support long-term financial sustainability and promote system ridership
  - ✓ Establish a process for reviewing and evaluating fare changes
  - ✓ Comply with applicable laws and regulations
- Policy establishes Guiding Principles and defines the process, roles, and responsibilities for planning and approving fare adjustments, fare program changes, and new pilot fare programs

2

2

Recommendation

Authorization for adoption of the Regional Fare Administration Policy.

3

3

Executive Summary

DATE **AGENDA ITEM 8**
April 9, 2026

SUBJECT
Fare Study Recommendations

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

RECOMMENDATION
Authorization for the Chief Executive Officer to initiate the fare policy analysis and outreach process for Express/RAPID reduced fare and special events products and pricing. Final recommendations and action for Fare Policy change will be brought back for action at a later date.

STRATEGIC PLAN ALIGNMENT
- Goal 1:
  - Prioritize a unified customer experience across various modes and services, moving from transactional to relational interactions.
- Goal 9: Financial sustainability
  - 9.2 Support effective transit system design by identifying opportunities to improve or pursue resource allocation, fare collection enhancements, alternative service delivery models, and innovative mobility technologies to ensure sustainable lifecycle costs.
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Ken Kessler	Dane Ryals
Chief Financial Officer	Fare Programs Manager
Kkessler@valleymetro.org	Dryals@valleymetro.org

ATTACHMENT
Fare Study Recommendations – PowerPoint
Fare Study Executive Summary
Fare Study Report available upon request

Background Information

The Valley Metro Joint Boards of Directors held a Fare Policy and Fare Programs Review Study Session in February 2023 during which the Boards were provided with an overview of 1) industry trends and transit fare alternatives for fare-free and discounted fare programs and 2) Valley Metro’s existing fare policy and fare programs. The outcome of the Study Session was a directive to conduct a comprehensive fare study. Valley Metro, in collaboration with the City of Phoenix Public Transit Department, initiated the fare study in August 2023.

In October 2025, a Study Session was held with the Joint Boards of Directors to provide results from the Fare Study and seek Board guidance on proposed fare strategy options. In January 2026, additional information requested by the Board was presented for feedback.

From the Fare Study, three items have been identified for recommendation to complete a final data analysis, Title VI analysis, public outreach, and a potential future Fare Policy change:

- **Introduction of a reduced fare for all Express/RAPID service**
    - *Required per FTA guidelines when RAPID off-peak service is added in Oct. 2026*
- **Increased marketing of fare programs**
- **Modification of special events pass program products and pricing**

December 2025

Valley Metro Fare Study

Executive Summary

VALLEY METRO

Prepared by:
Jacobs Engineering Group Inc./
NWC Partners

Fare Study Overview

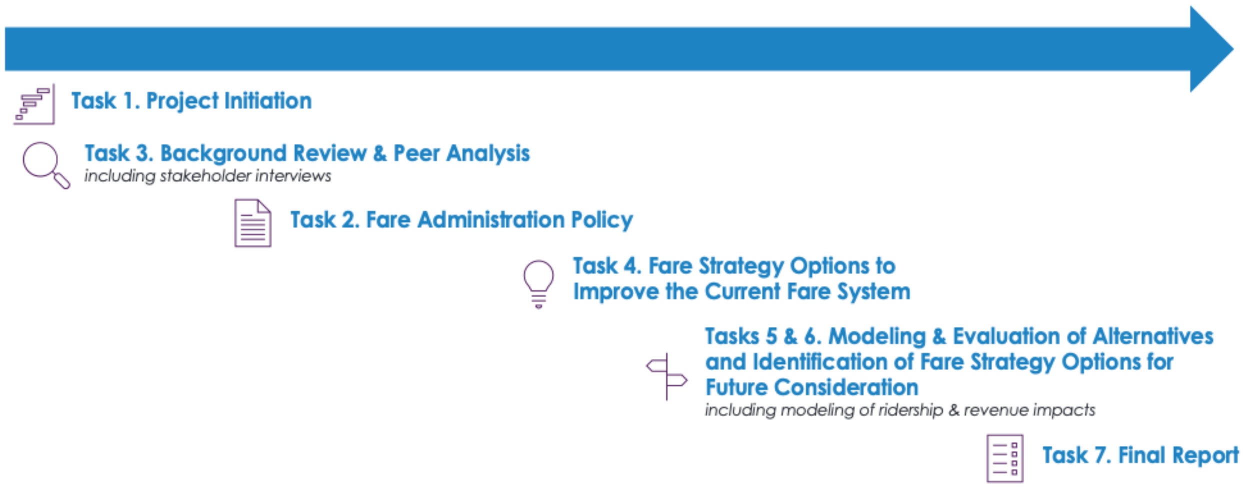
The Valley Metro Joint Boards of Directors held a *Fare Policy and Fare Programs Review* Study Session in February 2023 during which the Boards were provided with an overview of 1) industry trends and transit fare alternatives for fare-free and discounted fare programs and 2) Valley Metro's existing fare policy and fare programs. The outcome of the Study Session was a directive to conduct a comprehensive fare study. Valley Metro, in collaboration with the City of Phoenix Public Transit Department, initiated the fare study in August 2023 to review its fare system, identify fare strategy options and opportunities to improve its fare structure and better serve disadvantaged populations, and to establish a Fare Administration Policy to guide Valley Metro staff in planning and implementing future fare changes. With the opening of the light rail South Central Extension in June 2025, the scope of the fare study was expanded to look at options for reintroducing transfers, opportunities for residential pass programs in particular along the light rail corridor, and new special event pass options.

Given the timing of the fare study with the full launch of the Fare Collection System Modernization (FCSM) project in Fall 2024, the scope of the fare study was to review Valley Metro's fare policy, fare and pass structure, and pass programs and to identify fare strategy options for future consideration. The FCSM project has resulted in dramatic changes in customer experience, fare payment and collection, and enforcement of reduced fare eligibility. The FCSM project also provides improved data to help make informed decisions regarding changes to Valley Metro's fare structure, pricing, and programs. The results of the fare study as well as the Fare Administration Policy developed as part of the study are intended to provide guidance to Valley Metro as it considers fare changes in the future and as it continues the implementation of its new fare collection system. Based on Valley Metro Board input, Valley Metro may choose to implement some of the fare strategy options in the near term, while Valley Metro may consider implementing some of the other fare strategy options in the future as part of a fare adjustment.

Valley Metro engaged Jacobs and NWC Partners (the study team) to perform this fare study, with work commencing in August 2023. To guide the fare study, Valley Metro formed a Steering Committee that included representatives from Valley Metro and the City of Phoenix Public Transit Department.

The fare study consisted of seven tasks as shown in Figure 1.

Figure 1. Fare Study Process



Fare Study Goals & Objectives

Valley Metro identified goals and objectives, as shown in Figure 2, that helped in identifying fare strategy options for evaluation. In addition to guiding the fare study, these goals and objectives served as the starting point for the development of the guiding principles in the Fare Administration Policy.

Figure 2. Fare Study Goals and Objectives

Enhanced Customer Experience	Affordability and Accessibility	Financial Sustainability
• Sustain and grow ridership • Create fare structures and programs that are simple to understand and explain • Make fare payment easy and convenient • Simplify the operator's role in fare inspection and collection on bus • Minimize barriers and steps to fare inspection on rail to simplify the rider-inspector interface	• Reduce barriers to using transit by considering fare affordability and accessibility for all riders • Mitigate fare cost for transit-dependent riders • Evaluate current fare programs and potential new/discounted fare programs	• Promote and improve operational efficiency • Create balance between service quality, operating cost, and cost to rider • Reduce the overall cost of fare collection • Create fair and equitable Reduced fare program with adequate fraud controls • Minimize and/or mitigate decreasing fare revenue

Fare Administration Policy

The Steering Committee, with input from Valley Metro's Chief Executive Officer and its Director of Government Relations, developed a Fare Administration Policy to define the process, roles, and responsibilities for planning and approving fare adjustments, fare program changes, and new pilot fare programs. Three overarching objectives were identified for the Fare Administration Policy:

- Support long-term financial sustainability and promote system ridership by reviewing fares at least every three years, or more frequently as needed.
- Establish a process for reviewing and evaluating fare changes, including fare increases or reductions, changes to the fare structure, and the introduction of new fares, passes, and programs and/or fare payment technology.
- Comply with applicable laws and regulations, including Federal Title VI regulations and Arizona Revised Statutes.

The Steering Committee considered the Fare Study goals and objectives, and the initial Fare Administration Policy objectives to establish seven guiding principles for the Fare Administration Policy that are focused on enhancing customer experience and promoting the financial sustainability of Valley Metro:

- **Ridership:** The fare structure, fare programs, and fare payment technology provide flexible fare options to help sustain and grow ridership.
- **Fiscally Responsible:** Fares contribute to the operation of public transportation services and are critical to providing financial support to help sustain service. Regular review of fares provides riders with a greater sense of the predictability of potential fare adjustments and provides transit providers with steady, predictable fare revenue.
- **Simple:** The fare structure and programs are simple to understand and explain. Fare payment technology makes fare payment easy and convenient.
- **Value / Affordable:** Fares are affordable and mitigate transportation costs for transit-dependent riders while balancing the cost to the rider with service quality and operating costs.
- **Equitable:** Reduced fares and fare programs promote accessibility by reducing financial barriers to using transit.
- **Seamless:** Fare products, pricing, programs, and fare payment technology are coordinated throughout the region to provide a seamless experience between modes and transit providers.
- **Operational Efficiency:** Fare payment technology is leveraged to reduce the overall cost of fare collection, improve operational efficiency, simplify fare collection and inspection, and introduce fraud controls.

Background Review and Peer Analysis

The Background Review and Peer Analysis of Valley Metro's fare system comprises three areas of review intended to establish context for the fare policy alternatives and recommendations considered in the study.

1. **Current Fare System Review** – a review of Valley Metro's existing fare policy, fare media, structure, fare and pass programs, payment options, and fare trends.
2. **Peer Review** – a review and comparison of the base fares, fare structures, fare policies, fare programs, method of payments, transfer policies, and fare-related performance metrics to comparable peer transit systems.
3. **SWOTs (Strengths/Weaknesses/Opportunities/Threats) Analysis** – a review of internal factors (strengths and weaknesses) and external factors (opportunities and threats) that characterize current fare policy and/or will influence Valley Metro's future fare policy.

The peer review identified eight agencies for comparison, as operational peers of Valley Metro:

- DART in Dallas, Texas
- RTD in Denver, Colorado
- METRO in Houston, Texas
- Metro Transit in Minneapolis, Minnesota
- TriMet in Portland, Oregon
- UTA in Salt Lake City, Utah
- MTS in San Diego, California
- Sound Transit in Seattle, Washington

Key findings from the Background Review and Peer Analysis included:

- Similar to Valley Metro, most peers have service-based fares with a higher fare on premium services.
- Valley Metro (2013) and Houston METRO (2008) are the only agencies that have not updated their fares since 2019.
- Valley Metro is the only agency that does not offer transfers. Instead, Valley Metro offers a lower base fare ($2.00) than its peers and an affordable day pass priced at two single ride fares.
- Among the peers, Valley Metro has one of the lowest average fares and lowest farebox recovery ratios.
- Most of the peers offer a low-income fare program; however, peers with a low-income program typically have higher base fares.
- Valley Metro has one of the most extensive offerings of pass program options compared to its peers.

The Background Review and Peer Analysis identified several Strengths, Weaknesses, Opportunities, Threats (SWOTs). Identification of Strengths, Weaknesses, Opportunities and Threats can help an organization to focus on their strengths and emerging opportunities, while acknowledging and addressing their internal weaknesses and outside threats. An organization's strengths, weaknesses, opportunities, and threats are not mutually exclusive. Elements of external forces (e.g., state-mandated farebox recovery requirements) can be both an opportunity and a threat and cast current strengths (e.g., affordable fares) into potential near-term weaknesses. Key findings from the SWOT analysis are summarized in Figure 3.

Figure 3. Valley Metro Strengths, Weaknesses, Opportunities and Threats (SWOTs)

STRENGTHS

- Simple fare structure
- Affordable fares
- Platinum Program
- Introduction of Smart Fare (capping)
- Reduced fare management
- New fare collection system

WEAKNESSES

- 10+ years since last fare change
- Low farebox recovery
- Legacy fare policy
- Limited marketing and outreach of special programs

OPPORTUNITIES

- Expansion of special programs
- External partnership & regional integrations
- Expansion of reduced fare eligibility
- Open payments

THREATS

- Farebox recovery requirements
- Repeal of rental tax
- Demographics & transit usage
- Locally-controlled fares & service delivery

Fare Strategy Workshops and Fare Strategies for Future Consideration

Based on the Background Review and Peer Analysis, the study team, with input from the Steering Committee, identified potential fare strategy options for Valley Metro to explore and discuss during four workshops. Given the fare product and policy changes planned with the implementation of the FCSM project, the fare strategy options explored were primarily focused on programs, including pass programs and programs for disadvantaged populations. In addition to identifying new and alternative program options, the fare study identified opportunities to better promote and enhance existing pass programs with the implementation of the FCSM project. Valley Metro has implemented many of the best practices related to pass programs and, in fact, leads the transit industry in deploying pass programs.

The workshops were structured to generate discussion among the Steering Committee members with the purposes of:

- Reviewing Valley Metro's current programs, including SWOT assessment and peer comparison
- Exploring fare strategy options implemented by other transit agencies, including identification of important considerations and lessons learned by other agencies
- Identifying fare strategies for future consideration
- Identifying additional information needed to support future decision making, including data analysis and modeling

Workshop #1 focused primarily on free/reduced fare programs and the Social Services Fare Program (previously the Homeless Service Provider Program). Topics covered included:

- Federal half fare requirements,
- Introduction of reduced fares on peak only services (e.g., extending reduced fare to Express/RAPID commuter bus service),
- Expansion of the Reduced Fare Program to include low-income riders, individuals receiving workforce assistance, and veterans, and
- Other focused programs administered by outside organizations (e.g., expansion of the Social Service Fare Program [previously the Homeless Service Provider Program]).

Workshop #2 focused primarily on pass programs, including Platinum Pass Program, Group Fares Program (previously the Corporate Pass Program), and special events. Topics covered included:

- Review of Valley Metro institutional and bulk purchase pass programs,
- Comparison of peer pass programs, and
- SWOT assessment for Valley Metro's programs, with focus on opportunities for improvement.

Workshop #3 focused primarily on different approaches to transfer privileges. Topics covered included:

- History of transfers at Valley Metro,
- Peer transfer rules and privileges, and
- Evaluation of seven transfer scenarios, including advantages and disadvantages, fare revenue impacts, and performance against guiding principles.

Workshop #4 focused primarily on residential pass and special event pass programs. Topics covered included:

- Residential pass program opportunities for major developments along light rail
- Peer residential pass programs, including advantages and disadvantages of different types of pass programs, and
- Peer special event pass options, including bulk purchase programs and discounts, promotions offered directly by the transit agency and revenue sharing on ticket sales negotiated with the event.

The Steering Committee identified eight fare strategy options for future consideration. Each strategy was modeled to assess ridership and revenue impacts and to provide a general order of magnitude to help guide future discussions and decision-making. A preliminary review of potential Title VI impacts was also conducted by looking at the demographics of the affected riders. Refinement of the ridership and revenue impacts is recommended to reflect changes in fare payment behavior, ridership, and fare revenue now that the FCSM project has fully launched. A complete Title VI Fare Equity Analysis would also be required to determine whether the proposed fare changes, whole or in part, would result in a disparate impact on minority riders or disproportionate impact on low-income riders before Board approval of any fare changes.

The eight options are:

1. Introduction of a low-income fare program
2. Expansion of the Social Services Fare Program
3. Introduction of a veterans reduced fare program
4. Introduction of reduced fare on Express/RAPID routes
5. Changes to Semester Pass Program pricing
6. Review of pass pricing and multiples
7. Review of the transfer policy
8. Increased flexibility and marketing of pass programs

Given the timing of the fare study with the full launch of the FCSM project in Fall 2024, many of the fare strategy options should be considered after the full implementation of the FCSM project and potentially as part of a future fare adjustment. Other fare strategies, such as additional marketing and outreach about pass programs, could be implemented sooner pending available resources.

The FCSM project has result in dramatic changes in customer experience, fare payment and collection, and enforcement of reduced fare eligibility. These changes have impacted ridership and fare revenue. As such, refinement of the ridership and revenue impacts is recommended prior to implementation of any of the fare strategy options identified. It would also be important consider the cumulative impacts an option with other fare strategy options.

Introduction of a Low-Income Fare Program

Over the last 10 years, many transit agencies have introduced low-income fare programs across the United States to provide discounted fares to low-income adults who are not eligible for reduced fare. The introduction of these programs has also been a valuable way to increase affordability of fares and mitigate the impact of fare increases on low-income riders.

While there are substantial benefits to participants in low-income fare programs, introducing a low-income fare program results in a decrease in fare revenue and increase in administrative costs. Without sufficient funding, introducing a low-income fare program can impact fare revenue and service levels and possibly require a fare increase and/or reduction in service levels. Hence, agencies may consider implementing a low-income fare program in combination with a fare increase to cross-subsidize fares.

