# Meetings of
# BOARDS OF DIRECTORS

VALLEY METRO RAIL | VALLEY METRO

## Joint Boards of Directors

## Valley Metro RPTA

## Valley Metro Rail

Date:
May 21, 2026

Starting Time:
**11:15 a.m.**

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

**If you require assistance accessing the meetings on the 10th floor, please go to the 14th floor or call 602.262.7433.**

# Agenda

May 14, 2026

Joint Boards Meeting Agenda
Valley Metro RPTA
And
Valley Metro Rail
Thursday, May 21, 2026
Valley Metro, 101 N. 1st Avenue, 10th Floor
Boardroom/You Tube
11:15 a.m.

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

## CONSENT AGENDA

| | |
|---|---|
| 5A. Minutes<br><br>Minutes from the March 26 and April 16, 2026 Joint Boards meetings are presented for approval. | 5A. For action |
| 5B. Office Supplies Contract Award<br><br>Authorization for the Chief Executive Officer to enter into a cooperative contract with Wist Supply & Equipment Company, for office supplies, with an expiration date of December 31, 2026, and two one-year options to extend. The aggregate value of the contract will not exceed $179,388. | 5B. For action |

## REGULAR AGENDA

| | |
|---|---|
| 6. Joint Ad Hoc Committee Updates to Procurement Policies and Procedures | 6. For action |

Authorization for the Chief Executive Officer to modify impacted agency policies and procedures to:

1) discontinue submitting to the relevant board agenda authorization to publish solicitations

2) adopt the Federal Transit Administration micro-purchase and simplified acquisition thresholds, as amended, unified across legal entities

3) route simplified acquisition purchases made each period to the relevant board agenda for information

4) route on call, task order, and job order contract awards above the simplified acquisition threshold, to the relevant board's consent agenda.

7. Strategic Plan Quarterly Update — 7. 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.

8. Travel and Expenditures — 8. For information

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

9. Report on Current Events and Suggested Future Agenda Items — 9. For information

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

10. Next Meeting — 10. For information

The next meeting of the Joint Boards is scheduled for **Thursday, June 18, 2026 at 11:15 a.m.**

Qualified sign language interpreters are available with 72 hours notice. Materials in alternative formats are available upon request. For further information, please call Valley Metro at 602-262-7433. The supporting information for this agenda and the You Tube streaming link can be found on our web site at www.valleymetro.org.

# Executive Summary

**DATE** **AGENDA ITEM 1**
May 14, 2026

**SUBJECT**
Public Comment

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

**RECOMMENDATION**
This item is presented for information only.

**BACKGROUND | DISCUSSION | CONSIDERATION**
None

**COST AND BUDGET**
None

**COMMITTEE PROCESS**
None

**CONTACT**
Jessica Mefford-Miller
jmeffordmiller@valleymetro.org

**ATTACHMENT**
None

# Executive Summary

**AGENDA ITEM 2**

**DATE**
May 14, 2026

**SUBJECT**
Chief Executive Officer's Report

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

**RECOMMENDATION**
This item is presented for information only.

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

**ATTACHMENT**
None

# Executive Summary

**DATE** **AGENDA ITEM 3**
May 14, 2026

**SUBJECT**
Audit and Finance Subcommittee Update

**PURPOSE**
Councilmember White, AFS Chair, will provide an update on the actions from the May 7, 2026 meeting.

**COST AND BUDGET**
None

**COMMITTEE PROCESS**
None

**RECOMMENDATION**
This item is presented for information only.

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

**ATTACHMENT**
None.

# Executive Summary

**DATE** **AGENDA ITEM 4**
May 14, 2026

**SUBJECT**
Procurement and Business Practices Joint Ad Hoc Committee Update

**PURPOSE**
Councilmember Tolmachoff, Ad Hoc Committee Chair, will provide an update on the discussions from the April 29, 2026 meeting.

**BACKGROUND | DISCUSSION | CONSIDERATION**
The Procurement and Business Practices Joint Ad Hoc Committee met on April 29, 2026.

**COST AND BUDGET**
None

**COMMITTEE PROCESS**
None

**RECOMMENDATION**
This item is presented for information only.

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

**ATTACHMENT**
None.

# Meeting Minutes

May 14, 2026 **AGENDA ITEM 5A**

**Joint Boards of Directors**
Thursday, April 16, 2026
Valley Metro
101 N. 1st Avenue, 10th Floor Boardroom/YouTube
11:30 a.m.

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

**Members Not Present**
Councilmember Jamine Berry, City of Buckeye
Supervisor Steve Gallardo, Maricopa County
Councilmember Jeff Brown, Town of Queen Creek
Vice Mayor Jimmy Davis, City of Tolleson

**Valley Metro Rail Participants**
Councilmember Laura Pastor, City of Phoenix – **Chair**
Councilmember Jennifer Adams, City of Tempe – **Vice Chair**
Councilmember Franscico Heredia

Chair Adams called the meeting to order at 11:21 a.m.

