Meetings of
BOARDS OF DIRECTORS

Joint Boards of Directors

Valley Metro RPTA

Valley Metro Rail

Date:
May 22, 2025

Starting Time:
11:15 a.m.

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

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

Agenda

May 15, 2025

Joint Boards of Directors Meeting Agenda
Valley Metro RPTA
And
Valley Metro Rail
Thursday, May 22, 2025
Valley Metro, 101 N. 1st Avenue, 10th Floor
Boardroom/Webex
11:15 a.m.

	Action Recommended
1. Public Comment	1. For Information

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

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

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

CONSENT AGENDA

3A. Minutes	3A. For action

Minutes from the April 17, 2025, Joint Board meeting are presented for approval.

3B. Landscaping Services Authorization to Issue a Competitive Solicitation	3B. For action

Staff recommends that the Boards of Directors authorize the Chief Executive Officer to issue a competitive solicitation for a three-year contract with one two-year renewal option (total of five years) to provide operations landscaping services for Valley Metro's facilities.

3C. Cleaning Services Authorization to Issue a Competitive Solicitation — 3C. For action

Staff recommends that the Boards of Directors authorize the Chief Executive Officer to issue a competitive solicitation to provide operations cleaning services for Valley Metro's facilities.

3D. Bus and Rail Operations Cleaning Services Contract Amendment — 3D. For action

Staff recommends that the Boards of Directors authorize the Chief Executive Officer to execute a contract amendment with DMS Facility Services, Inc., adding additional scope to cover the South Central Extension/Downtown Hub and increasing the contract authority by $885,000 to an aggregate contract authority of $21,733,453.

3E. Facilities Maintenance Services Contract Amendment — 3E. For action

Staff recommends that the Boards of Directors authorize the Chief Executive Officer to execute a contract amendment with DMS Facility Services, Inc., adding additional scope to cover the South Central Extension/Downtown Hub and increasing the contract authority by $650,000 to an aggregate contract authority of $11,495,707.

REGULAR AGENDA

4. Audit and Finance Subcommittee Update — 4. For information

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

5. May 2025 Strategic Plan Quarterly Update — 5. For information

Valley Metro updates the Boards of Directors on strategic plan progress via quarterly reports and rotating quarterly updates presented in February, May, August, and November. The attached quarterly report includes graphs illustrating the performance indicators associated with each goal, notes providing context for select measures, and initiative updates.

6. Travel and Expenditures — 6. For information

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

7. Report on Current Events and Suggested Future Agenda Items — 7. For information

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

8. Next Meeting — 8. For information

The next meeting of the Joint Boards is scheduled for **June 12, 2025 at 12:00 p.m.**

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

Executive Summary

DATE
May 15, 2025

AGENDA ITEM 1

SUBJECT
Public Comment

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

RECOMMENDATION
This item is presented for information only.

BACKGROUND | DISCUSSION | CONSIDERATION
None

COST AND BUDGET
None

COMMITTEE PROCESS
None

CONTACT
Jessica Mefford-Miller
Jmeffordmiller@valleymetro.org

ATTACHMENT
None

Executive Summary

DATE
May 15, 2025

AGENDA ITEM 2

SUBJECT
Chief Executive Officer's Report

COST AND BUDGET
There are no costs associated with this item

RECOMMENDATION
This item is presented for information only.

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

ATTACHMENT
None

Meeting Minutes

May 15, 2025 **AGENDA ITEM 3A**

Joint Boards of Directors
Thursday, April 17, 2025
Lake Powell Conference Room/Webex
101 N. 1st Avenue, 10th Floor
11:15 a.m.

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

Members Not Present
Supervisor Steve Gallardo, Maricopa County
Mayor Michael LeVault, Town of Youngtown

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

The Chair called the meeting to order at 11:22 a.m.

Chair Harris welcome, everyone. How are you guys doing this morning? I hope you guys are well. The sun is shining, and the roads look very clear. And Valley Metro is doing an outstanding job. I've seen the buses running today. I've seen the rails going. It was amazing. And I've seen people on the buses, too. So staff, you're doing a great job.

So I want to welcome the board members into those online make sure if you have a question or anything, just raise your hand up. At this time, I'm going to ask Pat to run the roll call, please.

Ms. Dillon said good morning, everyone.

Roll call by Pat Dillon.

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

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

Chair Harris said thank you, Pat. I appreciate all the members of the board being here, those that aren't present and those that are online. This public will, so just want to make sure that I reiterate that if you have a question, concern, just let me know. I got you covered.

1. <u>Public Comment</u>

Chair Harris said we'll start with item number one. The public will be provided with an opportunity to speak at this time or to address items on a non-agenda item or call or all action agenda items for the Joint RPTA and VMR meeting agendas.

Pat, is there anyone here that has any comments?

Ms. Dillon said no, sir, not today.

2. Chief Executive Officer's Report

Chair Harris said thank you. Moving on to number two, report from our amazing CEO who was just recently recognized for her outstanding work. And I don't know about you guys, but our CEO has been doing a phenomenal job being this, you know, for her for the four years that she's been here. Three years? Well, I must be predicting four years already, okay? But the work that you have been doing is outstanding. The community of Arizona has really rallied behind your work. You have a plethora of experiences. And I was glad to be with you recently to see you be recognized. Another outstanding, she was recognized with some other great leading women. Mayor Kate Gallegos was one of the many that was being recognized with Jessica. And I could just tell you to see you on the stage with all these amazing women and you being recognized, I just, you know, it's just a different level of respect that I have for you in the work that you're doing. So I just wanted to make sure I take time to acknowledge our CEO who's doing such an amazing job. It's not just coming from me. The community recognizes it too. And it's always good to have third party validation. But keep up the good work. And we appreciate what you're doing. So I just want to make sure everyone give her a round of applause for the work that she's doing. All right. We support you and we appreciate you. Now you can get to work.

Ms. Mefford-Miller said thank you, Mr. Chair, members of the board. Speaking of recognition at the Women's Transportation Seminar 40th Annual Scholarship and Awards dinner the Northwest Extension Phase II Project received the Innovative Project of the Year. It's a great honor. I believe the 14th regional or national award bestowed upon the Northwest Extension Phase II, including earlier this month, we were a finalist for the Engineering News Record Project of the Year. We were also the national winner for Project of the Year in the Airport and Transit category. So congratulations to our team for delivering an excellent project. And we look forward to bringing the innovation that was introduced through the Northwest Extension Phase II Project to our other construction projects moving forward. So good news. Well done, team.

Chair Harris said good job, staff. You know what? Let's give it up for our staff too. But we are very grateful and thankful for the work that staff is doing along with our CEO. Keep going.

Ms. Mefford-Miller said last month at our meeting, one of our councilmembers asked the question, what are we doing with artificial intelligence to help us make decisions and obtain information? And I want to share just a preview of a tool that is newly part of our toolkit called AlphaView.

And AlphaView is a tool that is using crowdsourcing and artificial intelligence to scan social media, traditional media, as well as our customer contacts looking for emergent themes. And we can query AlphaView. We could query it right now and find out what the public or customers were saying this morning. So we're using this alongside other sources of information to triangulate and figure out what do we need to work on? What's important to our customers? And where can we drive improvements in performance?

For example, connections and timeliness have been frequently mentioned in our customer service contacts and in social media. This came up in AlphaView. It's also come up through our transportation team's analysis of customer contacts.

We used another tool, Swiftly, that allows us to monitor system performance in real time. And by the way, our member city staff also have access to Swiftly to monitor the system. So we've used that to improve on-time performance.

And in the last year, we've improved on-time performance on our East Valley bus service by over 10 percent. So remarkable achievement using these tools. The secret sauce, though, is really our dedicated team. In this case, it's service planning and our transportation team who have been able to take that data and turn it into action, delivering better service from our customers.

One of the pieces of AlphaView that's just come out that I like quite a bit, this is an AI chat agent called Ask Your Data. So I can use it and log in in the morning and type in, you know, it's kind of like, hey, Siri, hey, AlphaView, what are our customers saying about our announcement about the forthcoming opening of the South Central Extension Project?

So really helpful tool and I wanted to pass that on to you this morning.

Also want to share some exciting news related to our South Central Extension and Downtown Hub project. For the last several years, Valley Metro has been working with Downtown Phoenix Incorporated in coordination with some of our development partners to deliver a community resource hub at the CityScape development home to the new Downtown Hub. That's our Central Avenue platform. So really ground zero for the northern end of the South Central Extension. DPI, along with their downtown ambassadors, I'm sure you see them when you're in and around downtown wearing their bright orange shirts and they are so incredibly helpful providing information to visitors and residents. This is going to be their back office or base camp location. We'll also be using this for our security team to have a reporting location that is central on the system.

Today, all of our security team members, by the way, report to our operations and maintenance center, which is just a little bit off the revenue service alignment near our 44th Street Station around the Sky Harbor area. But as the system grows geographically, we really need a base camp near where the action is, if you will. So we'll be using this as dispatch, recovery, and respite, also as a base point for helping to navigate with our customers.

So you could expect our customer experience coordinators as well as our security team, including that new Inter-Con team who's joining us on May 12th to use this. And we will open in advance of the opening of the South Central Extension, which is happening, I hope you have heard, on Saturday, June the 7th.

We are delighted to be delivering this project for and with the Phoenix community, especially the South Central community. It's been a long time coming. Our operations, safety and security, capital development, communications teams, especially along with the entire Valley Metro organization and our many partners are working really around the clock at this moment. We're in that final push to deliver the project.

Right now, we're finishing up construction. We are doing operator training on a portion of the alignment beginning May 1st. We will be conducting what we call pre-revenue operations. That means we're going to be running trains along the alignment simulating revenue service for the purpose of training our operators. We have 30 days, at least, of training that we have to complete, so we won't be carrying customers during that time. But to the community, it's going to look and feel like an operating light rail corridor.

And then we will welcome the community on board on the morning of Saturday, June the 7th. And I hope you all are able to join us for this momentous event.

Other key dates of note include the meeting of this board of directors on May 22nd. We're going to present the preliminary budget to you this morning. Ken will provide a presentation to you. It is our hope that we would be able to present the budget for approval to you in May. We typically schedule that in May. In the event, we do need to fall back to the month of June before our fiscal year concludes on June 30th of this year.

That concludes my report. May I answer any questions of the board, Mr. Chair?

Chair Harris said thank you. Are there any questions from any of the board members? Seeing none.

3. <u>Minutes</u>

Chair Harris said next is the minutes from March 20, 2025. It's presented for approval. Is there a motion and a second to approve the minutes for March 20th, 2025 board meeting?

Motion by Councilmember McMahon, second by Councilmember Adams. There's been a motion. And there's been a second. All those in favor, say aye. Any opposed, say nay. All right, the ayes have it.

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

4. Audit and Finance Subcommittee Update

Chair Harris said Moving to number four, Councilmember White for the Audit and Finance Committee.

Councilmember White said good morning and thank you, Mr. Chair and fellow board members. I have an Audit and Finance Subcommittee update for you.

Our Audit and Finance Subcommittee met on Thursday, April 3rd. If you could refer to your minutes of the details, we did receive our update from our CFO. We have an extension budget conversation ahead of us today. We also received an update from our Chief Auditor.

I will give you the opportunity to peruse the minutes. If you have detailed questions, please ask those in the room.

Other than that, our next Audit and Finance Subcommittee meeting will be held on Thursday, May 8th at noon. Thank you so much, Chair.

Chair Harris said Thank you so much for that update.

5. Job Order Contracts – Expenditure Authority Increase

Chair Harris said next, we'll move to item number five, job order and contracts and expenditures to authority. So I'm going to give this over to our CEO to give us a presentation on this item.

Ms. Mefford-Miller said thank you, Mr. Chair, members of the board. I invite Trevor Collon, our Chief of Capital Development, to provide a brief presentation on this item. Our job order contracts are really helping us deliver a pretty wide array of capital projects as well as maintenance across the system. This item is before the Joint Board today because we use the job order contract for non-rail projects as well as rail projects. Mr. Collon is going to highlight a few of the more recent pieces of work that we accomplished with JOC as well as the upcoming work which prompts us to request board for this additional expenditure authority on the existing job order contract.
Mr. Colin, thank you.

Mr. Collon said thank you, Jessica. Mr. Chair and members of the board. This is a quick summary of our job order contracts. We have three job order contractors, all with an overall contract expenditure authority limit of 20 million. That's Banicki Construction, SDB and Stacy and Witbeck. We're currently about halfway through our base year term. We are not requesting at this time that the board take action on the two option years so there are two option years available. This is simply an action to increase the expenditure authority limit in total for all three so cumulative they each don't get additional. It's a total of working cumulative authority of an additional $19.7 million.

These are just some pictures of types of projects that we've utilized the job order contracting delivery method for. The majority to date has been for VMR-related projects, but we do have rail facility improvements. We do a wide variety of work from concrete, landscaping, rehabilitation, HVAC. We've done a lot of work in support of infrastructure for the new fare collection system. We completed the Avondale Transit Center in partnership with the City of Avondale in the last couple of years. Tenant improvements. We've had some rail breaks over the last couple of years and the job order contract it's really important that this is a flexible and timely service.

I'll give you a sense of some of the types of, or sizes, of projects that we have. The vast majority are, about half, 47% are less than $100,000. The next category the orange between a $100,000 and $500,000 is about 36%. And then the remainder in the green, the 9% is between $500,000 and $1 million and then the remainder there is between $1 million and $2.5 million. So this is generally what you would like to see in a job order program. We're using it appropriately. The vast majority is very quick responsive. We have accidents that we have to redo railing, repaint.

The current usage between VMR and our PTA is split currently at 96% for VMR and 4% for RPTA. In the long term we do anticipate over the base year of this contract that'll be closer to 90%/10% based on some efforts that we have to do bus fleet electrification as well as a new Park and Ride in the town of Gilbert.

This is the math on how we arrived at our request for the additional $19.7 million in expenditure authority. We are taking into account executed task orders and then anticipated needs and we do include a 10% contingency in there. These are the major or, you know, what we're foreseeing as the next major projects. I will not read them all to you I promise. But as I mentioned, there is a Town of Gilbert Park and Ride that we're excited to construct here in the next couple of years. I already mentioned the electric best charging infrastructure. We're currently underway with crime prevention through environmental design assessment. We do anticipate some needs to come out of that.

We're also wrapping up collision reduction travel time improvement study on our rail system. Same thing, we'll anticipate some improvements there. And then some more of the continuing things that we see.

So with that, Mr. Chair and members of the board, the recommendation is before you.

Chair Harris said can you go back one slide, please.

Board members, this is what we're going to be spending the money on just wanted you guys to take a moment. Look at it. See if you guys are okay with the items. There seems to be a question online. John, Councilmember Edwards.

Councilmember Edwards said thank you, Mr. Chair. So I had two questions. So this is all the projects that are on the table or are there other projects that are not on this list that may come up at a future date?

Mr. Collon said yes, thank you, Mr. Chair. Thank you, Councilmember Edwards. This is certainly not an exhaustive list. These are the major projects and how we developed what we see as the future need through the base year of the contract. Certainly, there will be things that come up. Accidents can happen, a rail can break, but this is the major. So this is not to be an exhaustive list of projects that the board is approving. We're asking for the expenditure approval

Councilmember Edwards said so the $19.7 million is all of these projects and some more leftover? Just trying to get some clarification on that.

Mr. Collon said yes, these are the major efforts that we've arrived at the $19.7 million. It does include 10% contingency. We purposely haven't put dollar amounts by each of them just because they're yet to be bid out. But this is by and large what we're looking at and what we're anticipating for how we derived the $19.7 million.

Councilmember Edwards said and so the $19.7 million is all for capital expenditures not any operating expenditures; is that correct?

Mr. Collon said that is correct, Mr. Chairman, Councilmember Edwards, that is correct.

Councilmember Pastor said O.D. I just want to follow up on that. So this states anticipated future projects. That's where the $19 million will go? The other additional projects at what point will we see those?

Mr. Collon said so we operate under an expenditure authority. Within that, it has not been the practice to bring individual task orders before the board for approval. The task orders are assigned within the current year budget. So this is an expenditure increase and so we work with whatever the user department is if it's bus maintenance. And then we assign them from there. So this is how we developed our projection of needs for this contract for the base term.

Ms. Mefford-Miller said if I may provide a little context for that. So the actual projects or programs are included in our capital or operating program budgets depending on whether they're capital or operating and whether or not they're RPTA versus Valley Metro Rail. This item before you request expenditure authority, so we're not requesting the budget authority. That happens in the budget process. This is requesting expenditure authority on this particular job order contract.

So this is the vehicle for executing the projects and programs that are included in the capital and operating program including the contingency that Mr. Collon mentioned which is especially important on this particular contract because we do use the job order contract to perform repairs on breaks. So we don't know in a given year with certainty, how many rail breaks we're going to have but we can look at the age of our system, the condition of our assets and our past experience and come up with an estimate which is included within that contingency.

Does that answer your question?

Councilmember Pastor said yes, thank you for that explanation because I think probably that's where we get confused and we probably need a thorough explanation or not saying anything bad, but at the beginning of saying this is what it is even though I have a briefing, and it tells me everything. I think probably setting it up for the public to know would be best.

Ms. Mefford-Miller said thank you for that feedback, Councilmember. We can certainly accomplish that and I think that we can clarify that in the white paper and in the presentation moving forward.

Vice Mayor Tolmachoff said thank you, Mr. Chair. My question is so is there unallocated PTF funds for this? This remaining Prop 400 money? I just want to have a little bit clearer understanding of the funding source.

Mr. Collon said thank you, Mr. Chair and Vice Mayor Tolmachoff. It's multiple funding sources. For example, I'll give you one of the bigger ones, which will be the Gilbert Park and Ride. That is anticipated to use current unallocated PTF that is Prop 400. It is accounted for in the TLCP. A lot of these projects are federally funded. Some of them have local shares. So the funding sources are really, really variable.

Vice Mayor Tolmachoff said so would basically just general fund Valley Metro money be, you know, just regular just general fund or I just want to understand Valley Metro. I understand member cities have responsibilities and federal funding but Valley Metro, you know, what funds of Valley Metro's are going to be used for this.

Ms. Mefford-Miller said so it depends on the project and so I'll give a few examples I think that might be helpful. For example, on the electric bus charging infrastructure installation, we anticipate that effort would be supported by the low or no emissions grant awarded in federal fiscal year 2023 plus PTF funding. On something like accident repairs and emergency services, I'll use rail brakes since I just referenced those that would come out of our federal formula funded state of good repair program as well as some operating funds from the member cities on the Valley Metro Rail budget. Federal funding is included in nearly every program that I see listed here the mix of funding so which federal funding source whether that's formula or a specific grant is specific to the project. When we opened the Avondale Park Ride, that was a project that was recently completed using federal funding plus regional public transportation funds.

So many of these projects that are being executed now have had funding allocated in years prior. So this isn't new money, and I don't want to give the impression that there's a fund set aside of unallocated PTF that we're spending down for these projects. Most of them have been long time planned. Others where we have increased our spending and focus really relate to things like state of good repair on the rail side as well as state of good repair on the bus side. I think we saw the Mesa Park and Ride lot rehabilitation or Mesa O&M facility rehabilitation, for example.

Does that answer your question?

Vice Mayor Tolmachoff said yes, it does. Thank you.

Chair Harris said are there any more questions regarding this item?   Thank you so much staff for doing a good job on putting that together. Thank you for the presentation.

Ms. Dillon said Chair Harris?   We need a motion.

Motion by Vice Mayor Tolmachoff, second by Councilmember Pastor.

Chair Harris said wait a minute. Vice Mayor, did you make the motion?

Vice Mayor Tolmachoff said I made the motion.

Councilmember Pastor said I second.

Chair Harris said Pastor said second. With that being said, all those in favor, say aye.

Any opposed say nay. The ayes have it and it's so moved.

IT WAS MOVED BY VICE MAYOR TOLMACHOFF, SECONDED BY COUNCILMEMBER PASTOR AND UNANIMOUSLY CARRIED TO AUTHORIZE THE CHIEF EXECUTIVE OFFICER TO PROVIDE ADDITIONAL CONTRACT EXPENDITURE AUTHORITY FOR THE JOB ORDER CONTRACTS WITH SDB, INC., STACY AND WITBECK, INC., AND J. BANICKI CONSTRUCTION, IN THE AMOUHT OF $19.7 MILLION. THIS ACTION WOULD PROVIDE AN OVERALL CONTRACT AUTHORITY OF $39.7 MILLION.

6. <u>Class and Compensation Study Update</u>

Chair Harris said now we can move to number six. Class and compensation study. Jessica, take it away.

Ms. Mefford-Miller said thank you. Mr. Chair, members of the board. I'd like to invite Penny Lynch, our Director of Human Resources, to the podium to provide you with a brief presentation.

This item and the classification and compensation study I want to reference that any expenditure related to classification and compensation implementation is included in the draft FY26 budget for the RPTA budget. And just a reminder, technically all Valley Metro employees are RPTA employees and then the Valley Metro Rail employees are supported through a pass-through agreement between Valley Metro Rail and RPTA.

This is Valley Metro's first classification and compensation study since 2006 so it has been quite a while. However, take heart because the organization has over the last 19 years endeavored to work to keep our wage rates at market or as close to market as possible. We needed to conduct this not just for wage rates, but also looking at the job classification, the pay bands and structures. They have moved and shifted over time and in ways that make sense in some places and in ways that are not consistent across the organization. So it's not just wages but it's really consistency in classification and at a deliberate focus on how we build develop and support the Valley Metro team.

Not surprising is where we're behind market in some of the wage rates. We know and we can directly relate our vacancy rates to where we're behind market. And I want to call out in particular our skilled trades positions particularly on the Valley Metro Rail side where we are a 24/7 365 day a year operation. And we do a whole lot of our work at night when those trains aren't running. And those skills that are required tend to be skills like electromechanics and traction power electricians. These are high voltage roles and there's a lot of competition for those skills in our marketplace. We're fortunate to be part of a region that has a robust economy and a very strong construction sector. That's great and we all benefit in many ways from that but as an employer, we're also competing for workforce alongside those other organizations and businesses.

Ms. Lynch is going to provide you with a brief overview of our study objectives, do a little bit of table setting as well. When we share data, I like to tell you where it's coming from so we'll share our peer agencies and cities as well as a high-level review of the results. Ms. Lynch.

Ms. Lynch said thank you, Jessica. Members of the board. I just want to share as part of our invest in talent strategic initiative the class and compensation study is obviously central, as Jessica mentioned, to our efforts to attain, attract and retain qualified employees as well as foster career growth. Today, I just want to focus briefly on the factors that are included in the budget planning within the budget to support any future implementation of the study. And the study, as Jessica mentioned, is still underway, but we have some key factors to share with you today.

As a reminder, I just wanted to share with you some of the key study objectives that we've been focused on throughout the study, as Jessica mentioned, to be market competitive, to update our classification structure, help to develop some career progression within the agency and within roles, and update our compensation philosophy.

The Logic Compensation Group who has been around for over 20 years and has actually done some studies for some of our member cities, is currently assisting us with the full study and we provided logic compensation with a list of comparator organizations to go out to market. So I just wanted to share those as well with you.

Here are the member cities as well as our transit peers that were surveyed for the market as well as Logic Compensation did some additional research, went out online for the City of Phoenix, City of Scottsdale and some of our other peers. We went out and assisted in gathering that information as many of our peers and cities were also underway with their class and comp studies.

So let me share with you with the new proposed classification and pay structure it does translate into projected cost, as Jessica mentioned, in the budget. And these are the key elements here. Now, please note that these adjustments are applied to applicable employees only. This is not all employees. So I wanted to share that information. I think that's critical. These are as a result of the study.

There are two key elements I want to share. One, the slide itself highlights the budget impact based on the new class and compensation structure and any adjustments that would be made as part of that study. One, being the market alignment in this case with the new pay structure created, there will be positions in which we need to bring those individuals up to the new minimum of that new pay structure.

And secondly, we would then address any pay compression which ensures for any pay equity. We want to ensure all of our pay equity so there would be some compression. Obviously, we don't want to be paying a first-year employee the same as we might be paying a five-year employee, and we certainly want to have some differential between our supervisors and the staff that they supervise.

Chair Harris said the chair recognizes Vice Mayor Lauren Tolmachoff.

Vice Mayor Tolmachoff said thank you. I don't like to interrupt but before we move on, I do have a question on this slide. Because the amount that you're showing and maybe this is what you were just explaining and I didn't get it. The amount that you're saying is for the class and comp for RPTA and Valley Metro Rail there's different amounts in the budget presentation. It comes out to $980,000 not $800,000. The budget presentation shows $371,000 for RPTA and $609,000 for Valley Metro Rail. I just want to understand is that because of employees that are going to be onboarded in the future, or I just want to make sure I understand what the discrepancy is.

Ms. Lynch said yes. That's a great question. Thank you for that question. We have been working thoughtfully through cost-saving measures. Our originally $980,000 projected costs we're continuing to work through that, and we are around $800,000 and it does include projections for new vacancies. So we have been looking at and working with these numbers as we are progressing through the budget and so we are seeing some cost efficiencies.

Vice Mayor Tolmachoff said so thank you for that. Through the Chair, so is $800 closer to the number or is $980 closer to the number?

Ms. Lynch said correct, $800,000 currently is closer to the number.

Vice Mayor Tolmachoff said very good, thank you, that makes sense.

Ms. Lynch said we're trying to be very conscious of the environment and do the best cost-effective approach that we can.

The next slide shows the distribution of those adjustments by classification group. So as you can see, I wanted to point out 52% of the impact on these adjustments are relative to our maintenance operations skilled trades positions as well as our administrative staff. Those are our frontline staff. Those are hourly staff. And so I wanted to share. That's very key information. Those will also assist us as well. And we've talked over several different meetings about the challenges of filling some of our high-tech positions, our traction power, some of those things we've had challenges filling so we hope we'll adjust that.

And so moving forward, I just wanted to share a little bit with you about the implementation approach. As approved or once approved, the July merits, if approved by the boards of directors, the performance merits. It’s very important in the process that the performance merits are applied first. That will help contain the costs on the back end obviously when we implement the actual study, so I wanted to share that with you. It's a very key element with a projection of implementing any salary adjustments and study findings in October of 2025. So just wanted to mention that and so obviously study's still underway, but that's our components that we are looking at for the budget.

Chair Harris said thank you so much for the presentation. Is there any question? This item was presented for information only.

Vice Mayor Tolmachoff said I do have one more. This isn't a question. This is just a request. On this one you probably have a lot of positions that you're reclassing for job titles, pay, a variety of reasons. One thing that that Glendale does and I know some other cities do it too is they provide a spreadsheet of current class, new class and cost. So going forward I think it'd be really helpful for the board to have, and if people don't care about that detail, that's fine. I care about that kind of detail, so I'd like to have that going forward.

Ms. Mefford-Miller said if I could. Thank You, Councilmember, Mr. Chair, members of the board. We can certainly provide that. However, we can't provide it at this time. The reason we're delivering this presentation to you today is to give background and context for the budget item. So we have yet to move through the detailed recommendations with executive team management to arrive at the specific classification structure and then the dollar amounts. We will have that, and we will make that available to you. But I didn't want to include this as a line item in the budget without any prior communication or conversation.

I also didn't want to wait to include class and comp in the FY27 budget because by then our data is aged and we're implementing a little bit behind the curve, if you will.

Ms. Lynch, do you have an idea, let's think about time, at which we would be able to deliver that information to the board so we can create a reasonable expectation?

Ms. Lynch said I would say in the new fiscal year. We could bring that back. The full report.

Ms. Mefford-Miller said how about we bring that back to the board? I don't think we need to move it through a presentation, but we could include that in your August board packet.

Vice Mayor Tolmachoff said just as an attachment.

Ms. Mefford-Miller said perfect. Let's target our August board packet for that information.

Chair Harris said the chair recognizes Councilmember Buckland. Online.

Councilmember Buckland said so with the numbers varying from the $980,000 to the $800,000, and I respect and appreciate the due diligence to try and find efficiencies, cost savings given everything right now is hitting all the cities and towns and our residents. But you also since the study is still underway and so I guess my question is how confident are you that that's the number when you come, I think in June you said, or is this just more informational and based on additional work that you guys need to do that number is subject to change.

Ms. Lynch said that's a great question. What we have currently is the data that we've been analyzing. Let me just say this. I feel very confident in the number. We are at the point where we just haven't shared that information going forward. We haven't shared that, as Jessica mentioned, with the team, but the data analysis as far as where positions sit relative to the new pay structure as well as any types of potential compression, I think it's a pretty good projection.

So although the study, and when we say the study is underway, there's just the next steps sharing that with our leadership, sharing that with our employees, finalizing the report.

Ms. Mefford-Miller said if I may Mr. Chair, Mr. Buckland. The inputs have been collected and analyzed and now we're working on the implementation plan. And the budget number we're presenting to you that $800,000, that's our ceiling for implementation and we will not exceed that ceiling.

Chair Harris said thank you. Great job. Keep up the good work.

7. Travel and Expenditures

We are moving on to item number seven. This is for travel and expenditures. Is there any questions from any of the committees or anyone else about traveling expenditures? Seeing none.

8. Report on Current Events and Suggested Future Agenda Items

We'll move on to item number eight. Report on any current events suggested future item, agenda items.

Vice Mayor Tolmachoff said I have a future agenda item. I would like to have a future study session to take a look at in-sourcing some contracts. So after we're finished with the budget, I know now is not a good time. So I'm fine with bringing that to a study session to us sometime after the budget's been adopted and we resume meeting back in August. Thank you.

Chair Harris said awesome. Anyone else. Councilmember Pastor.

Councilmember Pastor said there are two items. One is I would like a follow-up on the item of community engagement and a study session regarding community engagement and building a framework. What that looks like? Every city is different and every district in the city is different and what different methods do we have to do in into community engagement? The second one is I would like to look into a ad-hoc committee for procurement and really looking at the procurement piece and having an understanding of it. We've had several questions and a lot of dialogue around it, so I think it behooves us to do that and have an understanding and there's been changes and I think it's wise for us to be part of that.

Chair Harris said thank you. Anyone else? So you have what the future items could be. It sounded like we need to do a retreat. That's what it sounds like to me. We can probably put it all together on one retreat type movement and then we can take in everything and just, members of the board, just be prepared to have a retreat and a long day so we can knock it out together. That way we can really make this happen and look forward to August or sometime in the future.

Vice Mayor Tolmachoff said I do. Well, I have a question for our council. I don't think we can do action items at a retreat, can we? So I think that the ad-hoc committee would need a board vote, I believe anyway, wouldn't it? Generally retreats as far as in my experiences are not noticed for any action.

Mr. Wawro said so retreat is an extended study session so we wouldn't take action there, but we can agendize the item for a committee for sure.

Vice Mayor Tolmachoff said that's fine with me.

9. Next Meeting

Chair Harris said let's get on to number nine. The next meeting of the Joint board is scheduled for Thursday, May 22nd, 2025, at 11:15 a.m.

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

Without further discussion, the meeting was adjourned at 12:04 p.m.

Executive Summary

DATE **AGENDA ITEM 3B**
May 15, 2025

SUBJECT
Landscaping Services Authorization to Issue a Competitive Solicitation

COST AND BUDGET
Proposals submitted will be subject to either a price analysis or a cost analysis, including a comparison to an independent cost or revenue estimate. Budget impact will be disclosed at the time of a request for award.

RECOMMENDATION
Staff recommends that the Board of Directors authorize the Chief Executive Officer to issue a competitive solicitation for a three-year contract with one two-year renewal option (total of five years) to provide operations landscaping services for Valley Metro's facilities.

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

- Goal 8 – Operational Excellence
  - Initiative 8.2 - Codify a comprehensive maintenance and operations program delivering effective transit service with the ability to grow and adapt through FY 2030.