To provide general guidance if Valley Metro considers introducing a low-income fare program in the future, the Steering Committee identified two scenario options for further analysis:

1. Low-income fare at the reduced fare rate (50% discount), with program income eligibility set at 165% of the Federal Poverty Level (FPL) to align with the income threshold for the Supplemental Nutrition Assistance Program (SNAP) in Arizona
2. Low-income fare at the reduced fare rate (50% discount), with program income eligibility set at 200% of the FPL

Both scenario options assume that 25% of income-eligible riders would ultimately participate. This assumption is broadly consistent with the level of participation observed at other transit agencies. The actual fare revenue and ridership impacts would likely fall somewhere in the middle of the range provided, assuming a 25% adoption rate is achieved. If adoption were to increase, the fare revenue and ridership impacts would be generally linear with the impacts of 50% participation, approximately double those shown for 25% adoption. It is expected though that those who use Valley Metro more frequently would be more likely to enroll as they have a greater financial incentive.

Table 1: Introduction of a Low-Income Fare Program - Ridership and Revenue Results

	Ridership (% of Fixed-Route Boardings)	Revenue (% of Fixed-Route Fare Revenue)
Introduction of a Low-Income Fare Program: At 165% of FPL and 25% adoption	+445,000 to +1,055,000 (+1.3% to +3.1%)	-$790,000 to -$1,875,000 (-3.0% to -7.0%)
Introduction of a Low-Income Fare Program: At 200% of FPL and 25% adoption	+510,000 to +1,215,000 (+1.5% to +3.5%)	-$910,000 to -$2,165,000 (-3.5% to -8.1%)

In addition to considering the impacts on revenue, Valley Metro will need to consider the capacity of staff and the financial costs of introducing and administering a low-income fare program. The use of conditional eligibility (e.g., acceptance of SNAP eligibility) can help minimize costs by relying on income verification conducted by other governmental agencies rather than requiring Valley Metro staff to conduct their own income verification. However, it will be important to consider how the recent introduction of work requirements for SNAP participants may impact enrollment in SNAP. Valley Metro could also consider working with community-based and nonprofit organizations to verify eligibility. However, these still come with administrative and operating costs and tradeoffs that must be considered regarding Valley Metro's level of control in defining income eligibility and oversight.

In addition to considering a low-income fare program, Valley Metro should also consider the benefits of fare capping and how it has helped promote equity without requiring income verification that inhibits participation. The introduction of fare capping expands access to the discounts embedded into longer period passes to those who cannot afford the upfront cost of longer period passes.

By definition, a low-income fare program would not result in a disproportionate burden (or benefit in the case of a fare reduction) from a Title VI perspective as the recipients of the benefit are low-income riders. Among minority riders, those who are low-income is essentially the same as the low-income share of the overall ridership, so a disparate impact of a low-income fare program is unlikely.

Expansion of Social Services Fare Program

Valley Metro's Social Services Fare Program, previously the Homeless Service Provider Program, provides a 50% discount on full fare products to 501(c)(3) organizations and governmental agencies serving individuals experiencing homelessness or at risk of homelessness.

Expansion of the Social Services Fare Program to include 501(c)(3) organizations and governmental agencies that serve low-income individuals could enable Valley Metro to expand access to discounted fare products to those who are in most need, while minimizing the administrative burden on Valley Metro for income verification and management of the program.

Several transit agencies offer discounted fare products to 501(c)(3) organizations and governmental agencies, similar to Valley Metro's Social Services Fare Program. However, these agencies do not limit recipients to only individuals experiencing homelessness or at risk of homelessness. The discount provided ranges widely from 10% to 75% and may depend on the size of demand and financial capacity of the transit agency.

In Salt Lake City, Utah Transit Authority (UTA) replaced its Homeless Program with its Human Service Fare Program in 2020. UTA expanded the availability of discounted passes to include 501(c)(3) organizations or equivalent organizations that serve low-income individuals within the service area and increased the discount from 50% to 75%. This new structure also broadened the availability of discounted passes to any individual participating in a service provider's program that is at or below 150% of the FPL, which aligns with UTA's definition for low-income in the UTA Title VI Compliance Policy. These passes are sold directly to service providers who are required to provide these passes to participants in their program free of charge. The pilot program started with a select few service providers and subsequently expanded to more than 70 service providers and governmental agencies whose mission aligns with UTA's goal to assist low-income households within the service area. In addition to the Human Service Fare Program, adult, low-income individuals can also apply for UTA's Reduced Fare Program that provides a 50% discount on fixed-route service.

Two scenario options were analyzed to expand the populations eligible through Valley Metro's Social Services Fare Program:

- Expansion of Social Services Fare Program at current 50% discount: 501(c)(3) organizations and government agencies serving low-income individuals to purchase full fare products at a 50% discount
- Expansion of Social Services Fare Program at a 75% discount: 501(c)(3) organizations and government agencies serving low-income individuals to purchase full fare products at a 75% discount

Both scenario options are based on UTA's experience implementing its Human Service Fare Program and the size of Valley Metro's current Social Services Fare Program. Through discussions with UTA, UTA staff indicated that with the broader program eligibility criteria, the number of participating organizations increased from ~40 to ~120, roughly a 300% increase in number of participating organizations. The existing Social Services Fare Program is estimated to represent 1,321,000 boardings (3.8% of systemwide fixed-route boardings) and $677,000 (2.6% of systemwide fixed-route fare revenue). The worst-case scenario assumes that 100% of the incremental ridership and revenue in the program were from existing full fare Valley Metro riders; the best-case scenario assumes that 100% of the incremental ridership and revenue in the program comes from riders new to Valley Metro. The actual results of expanding the Social Services Fare Program would likely fall somewhere in between these outcomes and would be impacted by the share of riders new to Valley Metro and the share of existing riders already using reduced fare products. It is worth also noting that the fare revenue impacts do not account for potential increase in administrative costs from expanding the program, which may erode any increase in potential fare revenue.

Table 2: Expansion of Social Services Fare Program - Ridership and Revenue Results

	Ridership (% of Fixed-Route Boardings)	Revenue (% of Fixed-Route Revenue)
Expansion of the Social Services Fare Program: 200% increase in the size of the Social Services Fare Program at a 50% discount*	Worst Case: No Change in Ridership Best Case: +2,640,000 (+7.7%)	Worst Case: -$1,350,000 (-5.1%) Best Case: +$1,350,000 (+5.1%)
Expansion of Social Services Fare Program: 200% increase in the size of the Social Services Fare Program the Social Services Fare Program at a 75% discount*	Worst Case: No Change in Ridership Best Case: +2,640,000 to +3,060,000 (+7.7% to +8.9%)	Worst Case: -$2,360,000 (-9.0%) Best Case: +$350,000 to +$450,000 (+1.3% to +1.7%)

* For expansion of the Social Services Fare Program, "Worst Case" assumes 100% of the incremental ridership and revenue in the program were from existing full fare Valley Metro riders, while "Best Case" assumes 100% of the incremental ridership and revenue in the program comes from riders new to Valley Metro.

If a decision were made to move forward with expansion of the Social Services Fare Program, Valley Metro would need to define the income threshold for recipients as well as other program requirements, such as reporting and auditing. All of which would impact participation in the program, demand, staffing, and administrative costs.

Assuming program eligibility is close to that of a low-income fare program, a Title VI analysis is unlikely to find a disparate impact or disproportionate burden, but rider eligibility for participation would be the key deciding factor.

Introduction of a Veterans Reduced Fare Program

The Steering Committee and some stakeholders interviewed at the onset of the fare study identified U.S. veterans as a subset of Valley Metro ridership that should potentially be eligible for reduced fares, if not for financial assistance, then in acknowledgement of their service. For programs where a veteran organization is verifying veteran status, offering a reduced fare can also provide an opportunity for the organization to check in with the veteran about other assistance that they might need.

Among Valley Metro and several of its peers, veterans are eligible for reduced fares only to the extent they have a qualifying disability as determined by the Veterans Administration (VA). Only two peer agencies grant veterans the ability to pay the reduced fare (TriMet in Portland, OR) or ride free (METRO in Houston, TX) based solely on being a veteran and regardless of the VA's disability rating. Other agencies use the VA's disability rating to determine disability status and thus eligibility for reduced fare. While Valley Metro requires a 30% disability rating, two of its peers (Metro Transit in Minneapolis, MN and TriMet) require only a 10% disability rating. Other peers offer reduced fare to veterans with a disability rating of either 40% (Sound Transit in Seattle, WA) or 50% (DART in Dallas, TX, RTD in Denver, CO, METRO in Houston, TX, and MTS in San Diego, CA). UTA in Salt Lake City, UT is the only agency that does not use the VA's disability rating for proof of disability status.

Approximately 5% of Valley Metro systemwide fixed-route ridership are veterans with approximately half of them qualifying for an existing reduced fare discount (senior or person with a disability). The ridership and revenue impacts vary based on the level of participation. The ridership and revenue impact differ based on the assumed level of participation in a veterans reduced fare program. Results in the lower end of the range assume that 50% of eligible veterans would participate while the high end of the range assumes 100% participation.

Table 3: Introduction of a Veterans Reduced Fare Program - Ridership and Revenue Results

	Ridership (% of Fixed-Route Boardings)	Revenue (% of Fixed-Route Revenue)
Introduction of a veterans reduced fare program	+120,000 to +240,000 (+0.4% to +0.7%)	-$210,000 to -$420,000 (-0.8% to -1.6%)

In addition to considering the impacts on revenue, Valley Metro would need to consider the capacity of staff and the financial costs of expanding reduced fare eligibility to veterans. The additional category of eligibility could be added to the reduced fare application process introduced with the FCSM (in person or website application) which would put the burden on transit center/Mobility Center staff and would increase costs for application processing done by the third party FCSM call center. Alternatively, access to discounted fares for veterans could be offered by granting veteran organizations eligibility to participate in an expanded Social Services Fare Program. However, veterans would have to be a client of an eligible organization to receive the benefit, and Valley Metro would incur administrative costs in overseeing and auditing a growing list of social services agencies.

While extending reduced fare benefits to all veterans would disproportionately benefit non-minority and non-low-income riders, it would be unlikely to result in a Title VI impact given the proportion of riders who are veterans not already qualified for a reduced fare.

Introduction of a Reduced Fare on Express/RAPID Routes

The Steering Committee expressed interest in examining alternative pricing structures for Express/RAPID commuter bus service to simplify fares, address affordability on Express/RAPID routes, and rebuild ridership. Express/RAPID ridership represents just 1% of Valley Metro fixed-route ridership and 3.5% of fixed-route revenue.

As a subrecipient of FTA funds, Valley Metro is required to offer half fare to seniors, people with disabilities, and Medicare cardholders on the full peak fare, during off-peak periods. Currently, Valley Metro's Express/RAPID services operate only during the peak and, as such, Valley Metro is not required to provide a reduced fare on Express/RAPID routes. However, However, as City of Phoenix considers a pilot to offer off-peak service on two RAPID lines in 2026, an Express/RAPID half fare would need to be introduced at a minimum on the off-peak RAPID pilot service.

Among the peer agencies, only Valley Metro and Metro Transit in Minneapolis, MN have chosen not to offer a reduced fare for at least some product types (e.g., one-rides or monthly passes) and/or during the peak period on premium services. Since the premium services for all of the peers operate all day, most peers extend the discounts all day for simplicity. Metro Transit is the only peer with peak/off-peak fares.

Three variations of extending reduced fare discounts to Express/RAPID services were modeled:

1. Introduce a reduced fare at 50% of the Express/RAPID full fare
2. Establish a single, reduced fare for all services at 50% of the Local fare (i.e., reduced fare riders would pay the same $1.00 1-Ride fare on Local and Express/RAPID routes)
3. Eliminate the distinct pricing of the Express/RAPID fare and align Express/RAPID with Local fares currently set at $2.00 (full fare)/$1.00 (reduced fare) for a 1-Ride.

Table 4: Introduction of Reduced Fare on Express/RAPID Routes - Ridership and Revenue Results

	Ridership (% of Fixed-Route Boardings)	Revenue (% of Fixed-Route Revenue)
Introduction of Reduced Fare on Express/RAPID Routes: Introduction of a reduced fare at 50% of the Express/RAPID full fare	+13,500 (+0.04%)	-$112,000 (-0.4%)
Introduction of Reduced Fare on Express/RAPID Routes: Single, reduced fare for all services at 50% of the Local fare	+20,100 (+0.06%)	-$148,000 (-0.6%)
Introduction of Reduced Fare on Express/RAPID Routes: Elimination of the Express/RAPID premium fare	+44,200 (+0.13%)	-$370,000 (-1.4%)

Aside from the revenue impacts of a change to Express/RAPID fares, the costs to implement one of these changes would be minimal, consisting of re-configurating the FCSM back office, updating system signage (primarily on-board buses), modifying other regional marketing materials (website, brochures) about fares, and conducting targeted outreach.

Given the small proportion of fixed-route ridership that is Express/RAPID, it is unlikely that any of the variations would result in a Title VI impact.

Changes to Semester Pass Program Pricing

In recent years, there have been no sales of Semester passes since they were effectively replaced with 31-Day passes and shorter duration multi-day passes for college students when American Rescue Plan Act (ARPA) funds were used to subsidize these passes for college students during COVID. To re-energize the Semester Pass Program, the Steering Committee expressed an interest in making the pass pricing more attractive overall and minimizing the barrier to entry of a high initial pass price at the beginning on the semester.

Both full fare and reduced fare Semester passes are available, with pricing based on 4.5 x 31-Day passes, with a 20% discount ($230 and $115, respectively). Full fare and reduced fare summer semester passes are also available, with pricing based on 3 x 31-Day passes, with a 20% discount ($154 and $77, respectively). The main target market for the Semester Pass Program is students at community colleges. In FY23, the sales of all Valley Metro products at the eight community colleges in the Valley Metro service area amounted to roughly $80,000. Of this amount, approximately 87% of revenue was from full fare, Local 31-Day passes, 12% of revenue was from reduced fare, Local 31-Day passes, and the remaining 1% of revenue was from Local 1-Day passes. No Semester passes were sold. Commissions on the sale of products at the community colleges amounted to 4% of revenue, or $3,200 for the fiscal year.

One scenario option identified was to convert the 4% commission paid to the community colleges into an additional discount (note: the provision of commissions through Valley Metro's current outlets ceased with the implementation of FCSM). Given that the total commission paid to community colleges was only $3,200 in FY23, converting the commission to an additional discount is unlikely to incentivize the purchase of Semester passes. Regardless of an additional 4% discount on Semester passes, the incremental cost savings of purchasing a full fare Semester pass are unlikely to outweigh the flexibility benefits for students of purchasing individual full fare passes, especially given the 50% subsidy on full fare passes provided by the community colleges up to a certain number/amount.

The following tables show the savings of purchasing a Semester pass compared to four and a half (4.5) 31-Day passes at a 50% subsidy provided by the community colleges.

Table 5: Semester Pass vs. 31-Day Pass Savings – Full Fare

Full Fare Product	List Price	Comm. College Fare Reduction (50%)	Student Out of Pocket Cost	Semester Pass Savings Compared to 31-Day Pass
Semester pass	$230	($115)	$115	$29
Semester pass, with 4% price reduction	$220	($110)	$110	$34
Four and a Half, 31-Day passes	$288	($144)	$144	

Table 6: Semester Pass vs. 31-Day Pass Savings – Reduced Fare

Reduced Fare Product	List Price	Comm. College Fare Reduction (70%)	Student Out of Pocket Cost	Semester Pass Savings Compared to 31-Day Pass
Semester pass	$115.00	($80.00)	$35.00	$9.00
Semester pass, with 4% price reduction	$110.00	($77.50)	$32.50	$11.50
Four and a Half, 31-Day passes	$144.00	($100.00)	$44.00	

Now that the FCSM has launched, Valley Metro may want to revisit whether there is a need for a Semester Pass Program. If there is a desire to retain the Semester Pass Program, Valley Metro should coordinate with the community colleges to determine how to better align institutional subsidies and Valley Metro discounts to maximize Semester pass pricing benefits for students. Valley Metro may also want to consider a greater discount. The discount provided by most peers range from a 20% to 60% discount. As part of the coordination with the colleges, Valley Metro should also collaborate with community colleges to better market the Semester pass once the parties have agreed to re-introduce the Semester pass.

Valley Metro may also want to consider alternative pricing strategies for community colleges, including pricing based on historical utilization, similar to the approach for the ASU U-Pass. This would enable Valley Metro to embed a discount on par with those of Valley Metro's peers without establishing a new reduced fare category subject to Valley Metro administration.

Review of Pass Multiples

Day, weekly, and monthly caps implemented under the FCSM are based on the 1-Day, 7-Day, and 31-Day pass prices of $4.00, $20.00, and $64.00, respectively (for full fare products). This equates to a 5-day and 16-day multiple, respectively, on the daily price for the weekly and monthly caps. The Steering Committee and some interview respondents questioned if these pass multiples, particularly on the monthly cap, may be too high in the post-COVID era where riders may not be commuting every day for work.

An increasing number of agencies are increasing the discount on longer period passes (e.g., monthly passes or monthly fare capping) for reduced fare riders. Denver, Portland, and San Diego offer ~70% discount on monthly passes for reduced fare riders, while offering a 50% discount on single ride and day passes. Offering greater discount on monthly passes can help provide a greater subsidy for those who are transit reliant.

With improved data from the FCSM, the rate at which each of the three fare caps are attained by various categories of riders (full fare, seniors, youth, people with disabilities) can be examined and additional options identified for making fares more affordable for financially burdened riders.

Review of the Transfer Policy

With the opening of Valley Metro Rail's South Central extension, Valley Metro light rail operations switched from a single line light rail network to Line A & Line B, two-line operations. For those riders that previously rode from North Phoenix to points East, including Tempe/Mesa (or vice versa) a previous trip involving a single rail boarding now requires traveling on two trains.