1. Public Comment

Chair Adams said the public will be provided and -- with an opportunity at this time to address the committees on non-agenda items and all action agenda items for the Joint RPTA meeting

agendas.  Up to 3 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.
Do we have public comments?

Ms. Dillon said yes, Chair. We have one in person public comment and then I have three public comments that have been written.

Chair Adams said okay great. You want to read them first and then we'll have the in-person person.

Ms. Dillon said okay.

The first public comment that was received via email is from Jared Klug.
Hello, my name is Jared Klug from Tempe. I am just -- I just am a passionate about quality public transit and our city and state. No AI was used in the writing of this email.

There are several main goals, and we must implement rules to stop abuse of smart systems advocating for tap to pay in as many avenues as possible for the sake of accessibility.  Better customer facing information things like train arrivals, countdowns, near reliable live feeds in the VM app for real time vehicle tracking, info screens at as many stops and stations as possible, transit signal priority where buses and trains get priority at all intersections and would greatly improve the transit experience. There needs to be better signage at the stations and especially Sky Harbor.  There's a lot of Waymo ads with the mayor in them and there -- and there's maybe one, tiny sign at the sky bridge that takes you to light rail.  Simple traffic calming measures, especially on side streets and we need to demand that traffic cannot mix with buses, light rails or the streetcar.

Given the City of Phoenix mayor, the Capital Extension denial being paid by Waymo and uncool capital pressure to make sure it doesn't happen. Waymo cannot be considered to be included at any part of the Valley Metro system or any micro transit program.  I refuse to support that. Those are pretty, affordable changes that can be implemented pretty quickly.

More goals, including, but not limited to advocate for buses to have their own dedicated lanes that are physically separated. From the roads and bike -- and bike highways should work in tandem with the bus lanes to get both buses and bikes off the streets while avoiding pedestrian conflicts on sidewalks.

We should use these square mile grids and wide roads to our advantage to be -- to recognize -- reorganize transportation modes and routes -- right -- right of way.  If we have enough space for six, seven, eight lanes of car traffic, we can easily dedicate space to bus lanes and bike lanes. Bike lanes should not Shouldn't share the car lanes or the bus lanes. They need dedicated infrastructure for safety reasons.

We need to prioritize separating transportation modes to reduce as many conflict points with cars as possible.  In some areas -- in some areas, make it illegal to ride a bike on the sidewalk then that's a much bigger reason to build dedicated bikeways and highways. I also greatly support larger efforts to install bicycle parking at as many stations and stops as possible on top of more shady, native, ideally trees and shade canopy structures to help with temperature regulation.

It'd be nice to have bicycle parking requirements for development and businesses.  Cars get that treatment. So why can't bikes and other modes?

We need more bus link -- more bus lines that serve later into the night as well as into the newer built areas, like Queen Creek, San Tan Valley, not to mention Buckeye and other outer suburban areas that are growing very fast. They all deserve dignified transit access, especially for students and commuters. I want to shut up -- I want a shuttle that drives north and south along Price and the 101. More employers should have -- should offer cards as a benefit. There are also -- there also needs to be reduced fare options for those who need it and they need to be accessible as possible.

We need more crossings and access points at light rail stations.  Buses, light rail, streetcars and bikes should all work together to create the best network we can with the resources we do have. Expand Orbit buses and build better stops with competent signage of route information. Use transit to connect as many destinations, workplaces to people's neighborhoods as possible while being the least disruptive as we can without compromising service quality.

Rezone areas within a mile of light rail stations to upgrade in density for the sake of transit-oriented development, especially if there's an intentional push for less parking space.  Get rid of parking requirements in all or as many cities as possible. We need the stations themselves to both -- for both the light rail and buses to be treated with respect in their design, respecting people's time, respecting people's needs to get out of the sun and making them nice so people are more encouraged to wait. Turns out when a place is pretty people like to stay. Mister systems and adequate shade would be a great start. Transit stops should all be treated as destinations with a priority of services, restaurants, housing within walking distance and no parking lots or garages.

We should repurpose park and ride lots.  Lots of space above these lots that could be utilized for development without sacrificing parking capacity, like, for example, building a deck above the parking lot to build new neighborhoods on top.  I think the park and ride lot at Price and Apache is a great case study to look into that idea.

We need to build better bikeways, better pedestrian paths that travel along canals.  Needs to be city wide.  Thank you and -- thank you for your interest in helping advocate for better transit.  If you come up with things you want to improve the system without sacrificing service quality that I hadn't listed above, please feel to write about it.  I look forward to Phoenix becoming the envy of the world.  We should strive to have the best VRT and light rail system in the country at the very least.

Jared Klug.

Councilmember White said just a question for parliamentary procedures. Mr. Wawro, are we allowed to ask for things to be placed on future agenda items after public comment, or is that at the end of the meeting, sir?

Mr. Wawro said either one would be fine at the pleasure of the Chair.