COMMITTEE PROCESS
RTAG: April 15, 2025 for information
TMC/RMC: May 7, 2025 approved
Boards of Directors: May 22, 2025 for information

CONTACT
Darren Curry
Chief Maintenance Officer
dcurry@valeymetro.org

ATTACHMENT
None

Background Information

BACKGROUND DISCUSSION
Valley Metro's current contract for Operations Landscaping Services expires on December 31, 2025. Valley Metro continues to have a need for landscaping of maintenance facilities, park and rides, and passenger stations along the light rail alignment. This work also covers the Mesa Bus Operations and Maintenance facility located in Mesa. This request for solicitation does not include Tempe Streetcar as they provide landscaping services along their portion of the alignment.

The contractor will provide all necessary vehicles, tools, supplies, materials and other related equipment required to perform the landscaping services defined in the competitive solicitation.

Valley Metro is seeking authorization to issue a competitive solicitation to provide Operations Landscaping Services. It is planned that the competitive solicitation would be released in April 2025 and contract award recommendation would be brought back for Boards approval in November 2025.

1

Landscape Maintenance Contract Solicitation

Services included are:

- Landscape maintenance for facilities
- Park and rides
- Passenger stations and operational facilities along the light rail alignment

  Light Rail Operations and Maintenance Center
- Mesa Bus Operations and Maintenance Transit facility

2

2

Coverage area

Light Rail:

- Alignment – 35 Miles
- Landscape medians: 140 medians totaling 8 miles (Approx.)
- 58 Passenger stations
- 12 Park and rides
- 30 Traction power substations
- 16 Signal buildings
- (OMC) Operations and Maintenance Center (62 Acres)
- City of Tempe provides landscape maintenance for the Streetcar alignment

Bus:

- (MBOM) Mesa Bus Operations and Maintenance facility (22 Acres)

3

VALLEY METRO

3

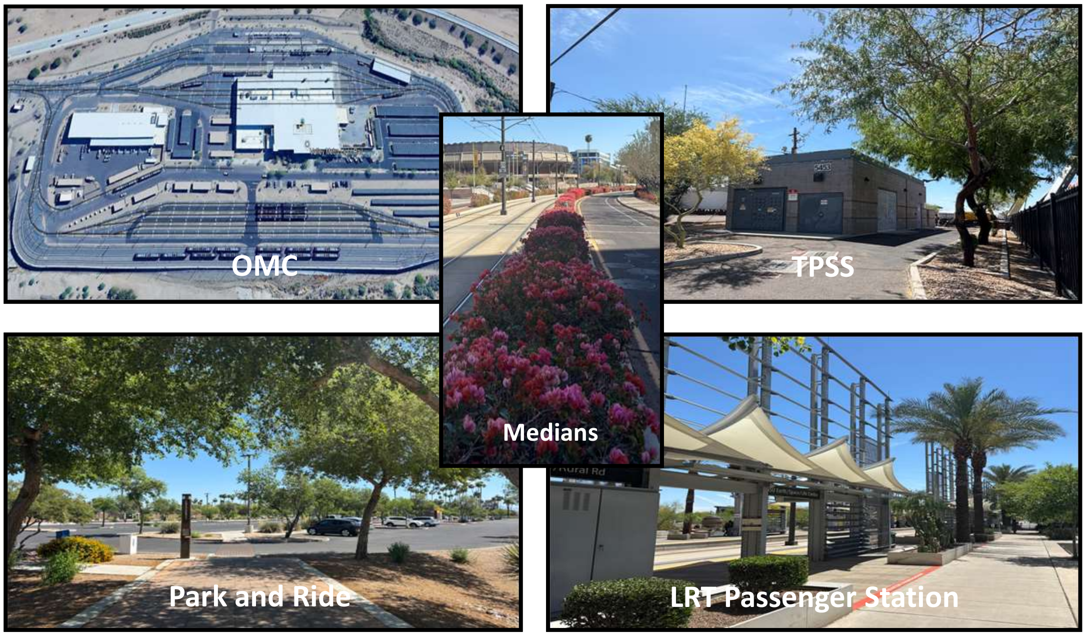
Maintenance Services

- **Trees/Plants/vines**
  - Trimming (Preventive Maintenance)
  - Removal/Planting
  - Inventory Maintenance
  - Condition Assessments
- **Irrigation Systems**
  - Inspections
  - Programming
  - Preventative Maintenance
  - Corrective Maintenance
- **Grounds Maintenance**
  - Weed Management
  - Ground Cover Maintenance
  - Trash Pickup
- **Hardscape Maintenance**
- **Storm Damage Response**

4

VALLEY METRO

4



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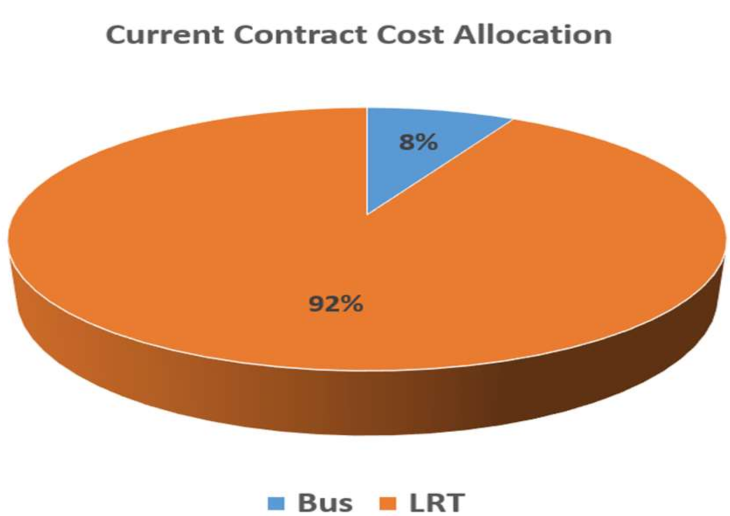


Note: City of Tempe provides landscape maintenance for the Streetcar alignment.

6

6

Recommendation

Staff recommends that the Boards of Directors authorize the Chief Executive Officer to issue a competitive solicitation to provide landscape maintenance services for Valley Metro sites and facilities.

Executive Summary

DATE **AGENDA ITEM 3C**
May 15, 2025

SUBJECT
Cleaning Services Authorization to Issue a Competitive Solicitation

COST AND BUDGET
Proposals submitted will be subject to either a price analysis or a cost analysis, including a comparison to an independent cost or revenue estimate. Budget impact will be disclosed at the time of a request for award.

RECOMMENDATION
Staff recommends that the Boards of Directors authorize the Chief Executive Officer to issue a competitive solicitation to provide operations cleaning services for Valley Metro's facilities.

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

- Goal 8 – Operational Excellence
  - Initiative 8.2 - Codify a comprehensive maintenance and operations program delivering effective transit service with the ability to grow and adapt through FY 2030.

COMMITTEE PROCESS
RTAG: April 15, 2025 for information
TMC/RMC: May 7, 2025 approved
Boards of Directors: May 22, 2025 for action

CONTACT
Darren Curry
Chief Maintenance Officer
dcurry@valeymetro.org

ATTACHMENT
None

Background Information

BACKGROUND DISCUSSION
Valley Metro's current contract for Operations Cleaning Services expires December 31, 2025. Valley Metro continues to have a need for cleaning services of maintenance facilities, park and rides, artwork and passenger stations along the light rail alignment. This work also covers the Mesa Bus Operations and Maintenance facility located in Mesa.

Services are for the performance of a full range of cleaning services necessary to maintain Valley Metro Rail's Operations and Maintenance Center, Mesa Bus Operations and Maintenance Facility, Light Rail Vehicles (LRVs), park and rides plus street sweeping at park and rides, operator facilities, security offices. The Contractor shall provide all necessary fleet of vehicles, tools, supplies, materials and other related equipment required to perform the cleaning services described in the competitive solicitation.

Valley Metro is seeking authorization to issue a competitive solicitation to provide Operations Cleaning Services. It is planned that the competitive solicitation would be released in April 2025 and contract award recommendation would be brought back for Board approval in November 2025.

VALLEY METRO

1

Operations Cleaning Services Contract Solicitation

Services are for the performance of a full range of cleaning services necessary to maintain Valley Metro Rail's Operations and Maintenance Center, Mesa Bus Operations and Maintenance Facility, Light Rail Facilities, Sites and Vehicles and Tempe Streetcar Facilities and Vehicles.

2

VALLEY METRO

2

Coverage area

Light Rail:

- Alignment – 35 Miles
- 58 Passenger stations
- 12 Park and rides
- 5 Security offices
- 6 Operator facilities
- 30 Traction power substations
- 16 Signal buildings
- (OMC) Operations and Maintenance Center (4 Buildings)
- 60 LRV's per night

Bus:

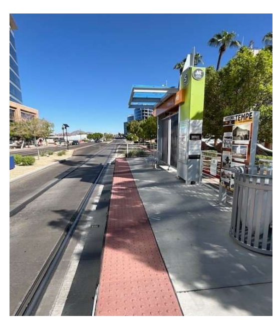
- (MBOM) Mesa Bus Operations and Maintenance facility

3

3

Tempe Streetcar:

- Route - 3 Miles
- 14 Stops
- 1 Operator Facility
- 3 Traction power substations
- 1 Signal building
- 4-5 Streetcars per (night)



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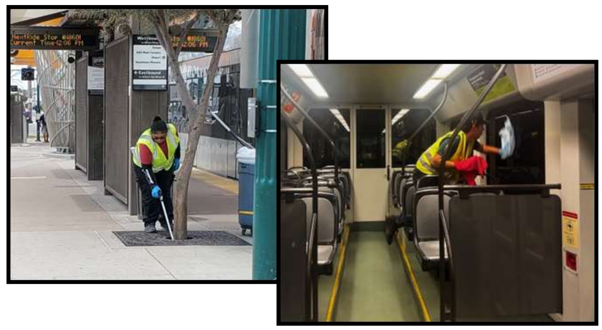
4

Cleaning Services

- Trash removal
- Litter pick up
- Graffiti removal
- Biohazard clean up
- Drug paraphernalia removal
- In service LRV/Streetcar cleaning
- After service LRV/Streetcar cleaning
- Janitorial services



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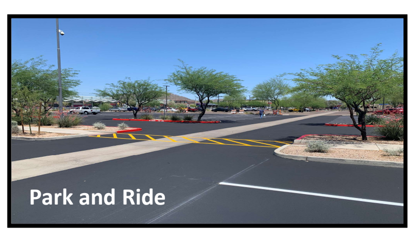
Light Rail Operations and Maintenance Center



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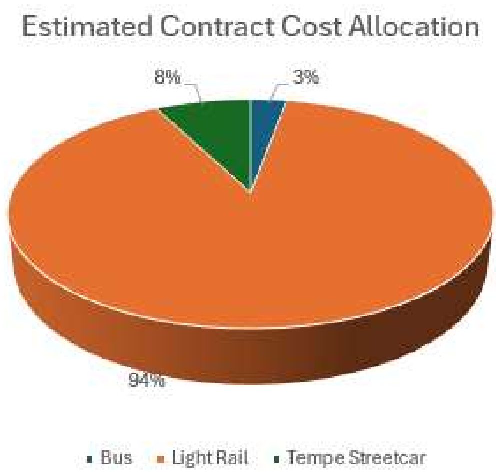

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7

Recommendation

Staff recommends that the Board of Directors authorize the Chief Executive Officer to issue a competitive solicitation to provide operations cleaning services for Valley Metro Facilities.

8

8

Executive Summary

DATE **AGENDA ITEM 3D**
May 15, 2025

SUBJECT
Bus and Rail Operations Cleaning Services Contract Amendment

COST AND BUDGET
For FY26, the VMR additional contract obligation is $885,000, which is fully funded within the RPTA and VMR Proposed FY26 Operating and Capital Budget. Contract obligations beyond FY26 are incorporated into the Valley Metro Rail Five-Year Operating Forecast and Capital Program (FY27 through FY31).

The source of funding is member cities.

RECOMMENDATION
Staff recommends that the Boards of Directors authorize the Chief Executive Officer to execute a contract amendment with DMS Facility Services, Inc., adding additional scope to cover the South Central Extension/Downtown Hub and increasing the contract authority by $885,000 to an aggregate contract authority of $21,733,453.

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

- Goal 8 – Operational Excellence
    - Initiative 8.2 - Codify a comprehensive maintenance and operations program delivering effective transit service with the ability to grow and adapt through FY30.

COMMITTEE PROCESS
RTAG: April 15, 2025 for information
TMC/RMC: May 7, 2025 approved
Boards of Directors: May 22, 2025 for action

CONTACT
Darren Curry
Chief Maintenance Officer
dcurry@valeymetro.org

ATTACHMENT
None

Background Information

BACKGROUND DISCUSSION
DMS Facility Maintenance Services provides cleaning services. Services include, but are not limited to, sweep passenger stations daily. Wipe off all seating locations, pick up all trash on platforms, empty trash receptacles. Removal of graffiti from all chairs, platforms, or any Valley Metro property.

With the opening of South Central Extension / Downtown Hub (SCEDH), additional contract authority is being allocated to the current operations cleaning services contract with DMS Facility Services for the extension and the increased staffing required to clean the Light Rail vehicles at the following locations:

- Baseline Terminus
- Downtown Hub
- Metrocenter Terminus

Also included is the cost for the alignment cleaning of eight rail stations and one park and ride and supervision.

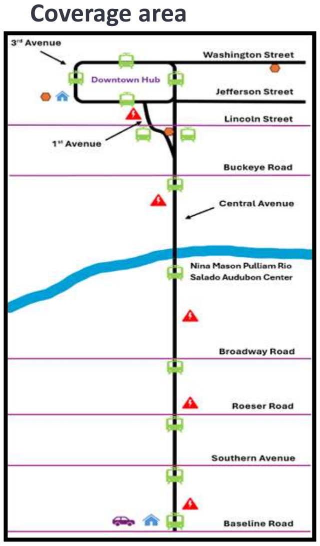
Operations Cleaning Services Contract Amendment

VALLEY METRO

1

Services are for the performance of a full range of cleaning services along the South-Central Extension/Downtown Hub

Coverage area



South Central / Downtown Hub Extension

- 5.55 Miles
- 12 Passenger stations
- 1 Park and ride
- 1 Operator/Security Building
- 3 Signal Buildings
- 1 Operator Facility
- 5 Combination Traction Power Substation / Signal Building

2

VALLEY METRO

2

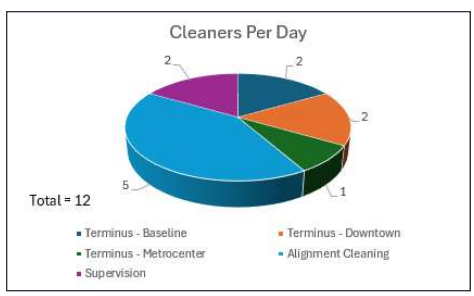
Cleaning Services

- Trash removal
- Litter pick up
- Graffiti removal
- Biohazard clean up
- Drug paraphernalia removal
- In service LRV cleaning
- Janitorial services

3

3

Contractor Cost Allocation



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4

Recommendation

Staff recommends that the Boards of Directors authorize the Chief Executive Officer to execute a contract amendment with DMS Facility Services, Inc., adding additional scope to cover the South-Central Extension/Downtown Hub and increasing the contract authority by $885,000 to an aggregate contract authority of $21,733,453.

5

5

Executive Summary

DATE **AGENDA ITEM 3E**
May 15, 2025

SUBJECT
Facilities Maintenance Services Contract Amendment

COST AND BUDGET
For FY26, the Valley Metro Rail, Inc. (“VMR”), additional contract obligation is $650,000, which is fully funded within the RPTA and VMR Proposed FY26 Operating and Capital budget. Contract obligations beyond FY26 are incorporated into the Valley Metro Rail Five-Year Operating Forecast and Capital Program (FY27 through FY31).

The source of funding is member cities.

RECOMMENDATION
Staff recommends that the Boards of Directors authorize the Chief Executive Officer to execute a contract amendment with DMS Facility Services, Inc., adding additional scope to cover the South Central Extension/Downtown Hub and increasing the contract authority by $650,000 to an aggregate contract authority of $11,495,707.

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

- Goal 8 – Operational Excellence
    - Initiative 8.2 - Codify a comprehensive maintenance and operations program delivering effective transit service with the ability to grow and adapt through FY30.

COMMITTEE PROCESS
RTAG: April 15, 2025 for information
TMC/RMC: May 7, 2025 approved
Boards of Directors: May 22, 2025 for action

CONTACT
Darren Curry
Chief Maintenance Officer
dcurry@valeymetro.org

ATTACHMENT
None

Background Information

BACKGROUND DISCUSSION
DMS Facility Maintenance Services provides preventive maintenance and repair services. Services include, but are not limited to, maintaining and repairing the following: air conditioning system, air coolers, air flow management, plumbing, lighting, electrical equipment, security gates, and miscellaneous repairs.

With the opening of South Central Extension / Downtown Hub (SCEDH), additional contract authority is being allocated to the current facilities maintenance services contract with DMS Facility Services Inc for the extension and the increase in the staffing and vehicles required to maintain the eight stations and one park and ride facility located along the new SCEDH extension. The cost includes one month of service in FY25.

The contracted position summary is as follows:

- One (1) Supervisor
- One (1) Journeyman
- Two (2) Facility Technicians

Also includes three (3) vehicles.

CONTRACT TYPE AND TERM
The contract is a cost-reimbursement type of contract with not to exceed amounts for each contract year and for the overall five-year term. The contract's term is through April 7, 2026, with an option for three additional one year extensions.

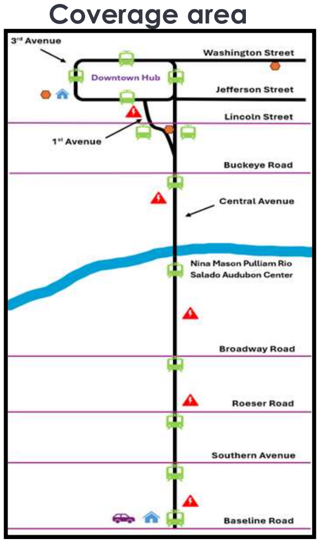
Facilities Maintenance Services Contract Amendment

VALLEY METRO

1

Services are for the performance of a full range of facilities maintenance services along the South-Central Extension/Downtown Hub

Coverage area



South Central / Downtown Hub Extension

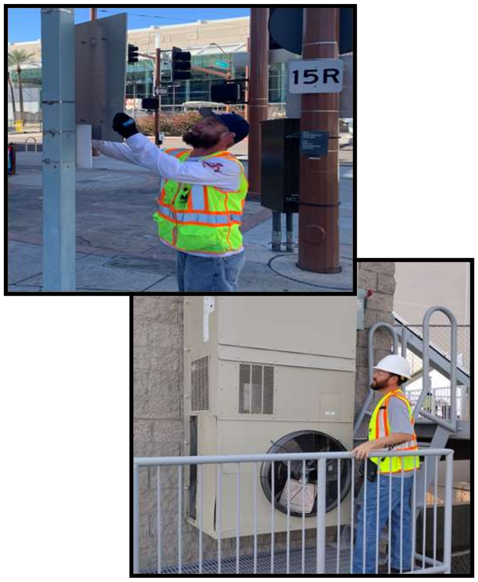
- 5.55 Miles
- 12 Passenger stations
- 1 Park and ride
- 1 Operator/Security Building
- 3 Signal Buildings
- 1 Operator Facility
- 5 Combination Traction Power Substation / Signal Building

2

VALLEY METRO

2

Facilities Maintenance Services



Warranty Period (One Year) – Valley Metro Responsibilities

- Inspections
- Preventive Maintenance
- Vandalism Repairs
- Accident Damage Repairs
- Maintenance Issue Verification
- After Hours Response
- Processing Project Warranty and Follow Through
- Fleet Management

3

VALLEY METRO

3

Passenger Station

Park and Ride

Operator/Security Building

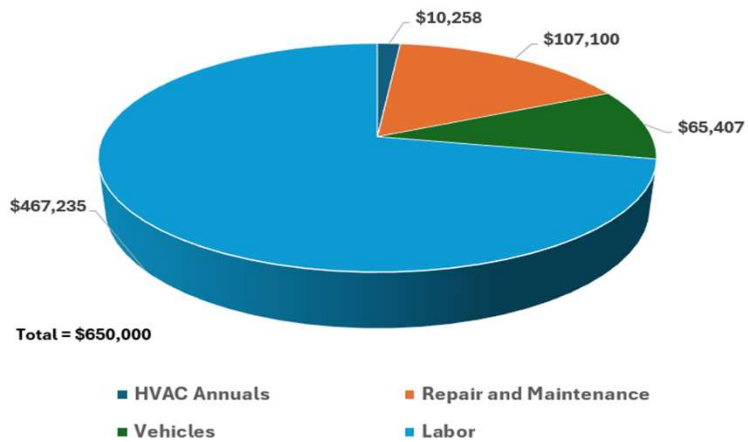
Traction Power Substation

4

VALLEY METRO

4

Contractor Cost Allocation



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Recommendation

Staff recommends that the Board of Directors authorization for the Chief Executive Officers to execute a contract amendment with DMS Facility Services, Inc., adding additional scope to cover the South-Central Extension/Downtown Hub and increasing the contract authority by $650,000 to an aggregate contract authority of $11,495,707.

6

6

Executive Summary

DATE **AGENDA ITEM 4**
May 15, 2025

SUBJECT
Audit and Finance Subcommittee (AFS) Update

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

BACKGROUND | DISCUSSION | CONSIDERATION
The Audit and Finance Subcommitte met on Thursday, May 8, 2025. The draft minutes are attached.

COST AND BUDGET
None

COMMITTEE PROCESS
None

RECOMMENDATION
This item is presented for information only.

CONTACT
Ken Kessler
Chief Financial Officer
kkessler@valleymetro.org

ATTACHMENT
Draft May 8, 2025 AFS meeting minutes

Meeting Minutes

May 29, 2025 **AGENDA ITEM X**

Audit and Finance Subcommittee
Thursday, May 8, 2025
Via WebEx/Phone
12:00 p.m.

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

Members Not Present

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

Chair White said good afternoon. It is now 12:06 PM and we will call the Audit and finance Subcommittee of Valley Metro to order. Pat, can we take roll call now, please?

Ms. Dillon said yes, ma'am. Good afternoon, everyone.

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

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

Chair White said thank you so much. I'd like to thank Mayor Bratcher for joining us online as well. Thank you so much for being here.

If a committee member would like to ask a question or make a comment during the meeting, please type your comment in the box and it will be read aloud and answer. All meeting attendees, please mute your computer, microphone and/or telephones.

1. Public Comment

Chair White said moving to item number 1, public comment.

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

Pat, do we have any public comment?

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

2. Chief Financial Officer's Report

Chair White said moving to item number 2, Chief Financial Officer's report. This, I'll turn over to CFO Ken Kessler for this report. Mr. Kessler.

Mr. Kessler said thank you, Madam Chair, members of the Subcommittee.

Do want to report on today, our sales tax revenues, the Regional Public Transportation Fund sales tax revenues through the end of April. We are at about 2% over prior year actuals and just under 2% below budget so far through April.

Happy to take any questions.

Chair White said are there any questions? Thank you so much, Mr. Kessler, for this report. If there are any additional questions or concerns, please reach out directly via email.

3. Minutes

Chair White said moving to item number 3, meeting minutes. This is an action item. The minutes from our April 3rd, 2025, AFS meeting are presented for your approval.

Hopefully, you've had the opportunity to review them. I will look for a motion to approve the minutes.

Motion by Councilmember Adams, second by Councilmember McMahon.

We have a motion by Councilmember Adams, a second by Councilmember McMahon.

All those in favor, please say aye.

Any opposition? Nay. The motion carries.

IT WAS MOVED BY COUNCILMEMBER ADAMS, SECONDED BY COUNCILMEMBER MCMAHON, AND UNANIMOUSLY CARRIED TO APPROVE THE APRIL 3, 2025, AUDIT AND FINANCE SUBCOMMITTEE MEETING MINUTES.

4. Executive Session

Chair White said Item number 4, Executive Session. I have to entertain a motion to move into executive session.

Ms. Dillon said Chair, just a reminder that we were going to move Item 5 ahead of number 4 so that because that item was just presented for information and then go into executive session.

Chair White said we're going to pause. Thank you so much, Vice Mayor Davis. And we're going to move item five up.

5. FY25 3rd Quarter Budget Review

Chair White said FY25 third quarter budget review. I'll turn this item over. Hold on one moment.

So we're taking this out of order. The quarterly budget review on today's agenda is for information only. A presentation will not be provided for this item.

The materials are included in your packet, however. And should you have any questions, please reach out to Tyler Olson. He'll be able to provide you with any information and always gives us a comprehensive review.

4. Executive Session

Chair White said now we will move back to agenda item number 4, executive session. I will honor that motion made by Vice Mayor Jimmy Davis. I need a second.

Motion by Vice Mayor Davis, second by Councilmember McMahon. I have a motion by Vice Mayor Davis, a second by Councilmember McMahon.

If you are an AFS board member, please disconnect from the open link and connect to the confidential web link that has been provided and we will now move into executive session. The public, we will reconvene shortly. Thank you.

IT WAS MOVED BY VICE MAYOR DAVIS, SECONDED BY COUNCILMEMBER MCMAHON, AND UNNANIMOUSLY CARRIED TO ENTER INTO EXECUTIVE SESSION.

Chair White said Thank you all so much for your participation.

The open meeting adjourned into Executive Session at 12:13 p.m.

The AFS members re-entered the open meeting at 12:52 p.m.

6. FY 2026 Operating and Capital Budget Information Valley Metro RPTA and Valley Metro Rail

Chair White said Now we will move to agenda item number 6 as we reconvene. FY2026 operating and capital budget information for Valley Metro RPTA and Valley Metro Rail. Mr. Ken Kessler, our Chief Financial Officer, will introduce and present this item. Mr. Kessler.

Mr. Kessler said Thank you, Madam Chair, members of the subcommittee.

I'm going to provide a brief overview of the FY2026 budget operating and capital. I'm going to focus primarily on those items that have changed since the last version. All the details are in the packet, but we're going to focus the presentation on kind of where we're at now based on feedback from members.

So first, just an overview of the budget. A base budget of $259.7 million, which is an $18 million decrease over the current year budget. And then those ongoing obligations like contract rate increases along with new initiatives, the Valley Metro recommended initiatives, coming to a total of $279.1 million proposed budget for FY2026 for RPTA.

And this is just a graphical depiction of those new initiatives for context, their relative proportion to the overall year over year changes, and then the proportion of the new initiatives as a percentage of the overall operating budget for FY2026.

And then just highlighting here, showing the numbers in the operating budget by program. This budget, again, primarily driven by fixed route operations and demand services, about a $400,000 decrease from the prior version that we had presented.

And then now going over those changes from the last version that we looked at.

First, I want to mention that we had started out with 21 requested positions for the FY2026 budget. We have decreased that request by seven positions. These are the positions that we have removed from the FY2026 budget request.

And then next, this table here shows of the 14 remaining positions that we're requesting for FY2026, these are five positions that in source work that we currently do through contracts. And this shows the overall contract amount and the cost of in-sourcing and then the overall savings by bringing these functions in-house.

And then next of the nine remaining of the 14 positions that remain in the budget request, these are basically positions that support our system growth and state of good repair work efforts for Valley Metro Rail and RPTA.

And additionally, I did want to highlight the classification compensations study in the last version of the budget we had our original estimate of $980,000 as Penny, the HR team, has worked with the consultant to kind of refine the implementation of the class and comp study and has come up with an estimate of $800,000. We've now changed the budget number to match that $800,000 that the class and comp team have come up with. And I do want to mention that's slated for an October 2025 implementation and there is some dependency on where the merit and COLA goes in terms of where this dollar amount, this estimate of $800,000 will land at the end of the day.

And then I did want to highlight those big items that are really driving the year-over-year change in the budget. So these are the primary drivers, the biggest items that are resulting in that year-over-year change.

And it's annual increases for existing contracts. We typically have a lot of multi-year contracts and in there, those proposals build in year-over-year increases to keep up inflation and so forth. We're forecasting increased demand on our demand service based on current ridership trends. And then our van pool program is growing quite rapidly. So that's a positive thing that's funded 100% with federal monies and the fares that are collected through the program. And then also those strategic plan new initiatives that I referred to earlier.

And just to give a recap of those items that are driving the budget in terms of those ongoing obligations, this table here shows the dollar amounts associated with each of those programmatic items coming to a total of $17.2 million. Those ongoing obligations that are driving the year-over-year change in the budget.

And then looking at the capital budget, there is no real significant change here from the last version, $66.2 million. Again, regional fleet being the primary driver there. And the debt services I believe I mentioned last time that the service will come off the books as we pay that off in the coming fiscal year.

And then looking at our five-year plan, first on the operating side, about a $1.8 billion five-year operating program for RPTA. Some very slight changes here that are really driven by those changes I identified for the FY26 budget flowing through the remaining years of the five-year plan.

And then similarly on the capital five-year program, very, very minor changes from some very small impacts in the FY26 budget that flow through the five years.

So with that, I'm happy to take any discussion on RPTA before moving on to Valley Metro Rail.

Chair White said seeing no questions, we'll move right into Valley Metro Rail. Thank you.

Mr. Kessler said moving on to Valley Metro Rail.

Again, the overview here shows a base budget decrease of about $1.4 million over the current year with those ongoing obligations of $18.3 million and recommended new initiatives of $3.6 million. A total operating budget of $118.5 million. Again, about the same $400,000 decrease or so from the prior version of the budget.

And then the proportional depiction of the new initiatives to the year-over-year change. And then the proportional depiction of those new initiatives in the context of the total operating budget proposed for FY26.

And then looking at the operating budget by the main programs, light rail, streetcar, and agency operating, $118.5 million budget for FY26.

And then in terms of the proposed modifications, those changes from the last version are all exactly the same as what we saw in the RPTA presentation. So no need to revisit those slides here.

So I'll just go on to the budget drivers, which are a little bit different for VMR as compared to RPTA. Of course, the opening of South Central and a full-year operation of that and expanding to a two-line system. The annual escalation for contracts similar to the RPTA budget. We have some bucket trucks that are needed in the FY26 budget for maintenance of the rail system. And then ongoing utility rate and usage escalations as well as the strategic plan new initiatives that are in the FY26 proposed budget.

And then a similar table here showing those ongoing obligations, a little detail around that showing the numbers, $18.3 million year-over-year increase as a result of the ongoing obligations.

And then looking at the capital budget, again, very little change here from the last version, $114.2 million capital budget primarily driven by the capital extension, future project development, state of good repair.

And then looking at the VMR five-year plan, again, very minor changes from the last version, $634 million five-year operating plan for VMR.

And then on the capital program for Valley Metro Rail, a little over a billion-dollar program for the next five years. Again, just minor changes from the last version that we reviewed.

And that concludes my presentation on VMR. Happy to take any questions.

Chair White said opening up the floor for questions. I don't have any here in the room. I don't see any hands online. Thank you so much, Mr. Kessler, for your presentation.

And this item was presented for information only.

7. <u>Paratransit Operator Fitness for Duty Audit</u>

Chair White said moving to item number 7, paratransit operator fitness of duty audit. We'll have Sabrina Beckstrom, our Chief Auditor, introduce and present this item.

Ms. Beckstrom said thank you, Councilmember White. We're here to present our findings for the operator fitness for duty audit for paratransit.

This is a series of three audits, the first of a series of three audits. We'll also be providing an audit reports of the bus and rail operator fitness for duty next month at AFS.

In this audit, there were no findings or recommendations. We did review driver qualifications, hours of service, and drug and alcohol testing.

And we did that for all three modes as discussed, but this is the report out for paratransit that there were no findings.

Are there any questions?

Chair White said no questions in the room. No questions online.