This change to light rail operations led to discussions internally around Valley Metro's existing pay-per-boarding policy. For a subset of riders, this operational change results in paying for two boardings rather than a single boarding, increasing costs for some riders. Riders purchasing Rail 1-Ride tickets were of particular interest as a subset of these riders would need to interact with the ticket vending machines (TVMs) multiple times to purchase multiple tickets and over the course of their trip.

This change in light rail operations and the resulting impact on rider experience was the impetus to consider the potential impacts of re-introducing transfers between Valley Metro services.

The Steering Committee identified three scenario options for future consideration.

- **Pay per boarding (current policy):** Under this option, there would be no transfers on any modes, and riders would pay for each boarding. This is the current policy in the Valley Metro Regional Public Transit Fare Policy and Uniform Fare Structure.
- **Light rail transfers only:** Under this option, light rail riders would receive a free transfer between Line A and B. However, light rail riders would not be entitled to free transfers to/from bus and streetcar services.
- **Electronic transfers on all fixed-route services:** Under this option, riders using electronic fare media (Copper, Mobile, Platinum) would be receive free transfers between light rail, bus, and streetcar modes. Riders purchasing 1-Ride tickets from light rail or streetcar TVMs, and riders paying the cash fare on-board the bus would not receive free transfer privileges.

These scenarios were selected because they provide consistency in transfer policies for bus and rail riders, maximize use of FCSM, do not reintroduce the operational and revenue leakage issues with paper transfers and day passes, and result in the least impact on fare revenue.

The table below summarizes the fare revenue impacts of the transfer scenarios. Offsetting the revenue loss for introducing electronic transfers on all fixed-route services would require increasing the Local base fare $0.20 from $2.00 to $2.20.

Table 7: Transfer Scenario Fare Revenue Impacts

Transfer Scenario Option	Approx. Annualized Fare Revenue Impact*		Full Fare Price, to maintain revenue neutrality
	Dollars	Percentage	
Pay per boarding (current policy)	-	-	No Change ($2.00)
Light rail transfers only	- $190,000	- 0.7%	No Change ($2.00)
Electronic transfers on all fixed-route services	- $1,450,000	- 5.7%	~ $2.20

* Annualized revenue impact based on FY2024 fixed-route fare revenue

Introducing free electronic transfers would increase electronic fare adoption. Increased electronic fare adoption would increase the fare revenue loss both from introduction of transfers and riders benefiting from Smart Fare capping. Introducing a low-income fare program would also increase the fare revenue loss.

As Valley Metro considers potential transfer scenarios, it is also worth considering the benefits provided by Smart Fare capping vs. transfers, and whether there is a need to provide both to riders. For Valley Metro, the rider impacts of offering fare capping vs. transfers are very similar, due in large part to the daily fare cap set at twice the single ride fare.

In addition to fare revenue impacts, there would be implementation costs to change transfer rules in FCSM and/or simplify the fare payment for light rail riders purchasing 1-Ride tickets. For the three scenario options, order-of-magnitude costs associated with needed FCSM configuration changes were estimated at $200,000 to $250,000 for all three options. These costs would include potential changes to light rail TVM screen flows to enable riders purchasing 1-Ride tickets to purchase 2-line ride fare payment upfront, configuration of fare inspection devices to enforce light rail line A/B rules, and/or FCSM back office fare calculations to enable free transfer privileges. Should the fare policy change to allow free transfers for multiple seat rides, a Title VI analysis that takes into consideration transfer and fare capping rate along with electronic media adoption would be required.

Increased Marketing of Pass Programs

Platinum, Group Fares & Social Services Fare Programs

The Steering Committee and study interview respondents identified opportunities to increase the marketing of specialized pass programs, which has been historically lacking in the region. Coincidentally, while this fare study was underway, increased marketing (or awareness) naturally arose to prepare the region for the FCSM. The launch of the FCSM has not only required the dissemination of information about Valley Metro’s pass programs but has sparked renewed interest in what these programs have to offer employers and organizations across the region. Efforts undertaken to prepare the region for changes to the pass programs with the launch of the FCSM included:

- Rebranding of programs – Programs have been rebranded to reflect the range of organizations, including rebranding of Corporate Pass Program (now Group Fares Program) and Homeless Service Provider Pass Program (now Social Services Fare Program).
- New pass agreements – New agreements were required to be established between Valley Metro and participating organizations as all agreements were previously held by the City of Phoenix.
- Creation of fact sheets – A new fact sheet was created for the Platinum, Group Fares, and Social Services Fare programs. The fact sheets highlight the benefits of the program, member eligibility, and program rules/requirements.
- Direct outreach – Direct outreach (letters, emails) followed up by numerous phone calls with organizations to answer questions about not only the changes introduced by FCSM but to increase awareness of alternative pass programs that may be better suited to an organization’s needs.
- Webpages – New dedicated pages were created on the Valley Metro website for each program.

With the pass program transition to FCSM now complete, Valley Metro staff are able focus on promoting the pass programs and expanding participation by communicating the specific benefits the programs offer to new employers and organizations.

In addition to increased marketing, the FCSM project has helped Valley Metro streamline the programs, simplify billing and invoicing, and enable organizations to self-administer their accounts. These improvements have enabled Valley Metro to minimize barriers to participation in its pass programs, particularly the Platinum Pass Program. Since the official launch of the Platinum Pass Program in the FCSM system in June 2024, 55 additional Platinum accounts have been established.

Residential Pass Program

With the light rail extension and significant residential development along light rail and major transit corridors, the Steering Committee identified opportunities to promote transit to these residents through marketing and promoting transit pass options, particularly the Platinum Pass Program.

Rather than creating a new program specifically for the residential developments, the Steering Committee was supportive of promoting the Platinum Pass Program. In 2021, Valley Metro expanded the types of organizations that can participate in the Platinum Pass Program to include Transit-Oriented Developments. The Platinum Pass Program provides the flexibility to developments to determine who receives a pass while minimizing financial risks for Valley Metro by post-billing based on actual use. These benefits were affirmed by a current development participating in the Platinum Pass Program.

Developing marketing materials on the Platinum Pass Program for residential developments along with targeted marketing to new developments would help in communicating the benefits and attracting new developments. There are significant development investments along light rail corridor and major transit corridors. Along light rail, there are over 25 recent developments within ¼ mile of light rail station and over 300 dwelling units. Light rail access has high perceived value of light rail access, and offering transit passes to residents an opportunity to attract residents and promote transit use.

Special Event Pass Program/Ticket Partnership Program

Valley Metro supports two different event-based programs: 1) Special Event Pass Program and 2) Ticket Partnership Program. The first is tailored for specific short-term events held in the greater Phoenix area. The latter is intended for venues and/or organizations with recurring events like Talking Stick Arena (now Mortgage Matchup Center) or the Phoenix Suns.

Special Event Pass Program

Valley Metro has updated the Special Event Pass Program agreement which defines the requirements of the program such as number of participants, type of media, event duration, pricing, and so forth. In addition, an FCSM enhancement coming in 2025 will link the mobile app with the system's institutional portal to further improve upon the process of providing mobile app-based special event passes.

The Steering Committee identified opportunities to build upon the Special Event Pass Program to make the program easier to market and attract events to participate. The opportunities would establish a menu of options to address both small and large events with guardrails to support regional fare recovery goals. These opportunities include a few updates to the Special Event Pass Program pricing and the Valley Metro Regional Public Transit Fare Policy and Uniform Fare Structure. These updates could include:

- Update the daily maximum price for events to provide discounts to shorter events, particularly 2-3 day events.
- Enable events to share costs with attendees by subsidizing a portion of the cost of the pass.
- Enable Valley Metro to offer promotional passes directly to riders.

- Improve the communication and marketing materials to address confusion regarding how the daily maximum price is used to determine maximum pricing for the event based on the event duration.
- Establish flexibility for events with greater than 1,000 attendees to establish pricing that supports regional fare recovery goals.

The ability to provide promotional passes directly to riders would enable Valley Metro to promote and market transit for special events, while minimizing the impact on existing fare revenue since promotional passes would not accumulate towards fare caps. Providing flexibility in pricing for events with greater than 1,000 attendees would provide ability for Valley Metro to balance priorities while supporting regional fare recovery goals.

New daily maximum pass pricing proposed is shown in Table 8. In addition to lowering the daily maximum price for shorter events, the proposed pricing would adjust the special event duration buckets.

Table 8: Proposed Changes to Special Event Pass Program

Current		Proposed	
Special Event Duration	Daily Maximum Price (and Regional Fare Equivalent)	Special Event Duration	Daily Maximum Price (and discount)
2 - 3 days	$4.00 (1-Day pass price)	2 - 3 days	$3.00 (25% discount)
4 - 15 days	$2.85 (7-Day pass price per day)	4 - 10 days	$2.50 (37.5% discount)
16 or more days	$2.00 (31-Day pass price per day)	11 or more days	$2.00 (50% discount)

Similar to today, special events with 100 or more participants that fully subsidize and sponsor public transportation for attendees would be post-billed based on actual rides taken up to the event maximum price per pass. The event maximum price would continue to be calculated by multiplying the special event duration by the daily maximum price.

For special events that want to subsidize a portion of the cost of the pass for attendees and for promotional passes offered by Valley Metro directly to riders, the cost of the pass could be calculated by multiplying the special event duration by the daily maximum price. Pricing would not account for the actual rides taken.

Ticket Partnership Program

For events with 5,000 or more attendees, the Ticket Partnership Program enables event attendees to use their event tickets issued for the event to use Valley Metro Rail at no additional charge. Today, tickets are visually validated so there is limited data collected.

In the future, there may also be opportunities for the Ticket Partnership Program to integrate event tickets and fare payment to determine pricing. With ticket integration, the rider would scan their ticket on the validator as fare payment. Ticket integration that enables electronic fare validation is beyond the FCSM scope at this time, but Valley Metro has engaged its fare collection vendor and Mortgage Matchup Arena in discussions to provide this functionality.

Free Fare Days

The Steering Committee proposes amending the Valley Metro Regional Public Transit Fare Policy and Uniform Fare Structure to authorize the Valley Metro CEO in coordination with the City of Phoenix to offer up to four (4) free transit days per fiscal year.

Free fare days provides an opportunity for Valley Metro to promote transit. The introduction of a free fare day is estimated to result in $75,000 to $100,000 revenue loss per day. In offering free fare days, Valley Metro could seek sponsorships to help offset revenue losses.

1

Fare Study Recap

- **Fall 2023:** Study began
- **October 2025:** Board study session
- **January 2026:** Responses to Board requests
- **April 2026:** Recommendations to Board
- **TBD:** Fare Policy adoption

2

2

Fare Strategies

for Consideration

1 Veterans reduced fare program
2 **Express/RAPID reduced fare alternatives**
3 Residential pass program
4 **Increased marketing of pass programs**
5 Transfer policy alternatives
6 **Special events program alternatives**
7 Semester Pass Program pricing alternatives
8 Review of pass pricing and multiples
9 Expansion of the Social Services Fare Program
10 Low-income fare program alternatives
Youth Programs and Marketing

3

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Express/RAPID Reduced Fare Alternatives

- Currently no reduced fare for Express/RAPID
- 83% of revenue is attributable to Platinum (1.1% by Reduced Fare Platinum)
- Required for RAPID off-peak service offered on 2 routes (Oct 2026 – Dec 2029)
- **Notes:**
  - Modeling likely overstates revenue impact due to high Platinum usage
  - Modeling does not account for off-peak service

+20,100
BOARDINGS

0.06% increase
in ridership

-$148,000
IN REVENUE

0.06% decrease
in fare revenue

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4

Express/RAPID Reduced Fare

- **Recommendation: Advance reduced fare at $1.50 on RAPID/Express**
- Steps if approved:
  - Set up in fare collection systems for October 2026 (pilot)
  - Validate revenue/ridership analysis with the latest data from FCSM
  - Initiate Title VI analysis
  - Conduct public outreach and hold public hearing
  - Return to Board for final approval and update to the Fare Policy

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Increased Marketing of Pass Programs

- New promotions and outreach for fare programs to target markets, including:
  - Employers
  - Schools/youth programs
  - Residential developments
  - Event venues
- Educate current program customers about other options, i.e., switching from Group Fares to Platinum

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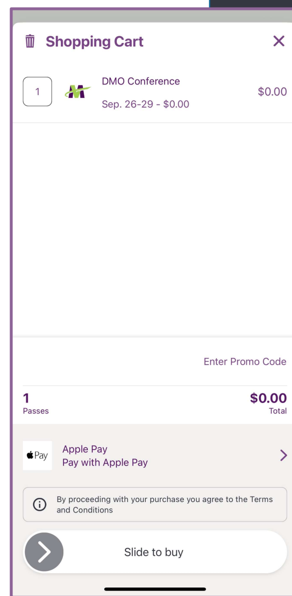
Special Event Program Alternatives

- Special events pass has minimal usage
- More flexibility with Special Events pricing
  - New ridership from large events
  - New revenue from more participation
  - Revenue recovery from large events with partnerships
    - Fare covered for all attendees vs. some paying on their own



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Special Event Program Alternatives

- **Recommendation: Offer a menu of fare products and pricing for special events**
  - Discount on pricing for 2-3 day events (currently none)
  - Volume discounts for large events
  - Enable events to subsidize a portion of the pass
  - Offer up to four free transit days
  - Offer promotional, special event passes directly to riders

- Fare policy language would establish limits/conditions

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Special Event Program Alternatives

- **Next Steps:**
  - Validate revenue/ridership analysis
  - Vet with City of Phoenix leadership for concurrence
  - Initiate Title VI analysis
  - Conduct public outreach and hold public hearing
  - Return to Board for final approval and update to the Fare Policy

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Recommendation

Authorization for the Chief Executive Officer to initiate the fare policy analysis and outreach process for Express/RAPID reduced fare and special events products and pricing.

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Executive Summary

DATE **AGENDA ITEM 9**
April 9, 2026

SUBJECT
Valley Metro Culture Survey Update

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

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 2: Invest in talent
  - Initiative 2.2: Retain current employees through a workplace and culture that engages, supports, and develops staff.
  - Initiative 2.4: Foster excitement about employment and growth opportunities with Valley Metro, our frontline contractors, and the transit industry overall. Engage underrepresented populations to provide pathways to job security and financial stability. Support the agency and our team by hiring personnel with the strengths, abilities, and diverse perspectives to meet Valley Metro's workforce needs today and tomorrow.
- Goal 5: Deliver on stakeholder collaboration
  - Initiative 5.1: Expand open and transparent communication channels with staff and frontline workers, providing ample opportunities to share feedback and new ideas.

COMMITTEE PROCESS
Boards of Directors: April 16, 2026

CONTACTS
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Director, Human Resources
plynch@valleymetro.org

Hillary Foose
Chief, Marketing & Communications
hfoose@valleymetro.org

ATTACHMENT
Valley Metro 2025 Employee Culture Survey Summary

Background Information

BACKGROUND DISCUSSION
As part of our Invest in Talent Strategic Plan goal, Valley Metro, with support from external partner, Flex Surveys, conducted an anonymous, online Employee Culture Survey in mid-February – March 2025 seeking to understand employee insights and needs relative to workplace satisfaction, engagement and retention. Over a two-week period, we received strong participation from staff, across all levels and divisions, with an 84% completion rate. Below are a few highlights from the survey results:

- Strong engagement with 75% (+5% above industry average) likely to recommend Valley Metro as a place to work.
- Strong endorsement and a mission-driven group with 86% (+12% above industry average) likely to recommend our products or services.
- With an overall average of 3.7 out 5 (+0.1 above industry average) across areas, including Workplace Satisfaction, Communication & Teamwork, Job/Role Clarity, Feedback & Recognition, Manager & Senior Management Skills, Training & Development and Compensation & Benefits.
- Top performing areas:
    - Pride: Proud to work at Valley Metro and job clarity for how their role contributes to Valley Metro success
    - Retention: Seeking to continue their career at Valley Metro for at least 2+ years
    - Expectation: Role clarity and clear expectations
    - Manager availability: When they have questions or need help
- Areas of greatest opportunity:
    - Workload: Insufficient number of employees to handle workload; lack of work/life balance
    - Retention: Improve upon strategies to retain highly qualified individuals
    - Compensation: Lack of satisfaction with pay based on skillsets and performance
    - Trust: Increase trust and communication between senior management and staff

Following the compilation of data by Flex Surveys, Valley Metro shared the results with staff and leadership as well as conducted focus groups and training with management staff across summer 2025, through the following channels:

- All Staff Town Halls
- Virtual lunch n' learns
- Employee focus groups diving into major survey themes
- Management training for how to read/share survey results and implement change
- Action plan development by all Divisions, which involved integral staff feedback

For implementation across late 2025 – 2026, Valley Metro staff and leadership are focused on:

- Clearer, more predictable communication
- Employee recognition
- Process improvement and innovation
- Greater leadership visibility
- Commitment to increasing work/life balance

As such, we are acting upon the following, as well as spearheading supportive and related initiatives including:

- Staff-led working groups on the themes noted above (recognition, communication, process improvement) with meetings this spring/summer and implementation in fall ’26.
- Work/life balance strategies implemented by management (strengthening coverage, conducting more proactive planning, streamlining, supporting restorative time away).
- Team communications and leadership accessibility (predictable updates, feedback loops, physical presence and regular cadence of staff engagement).
- In 2025, we strengthened our Wellness Program engagement by expanding our focus on key well-being areas, including benefits, mental health, fitness, nutrition and workplace health, environmental and productivity.
- Leveraging the Wellable platform to drive employee engagement in diverse wellness challenges across the agency, supporting a culture of health and well-being.
- Delivering year-round education through our healthcare benefits, including virtual seminars on EAP and financial planning, as well as wellness screenings and vaccination opportunities.