Ms. Dillon said this next public comment is from Aaron Kev. Tap to pay bus operators. There really needs to be more significant improvements in getting tap to pay working on our buses and light rail platforms. There has been many incidents where I've been observing people getting waved onto the bus due to trying to tap a credit card and having it not work. Even more so, I see that people are trying to buy multiple one day rides during an event because the price of a Copper card essentially doubles the cost of their occasional ride.

We need to be getting tap to pay yesterday. This is something that is pretty affordable and just needs a policy change to be done in some configuration on the fare system, but greatly improve the rider experience.

When I landed at San Francisco or LAX, I get notification on my phone.  What does it say? Welcome to SFO, add Clipper to your wallet to ride public transit. Welcome to Los Angeles, add tap to your wallet to ride transit. This puts transit top of mind.  This is something that Apple does automatically, but this can't be done until the Copper card is offered in Apple Wallet or Apple Pay Express Transit is available. The conversations with Apple and Google, given how slow they work, also needs to happen as soon as possible to get the Copper card in the Apple and Google wallets respectively. This alone can help put transit top of mind as it would quite literally put the Copper card in the billions of iPhones out there worldwide.

The second they land in Phoenix, they get offered up the virtual Copper card on their phones as soon as they exit the plane, putting transit top of mind as they pull their phones out to find out what baggage claim their luggage is at or navigate the airport.

Wayfinding, I keep mentioning wayfinding over and over because I can't stress how important this is to get people to think transit. When Tempe Marketplace, Chandler Fashion Center have literal on property bus stops, but then do very little to make that note of their existence on maps, on signage within the property. This is something simple you can do as a transit agency to core some simple wayfinding signage. There are signs for Lyft and Uber pickups. Certainly, there can be an additional sign pointing out the transit center.

The airport is the one I keep mentioning as it's atrocious. The signage at the SkyTrain station now barely make any mention of light rail station, but many, many signs about Waymo. We have a very simple one-seat ride downtown, which many at the airport would use. How about announcements at the airport saying, need to get downtown? Take the A-Line train. Along with all of those fluff pieces, the airport already plays about fitness trails, or America's tastiest airport or whatever. And no child ever went, hey, look at an Uber. But you know what kids do? Hey, look at a train. Let's promote transit more as a transit agency.

When we want more riders, here's some free advice on how to get those riders. I literally traveled the entire world just riding public transit systems because autism, but rider experience is everything.

Ms. Dillon said this is from Orca MacGyver.

Hello, Phoenix infrastructure is in terrible shape. And if you are a person right now, it is easy for a car, but no one is a car. The steps needed to correct this are many, but so are the benefits. The City should focus on expanding public transit options, including light rail while also making other transportation feel feasible. Existing lanes on public roads should be repurposed to add dedicated bus lanes. Additionally, dedicated bike lanes along with traffic calming measures. Speed limits should be lowered across the board on surface streets and more native trees incorporated into the road design. Thank you.

That's all the written public comment I have, Chair.

Chair Adams do we have someone that wants to do in-person comment.

Ms. Dillon said yes Noah James Markham.

Mr. Markham said Aloha to the Metro Board of Directors, and wow, it's nice to see the top of the board, Tempe. Yes, I love it. Okay. So my name is Noah James. I do have a few concerns as a person with a disability and how this system works. It's awful. It is awful. And I see a lot of white folks here, and that's embarrassing to me.

Paratransit never drops off on time. I say I want to go somewhere at 8:00 on the bus, I should be there at 8:00, not 9:45 a.m., not 10:45 a.m. It should be 9:00 a.m.

Also, I would like to extend the light rail. In Mesa, we need more of it. Go further. Handler, Queen Creek, Gilbert, Apache Junction, San Tan Valley, and Pinal County. We need it. That is a great investment for us.

Then, you know, I do Ride Choice, too. And oh my goodness, every time I call, I feel so nervous to call in because I feel so disrespected as somebody with a disability. If you don't like the job and you're trying to take care of people with disability, do not take the job.

This is not okay. I feel awful every time I get off of that phone with Ride Choice. It is an awful experience. They don't know how to talk on the phone. They can't understand things. I mean, disabled people can't even talk their own self sometimes.  And to have somebody on the other side that doesn't understand what we're saying, it's just -- it's frustrating. It's frustrating. These people on the phone they seem angry every time that we are trying to ask for directions and where we need to go. And it should not happen like that for people with disabilities. And I don't need to be treated like a piece of trash because, you know, it's a lot of things that we already deal with in this country.

Also, I would like to see the Waymo cars. We need to think about investing in the new future. This is -- I love it. I love a Waymo car. And maybe Lucid said too. I know they're coming out with self-driving ones. And yeah, so that's it. Thank you so much.

Chair Adams said appreciate your comments.

2. Chief Executive Officer's Report

Chair Adams said we're going to go to number two, Chief Executive Officer's Report.  Go ahead.

Ms. Mefford-Miller said good morning, Madam Chair, members of the board. I have a few items I'd like to provide you with an update on today.