This is not for information, looking at the wrong. I'll entertain a motion to accept the paratransit operator fitness for duty audit.

Motion by Councilmember Adams, second by Councilmember Pastor.

We have a motion by Councilmember Adams, a second by Councilmember Pastor.

All those in favor, aye.

Any opposition, Nay. The motion carries.

IT WAS MOVED BY COUNCILMEMBER ADAMS, SECONDED BY COUNCILMEMBER PASTOR, AND UNANIMOUSLY CARRIED TO ACCEPT THE PARATRANSIT OPERATOR FITNESS FOR DUTY AUDIT.

Chair White said thank you so much. I appreciate the guidance.

8. Employee Mileage Reimbursement Audit

Chair White said and we'll move to item number 8, employee mileage reimbursement audit. We will also be taking action on this item, and it will be presented by our Chief Auditor, Sabrina Beckstrom, to introduce this item.

Ms. Beckstrom said thank you, Councilmember White. I'm inviting Larry Kondrat, our Audit Manager, to present the results of this report.

Chair White said Mr. Kondrat, thank you so much.

Mr. Kondrat said thank you, Madam Chair and members of the Subcommittee. I'm here to present the results of the employee mileage reimbursement audit.

The objective was to determine whether Valley Metro had policies and procedures in place, along with other effective internal controls to ensure that employees are being appropriately reimbursed for their personal vehicle usage.

The audit focused on employee mileage reimbursements for 17 months, from July of 2023 through November of 2024.

Internal audit, we determined that Valley Metro had mostly effective employee mileage reimbursement controls, but there's room for enhancement. Specifically, Valley Metro staff improperly claimed mileage reimbursements as they misunderstood the policy that's in effect, and it's a relatively small amount of mileage reimbursements, but it's important for us to enhance our current internal controls.

The first recommendation had to do with Valley Metro reimbursed staff for normal commuting miles. There were a couple of employees that weren't familiar with the policy, and they included mileage to off-site alternative work sites, and they didn't deduct the mileage that they would have to the administrative office building here.

And then the second recommendation had to do with an employee that was using a personal vehicle from the administrative building here to an alternative job site and then would return here. And the recommendation is to first seek out a Valley Metro vehicle, and then if there wasn't one available, then obtain pre-approval from the supervisor to use a personal vehicle.

Like I said, they were very small instances, and it wasn't a lot of money.

Are there any questions related to the audit?

Chair White said the chair recognizes Councilmember Pastor.

Councilmember Pastor said yes. In order to get reimbursement for mileage, is it from home or is it from the administrative office going to an off-site meeting? I mean, what do you get reimbursed for?

Mr. Kondrat said if your trip starts from home, you get reimbursed if you go to an alternative work site and then return home, but you must deduct the mileage for your normal commute, and there were two employees that weren't deducting their regular commuting mileage.

Councilmember Pastor said so if I'm going to put 10 miles, I think this is how it works, 10 miles, but I normally drive five miles from my home to my work site, then I really should be getting five miles reimbursed?

Mr. Kondrat said each way, correct, yes.

Chair White said any additional questions or concerns?

The outcome here is going to be an HR answer to this audit question. So, going forward, it sounds like we're going to put the right controls in place, and I appreciate this.

I will go ahead and entertain a motion to accept the employee mileage -- I'm sorry, prior to the motion, Vice Mayor Davis.

Vice Mayor Davis said I just want to verify, you know, all of the employees have received some training and guidance on how this should work, so these kinds of things don't happen in the future.

Mr. Kondrat said they haven't now. The policy is currently being revised, and then once the policy is revised, it'll be sent to all the employees of Valley Metro.

Vice Mayor Davis said Perfect.

Mr. Kondrat said but it's a very small amount of employees that submit mileage reimbursements.

Chair White said what is the amount, you said percentage of employees, what percent and how many people?

Mr. Kondrat said it's primarily for employees that submit them, and then there's a couple outliers for like one time, no mileage reimbursements, but it's a very small number.

Chair White said thank you for that clarification.

Chair White said any additional questions, Vice Mayor Davis?

Vice Mayor Davis said no.

Chair White said thank you, sir. Anything in the room?

I will entertain a motion to accept the employee mileage reimbursement audit.

Motion by Vice Mayor Davis, second by Councilmember McMahon. I have a motion by Vice Mayor Davis, a second by Councilmember McMahon.

All those in favor, aye.

Any opposition, nay. The motion carries.

IT WAS MOVED BY VICE MAYOR DAVIS, SECONDED BY COUNCILMEMBER MCMAHON, AND UNANIMOUSLY CARRIED TO ACCEPT THE EMPLOYEE MILEAGE REIMBURSEMENT AUDIT.

9. Internal Audit Update

Chair White said moving to item number 9, internal audit update. Our Chief Auditor, Sabrina Beckstrom, will present this item.

Ms. Beckstrom said thank you, Chair White. Larry Kondrat will also present this item.

Chair White said thank you so much, Mr. Kondrat. Love seeing you here at the podium.

Mr. Kondrat said thank you, Madam Chair and members of the Subcommittee.

I'll proceed with the internal audit update for May.

Currently, as Sebrina touched on earlier, we have two operator fitness for duty audits that are still in progress for rail and bus. The final audit reports have been drafted and distributed to the business partners, and we have exit conferences set up for next week.

The vehicle disposal process and contract change orders audits have recently kicked off. We've begun preliminary audit work on those two.

The IT change management audit, the draft report has been reviewed by Internal Audit, and it is getting ready to be sent out to the business partners.

And the IT patch management audit is in the final stages. There's a little bit of follow-up work left to do. And then the audit report will begin the drafting stage shortly.

The construction management contract audit, due to the South Central Extension grand opening and all the work that's being done, they're going to back up their on-site visit a little bit to the middle of June. So they'll be here for two days in June doing their interviewing and reviewing documentation.

The ISSA, the Internal Safety and Security Audits, we recently finalized one and submitted it to ADOT. There's another one that's currently in progress that is being finalized as we speak, and there are two additional audits that have just begun, and preliminary audit work is just starting on that.

And the FTA triennial review, they did an on-site visit to the City of Phoenix a couple of weeks ago, and Valley Metro representatives were in attendance, and they were interviewed and presented some additional documentation.

Audit recommendation update. There's been a lot of progress regarding the outstanding audit recommendations. The three audit recommendations pertaining to the bus operator certifications and labor audit have been implemented and closed. And of the nine outstanding audit recommendations in progress, I foresee closure in the next couple of months for all nine recommendations.

Are there any questions pertaining to the outstanding audit recommendations?

Chair White said thank you for giving us a forecast that nine will be closed out in the next few months.

Are there any questions here in the room? Any questions online?

Seeing there are no questions.

This report is for information only. Thank you so much, Mr. Kondrat, and thank you to our Chief Auditor, Ms. Beckstrom, for all of your hard work and leadership in this space.

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

Chair White said moving to item number 10, intergovernmental agreements, contract change orders, amendments, and awards.

This item is for information only. All of our Audit Finance Subcommittee members have this information in its entirety in your packet. If you have any questions regarding this item, please contact Valley Metro staff.

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

Chair White said Item number 11, report on current events and suggested future agenda items. I do have one suggested future agenda item, especially after hearing all of our audit reporting and all of the audit information that happens to be out in the ether right now. I would like to have Ms. Beckstrom prepare information so we can understand how our audit shop can go through and when we'll be eligible for a peer review and that whole certification process so our agency will become audit certified and that we can not only share the great work that you're doing inside, but that we can be audited by an external agency to make sure that a peer would also agree.

Any additional agenda items or reporting on current events?

Seeing there are none.

12. <u>Next Meeting</u>

Our next meeting is scheduled for Thursday, June 5th, 2025, at noon. I would like to adjourn our meeting.

We have a motion to adjourn by Councilmember Pastor, a second by Councilmember McMahon, and we will adjourn by consensus.

IT WAS MOVED BY COUNCILMEMBER PASTOR, SECONDED BY COUNCILMEMBER MCMAHON, AND UNANIMOUSLY CARRIED TO ADJOURN THE MAY 8, 2025 AUDIT AND FINANCE SUBCOMMITTEE MEETING.

Thank you all so much. Have a terrific Thursday.

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

Executive Summary

DATE
May 15, 2025

AGENDA ITEM 5

SUBJECT
May 2025 Strategic Plan Quarterly Update

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

RECOMMENDATION
This item is presented for information.

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

CONTACT
Melissa Boyles
Chief of Staff
mboyles@valleymetro.org

ATTACHMENT
May Quarterly Report

Background Information

In January 2024 the Boards of Directors approved Valley Metro's FY 2025 – FY 2030 Strategic Plan. The approved plan included nine strategic goals. Each goal included four to five supporting "initiatives." Annual action plans are now developed to accomplish strategic goals and initiatives.

Valley Metro updates the Boards of Directors on strategic plan progress via quarterly reports and rotating quarterly updates presented in February, May, August, and November. The attached quarterly report includes graphs illustrating the performance indicators associated with each goal, notes providing context for select measures, and initiative updates.

Valley Metro Strategic Plan

FY25 - FY30

VALLEY METRO

1

Goal Progress Board Reporting Cycle

2

VALLEY METRO

2

May 2025 Update

- Invest in Talent
- Leadership & Execution
- Board Governance
- Financial Sustainability

3

VALLEY METRO

3

Invest in Talent

- FY25 Initiatives
  - Assess Staffing Needs
    - Assessment complete
      - Informed FY26 budget requests
    - Created staffing/vacancy monitoring tools
  - Class & Compensation Study
    - Findings and recommendations Q4 FY25
  - Career Pathing & Coaching
    - Learning and development utilization assessed
    - Future programs informed by Class & Comp
  - Maintenance Technical Training
    - Pending recommendations from Class & Comp

4

VALLEY METRO

4

Leadership & Execution

- FY25 Initiative
  - Create an inclusive culture
    - Culture survey
      - completed March 2025
      - 84% response rate
      - Initial analysis indicates:
        - Staff are proud to work at Valley Metro
        - Strong belief in agency mission
      - Growth opportunities include:
        - Workload
        - Retention

5

VALLEY METRO

5

Board Governance

- FY25 Initiatives
  - Update Board member on-boarding
    - Developed new Valley Metro 101
  - Facilitate work across regional bodies
    - Ongoing - Focus on Prop 479 TLCP funding framework, administration, and roles and responsibilities between regional bodies

6

VALLEY METRO

6

Financial Sustainability

- FY25 Initiative
  - Secure financial forecasting software
    - Financial forecasting software proposal evaluations in progress
    - On track for August Board meeting for contract award
- Proposition 479 Transition
  - Together with Maricopa Association of Governments (MAG) drafting new Transit Life Cycle Program (TLCP) funding policies and updating MAG TLCP revenue and expenditure estimates

7

VALLEY METRO

7

Questions?

VALLEY METRO

8

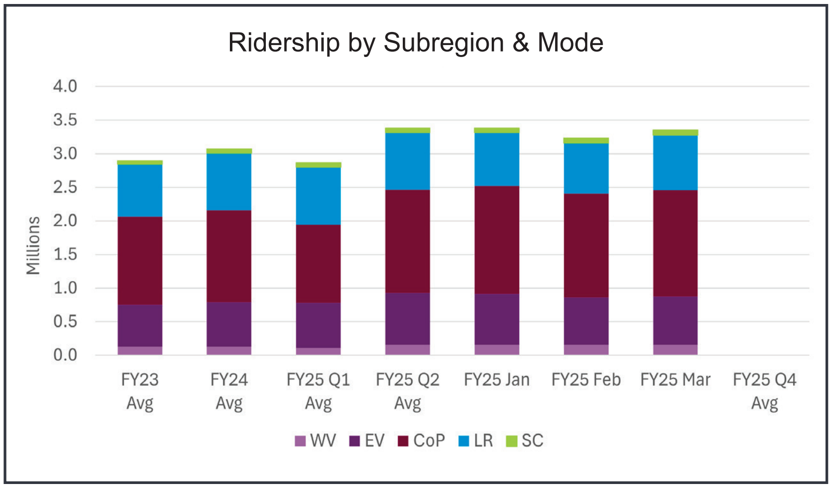
Agency Strategic Plan
Quarterly Report

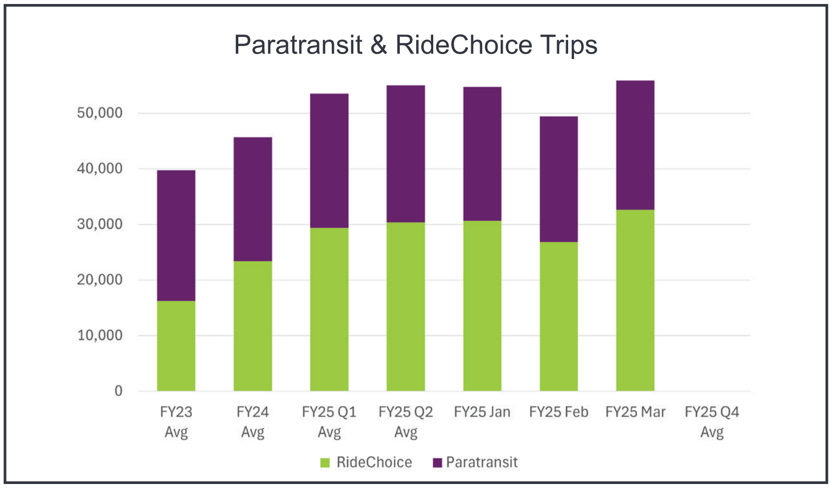
FY25 Q3 | January - March 2025

VALLEY METRO

Goal 1: Excellent Customer Experience

KEY PERFORMANCE MEASURES





COMMENTS

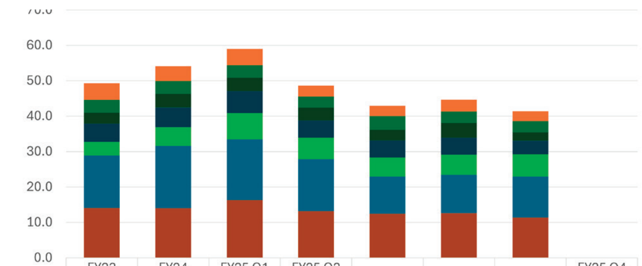
- FY25 Q3 ridership by mode compares to the same period last year as follows:
  - West Valley bus ridership is 20% up YoY in large part due to recent marketing efforts in the area as well as population growth.
  - Streetcar and East Valley bus ridership grew less than 1% YoY.
  - East Valley bus rider losses by jurisdiction are isolated in the rail cities, suggesting possible impacts on bus ridership related to lower rail ridership.
- Rail ridership remains 13% lower year-over-year than FY24 Q3. Data quality and operational factors are being analyzed to determine the root cause of this trend.
- Proportionally, commuter and circulator routes showed modest growth while local routes showed strong consistent growth in Q3 year over year.

- Over the first three quarters of FY25:
  - Paratransit trips increased 7.8%
  - RideChoice® trips increased 27.9%
  - Combined trips for both programs increased 18.1%

Goal 1: Excellent Customer Experience (continued)

KEY PERFORMANCE MEASURES

Top 6 Complaints per 100k Boardings



	FY23 Avg	FY24 Avg	FY25 Q1 Avg	FY25 Q2 Avg	FY25 Jan	FY25 Feb	FY25 Mar	FY25 Q4 Avg
No Show	4.7	4.2	4.6	3.1	2.9	3.3	2.7	
Hazardous Operation	3.6	3.6	3.5	3.1	3.8	3.2	3.2	
Late	3.1	3.8	3.8	3.7	3.0	4.2	2.3	
Attitude (operator)	5.2	5.6	6.2	4.9	4.8	4.8	3.8	
Policy (oper)	3.8	5.3	7.4	6.0	5.4	5.6	6.3	
All Other	14.8	17.6	17.2	14.7	10.5	10.9	11.6	
Pass Up	14.1	14.0	16.3	13.2	12.5	12.6	11.4	

COMMENTS

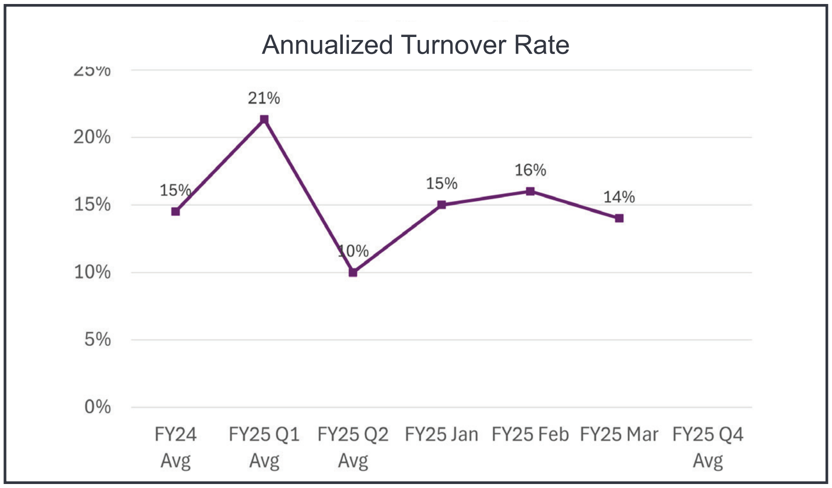
- Q3 complaints region-wide are down 12%.
- The largest declines were:
  - No-Shows -3%
  - Pass-Ups -8%
  - Operator Attitude -8%

FY25 INITIATIVE ACTIONS

INITIATIVE	ACTION	STATUS
Unified Customer Experience	Fare system administration to Valley Metro®	Complete. Administration of the fare collection system was transferred to Valley Metro in the first quarter of FY25.
Integrate and Market Mobility Solutions	Integrate microtransit into VM app trip planning	Phoenix has been awarded a grant that includes funds for the integration of micro transit into the VM app. Valley Metro is continuing to work with the City of Phoenix on the implementation timeline, which is now expected to extend beyond FY25 due to delays in delivering the initial features.
Human Center Design	Rail system signage audit	Complete. An audit was conducted and finalized in fall 2024 of the current rail system, identifying the placement of all current signage and helping to locate the placement of future two-line signage.
Human Center Design	Regional bus stop sign design	Continuing peer research, collecting customer feedback and consulting with wayfinding contractor for future scope of work. Also working to identify a signage contractor to help with damaged signs and potential future signage installation needs.

Goal 2: Invest in Talent

KEY PERFORMANCE MEASURES

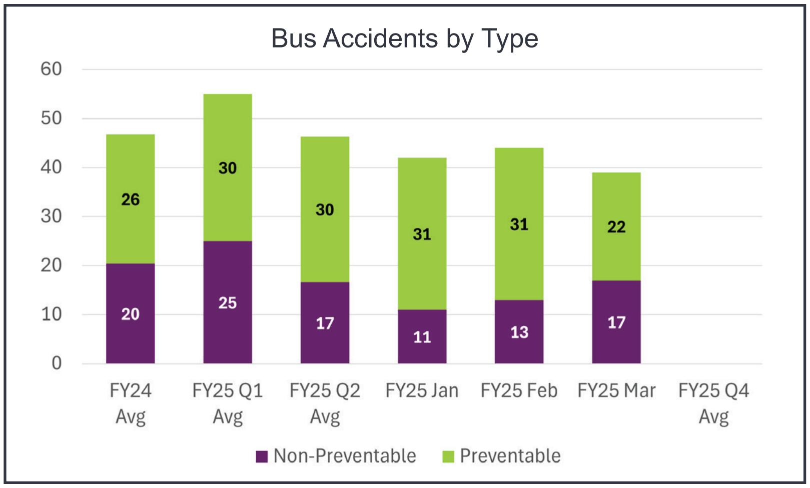


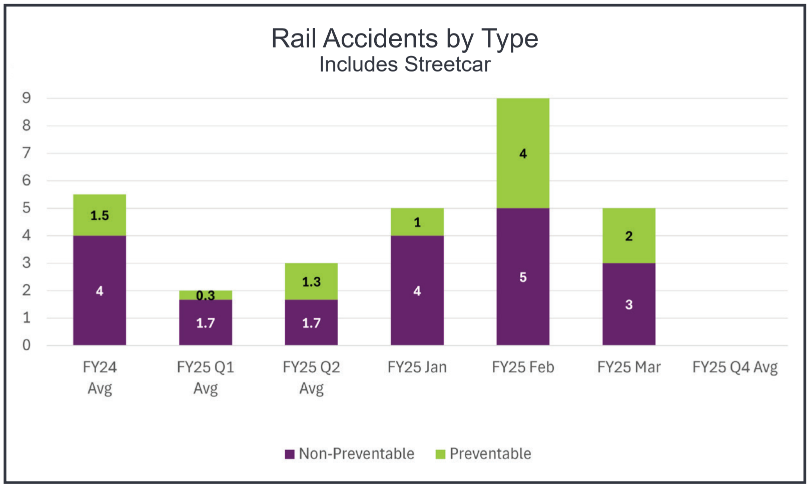
FY25 INITIATIVE ACTIONS

INITIATIVE	ACTION	STATUS
Assess Staffing Needs	Develop framework and talent pipeline strategy	Completed assessment of current vacancies and worked with Division leaders on anticipated FY26 needs. Created draft division/department assessment template. Created PowerBI dashboard to track vacancies with a goal of automating through an API with Oracle/HRIS.
Class and Compensation Study	Produce findings and recommendations	In progress. Findings and recommendations anticipated Q4 FY25.
Career Path and Coaching	Assess programs, utilization and realign with goal	Completed staff survey of offered programs. Compiled utilization data. Created PowerBI dashboard to track on-going utilization. Will revisit offered programs based on outcomes of Culture Survey and Class & Compensation study.
Maintenance Technical Training	Develop FY26 recommendations	Awaiting findings from Class and Compensation Study.

Goal 3: Prioritize Safety & Security on Transit

KEY PERFORMANCE MEASURES





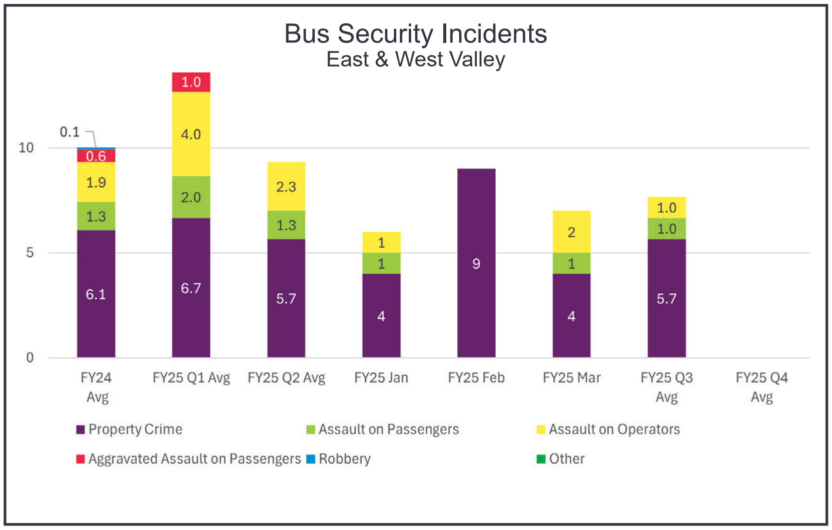
COMMENTS

- Valley Metro service only.
- Accidents in the West Valley remain within historic norms.
- East Valley preventable accidents have increased 23.7% from FY24 YTD. Inadequate new operator training has been identified as the root cause.
- Corrective actions:
  - Implemented revised new hire training program (3/3/25).
  - Route safety risk assessments have been completed for all East Valley routes.
  - Increased field observations by safety and driver managers, focused on high-risk locations and high-risk operators.
  - Safety blitz, awareness campaigns continue monthly to reinforce key safety messages.

- Rail accidents have remained at average with FY24.
- Non-preventable accidents average four per month in FY25 Q3.
- Hiring train operators to meet requirements for the two-line system continues.
- Roster currently consists of 45% with less than one year of experience and accounts for 65% of the collisions in the Q3.
- Improvement includes:
  - The 19th Ave corridor speed reduction order continues to show a reduction in collisions in that area.
  - Continued focus on defensive driving, expanded training and surveillance/ audits by contractor and Valley Metro Rail Safety of newer operators.

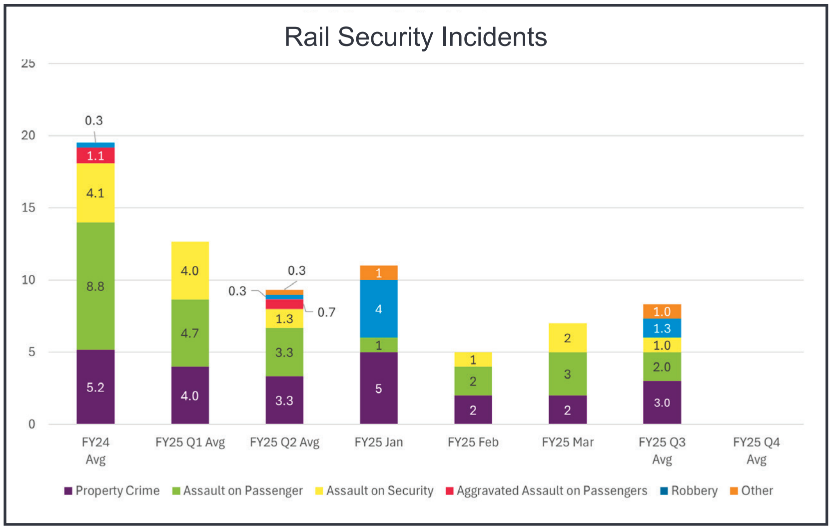
Goal 3: Prioritize Safety & Security on Transit (continued)

KEY PERFORMANCE MEASURES



COMMENTS

- Valley Metro service only.
- While total bus security incidents are similar compared to the prior quarter, this is within the range of normal month-to-month variation.
- Monthly average assaults on passengers for Q3 are 23% lower than in Q2 and 50% lower than in Q1.
- Monthly average assaults on operators for Q3 are 57% lower than in Q2 and are 75% lower than in Q1. This is attributed to:
  - Increased communication with bus operators.
  - Increased presence of law enforcement via "Blue Ride" details.
  - Greater emphasis on de-escalation training for operators.
  - Increased assault incident video review with contract management.



- Monthly average assaults on passengers for Q3 are 40% lower than Q2 and 68% lower than in Q1.
- Monthly average incidents of property crime for Q3 are 9% lower than in Q2 and 25% lower than in Q1.
  - Attributed to improved staffing levels and more robust fare compliance efforts.

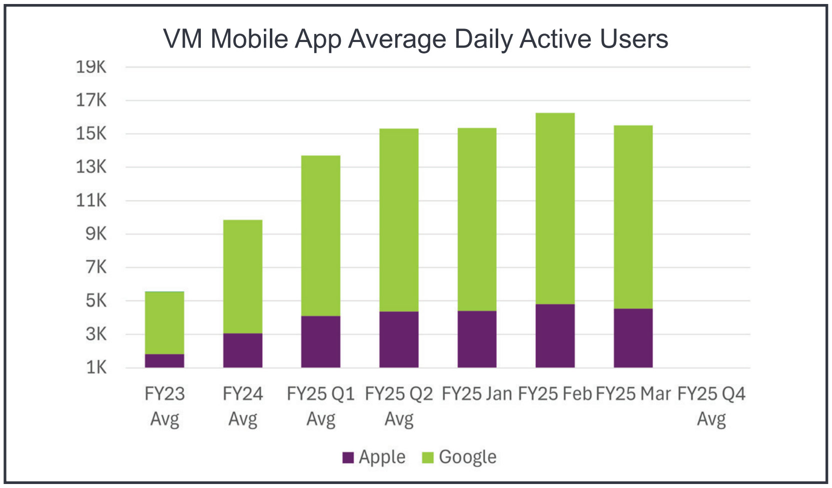
Goal 3: Prioritize Safety & Security on Transit (continued)

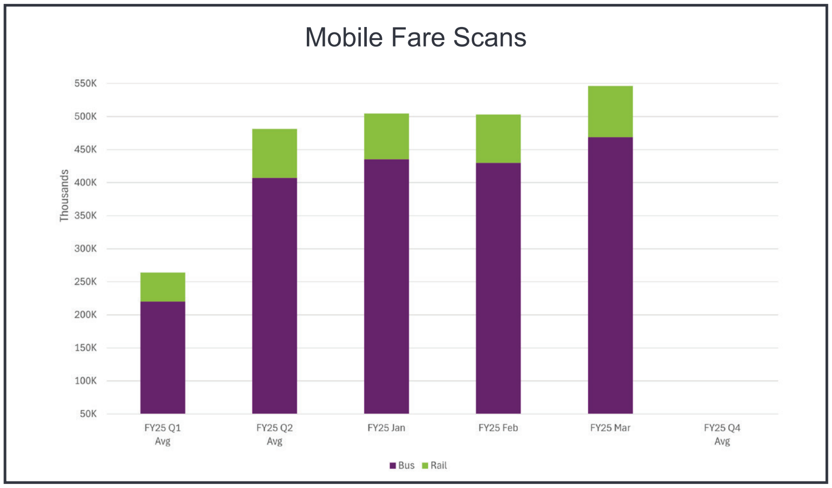
FY25 INITIATIVE ACTIONS

INITIATIVE	ACTION	STATUS
Create a Safety and Security Culture	Cyber security risk reduction	All IT network actions are complete. Several operational technology network actions are on hold to be completed following the South Central Extension opening.
Create a Safety and Security Culture	Rail safety administrators	Complete. Both administrators were hired in October - will divide the system into areas of focus for Safety Department.
Create a Safety and Security Culture	Internal safety campaign	Emergency Alert Communication System – Final testing is in process and final deployment will occur in June.
Community Partnerships	Outreach teams - existing contractor collaboration to conduct outreach on system	The City of Phoenix will begin Phase II of the TRACE program from June 1 through September, in conjunction with Heat Relief and Mitigation. Security Teams assist those in crisis to services - UPC, CBI and medical. Will explore opportunities to collaborate with Southwest Behavioral to conduct system rides/outreach.
Evaluate Physical Infrastructure	Crime prevention through Environmental Design assessment of rail stations	A study is in progress - findings and recommendations are anticipated summer 2025.
Partnership with Police Departments	Expand police partnerships	Conducted Blue Ride activity in Mesa on January 15, in Tempe on February 18, and planning an upcoming event in Chandler on April 30. Conducted 14 Collaborative Code Compliance Details with Phoenix PD during FY25 Q3. Shared newly revised Security Emergency Preparedness Plan (SEPP) with Phoenix, Tempe and Mesa PD leaders in January 2025.

Goal 4: Leverage Data and Technology

KEY PERFORMANCE MEASURES





COMMENTS

- Mobile app usage continues to grow compared to FY24.
  - Users increased 62% in Q3 FY25 compared to FY24 average.
  - Users increased 2.7% in Q3 FY25 compared to Q2.

- Mobile fare adoption continues to be strong.
  - FY25 Q2 versus Q3 up 7.6%
    - January versus Q2 average 4.8%
    - February versus Q2 average 4.5%
    - March versus Q2 average 13.4%

FY25 INITIATIVE ACTIONS

INITIATIVE	ACTION	STATUS
Improve Performance with EAM	Improve EAM reporting	Trapeze v24 was installed on new servers, hosted by a new company/provider that has improved performance, reliability and stability. The upgrade was completed in early March and after 45 days is showing significant improvement; deployment of additional features currently rolling out.
Understand Customer Interactions	Design and procure customer experience system	In the process of obtaining consultant support for the development of use cases and requirements to inform an RFP.
Improve Data Access and Reliability	Improve operational reporting	SWIFTLY reporting system was implemented in the first quarter of FY25. Further development is underway to automate KPI reporting based on data collected through the new system.
Improve Data Access and Reliability	Bus APC validation	Currently on-hold pending City of Phoenix's upgrade of ridership reporting software to Clever Insights.