The next survey is planned for early 2027, allowing time to implement and understand the impact of our current strategies. At Valley Metro, we are “people serving people” and our Invest in Talent initiative is first and foremost as we seek to deliver a healthy, rewarding and motivating workplace that allows staff to grow and excel in our service delivery to our many customers.

Culture Survey Update

April 16, 2026

1

Core Value & Strategic Goal

Invest in Talent

2

VALLEY METRO

2

VALLEY METRO

2025 Employee Engagement Survey

Board Summary

Prepared By:

flexsurveys

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Who is Flex Surveys?

✓ Flex Surveys is a boutique research firm that specializes in employee surveys

✓ Philip Rich, lead account manager with 20+ years experience conducting employee surveys

flexsurveys 4

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Survey Confidentiality

100% Confidential

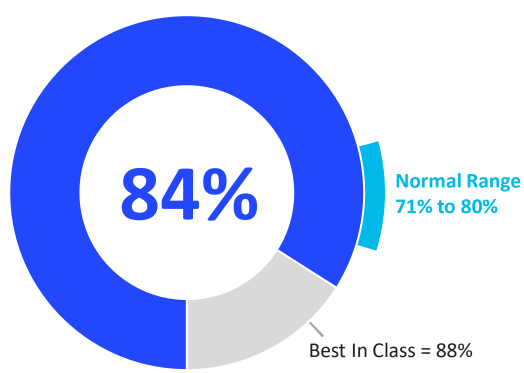
- ✓ Results will only be provided for groups of 5+ responses
- ✓ No-one (including Flex!) has access to any of the raw data
- ✓ No personal information is stored alongside responses

flexsurveys

Participation Rate

Survey Period:	Feb 19 – Mar 3, 2025
Survey Method:	Online
Total Employees:	435
Total Surveys:	384

Participation Rate



flexsurveys

Results Overview

✓ Above Average Employee Engagement & Satisfaction

- Based on **external benchmarking** that is comprised of 50 other companies matched based on **Industry** *(Public Transport)*, **Size** *(250-500)* & **Region** *(United States)*
- Note: benchmark includes orgs that have been conducting surveys for 5/10/15+ years

✓ Excellent Belief in Mission/Vision

- Employee Endorsement was in the top 25th percentile compared to benchmarks
- Respondents were effusive about their belief in the direction of the organization

✓ Consistent Results Across Both Topics & Departments

- 87% of all questions were ranked at the 50th percentile or above *(27% at Best in Class)*
- The performance was very consistent across all Locations & Divisions

flexsurveys

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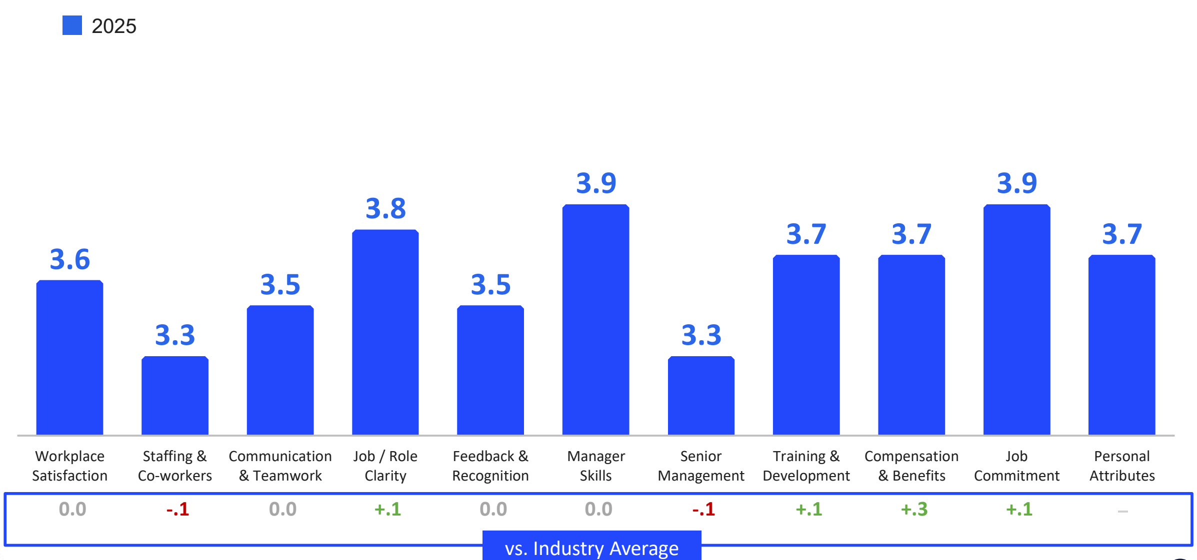
Results Overview



flexsurveys

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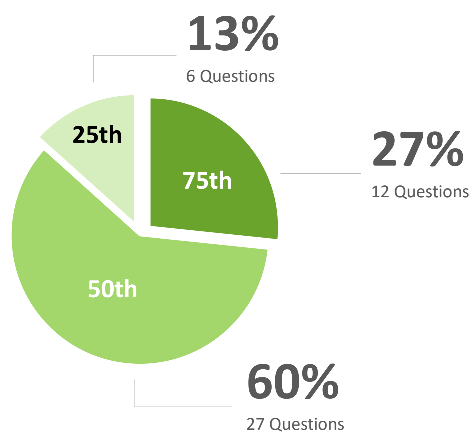
External Benchmarking

*The benchmark averages provided below are based on the results of 100 companies that have conducted an Employee Engagement Survey within the past year. The benchmark has been customized to match your company size & geography. **(Region = USA, Size = 250 – 500 Employees, Industry = Public Transportation)**



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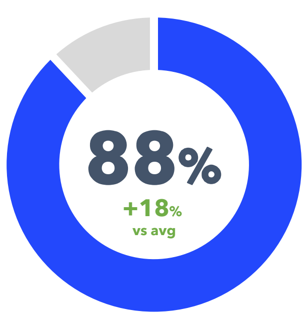
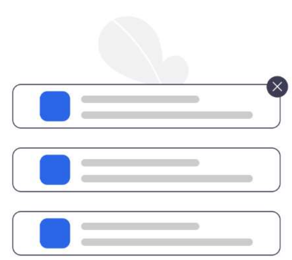
Qualitative Feedback



% of Respondents Commented



485

Total Comments

10

10

Strengths

Job/Role Alignment
Role clarity and alignment are driving strong engagement, with employees feeling they're making meaningful contributions to the organization.

Job Commitment / Engagement
Staff are engaged in their day-to-day responsibilities and feel personally invested in doing their best to help the organization succeed.

Belief in Mission / Vision
Employees express strong belief in the organization's mission and direction, feeling optimistic about its current path and future goals.

flexsurveys 11

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Opportunities

Workload & Work-Life Balance
Employees feel that workflows are limiting performance, morale, and efficiency.
They are looking for process improvements to support teams and enhance productivity.

Communication & Transparency
Employees are seeking more information and updates from the organization to ensure clearer messaging on key priorities, goals, and organizational changes.

Employee Recognition
Employees expressed a desire for more consistent acknowledgment of their contributions and clearer recognition of the impact they make at work each day.

flexsurveys 12

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Sharing Results/Garnering Input

- All Staff Town Halls
- Virtual lunch n' learns
- Employee focus groups
- Management training
- Action plans for all Divisions, integrating staff input

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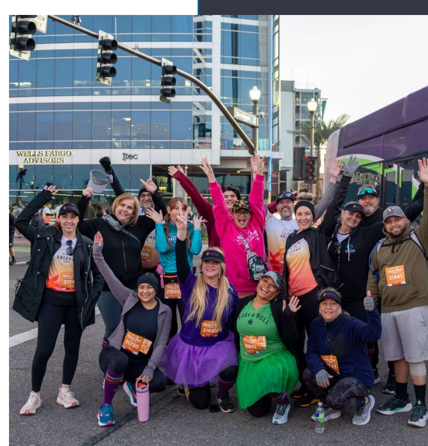
Implementation Steps

- Staff-led working groups: Recognition, Communication & Process Improvement/Innovation
  - Meetings to occur this spring/summer; fall implementation
- Work/life balance strategies
- Team communications & leadership accessibility
- Other supportive strategies underway:
  - Wellness Program
  - Wellable engagement platform
  - Year-round education on benefits



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Next Steps

- Implementation
- Regular cadence of employee engagement
- Continued wellness & benefits education
- Next survey: February/March 2027

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Discussion

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Executive Summary

DATE **AGENDA ITEM 10**
April 9, 2026

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
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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.
Superintendent, Blus Fleet Maintenance	Gilling Bus Inspection	Livermore, CA	01/26/26-01/30/26	$1,393.65	$338.24	-	$641.41	$414.00	
Public Information Officer	APTA Marketing & Communication Workshop	Savannah, GA	02/22/26-02/25/26	$1,957.94	$699.36	$78.98	$873.60	$236.00	$70.00 [1]
Interim Director, Information Technology	MCX Workshop	Savannah, GA	02/22/26-02/25/26	$2,107.66	$792.55	$205.51	$873.60	$236.00	

Total this reporting period $5,459.25

Year to Date **$124,398.17**

Report reflects Out of State (AZ) Travel

** Misc*
[1] Baggage Fees
[2] Flight Wi-Fi Fee
[3] Fuel (car rental)
[4] Car Rental/Rideshare

Valley Metro Regional Public Transportation Authority
Monthly AP Payments over $25,000
Feb 2026

Payment Number	Date	Supplier or Party Name	Transaction Description	Amount
10004425	2/6/2026	Keolis Transit Services LLC	Fixed Route Bus Operations/Maintenance/Professional Services	7,638,555.47
10004490	2/26/2026	City of Phoenix	Transportation Services for East/West Valley-Fixed & ADA Routes	4,374,951.83
10004431	2/12/2026	City of Phoenix	Lottery Funds distribution	4,067,212.00
90000488	2/6/2026	ADP Inc	PPE 2/01/2026 Payroll Liabilities	1,591,552.92
90000491	2/20/2026	ADP Inc	PPE 2/15/2026 Payroll Liabilities	1,553,221.75
10004408	2/5/2026	MTM Transit LLC	Operation and Maintenance Services for Paratransit	1,437,723.97
1003523	2/12/2026	City of Mesa	Lottery Funds distribution	1,275,949.00
10004446	2/12/2026	Keolis Transit Services LLC	Preventative Maintenance Services	929,047.60
10004406	2/5/2026	MJM Innovations	Broker Services	895,431.85
10004414	2/5/2026	Rideco US Inc	Response Scheduling Software	825,876.87
90000492	2/26/2026	Cigna Health and Life Insurance Company	Health Insurance Premiums	748,709.14
1003527	2/12/2026	City of Chandler	Lottery Funds distribution	699,551.00
10004427	2/12/2026	Town of Gilbert	Lottery Funds distribution	678,376.00
1003531	2/12/2026	City of Glendale	Lottery Funds distribution	627,782.00
1003536	2/12/2026	City of Scottsdale, Remittance Process	Lottery Funds distribution	610,192.00
10004424	2/5/2026	Commute with Enterprise	Vanpool Services	576,600.72
1003535	2/12/2026	City of Peoria	Lottery Funds distribution	484,303.00
10004430	2/12/2026	City of Tempe	Lottery Funds distribution	458,380.00
90000487	2/6/2026	ASRS	PPE 2/01/26 ASRS Contributions & LTD	421,756.01
90000489	2/20/2026	ASRS	PPE 2/15/26 ASRS Contributions & LTD	413,492.19
10004440	2/12/2026	MJM Innovations	Broker Services	376,217.27
10004429	2/12/2026	City of Surprise	Lottery Funds distribution	364,134.00
10004405	2/5/2026	National Express Transit Corporation	West Valley - Transit Services/Preventative Maintenance	306,024.94
10004468	2/20/2026	National Express Transit Corporation	West Valley - Transit Services/Preventative Maintenance	293,372.38
10004441	2/12/2026	MJM Innovations	Broker Services	267,992.91
10004456	2/20/2026	Scheidt & Bachmann USA Inc	Hardware and Software Maintenance Support	247,383.59
1003532	2/12/2026	City of Goodyear	Lottery Funds distribution	244,334.00
1003525	2/12/2026	City of Buckeye	Lottery Funds distribution	236,357.00
1003524	2/12/2026	City of Avondale	Lottery Funds distribution	225,883.00
10004469	2/20/2026	MTM Transit LLC	Eligibility Assessment/Training costs	132,491.72

90000496	2/28/2026	Surepays	RPTA Monthly Utilities	130,219.17
10004439	2/12/2026	Vix Technology USA Inc	Customer Service Network	127,734.81
10004450	2/20/2026	J Banicki Construction Inc	JOC-Supplemental Construction Services	124,100.41
10004417	2/5/2026	Keolis Transit Services LLC	Engines and Transmissions	123,045.90
1003548	2/20/2026	City of Scottsdale, Remittance Process	PTF Expenditure Request	97,233.82
1003528	2/12/2026	City of El Mirage	Lottery Funds distribution	90,694.00
10004433	2/12/2026	Magnetry LLC	Marketing Services	75,803.25
1003529	2/12/2026	Town of Fountain Hills	Lottery Funds distribution	60,225.00
10004407	2/5/2026	MJM Innovations	Pass Through Provider Costs	57,678.55
10004463	2/20/2026	Senergy Petroleum LLC	Bulk Fuel	57,623.79
1003552	2/20/2026	Regional Transportation Authority of Pi	Ajo 685 Long Route Trips	53,511.34
10004437	2/12/2026	Senergy Petroleum LLC	Bulk Fuel	51,161.67
90000490	2/20/2026	Wells Fargo Bank	Monthly Credit Card Charges	44,947.00
10004484	2/26/2026	Trapeze Software Group	EAM Software license	44,447.50
10004454	2/20/2026	QCM Technologies LLC	Information Technology Services	37,458.72
10004472	2/20/2026	Transportation Management & Design Inc	Project Management and Needs Assessment	36,046.41
10004478	2/20/2026	Valley Metro RPTA	Platinum Pass program services and smart card stock	35,372.25
10004418	2/5/2026	Valley Metro RPTA	Platinum Pass program services and smart card stock	34,959.75
1003519	2/6/2026	CopperPoint Insurance Company	Workers Comp Premium Renewal	34,552.10
10004467	2/20/2026	Vix Technology USA Inc	Customer Service Network	33,808.00
1003534	2/12/2026	Town of Paradise Valley	Lottery Funds distribution	31,987.00
1003555	2/20/2026	Hye Tech Network & Security Solutions L	Technology and Audio/Visual Solutions	31,666.67
10004491	2/26/2026	City of Phoenix	Sale FTA Funded Fleet	31,000.00
10004474	2/20/2026	National Express Transit Corporation	West Valley Facility Lease	28,807.13
10004395	2/5/2026	QCM Technologies LLC	Information Technology Services	28,186.00
10004404	2/5/2026	Insight Public Sector Inc	Software Purchases	28,027.96
1003560	2/26/2026	City of Scottsdale, Remittance Process	PTF Expenditure Request	26,253.00
				34,559,407.33

Valley Metro Rail, Inc
Monthly AP Payments over $25,000
Feb 2026

Payment Number	Date	Supplier or Party Name	Transaction Description	Amount
50004035	2/5/2026	DMS Facility Services Inc	Operations Cleaning Services	2,163,231.05
50004093	2/20/2026	Inter-Con Security Systems Inc	Field Security Officers	1,518,872.91
50004084	2/20/2026	Siemens Mobility Inc	Processor Board	835,520.01
50004062	2/12/2026	Kiewit Infrastructure West Company	CMAR Services for South Central-Downtown Hub	753,790.98
50004040	2/5/2026	SDB Contracting Services	JOC-Supplemental Construction Services	625,480.50
50004037	2/5/2026	Jacobs Engineering	Capital Extension Design	582,466.43
50004088	2/20/2026	Vix Technology USA Inc	TVM Spare Parts	539,522.33
90000056	2/28/2026	Surepays	VMR Monthly Utilities	500,908.18
50004039	2/5/2026	PGH Wong Engineering Inc	System Design Services	460,618.51
5004136	2/26/2026	APS	Third Party Utilities for SCE	305,165.92
50004065	2/12/2026	SDB Contracting Services	JOC-Supplemental Construction Services	302,337.25
50004056	2/5/2026	SRP	Third Party Utilities for SCE	223,014.45
50004054	2/5/2026	City of Phoenix	Advertising Revenue Distribution	193,627.87
50004036	2/5/2026	HDR Engineering Inc	Project Development Support	166,610.98
50004112	2/26/2026	AECOM Technical Services Inc	Environmental Services Support	140,588.17
5004111	2/12/2026	APS	Third Party Utilities for SCE	123,497.56
50004099	2/26/2026	J Banicki Construction Inc	JOC-Supplemental Construction Services	110,495.25
50004042	2/5/2026	Westinghouse Air Brake Technologies Cor	Gate Driver Board	86,685.68
50004061	2/12/2026	HDR Engineering Inc	Project Development Support	82,282.97
5004112	2/12/2026	Powerex-Iwata Air Technology Inc	Air Compressors	66,875.00
5004142	2/26/2026	Powerex-Iwata Air Technology Inc	Air Compressors	66,875.00
50004043	2/5/2026	City of Tempe	Advertising Revenue Distribution	57,652.22
5004087	2/5/2026	STV Incorporated	Project Development Support	56,622.09
5004102	2/5/2026	City of Mesa	Advertising Revenue Distribution	50,441.28
50004057	2/12/2026	AECOM Technical Services Inc	Design Services for South Central-Downtown Hub	41,453.67
50004090	2/20/2026	National Corrosion	Annual Corrosion Control Testing Service	40,697.99
50004095	2/20/2026	City of Phoenix	Vix FCMS charges	39,477.00
50004064	2/12/2026	PGH Wong Engineering Inc	System Design Services	38,488.25
50004114	2/26/2026	ARCADIS	Consulting Support Services	37,571.45
50004048	2/5/2026	Alliant Insurance Services Inc	Endorsements for LRV	32,790.55

50004102	2/26/2026	Siemens Mobility Inc	Contact wire holder	31,704.67
50004053	2/5/2026	WEX Bank	Fleet Card Services	27,425.28
5004091	2/5/2026	Init Innovations in Transportation Inc	Annual APC maintenance	26,787.80
				10,329,579.25

Executive Summary

DATE **AGENDA ITEM 11**
April 9, 2026

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 9, 2026

Valley Metro RPTA
Thursday, April 16, 2026
Boardroom/You Tube
Valley Metro
101 N. 1st Avenue, 10th Floor
11:15 a.m.