First is ridership. We had a very strong March for ridership across all modes. We saw 10 percent year-over-year growth across the entire system for bus, rail, paratransit, and Ride Choice program. That equates to about 340,000 additional boardings in March of 2026 relative to FY25. For bus ridership, the largest increase came on Sunday with a 23 percent growth. And we've been talking about trends in our ridership, especially in the context of the bus network redesign.

We are seeing more ridership across all of our modes, but especially bus during off-peak periods and during weekends. And so we look forward to working with your member city staff and this board to make adjustments to the system so that we can provide those service levels during the times people are now utilizing service and traveling. So a little bit different than the very peaks, Monday through Friday a.m. and p.m. that we've seen historically.

Our rail ridership also grew strong, also about 170,000 daily boardings with strong weekday and Sunday gains. We can take a little bit of a look in just a moment about where that ridership is coming from specifically.

I do want to mention that in March, of course, we've seen increases in fuel prices. And since January of this year, we've seen a 45 percent price increase nationwide in retail gasoline. And as expected, we're beginning to see riders back on the system, especially rail and our commuter service. We look forward to continuing to provide the board with updates.

Later in the meeting today, we're also going to touch on fuel prices in two different occasions. One, there's an item before the RPTA board focused on fuel hedging, and that's a focus on cost containment. And then when we discuss the operating budgets, Ken Kessler is going to give you an update on an item that was increased in the draft FY27 budget in response to current fuel prices.

But let's take a look at what's going on in our community. So overall, bus ridership this year is up by 7 percent. Our circulators are growing strongest across the communities we have them. We continue to see double-digit ridership growth in light rail. Most of that is due to expansion, particularly on the South Central Extension.

We also had some big special events in the last month. We had the Red Bull F1 Showdown in downtown Phoenix. A lot of ridership, 42 percent increase. Kudos to the transportation, the service, and the maintenance teams for supporting those events.

And of course, the Women's Final Four earlier this month. Now this will show up in our April ridership, increased by 19 percent on that particular weekend.

We had a number of wonderful events as we often do across the spring, including the Art Fair in Tempe, which saw significant ridership increases on light rail and streetcar.

We also are going to talk about fares today. Today, the item is fare administration. So I want to give you an update on where we are with the fare transition. To date, we have seen over 14 million taps and scans of fare media. Most of those taps and scans occur with Copper cards at 35 percent. Thirty percent are our mobile, our Valley Metro app, and our customers can plan and pay for their trip on the single app. Our Platinum Pass cards at 24 percent. These are our partnerships with employers and other institutions. We also are continuing to grow our network of reduced fare permits. And this was a major change that we made in this fare collection program, where purchasing a reduced fare does require a permit. So we have over 18,000 active accounts. And finally, one of the primary means where people are purchasing Copper cards or loading value is our third-party retail partners. Think places like CVS and Circle K. We have 742 locations that to date have generated over $3.8 million in revenue.

So let's take a look at how we're performing with passenger revenue against our operating budget. This is cumulative fare revenues for bus year to date. Our annual bus fare revenue in the FY26 budget is $4.7 million. From July through February, our collections were at $4.6 million. If this trend continues, which we expect it to continue or exceed that based on our ridership growth, we expect to be at least 49 percent over our budget.

Chair Adams said I have a question. If you could go back to the streetcar slide, it was down quite a bit. I'm just down 26 percent. Can you explain that to us?

Ms. Mefford-Miller said yes, thank you for your question, Madam Chair. So in fall of 2025, we introduced fare payment to streetcar for the first time. When we opened streetcar in March of 2022 until fall of 2025, streetcar was fare-free. And so I think that's really taken a bite out of some of our very short trips where people may be choosing to walk or use a circulator. We do have, of course, a large network of circulators in Tempe that are fare-free. So I think we're seeing people shifting to circulator or walking, but we are working with our fare team and our marketing team to try and build those partnerships and relationships to promote this excellent service so we see a rebound in streetcar. We expected a drop and we're seeing that.

Chair Adams said okay.  thank you for the explanation.

Ms. Mefford-Miller said thank you for the question. Fare certainly does matter.

So as I mentioned, we are on target to exceed our bus fare revenue expectations for the fiscal year, taking a look at rail fare revenue. Our annual forecast is $7.1 million in revenue. Year to date, we're at $4.1 million. So we may not hit that revenue target. I am optimistic though with current ridership that we will hit our budgetary target. And again, this revenue is as of February. We're working very closely with our security team to enhance our fare inspection and our fare enforcement. With our new fare collection system, riders have to tap their cards. So when I board, I've got to tap my card at a validator every time before I actually get on the train. That's new for our riders. And so we're working with signage and enforcement at the platform level to remind our customers to tap every single time they board. So kudos to the security team. Our fare compliance program is going well. We are averaging about 24 percent of fares inspected every week, and that's against our 20 percent goal. So kudos to safety and security for that performance.

Finally, we were delighted to participate in the Arizona Transit Association Statewide Conference here in Mesa on April 6th through 8th. Valley Metro had a large presence. We offered mobile tours, one focused on crime prevention through environmental design and public art across the rail system.