Goal 5: Deliver on Stakeholder Collaboration

FY25 INITIATIVE ACTIONS

INITIATIVE	ACTION	STATUS
Expand Communication with Staff and Frontline Workers	Evaluate current communication channels, develop plan and feedback loop	Completed comprehensive audit of internal communication channels and now working on targeted surveys with frontline staff, beginning with security contractors and expanding to bus operators across our facilities in April - May 2025. Next, feedback will be collected from operators and customer service. This will inform data-driven decisions regarding improving internal communication by leveraging current resources.
Incorporate Member Agency and Stakeholder Input	Evaluate current communication channels, develop plan and feedback loop	Continue to focus on strong member agency communication through current channels. Assessment will occur in 2025 with community engagement staffing and member city/Board survey late summer 2025.

Goal 6: Leadership & Execution

FY25 INITIATIVE ACTIONS

INITIATIVE	ACTION	STATUS
Create an Inclusive Culture	Conduct culture survey and identify opportunities to increase engagement	An organization-wide culture survey was completed March 2025. Results have been compiled and will be used to inform FY26 Invest in Talent initiatives.
Embed Problem Solving and Process Improvement	Establish and begin delivery of problem-solving training	Efforts to engage a consultant are on hold.

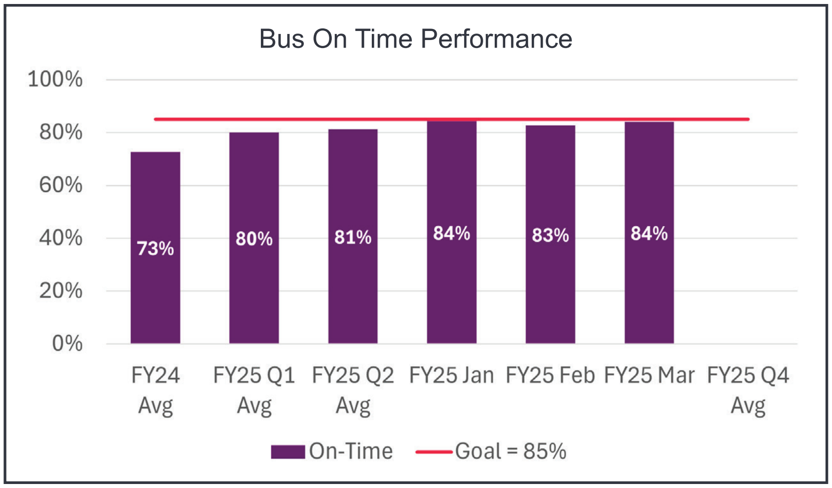
Goal 7: Board Governance

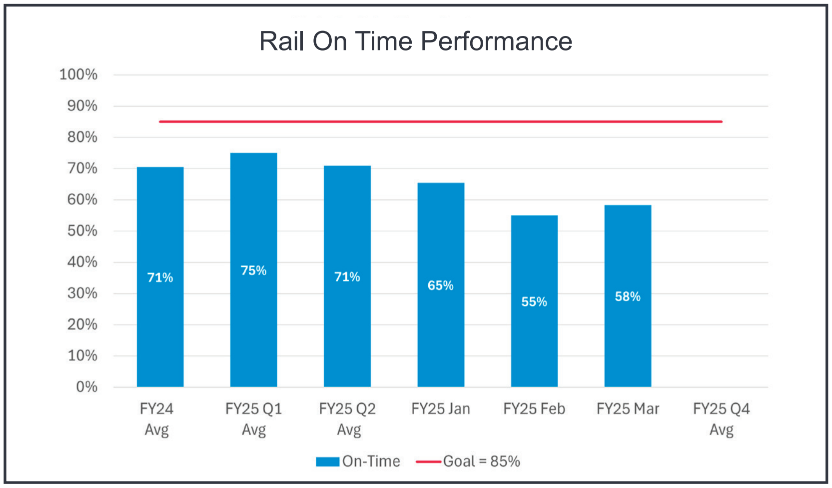
FY25 INITIATIVE ACTIONS

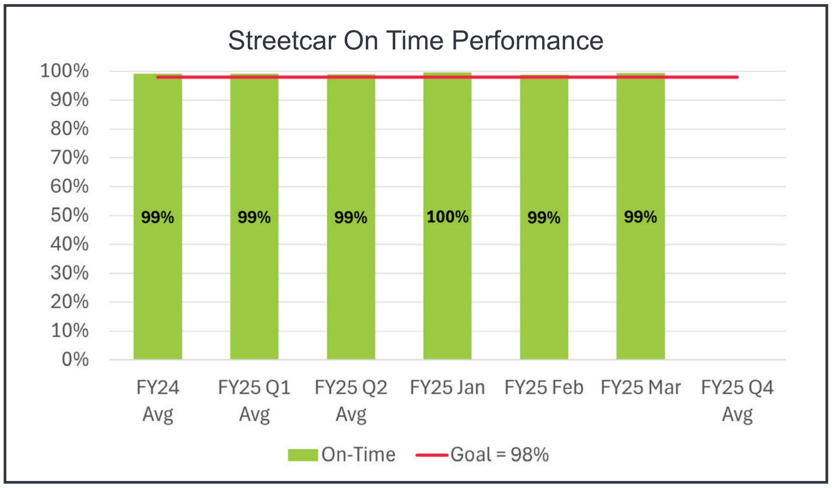
INITIATIVE	ACTION	STATUS
Update Board Member On-Boarding	Assess and update new board member on-boarding	Completed. Developed new content for Valley Metro 101 onboarding material, including anticipated Proposition 479 modifications to the regional transit program which was presented to the Boards during the retreat in March.
Facilitate Work Across Regional Bodies	Coordination with MAG in developing Prop 479 policies, including updating roles and responsibilities between agencies	Ongoing. Coordination and collaboration in the development of Prop 479 TLCP funding framework, funding administration including the roles and responsibilities between regional bodies is ongoing with MAG. Anticipated completion for funding framework presentation and adoption by both agencies' boards is the end of CY25.

Goal 8: Operational Excellence

KEY PERFORMANCE MEASURES







COMMENTS

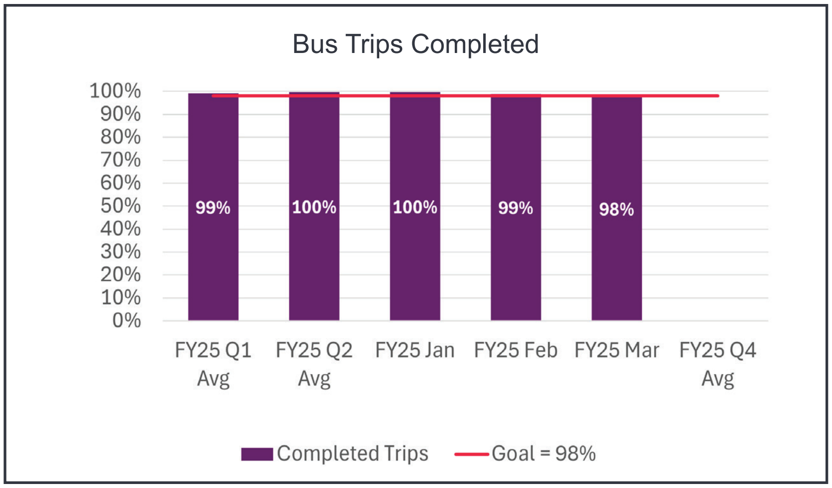
- Valley Metro service only.
- In Q3, service on time performance compared to Q2 showed:
  - 50% reduction in early arrivals
  - 11% decrease in late arrivals
  - 4% increase in on-time arrivals
  - 1% below the 85% goal

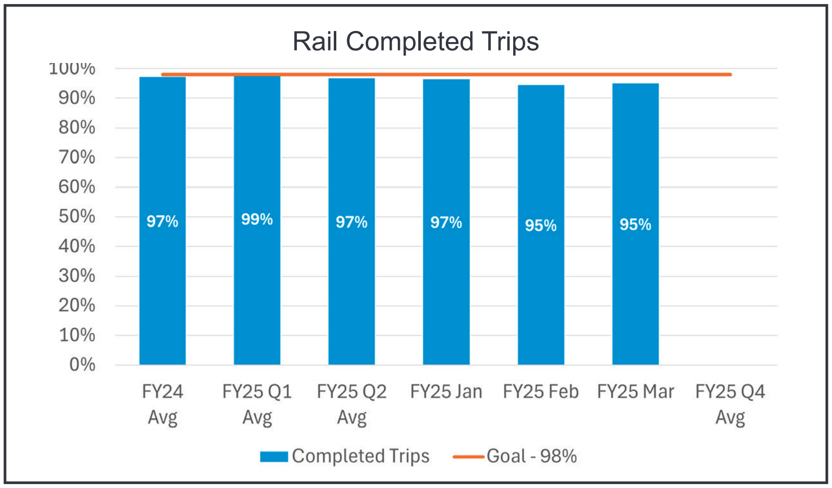
- The decrease in on time performance in Q3 is primarily attributed to traffic signal coordination challenges experienced in the Downtown Phoenix area and activities associated with the tie in of the South Central Extension.
- A working group has been established with the City of Phoenix to collaborate on strategies to address these challenges with a goal of improving service reliability.
- A Collision Reduction and Signal Optimization study is currently under way with participation from rail member cities to review strategies and receive recommendations at a coordinated, system-wide level.

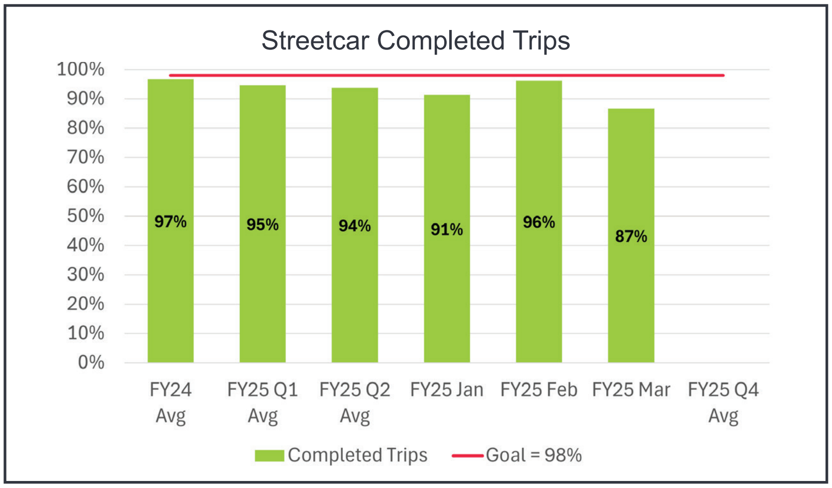
- Streetcar on time performance in Q3 remains steady 99-100%.

Goal 8: Operational Excellence (continued)

KEY PERFORMANCE MEASURES







COMMENTS

- Valley Metro service only.
- During the months of February and March, the East Valley contractor has experienced a higher than anticipated attrition and increase in absenteeism in the operator ranks, causing an increase in missed trips.
- Contractor has increased operator training class size to fill vacancies.

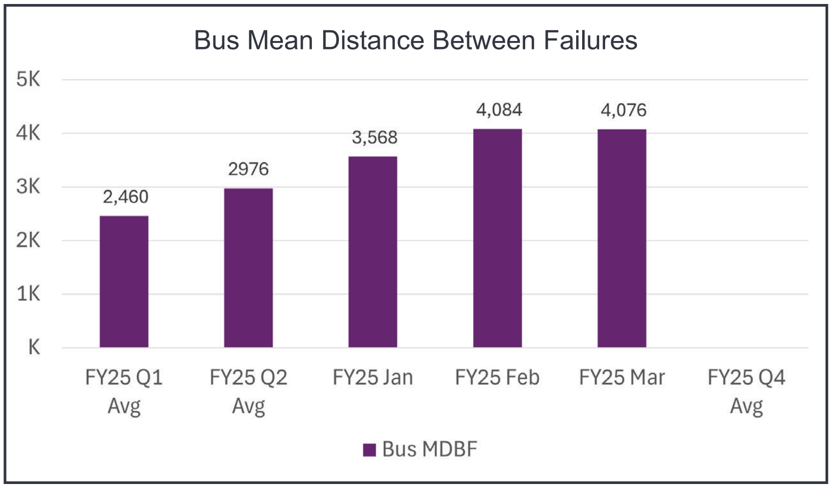
- The decrease in light rail completed trips for Q3 is correlated with the decrease in on time performance and resulting use of service recovery strategies to mitigate the number of delayed trips.
- Relief operators and strategically placed gap trains are being utilized with a goal of reducing the number of incomplete trips.

- Streetcar completed trips are down in Q3 due to the truncated service that is operated during special events in downtown Tempe.
- With special event dates removed, the percentage of completed trips for streetcar increased to 99% for Q3.

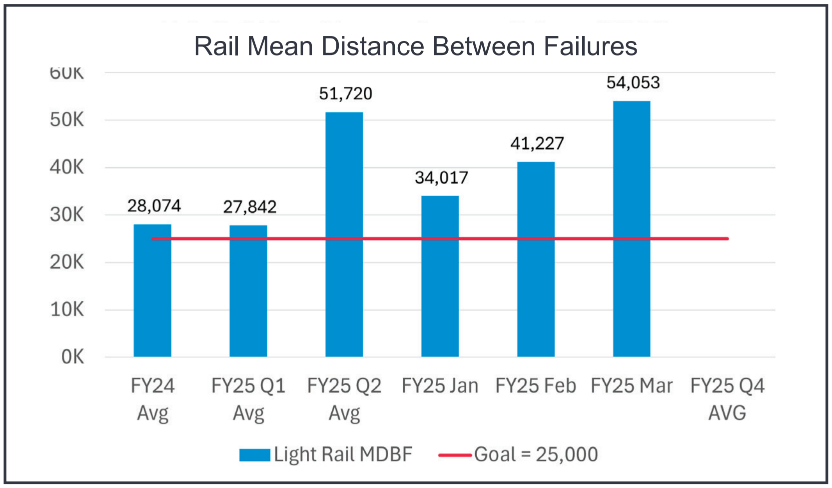
Goal 8: Operational Excellence (continued)

KEY PERFORMANCE MEASURES

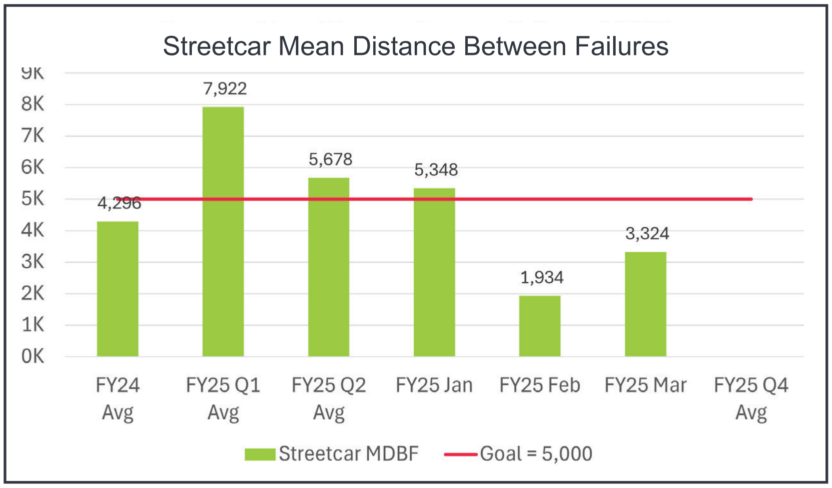
COMMENTS



- Valley Metro service only.
- Working with contractor toward a goal of 12,000 miles mean distance between failures.



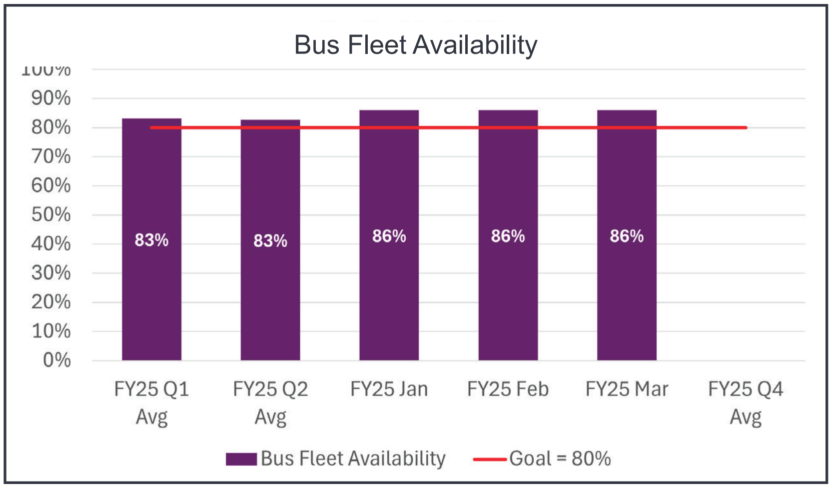
- This number will continue to fluctuate as we bring new light rail vehicles (LRV) into the fleet. This is in part due to infantile failures with new vehicles and the discovery of fleet issues. We can expect to see swings with this KPI for the next six months.

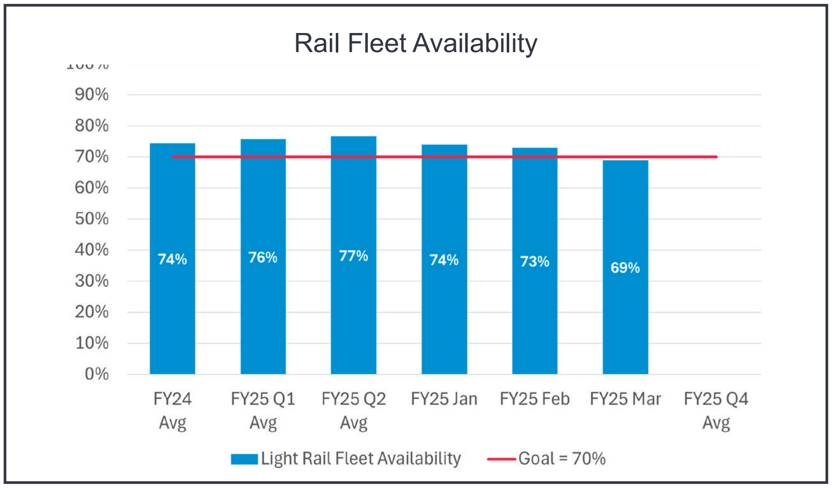


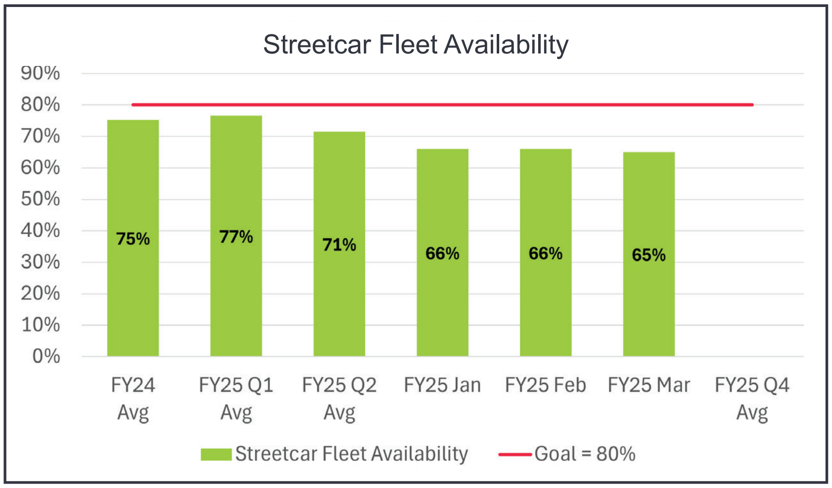
- We are currently evaluating the data on streetcar failures and do not see a commonality that leads to a root problem that needs to be addressed.
- The small fleet and low monthly mileage of the streetcar system can create the appearance of large swings. The streetcar only runs approximately 10,000 miles per month. In February, streetcar was 61% below the goal value. Additionally, from FY25 Q2 to Q3 means distance between failures decreased 37%.

Goal 8: Operational Excellence (continued)

KEY PERFORMANCE MEASURES







COMMENTS

- Valley Metro service only.
- Bus fleet availability continues to exceed goal of 80%.

- Fleet availability is trending down as we bring new Siemens LRVs into service. These LRVs need to have field modifications completed to bring them up to the current configuration and they are not available for service as this work is being completed.

- Fleet availability is trending down due to the completion of field modifications to the streetcar. Streetcars are not available for service when these modifications are being completed. We expect this work to be complete by mid-summer.

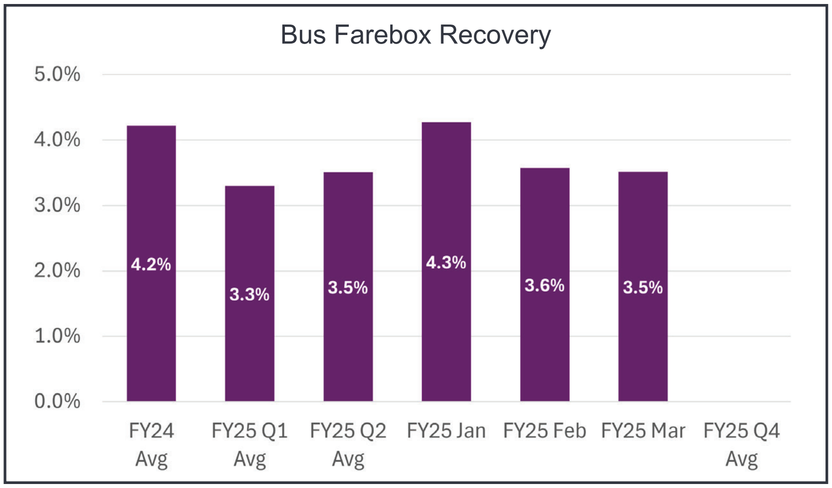
Goal 8: Operational Excellence (continued)

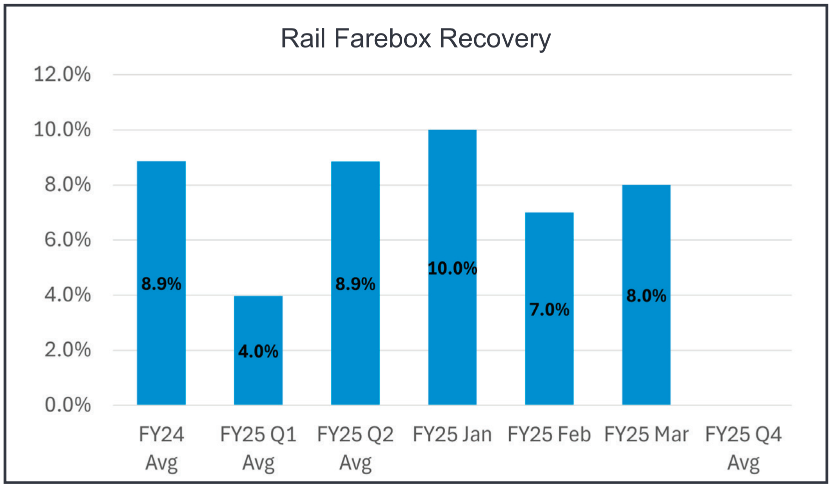
FY25 INITIATIVE ACTIONS

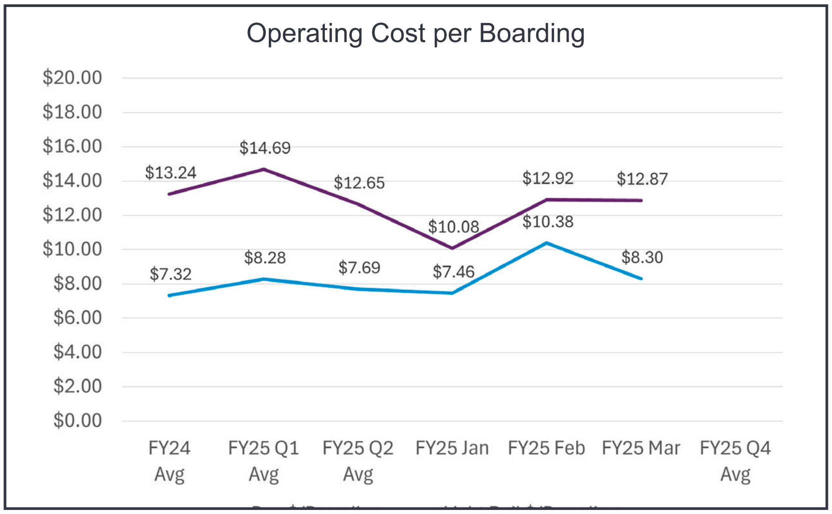
INITIATIVE	ACTION	STATUS
Optimize Service Performance	South Central/ Downtown Hub rail activation	Implementation continues on-schedule for revenue service summer 2025.
Optimize Service Performance	Demand-response mobility scheduling system	Proposals have been received and are being evaluated for tentative award recommendation in August 2025.
Optimize Service Performance	Comprehensive operational analysis	Work has commenced with a kick-off in March and the consultant (TMD) was provided performance information and local jurisdiction plans. Service Planning staff have been meeting with City staff to discuss the project. Public engagement is expected to begin in fall 2025
Optimize Service Performance	Analysis to determine Maintenance Staffing	Complete. Results are as follows: one traction technician per three miles of track. One signals tech, one coms tech and track tech per five miles. One LRV technician per 65,000 vehicle miles. One SCADA position added to address evening services and one additional position added to support additional workload as South Central Extension comes online.
Optimize Service Performance	Enhance facility cleaning	Hiring is underway. All three pressure washer units and two of the three trucks have been received. Operations are scheduled to begin in early spring 2025.
Codify Maintenance and Operations Programs	Update Blue Stake maps	Valley Metro’s contractor will complete all Blue Stake Base maps by May 2025 with the exception of SCE/DH extension. SCE/DH Blue Stake Base maps will be completed in FY26 after revenue service.
Improve Service Quality	Improve contract management practices	Updated Procurement Manual is under review. Online publication of contracts and updated procurement metrics are in test.
Improve Service Quality	Automated fuel management system	Implementation targeted for spring 2025.
Long-Range Operations and Capital Investment Plan	West valley facility: Identify optimal location for property acquisition	Site selection analysis is complete. Moving forward with conceptual layouts at the top three rated sites.

Goal 9: Financial Sustainability

KEY PERFORMANCE MEASURES







COMMENTS

- Valley Metro service only.
- Bus farebox recovery is up 9% compared to Q2.

- Rail farebox recovery is stable, between 8% and 9% over the last two quarters.

- Bus cost per boarding is down $0.69 compared to Q2.
- Rail cost per boarding is up $0.98 compared to Q2, primarily due to less boardings in Q3 than prior quarters.

Goal 9: Financial Sustainability (continued)

FY25 INITIATIVE ACTIONS

INITIATIVE	ACTION	STATUS
Develop Long-Term Financial Forecast	Procure financial forecasting software	Contract procurement underway. Contract award recommendation to go to the Board in August. Implementation is targeted for early FY26.

Executive Summary

DATE **AGENDA ITEM 6**
May 15, 2025

SUBJECT
Travel and Expenditures

PURPOSE
The monthly travel and expenditures are presented for information.

RECOMMENDATION
This item is presented for information only.