		Action Recommended
CONSENT AGEDNA		
1A.	Minutes Minutes from the March 19, 2026, Board meeting will be presented on May 21, 2026 Board meeting agenda.	1A. For action
1B.	Transportation Demand Management Platform Contract Amendment Authorization for the Chief Executive Officer to execute a contract amendment with Right Click Solutions, Inc., dba Ride Amigos to extend the contract through May 10, 2028.	1B. For action
REGULAR AGENDA		
2.	Fuel Hedging Program Authorization Authorize the Chief Executive Officer to approve the new fuel hedging policy and approve modifications of the investment policy. Also authorize the CEO to execute an agreement with R.J. O'Brien & Associates, LLC solely to transact in futures and commodity swap agreements, including funding accounts, executing required agreements, resolving disputes, and delegating discretionary trading authority to authorized staff.	2. For action
3.	Valley Metro RPTA Fiscal Year 2027 (FY27) Preliminary Operating and Capital Budget Staff will present the Valley Metro RPTA Fiscal Year 2027 (FY27) Preliminary Operating and Capital Budget and Five-Year Operating Forecast and Capital Program (FY27 through FY31).	3. For information

4. Report on Current Events and Suggested Future Agenda Items — 6. For information

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

5. Next Meeting — 7. For information

The next Board meeting is scheduled for **Thursday, May 21, 2026 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. The supporting information for this agenda and the You Tube streaming link can be found on our web site at www.valleymetro.org.

Executive Summary

DATE **AGENDA ITEM 1A**

April 9, 2026

SUBJECT

Minutes

COST AND BUDGET

There are no costs associated with this item.

RECOMMENDATION

There is no action on this item.

The March 26, 2026 Board meeting will be included in the May 21, 2026 Board meeting agenda.

CONTACT

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

ATTACHMENT

None

Executive Summary

DATE
April 9, 2026

AGENDA ITEM 1B

SUBJECT
Transportation Demand Management Platform Contract Amendment

COST AND BUDGET
No additional contract authority is requested.

For FY26, the Agency contract obligation is $94,500, which is fully funded within the adopted FY26 Operating and Capital Budget. Contract obligations beyond FY26 are incorporated into the Agency's Five-Year Operating Forecast and Capital Program (FY26 through FY30).

The source of funds is federal grants.

RECOMMENDATION
Authorization for the Chief Executive Officer to execute a contract amendment with Right Click Solutions, Inc., dba Ride Amigos to extend the contract through May 10, 2028.

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 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 17, 2026, for information
TMC: April 1, 2026, approved
Board of Directors: April 16, 2026, 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

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. In 2024, the Board authorized the Chief Executive Officer 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. Valley Metro entered into a Transportation Demand Management Platform contract with Right Click Solutions, Inc., dba Ride Amigos, on May 11, 2025 for a base term of one year with four, one-year options for renewal for an aggregate total contract value of $519,750 for up to a five-year period.

The key element administered by this contract and service provider 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. In addition to creating commute matches, the system supports commuters and employers via:

- Online contests and challenges to reward alternative mode users.
- Gamification and perks via a user-friendly branded mobile app.
- Pollution, fuel, and financial savings calculators from alternative mode use.
- Reporting on an individual or aggregated basis.
- 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. This data allows employers to understand their employees' commuting behavior as a crucial part of overall employee benefit and retention planning.

Contract Authority and Historical Spend Summary

Description	Amount
Current Board Authorized Contract Authority	$472,500
Current Board Authorized Contingency	$47,250
Aggregate Contract Value	$519,750
FY25 Spend	$23,625
FY26 Spend (6 Months to Date)	$70,875
Current Spend (through February 20, 2026)	$94,500

Note: Contract authority does not obligate the agency. The agency is obligated only once purchase order is issued for a budgeted line item.

This contract extension is also required to meet our contractual obligations with our federally funding partners and associated agreements for the region's Travel Reduction Program.

CONTRACT TYPE AND TERM

The contract is a fixed-price with economic adjustment contract. The contract began on May 11, 2025, and will end on May 10, 2028, with two, one-year options to extend remaining.

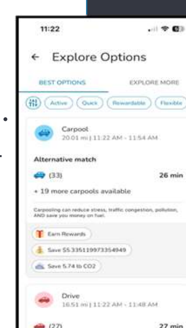
Transportation Demand Management Platform Contract Amendment

ShareTheRide.com

1

Background Information

- Contract extension ensures continued operation of the transportation demand management platform, supporting employers participating in Travel Reduction Program and helping the public find commuting alternatives to driving alone.
- Serves the Agency's strategic plan through delivering excellent customer experience and operational excellence.
- ShareTheRide.com platform is required as part of a grant funded program and is paid for through federal funds.
- No additional contract authority is requested.



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2

ShareTheRide.com Measurable Impacts (CY 2025)

0.5 Million
ALTERNATIVE TRIPS

0.6 Million
TOTAL TRIPS

9,043,887.7 mi
ALTERNATIVE DISTANCE

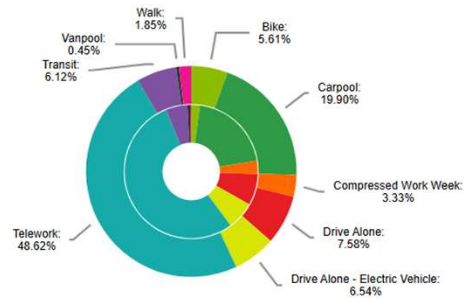
10,975,110.4 mi
TOTAL DISTANCE

3,377.1 tons
CO2 REDUCED

14 Million
CALORIES BURNED

$5.3 Million
MONEY SAVED

3,022.9 lbs
NOX REDUCED



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VALLEY METRO

3

Contract Authority and Spend

- Current Transportation Demand Management Platform contract expires May 10, 2026

Description	Amount
Current Board Authorized Contract Authority	$472,500
Current Board Authorized Contingency	$47,250
Aggregate Contract Value	$519,750
FY25 Spend	$23,625
FY26 Spend (6 Months To Date)	$70,875
Current Spend (through February 20, 2026)	$94,500

4

VALLEY METRO

4

Recommendation

Authorization for the Chief Executive Officer to execute a contract amendment with Right Click Solutions, Inc., dba Ride Amigos to extend the contract through May 10, 2028.

5

5

Executive Summary

DATE **AGENDA ITEM 2**
April 9, 2026

SUBJECT
Fuel Hedging Program Authorization

COST AND BUDGET
To initiate the program, an initial deposit of an estimated $1.25 million will be required to be maintained with the futures brokerage firm as collateral to satisfy potential margin requirements arising from daily market price movements.

RECOMMENDATION
Authorize the Chief Executive Officer to approve the new fuel hedging policy and approve modifications of the investment policy. Also authorize the CEO to execute an agreement with R.J. O'Brien & Associates, LLC solely to transact in futures and commodity swap agreements, including funding accounts, executing required agreements, resolving disputes, and delegating discretionary trading authority to authorized staff.

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

- Goal 9: Financial Sustainability
  - Initiative 9.1: Develop and maintain short and long-term financial forecasts and cash reserve policies to ensure an ongoing financially balanced program.
  - Initiative 9.5: Engage all staff to proactively identify cost-saving measures and implement resource justification during the annual budget process.

COMMITTEE PROCESS
RTAG: March 17, 2026 for information
TMC: April 1, 2026 approved
Board of Directors: April 16, 2026 for action

CONTACT
Michael Mathews
Controller
mmathews@valleymetro.org

ATTACHMENT
PowerPoint Presentation
A copy of the RJ O'Brien Account Application is available for review

Background Information

In September 2025, the Board approved a contract with a fuel hedging consultant. With the assistance of the consultant, management has developed a fuel hedging policy and modified the investment policy to ensure that any hedging activity is properly authorized and implemented in accordance with industry best practices and appropriate governance standards.

The policy does not change how RPTA buys fuel. Fuel will continue to be purchased through existing contracts and processes at market prices. Hedging is used only to reduce the financial risk associated with those purchases, not to replace or interfere with them. For hedges if market fuel prices rise above the hedge price, RPTA will receive payment of the difference between the market and hedge price. If market fuel prices fall below the hedge price, RPTA will make a payment under the hedge equal to the difference funded from the collateral in deposit.

To implement the policy an account with R.J. O'Brien is needed.

COLLATERAL DEPOSIT
An initial collateral deposit of $1.25 million is needed to efficiently meet daily requirements of the fuel hedging program margin requirements while minimizing the administrative burden, bank fees, and reducing risk associated with executing frequent wire transfers to R.J. O'Brien & Associates. Establishing the prefunded collateral balance ensures timely obligation of margin requirements in response to market movements. For example, if 500,000-gallon equivalent units of natural gas are hedged and market prices decline by $0.02 per gallon, the margin call would be $10,000 due the same day. Conversely, when hedge positions generate gains, excess funding may be withdrawn from the account. RPTA may direct R.J. O'Brien & Associates to invest unused collateral in US Treasury or other similar low-risk, highly liquid investments, ensuring that collateral funds are prudently managed and not left idle to the maximum extent possible.

FUEL HEDGING POLICY HIGHLIGHTS
The Fuel Hedging Policy establishes how RPTA manages the financial risk associated with fuel price volatility in a disciplined, transparent, and legally compliant manner. The goal is to help stabilize fuel costs and protect the operating budget from large and unpredictable price swings.

The policy allows RPTA to hedge natural gas (CNG or LNG), gasoline, and diesel based on forecasted fuel needs, with clear limits. To ensure RPTA acts in accordance with industry best practices the policy limits hedging to no more than 100% of annual expected fuel usage and restricts hedges to a maximum term of 36 months. Speculative trading is prohibited by the policy. By limiting the hedge maturity to 36 months, it ensures that hedging position risk is reduced as projected fuel usage can change in future periods. Hedging positions are generally held to maturity and are only adjusted when actual fuel needs decline. This ensures hedging remains focused on risk management.

The policy includes a strategy that includes:

- Aims to reduce the risk of exceeding budgeted fuel costs
- Considers market trends and historical pricing
- Uses smaller, more frequent transactions to limit poor timing decisions
- Applies consistently over time to smooth price volatility

A qualified fuel hedging consultant manages daily execution, monitoring, and reporting, with RPTA approval. The consultant provides regular performance updates, supports financial reporting, and advises on adjustments to hedging positions as market conditions change. Oversight will be performed by the RPTA Finance department.

All hedging activities must comply with Arizona law and applicable regulations and are subject to legal review as necessary. Financial reporting must follow established accounting standards to ensure transparency and accountability.

INVESTMENT POLICY MODIFICATION

The investment policy will be modified to authorize RPTA to invest in swaps and futures hedging financial instruments in accordance with Arizona Revised Statute Title 35 Chapter 8 insofar as they mitigate the risk in changes in the market price of natural gas, gasoline and/or diesel fuel. These instruments can have a maximum maturity of 36 months. The financial instruments shall be held in the name of RPTA in custody of RJ O'Brien.

AGREEMENT WITH RJ O'BRIEN

The Regional Transportation Authority wishes to establish a commodity futures account for the purpose of fuel hedging. The CEO shall execute an agreement with RJO O'Brien that authorizes Authority staff to do the following:

1) Buy, sell and trade in commodity futures and swaps on commodity futures for present or future delivery, on margin or otherwise, the power to sell including the power to sell "short"
2) Deposit with and withdraw from said commodity futures account money, commodities, contracts for the purchase or sale of commodity futures and swaps on such commodity futures, checks and other negotiable instruments, securities and other property;
3) Receive and acquiesce in the correctness of notices, confirmations, requests, demands and communication of every kind;
4) Enter into an account agreement (and all related account documents) with the said firm in the form attached to the minutes of this meeting;
5) Settle, compromise, adjust, and give releases with respect to any and all claims, demands, disputes and controversies;
6) Make agreements and take any other action relating to any of the foregoing matters.

By approving this item the board is delegating authority to the Chief Executive Officer to execute and file the futures account application on behalf of the Regional Transportation Authority to trade in commodity futures for present or future delivery and options on such commodity futures for the account and risk of JTA with the firm of R.J. O'Brien & Associates, LLC at 222 South

Riverside Plaza, Suite 1200, Chicago, Illinois and through RBC Wealth Management. The CEO or her delegate is authorized to act upon the authority of these resolutions until receipt by said firm of a certificate showing revision or modification thereof signed by the Chief Executive Officer, until receipt by said firm of a further certificate setting forth the names of another person or persons as such officers / members.

Authorization of Fuel Hedging Program

VALLEY METRO

1

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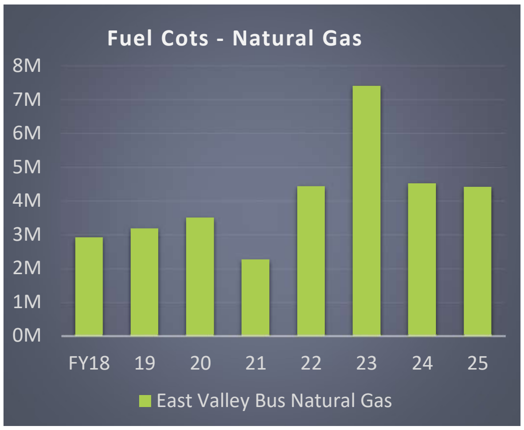
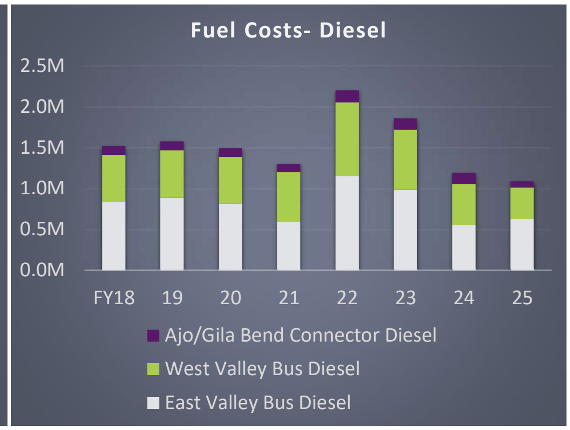
Historical fuel costs





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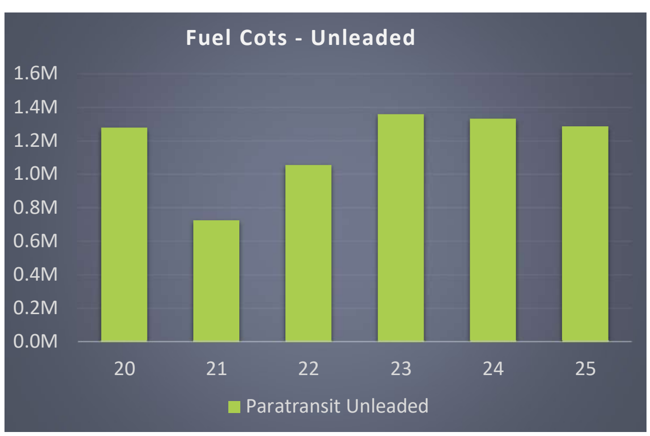
Historical fuel costs (Continued)



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Fuel Hedging Mechanics (Example 1 Gain)

Budget = **$1.00 per gallon** for natural gas

Actual Fuel Cost from Supplier during Month
$1.20 per gallon X 500,000 gallons for one month = **$600,000**

Forward Pricing
475,000 gallons (95% hedged)

Hedge Price=	$0.95 per gallon
Current month spot price =	$1.20 per gallon
Realized Gain =	$0.25 per gallon

Realized Gain (Negative fuel cost)
=$0.25 per gallon x 475,000 gals **($118,750)**

Net Fuel Cost = **$481,250**

5

5

Fuel Hedging Mechanics (Example 2 Loss)

Budget = **$1.00 per gallon** for natural gas

Actual Fuel Cost from Supplier during Month
$0.75 per gallon X 500,000 gallons for one month = **$375,000**

Forward Pricing
475,000 gallons (95% hedged)

Hedge Price=	$0.95 per gallon
Current month spot price =	$0.75 per gallon
Realized Loss =	$0.20 per gallon

Realized Loss (Additional fuel cost)
=$0.20 per gallon x 475,000 gals **$95,000**

Net Fuel Cost = **$470,000**

6

6

Transit agencies utilizing fuel hedging

1. CapMetro (Austin, Texas)
2. Metro Saint Louis (Saint Louis, Missouri)
3. NJ Transit (Newark, New Jersey)
4. Central Ohio Transit Authority (Colombus, Ohio)
5. Jacksonville Transportation Authority (Jacksonville, Florida)