Thanks to staff for hosting that and board members, Councilmember White and Councilmember McGowan for participating in that tour. We also hosted tours focused on streetcar, existing streetcar and streetcar expansion via the planned Rio East stops and streetcar extension. Special thanks to staff and also Mayor Bratcher for participating in that tour.

Finally, quick look ahead. We will be back on our regular schedule here May 21st for our board of director meeting, and then the final meeting of our fiscal year will be held on June 18th. That concludes my report.

Madam Chair, may I answer any questions?

Chair Adams said do we have any questions? I'm not seeing any.

3. Audit and Finance Subcommittee Update

Chair Adams said item number three, Audit and Finance Subcommittee update. Councilmember White, the audit and finance subcommittee chair will now provide her update from the March subcommittee meeting.

Councilmember White said thank you so much, Madam Chair. Good morning, everyone. The Audit and Finance Subcommittee met on Thursday, April 2nd. We received an update from our CFO, Mr. Kessler. Let us know that we didn't have any new revenue information at the time, but that through February, about 5 percent over prior year and 2 percent under budget, which is pretty, consistent trend.

We also received the fiscal year 2027 Valley Metro RPTA and Valley Metro rail preliminary operating and capital budgets. Mr. Kessler presented this information, and you're going to hear more about that in today's meeting. I have no reason to steal his thunder.

We had the opportunity to receive Audit and Finance Subcommittee report in regards to security contract management audit, and our team approved those results that were presented to us in our executive session.

Mr. Kondrat presented the construction management audit results for us, and we approved those. Fare enforcement audit results were presented as well. Those results were also approved.

We had an internal audit update. One of the neat updates that we received from our Chief Auditor, Ms. Beckstrom, is that we have gone through our initial peer review, and the results are not confirmed. They are pending at this moment, but I believe that the Valley Metro Rail will become a Redbook certified shop, having preliminary results. I had the opportunity to speak with those auditors. We also, as I said, Mr. Kondrat shared the internal audit update. As a reminder for all board members, all member agencies, intergovernmental agreement, contract change orders, amendments, and awards, those are available for review.

The current event that we reported on that I'm sure we might hear a little bit more about later on, and if not, the Women's Transportation Symposium had their awards ceremony this month and Valley Metro received award for the South Central Light Rail Extension. I just wanted to commend everybody who worked on that. I also believe Trevor had a team member who got recognized, I'm sorry, I don't remember all the names, for being able to hire and promote women to complete amazing projects here at Valley Metro.

Our next meeting will be on -- for AFS will be Thursday, May 5th at 12 p.m. And I'm available for questions.

Chair Adams said does anybody have questions for Councilmember White? I'm not seeing any hands up. Anybody here? Okay. I'm not seeing nothing.

4. Minutes

Chair Adams said we'll move on to number 4. Minutes from the March 19th, 2026 Joint Board meeting will be presented on the May 21st, 2026, agenda.

Ms. Dillon said Chair, I just want to make a quick note. It is the March 26th meeting. We didn't meet on March 19th. We met on March 26th.

Chair Adams said thank you for the correction. Okay. So we -- There's no action needed for the minutes today.

5. Executive Session

Chair Adams said item number 5, Executive Session. Item number 5 is for an executive session. I request a motion to enter into executive session according to the notice that is provided on the agenda and the screen. Do I have a motion?

**IT WAS MOVED BY COUNCILMEMBER DORCEY, SECONDED BY COUNCILMEMBER WHITE AND UNANIMOUSLY CARRIED TO ENTER INTO EXECUTIVE SESSION ACCORDING TO A.R.S 38-431.03 A (3) DISCUSSION OR CONSULTATION FOR LEGAL ADVICE WITH THE ATTORNEY(S) OF THE PUBLIC BODY AND (7) DISCUSSIONS OR CONSULTATIONS WITH DESIGNATED REPRESENTATIVES OF THE PUBLIC BODY IN ORDER TO CONSIDER THE PURCHASE, SALE OR LEASE OF OR REAL PROPERTY.**

Chair Adams said we'll go to executive session. To our board members that are currently on the line, please switch to the confidential Webex that you've received and we will convene over in our 10B conference room.

For our viewers on YouTube, this meeting will be held until the board members come back from executive session. Thank you.

The meeting adjourned and reconvened at 1:03 p.m.

6. Administrative Office Lease Contract Amendment

Chair Adams said the Administrative Office Lease Contract Amendment is next on the agenda.

Item 6 was tabled at the March board meeting. At this time, the motion had been tabled.

Mr. Wawro said this item is back on the agenda again and so the Chair should call for a motion.

Chair Adams said do I have a motion to approve the contract?

**It was moved Councilmember Pastor, Seconded by Councilmember White carried to authorize the Chief Executive Officer to execute a contract amendment with SkanlanKemperBard Companies, to extend the contract through September 30, 2042, and increase the aggregate value of the contract for the amendment term not to exceed $35,859,553.**

Mr. Wawro said would the Chair like a roll call vote?