BACKGROUND | DISCUSSION | CONSIDERATION
None

COST AND BUDGET
None

COMMITTEE PROCESS
None

CONTACT
Ken Kessler
Chief Financial Officer
Kkessler@valleymetro.org

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

Valley Metro
Travel Reimbursement Report

Job Title	Purpose of Travel	Location	Dates Traveled	Total Travel Cost	Airfare	Other Transport	Lodging	Meals	Misc.
Interim Customer Service Manager	APTA Mktg, Comm. & Customer Experience Workshop	Long Beach, CA	2/23/25-2/26/25	$1,522.48	$293.93	$33.91	$939.64	$255.00	
Public Information Officer	APTA Mktg, Comm. & Customer Experience Workshop	Long Beach, CA	2/23/25-2/26/25	$1,731.49	$378.95	$159.86	$937.68	$255.00	
Marketing Program Supervisor	APTA Mktg, Comm. & Customer Experience Workshop	Long Beach, CA	2/23/25-2/26/25	$1,652.45	$327.92	$131.85	$937.68	$255.00	
Operations Comm Specialist	APTA Mktg, Comm. & Customer Experience Workshop	Long Beach, CA	2/23/25-2/26/25	$1,757.72	$405.97	$59.05	$1,037.70	$255.00	
Community Relations Lead	APTA Mktg, Comm. & Customer Experience Workshop	Long Beach, CA	2/23/25-2/26/25	$1,704.05	$384.96	$126.41	$937.68	$255.00	
Manager, Transit Asset Mgmt	SGR Annual Conference	Washington, DC	3/04/25-3/06/25	$1,813.78	$726.96	$182.28	$640.04	$184.50	$80.00 [1]
Chief Executive Officer	APTA Transit CEO Seminar	San Antonio, TX	3/21/25-3/23/25	$1,489.87	$569.96	$74.29	$758.12	$87.50	
Chief of Staff	APTA Transit CEO Seminar	San Antonio, TX	3/21/25-3/23/25	$1,474.59	$628.97		$758.12	$87.50	
Deputy Chief, Design & Construction	Best of the Best Brunch & Award of Excellence Gala	New York, NY	3/26/25-3/28/25	$1,395.96	$406.97		$822.99	$166.00	
Chief of Capital Development	Best of the Best Brunch & Award of Excellence Gala	New York, NY	3/26/25-3/28/25	$1,644.26	$426.96	$210.06	$771.24	$166.00	$70.00 [1]
Transit Asset Management Coordinator	Think Transit Conference	Kansas City, MO	3/16/25-3/20/25	$2,253.88	$698.96	$152.67	$1,193.00	$209.25	

Total this reporting period	$18,440.53
Year to Date	**$101,347.06**

Report reflects Out of State (AZ) Travel

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

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

Payment Number	Date	Supplier or Party Name	Transaction Description	Amount
10003253	3/14/2025	Keolis Transit Services LLC	Fixed Route Bus Operations/Maintenance/Professional Services	7,678,686.87
10003247	3/14/2025	Gillig LLC	40 Foot length Low Floor CNG Transit Buses	6,734,034.00
10003315	3/28/2025	City of Phoenix	Transportation Services for East/West Valley-Fixed & ADA Routes	5,577,275.65
10003274	3/21/2025	City of Phoenix	Lottery Distribution	4,067,212.00
90000384	3/7/2025	ADP Inc	PPE 03/02/2025 Payroll Liabilities	1,480,917.52
90000388	3/21/2025	ADP Inc	PPE 03/16/2025 Payroll Liabilities	1,461,673.95
10003232	3/7/2025	MTM Transit LLC	Paratransit Service & Fuel, Mobility Center Fuel & Trips	1,437,165.64
10003310	3/28/2025	MTM Transit LLC	Paratransit Service & Fuel, Mobility Center Fuel & Trips	1,325,525.95
1002958	3/21/2025	City of Mesa	Lottery Distribution	1,275,949.00
10003254	3/14/2025	Keolis Transit Services LLC	Fixed Route Bus Operations/Maintenance/Professional Services	959,239.93
10003248	3/14/2025	National Express Transit Corporation	West Valley Contractred Fixed Route and Maintenance Services	924,779.35
10003308	3/28/2025	MJM Innovations	Broker Services	739,979.22
10003252	3/14/2025	City of Phoenix	FTA Disposal proceeds	729,289.00
1002968	3/21/2025	City of Chandler	Lottery Distribution	699,551.00
10003256	3/21/2025	Town of Gilbert	Lottery Distribution	678,376.00
90000386	3/21/2025	Cigna Health and Life Insurance Company	Health Insurance Premiums	647,517.22
1002977	3/21/2025	City of Scottsdale	Lottery Distribution	644,392.00
10003230	3/7/2025	MJM Innovations	Broker Services	628,398.38
1002972	3/21/2025	City of Glendale	Lottery Distribution	627,782.00
10003307	3/28/2025	National Express Transit Corporation	West Valley Contractred Fixed Route and Maintenance Services	567,400.50
10003267	3/21/2025	National Express Transit Corporation	West Valley Contractred Fixed Route and Maintenance Services	517,635.97
10003231	3/7/2025	MJM Innovations	Pass Through Provider Costs	505,398.32
1002976	3/21/2025	City of Peoria	Lottery Distribution	484,303.00
10003259	3/21/2025	City of Tempe	Lottery Distribution	458,380.00
90000383	3/7/2025	ASRS	PPE 03/02/25 ASRS Contributions & LTD	399,135.73
90000385	3/21/2025	ASRS	PPE 03/16/25 ASRS Contributions & LTD	388,189.90
10003258	3/21/2025	City of Surprise	Lottery Distribution	364,134.00
10003309	3/28/2025	MJM Innovations	Broker Services	305,113.62
1002973	3/21/2025	City of Goodyear	Lottery Distribution	244,334.00
1002966	3/21/2025	City of Buckeye	Lottery Distribution	236,357.00

10003249	3/14/2025	MJM Innovations	Broker Services	231,473.34
10003281	3/21/2025	J Banicki Construction Inc	JOC-Supplemental Construction Services	228,123.59
1002965	3/21/2025	City of Avondale	Lottery Distribution	225,883.00
10003229	3/7/2025	National Express Transit Corporation	West Valley Contractred Fixed Route and Maintenance Services	224,836.16
10003298	3/28/2025	QCM Technologies Inc	Information Technology Services	209,547.99
90000391	3/31/2025	Surepays	RPTA Monthly Utilities	172,779.77
10003296	3/28/2025	HDR Engineering Inc	Community Relations Support Services	154,530.50
10003218	3/7/2025	HDR Engineering Inc	Community Relations Support Services	128,017.95
10003236	3/7/2025	Keolis Transit Services LLC	Engines and Transmissions	117,973.51
10003266	3/21/2025	Vix Technology USA Inc	Customer Service Network	95,396.17
10003280	3/21/2025	DLT Solutions LLC	Oracle Products and Services-Subscription Costs ERPCloud Fusion	95,386.27
10003237	3/7/2025	Keolis Transit Services LLC	Engines and Transmissions	91,414.44
1002969	3/21/2025	City of El Mirage	Lottery Distribution	90,694.00
10003313	3/28/2025	101 North First Ave LLC	101 Building Rent	87,103.37
10003291	3/28/2025	ACRO Service Corporation	Staffing Services	86,377.87
10003217	3/7/2025	CDW Government LLC	Software, maintenance and support - Adobe	76,022.98
1002959	3/21/2025	CopperPoint Insurance Company	Rent and CAM Charges	71,371.56
90000387	3/21/2025	Wells Fargo Bank	Monthly Credit Card Charges	67,650.52
10003221	3/7/2025	Scheidt & Bachmann USA Inc	Hardware and Software Maintenance Support	63,866.68
10003286	3/21/2025	Scheidt & Bachmann USA Inc	Hardware and Software Maintenance Support	63,866.68
1002970	3/21/2025	Town of Fountain Hills	Lottery Distribution	60,225.00
10003293	3/28/2025	CDW Government LLC	Software and Support Services - Keboola Renewal	50,514.34
10003226	3/7/2025	Senergy Petroleum LLC	Bulk Fuel	48,754.26
1002984	3/21/2025	Regional Transportation Authority of Pi	Ajo 685 Long Route Trips	45,147.63
10003238	3/14/2025	ACRO Service Corporation	Staffing Services	33,233.09
1002975	3/21/2025	Town of Paradise Valley	Lottery Distribution	31,987.00
10003261	3/21/2025	Senergy Petroleum LLC	Bulk Fuel	31,816.30
10003264	3/21/2025	WSP USA Inc	Project Development Support	30,518.50
1002934	3/7/2025	CopperPoint Insurance Company	Workers Comp Premium Renewal	29,507.40
10003284	3/21/2025	QCM Technologies Inc	Information Technology Services	29,002.00
				45,761,148.59

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

Payment Number	Date	Supplier or Party Name	Transaction Description	Amount
50003077	3/28/2025	Kiewit Infrastructure West Company	CMAR Services for South Central-Downtown Hub	9,551,148.76
50003043	3/21/2025	Allied Universal Security Services	Field Security Officers	1,079,134.41
50003053	3/21/2025	Jacobs Engineering	Capitol Extension Design	727,349.35
90000045	3/31/2025	Surepays	VMR Monthly Utilities	672,762.49
50003075	3/28/2025	Hill International Inc	PMCM Services	543,368.39
50003058	3/21/2025	Stacy and Witbeck Inc	JOC-Supplemental Construction Services	501,825.85
50003017	3/6/2025	Centurylink	Third Party Utilities for SCE	501,049.29
50003009	3/6/2025	J Banicki Construction Inc	JOC-Supplemental Construction Services	422,844.28
50003056	3/21/2025	SDB Contracting Services	JOC-Supplemental Construction Services	305,722.00
50003035	3/14/2025	PGH Wong Engineering Inc	System Design Services	240,135.67
50003080	3/28/2025	Siemens Mobility Inc	LRV Vehicle Communication and Video System Upgrade	239,180.01
50003012	3/6/2025	Siemens Mobility Inc	LRV Vehicle Communication and Video System Upgrade	221,064.94
50003082	3/28/2025	URW LLC	Landscape Maintenance Services and Alignment Granite Refresh	215,389.96
50003081	3/28/2025	Stacy and Witbeck Inc	JOC-Supplemental Construction Services	213,694.25
50003065	3/28/2025	AECOM Technical Services Inc	Design Services for South Central-Downtown Hub	180,771.23
50003014	3/6/2025	Trapeze Software Group	Trapeze EAM Software License	163,923.89
50003011	3/6/2025	PGH Wong Engineering Inc	System Design Services	141,136.47
50003034	3/14/2025	Penn Machine Company LLC	Tire and Mounting Kit	106,280.00
50003038	3/14/2025	Southwest Transit Partners	CAPEX CM Risk Services - Pre-Construction Services	91,508.99
50003002	3/6/2025	Brookville Equipment Corp	Skirt and Floor Heat Design Package	82,223.82
50003042	3/21/2025	AECOM Technical Services Inc	Environmental Services Support	73,728.58
50003045	3/21/2025	Brookville Equipment Corp	Block Power Module	73,000.00
50003033	3/14/2025	HDR Engineering Inc	Project Development Support	71,010.07
5003295	3/7/2025	Magnetry LLC	Marketing and Advertising Services	65,420.22
5003355	3/28/2025	STV Incorporated	Project Development Support	63,600.77
50003076	3/28/2025	Jacobs Engineering	Project Development Support	60,600.48
5003317	3/14/2025	STV Incorporated	Project Development Support	50,341.62
50003092	3/28/2025	SRP	Third Party Utilities for SCE	48,375.00
50003027	3/7/2025	City of Phoenix	Regional Fare Media Distribution Fee	45,436.00
50003055	3/21/2025	Pario Solutions	Juniper Care Support	42,581.00

50003078	3/28/2025	PGH Wong Engineering Inc	System Design Services	39,956.77
50003093	3/28/2025	SRP	Third Party Utilities for SCE	37,524.87
50003021	3/6/2025	City of Phoenix	Fare Handling Fee	36,669.00
50003091	3/28/2025	City of Phoenix	Fare Handling Fee	36,669.00
50003066	3/28/2025	ARCADIS	Consulting Support Services	35,959.79
50003040	3/14/2025	WEX Bank	Fleet Card Services	29,583.37
50003084	3/28/2025	Westinghouse Air Brake Technologies Cor	Thermostat	28,921.84
5003298	3/7/2025	MSC Industrial Supply Company	Drum Lubricants and Coatings	26,181.37
50003010	3/6/2025	Penn Machine Company LLC	Overhaul gearbox, axel and repair	25,965.00
50003030	3/14/2025	Brookville Equipment Corp	LRV Spare Parts	25,313.64
				17,117,352.44

Executive Summary

DATE
May 15, 2025

AGENDA ITEM 7

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

May 15, 2025

Valley Metro RPTA
Board of Directors
Wednesday, May 7, 2025
Boardroom/Webex
Valley Metro, 101 N. 1st Avenue, 10th Floor
11:15 a.m.

	Action Recommended
1. Minutes	1. For action
Minutes from the April 17, 2025, Board meeting are presented for approval.	
2. Valley Metro RPTA Fiscal Year 2026 (FY26) Proposed Operating and Capital Budget and Five-Year Operating Forecast and Capital Program (FY26 through FY30)	2. For action
Staff will review the RPTA Fiscal Year 2026 Proposed Operating and Capital Budget, Five-Year Operating Forecast, Capital Program.	
3. Election of FY25 Board Officers and Subcommittee Members	3. For information
In June of each fiscal year, the Regional Public Transportation Authority (RPTA) elects Board officers, in addition to electing members to the two standing committees of the Board: The Joint Board Subcommittee (JBS) and Audit and Finance Subcommittee (AFS). Board and Subcommittee members must be elected officials and participation on the respective subcommittees are limited to elected officials only.	
4. Report on Current Events and Suggested Future Agenda Items	4. For information
Chair Harris will provide members the opportunity to report on current events and suggest future agenda items for consideration.	

5. Next Meeting — 5. For information

The next Board meeting is scheduled for **Thursday, June 12, 2025 at 11:15 a.m.**

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

Meeting Minutes

May 15, 2025 **AGENDA ITEM 1**

Valley Metro RPTA Boards of Directors
Thursday, April 17, 2025
Lake Powell Conference Room/Webex
101 N. 1st Avenue, 10th Floor
11:15 a.m.

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

Members Not Present
Supervisor Steve Gallardo, Maricopa County
Mayor Michael LeVault, Town of Youngtown

The chair called the meeting to order at 12:04 p.m.

Chair Harris said move on to the next meeting. I want to welcome the members and convene this meeting of the Valley Metro RPTA board of directors for April 17th.

1. Consent Agenda

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

Councilmember White said I move that we accept the Consent Agenda Items 1 A through 1C.

Vice Mayor Tolmachoff said if I may, I would just like to make a statement on Item 1B before we vote on it.

I don't need to have it pulled but I would like to just comment. So there is a route there that refers to the Arrowhead Town Center Transit Center and I've talked to our staff and they're fine with the vote going ahead but we are still negotiating with Macerich on that. So we may be coming back and saying that this route is to remain or to be reinstated. There are some issues with where it is and some of the behavior of some of the drivers and some other issues that we're trying to resolve with Macerich. So we're still working through that, and we haven't given up on resolving that yet, so we're fine with going ahead with the vote. I just want to make sure that you and your staff are aware of that.

Chair Harris said before you respond, we had a motion. I need a second. We got the motion a second. Now we can include the comments into the record and go ahead and respond.

Motion by Councilmember White, second by Councilmember Pastor.

Ms. Mefford-Miller said thank You, Mr. Chair, Vice Mayor Tolmachoff. Noted. I actually want to introduce in response to your question our new Deputy Chief of Service Planning Michael Eshleman. I don't know, Mr. Eshleman, if you have anything to add on that matter or if this is a future action item. Michael joined us just about a month ago and what a busy month it has been. He leads our service planning team now. He joined us from AC Transit in the San Francisco Bay Area where he has worked in transit planning for some time. Michael and team in addition to managing our day-to-day service changes, service performance monitoring will be leading our comprehensive operational analysis, which does kick off this month. We are very excited about this sorely needed work. Mr. Eshleman.

Mr. Eshleman said thank you very much. So on that particular item, we've been working really closely with Glendale staff. That item is in the October proposed service changes as a placeholder in the event it's needed. So that's the primary reason it's included within this particular report.

Vice Mayor Tolmachoff said we're willing to, you know, up to and including relocate the Transit Center someplace else on the property. That’s not ideal and that's a busy, busy place. A lot of the employees there use that to get to work. It brings in customers. So it's an important piece in our system that we're committed to trying to work this out.

Chair Harris said we had a motion, a second. Any more discussion? All those in favor say aye. All those opposed say nay. All right. The ayes have it.

IT WAS MOVED BY COUNCILMEMBER WHITE, SECONDED BY COUNCILMEMBER PASTOR, AND UNANIMOUSLY CARRIED TO APPROVE CONSENT AGENDA ITEMS 1A AND 1C.

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

Chair Harris said we're going to move on to Item number two. I know Kenny will appreciate this one Gilbert Road Park and Ride design construction and Funding agreement.

Ms. Mefford-Miller said I'll invite Mr. Collon to the podium in the event there are questions. This item second time this morning we're talking about Gilbert Park and Ride. This is an authorization for an agreement between Valley Metro RPTA and Town of Gilbert governing the Park and Ride. This is not budget authority that comes in the budget nor is it the vehicle for actually constructing the Park and Ride that would be the job order contract which the board just authorized that increase in expenditure authority.

Just as a matter of background, Gilbert Park and Ride was formerly located in downtown Gilbert beneath the water tower. This very popular area has since been redeveloped, and the Town of Gilbert has chosen to use that parcel for other uses. And so a park and ride will be relocated and reconstructed utilizing the job order contract. Thank you to the action of this board earlier this morning. The capital cost estimate for that park and ride is $52 million with an anticipated completion date in FY 2026. Mr. Collon, I hope I haven't stolen all of your thunder. How about are there any questions that we may answer regarding the forthcoming new Town of Gilbert Park and Ride? I look forward to personally utilizing said park and ride.

Chair Harris said I'm just going to hand it over to Kenny. He's the councilmember from Gilbert. Any comments, anything you need to let us kno? Any unsatisfactory moments that you want to talk about. Just let us know.

Councilmember Buckland said thank you, Mr. Chair. So I'm really excited about this. I just wanted to give some context. Based on the most current data Gilbert is the third largest municipality in Maricopa County. And we have the one Park and Ride but what's really awesome about this is the location is in our just shy of 73 square miles. Where it has been is about a mile and a half two miles south of the Mesa border. We stretch all the way down to past Riggs Road in some places. This placement is going to be awesome because it is south of the 202 freeway. I can't prove it, but I suspect that it will help with ridership because I think most cars, most people are going to say well, I've got to cross the freeway anyways to get all the way up to the downtown area. I'm just going to jump on the freeway and go to work in Phoenix or Tempe or Chandler when they don't work in Gilbert. So I really like the placement. It was well thought-out, and I do think that this is critical for our residents to help, like Jessica just said, get to the Park and Ride jump on it. It also partners with the Chair's city, because this one I think continues into Chandler as well as a route there. So I think I've probably said enough.

Chair Harris said you can never say enough about your city. And I've been on TikTok and all I see is Gilbert soon coming, this that, Gilbert. I'm like I got to get Chandler TikTok algorithm up because Gilbert is doing it big on TikTok. All those influencers. Anyways, that has nothing to do anything. But you guys I'm going to allow you to share some words and then I'm going to put it up for a vote.

Mr. Collon said Mr. Chair, thank you and Councilmember Buckland. I really don't have much to add. I can certainly share that we looked at several sites. This is a city-owned land parcel near Cooley station. It's going to be about six miles southeast of the current Park and Ride location. So just to what councilmember Buckland was saying, you know, putting that further and a bigger catchment of potential customers for Express Route 542 and potentially others in the future. So with that Mr. Chair, that's all I had to add.

Chair Harris said thank you so much. I would at this time request a motion and a second to authorize the CEO to execute the design and construction and funding agreement with the Town of Gilbert for the Park and Ride Project.

Chair Harris I'm requesting a motion. Kenny.

Councilmember Buckland said so moved.

Chair Harris said who wants to second?

Motion by Councilmember Buckland, second by Vice Mayor Tolmachoff.

Pat, go ahead. There's been a motion and a second. Who wants to take credit for the second? Queen Creek does, of course, of the East Valley. There's a motion and a second.

All those in favor say aye. All those opposed say nay. The ayes have it.

Councilmember Buckland said Gilbert appreciates the board.

Chair Harris said thank you for your service.

IT WAS MOVED BY COUNCILMEMBER BUCKLAND, SECONDED BY COUNCILMEMBR MCCLURE, AND UNANIMOUSLY CARRIED TO AUTHORIZE THE CEO TO EXECUTE THE DESIGN, CONSTRUCTION, AND FUNDING AGREEMENT WITH THE TOWN OF GILBERT FOR THE PARK-AND-RIDE PROJECT.

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

Chair Harris said Item number three RPTA fiscal year 2025 mid-year. I'm going to send this over to our CEO.

Ms. Mefford-Miller said thank You. Mr. Chair, I'm going to invite Ken Kessler, Chief Financial Officer, to the podium where he's going to remain and hang out for a while for the next agenda item.

We first introduced an FY25 mid-year budget adjustment for RPTA back in November of 2024. As time has gone on, we have more information as we often do regarding our budget to actual outlook. Now that we sit here in the final quarter of FY2025 we no longer will require a budget adjustment. Some of that is just reduced expenditures. We anticipated that some of the magnitude of those reduced expenditures has increased also our anticipated expenditures in some areas including paratransit have come down a little bit. There's a table included in your packet summarizing this information, but I'm going to turn it over to Mr. Kessler now.

Mr. Kessler said thank you, Jessica. Chair, members of the board. I think this slide doesn't reflect the agenda item where I think there's a little mix up there but anyways, we're talking about what we had earlier proposed as a mid-year budget adjustment. As just Jessica mentioned, as we looked at the numbers as this item was tabled the last couple meetings to answer some additional questions folks had, we took a deeper look at the numbers later into the fiscal year with more data on actual expenditures and where we're at fiscal year to date and given the fact that we only have a couple more months left in the fiscal year we've determined that a budget adjustment is not necessary because we project that we will actually underrun the overall budget quite significantly and operating budget specifically by at least a couple hundred thousand dollars. So this is just an information item to let you all know that the mid-year budget adjustment we had been moving forward with previously is not necessarily needed at this point as we should be well within our budget.

And with that I'm happy to take any questions.

Chair Harris said are there any questions? Any questions? Thank you for the presentations.

The Chair recognizes Councilmember Edwards online.

Councilmember Edwards said so the fact that we don't have a mid-year adjustment it still doesn’t change the fact that the paratransit project is still over budget by $2.5 million which it now appears we have dealt with administratively during our existing budget. Is that correct?

Mr. Kessler said Mr. Chair, Councilmember. The individual programs that are showing overruns are over budget and, you know, Mike Pal and Tom Young have met with all the member cities on a few occasions to kind of walk through the paratransit impacts to make sure everybody was clear and have a good understanding of the impacts of that program specifically. But since the agency board does approve the budget at the overall level the need for a mid-year budget adjustment for the actual agency budget is not necessary at this time. But the information on the paratransit overrun has been shared with city staff.

Ms. Mefford-Miller said if I may Mr. Chair, Councilmember Edwards. I want to recognize your comment and commit that Valley Metro staff is actively working to do what we can within the existing contract construct to reduce expenditures on the paratransit contract and also to more accurately forecast expenditures as we have done for the draft FY26 budget. We recognize the importance of paratransit service and Ride Choice as well as our need as a community as a region as Valley Metro RPTA to control cost growth in paratransit

Chair Harris said are there any more questions from the board or comments online.

Councilmember Pastor said I have a comment. I would say none of us are in agreement of the way paratransit's paid and how the contract was written. I mean my statement is as we move forward to make sure that we're not in that type of contract in the future. And I think that's where we're hearing some of the comments coming from very different cities because cities are paying for it and for us to go back to our constituents and say, well, we got to pay for it, which I will say that and it's the way the contract was written and now we'll do our due diligence in the future. So I think that needs to go on the record at least for me. I don't know about my other colleagues, but I think my other colleagues feel the same.

Vice Mayor Tolmachoff said I agree with Councilmember Pastor and I mean, even though I know in Prop 479 the way paratransit's paid for is going to be different. It's going to come off the top. It's still money off the top. So cost control still, whoever's paying for wherever it's coming from, it's still really, really important. And I mean, I understand the difficulty in an on-demand service of controlling cost. It's very complicated but I think we're all in the same position. Because it's really gotten, I don't want to use the word out of control, but it's gotten incredibly expensive to provide the service.

So even though I know our city's committed, even though the money is going to be coming off the top cost control is still going to be important in paratransit because that's money that's still not on the table for other things that we need to do.

Chair Harris said it looks like a lot of heads are nodding that they agree with those comments. So just want to make sure online those heads are nodding yes as well as for the record. So that presentation was for information only. Staff you've been given feedback from the board, and we appreciate you. Thank you so much.

4. <u>Valley Metro RPTA Fiscal Year 2026 (FY26) Preliminary Operating and Capital Budget and Five-Year Operating Forecast and Capital Program (FY26 through FY30)</u>

Chair Harris said moving on to the next item. Item number four Valley Metro RPTA fiscal year 2026 preliminary operating capital budget. Jessica, take it away.

Ms. Mefford-Miller said Thank you, Mr. Chair. This is the next step in our iterative budget development process. We bring the budget to the board and to our staff committees in a number of stages throughout the course of the year beginning in the fall so that we can incorporate your feedback and direction. We also keep a very watchful eye on the budget capability and the revenue streams coming through our member cities. Most recently we have met with member city staff and management leadership on several occasions in March and this month in April including a Financial Working Group and Regional Transit Advisory Group meeting that was held on Tuesday of this week. We shared the detailed information including the write-ups that you have in your packet today and we have been responsive to the feedback that we have received from board and from city staff and leadership. Hopefully, you've had the opportunity to review that packet before Ken provides his presentation.

I want to provide a little bit of background information. For the RPTA FY26 budget our budget request is $279.2 million. Again, that's the operating budget. This is an increase of $300,000 over the FY25 operating budget. That is a .00108% increase so it's less than 0.2% increase. We have worked very hard to constrain growth in our RPTA operating budget to the greatest extent that we can recognizing that some of our costs particularly for labor and fuel are going to continue to grow.

The Valley Metro Rail FY26 draft operating budget request is $118.6 million. That's a 21 percent increase of $20.6 million. And I want to recognize that as the system grows and we're very excited to deliver the South Central Extension in June of this year our cost for supporting that system increase related to expansion but also related to the maintenance and sustaining of this fixed guideway system. And you know, I've worked at in and around transit for a long time and fixed guideway transit it really does continue to require cost and maintenance over the life cycle of the project. And even though we're still kind of young and we're expanding our original system has now reached midlife. It's been more than half the life cycle at this point of those original assets and so we've got a little reinvestment ahead of us. Most of the increases in the VMR budget are for proposed safety and security position, increasing contract rates beyond the expansion and maintenance that I mentioned as well as insurance.

Of particular interest in conversations with the board and member cities have been requests for new positions. Our original RPTA draft budget request included 21 positions. With your feedback and with pretty detailed conversations we've had with city leadership and staff, we've revised that budget request which Ken's going to present today. We're now at 14 new positions, again, which is reflected in your packet. Much of those new positions are, I would put them into two different categories, not all of them but the majority of them are either in-sourcing or they are positions responsive to our growing transit system.

We have also identified other savings. You heard that from Ms. Lynch today on the classification and compensation study. We've moved from an initial request of $980,000 down to $800,000 as our ceiling for our class and comp implementation.

I do want to note for the RPTA budget increase, and those 14 staff positions do not require member city contributions. Those staff positions would be supported through public transportation funds. Now for Valley Metro Rail, unfortunately, we cannot use public transportation funds to support operations, so those staff positions do impact our three rail cities operating budget. We have been very diligent in trying to control that growth as much as is possible.

We will look forward to your feedback today and we'll take that feedback into account as we prepare the next iteration and hopefully a final draft budget which we're going to share with you in May.

I'm going to turn it over to Ken. It's a lot of information. He's going to walk you through also the content of the presentation. For my part I am flipping between the narrative write-ups and the budget documents. So Ken's going to show you how to do that so that we can have a productive conversation. We look forward to your feedback and your guidance this morning.

Mr. Kessler said thank you for that introduction, Jessica.

So I'll jump right in with the presentation here. So just a reminder for folks that our budget is built based on our strategic plan. So here's the strategic framework and as we go through the presentation all of our new initiatives proposed for FY26 are tied to those strategic plan goals and that framework so that way you can see how these initiatives relate to implementing our strategic plan.

And then here's the initiative write up that as a sample that Jessica had referred to that's in your packet. This is just one example. I want to walk through it to kind of help you walk through it and know how to read it. So first in the upper left side that's the actual initiative number and those are referred to in the presentation slides that we'll review here today. And then we have the strategic plan goal so it's clear which strategic plan goal that initiative supports. And then over here on the left side we identify the agency. Many of these initiatives support both the RPTA and VMR agencies, but some do support solely either RPTA or VMR and those are indicated in that box there that's identified. And then we have the initiative type. The initiative categories so we have Valley Metro Recommended initiatives. Those are the new initiatives and then we also have in the packet we have the ongoing obligations initiatives, those things that are really more inflationary markets, demand driven, those things that we really don't have a lot of control over.

Just want to go back really quickly down at the bottom there those items circled in red the dollar amounts do want to point out that in each initiative detail sheet we identify the estimated costs associated with each agency whether it's just one agency or in this case this example is both agencies. So there's a little bit of the cost for each agency and as I go through the presentations here with RPTA first in this meeting the costs you see on the actual presentation slides will be the cost respective to the RPTA agency only not the full cost. So you may see some things like maybe a position with a very low dollar amount that's because that's just the dollar amount associated with the RPTA agency and then later for the VMR cities you'll see the respective VMR share of that cost.

I do want to just quickly walk through how our budget is built. As Jessica mentioned, we started this process back in the fall building up the budget, working with our divisions across the agency and then from there working through some input from member cities as we've gone through each step of the process. So we start with our base budget, which is really this year's budget going forward and we identify those areas where we have identified underruns and trim back or any one-time items that are relevant to this fiscal year only that will conclude this fiscal year and taking those out. So that basically derives our base budget.

From there we add in those ongoing obligations. Those are those contract rate increases year-over-year built in those multi-year contracts we have or just other inflationary items like fuel and things like that. Utilities is another example.

And then from there we add the new initiatives. Those are the items Valley Metro staff are recommending to implement in the new fiscal year as part of the strategic plan. And then adding all those up that comes to our total budget.

So I just want to walk through the actual numbers here for RPTA what that looks like. So we have a base budget that has about a $14.7 million reduction from the current year. I do want to note it's important to note about $11 million of that is due to Phoenix-operated bus service that they are reducing their PTF share. And then the balance of that are a variety of things within the RPTA budget that are either areas of underrun identified we haven't spent the money in recent years, so we've trimmed back or some one-time items where they're in this year's budget but going forward they'll be completed in this fiscal year.

So then from there we add those ongoing obligations and then the Valley Metro recommended items coming up with the total of $279.2 million dollars, which is about a $300,000, well rounding, there's some rounding there so $200,000, $300,000 change from the current year's fiscal budget. And just showing those new initiatives in the context of the overall increase from year to year so it represents about 18% where those obligations, I'm sorry, 16%, I don't know if this slide was updated. I think it's actually 16% where 84% is really those ongoing obligations.

And in the context of the overall budget not just the increased items is the overall increase on the recommendations is about 1% of the total budget.

And then looking at the operating program by individual programs here. We see the $279.2 million budget. The two biggest items there being fixed route operations and demand service operations as well.

And then the sources that support our operating program primarily public transportation funds and member city contributions. Okay. I think there was a mix-up with the slide deck but in your packet there should be a slide here that shows the FY26 budget staffing changes from the previous versions of the budget. As Jessica mentioned, we have gone through these details with both Financial Working Group, RTAG, TMC and AFS and as a result of that, as Jessica mentioned, we reduced seven of those positions. So in your packet, there's a slide that shows those specific positions that were taken out of the FY26 budget. It was a couple of customer experience coordinators on the VMR side, a couple of human resource positions, specialists of internal communications, a project manager for capital development and a financial analyst for contract performance.

Ms. Mefford-Miller said if I may, Mr. Kessler, Mr. Chair. I want to make sure everyone has correct information. And I also since we're reviewing a lot of content, I want to invite board questions as we move along quickly through content so that we ensure we're responsive.

Chair Harris said just taking a pause. Anyone have any questions thus far? There's no questions.

Mr. Kessler said then also I did want to refer to the next slide that's in the packet, not in this slide deck here today. Also, we show a comparison of some of the FTE requests that Jessica mentioned that's really in-sourcing existing work that we're doing with contracts today. So there's five positions identified in there and we show that cost of the contract versus the cost of in-sourcing it and the savings amount by in-sourcing and adding those FTEs.

So no questions on that. Now we'll go ahead and move on to the new Valley Metro recommended initiatives.

The first one here is deliver excellent customer experience. This one we do have initiative number one in here passenger engagement and education. This is some additional marketing to leverage our new fare collection system and our fare programs and to get out there really to kind of get the messaging out there to folks to take advantage of our system and our enhancements to our technology for fare system as well as our fare programs and getting folks engaged and especially at the organizational level bringing in more organizations to join our fare programs. And also included as part of this initiative is a new position supervisor of passenger information systems. And this one isn't one of those that in-sources existing works done by contract. And this really is around wayfinding and signage, you know, auditing the signage on the system now to find ways to improve it as well as leading the efforts for production of putting new signage out on the system overall. Any questions on that initiative?

Chair Harris said I guess my only question is that with the know that they had removed some of the positions. I just kind of wanted to ask the CEO with the removing of those positions are there people already in it or were they reassigned to something else.

Ms. Mefford-Miller said thank you for your question. Mr. Chair, members of the board. These were new initiatives so there aren't personnel currently in those positions. They don't yet exist. Where we have removed positions, we've had pretty detailed discussions and I want to recognize the work of the Valley Metro team in identifying what we can postpone in response to city feedback, what we can absorb within current staff. We're also, as we always do, looking at current vacancies across the organization and re-allocating them as needed. I maintain thanks in part to Penny Lynch, our Director of Human Resources, maintain an ongoing list of vacancies and we always make sure that every position is needed. Our needs do change over time. The composition of our team is dynamic. However, I want to assure the board and our city staff that the ceiling for expenditure of those positions is bound by this budget process. Each of the executive sponsors for these initiatives are here this morning and are available to come to the table to answer any questions about what's included what we've removed from the budget process. So perhaps we can move quickly through the initiative explanations, Mr. Kessler. And I do want to make the board aware that the executive team are here and ready to answer questions.

Chair Harris said thank you CEO and we appreciate the staff doing a great job. Just wanted to make sure that if there were any removals that we took those removals in making sure that I don't want people to be without jobs if there's placements and other places where we can reposition them or put them somewhere else that we're doing all that we can to make sure that we can remove the position. I just wanted to make sure that the staff that were in that position that they were placed somewhere else within the internal organization so they're not without a job.

Ms. Mefford-Miller said we have not contemplated in this draft budget a reduction in force or a layoff to answer your question, Mr. Chair.

Mr. Kessler said so moving on to the next initiative. So under invest in our talent we've got a couple items here, agency staff compensation. And this is the merit, an overall merit of 3.%. That's an average that reflects basically the last couple years what our overall average merit was that we provided to employees and then also in this item is the class and compensation study implementation.

Chair Harris said just one second. The Chair recognizes Vice Mayor Tolmachoff.

Vice Mayor Tolmachoff said I'm sorry. You didn't have to interrupt. Sorry about that, Mr. Kessler. I just wanted to kind of back up to the 3.5% merit raise. First of all, an explanation, is that up to 3.5%? COLA is 2.5%.

Ms. Mefford-Miller said there's not a cost of living increase contemplated in the budget and the merit is an average. The actual compensation increase for staff that we're proposing for a merit would range from 0% to %. We use 3.5% as that was roughly the average of compensation increases from our merit based process last year. Does that answer your question, Vice Mayor?