7

7

New Fuel Hedging Policy

- Purpose is to decrease price volatility and provide budget certainty
- Limits
  - 100% or less of annual forecasted consumption
  - 36 month maturity
  - Either futures or swap agreements
- No change to prices paid to suppliers or member cities
- Renewable Natural Gas contract award will not impact
- Speculative trading prohibited

8

8

Change to investment policy

- Change to allow RPTA to purchase futures or swap agreements (ARS Title 35, Chapter 8)
- Change to allow to purchase a maturity of up to 36 months

Agreement with RJ O'Brien & Associates, LLC

- Permits CEO and staff delegated responsibility to do the following:
  1. Buy, sell and trade in commodity futures and swaps on commodity futures
  2. Deposit with and withdraw from said commodity futures account
  3. Receive notices, confirmations, requests, demands and communication
  4. Enter into an account agreement (And all related account documents)
  5. Settle, Compromise, adjust, and give release with respect to any and all claims, demands, disputes and controversies
  6. Make agreements and take any other action relation to any of the foregoing matters

Agreement with RJ O'Brien & Associates, LLC, (continued)

- Will require an initial collateral deposit of $1.25 million
  - Funding enables RPTA to meet any daily margin requirements because of market movements
  - RPTA may direct R.J. O'Brien & Associates to invest unused collateral in US Treasury or similar investments
  - Will reduce administrative workload, bank fees and internal control risks associated with daily wire transfers
  - Realized gains can be withdrawn from this account

11

Recommendation

- Authorize the CEO to perform the following actions

1. Approve new fuel hedging policy
2. Approve Modifications to the investment policy
3. Execute an agreement with RJ O'Brien & Associates, LLC solely to transact in futures and commodity swap agreements, including funding accounts, executing required agreements, resolving disputes, and delegating discretionary trading authority to authorized staff

12

Executive Summary

DATE **AGENDA ITEM 3**
April 9, 2026

SUBJECT
Valley Metro RPTA Fiscal Year 2027 (FY27) Preliminary Operating and Capital Budget and Five-Year Operating Forecast and Capital Program (FY27 through FY31)

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 17, 2026 for information
TMC: March 4, 2026 for information
AFS: March 5, 2026 for information
Board of Directors: March 26, 2026 for information

Budget Review with Initiatives:
RTAG/FWG: March 17, 2026 for information
TMC: April 1, 2026 for information
AFS: April 2, 2026 for information
Board of Directors: April 16, 2026 for information

Proposed Budget Adoption:
TMC: May 6, 2026 for action
AFS: May 7, 2026 for information
Board of Directors: May 21, 2026 for action

CONTACT
Ken Kessler
Chief Financial Officer
kkessler@valleymetro.org

ATTACHMENT
None

Background Information

The Valley Metro Regional Public Transportation Authority (RPTA) FY27 preliminary combined operating and capital budget (the budget) is $514.3 million and includes $4.2 million of expenses for Valley Metro Rail capital. The preliminary FY27 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 FY27 budget process by carefully reviewing its operations to identify efficiencies and other potential reductions to the FY27 base operating budget. This resulted in a proactive reduction in the RPTA base operating budget of $11.5 million. The largest areas of reduction include one-time items in the FY26 budget not continuing into FY27, reductions in service in the City of Phoenix operated bus service funded with PTF, one-time rent reductions for the Mobility Center and Corporate offices, and decreased fare media needs.

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 FY27, these non-discretionary items total $7.9 million, comprising 100% of the total increase, excluding base decrease, in the FY27 operating budget. Valley Metro staff is not recommending any new budget initiatives for FY27.

1	**Continuing Commitments** Deliver Excellent Customer Experience	
	Combined	**Continuing Commitment**

Description

Rail Landscaping Contract Rate Increase
Valley Metro contracts with Mariposa Landscape Arizona, Inc. to provide landscaping for light rail. This contract has an annual escalation rate defined in the existing contract.

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	-	$76,000	
Rail and Bus Facility Maintenance	$18,000	$77,000	
Total	**$18,000**	**$153,000**	

2	Continuing Commitments Invest in Our Talent	
	Combined	Continuing Commitment

Description

Agency Staff Merit

In support of Strategic Plan goal to "Invest in our Talent" this initiative will allow Valley Metro to continue to attract and retain employees by offering performance-based merit increases. A 3% merit has been included to address this goal.

Item	RPTA	VMR	Note
3% Merit	$497,000	$1,043,000	
Total	**$497,000**	**$1,043,000**	

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

Description

Security Contract Rate Increase

Valley Metro contracts its fare inspection and security for rail modes and Valley Metro transit facilities to Inter-Con. This contract was approved by the Board in March of 2025, and includes annual escalations for each year of the multi-year contract. Based upon approved rates, the FY27 cost is estimated to be an increase of $0.6M from the FY26 budget.

Item	RPTA	VMR	Note
Security Contract Rate Increase	$16,000	$561,000	
Total	**$16,000**	**$561,000**	

4	**Continuing Commitments** Operational Excellence	
	Combined	**Continuing Commitment**

Description

Insurance Premium

The annual renewal of Valley Metro's property and liability coverage was authorized by the Board of Directors in November 2025. 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, the rate for FY27 was agreed upon, however that contract is set to go to procurement and rates for FY27 and beyond are unknown. Based on annual escalations and service mileage changes, increases for FY27 are as follows:

- East Valley (Keolis), $4.3M
- West Valley (National Express), $0.1M

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 escalations defined in the existing contracts. The annual contract rate increases result in the following increases:

- Paratransit Services (MJM/MTM), $1.5M
- RideChoice Services (MJM), $(0.7)M

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, rates vary depending on the van type and mileage used by the riders. The annual increase for FY27 includes both changes in overall average rates of the vans being used and a contractually allowed 5% increase in FY27 $0.3M.

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, 2026. For FY27, the amount for ACI includes $2.1M for the annual increase.

Non-Revenue Vehicle Maintenance

Valley Metro contracts its non-revenue vehicle maintenance to All Fleet Services LLC, which was approved by the Board in August 2022. Based upon reviewing historical actuals for the current fleet, combined with annual escalations in the current contract, the total annual increase for FY27 is $0.2M.

Rail Maintenance Overtime and Vacancy Rate

The Maintenance Division is responsible for maintaining the revenue fleet, track and guideway, power systems, and train control signals. In addition to ongoing preventive maintenance, the division performs corrective repairs and mid-life rebuilds that often require additional labor hours to complete. Based on year-to-date overtime trends and the positive impact of the Class and Compensation Study, which has reduced vacancy rates, we are adjusting the salary budget to reflect current staffing conditions. Overtime wages are forecasted at approximately $1.9M, partially offset by an estimated $0.8M vacancy credit, resulting in a net adjustment of $1.1M.

Item	RPTA	VMR	Note
Insurance Premium	$10,000	$481,000	
Demand Service Rate Increase	$756,000	-	
Vanpool Program - Contract Rate Change	$303,000	-	Increase of $0.3M for increased ridership/van allotment and vehicle selection.
Bus Service and Rate Increase	$4,378,000	-	
Rail Transportation Service Rate Increase	-	$2,091,000	
Non-Revenue Vehicle Maintenance	-	$216,000	
Rail Maintenance Overtime and Vacancy Rate	-	$1,100,000	
Total	**$5,447,000**	**$3,888,000**	

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

Description

Rail Operations Utility and Propulsion Power Increase
Based on historical usage trends and anticipated utility provider rate increases, the FY27 increase is estimated to be $0.9M.

Demand Service Ridership Change
In FY27, Valley Metro Demand Services programs anticipates a 40,000 reduction regular trips for Paratransit, $(3.3)M, and an increase of 82,000 trips for RideChoice, $2.8M, for a total decrease in costs $(0.5)M.

Bus and Paratransit Fuel Increase
Tempe fuel (diesel and natural gas) prices continue to fluctuate. The Tempe facility, owned by the City of Tempe, provides approximately 208,000 gallons of Diesel and unleaded fuel, and 5.0M gallons of natural gas (LNG & CNG, which is trucked to the facility). Given recent World events, the fuel was adjusted 25% to account for the rising fuel prices. The anticipated increase in cost for FY27 is estimated to be $0.2M. Prices at the Mesa Facility have remained relatively stable.

Vanpool Van Type and Ridership Change
The vanpool program has matured and through cooperation with the vendor have found efficiencies allocating the van type used by participants, which is lower than planned. For FY27 Valley Metro estimates a change in participating van allocation through further cooperation, for a decrease of $(0.2)M.

City of Phoenix Regional Services
RPTA acts as a fiduciary for regional Prop 479 Public Transportation Funds. Through the Transit Life Cycle Program, service that is eligible for PTF funding is identified and programmed based on collaborative discussions with member cities and is managed in close collaboration with MAG. This initiative will cover the increased costs of Phoenix-operated ADA service and other regional services. 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, Vix Regional Fare Collection System support, etc.

Rail Vehicle Parts and Repairs
The Vehicle Maintenance budget reflects higher costs associated with maintaining an aging fleet and addressing recent damage. A significant portion is driven by funding set aside for repairs to LRV 142 and an overall rise in accident-related repairs over the past two years. Additional increases stem from vehicles coming off warranty, escalating parts prices, and a growing need for third-party repair services as components require specialized work. Shop supply costs are also increasing due to higher material prices and greater usage, with projections based on current spending trends.

Item	RPTA	VMR	Note
Rail Operations Utility Increase	-	$887,000	
Demand Service Ridership Change	$(290,000)	-	Decrease of $0.3M to paratransit riders shifting to RideChoice.
Bus and Paratransit Fuel Increase	$152,000	-	Increase of $0.2M for FY27, due to current market conditions and instability in the Middle East.

Vanpool Van Type Cost and Ridership Change	$(201,000)	-	Decrease of $0.2M due to lower vehicle type cost.
City of Phoenix Regional Services	$1,122,000	-	Phoenix-Operated ADA Regional Service
City of Phoenix Regional Services	$1,167,000	$291,000	Other Regional Services.
Rail Vehicle Parts and Repairs	-	$1,952,000	
Total	**$1,950,000**	**$3,130,000**	

6	**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 6/30/26 and will be procured through a competitive solicitation and rates are not yet known for FY27 and beyond.

Item	RPTA	VMR	Note
Rail Vehicle and Facility Cleaning Contractual Increase	$0	$234,000	
Total	**$0**	**$234,000**	

7	Inflationary/Market & Ridership Financial Sustainability	
	VMR	**Inflationary/Market & Ridership**

Description
Valley Metro Rail Budget requests are directly tied to pending notices of claims.

Item	RPTA	VMR	Note
Legal Cost/Support	-	$650,000	
Total	**-**	**$650,000**	

Valley Metro RPTA Fiscal Year 2027 (FY27) Preliminary Operating and Capital Budget & 5-Year Forecast

1

RPTA

FY27 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

3

3

Detailed Initiative Write-Ups

Initiative #

Agency

Strategic Plan Goal

Category

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

Description

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

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

4

4

FY27 Operating Budget Format

Base Budget – FY 2026'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 2027

=

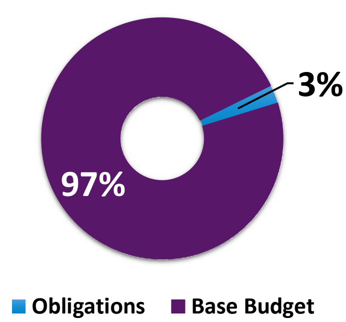
FY 2027 Total Operating Budget

5

5

RPTA Operating Budget Overview ($ millions)

RPTA	FY 2026 Budget	FY 2027 Base	Change v FY26	Obligations: Cont Commit	Obligations: Inflation & Ridership	Total Obligations	VM Recommend	FY 2027 Budget	Total Change
Total	$ 279.2	$ 267.8	$ (11.5)	$ 6.0	$ 1.9	$ 7.9	$ -	$ 275.8	$ (3.4)



6

6

Budget Development Updates

Base Budget Reductions

- Rent for Mobility Center and 101 Corporate Office
- Fare Media
- COP Fixed Route Bus (funded with PTF)

Previous Reductions from March Cycle

- Reduced FY27 staff compensation adjustment and eliminated 6 new position requests – 4 RPTA/Shared
- Reduced travel

7

7

Continuing Budget Updates

Recent Adjustments

Category	Total
Personnel	(1,081,000)
Contractual Services	(612,000)
Computers & Software	(72,000)
Advertising	(20,000)
Other Admin	(68,000)
Total Reductions	**(1,853,000)**
Transit Services	1,423,000
Fuel	802,000
C&C Recent Adjustments	100,000
Total Adjustments	**472,000**

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

Uses of Funds	FY26	FY27	Change $	Change %
Fixed Route Operations	$170.0	$169.6	($0.4)	0%
Demand Service	63.8	65.1	1.3	2%
Vanpool Operations	9.2	9.3	0.1	2%
Commute Solutions	1.6	1.5	(0.1)	-6%
Planning	3.9	3.6	(0.3)	-7%
Regional Services	24.9	21.2	(3.7)	-15%
Administration and Finance	5.9	5.4	(0.5)	-8%
RPTA Operating	**$279.2**	**$275.8**	**($3.4)**	**-1.2%**

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

Source of Funds	FY26	FY27	Change $	Change %
Public Transportation Funds	$181.1	$183.4	$2.3	1%
Regional Area Road Funds	5.1	6.3	1.2	24%
Member City Contributions	63.6	59.5	(4.1)	-6%
Bus Advertising	0.8	0.7	(0.1)	-7%
Federal Funds	15.5	10.7	(4.8)	-31%
Fares	13.0	13.3	0.3	2%
MAG Funds	0.2	0.0	(0.2)	-100%
Other	0.1	1.8	1.7	2100%
RPTA Operating	**$279.2**	**$275.8**	**($3.4)**	**-1.2%**

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RPTA Obligations

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Obligations Summary

Initiative #		Continuing Commitment	Inflation/ Market & Ridership	Grand Total
1	Facility Maintenance	$ 18,000	$ -	$ 18,000
2	Agency Staff Merit	497,000	-	497,000
3	Security Contract Rate Increase	16,000	-	16,000
4	Bus Service and Rate Increase	4,378,000	-	4,378,000
	Demand Service Rate Increase	756,000	-	756,000
	Vanpool Program - Contract Rate Change	303,000	-	303,000
	Insurance Premium	10,000	-	10,000
5	Vanpool Van Type and Ridership Change	-	(201,000)	(201,000)
	Bus and Paratransit Fuel Increase	-	152,000	152,000
	Demand Service Ridership Change	-	(290,000)	(290,000)
	City of Phoenix Regional Services	-	2,289,000	2,289,000
Category Total		$ 5,978,000	$ 1,950,000	$ 7,928,000

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VALLEY METRO

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Deliver Excellent Customer Experience

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
1	Facility Maintenance	$ 18,000	$ -	$ 18,000
Category Total		$ 18,000	$ -	$ 18,000

- **Contractual Escalations for Facility Maintenance**
  - Annual rate increases for contracted services supporting bus facility maintenance, as defined in existing contracts.

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VALLEY METRO

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Invest in Our Talent

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
2	Agency Staff Merit	$ 497,000	$ -	$ 497,000
Category Total		$ 497,000	$ -	$ 497,000

- **Merit**
  - Continue to attract and retain employees by offering a performance-based merit-increase of 3%.

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VALLEY METRO

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Prioritize Security on Transit

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
3	Security Contract Rate Increase	$ 16,000	$ -	$ 16,000
Category Total		$ 16,000	$ -	$ 16,000

- **Contractual Escalations for Security Services**
  - Annual rate increases for contracted services for bus security facilities, as defined in existing contracts.

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Operational Excellence

		Continuing Commitment	Inflation/ Market & Ridership	Grand Total
4	Bus Service and Rate Increase	$ 4,378,000	$ -	$ 4,378,000
	Demand Service Rate Increase	756,000	-	756,000
	Vanpool Program - Contract Rate Change	303,000	-	303,000
	Insurance Premium	10,000	-	10,000
5	Vanpool Van Type and Ridership Change	-	(201,000)	(201,000)
	Bus and Paratransit Fuel Increase	-	152,000	152,000
	Demand Service Ridership Change	-	(290,000)	(290,000)
	City of Phoenix Regional Services	-	2,289,000	2,289,000
Category Total		$ 5,447,000	$ 1,950,000	$ 7,397,000

- **Contractual Escalations for various areas and increased insurance premiums**
  - Annual rate increases for contracted services to support fixed route, demand, and vanpool services, combined with increased insurance premiums.
- **Ridership/Usage updates and other inflationary items**
  - Program updates for vanpool and demand services, combined with increased costs for shared regional transit services.