Chair Adams said let's do that. Thank you, Michael.

Ms. Dillon called the roll call vote:
City of Avondale, Councilmember Max White? Yay.
City of Buckeye, Councilmember Jermaine Berry is not present.
City of Chandler, Councilmember OD Harris.
Chair Adams said he's not there. Ms. Dillon said he didn't rejoin the call.
City of El Mirage, Councilmember Monica Dorsey? Present and I vote in favor of the lease as presented. Okay.
Town of Fountain Hills, Councilmember Peggy McMahon? Aye.
Town of Gilbert, Councilmember Kenny Buckland?
City of Glendale, Councilmember Lauren Tomlachoff? Nay.
City of Goodyear, Councilmember Wally Campbell? She has not rejoined the call.
Councilmember Harris, I see that you're on. What is your vote regarding the office lease contract amendment? Yes.
City of Goodyear, Councilmember Wally Campbell? Still has not made it back on.
Maricopa County, Supervisor Steve Gallardo? Supervisor, I'll come back to you.
City of Mesa, Councilmember Francisco Heredia? Yes.
City of Peoria, Councilmember John Edwards? Nay.
City of Phoenix, Councilmember Laura Pastor? Yay.
Town of Queen Creek, Councilmember Jeff Brown is absent today.
City of Scottsdale, Councilmember Mary Ann McAllen? Yes.
City of Surprise, Vice Mayor Earl Greenberg? He has not rejoined the call.
City of Tempe, Councilmember Jennifer Adams? Yes.
City of Tolleson, Vice Mayor Jimmy Davis is not present today.
Town of Wickenburg, Mayor BG Bratcher? Yes.
Town of Youngtown, Mayor Michael LaVault? Yes.
Chair, Council -- I'm sorry.
Maricopa County Supervisor Steve Gallardo. He actually -- do you -- let's see. You have your hand up. Is your hand for a yay or a nay? You can enter your vote in the chat if you prefer. Not yet. Supervisor Gallardo, your system is muted. Oh, hold on one second. Is that okay? Yep. It's on the screen. He voted yes.

**THE MOTION CARRIES.**

7. Fare Administration Policy

Chair Adams said Fare Administration and Policy. I will ask Ken Kessler, Chief Financial Officer to introduce this item. Ken.

Ms. Mefford-Miller said thank you, Madam Chair.  Dane Ryals, Manager of fare Programs will provide a brief presentation to the Board on Fare Administration Policy. This item is presented for action.

Mr. Ryals said Chair, members of the Board, I'm here today to provide two updates related to the fare study that was initiated previously.

The first one is the Fare Administration Policy. Our current fare policy right now establishes the pricing products and programs that are available to our customers but doesn't necessarily put forth the guidelines and the process we follow to distinguish or to establish our fare pricing and policy. The Fare Administration Policy supports the goals and objectives that are listed on the screen.

And as I mentioned, will provide a process for us to follow to review our fare pricing and policies every three years on an ongoing basis to determine if changes would need to be made. It obviously aligns with the objectives on the screen, and then also defines the roles and responsibilities as well as potential changes that would happen with that three-year review. I will leave the recommendation on the screen and open it up to questions.

Councilmember White said thank you, Madam Chair. Thank you so much. I think I just want to reiterate our daily rate. If you -- how much do you spend if you want to ride all day?

Mr. Ryals said $4 all day on local service.

Councilmember White said $4 all day.

Mr. Ryals said you use the Copper Card or the Valley Metro app.

Councilmember White said or the Valley Metro app. And then how much does that work out to be per month? $64 for full fare, for two-year fare, for the month, reduced fare would be $32 for local service.

So I think that as we talk about the policy, we have to be able to find a way and innovate because the policy doesn't dictate the functionality. So whether it's through our app or being able to have people activate that tap to pay, we need to be able to make sure riders, as they said, that are coming in from the airport and all that, we need to splash this information. I think this is the bang for the buck.

If you're going, even in Avondale, if you get on our We Ride, if I want to take a total of three rides in a day, I'm still paying $6. I don't max out and cap out at the $4. So I think there needs to be a better way to make sure as we administrate this and as we look at it in three years from now, hopefully we can get more ridership.

But I think we need to make sure it's being shared more broadly. I don't think that's clear from our public comment. Thank you.

Ms. Mefford-Miller said thank you, Madam Chair, Councilmember. We completely agree. And on item number 8, Fare Study Recommendations, one of the items that Dana's going to be presenting is further marketing of our fare programs.

Ms. Dillon said Chair Adams, Councilmember OD Harris asks why the review will be every three years?

Mr. Ryals said Madam Chair, members of the board. We currently don't have an annual or any kind of review in place. So the three years was established as a part of the process to determine the fare policy, just to make sure that we have a regular review and cadence. I don't know that there's a specific reason it's three years, but we currently have nothing in place to require that review and we wanted to make sure that we're staying in line with the needs of the region. Madam Chair, members of the board, the three years is the minimum requirement. So that would be the minimum requirement at the direction of the board. We could establish a review of the fare policy and pricing at any time. If we do adopt the fare administration policy today, that will initiate the first review. And then another one would happen at three-year period, if not sooner.