Vice Mayor Tolmachoff said it does. It's just that I know we're offering far less than that available to our employees or our cities as far as I know that are not able to offer anything to their employees this year. We're at 2.5% and a max of, I think, 1% merit because we're all kind of tightening our belts. Looking at, you know, the current situation and the possible what could happen in the next fiscal year. So I just wanted to get a better understanding of what that 3.5%. There's not much of an explanation here of exactly what that is. If it's an automatic 3.5% across the board. I kind of feel like we should have this discussion before we get here as a board. But I mean, we're here now, so I don't know if anybody else has anything to say about that. I think a max of 5% is incredibly generous considering the current financial situation, but that's just where I'm coming from.

Ms. Mefford-Miller said I do want to add Mr. Chair, Vice Mayor Tolmachoff, we have benchmarked against our peer cities, and it really is spring of the calendar year typically before we're able to get information from our member cities about their plans for cost of living increase and merit. Mr. Kessler might have more detailed information. He, myself, and Alexis from government affairs have been working to obtain this information. I think we are on par with most of our member communities. Some are offering a COLA and a merit. Some it's one of the other and we're kind of looking at that across the board to see where we're at and it's a max of 5%. That's for exceeds expectations on your performance evaluation. As part of our compensation philosophy, we would like to continue to tie compensation to performance and contributions in one's role. Given that inflation has cooled quite a bit relative to recent years we're not proposing a cost-of-living increase.

Councilmember McAllen said I would have to agree with Vice Mayor Tolmachoff. Five percent seems incredibly generous and to be part of the organization and if all of our organizations are tightening the belt I would suggest the same. Just my personal opinion.

Ms. Mefford-Miller said thank you, Councilmember. I want to reiterate that it's a 5% maximum and the overwhelming majority of employees would not receive a 5%.

Mr. Kessler said and if I could add from last year, I believe, and Penny, correct me if I'm wrong, but I believe that the number of employees that receive the maximum merit was somewhere around 10%or less. There weren't a lot of folks that received that much. Most folks got probably in the 2 to 3 percent range.

Councilmember McAllen said I was just going to say that I understand 5% is the max but many of the city's 3% is the max. So that's just my comment. I think 5% is generous.

Councilmember Adams said yes. I agree with the discussion that's going on here. Like the city of Tempe, we're on a hiring freeze and we're not filling positions. We're using our vacancy savings to try to stay afloat. We've cut our budget by 10% overall. So I'm sorry, I'm concerned. I mean, the market's tanking. I just think the economy is heading in the wrong direction right now and I think the 5% is too high of a raise at this time, unfortunately.

Councilmember McMahon said this is for merit increases, right? This isn't cost of living.

Mr. Kessler said there is no cost of living in this budget.

Councilmember McMahon said so right now we're sitting at that nobody's getting the cost of living increase this year but people might get merit increases.

Mr. Kessler said Chair, Councilmember McMahon. That's correct.

Councilmember McMahon said given that, I do think it's high. We just voted in on ours and the max we asked they would the majority would authorize was 2.5% and the mayor just asked to bring it back because he'd like to bring the cost of living raise up to 3% for our staff. So we're in that ballpark too and for the same concerns. Just to let you know since you're taking notes on it, I need to explain.

Vice Mayor Tolmachoff said I just like to say that this slide doesn't really reflect anything that you're saying, though. I mean, it doesn't say there's no cost of living raise. It doesn't say that it's from zero to five percent. It doesn't really tell us what's going on. So, I mean, it's impossible for us to come really prepared. I still think that 5% max, you know, you want to reward your top talent, but I don't know any city that's offering a 5% max in this budget cycle at least and we all talk amongst each other. I know we're certainly not offering a 5% max and we are doing a COLA raise but nobody's going to get a 5% raise in my city. So I don't know where everybody else is at, but I mean, well, you know, whatever the board decides to do I'm fine with that. But I would just say that what's in our packet could be a lot more clear on these types of issues and I think honestly going forward this discussion should be had sooner than today.

Chair Harris said is there any more comments? Board, we have COLAs and then we have merit. COLAs is typically what staff get just because every year we know inflation does happen. That COLA is an inflationary. That's an inflationary cost of living is the cost that it takes for them to get to work all that stuff increases in one year. And typically, the base that I normally see is the COLA is happening.

The merit is something separate, which is their job performance what they do, and they have in staff there's the directors, they oversee what that looks like and I think what we're sharing here is the max is 5%. The average have been 2% within the organization. Based on the 5% going to those employees that's excelling or exceeding expectations, but what I heard today is that on average throughout the community if you take all those different factors in place the average is 2%, 2 to 3%, somewhere in that range. I don't have a problem with the 5% because I do believe in merit and I do believe that if you're going to exceed expectation if you're going to do the things that really just makes you the champion for Valley Metro delivering great customer service which that's our purpose and making sure that staff understands that you have that ability.

The City of Chandler we have a 5%. We have a COLA as well. And if those that exceed the 5% those that exceed it goes past the 5%. Typically, we stop at the 5%. But I don't see a problem with having the 5% in place and we'll just ask the staff to make sure that they continue to do a good job in monitoring that. But they're monitoring already because the average is only 2% to 3%. So I don't want to take that away when we're not seeing it as an issue. I would rather keep it in place. And then if we see it as an issue, then we can look at it going forward, but I understand where every board member is coming from and I do understand that we are living in uncertain times and we're trying to be fiscally responsible.

So those are just my comments that I want us to consider. And then we can have staff continue to work with our teams to make sure. So I don't know if anyone wants to add any additional comments or anything like that? Vice Mayor.

Vice Mayor Tolmachoff said if I could, Mr. Chair. But with the understanding that with the class and comp study there's going to be adjustments for people who are already being underpaid. That's going to happen outside of this merit increase, right? So, I mean, like I said, I'm fine with going along if everybody else is okay with it. I mean, I would say 5% anywhere over 3%would have to be somebody who's knocking out of the park every single day.

And I mean, I'm okay with that. I just, you know, I mean, I'm a little disappointed with the amount of information in this report because it's really not clear what's happening until we have this discussion. And I think today's not the right day to be having this discussion anyway.

So I'm fine with going along with, you know, if there's a consensus to leave it at 0% to 5% I'm okay with that. I would imagine employees that are getting zero probably are not likely to survive. But that's not our problem. But I just you know, like I said, I'm just disappointed that we're doing this now.

And this is a difficult discussion to have but a lot of us are having these discussions in our own city looking at our own budget and where we're at in our city and that, you know, and the majority of the member cities are probably not offering this amount of, you know, raises to their employees because they're really concerned about the, you know, the financial situation of, you know, there's a lot of stuff going on every single day. I mean, there's a lot happening.

So I'm okay if there's a consensus I'll go along with the 0% to 5%, but I would just say in the future I think these discussions and we've been working on the budget for a long time. This discussion should be brought before the board before this point in the budget process. Thank you.

Chair Harris said Vice Mayor, thank you for your comments and stuff. And I want staff to make sure we take her comments and be reflective on those as well.

Councilmember Adams said yes. Thank you, Mr. Chair. I don't think we have consensus on the 5%. So, I guess, I would like to just maybe go around and see if we have consensus or not. What are we agreeing to?

Chair Harris said I think what we're talking about here is there's no COLAs. There's no cost-of-living increase that we're going to give. What we're talking about is allowing our directors and our team or our CEO to allow the opportunity to give our employees who are excelling up to 5%. I don't see that limiting our directors or limiting what we can give which is up to 5% is not an issue. Across the board we just already mentioned that across the board on average is 2% to 3%, so I don't see this as an issue in terms of needing consensus from the board because we're only giving those that are excelling the top amount and we're not giving them a COLA, a cost-of-living increase, as well. But we are in the class and comp study, which will bring their rate of pay up to what everyone else gets paid, their peers get paid. So that's what we're talking about here, and I don't see taking away an opportunity to give them up to 5% when we're only averaging 2% to 3% percent as an issue here.

Councilmember McAllen said I understand your comments, Chair, but the max that our city employees can get is only 3%.

So organizations that are a part of this organization it seems it's just not congruent. I mean, if Valley Metro employees are getting 5% but the feeder cities are only getting 3% it doesn't seem the same to me. That's just my personal opinion. I agree with Councilwoman, sorry, Jennifer Adams that I don't think we have consensus. Just my personal opinion. Five percent seems like a lot when all of us and, you know, granted I'm in a city that seems to have so much money we can throw it away.

Chair Harris said I think what we're doing. I love this dialogue, and we might have to cease to have the conversation on a different day. But I think what we're talking about is we have the base COLA, what I'm considering. We have the base COLA that we're not giving to our team which is typically most cities have a way to help give the bump to their workers for just cost of living increase inflationary 3%. We see that in contracts and leases and all the other stuff. That's just the basis of what it is.

The merit is on top of what they already are performing at. What we're saying in this particular thing that they're not even getting that cost of living increase. But then we're going to stifle what top employees can get in terms of their merit. If we're taking away something and then we're going to reduce something else we're taking a lot of something away.

We might need to have it on a different day so we can wrap it up and then we can go into a further conversation later. And we got two questions online I'm going to allow the Vice Mayor to say something.

Vice Mayor Tolmachoff said thank you. Since I brought this up. I think the argument isn't about whether or not we're going to leave people at 0%, but what the cap is. I think that's what the argument is. So I think, you know, with all due respect, I understand where you're coming from is that they're not getting a COLA, the performing employees are going to get something somewhere in the range between 2% to 3% which is what the amount of what COLA is. COLA for 2025 is 2.5%. So I would imagine that you know, all employees are going to be somewhere in that range but I think the argument is where is the max and where is the level playing field as far as what other cities are able to offer in, you know, rewarding their employees.

And that doesn't have to be a level playing field. But I mean you can see this is an uncomfortable thing to have to do today. I don't like being in this situation, but I think we have to be responsible. So I think what the idea is to propose another max. I think that would be a fair thing to do is to propose another max. So that's just what I wanted to say. Thank you.

Ms. Mefford-Miller said if I may, Mr. Chair, members of the board. I'm hearing your feedback as a reminder. This is an informational item today. We're not asking the board to take action on budget. One item that we could do in between now, and our next board meeting would be to provide you with that member community data that we have from member cities. And then we can just be able to share here's where we are all at and there's a range, right? We all have different compensation philosophies as organization as well as different financial realities as cities and organization. So if it would please the board, if it would help with this particular conversation we would be happy to go back and share that. If it's not helpful, then we won't.

Councilmember McClure said I appreciate that. I would like that information. I think that would be beneficial. So we can digest that or make a decision or a judgment for each of the board members to kind of give their thoughts.

I will just share that Queen Creek does a max of 3% merit increase but we do COLA. So it is kind of a combination of both of these we're talking about. And so I like that we're focusing on merit and not just everybody across board because you need to be fiscally responsible. So I would like to see that information, continue to hear what others think. And, you know, initial response is because we're not doing COLA, you know, and understanding that only 10% probably are getting that higher threshold of merit increase I'm open to that. But I like this discussion, and I think that, you know, if we did do the 3% would be the alternative in my opinion max that would be in alignment with what we do in Queen Creek.

Vice Mayor Davis said so the top of this line, I think, says it all invest in our talent, right? I think it's very important that we, you know, even this is a difficult conversation. We are in very difficult times, but I think it is important that we take care of our talents. We don't lose them to rival organizations in the future, you know. And we're not giving the cost of living raise. It sounds like only a small percentage is getting a 5% raise. I think I heard 2.5% was the average or something like that. That's even less than 3%. So it sounds like the majority of the people aren't even getting what most of the cities sound like they're getting. So yes, I think it is a good idea for us to get the information on what all the other cities are doing and kind of compare and contrast. But I think at the end of the day the most important thing to me is that we do invest in our talent, so we do take care of them.

Chair Harris said the chair recognizes Councilmember Edwards.

Councilmember Edwards said thank you, Mr. Chair. At the end of the day for me, it comes down to the confidence in the projected revenue in the organization. One to meet the needs of the projects and our budgeted items. And I agree that we need to have merit increases, but we need to look at this overall organization. I know the City of Peoria is heavily weighted in looking at what we can give our staff members going forward and it's not 5% by any means, I'll tell you that. And so I think we need to look at this like Vice Mayor Tolmachoff was saying is we need to look at this. I'm okay with the %. I'm not sure about 5%.

Chair Harris said thank you. So what I'm going to suggest is I'm going to welcome back the COLAs and then we can look at capping the merits. So we can add that in there as well and then we can come to some type of consensus about what the capping of a merit would be. But I'm going to invite back the COLAs. Yes.

Chair Harris said the chair recognizes Pastor.

Councilmember Pastor said thank you. So due to, and, Ken, you would know this, due to our fiscal forecast and knowing what our fiscal forecast is really at this point we will not be doing COLAs, one time pay or any other across the board increases. We will be doing merit. I'm not sure the percentage and that's what I'm asking for. But only approximately 85% of our employees will get it. Everybody is tapped out. The other percentage is tapped out. Once I get the percentage I'll share it.

However, I'm glad you brought the information to us. I think this is a conversation and we had these conversations or City of Phoenix had these conversations on the budget and all these pieces in exec session to really understand and tear apart the numbers and look at the numbers and understand budget wise. But if we want to have it publicly, that's fine.

Obviously, you're hearing that we're not settled yet or the -- there's not a consensus. So my suggestion or may I suggest that you guys bring back different scenarios if you want to include the COLAs, that's fine. I don't know if you can or you know, what it would look like. That is my suggestion. So that then we have some options to look at and we can then determine where we're at. Where we can settle.

Mr. Kessler said if I could, Mr. Chair, just one comment to Councilmember Pastor's comment there.

So if we were to do as you're suggesting and the Chair is suggesting, go back and look at a COLA. Let's just say for hypothetically say it's we say 1.5% makes sense, right. Inflation right now in the Phoenix area is hovering right just below 2 percent I believe. So if we said proposed a 1.5% or a 1% and then cap that 5% merit to something lower 4%, 3%, I mean, just off the top my head rough estimates is it won't move the needle a whole lot on the total number. It'll just move from one bucket to another.

Councilmember Adams said excuse me. I would like to make a motion that we go into executive session right now.
Mr. Wawro said we don't have an agendized executive session, I'm sorry.

Councilmember Pastor said what I suggest is that we bring back several different items and then at that point, Ken, we can discuss the positive and I don't want to say negatives, but possibilities of what we're looking at.

I think you're hearing from the board that some are at 5%, some are at 3%, some are at 2 point something but we're not there. And so this is an information only and eventually I'm assuming this is going to come in front of us.

So I'd rather right now say provide us some more information. Let us have another dialogue. And I would design it backwards in the sense of when you need this vote to really the end of like we need this vote, yes or no. And do backward design and then we can work backwards so that you can get to where you need to get to and we can get comfortable where we need to get to. Those are my suggestions. Going back and forth is not going to help.

Ms. Mefford-Miller said Mr. Chair, members of the board. I also want to offer that the Audit and Finance Subcommittee exists to purview this content. They typically receive this content in advance of the board. The next Audit and Finance Subcommittee is scheduled for May 8th. So we could bring this information back, whether that's open session or executive session I'll leave to the AFS chair to determine, but that's another milestone point at which we can bring content to the board for feedback,

Chair Harris said the chair recognizes Councilmember White.

Councilmember White said thank you so much, Chair. Thank you so much, Madam CEO. I would like to request that we agendize that item for our next meeting and I will do that at the conclusion of this meeting to ensure that we agendize an executive session during the Audit and Finance Subcommittee meeting. Thank you.

Chair Harris said thank you we had a robust conversation about this particular item. Staff have been given direction. Let's look at the COLAs. Let's look at the merits. Let's look at other neighboring cities. Let's look at the comparables to that. See what everyone else is doing. Let's continue on with the presentation.

Mr. Kessler said so the next item here in the new initiative is under prioritized, security on transit is the safety and security management enhancement. So this item here is adding a deputy chief over safety and a deputy chief over security. This would allow for a more focused management and leadership over the safety program and the security program. Right now, the head of that division Adrian Ruiz, she's basically kind of pulled in two different directions to provide that leadership for those two different programs. And so these positions are proposed to have focused safety specific and security specific expertise to run those programs.

And then next we have leverage data and technology. Under this strategic plan goal a couple of initiatives here. Service planning enhancement, this would add a service planner position, and this position would in-source existing work that we perform with a vendor under contracts. And the second initiative number six there end of useful life that's just usual replacement of hardware and software necessary to maintain those assets up to current standards.

And then on delivering on stakeholder collaboration. You can see here there were initially a couple of initiatives seven and eight. As part of the feedback from your member city staff and management and the Audit and Finance Subcommittee we have removed number seven entirely that was a position, a specialist for internal communications so that has been removed from the budget. And the external stakeholder engagement that's a supervisor for community engagement for capital planning projects. And this position also is one of those that is in-sourcing existing work that we perform under contract. And this is mostly for the capital budget. And that's why you see a pretty small dollar amount here for this for the RPTA piece because most of the work that this position would do would be under the capital program and not the operating budget.

So the last one is financial sustainability, a couple of initiatives here. Number 11 financial planning and analysis enhancement. What this is comprised of is new financial forecasting software. Currently and for probably a couple of decades now we have done all of our financial planning and financial forecasting using an Excel model as well as an Access database, which is very much out of date. So this would bring on board a new financial forecasting software and then as well as this would add a position a management analyst to help support that financial forecasting.

Right now, we have a grand total of one position throughout the agency that does all of our financial forecasting and planning and that includes managing the financial aspects of the transit lifecycle program. And so this is a real point of vulnerability for us in terms of staff resources needing some additional staff resources to help us with those efforts. And then number 12 the grants coordinator position. This is another position that would in-source work that we typically go out to some of our contractors and vendors to help us with these efforts. And this would really help us be more proactive in pursuing grants.

From the grants perspective we're kind of reactionary when we see notices of grant availabilities out there. We kind of react to it. Having an on-board position here would really help us to have somebody who's out there actually seeking grants and looking beyond sort of our typical FTA or Department of Transportation type grants. And with this one, you know, we figure all's it takes is a couple of good grants that we otherwise wouldn't have received that would pay for this position for a number of years ongoing.

So that concludes the new initiatives. Happy to pause here and see if there's any more questions on new initiatives.

I'll move on. So for our obligations these are those things just kind of just math. It's like those ongoing contract rate increases for those contracts that are in place for multiple years. Increases in the fuel cost in our vanpool program another item here that's increasing due to just demand in that program that. That program has grown tremendously in terms of the number of participants.

And then moving on to the capital program. The RPTA capital program for FY26 $66.2 million. Primarily regional fleet and debt service are the largest items in that program. And just a note here, this debt service, this will be the last debt service payment we have. This debt was bonds that we issued years ago that were set to be paid off by FY26 just ahead of the end of Prop 400. So this debt will be exhausted and no longer on the books.

And then the sources supporting the capital program. Primarily PTF and federal funds. And just a brief mention that RPTA, as Jessica mentioned, all employees of the agency are RPTA employees and VMR funds some of those there's some pass-throughs here for the personnel, capital funding that RPTA manages the PTF funds and transfers the VMR share through to VMR. And then we have some Arizona Lottery funds that we bring in and distribute those to member cities. And here's the sources that support the pass-throughs.

And then the five-year forecast. First looking at the operating program about a $1.8 billion operating program. Primarily, main funding sources there are public transportation funds and member city contributions that support operating.
And then on the capital program we have a $407 million program here. Primarily supported by federal funds.

And on the use side regional fleet being the primary capital program in capital.

And then here's the recap of the dates for the budget process.

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

Chair Harris said any more questions? We got Councilmember Edwards.

Councilmember Edwards said thank you, Mr. Chair. Just a couple. Is there a possibility for us to get, I don't know, budget versus actual from last year? Working with our staff some of the numbers aren't lining up especially the one that you have on the Valley Metro website for FY25 like we match up.

Mr. Kessler said Chair, Councilmember Edwards. I'm not certain exactly what you're referring to matching up.

Councilmember Edwards said I'll send you an email. I don't want to tie up anymore time on here.

Mr. Kessler said just reach out and then we'll coordinate to get you what you need for sure.

Chair Harris said the Chair recognizes Councilmember White.

Councilmember White said thank you so much, Chair. I just wanted to thank Mr. Kessler for acknowledging we had an extensive discussion, and I made quite a few recommendations about the personnel concerns prior. So, please feel free. I just want to invite everybody to join our AFS meeting at the top of May on the 8th at noon on Thursday so that if you want to dig in a little bit deeper. I think we took a pretty deep dive during our last conversation but want to make sure you are available and invited and again, thank you, Mr. Kessler.

Chair Harris said thank you so much.

5. Report on Current Events and Suggested Future Agenda Items

Chair Harris said moving on to the next item number four. Any report on current events? I'm not even going to ask about future agenda items.

6. Next Meeting

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

Councilmember White said well, sir. I just wanted to make sure that we could reflect on AFS and executive session during that meeting.

Ms. Dillon said yes Councilmember White. I do have that noted.

Chair Harris said thank you, Board, for doing a good job. Please the next meeting is set for May 22nd, 2025 at 11:50 a.m. Thank you. Thank you, guys. The meeting is adjourned.

Without further discussion, the meeting was adjourned at 1:10 p.m.

Executive Summary

DATE **AGENDA ITEM 2**
May 2, 2025

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

COST AND BUDGET
See the information below.

RECOMMENDATION
Staff recommends that Board of Directors approve the Valley Metro RPTA FY26 Proposed Operating and Capital Budget, and acceptance of the Five-Year Operating Forecast and Capital Program (FY 2026 thru 2030).

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

- Goal 9: Financial Sustainability

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

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

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

CONTACT
Ken Kessler
Chief Financial Officer
kkessler@valleymetro.org

ATTACHMENT
FTE Summary Sheet
Budget Initiatives Detail

Background Information

BACKGROUND DISCUSSION
The Valley Metro Regional Public Transportation Authority (RPTA) FY26 proposed combined operating and capital budget (the budget) is $491.2 million and includes $85.3 million of expenses for light rail/high-capacity transit capital. The proposed FY26 budget has been prepared with the goal of delivering a fiscally prudent, balanced budget. The budget was developed in compliance with Board of Directors' adopted budget, financial and Transit Life Cycle Program (TLCP) policies.

Valley Metro began the FY26 budget process by carefully reviewing its operations to identify efficiencies and other potential reductions to the FY26 base operating budget. This resulted in a proactive reduction in the RPTA base operating budget of $18.0 million. The largest areas of reduction include one-time items in the FY25 budget not continuing into FY26, reductions in service in the City of Phoenix operated bus service funded with PTF, shifting of demand services replacement software to the capital budget, and reduced costs for the Ajo bus route and City of Phoenix Regional Support Services.

From this starting point, ridership, economic factors outside the agency's control, contractual commitments, and the continued implementation of previously approved Board actions must be incorporated. For FY26, these non-discretionary items total $17.2 million, comprising 86% of the total increase, excluding base change, in the FY26 operating budget. Of this amount, two issues – contract rate increases (including Board-approved contract adjustments) and inflationary changes in cost of service – comprise 93% of the total non-discretionary increase.

Additionally, Valley Metro recommends the Board adopt $2.7 million of increased spending for new initiatives in FY26. This includes funding for nine initiatives listed below, including the Audit and Finance Subcommittee's recommended budget amounts for agency staff compensation for cost-of-living adjustment and performance merit.

FY26 Valley Metro Staff Recommended Initiatives

Initiative#	Description	Amount
1	Passenger Engagement & Education [1]	$ 182,000
2	Agency Staff Compensation	$ 1,503,000
3	HR Infrastructure for Growing Organization [2]	$ 262,000
4	Safety & Security Management	$ 121,000
5	Service Planning Enhancement	$ 76,000
6	End of Useful Life System Replacements	$ 253,000
7	~~Internal Communications Enhancement~~ (Removed)	~~$ -~~
8	External Stakeholder Engagement	$ 33,000
11	Financial Planning & Analysis Enhancement [3]	$ 169,000
12	Grants Coordinator	$ 71,000
Total		**$ 2,670,000**

(1) Removed two customer experience coordinators.
(2) Removed 2 Human Resources (HR) positions – Sr. Learning & Development Specialist and HR Specialist.
(3) Removed Financial Analyst, Contract Performance.

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

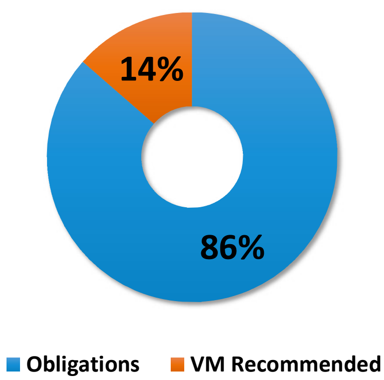
Valley Metro RPTA
Fiscal Year 2026 (FY26) Proposed Operating & Capital Budget and 5-Year Forecasts

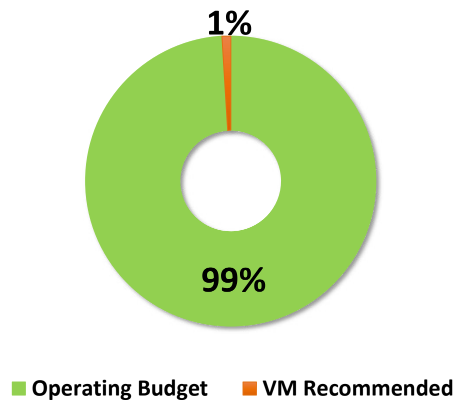
1

2

RPTA Operating Budget Overview ($ millions)

RPTA	FY 2025 Budget	FY 2026 Base	Change v FY25	Obligations: Cont Commit	Obligations: Inflation & Ridership	Total Obligations	VM Recommend	FY 2026 Budget	Total Change
Total	$ 277.7	$ 259.7	$ (18.0)	$ 14.3	$ 2.8	$ 17.2	$ 2.7	$ 279.5	$ 1.8





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

Uses of Funds	FY25	FY26	Change $	Change %
Fixed Route Operations	$182.5	$170.2	($12.3)	-7%
Demand Service	56.9	63.8	6.8	12%
Vanpool Operations	4.6	9.2	4.6	99%
Commute Solutions	1.6	1.6	0.0	0%
Planning	4.3	3.9	(0.4)	-10%
Regional Services	22.3	24.9	2.6	12%
Administration and Finance	5.4	5.9	0.5	8%
RPTA Operating	$277.7	$279.5	$1.8	0.6%

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Operating Budget Changes from April Cycle

Decreased FTE Requests (7 Positions)

Title	RPTA	VMR
Customer Experience Coordinator (2)	$0	-$226,000
Senior Learning & Development Specialist	-$142,000	$0
Human Resources Specialist	-$92,000	$0
Internal Communications Specialist	-$54,000	-$53,000
Project Manager, Capital Development (*)	$0	$0
Financial Analyst, Contract Performance (*)	-$59,000	-$37,000
Total Decrease	**-$347,000**	**-$316,000**

(*) Either a portion or 100% of the position is funded by the capital budget.

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Operating Budget Continuation from April Cycle

Insourced from Contract Support (5 Positions)

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

**** A portion of the position is funded by the capital budget.***

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Operating Budget Continuation from April Cycle

System Growth / State of Good Repair (9 Positions)

Title	RPTA	VMR
Benefits Administrator	$142,000	$0
Management Analyst	$122,000	$0
Human Resources Generalist	$120,000	$0
Deputy Chief, Safety (*)	$61,000	$156,000
Deputy Chief, Security (*)	$60,000	$156,000
Traction Power Supervisor (3)	$0	$367,000
Traction Power Manager	$0	$147,000
Total	**$505,000**	**$826,000**

(*) Either a portion or 100% of the position is funded by the capital budget.

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Operating Budget Changes from April Cycle

Employee Compensation

- Class & Compensation Implementation reduced to $800,000
  - Original request $980,000
  - October 2025 implementation
- Employee Annual Compensation
  - 2% performance cost of living adjustment*
  - 3% performance merit*

(*) Recommended by Audit & Finance Subcommittee, held on May 8

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FY26 Budget Drivers

- Annual escalations for existing contracts
- Increased demand service based on ridership
- Increased vanpool service based on ridership
- Strategic Plan initiatives

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RPTA Obligations Summary

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
13	Comprehensive Operational Analysis	$ 200,000	$ -	$ 200,000
	Rail & Bus Facility Maintenance	$ 79,000	$ -	$ 79,000
14	Security Contract Rate Increase	$ 196,000	$ -	$ 196,000
15	Bus Service and Rate Increase	$ 4,652,000	$ -	$ 4,652,000
	Insurance Premium	$ 58,000	$ -	$ 58,000
	Demand Service Rate Increase	$ 6,836,000	$ -	$ 6,836,000
	Vanpool Program - Contract Rate Change	$ 2,308,000	$ -	$ 2,308,000
17	City of Phoenix Regional Service	$ -	$ 134,000	$ 134,000
	Demand Service Ridership Increase	$ -	$ 1,999,000	$ 1,999,000
	Bus Fuel Decrease	$ -	$ (1,594,000)	$ (1,594,000)
	Vanpool Van Type Cost and Ridership Increase	$ -	$ 2,252,000	$ 2,252,000
	West Valley Service and Rate Increase	$ -	$ 48,000	$ 48,000
Category Total		**$ 14,329,000**	**$ 2,839,000**	**$ 17,168,000**
Category % of Total		***83%***	***17%***	

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

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

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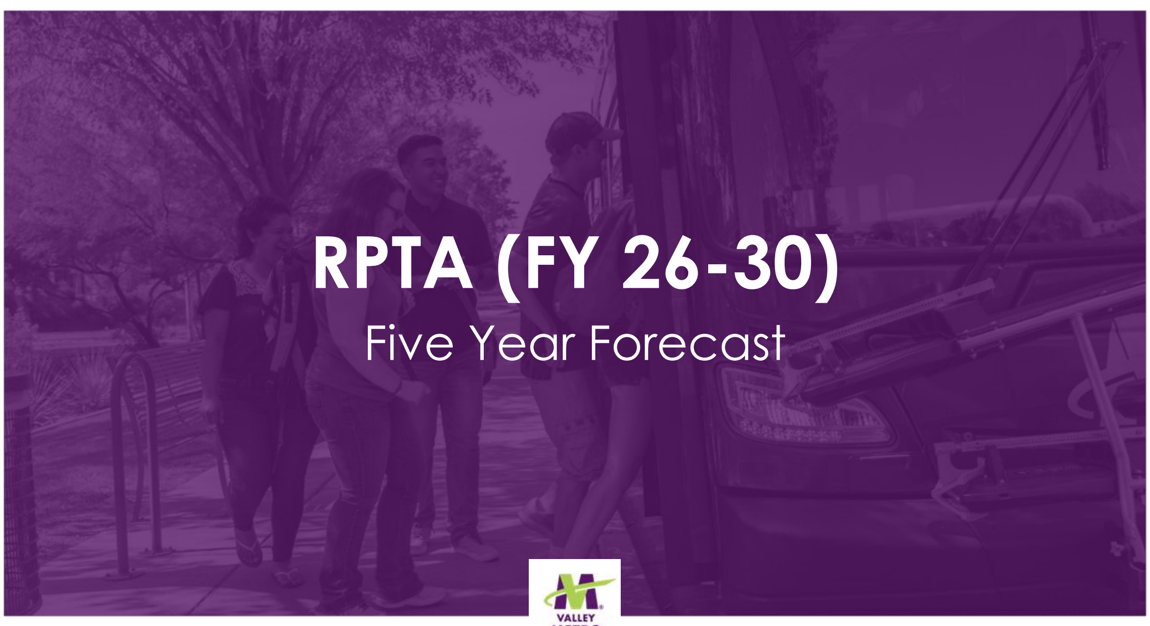

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5-Year Operating Sources and Uses

Operating ($,000)	FY26	FY27	FY28	FY29	FY30	Total
Sources of Funds						
Advertising	$ 750	$ 825	$ 908	$ 999	$ 1,100	$ 4,582
Public Transportation Funds	181,257	185,642	191,190	199,150	206,835	964,074
Regional Area Road Funds	5,606	5,183	5,260	5,339	5,419	26,807
Member City Contributions	63,582	66,621	69,984	73,298	74,227	347,712
VMR Reimbursements	48,595	50,368	51,879	53,435	55,038	259,315
AZ Lottery Funds	11,200	11,200	11,200	11,200	11,200	56,000
Federal Funds	15,465	16,759	18,577	18,930	19,290	89,021
Fares	13,012	13,656	14,362	14,935	15,531	71,495
MAG Funds	175	175	175	175	175	875
Other	82	200	200	200	200	882
Total Sources of Funds	**339,724**	**350,628**	**363,735**	**377,662**	**389,015**	**1,820,764**
Uses of Funds						
Fixed Route Operations	170,166	176,597	183,274	190,206	197,403	917,646
Demand Service Operations	63,758	65,925	68,624	72,967	74,549	345,823
Vanpool Operations	9,185	10,485	11,985	12,345	12,715	56,714
Planning	3,898	3,976	4,055	4,137	4,219	20,285
Commute Solutions	1,641	1,674	1,707	1,741	1,776	8,540
Regional Services and Administration	24,910	25,371	25,893	26,425	26,819	129,418
Adminstration and Finance	5,371	4,968	5,068	5,169	5,273	25,849
Operating Contingency	500	500	500	500	500	2,500
Pass-through Disbursements	60,295	61,131	62,629	64,172	65,761	313,988
Total Uses of Funds	**$ 339,724**	**$ 350,628**	**$ 363,735**	**$ 377,662**	**$ 389,015**	**$ 1,820,764**

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5-Year Capital Sources and Uses

Capital ($,000)	FY26	FY27	FY28	FY29	FY30	Total
Sources of Funds						
Public Transportation Funds	$ 42,912	$ 10,222	$ 16,313	$ 16,577	$ 17,591	$ 103,615
Federal Funds	22,069	29,700	32,441	32,058	36,141	152,409
Other	1,192	117	120	111	115	1,655
VMR Public Transportation Funds Program	85,337	11,050	11,590	12,190	12,800	132,967
VMR Public Transportation Funds Reserve	-	16,855	-	-	-	16,855
Total Sources of Funds	**151,510**	**67,944**	**60,464**	**60,936**	**66,647**	**407,501**
Uses of Funds						
Regional Fleet	20,659	29,784	33,012	33,603	39,137	156,195
Regional Facilities	9,230	2,917	2,978	1,982	1,608	18,715
Other Regional Projects	4,390	3,915	3,915	3,925	3,715	19,860
Member Agency Disbursements	9,650	3,423	8,969	9,236	9,387	40,665
Debt Service	22,244	-	-	-	-	22,244
Rail Program Disbursements	85,337	27,905	4,964	5,123	5,277	128,605
VMR Reserve for Future Use	-	-	6,627	7,067	7,523	21,217
Total Uses of Funds	**$ 151,510**	**$ 67,944**	**$ 60,464**	**$ 60,936**	**$ 66,647**	**$ 407,501**

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Recommendation

Staff recommends that the Board of Directors approve the Valley Metro RPTA FY26 Proposed Operating and Capital Budget, and acceptance of the Five-Year Operating Forecast and Capital Program (FY 2026 thru 2030).