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

Uses of Funds	FY26	FY27	Change $	Change %
Regional Fleet	$20.7	$50.3	$29.6	143%
Regional Facilities	9.2	9.2	(0.0)	0%
Other Regional Projects	4.4	3.4	(1.0)	-22%
Debt Service	22.2	0.0	(22.2)	-100%
Member Agency Disbursement	9.7	0.0	(9.7)	-100%
RPTA Capital	**$66.2**	**$63.0**	**($3.2)**	**-5%**

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VALLEY METRO

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

Source of Funds	FY26	FY27	Change $	Change %
Public Transportation Funds	$42.9	$21.6	($21.3)	-50%
Federal Funds	22.1	41.2	19.1	86%
Other	1.2	0.1	(1.1)	-90%
RPTA Capital	**$66.2**	**$63.0**	**($3.2)**	**-5%**

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VALLEY METRO

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

Uses of Funds	FY26	FY27	Change $	Change %
VMR RARF Disbursements	$0.5	$0.0	($0.5)	-100%
AZ Lottery Funds Disbursements	11.2	11.2	0.0	0%
Member Agency Disbursements	0.0	110.1	110.1	---
VMR Personnel	48.6	50.0	1.4	3%
VMR PTF Capital Funding	85.3	4.2	(81.1)	-95%
RPTA Pass-Thru	**$145.6**	**$175.5**	**$29.9**	**21%**

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VALLEY METRO

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

Source of Funds	FY26	FY27	Change $	Change %
Public Transportation Funds	$0.0	$110.1	$110.1	---
Regional Area Road Funds	0.5	0.0	(0.5)	-100%
AZ Lottery Funds	11.2	11.2	0.0	0%
VMR Personnel Reimbursements	48.6	50.0	1.4	3%
VMR PTF Capital Funding Allocation	85.3	4.2	(81.1)	-95%
RPTA Pass-Thru	**$145.6**	**$175.5**	**$29.9**	**21%**

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VALLEY METRO

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RPTA

FY27-31 Five-Year Forecast

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5-Year Operating Sources and Uses

Operating ($,000)	FY27	FY28	FY29	FY30	FY31	Total
Sources of Funds						
Advertising	$ 700	$ 770	$ 847	$ 932	$ 1,026	$ 4,275
Public Transportation Funds	231,328	229,734	238,809	248,747	259,294	1,207,911
Regional Area Road Funds	6,324	6,451	6,580	6,711	6,845	32,910
Member City Contributions	59,495	66,582	69,765	73,470	77,188	346,501
VMR Reimbursements	49,968	51,492	53,037	54,628	56,267	265,392
AZ Lottery Funds	11,200	11,200	11,200	11,200	11,200	56,000
Federal Funds	10,744	11,948	13,675	13,935	14,200	64,502
Fares	13,311	13,787	14,314	14,862	15,435	71,709
MAG Funds	-	-	-	-	-	-
Other	1,804	200	200	200	200	2,604
Total Sources of Funds	**384,874**	**392,165**	**408,426**	**424,685**	**441,655**	**2,051,805**
Uses of Funds						
Fixed Route Operations	169,568	176,513	183,246	190,238	197,499	917,064
Demand Service Operations	65,095	67,411	72,094	76,277	80,733	361,610
Vanpool Operations	9,339	9,619	9,908	10,205	10,511	49,582
Planning	3,612	3,684	3,758	3,833	3,910	18,797
Commute Solutions	1,542	1,573	1,604	1,636	1,669	8,025
Regional Services and Administration	21,220	15,060	15,396	15,694	15,999	83,370
Adminstration and Finance	4,886	4,984	5,083	5,185	5,289	25,427
Operating Contingency	500	500	500	500	500	2,500
Pass-through Disbursements	109,112	112,819	116,837	121,116	125,546	585,430
Total Uses of Funds	**$ 384,874**	**$ 392,165**	**$ 408,426**	**$ 424,685**	**$ 441,655**	**$ 2,051,805**

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VALLEY METRO

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5-Year Capital Sources and Uses

Capital ($,000)	FY27	FY28	FY29	FY30	FY31	Total
Sources of Funds						
Public Transportation Funds	$ 83,799	$ 84,405	$ 99,087	$ 104,226	$ 111,604	$ 483,121
Federal Funds	41,238	65,106	72,275	69,286	41,915	289,820
Other	117	120	112	115	115	579
VMR Public Transportation Funds Program	4,154	7,160	5,486	71,366	6,103	94,269
Total Sources of Funds	**129,308**	**156,791**	**176,959**	**244,993**	**159,737**	**867,789**
Uses of Funds						
Regional Fleet	50,342	75,208	96,801	96,357	71,907	390,615
Regional Facilities	9,192	5,245	2,079	972	1,581	19,069
Other Regional Projects	3,432	4,158	4,366	4,584	4,813	21,353
Member Agency Disbursements	62,188	65,020	68,227	71,714	75,333	342,482
Rail Program Disbursements	4,154	7,160	5,486	71,366	6,103	94,269
Total Uses of Funds	**$ 129,308**	**$ 156,791**	**$ 176,959**	**$ 244,993**	**$ 159,737**	**$ 867,789**

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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 17, 2026	Detailed Initiatives Discussion & 5-year Plans with City Staff (FWG & RTAG)
March 26, 2026	Present Annual Budget with Initiatives and 5-year plans to Boards for information
April 2, 2026	Detailed Initiatives Discussion with AFS
April Cycle	Present Annual Budget with Initiatives and 5-year plans for information
May Cycle	Present Annual Budget with Initiatives and 5-Year Plans for Action

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VALLEY METRO

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Executive Summary

DATE
April 9, 2026

AGENDA ITEM 4

SUBJECT
Report on Current Events and Suggested Future Agenda Items

COST AND BUDGET
None

RECOMMENDATION
This item is presented for information only.

BACKGROUND | DISCUSSION | CONSIDERATION
None

COMMITTEE 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 9, 2026

Valley Metro Rail
Thursday, April 16, 2026
Boardroom/Webex
Valley Metro
101 N. 1st Avenue, 10th Floor
11:15 a.m.

CONSENT AGENDA

1A.	Minutes	1A. For action
	Minutes from the March 19, 2026 Board meeting will presented on the May 21, 2026 Board meeting agenda.	
1B.	Federal Transit Administration Pass-Through Grant Agreements (5309) Extension	1B. For action
	Authorization for the Chief Executive Officer to execute an IGA extension with the City of Phoenix for the listed grant.	
1C.	Connected Vehicle Acceleration Zone Project Intergovernmental Agreement with MCDOT	1C. For action
	Authorization for the Chief Executive Officer to execute an intergovernmental agreement with Maricopa County Department of Transportation for VMR's participation in MCDOT's Connected Vehicle Acceleration Zone project. This project will commence in 2026 and will continue for five to eight years, as determined by MCDOT and participating agencies.	

REGULAR AGENDA

2.	Valley Metro Rail, Inc. Fiscal Year 2027 (FY27) Preliminary Operating and Capital Budget	2. For information
	Staff will present the Valley Metro Rail, Inc. Fiscal Year 2027 (FY27) Preliminary Operating and Capital Budget and Five-Year Operating Forecast and Capital Program (FY27 through FY31).	

3. [Report on Current Events and Suggested Future Agenda Items](#) — 3. For information

Chair Pastor 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 21, 2026 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. The supporting information for this agenda and the You Tube streaming link can be found on our web site at www.valleymetro.org.

Executive Summary

DATE **AGENDA ITEM 1A**
April 9, 2026

SUBJECT
Minutes

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

RECOMMENDATION
There is no action on this item.

The March 26, 2026 Board meeting will be included in the May 21, 2026 Board meeting agenda.

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

ATTACHMENT
None

Executive Summary

DATE **AGENDA ITEM 1B**
April 9, 2026

SUBJECT
Federal Transit Administration Pass-Through Grant Agreements (5309) Extension

COST AND BUDGET
All expenses are in the approved FY 2026 Adopted Operating and Capital Budget and 5-Year Capital Program. The grant funds will offset expenses, reducing the net cost to the Public Transportation Fund and member agency budgets.

RECOMMENDATION
Authorization for the Chief Executive Officer to execute an IGA extension with the City of Phoenix for the listed grant.

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

- Goal 9: Financial sustainability
    - Tactic 9.3: Maximize revenue generation.

COMMITTEE PROCESS
RTAG: March 17, 2026 for information
RMC: April 1, 2026 approved
Board of Directors: April 16, 2026 for action

CONTACT
Ken Kessler
Chief Financial Officer
kkessler@valleymetro.org

ATTACHMENT
None

Background Information

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 Funds and member agency budgets.

Federal Transit Administration Pass-Through Grant Agreements

BACKGROUND | DISCUSSION | CONSIDERATION
The table below summarizes the funding available. The City of Phoenix grant team has authorized the extension.

Grant	Source	Remaining Grant Balance	Extension
AZ-2019-031	**Section 5309**	**$650,163**	**6/30/2027**

- The remaining grant balance for the Tempe Streetcar project will be used to cover the remaining project costs. The extension is needed to provide additional time to work with Brookville to ensure the contractually obligated spare parts are delivered and correct the identified defects on the streetcar before the grant expires on 6/30/2026.

Federal Transit Administration Pass-Through Grant Agreements

VALLEY METRO RAIL

1

FTA Pass-Through Grant Agreements

Grant	Source	Remaining Grant Balance	Extension
AZ-2019-031	Section 5309	$650,163	6/30/2027

- Current IGA end date is 6/30/2026
- Additional time for Brookville to deliver spare parts and correct identified defects

2

VALLEY METRO

2

3

Recommendation

Authorization for the Chief Executive Officer to execute an IGA extension with the City of Phoenix for the listed grant.

4

4

Executive Summary

DATE **AGENDA ITEM 1C**
March 26, 2026

SUBJECT
Connected Vehicle Acceleration Zone Project Intergovernmental Agreement with MCDOT

COST AND BUDGET
There is no cost for Valley Metro Rail, Inc. (“VMR”) on this item. VMR may provide installation services as an in-kind match. VMR will own, operate, and maintain the installed equipment.

The sources of funds are a mix of Maricopa County funds, partner city funds, vendor in-kind contributions and federal grant dollars administered through the Maricopa County Department of Transportation (”MCDOT”).

RECOMMENDATION
Authorization for the Chief Executive Officer to execute an intergovernmental agreement with Maricopa County Department of Transportation for VMR’s participation in MCDOT’s Connected Vehicle Acceleration Zone project. This project will commence in 2026 and will continue for five to eight years, as determined by MCDOT and participating agencies.

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

- Goal 1: Deliver excellent customer experience
  - Tactic 1.5: Innovate, integrate, and market mobility solutions to expand availability
- Goal 8: Operational excellence
  - Tactic 8.1: Optimize service performance
  - Tactic 8.3: Improve service quality through enhanced planning, performance management, and continuous improvement
- Goal 9: Financial sustainability
  - Tactic 9.2: Identify opportunities to improve resource allocation, fare collection, and service delivery models

COMMITTEE PROCESS
RTAG: March 17, 2026, for information
RMC: April 1, 2026, for action
Board of Directors: April 16, 2026, for action

CONTACT
Michael Eshleman
Deputy Chief, Service Planning
meshleman@valleymetro.org

ATTACHMENT
A copy of the intergovernmental agreement is available for review.

Background Information

MCDOT was successful in securing a $20 million cooperative agreement with the U.S. Department of Transportation to deploy connected vehicle technologies in Maricopa County. MCDOT's Connected Vehicle Acceleration Zone Project (the "CVAZ Project"), seeks to deploy interoperable Connected Vehicle and Vehicle-to-Everything technologies within Maricopa County. The total project cost is not to exceed $27,452,802. The CVAZ Project will enable vehicular communication with each other, other road users and roadside infrastructure, with the intent to improve the following:

- Reliability of transit services through Transit Signal Priority ("TSP").
- Safety of vulnerable road users through detection and alerts.
- Mobility of freight with Freight Signal Priority.
- Emergency Responder, post-crash care and general community safety though Emergency Vehicle Preemption.

The CVAZ Project will cover portions of the City of Phoenix and some West Valley municipalities. CVAZ Project boundaries contain the majority of VMR's footprint in the City of Phoenix, and VMR was approached by MCDOT for participation in the TSP portion of the project. VMR staff have collaborated internally and with partners at the City of Phoenix and determined that this project can offer significant travel time and reliability benefits to VMR's operations, which could yield reduced operational costs. VMR is looking to participate in the CVAZ Project in partnership with MCDOT and the City of Phoenix's Street Transportation Department.

The CVAZ Project is fully funded through a combination of federal grants and MCDOT sources. VMR is not being asked for any direct financial contributions. VMR staff time will be viewed as an in-kind contribution to the project.

The TSP portion of the CVAZ Project will consist of installing 150 transponder units on 75 VMR vehicles, equipping the entire VMR light rail fleet with units in each cab. These units will communicate directly with traffic signals within the City of Phoenix to build upon VMR's existing predictive priority system, providing another tool to improve VMR's on-time performance and lower overall light rail operational costs.

The CVAZ project will last up to eight years, and VMR will be continuously collaborating with City of Phoenix Street Transportation, MCDOT, and other participating agencies to ensure continued effectiveness throughout the CVAZ Project's lifecycle.

Executive Summary

DATE **AGENDA ITEM 2**
April 9, 2026

SUBJECT
Valley Metro Rail, Inc. Fiscal Year 2027 (FY27) Preliminary Operating and Capital Budget and Five-Year Operating Forecast and Capital Program (FY27 through FY31)

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 17, 2026 for information
RMC: March 4, 2026 for information
AFS: March 5, 2026 for information
Board of Directors: March 26, 2026 for information

Budget Review with Initiatives:
RTAG/FWG: March 17, 2026 for information
RMC: April 1, 2026 for information
AFS: April 2, 2026 for information
Board of Directors: April 16, 2026 for information

Proposed Budget Adoption:
RMC: May 6, 2026 for action
AFS: May 7, 2026 for information
Board of Directors: May 21, 2026 for action

CONTACT
Ken Kessler
Chief Financial Officer
kkessler@valleymetro.org

ATTACHMENT
None

Background Information

The Valley Metro Rail, Inc. (VMR) FY27 combined operating and capital budget (the budget) is $208.4 million. The preliminary FY27 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 FY27 budget process by carefully reviewing its operations to identify efficiencies and other potential reductions to the FY27 base operating budget. This resulted in a proactive reduction in the VMR base operating budget of $1.8 million. The largest areas of reduction include one-time items in the FY26 budget not continuing into FY27, reductions in non-revenue vehicle purchases and traffic engineering consultant work.

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 FY27, these non-discretionary items total $9.7 million, comprising 100% of the total increase, excluding base decrease, in the FY27 operating budget. Valley Metro staff is not recommending any new budget initiatives for FY27.

1	**Continuing Commitments** Deliver Excellent Customer Experience	
	Combined	**Continuing Commitment**

Description

Rail Landscaping Contract Rate Increase
Valley Metro contracts with Mariposa Landscape Arizona, Inc. to provide landscaping for light rail. This contract has an annual escalation rate defined in the existing contract.

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	-	$76,000	
Rail and Bus Facility Maintenance	$18,000	$77,000	
Total	**$18,000**	**$153,000**	

2	Continuing Commitments Invest in Our Talent	
	Combined	Continuing Commitment

Description
Agency Staff Merit In support of Strategic Plan goal to "Invest in our Talent" this initiative will allow Valley Metro to continue to attract and retain employees by offering performance-based merit increases. A 3% merit has been included to address this goal.

Item	RPTA	VMR	Note
3% Merit	$497,000	$1,043,000	
Total	**$497,000**	**$1,043,000**	

3	Continuing Commitments Prioritize Security on Transit	
	Combined	Continuing Commitment

Description

Security Contract Rate Increase

Valley Metro contracts its fare inspection and security for rail modes and Valley Metro transit facilities to Inter-Con. This contract was approved by the Board in March of 2025, and includes annual escalations for each year of the multi-year contract. Based upon approved rates, the FY27 cost is estimated to be an increase of $0.6M from the FY26 budget.

Item	RPTA	VMR	Note
Security Contract Rate Increase	$16,000	$561,000	
Total	**$16,000**	**$561,000**	

4	**Continuing Commitments** Operational Excellence	
	Combined	**Continuing Commitment**

Description

Insurance Premium

The annual renewal of Valley Metro's property and liability coverage was authorized by the Board of Directors in November 2025. 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, the rate for FY27 was agreed upon, however that contract is set to go to procurement and rates for FY27 and beyond are unknown. Based on annual escalations and service mileage changes, increases for FY27 are as follows:

- East Valley (Keolis), $4.3M
- West Valley (National Express), $0.1M

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 escalations defined in the existing contracts. The annual contract rate increases result in the following increases:

- Paratransit Services (MJM/MTM), $1.5M
- RideChoice Services (MJM), $(0.7)M

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, rates vary depending on the van type and mileage used by the riders. The annual increase for FY27 includes both changes in overall average rates of the vans being used and a contractually allowed 5% increase in FY27 $0.3M.

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, 2026. For FY27, the amount for ACI includes $2.1M for the annual increase.

Non-Revenue Vehicle Maintenance

Valley Metro contracts its non-revenue vehicle maintenance to All Fleet Services LLC, which was approved by the Board in August 2022. Based upon reviewing historical actuals for the current fleet, combined with annual escalations in the current contract, the total annual increase for FY27 is $0.2M.

Rail Maintenance Overtime and Vacancy Rate

The Maintenance Division is responsible for maintaining the revenue fleet, track and guideway, power systems, and train control signals. In addition to ongoing preventive maintenance, the division performs corrective repairs and mid-life rebuilds that often require additional labor hours to complete. Based on year-to-date overtime trends and the positive impact of the Class and Compensation Study, which has reduced vacancy rates, we are adjusting the salary budget to reflect current staffing conditions. Overtime wages are forecasted at approximately $1.9M, partially offset by an estimated $0.8M vacancy credit, resulting in a net adjustment of $1.1M.