Chair Adams said any other questions? Okay.

**IT WAS MOVED BY COUNCILMEMBER MCMAHON, SECONDED BY COUNCILMEMBER MCALLEN AND UNANIMOUSLY CARRIED TO AUTHORIZE FOR ADOPTION OF THE REGIONAL FARE ADMINISTRATION POLICY.**

8. Fare Study Recommendations

Chair Adams said item 8, Fare Study Recommendations. I will ask Ken Kessler, Chief Financial Officer, to introduce this item.

Mr. Ryals said I will cover that one again. So as I mentioned earlier, the fare study is the second item that we'll be covering today. As a quick recap, the fare study was initiated in fall of 2023. We came back in October of last year with some initial recommendations. In January, we provided an update, and then today we're going to be providing our final recommendations for the fare study.

On the screen, you will see there are ten considerations we previously covered, and we're going to talk about three of those briefly today. I also want to point out that today's discussion and approval is not a fare policy change.  It is the approval to move forward with the process to determine if we should continue on to the fare policy change, and that vote would be at a later date. So we are going to cover three topics today that were initially presented. The others, we have decided not to move forward based on your feedback and other considerations.

The first one will be the express rapid reduced fare. We currently do not offer a reduced fare to our express and rapid service. So riders who are qualified for reduced fare would pay the full fare. A large percentage of our revenue that comes from the express and rapid service is from our Platinum program, over 80 percent of that revenue. I also want to point out that in addition to the fare study finding the opportunity to add the reduced fare for express and rapid, the City of Phoenix in October will be launching all day rapid service for two bus routes, which means it will operate throughout the day, which will by the FTA guidelines require us to offer a reduced fare for that service.

On the screen, we've also provided the boardings and revenue impact, but I do want to add a few notes about that. The revenue impact that is shown is likely overstating the impact because that is based off of riders who are qualified for reduced fare, but not how they are paying for the reduced fare. As I mentioned earlier, our Platinum program accounts for 83 percent of the revenue that comes from express and rapid. So the likelihood is that the revenue impacts would be far lower than is shown on the screen.

The modeling also does not account for the new service that City of Phoenix will be providing with the all-day ridership, which would also add ridership to the service. If this item moves forward, we would need to go through a couple steps, as I mentioned, to get to a formal fare policy change, which includes a Title 6 review, public outreach, and then a vote later on on the policy change. This would also go to the City of Phoenix council for their approval as well.

The second item that we've briefly mentioned already is the increased marketing of our fare programs and system. This is not necessarily an action item that needs additional work, other than to initiate some of the marketing and outreach that we plan to do. We believe that with our new fare system and the flexibility it provides, that we can provide more education and opportunities to work with employers, event venues, and other regional partners to promote the services we have available, but also to make it more flexible for our customers.

Chair Adams said yes, so we have students that come from Phoenix and Ahwatukee or wherever that go to Tempe schools, and we would like to expand that so they can ride the bus for free also. Is that a possibility? because a few schools use the program.

Mr. Ryals said Madam Chair, members of the board, we have had a few discussion with schools who are in that very scenario. Most of the schools that are using our A-plus program are covering that cost themselves, whereas the Tempe program, the City of Tempe, is covering that cost for the school children. So it would depend on where we want to find that agreement.

Chair Adams said it's not covering the cost for students that are coming from another city, only Tempe.

Mr. Ryals said right. So if they are not the Tempe resident, then we would need to determine where the cost would be covered, whether it's the school, which is what happens in other schools, or the City agreeing to cover that cost.

Chair Adams said okay.

Ms. Mefford-Miller said so the current program, in other words, Madam Chair, could be expanded to include students coming from jurisdictions outside the city of Tempe. We would need to quantify that and then provide a cost estimate and then amend the agreement.

Chair Adams said could you do that, just give us a cost estimate?

Ms. Mefford-Miller said we will work toward that. Yes, thank you, Madam Chair.

Chair Adams said okay. That'd be great. Councilmember Pastor.

Councilmember Pastor said so how I understand it is if they're out of the -- if they're not a Tempe resident, then they don't receive that reduced price, or free, I think it is. And so then the Phoenix resident is responsible for paying for that ride.

Mr. Ryals said correct.

Councilmember Pastor said so then that means you would have to do a cost estimate and come back to the City that those students are from to see if that's even possible. Is that what I'm hearing?

Mr. Ryals said correct.

Councilmember Pastor said okay. Thank you.

Chair Adams said thank you. I appreciate that. Could we do that at the next meeting? Have a report next week. Great. Thank you. Okay.

Mr. Ryals said I will move on to the next one in the interest of time. The third item that is a recommendation of the fare study is some adjustments to our special event program. Currently, our special event pass has been very infrequently used, if at all. And I'm sorry, this is moving on me. So we did want to provide some opportunities to adjust that program to provide more flexibility to the special events.