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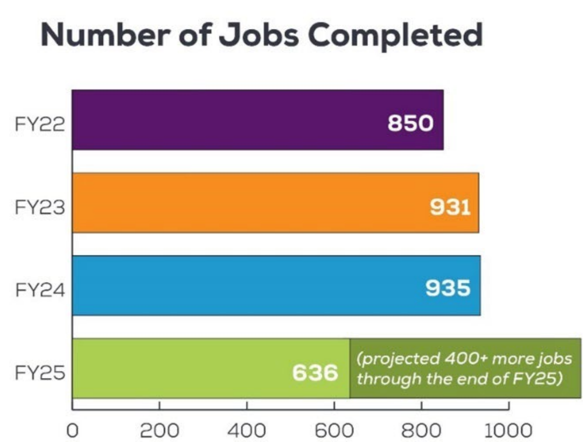
1	**Passenger Engagement & Education** Deliver Excellent Customer Experience	
	Combined	**VM Recommended**

Description

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

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

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



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

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

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

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

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

Description

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

The region has experienced substantial inflation in past years and continues to experience inflation although at a slower rate. Year-over-year inflation in the region was 1.8% for February 2025. The March 2025 unemployment rate of 3.6% is still well below the 30-year average of 4.9% in the Valley. To remain competitive within the labor market Valley Metro staff recommends budgeting funds to provide a Cost of Living Adjustment (COLA), performance merits, and implement the classification and compensation study.

- Based on continued inflation, a 2% COLA is recommended, which is similar to other public agencies within the valley.
- Valley Metro staff recommends an overall average 3% performance merit. In reviewing the actual performance merits issued during FY25, staff on average was awarded 3.5%, therefore the budgeted merit for FY26 is similar to FY25.
- To support the implementation of the classification and compensation study, Valley Metro staff proposes a budget allocation of $800,000. These funds will be used to address necessary adjustments to align employee compensation with the study's findings, ensuring internal equity and market competitiveness.

Item	RPTA	VMR	Note
2% COLA	$480,000	$800,000	
3% Average Merit	$720,000	$1,200,000	
Class & Compensation	$303,000	$497,000	
Total	**$1,503,000**	**$2,497,000**	

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

Description

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

~~Senior Learning and Development Specialist~~ **(REMOVED)**

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

Benefits Administrator

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

Human Resources Generalist (Recruiter)

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

~~HR Specialist (Support Staff)~~ **(REMOVED)**

~~This position would support completion of administrative tasks, employee engagement activities, scheduling, and special Human Resources projects to free senior staff for high-impact work.~~

~~Investing in these roles ensures HR can meet the agency's growing needs, deliver high-quality service, and support long-term workforce success.~~

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

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

Description

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

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

Deputy Chief, Security

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

Deputy Chief, Safety

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

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

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

Description

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

Service Planner

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

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

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

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

Description

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

End of Useful Life System Replacements

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

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

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

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

Description

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

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

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

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

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

Description

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

Supervisor, Community Engagement (Capital Planning Projects)

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

Item	RPTA	VMR	Note
Supervisor, Community Engagement (Capital Planning Projects)(*)	$34,000	$121,000	Salary, fringe, and equipment
Less capital	$0	-$89,000	Share of cost allocated to the capital budget
Total	**$34,000**	**$32,000**	

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

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

Description

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

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

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

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

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

10	Rail Maintenance Program Enhancements Operational Excellence	
	VMR	VM Recommended

Description

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

Art Maintenance

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

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

Utility Worker (Pressure Washer)

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

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

Traction Power Labor Resources

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

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

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

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

11	Financial Planning & Analysis Enhancement Financial Sustainability	
	Combined	VM Recommended

Description

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

Financial Forecasting Software

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

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

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

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

Management Analyst, Financial Planning Support

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

~~Financial Analyst, Contract Performance~~

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

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

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

12	**Grants Coordinator** Financial Sustainability	
	Combined	**VM Recommended**

Description

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

Grants Coordinator

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

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

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

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

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

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

13	Continuing Commitments Deliver Excellent Customer Experience	
	Combined	Continuing Commitment

Description

Rail Landscaping Contract Rate Increase

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

Comprehensive Operational Analysis

The Valley Metro Board of Directors previously approved the solicitation for a Comprehensive Operational Analysis (COA) of the existing regional transit network to evaluate the service area in Maricopa County for the purpose of increasing mobility value, effectiveness, resource efficiency and equity for residents and riders. This effort will support recommendations to improve transit service with a focus on productivity, regional travel, and emerging transit markets, in addition to future improvements aimed at addressing unmet transit needs and regional transit priorities. This effort will be led by Valley Metro, in coordination with MAG and in partnership with the City of Phoenix. It will provide the most efficient and effective service with available resources and help induce ridership across our communities. This is a continuation of the previously approved FY25 Continuing Commitment.

Rail and Bus Facility Maintenance

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

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

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

Description

Security Contract Rate Increase

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

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

15	Continuing Commitments Operational Excellence	
	Combined	Continuing Commitment

Description

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

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

Bucket Trucks

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

Insurance Premium

The annual renewal of Valley Metro's property and liability coverage was authorized by the Board of Directors in November 2024. Staff recommend a budget increase to account for the Valley Metro Insurance program to ensure Valley Metro's assets are adequately protected. Insurance impacts both VMR and RPTA.

Bus Service and Rate Increase

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

- East Valley (Keolis), $4.7M

Demand Service Rate Increase

Valley Metro contracts its Paratransit service delivery out to one provider (MTM). The Administration of trip assignment and brokerage is done by another contractor, MJM. RideChoice trips are delivered by local vendors who contract with MJM. Both MTM and MJM provide services for eligibility determination, travel training and transportation to the Mobility Center. Each Valley Metro contract has annual rate escalations defined in the existing contracts. The annual contract rate increases result in the following increases:

- Paratransit Services (MJM/MTM), $4.1M
- RideChoice Services (MJM), $2.1M
- Mobility Center (MJM/MTM), $0.6M

Vanpool Program - Contract Rate Change

Valley Metro's contract for vanpool covers the cost of operations and leasing of vendor vehicles. Under the current contract, rates vary depending on the van type and mileage used by the riders. The annual increase for FY26 includes both changes in overall average rates of the vans being used and a contractually allowed 5% increase in FY26 ($2.3M).

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

Item	RPTA	VMR	Note
Light Rail SCE/DH Operations	-	$11,816,000	
Bucket Trucks	-	$1,106,000	
Insurance Premium	$58,000	$100,000	
Demand Service Rate Increase	$6,836,000	-	Increase of $4.9M for RPTA from previous version due to cancellation of RPTA FY25 mid-year budget adjustment.
Vanpool Program - Contract Rate Change	$2,308,000	-	Increase of $1.9M for RPTA from previous version due to cancellation of RPTA FY25 mid-year budget adjustment.
Bus Service and Rate Increase	$4,652,000	-	
Rail Transportation Service Rate Increase	-	$1,455,000	
Total	**$13,854,000**	**$14,477,000**	

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

Description

Rail Vehicle and Facility Cleaning Contractual Increase

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

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

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

Description

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

Demand Service Ridership Increase
In FY26, Valley Metro Demand Services programs anticipate a relatively flat change in regular trips and a 6,000 trip increase for overflow trips for Paratransit, $0.4M, and 15% for RideChoice, $1.6M, for a total increase in costs $2.0M.

Bus Fuel Decrease
Tempe fuel (diesel and natural gas) prices continue to fluctuate. The Tempe facility, owned by the City of Tempe, provides approximately 200,000 gallons of Diesel and unleaded fuel, and 2.4M gallons of natural gas (LNG & CNG, which is trucked to the facility). The anticipated decrease in cost for FY26 is estimated to be $1.6M. Prices at the Mesa Facility have remained relatively stable.

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

Vanpool Van Type Cost and Ridership Increase
The vanpool program under the new contract with leased vehicles continues to have rapid increased participation. For FY26 Valley Metro estimates an increase in participating vans of 52%, for an increase of $2.3M.

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

Item	RPTA	VMR	Note
Light Rail Operations Utility Increase	-	$ 1,154,000	
Demand Service Ridership Increase	$1,999,000	-	Increase of $1.0M for RPTA from previous version due to cancellation of RPTA FY25 mid-year budget adjustment.
Bus Fuel Decrease	$(1,594,000)		Decrease of $3.2M for RPTA from previous version due to cancellation of RPTA FY25 mid-year budget adjustment.
West Valley Service and Rate Increase	$48,000	-	
Vanpool Van Type Cost and Ridership Increase	$2,252,000	-	Increase of $0.2M for RPTA from previous version due to cancellation of RPTA FY25 mid-year budget adjustment.
City of Phoenix Regional Service	$134,000	$496,000	
Total	**$2,839,000**	**$1,650,000**	

Full-Time Equivelants by Agency

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

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

VALLEY METRO

Memo

To:	Valley Metro RPTA Board of Directors	**Agenda Item 3**
Date:	May 15, 2025	
From:	Councilmember OD Harris, City of Chandler, RPTA Chair	
Re:	Election of FY26 Board Officers and Subcommittee Members	

In June of each fiscal year, the Regional Public Transportation Authority (RPTA) elects Board officers, in addition to electing members to the two standing committees of the Board: The Joint Board Subcommittee (JBS) and Audit and Finance Subcommittee (AFS). Board and Subcommittee members must be elected officials and participation on the respective subcommittees are limited to elected officials only.

Listed below are the positions available for FY 2026 (July 1, 2025 – June 30, 2026).

RPTA Board Officers

- Chair: one-year term
- Vice Chair: one-year term
- Treasurer: one-year term

Audit and Finance Subcommittee

- One AFS member representing RPTA (White) has an expiring term in 2025, however they are eligible for re-election should they choose to seek another term.

The purpose of the AFS is to provide oversight of the financial activities and internal audit functions of the RPTA and VMR. The AFS shall meet no less than once each calendar quarter or as frequently as the committee deems necessary. The AFS consists of up to five (5) members; terms of membership are for two years. No member shall serve more than four years, except the elected official representing the City of Phoenix. Two (2) of the members will represent both RPTA and VMR (with the aforementioned Phoenix elected official retaining one of the two VMR positions). No more than two members of the AFS will be from the VMR Board due to quorum requirements. The Chair of the AFS is appointed by the Chairs of the RPTA and VMR Boards.

Joint Boards Subcommittee (no term limits)

- Two RPTA positions available for a one-year term.

The JBS meets annually, or as needed. It is comprised of four members represented by two elected officials from RPTA and two elected officials from VMR. The members are responsible for the following:

- Resolving conflicting direction that the CEO may receive from the RPTA Board and the VMR Board.

- Establishing recommended annual goals for the CEO that are subject the approval of the RPTA Board and the VMR Board.
- Providing the annual evaluation of the CEO's achievement of assigned goals with such evaluation subject to the approval of the RPTA Board and the VMR Board.

If you are interested in serving as a **RPTA Board Officer, AFS or JBS member for FY 2026**, please send a letter of interest, via email, to Pat Dillon at pdillon@valleymetro.org expressing your desire to serve.

Letters of interest are due no later than **5:00 p.m. on June 6, 2025**. Your letter should indicate the position sought and the reason(s) for your interest, and qualifications you possess. If you are interested in serving on more than one committee, please list each position separately in the letter.

Thank you for your help in this matter. If you have any questions, please contact Pat Dillon at 602-523-6006.

Attachment:
RPTA and VMR Current Board Officers and Subcommittee Members FY 2025

BOARDS/COMMITTEES FY 2025

RPTA Board Officers		
Name	**City**	**Position**
Councilmember OD Harris	City of Chandler	Chair
Councilmember Jennifer Adams	City of Tempe	Vice Chair
Councilmember Max White	City of Avondale	Treasurer

VMR Board Officers		
Name	**City**	**Position**
Councilmember Francisco Heredia	City of Mesa	Chair
Councilmember Laura Pastor	City of Phoenix	Vice Chair

Valley Metro RPTA/VMR Audit and Finance Subcommittee			
Name	**City**	**Representing**	**Term Expires**
Vice Mayor Jimmy Davis	Tolleson	RPTA	June 2026
Councilmember Peggy McMahon	Town of Fountain Hills	RPTA	June 2026
Councilmember Maxine White	City of Avondale	RPTA	June 2025
Councilmember Jennifer Adams	City of Tempe	VMR	June 2025
Councilmember Laura Pastor	City of Phoenix	VMR	Permanent
Note: Requires two members from VMR (City of Phoenix is permanent VMR representative) Chair to be designated by RPTA and VMR Board Chairs at the beginning of the fiscal year.			
** Eligible for reelection (total of 4 years can be served)			

Joint Board Subcommittee	
RPTA Members	**City**
Councilmember OD Harris	City of Chandler
Councilmember Jennifer Adams	City of Tempe
VMR Members	**City**
Councilmember Francisco Heredia	City of Mesa
Councilmember Laura Pastor	City of Phoenix

TMC/RMC Chair/Vice Chair		
Name	**City**	**Position**
Ryan Peters	City of Chandler	Chair - TMC
Rosa Inchausti	City of Tempe	Vice Chair - TMC
Jodi Sorrell	City of Mesa	Chair - RMC
Mario Paniagua	City of Phoenix	Vice Chair - RMC

Executive Summary

DATE
May 15, 2025

AGENDA ITEM 4

SUBJECT
Report on Current Events and Suggested Future Agenda Items

COST AND BUDGET
None

RECOMMENDATION
This item is presented for information only.

BACKGROUND | DISCUSSION | CONSIDERATION
None

COMMITTEE 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

May 15, 2025

Valley Metro Rail
Thursday, May 22, 2025
Boardroom/Webex
Valley Metro, 101 N. 1st Avenue, 10th Floor
11:15 a.m.

CONSENT AGENDA

1A.	Minutes	1A.	For action

Minutes from the April 17, 2025, Board meeting are presented for approval.

1B.	Girder Rail Parts Contract Award	1B.	For action

Staff recommends that the Board of Directors authorize the Chief Executive Officer to enter into a contract with Voelstalpine Nortrak, Inc., for girder rail parts, to expire upon completion or three years, whichever is less, with an aggregate value of $286,000.

REGULAR AGENDA

2.	Railpod Annual Data Services Subscription and Maintenance Program Contract Award	2.	For action

Staff recommends that the Board of Directors authorize the Chief Executive Officer to execute a three-year agreement with Railpod, Inc. for an annual data services subscription and maintenance program at a cost of $344,000.

3.	Light Rail Vehicle Gearbox/Axle Overhaul Contract Award	3.	For action

Staff recommends that the Board of Directors authorize the Chief Executive Officer to enter into a contract with Penn Machine Company, LLC, for gearbox/axle overhaul services for seven years, with an aggregate value not to exceed $2,860,000.

4. <u>South Central LRT Extension Design Services (SCEDES) Contract Amendment</u> — 4. For action

Staff recommends that the Board of Directors authorize the CEO to execute a contract amendment with AECOM Technical Services, Inc. to amend the period of performance to be upon completion and closeout of the South Central Downtown Hub Extension Project.

5. <u>Valley Metro Rail, Inc. Fiscal Year 2026 (FY26) Proposed Operating and Capital Budget and Five-Year Operating Forecast and Capital Program (FY26 through FY30)</u> — 5. For action

Staff will review the VMR Fiscal Year 2026 Proposed Operating and Capital Budget.

6. <u>Election of FY25 Board Officers and Subcommittee Members</u> — 6. For information

In June of each fiscal year, the Valley Metro Rail Board of Directors elects Board Officers in addition to electing members to the two standing committees of the Board: The Joint Board Subcommittee (JBS) and Audit and Finance Subcommittee (AFS). Subcommittee members must be elected officials and participation on the respective subcommittees are limited to elected officials only.

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

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

8. <u>Next Meeting</u> — 8. For information

The next Board meeting is scheduled for **Thursday, June 12, 2025 at 11:15 a.m.**

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

Meeting Minutes

May 15, 2025 **AGENDA ITEM 1A**

Valley Metro Rail Boards of Directors
Thursday, April 17, 2025
Lake Powell Conference Room/Webex
101 N. 1st Avenue, 10th Floor
11:15 a.m.

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

The chair called the meeting to order at 1:11 p.m.

Chair Heredia said I convene the Valley Metro Rail board meeting.

1. <u>Consent Agenda</u>

Chair Heredia said the first item is the Consent Agenda presented for action. Any questions on the Consent Agenda from my colleagues?

Motion by Councilmember Pastor, second by Councilmember Adams. All in favor say aye. Any nays? The ayes have it. Thank you.

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

2. <u>Valley Metro Rail, Inc., Fiscal Year 2026 (FY26) Preliminary Operating and Capital Budget and Five-Year Operating Forecast and Capital Program (FY26 through FY30)</u>

Chair Heredia said we'll move on to item number two. Jessica.

Ms. Mefford-Miller said good afternoon. Thank you, Mr. Chair, members of the Valley Metro Rail Board. I'll again invite Mr. Ken Kessler, Chief Financial Officer, to the podium to provide an overview of those budget items that are specific to Valley Metro Rail.

Mr. Kessler said thank you, Jessica. Members of the board. I'll run through this quickly.

These are slides we saw in RPTA so we'll just move through here.

So in looking at the breakdown of the operating budget for Valley Metro Rail. The base budget is down $1.4 million. Overall a $20.7 million increase over prior year. Again, mostly due to the South Central operations coming on board for a full year in FY26.

And looking at those new initiatives as a percentage of the overall operating or the overall increase year-over-year and then here looking at those new initiatives as a percent of the overall budget just at 3%.

And then looking at the programs here. So the light rail program is down about $300,000 from the last version of the budget. Just want to point that out.

And looking at the source of funding. Again, member cities and fares primarily sources that support the operating program.

And then going through the initiatives. I'll go through these quickly. A lot of these are just the VMR share of the same initiatives we saw in the last budget for RPTA.

So this one here is just the VMR share of this initiative number one. Same here for initiative number two just the VMR share of that estimated cost. Same for this one. This is same exact item just the VMR share.

And then on leverage data and technology, same thing, the Valley Metro Rail share of those initiatives.

This one here, again, Valley Metro Rail share and again, showing some initiatives that we removed. We did have an initiative number nine that was on the rail only side. That initiative based on feedback was removed since the last version.

And then for this item here. This is rail specific. So we haven't seen this particular one yet. This program enhancement is really about a few things. It's increasing the art maintenance budget because of the growing amount of art on the system as we build extensions as well as the aging of the existing art and especially that art that was part of the original alignment getting much older and needing more work to maintain it.

There's also an additional pressure washer position and then necessary equipment. This is in-sourcing work we've done under contract traditionally. And also a part of this need is due to the expansion of the system With the South Central coming on board.

And lastly, we have a traction power team here. We're adding a manager and three supervisors. To date we really haven't had a manager or supervisor positions that have been dedicated to traction power. And this is a very specific specialty and so we want to add these positions to this leadership of the traction power team to lead those technicians and have folks to cover from a supervisory perspective as well as management having the specific expertise and traction power.

And then lastly financial sustainability. These are the VMR share of those same initiatives we looked at on the RPTA side.

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

Councilmember Pastor said I have a question, and I didn't get a chance to ask it earlier, but the grants coordinator. Is that a new position? Or is it?

Mr. Kessler said Chair, members of the board. Yes, all these would be new positions that we're talking about here.

Councilmember Pastor said but are they just overseeing all our grants or who oversees it now?

Mr. Kessler said right now, the grants effort is more of a kind of a team effort where work is kind of handed out to staff who at the time have the available time and/or contractors that do some work. They do some grant writing for us and things like that. So this would be to better coordinate that, to provide a position that actually could do some grant seeking beyond some of the just. Right now, we react to typical FTA or US Department of Transportation grant opportunities that come out. But this would allow us to have somebody who's more proactive and seeking grants from other places as well as better coordination as we work with member cities. And there's been times often we've coordinated with City of Phoenix on grants. So just someone to kind of head that up instead of reaching out to a contractor, bringing them on board for an effort for a period of time and then, you know, they move on.

I don't know, Alexis, if you have any additional.

Ms. Tameron-Kinsey said no, I think you explained it well. It's a patchwork and it depends on the grant. We're very reactionary and it happens to be within if they have bandwidth.

Ms. Mefford-Miller said I want to note part of the patchwork is consultant resources whom we're often paying to work with us to develop the content for grant applications. I think in your materials you should see information that's not shown on the slide that relates to in-sourcing some of this work. And that's part of it here is having an in-house resource that we don't have today outside of people who can fit a little bit of that in. Grant writing and the strategic pursuit thereof is a specific skill and discipline.

Councilmember Pastor said so what I am hearing is we're in-sourcing. We are wanting to in-source a grant coordinator so that there is coordination within Valley Metro, but also within the sister cities to be able then to work together as a collaborative to write that grant specifically and it is a skill and an art to write a grant. It's also a skill and an art to understand what you're writing a grant for. So that's all I was asking. It was more out of curiosity.

Councilmember Adams said is the $70,000 is that a fully loaded position?

Mr. Kessler said Chair, Councilmember Adams. The cost for positions are all fully loaded with benefits and everything and again, this is just the VMR share that's why it looks probably pretty low for this particular position.

There's a number associated with others on the VMR side and when you look at the detailed initiatives in the packet that with this particular initiative it shows the total cost there for the position broken out between the two agencies.

I don't think we'd find somebody with the skill set we'd want for that kind of all-in cost, right? Let alone probably that salary.

Chair Heredia said any other questions, comments? Anything else, Ken?

Mr. Kessler said yes, let me just run through really quickly.

So for those ongoing obligations that impact the budget here a number of items that are inflationary or those continuing commitments in terms of contract rate increases and you can see here on this slide those items listed for a total of about $18 million. There's some change that impacts the budget going forward. So that's it in terms of operating budget. Any questions there?

I'll move on to capital. So moving on to our capital program.

About a $114.3 million program it gets you a big decrease from year over year. That's basically due to South Central completing and going to revenue service and Capital Extension ramping up and some other projects that are starting to ramp up in FY26.

And then on the sources our capital program is very much supported mainly by federal funds and public transportation funds.

Moving through to the five-year program on the operating side. About a $635 million five-year operating program. Again, it is mostly funded by member city contributions as well as fares. And then on the capital side of the five-year program federal funds, member city contributions and public transportation funds are really the main source of supporting that program. And a couple of the projects that are the largest part of the program going forward for the next five years, the Capital Extension project as well as the Rio East Dobson Extension.

And here's our timeline. Again, same timeline we saw on RPTA.

And that concludes the presentation and I am happy to answer any additional questions.

Chair Heredia said any other questions, comments?

That presentation was for information only. Any questions relate back to staff. So we'll move on. Thank you, Ken. Appreciate it.

3. Report on Current Events and Suggested Future Agenda Items

Chair Heredia said so number three report on current and future agenda items. Anything members want to comment? Hearing none.

4. Next Meeting

Chair Heredia said next meeting Thursday, May 22nd so thank you everybody.

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

Without further discussion, the meeting was adjourned at 1:21 p.m.

Executive Summary

DATE **AGENDA ITEM 1B**
May 15, 2025

SUBJECT
Girder Rail Parts Contract Award

COST AND BUDGET
Cost for the full term is $260,000 plus a 10% contingency of $26,000, for an aggregate value of $286,000.

For FY25, the Valley Metro Rail, Inc. ("VMR") contract obligation is fully funded within the adopted FY25 Operating and Capital Budget and for FY26 the VMR Proposed FY26 Operating and Capital Budget. Contract obligations beyond FY26 are incorporated into the Agency's Five-Year Operating Forecast and Capital Program (FY26 through FY31).

The sources of funding are member cities and Public Transportation Funds.

RECOMMENDATION
Staff recommends that the Board of Directors authorize the Chief Executive Officer to enter into a contract with Voelstalpine Nortrak, Inc., for girder rail parts, to expire upon completion or three years, whichever is less, with an aggregate value of $286,000.

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

- Goal 1: Advance performance-based operation
  - Tactic A: Operate an effective, reliable, high-performing transit system

COMMITTEE PROCESS
RTAG: April 15, 2025 for information
RMC: May 7, 2025 approved
Board of Directors: May 22, 2025 for actions

CONTACT
Darren Curry
Chief Maintenance Officer
dcurry@valeymetro.org

ATTACHMENT
A copy of the draft contract is available upon request.

Background Information

BACKGROUND DISCUSSION
The original alignment used RI53 girder rail for the track. Valley Metro had one left-hand and one right-hand switch castings and one frog for the style of crossover. These parts were used to fix a rail break last year. These parts are for inventory replacements. These items have long lead times, and without them, we run a risk of having to single-track for an extended time in the event of a rail break.

PROCUREMENT INFORMATION
In accordance with the Agency's Joint Procurement Manual, the standard competition was waived as a result of an approved Determination Memo based upon the following reason: Sole Source. Follow on contract for the continued production of specialized equipment and major components specific to the alignment.

CONTRACT TYPE AND TERM
The contract is a firm-fixed-price contract. The contract will begin on or about May 26, 2025, and shall continue upon completion or for three years, whichever is less.

Girder Rail Parts Contract Award

1

Girder Rail Parts Contract Award

- Girder Rail

- Frog Switch

2

2

Recommendation

Staff recommends that the Board of Directors authorize the Chief Executive Officer to execute a contract with Voestalpine to supply girder rail parts for Valley Metro Maintenance of Way in the amount of $260,000 plus a 10% contingency of $26,000, for an aggregate amount of $286,000. These parts will not arrive until late FY26.

VALLEY METRO

Executive Summary

DATE
May 15, 2025

AGENDA ITEM 2

SUBJECT
Railpod Annual Data Services Subscription and Maintenance Program Contract Award

COST AND BUDGET
Cost for the full three-year term is $344,000.

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

The source of funds is member cities.

RECOMMENDATION
Staff recommends that the Board of Directors authorize the Chief Executive Officer to execute a three-year agreement with Railpod, Inc. for an annual data services subscription and maintenance program at a cost of $344,000.

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

- Goal 1: Advance performance based operation
  - Tactic A: Operate an effective, reliable, high performing transit system

COMMITTEE PROCESS
RTAG: April 15, 2025 for information
TMC/RMC: May 7, 2025 approved
Board of Directors: May 22, 2025 for action

CONTACT
Darren Curry
Chief Maintenance Officer
dcurrey@valeymetro.org

ATTACHMENT
None

Background Information

BACKGROUND DISCUSSION
This contract is required to provide data services and maintenance support for Valley Metro's rail inspection vehicle from Railpod, Inc. In November 2022, Valley Metro presented the purchase of the alignment inspection vehicle to the Board of Directors. At that time, the purchase included a one-year subscription for data services and the maintenance program, covering field service and technical support. Included are software updates to both the RailPod and back-end software, along with quarterly maintenance such as fill fluids, lubricate applicable parts, replace worn parts, calibrate testing equipment and chart creation checks. The subscription now requires renewal to ensure the continuation of this maintenance and support program.

PROCUREMENT INFORMATION
In accordance with the Agency's Joint Procurement Manual, standard competition was waived as a result of an approved sole source determination memo, as Railpod, Inc. is the original equipment manufacturer (OEM) of the rail inspection vehicle and the only supplier that can provide the data services, engineering resources, and maintenance support for the rail inspection vehicle required by Valley Metro.

CONTRACT TYPE AND TERM
This is a firm fixed price contract. The contract will begin on or about May 26, 2025, for an initial three-year term with no options to extend, for up to a maximum term of three years.