Item	RPTA	VMR	Note
Insurance Premium	$10,000	$481,000	
Demand Service Rate Increase	$756,000	-	
Vanpool Program - Contract Rate Change	$303,000	-	Increase of $0.3M for increased ridership/van allotment and vehicle selection.
Bus Service and Rate Increase	$4,378,000	-	
Rail Transportation Service Rate Increase	-	$2,091,000	
Non-Revenue Vehicle Maintenance	-	$216,000	
Rail Maintenance Overtime and Vacancy Rate	-	$1,100,000	
Total	**$5,447,000**	**$3,888,000**	

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

Description

Rail Operations Utility and Propulsion Power Increase
Based on historical usage trends and anticipated utility provider rate increases, the FY27 increase is estimated to be $0.9M.

Demand Service Ridership Change
In FY27, Valley Metro Demand Services programs anticipates a 40,000 reduction regular trips for Paratransit, $(3.3)M, and an increase of 82,000 trips for RideChoice, $2.8M, for a total decrease in costs $(0.5)M.

Bus and Paratransit Fuel Increase
Tempe fuel (diesel and natural gas) prices continue to fluctuate. The Tempe facility, owned by the City of Tempe, provides approximately 208,000 gallons of Diesel and unleaded fuel, and 5.0M gallons of natural gas (LNG & CNG, which is trucked to the facility). Given recent World events, the fuel was adjusted 25% to account for the rising fuel prices. The anticipated increase in cost for FY27 is estimated to be $0.2M. Prices at the Mesa Facility have remained relatively stable.

Vanpool Van Type and Ridership Change
The vanpool program has matured and through cooperation with the vendor have found efficiencies allocating the van type used by participants, which is lower than planned. For FY27 Valley Metro estimates a change in participating van allocation through further cooperation, for a decrease of $(0.2)M.

City of Phoenix Regional Services
RPTA acts as a fiduciary for regional Prop 479 Public Transportation Funds. Through the Transit Life Cycle Program, service that is eligible for PTF funding is identified and programmed based on collaborative discussions with member cities and is managed in close collaboration with MAG. This initiative will cover the increased costs of Phoenix-operated ADA service and other regional services. 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, Vix Regional Fare Collection System support, etc.

Rail Vehicle Parts and Repairs
The Vehicle Maintenance budget reflects higher costs associated with maintaining an aging fleet and addressing recent damage. A significant portion is driven by funding set aside for repairs to LRV 142 and an overall rise in accident-related repairs over the past two years. Additional increases stem from vehicles coming off warranty, escalating parts prices, and a growing need for third-party repair services as components require specialized work. Shop supply costs are also increasing due to higher material prices and greater usage, with projections based on current spending trends.

Item	RPTA	VMR	Note
Rail Operations Utility Increase	-	$887,000	
Demand Service Ridership Change	$(290,000)	-	Decrease of $0.3M to paratransit riders shifting to RideChoice.
Bus and Paratransit Fuel Increase	$152,000	-	Increase of $0.2M for FY27, due to current market conditions and instability in the Middle East.

Vanpool Van Type Cost and Ridership Change	$(201,000)	-	Decrease of $0.2M due to lower vehicle type cost.
City of Phoenix Regional Services	$1,122,000	-	Phoenix-Operated ADA Regional Service
City of Phoenix Regional Services	$1,167,000	$291,000	Other Regional Services.
Rail Vehicle Parts and Repairs	-	$1,952,000	
Total	**$1,950,000**	**$3,130,000**	

6	**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 6/30/26 and will be procured through a competitive solicitation and rates are not yet known for FY27 and beyond.

Item	RPTA	VMR	Note
Rail Vehicle and Facility Cleaning Contractual Increase	$0	$234,000	
Total	**$0**	**$234,000**	

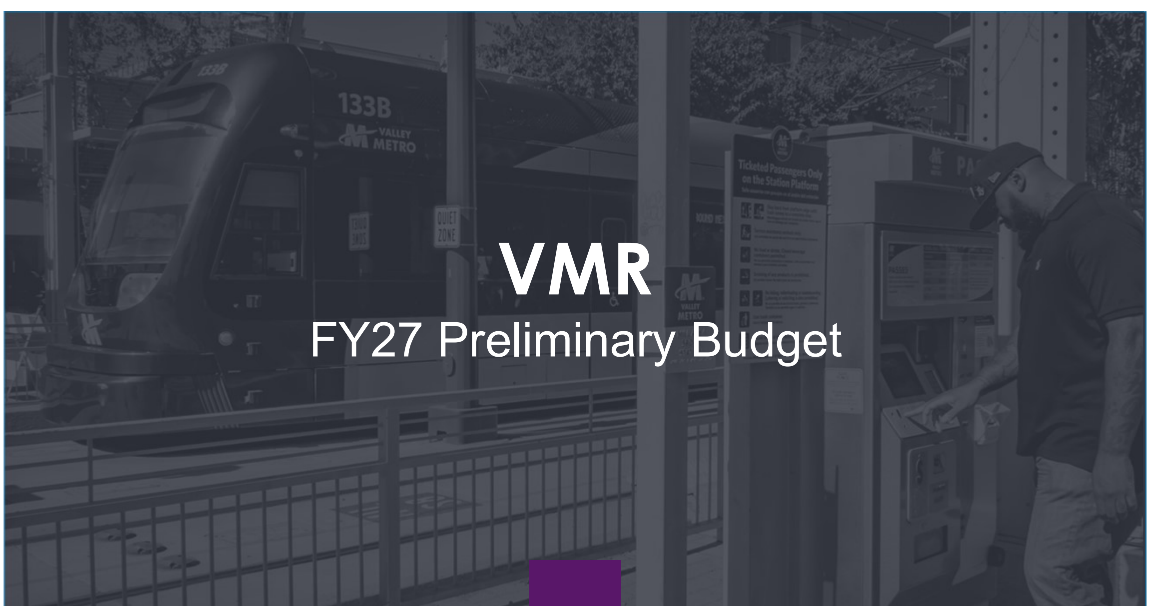
7	Inflationary/Market & Ridership Financial Sustainability	
	VMR	**Inflationary/Market & Ridership**

Description
Valley Metro Rail Budget requests are directly tied to pending notices of claims.

Item	RPTA	VMR	Note
Legal Cost/Support	-	$650,000	
Total	**-**	**$650,000**	

Valley Metro VMR Fiscal Year 2027 (FY27) Preliminary Operating and Capital Budget & 5-Year Forecast

1



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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

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VALLEY METRO

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Detailed Initiative Write-Ups

Initiative #

Strategic Plan Goal

Agency

Category

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

Description

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

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

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FY27 Operating Budget Format

Base Budget – FY 2026'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 2027

🟰

FY 2027 Total Operating Budget

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VALLEY METRO

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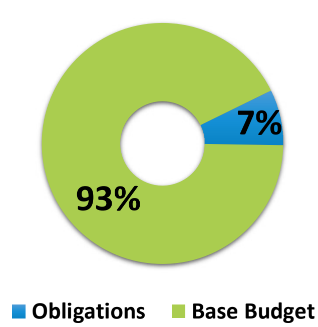
VMR Operating Budget Overview ($ millions)

VMR	FY 2026 Budget	FY 2027 Base	Change v FY26	Obligations: Cont Commit	Obligations: Inflation & Ridership	Total Obligations	VM Recommend	FY 2027 Budget	Total Change
Total	$ 121.9	$ 120.2	$ (1.8)	$ 5.6	$ 4.0	$ 9.7	$ -	$ 129.8	$ 7.9



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Budget Development Updates

Base Budget Reductions
- Non-Revenue vehicle replacements
- Traffic engineering consultant work

Previous Reductions from October
- Overall operating budget was $146.5M, 23% increase over prior year
- Currently at $131.0M, 7% increase

Previous Reductions from March Cycle
- Reduced FY27 staff compensation adjustment and eliminated 6 new position requests – 3 VMR
- Reduced legal support and overtime/vacancy assumptions for maintenance
- Reduced capital (Future Project Dev, SOGR, Systemwide Improvements)
- Reduced travel

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Continuing Budget Updates

Recent Adjustments

Category	Operating	Capital	Total
Personnel	(303,000)	(564,000)	(867,000)
Advertising	(100,000)		(100,000)
Contractual Services	(310,000)		(310,000)
Other Admin	(37,000)		(37,000)
SOGR Deferrals		(7,949,000)	(7,949,000)
Project Timing Adjustments		(1,585,000)	(1,585,000)
Total Reductions	**(750,000)**	**(10,098,000)**	**(10,848,000)**
C&C Recent Adjustments	151,000	32,000	183,000
Total Adjustments	**(599,000)**	**(10,066,000)**	**(10,665,000)**

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

Uses of Funds	FY26	FY27	Change $	Change %
Light Rail Operations & Maintenance	$89.3	$96.1	$6.8	8%
Light Rail Security	20.6	21.5	0.9	5%
Subtotal Light Rail	*109.9*	*117.7*	*7.8*	*7%*
Streetcar Operations & Maintenance	7.1	7.4	0.3	5%
Streetcar Security	1.2	1.2	0.0	3%
Subtotal Streetcar	*8.3*	*8.7*	*0.5*	*4%*
Agency Operating	3.7	3.5	(0.2)	-5%
Total Operating Uses	**$121.9**	**$129.8**	**$7.9**	**6%**

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

Sources of Funds	FY26	FY27	Change $	Change %
Other	$0.1	$0.1	$0.0	0%
Advertising	1.3	1.3	0.0	0%
Fares	7.1	5.8	(1.3)	-18%
Federal	4.2	2.9	(1.3)	-32%
Member City Contributions	109.3	119.8	10.5	10%
Total Operating Sources	**$121.9**	**$129.8**	**$7.9**	**6%**

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Obligations Summary

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
1	Rail Landscaping Contract Rate Increase	$ 76,000	$ -	$ 76,000
	Facility Maintenance	77,000	-	77,000
2	Agency Staff Merit	1,043,000	-	1,043,000
3	Security Contract Rate Increase	561,000	-	561,000
4	Rail Transportation Service Rate Increase	2,091,000	-	2,091,000
	Rail Maintenance Overtime and Vacancy Credit	1,100,000	-	1,100,000
	Insurance Premium	481,000	-	481,000
	Non-Revenue Vehicle Maintenance	216,000	-	216,000
5	Rail Vehicle Parts and Repairs	-	1,952,000	1,952,000
	Rail Operations Utility Increase	-	887,000	887,000
	City of Phoenix Regional Services	-	291,000	291,000
6	Rail Vehicle and Facility Cleaning Contractual Increase	-	234,000	234,000
7	Rail Operations Legal Support	-	650,000	650,000
Category Total		**$ 5,645,000**	**$ 4,014,000**	**$ 9,659,000**

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Deliver Excellent Customer Experience

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
1	Rail Landscaping Contract Rate Increase	$ 76,000	$ -	$ 76,000
	Facility Maintenance	77,000	-	77,000
6	Rail Vehicle and Facility Cleaning Contractual Increase	-	234,000	234,000
Category Total		**$ 153,000**	**$ 234,000**	**$ 387,000**

- **Contractual Escalations for Landscaping and Facility Maintenance**
  - Annual rate increases for contracted services supporting rail landscaping and rail/bus facility maintenance, as defined in existing contracts.
- **Rail Vehicle and Facility Cleaning Services**
  - Current cleaning contract expires June 30, 2026 and will be competitively reprocured, with FY27 rates yet to be determined.

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Invest in Our Talent

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
2	Agency Staff Merit	$ 1,043,000	$ -	$ 1,043,000
Category Total		**$ 1,043,000**	**$ -**	**$ 1,043,000**

- **Merit**
  - Continue to attract and retain employees by offering a performance-based merit of 3%.

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Prioritize Security on Transit

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
3	Security Contract Rate Increase	$ 561,000	$ -	$ 561,000
Category Total		**$ 561,000**	**$ -**	**$ 561,000**

- **Contractual Escalations for Security Services**
  - Annual rate increases for contracted services for fare inspection and rail security in the field and for facilities, as defined in existing contracts.

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Operational Excellence

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
4	Rail Transportation Service Rate Increase	$ 2,091,000	$ -	$ 2,091,000
	Rail Maintenance Overtime and Vacancy Credit	1,100,000	-	$ 1,100,000
	Insurance Premium	481,000	-	$ 481,000
	Non-Revenue Vehicle Maintenance	216,000	-	$ 216,000
5	Rail Vehicle Parts and Repairs	-	1,952,000	$ 1,952,000
	Rail Operations Utility Increase	-	887,000	$ 887,000
	City of Phoenix Regional Services	-	291,000	$ 291,000
Category Total		**$ 3,888,000**	**$ 3,130,000**	**$ 7,018,000**

- **Contractual Escalations, insurance premiums, maintenance needs**
  - Annual rate increases for contracted services, insurance rate increases, increased non-revenue vehicle maintenance, and updated overtime and vacancy credit
- **Rail Vehicle Parts, repairs, and operational inflation**
  - Increase reflects higher propulsion power and utility costs, rising rail vehicle maintenance due to an aging fleet and accident repairs, and increased costs for shared regional transit services.

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Financial Sustainability

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
7	Rail Operations Legal Support	$ -	$ 650,000	$ 650,000
Category Total		**$ -**	**$ 650,000**	**$ 650,000**

- **Legal Support**
  - This budget is directly tied to pending notices of claims

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

Uses of Funds	FY26	FY27	Change $	Change %
Future Project Development	$13.1	$39.2	$26.1	199%
South Central Ext/Downtown Hub	50.6	9.0	(41.6)	-82%
Capitol Extension	28.0	0.0	(28.0)	-100%
Northwest Extension Phase II	9.0	9.5	0.5	6%
Tempe Streetcar	6.7	0.0	(6.7)	-100%
Systemwide Improvements	4.2	1.8	(2.4)	-56%
State of Good Repair	21.3	19.0	(2.3)	-11%
Total Capital Uses	**$133.0**	**$78.6**	**($54.4)**	**-41%**

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

Sources of Funds	FY26	FY27	Change $	Change %
Other	$2.3	$0.0	($2.3)	-100%
Member City Contributions	-$80.4	$22.9	103.3	129%
Carry Forward & Reserves	$2.4	$1.0	(1.3)	-55%
Federal Funds	$119.4	$50.5	(68.9)	-58%
MAG Funds	$0.5	$0.0	(0.5)	-100%
Public Transportation Funds	$88.2	$4.2	(84.1)	-95%
Regional Area Road Funds	$0.5	$0.0	(0.5)	-100%
Total Capital Sources	**$133.0**	**$78.6**	**($54.4)**	**-41%**

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5-Year Operating Sources and Uses

	FY27	FY28	FY29	FY30	FY31	Total
Operating ($,000)						
Sources of Funds						
Advertising	$ 1,250	$ 1,263	$ 1,275	$ 1,288	$ 1,301	$ 6,376
Fares	5,800	5,858	5,917	5,976	6,036	29,586
Federal Funds	2,861	2,890	2,919	2,948	2,977	14,594
Member City Contributions	119,828	125,538	129,507	134,217	139,102	648,192
Other	100	100	100	100	100	500
Total Sources of Funds	**$ 129,839**	**$ 135,648**	**$ 139,717**	**$ 144,529**	**$ 149,515**	**$ 699,248**
Uses of Funds						
Operations & Maintenance	103,592	108,614	111,872	115,848	119,974	559,899
Security	22,755	23,438	24,141	24,865	25,611	120,809
Agency Operating	3,492	3,597	3,705	3,816	3,930	18,540
Total Uses of Funds	**$ 129,839**	**$ 135,648**	**$ 139,717**	**$ 144,529**	**$ 149,515**	**$ 699,248**

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5-Year Capital Sources and Uses

	FY27	FY28	FY29	FY30	FY31	Total
Capital ($,000)						
Sources of Funds						
Federal Funds	$ 50,478	$ 22,181	$ 39,683	$ 139,315	$ 163,186	$ 414,843
Member City Contributions	22,933	53,400	40,300	143,778	365,956	626,367
Public Transportation Funds	4,154	7,160	4,662	71,366	6,103	93,445
Reserves/Carryforward	1,000	8,526	5,944	5,000	226	20,696
Total Sources of Funds	**78,565**	**91,266**	**90,589**	**359,459**	**535,471**	**1,155,352**
Uses of Funds						
Future Project Development	39,225	33,995	31,167	16,449	7,136	127,972
South Central / Downtown Hub	9,046	-	-	-	-	9,046
West Phoenix	-	-	-	76,778	138,346	215,124
Northwest Extension II	9,460	7,555	4,174	-	-	21,189
Rio East Dobson Extension	-	14,350	17,172	232,069	374,850	638,441
Systemwide Improvements	1,834	4,300	4,116	4,408	1,703	16,361
State of Good Repair	19,000	31,066	33,961	29,755	13,436	127,218
Total Uses of Funds	**$ 78,565**	**$ 91,266**	**$ 90,589**	**$ 359,459**	**$ 535,471**	**$ 1,155,352**

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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 17, 2026	Detailed Initiatives Discussion & 5-year Plans with City Staff (FWG & RTAG)
March 26, 2026	Present Annual Budget with Initiatives and 5-year plans to Boards for information
April 2, 2026	Detailed Initiatives Discussion with AFS
April Cycle	Present Annual Budget with Initiatives and 5-year plans for information
May Cycle	Present Annual Budget with Initiatives and 5-Year Plans for Action

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Executive Summary

DATE **AGENDA ITEM 3**
April 9, 2026

SUBJECT
Report on Current Events and Suggested Future Agenda Items

COST AND BUDGET
None

RECOMMENDATION
This item is presented for information only.

BACKGROUND/DISCUSSION/CONSIDERATION
None

COMMITTEE ACTION
None

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

ATTACHMENT
None

Pending Items Request

Item Requested	Date Requested	Planned Follow-up Date