Quarterly Inspection Items (Reference SOP's in Maintenance Manual as well as Checklists as applicable for each item) (Fill fluids, lubricate, replace worn parts, annotate changes accordingly)	Inspected (Y/N)	Notes, Discrepancies, Parts Replaced, Repairs
Arrival Check		
Rail Wheel Encoder Check		
FFC Image Verification Check		
Rail Profile Functionality Check		
Chart Creation Check		
Slack Upload Check		
Horn Functionality Check		
Directional Light Functionality Test		
Strobe Light Funtionality Test		
Drive Motor Functionality Test		
Teblet E-Stop Funtionality Test		
Physical E stop Functionality Test		
Parking Brake Release Funtionality Test		
Inspect Shunt Brush Wear and Replace if needed		
Lift Jack Funtionality Check		
Inspect Road Wheel Lug Nuts for Crosscheck		
Inspect Rail Wheel Lug Nuts for Crosscheck		
Check That Road Wheel Bearing Dust Cap is Present and Secure		
Inspect Trailer Module Swing Arm for Slop		
RMM Funtionality Test		
Inspect Lifting Struts for Damage Preventing Safe operation		
Check for Trailer Module Safety Lock Pin		
Inspect Trailer Module Stowed Position Lock Pins or Hardware		
Inspect Trailer Module Coil Over Assemblies		
Inspect Tongue Jack		
Inspect Lunette Ring And Hardware		
Inspect Trailer Connection Cable		
Inspect Trailer Safety Chains		
Test Parking Brake Release Lever		
Camera Cross Check		
Check camera connector crosscheck		
Clean Camera Lens Tubes (6 Cameras)		
Inspect Camera Connector Crosscheck		
Test Camera Lights, Check Light Angle Crosscheck and Lightbar Cleanliness		
Clean TOR, TFC, and FSR Lights		
Inspect Trailer Module Castle Nut - Check to see cotterpin is present		
Inspect Rail Wheel Modules for Cracks on the swingarm and cross beam and Broken Cross Check		
Inspect Trailer Module Lock Nut Crosscheck		
Test Trailer Breakaway System		
Inspect Caster Wheel for Loose and Missing Bolts		
Inspect Trailer Tongue Hinge for Cracks		
Oil Laser Door Lock (Use 400-00091 OIL_MULTI-PURPOSE)		
Check Laser Profiler Heads are Securely Mounted		
Re-Torque Laser Profiler Cables		
Inspect Tire Treads		
Check Condition of Laser Profiler Transmiter and Receiver Lenses (scratches)		
Check Condition of Laser Profiler Cleaner: Air Hose, Keyence Cover, and Nozzles		
Inspect Service and Parking Brakes		
Check Condition of Air Compressor filter		
Clean FSR boom arm		
Grease Trailer Module Lock Pins		
Grease Tongue Jack		
Grease Caster Wheel		
Grease Lift Jack Screw		
Check Rail Module Gearbox Oil Level		
Check Generator Oil Level		
Test Generator And Generator Fans		
Test Trailer Lights		
Limit Straps		
Check Tire Pressure		
Inspect Front And Rear Fender Mount for Crosscheck and Frame Cracks		
Inspect Coolant System For Leaks and Wear		
Inspect Rail Module Drive Gearbox Mounting Hardware		
Chcek Rail Module Suspension for Blown Shocks, Damaged Eyelets, and Damaged Spring		
Inspect Hydraulic System For Leaks		
Inspect Hydraulic System Fluid Level		
Inspect Generator Exhaust Mount		
Inspect Lift Jack Feet And Hardware		

RailPod Annual Data Subscription and Maintenance Program Contract Award

VALLEY METRO

1

RailPod Annual Data Subscription and Maintenance Program

- Track Geometry – measurements including gauge, cross level, alignment, surface, speed, warp, twist, curvature and elevation are displayed in strip charts and functional, user-friendly displays.
- Rail Wear - The RailPod vehicle measures horizontal wear, vertical wear, gauge face angle, rail cant and rail type/size.
- Overhead Catenary – height and stagger, GIS mapping and track charts.
- Life Expectancy – 10 years and was purchased 2 years ago. Based on current usage we could expect 20+ years of service.

2

VALLEY METRO

2

Recommendation

Staff recommends that the Board of Directors authorize the Chief Executive Officer to execute a three-year agreement with Railpod, Inc. for an annual data services subscription and maintenance program at a cost of $344,000.

3

VALLEY METRO

3

Executive Summary

DATE **AGENDA ITEM 3**
May 15, 2025

SUBJECT
Light Rail Vehicle Gearbox/Axle Overhaul Contract Award

COST AND BUDGET
Cost for the full term is $2,600,000 plus a 10% contingency of $260,000, with an aggregate value not to exceed $2,860,000.

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

The sources of funding are federal funds and Public Transportation Funds.

RECOMMENDATION
Staff recommends that the Board of Directors authorize the Chief Executive Officer to enter into a contract with Penn Machine Company, LLC, for gearbox/axle overhaul services for seven years, with an aggregate value not to exceed $2,860,000.

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

- Goal 1: Advance performance-based operation
    - Tactic A: Operate an effective, reliable, high-performing transit system

COMMITTEE PROCESS
RTAG: April 15, 2025 for information
RMC: May 7, 2025 approved
Board of Directors: May 22, 2025 for action

CONTACT
Darren Curry
Chief Maintenance Officer
dcurry@valeymetro.org

ATTACHMENT
A copy of the draft contract is available upon request.

Background Information

BACKGROUND DISCUSSION
In November 2019**,** the Board authorized the Chief Executive Officer to execute a contract with Penn Machine Company, LLC ("Contractor"), for a gearbox/axle overall program for the Kinkysharyo light rail vehicles. The contract expired on January 30, 2025. This contract would provide a long-term, stable continuation of the overhaul program to maximize the useful life of VMR assets and maintain VMR assets in a state of good repair.

The Contractor shall provide all necessary parts, materials, and labor to complete the gearbox/axle overhaul program. The cost includes overhauling and testing the equipment to original equipment manufacturer (OEM) standards. VMR light rail vehicle maintenance personnel will remove the gearbox/axle assemblies from the vehicles and ship them to the Contractor. The Contractor will overhaul the equipment and return the assemblies to VMR's Operations and Maintenance Center.

PROCUREMENT INFORMATION
In accordance with the Agency's Joint Procurement Manual, the standard competition was waived as a result of an approved Determination Memo based upon the following reason: Sole Source. This is a follow-on contract for the continued production of specialized equipment and major components.

CONTRACT TYPE AND TERM
The contract is a firm-fixed-price contract with economic adjustment. The contract will begin on or about May 26, 2025, and will continue for seven years.

1

LRV Gearbox-Axle Overhaul

Gear Box

Axle

2

2

Recommendation

Staff recommends that the Board of Directors authorize the Chief Executive Officer to enter into a contract with Penn Machine Company, LLC, for gearbox/axle overhaul services for seven years, with an aggregate value not to exceed $2,860,000.

3

3

Executive Summary

DATE **AGENDA ITEM 4**
May 15, 2025

SUBJECT
South Central LRT Extension Design Services (SCEDES) Contract Amendment

COST AND BUDGET
The requested action is to amend the period of performance of the existing scope of work, and does not impact cost and budget.

RECOMMENDATION
Staff recommends that the Board of Directors authorize the CEO to execute a contract amendment with AECOM Technical Services, Inc. to amend the period of performance to be upon completion and closeout of the South Central Downtown Hub Extension Project.

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

- Goal 5: Stakeholder Collaboration
  - Initiative 5.2: Incorporate member agency and stakeholder input into action plans to build the future regional transit system.

COMMITTEE PROCESS
Board of Directors: May 22, 2025

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

ATTACHMENT
None.

Background Information

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

BACKGROUND DISCUSSION
The SCE/DH project is approximately 5.5 miles in length and includes light rail construction within Downtown Phoenix and extends south along Central Avenue to Baseline Road. In May 2017, the Board awarded a contract to AECOM Technical Services, Inc. to perform the project's professional design services. In April 2022, the Board authorized the CEO to extend the contract by three years to June 2025 to coincide with current project timelines. At that time, the project was anticipated to open for revenue service at the end of 2024. With the SCE/DH project opening set for June 7, 2025, Valley Metro requires continued Design Services During Construction for technical support through the post-opening project closeout period.

The are several items that will require continued technical support on the project:

- Review of final project drawings and record documents
- Support for contractor's remaining closeout submittals and project punch list work
- USA Easement relocation application with Bureau of Reclamation
- 1st Avenue underpass landscaping restoration work
- Salt River Bridge lighting aesthetic enhancements final commissioning
- Support for changes identified during final testing and inspections
- Support for downtown bus routing and traffic signal integration

This action, including the abovementioned items, does not increase the overall project budget.

South Central Extension/ Downtown Hub

Design Services – Time Extension

VALLEY METRO

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South Central Extension/Downtown Hub (SCE/DH)
Design Services – Time Extension

Requesting authorization to extend time for design contract with AECOM to continue Design Services During Construction (DSDC) through the completion of project closeout.

VALLEY METRO

2

South Central Extension/Downtown Hub (SCE/DH)
Design Services – Time Extension

Continued DSDC will include:

- USA Easement
  - Bureau of Reclamation
- 1st Avenue underpass
  - Landscaping restoration work
- Salt River Bridge
  - Lighting enhancements
- Project support
  - Final testing and inspections
  - Downtown bus routing & traffic signal integration
  - Project drawings & record documents
  - Review submittals & punch list

3

3

Recommendation

Staff recommends that the Board of Directors authorize the Chief Executive Officer to extend time for the SCE/DH Light Rail Extension design contract with AECOM to continue Design Services During Construction (DSDC) through the completion of project closeout.

4

4

Executive Summary

DATE **AGENDA ITEM 5**
May 16, 2025

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

COST AND BUDGET
See information below.

RECOMMENDATION
Staff recommends that the Board of Directors approve the Valley Metro Rail, Inc. FY26 Proposed Operating and Capital Budget, and acceptance of the Five-Year Operating Forecast and Capital Program (FY 2026 thru 2030).

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

- Goal 9: Financial Sustainability

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

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

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

CONTACT
Ken Kessler
Chief Financial Officer
kkessler@valleymetro.org

ATTACHMENT
FTE Summary Sheet
Budget Initiatives Detail

Background Information

The Valley Metro Rail, Inc. (VMR) FY26 combined operating and capital budget (the budget) is $233.5 million. The proposed FY26 budget has been prepared with the goal of delivering a fiscally prudent, balanced budget. The budget was developed in compliance with Board of Directors' adopted budget, financial and Transit Life Cycle Program (TLCP) policies.

Valley Metro began the FY26 budget process by carefully reviewing its operations to identify efficiencies and other potential reductions to the FY26 base operating budget. This resulted in a proactive reduction in the VMR base operating budget of $1.4 million. The largest areas of reduction include one-time items in the FY25 budget not continuing into FY26, reductions in regional fees by City of Phoenix, reductions in IT software costs and outside contracted repair costs.

From this starting point, ridership, economic factors outside the agency's control, contractual commitments, and the continued implementation of previously approved Board actions must be incorporated. For FY26, these non-discretionary items total $18.3 million, comprising 81% of the total increase, excluding base change, in the FY26 operating budget. Of this amount, five issues – contract rate increases (including Board-approved contract adjustments), SCE/DH revenue service, insurance and utilities increases, approved non-revenue vehicle purchases and security enhancements – comprise 99% of the total non-discretionary increase.

Additionally, Valley Metro recommends the Board adopt $4.2 million of increased spending for new initiatives in FY26. This includes funding for eleven initiatives listed below, including the Audit and Finance Subcommittee's recommended budget amounts for agency staff compensation for cost-of-living adjustment and performance merit.

FY26 Valley Metro Staff Recommended Initiatives

Initiative#	Description	Amount
1	Passenger Engagement & Education [1]	$ 177,000
2	Agency Staff Compensation	$ 2,497,000
4	Safety & Security Management	$ 312,000
5	Service Planning Enhancement	$ 20,000
6	End of Useful Life System Replacements	$ 285,000
7	~~Internal Communications Enhancement~~ (Removed)	$ -
8	External Stakeholder Engagement	$ 32,000
9	~~System Enhancements & Improvements in Project Management~~ (Removed)	$ -
10	Rail Maintenance Program Enhancements	$ 807,000
11	Financial Planning & Analysis Enhancement [2]	$ 36,000
12	Grants Coordinator	$ 70,000
Total		**$ 4,236,000**

[1] *Removed two customer experience coordinators.*
[2] *Removed Financial Analyst, Contract Performance.*

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

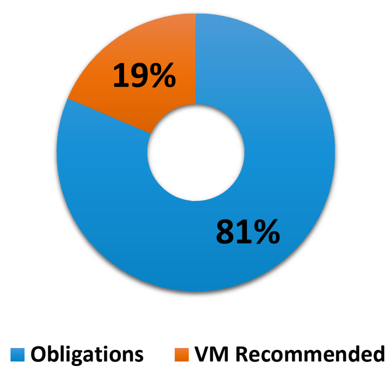
Valley Metro Rail, Inc.
Fiscal Year 2026 (FY26) Proposed Operating & Capital Budget and 5-Year Forecasts

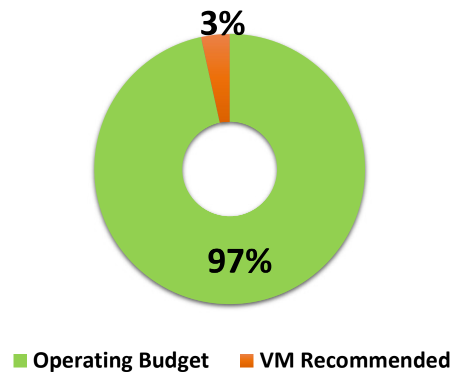
1

2

VMR Operating Budget Overview ($ millions)

VMR	FY 2025 Budget	FY 2026 Base	Change v FY25	Obligations: Cont Commit	Obligations: Inflation & Ridership	Total Obligations	VM Recommend	FY 2026 Budget	Total Change
Total	$ 97.9	$ 96.5	$ (1.4)	$ 16.7	$ 1.7	$ 18.3	$ 4.2	$ 119.1	$ 21.2





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

Uses of Funds	FY25	FY26	Change $	Change %
Light Rail Operations & Maintenance	$71.7	$86.6	$14.9	21%
Light Rail Security	15.3	20.5	5.2	34%
Subtotal Light Rail	*87.0*	*107.1*	*20.1*	*23%*
Streetcar Operations & Maintenance	6.4	6.8	0.4	5%
Streetcar Security	1.0	1.4	0.4	39%
Subtotal Streetcar	*7.4*	*8.2*	*0.8*	*10%*
Agency Operating	3.4	3.7	0.3	9%
Total Operating Uses	**$97.9**	**$119.1**	**$21.2**	**22%**

4

4

Proposed Modifications

5

FY26 Budget Drivers

10

FY26 Budget Drivers

- Expanding to a 2-line system
- Annual escalations for existing contracts
- Bucket Trucks
- Utility rate escalations
- Strategic Plan initiatives

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VALLEY METRO

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VMR Obligations Summary

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
13	Rail Landscaping Contract Rate Increase	$ 15,000	$ -	$ 15,000
	Rail & Bus Facility Maintenance	121,000	-	121,000
14	Security Contract Rate Increase	2,039,000	-	2,039,000
15	Light Rail SCE/DH Operations	11,816,000	-	11,816,000
	Bucket Trucks	1,106,000	-	1,106,000
	Insurance Premium	100,000	-	100,000
	Rail Transportation Service Rate Increase	1,455,000	-	1,455,000
16	Rail Vehicle and Facility Cleaning Contractual Increase	-	34,000	34,000
17	Light Rail Operations Utility Increase	-	1,154,000	1,154,000
	City of Phoenix Regional Service	-	496,000	496,000
Category Total		**$ 16,652,000**	**$ 1,684,000**	**$ 18,336,000**
Category % of Total		***91%***	***9%***	

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VALLEY METRO

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

Uses of Funds	FY25	FY26	Change $	Change %
Future Project Development	$16.5	$21.9	$5.4	33%
South Central Ext/Downtown Hub	297.2	18.8	(278.4)	-94%
Capitol Extension	20.8	32.1	11.2	54%
Northwest Extension Phase II	12.6	2.6	(10.0)	-79%
Tempe Streetcar	8.3	6.7	(1.7)	-20%
Gilbert Road Extension	2.2	0.0	(2.2)	-100%
Systemwide Improvements	11.7	4.2	(7.5)	-64%
State of Good Repair	22.2	28.1	5.9	26%
Total Capital Uses	**$391.7**	**$114.4**	**($277.3)**	**-71%**

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5-Year Operating Sources and Uses

	FY26	FY27	FY28	FY29	FY30	Total
Operating ($,000)						
Sources of Funds						
Advertising	$ 1,250	$ 1,288	$ 1,326	$ 1,366	$ 1,407	$ 6,637
Fares	7,104	7,903	8,653	9,668	10,776	44,104
Federal Funds	2,827	2,869	2,912	2,956	3,000	14,564
Member City Contributions	107,796	110,385	114,476	118,104	120,874	571,536
Other	100	100	100	100	100	500
Total Sources of Funds	**119,077**	**122,545**	**127,467**	**132,194**	**136,157**	**$ 637,440**
Uses of Funds						
Operations & Maintenance	93,369	96,066	100,192	104,101	107,221	500,949
Security	21,969	22,628	23,307	24,006	24,726	116,636
Agency Operating	3,739	3,851	3,968	4,087	4,210	19,855
Total Uses of Funds	**$ 119,077**	**$ 122,545**	**$ 127,467**	**$ 132,194**	**$ 136,157**	**$ 637,440**

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5-Year Capital Sources and Uses

	FY26	FY27	FY28	FY29	FY30	Total
Capital ($,000)						
Sources of Funds						
Federal Funds	$ 110,789	$ 53,435	$ 61,995	$ 57,736	$ 63,771	$ 347,726
MAG Funds	500	-	-	-	-	500
Member City Contributions	(86,772)	127,671	128,976	138,517	219,117	527,509
Public Transportation Funds	85,387	27,860	4,964	5,123	5,277	128,611
Regional Area Road Funds	500	-	-	-	-	500
Reserves/Carryforward	4,000	4,240	4,462	77	54	12,833
Total Sources of Funds	**114,404**	**213,206**	**200,397**	**201,453**	**288,219**	**1,017,679**
Uses of Funds						
Future Project Development	21,930	28,095	19,386	13,356	47,383	130,150
South Central Ext./Downtown Hub	18,811	3,303	-	-	-	22,114
Capitol Extension	32,093	110,490	103,588	59,517	32,074	337,762
Northwest Extension Phase II	2,637	21,562	-	-	-	24,199
Tempe Streetcar	6,691	522	-	-	-	7,213
Rio East-Dobson extension	-	23,250	48,250	97,820	178,520	347,840
Systemwide Improvements	4,188	5,317	2,566	2,598	2,626	17,295
State of Good Repair	28,054	20,667	26,607	28,162	27,616	131,106
Total Uses of Funds	**$ 114,404**	**$ 213,206**	**$ 200,397**	**$ 201,453**	**$ 288,219**	**$ 1,017,679**

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Recommendation

Staff recommends that the Board of Directors approve the Valley Metro VMR FY26 Proposed Operating and Capital Budget, and acceptance of the Five-Year Operating Forecast and Capital Program (FY 2026 thru 2030).

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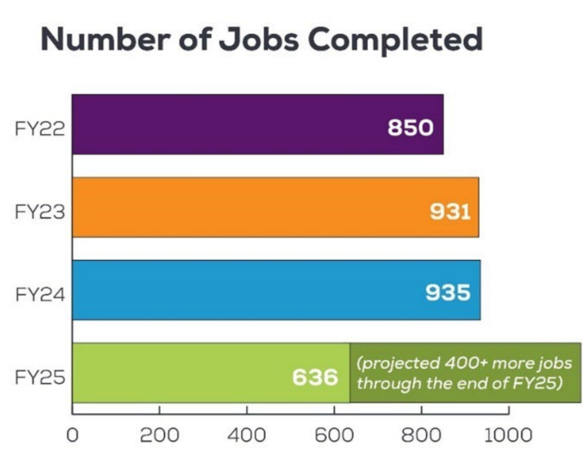
1	**Passenger Engagement & Education** Deliver Excellent Customer Experience	
	Combined	**VM Recommended**

Description

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

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

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



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

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

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

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

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

Description

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

The region has experienced substantial inflation in past years and continues to experience inflation although at a slower rate. Year-over-year inflation in the region was 1.8% for February 2025. The March 2025 unemployment rate of 3.6% is still well below the 30-year average of 4.9% in the Valley. To remain competitive within the labor market Valley Metro staff recommends budgeting funds to provide a Cost of Living Adjustment (COLA), performance merits, and implement the classification and compensation study.

- Based on continued inflation, a 2% COLA is recommended, which is similar to other public agencies within the valley.
- Valley Metro staff recommends an overall average 3% performance merit. In reviewing the actual performance merits issued during FY25, staff on average was awarded 3.5%, therefore the budgeted merit for FY26 is similar to FY25.
- To support the implementation of the classification and compensation study, Valley Metro staff proposes a budget allocation of $800,000. These funds will be used to address necessary adjustments to align employee compensation with the study's findings, ensuring internal equity and market competitiveness.

Item	RPTA	VMR	Note
2% COLA	$480,000	$800,000	
3% Average Merit	$720,000	$1,200,000	
Class & Compensation	$303,000	$497,000	
Total	**$1,503,000**	**$2,497,000**	

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

Description

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

~~Senior Learning and Development Specialist~~ **(REMOVED)**

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

Benefits Administrator

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

Human Resources Generalist (Recruiter)

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

~~HR Specialist (Support Staff)~~ **(REMOVED)**

~~This position would support completion of administrative tasks, employee engagement activities, scheduling, and special Human Resources projects to free senior staff for high-impact work.~~

~~Investing in these roles ensures HR can meet the agency's growing needs, deliver high-quality service, and support long-term workforce success.~~

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

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

Description

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

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

Deputy Chief, Security

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

Deputy Chief, Safety

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

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

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

Description

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

Service Planner

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

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

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

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

Description

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

End of Useful Life System Replacements

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

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

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

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

Description

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

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

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

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

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

Description

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

Supervisor, Community Engagement (Capital Planning Projects)

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

Item	RPTA	VMR	Note
Supervisor, Community Engagement (Capital Planning Projects)(*)	$34,000	$121,000	Salary, fringe, and equipment
Less capital	$0	-$89,000	Share of cost allocated to the capital budget
Total	**$34,000**	**$32,000**	

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

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

Description

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

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

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

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

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

10	Rail Maintenance Program Enhancements Operational Excellence	
	VMR	VM Recommended

Description

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

Art Maintenance

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

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

Utility Worker (Pressure Washer)

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

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

Traction Power Labor Resources

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

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

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

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

11	**Financial Planning & Analysis Enhancement** Financial Sustainability	
	Combined	**VM Recommended**

Description

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

Financial Forecasting Software

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

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

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

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

Management Analyst, Financial Planning Support

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

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

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

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

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

12	**Grants Coordinator** Financial Sustainability	
	Combined	**VM Recommended**

Description

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

Grants Coordinator

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

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

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

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

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

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

13	Continuing Commitments Deliver Excellent Customer Experience	
	Combined	Continuing Commitment

Description

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

Comprehensive Operational Analysis
The Valley Metro Board of Directors previously approved the solicitation for a Comprehensive Operational Analysis (COA) of the existing regional transit network to evaluate the service area in Maricopa County for the purpose of increasing mobility value, effectiveness, resource efficiency and equity for residents and riders. This effort will support recommendations to improve transit service with a focus on productivity, regional travel, and emerging transit markets, in addition to future improvements aimed at addressing unmet transit needs and regional transit priorities. This effort will be led by Valley Metro, in coordination with MAG and in partnership with the City of Phoenix. It will provide the most efficient and effective service with available resources and help induce ridership across our communities. This is a continuation of the previously approved FY25 Continuing Commitment.

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

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

14	Continuing Commitments Prioritize Security on Transit	
	Combined	Continuing Commitment

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

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

15	Continuing Commitments Operational Excellence	
	Combined	Continuing Commitment

Description

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

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

Bucket Trucks

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

Insurance Premium

The annual renewal of Valley Metro's property and liability coverage was authorized by the Board of Directors in November 2024. Staff recommend a budget increase to account for the Valley Metro Insurance program to ensure Valley Metro's assets are adequately protected. Insurance impacts both VMR and RPTA.

Bus Service and Rate Increase

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

- East Valley (Keolis), $4.7M

Demand Service Rate Increase

Valley Metro contracts its Paratransit service delivery out to one provider (MTM). The Administration of trip assignment and brokerage is done by another contractor, MJM. RideChoice trips are delivered by local vendors who contract with MJM. Both MTM and MJM provide services for eligibility determination, travel training and transportation to the Mobility Center. Each Valley Metro contract has annual rate escalations defined in the existing contracts. The annual contract rate increases result in the following increases:

- Paratransit Services (MJM/MTM), $4.1M
- RideChoice Services (MJM), $2.1M
- Mobility Center (MJM/MTM), $0.6M

Vanpool Program - Contract Rate Change

Valley Metro's contract for vanpool covers the cost of operations and leasing of vendor vehicles. Under the current contract, rates vary depending on the van type and mileage used by the riders. The annual increase for FY26 includes both changes in overall average rates of the vans being used and a contractually allowed 5% increase in FY26 ($2.3M).

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

Item	RPTA	VMR	Note
Light Rail SCE/DH Operations	-	$11,816,000	
Bucket Trucks	-	$1,106,000	
Insurance Premium	$58,000	$100,000	
Demand Service Rate Increase	$6,836,000	-	Increase of $4.9M for RPTA from previous version due to cancellation of RPTA FY25 mid-year budget adjustment.
Vanpool Program - Contract Rate Change	$2,308,000	-	Increase of $1.9M for RPTA from previous version due to cancellation of RPTA FY25 mid-year budget adjustment.
Bus Service and Rate Increase	$4,652,000	-	
Rail Transportation Service Rate Increase	-	$1,455,000	
Total	**$13,854,000**	**$14,477,000**	

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

Description

Rail Vehicle and Facility Cleaning Contractual Increase

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

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

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

Description

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

Demand Service Ridership Increase
In FY26, Valley Metro Demand Services programs anticipate a relatively flat change in regular trips and a 6,000 trip increase for overflow trips for Paratransit, $0.4M, and 15% for RideChoice, $1.6M, for a total increase in costs $2.0M.

Bus Fuel Decrease
Tempe fuel (diesel and natural gas) prices continue to fluctuate. The Tempe facility, owned by the City of Tempe, provides approximately 200,000 gallons of Diesel and unleaded fuel, and 2.4M gallons of natural gas (LNG & CNG, which is trucked to the facility). The anticipated decrease in cost for FY26 is estimated to be $1.6M. Prices at the Mesa Facility have remained relatively stable.

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

Vanpool Van Type Cost and Ridership Increase
The vanpool program under the new contract with leased vehicles continues to have rapid increased participation. For FY26 Valley Metro estimates an increase in participating vans of 52%, for an increase of $2.3M.

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

Item	RPTA	VMR	Note
Light Rail Operations Utility Increase	-	$ 1,154,000	
Demand Service Ridership Increase	$1,999,000	-	Increase of $1.0M for RPTA from previous version due to cancellation of RPTA FY25 mid-year budget adjustment.
Bus Fuel Decrease	$(1,594,000)		Decrease of $3.2M for RPTA from previous version due to cancellation of RPTA FY25 mid-year budget adjustment.
West Valley Service and Rate Increase	$48,000	-	
Vanpool Van Type Cost and Ridership Increase	$2,252,000	-	Increase of $0.2M for RPTA from previous version due to cancellation of RPTA FY25 mid-year budget adjustment.
City of Phoenix Regional Service	$134,000	$496,000	
Total	**$2,839,000**	**$1,650,000**	

Full-Time Equivelants by Agency

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

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

Memo

To:	Valley Metro Rail (VMR) Board of Directors	**Agenda Item 6**
Date:	May 15, 20205	
From:	Councilmember Francisco Heredia, City of Mesa, VMR Chair	
Re:	Election of FY26 Board Officers and Subcommittee Members	

In June of each fiscal year, the Valley Metro Rail Board of Directors elects Board Officers in addition to electing members to the two standing committees of the Board: The Joint Board Subcommittee (JBS) and Audit and Finance Subcommittee (AFS). Subcommittee members must be elected officials and participation on the respective subcommittees are limited to elected officials only.

Listed below are the positions available for FY 2026 (July 1, 2025 – June 30, 2026.

<u>VMR Board Officers</u>

- Chair: one-year term
- Vice Chair: one-year term

<u>Audit and Finance Subcommittee</u>

- One AFS members representing VMR (Adams) has an expiring term in 2025, however they are eligible for re-election should they choose to seek another term.

The purpose of the AFS is to provide oversight of the financial activities and internal audit functions of the RPTA and VMR. The AFS shall meet no less than once each calendar quarter or as frequently as the committee deems necessary. The AFS consists of up to five (5) members; terms of membership are for two years. No member shall serve more than four years, except the elected official representing the City of Phoenix. Two (2) of the members will represent both RPTA and VMR (with the aforementioned Phoenix elected official retaining one of the two VMR positions). No more than two members of the AFS will be from the VMR Board due to quorum requirements. The Chair of the AFS is appointed by the Chairs of the RPTA and VMR Boards.

<u>Joint Boards Subcommittee (no term limits)</u>

- Two positions available for a one-year term.

The JBS meets annually, or as needed. It is comprised of four members represented by two elected officials from RPTA and two elected officials from VMR. The members are responsible for the following:

- Resolving conflicting direction that the CEO may receive from the RPTA Board and the VMR Board.

- Establishing recommended annual goals for the CEO that are subject the approval of the RPTA Board and the VMR Board.

Providing the annual evaluation of the CEO's achievement of assigned goals with such evaluation subject to the approval of the RPTA Board and the VMR Board.

If you are interested in serving as a **Board Officer or Joint Board Subcommittee member for FY 2026**, please send a letter of interest, via email, to Pat Dillon at pdillon@valleymetro.org expressing your desire to serve.

Letters of interest are due no later than **5:00 p.m. on June 6, 2025.** Your letter should indicate the position sought and the reason(s) for your interest, and qualifications you possess that may assist the nominating committee in the selection process for the position(s) of interest. If you are interested in serving on more than one committee, please list each position separately in the letter.

Thank you for your help in this matter. If you have any questions, please contact Pat Dillon at 602-523-6006.

Attachment:
RPTA and VMR Current Board Officers and Subcommittee Members FY 2025.

BOARDS/COMMITTEES FY 2025

RPTA Board Officers		
Name	**City**	**Position**
Councilmember OD Harris	City of Chandler	Chair
Councilmember Jennifer Adams	City of Tempe	Vice Chair
Councilmember Max White	City of Avondale	Treasurer

VMR Board Officers		
Name	**City**	**Position**
Councilmember Francisco Heredia	City of Mesa	Chair
Councilmember Laura Pastor	City of Phoenix	Vice Chair

Valley Metro RPTA/VMR Audit and Finance Subcommittee			
Name	**City**	**Representing**	**Term Expires**
Vice Mayor Jimmy Davis	Tolleson	RPTA	June 2026
Councilmember Peggy McMahon	Town of Fountain Hills	RPTA	June 2026
Councilmember Maxine White	City of Avondale	RPTA	June 2025
Councilmember Jennifer Adams	City of Tempe	VMR	June 2025
Councilmember Laura Pastor	City of Phoenix	VMR	Permanent
Note: Requires two members from VMR (City of Phoenix is permanent VMR representative) Chair to be designated by RPTA and VMR Board Chairs at the beginning of the fiscal year.			
** Eligible for reelection (total of 4 years can be served)			

Joint Board Subcommittee	
RPTA Members	**City**
Councilmember OD Harris	City of Chandler
Councilmember Jennifer Adams	City of Tempe
VMR Members	**City**
Councilmember Francisco Heredia	City of Mesa
Councilmember Laura Pastor	City of Phoenix

TMC/RMC Chair/Vice Chair		
Name	**City**	**Position**
Ryan Peters	City of Chandler	Chair - TMC
Rosa Inchausti	City of Tempe	Vice Chair - TMC
Jodi Sorrell	City of Mesa	Chair - RMC
Mario Paniagua	City of Phoenix	Vice Chair - RMC

Executive Summary

DATE **AGENDA ITEM 7**
May 15, 2025

SUBJECT
Report on Current Events and Suggested Future Agenda Items

COST AND BUDGET
None

RECOMMENDATION
This item is presented for information only.

BACKGROUND/DISCUSSION/CONSIDERATION
None

COMMITTEE ACTION
None

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

ATTACHMENT
None

Pending Items Request

Item Requested	Date Requested	Planned Follow-up Date