The reasons we're recommending these changes is to increase ridership and to recover revenue that we believe could be recovered from events that are currently happening by partnering with event sponsors to implement a special event pass for those events. So we're trying to get more people on the transit system, add new ridership and revenue, but also recover revenue from events that are currently happening as well.

Our recommendation for this is on the screen, which is to offer a menu of fare products and pricing for special events. Once again, that provides the flexibility to make the program more attractive to event sponsors and hopefully get more partners who will take advantage of this opportunity and give transit options to all of the event attendees at their specific events across the region. This can be done a few different ways that I won't go through all the bullet points on this slide, but right now, our fare pricing for the special events program doesn't really provide a discount of any type for the two- and three-day events. However, that is the most common events we are asked about doing partnerships with. So providing this flexibility will give us a little bit more of an attractive option for those events that are being put on.

The other thing that I'll mention too is that, of course, the policy language that would be implemented with this change would put restrictions and establish limits and conditions to ensure that we're remaining within our fare recovery rates while also providing those attractive options for event sponsors putting those events on.

Next steps on this one would be similar to the previous items. We will have to initiate the actual fare policy change process, which will include a Title 6 review, public outreach, and eventually this would come back to the board with a specific policy change for a review and approval at a later date.

And I will stop there on that one and leave the recommendation on the screen.

Chair Adams said thank you very much for your presentation. So OD doesn't call me out.  Okay. So does the committee have any questions? Any questions at all? Yes, go ahead.

Councilmember Buckland said thank you, Chair, Madam Chair. Have you looked at in terms of the either reduced or no cost fares? I know we have a concern for safety and we've ramped up some money for that for security, but unlike some communities, we don't have an actual transit police.  Have you looked at possibility of offering something towards law enforcement or retired with LEOSA? They're not allowed to take action on misdemeanors, but man, they made great witnesses for the details for a subsequent arrest to ensure the crime is processed. And if there's a felony, say a violent attack, most officers are armed. Policies all require they be concealed. No one's going to know it –

Chair Adams said but I have to stop you there because we're not on, I guess I'll ask Michael, but I don't think we can discuss that at this point in the agenda, because it's not on the agenda.

Mr. Wawro said we're not discussing security, but I understand your point as it plays into --

Councilmember Buckland said as we're talking about fares.

Mr. Wawro said I think we're going to get there, right?

Councilmember Buckland said so I guess the point being, are you considering for other purposes, as described, different fare reductions that may have a mutual benefit?

Ms. Mefford-Miller said thank you, Madam Chair. Thank you, Councilmember Buckland. In this fare study, we did not look at a program which would involve first responders either in uniform or out of uniform riding the system at a free or reduced rate. If it is the will of the board, we can come back to this separate from this particular policy and evaluate that item.

A common option in the transit industry is for transit agencies to offer first responders in uniform pre-fare when riding the transit system. We would accept any direction from the board to evaluate the program cost and structure similar to what we've done here.

Councilmember Buckland said thank you. And then one last question. In looking at fare reductions, have you looked at the City of Rochester, Minnesota's 20-year agreement with the Mayo Clinic? And if not, I would highly recommend it. It is 80 percent grant-based private partnerships that help. Mayo put in 20 percent millions of dollars. Grants paid for the rest. And they're able to provide free fare in certain corridors for all of their residents. That could be huge for Valley Metro. So I would just encourage you to look at it. You decide if you do.

Chair Adams said thank you. Any other discussion? Okay. I request a motion and a second to approve the recommendation as presented on the screen.

**IT WAS MOVED BY COUNCILMEMBER WHITE, SECOND BY COUNCILMEMBER BUCKLAND AND UNANIMOUSLY CARRIED TO AUTHORIZATION FOR THE CHIEF EXECUTIVE OFFICER TO INITIATE THE FARE POLICY ANALYSIS AND OUTREACH PROCESS FOR EXPRESS/RAPID REDUCED FARE AND SPECIAL EVENTS PRODUCTS AND PRICING. FINAL RECOMMENDATIONS AND ACTION FOR FARE POLICY CHANGE WILL BE BROUGHT BACK FOR ACTION AT A LATER DATE.**

9. Valley Metro Culture Survey Update

Chair Adams said item number 9, Valley Metro Culture Survey Update. Jessica, can you introduce this item, please?

Ms. Mefford-Miller said thank you, Madam Chair, members of the board. I'm going to invite Hilary Foose, our Chief of Marketing Communications to the podium to provide an update on one of the programs that falls under our strategic plan pillar, Invest in Talent.

And this is our culture survey, which is an initial data collection process, and then our associated efforts to help be responsive to the needs of our employees. Hillary.

Chair Adams said this is essentially an employee survey, correct?

Ms. Foose said it is an employee, yes, ma'am.

Thank you, Madam Chair, members of the board. It's a pleasure to be with you this morning to talk about our agency culture survey that took place in 2025, and also our focus and priority on our people and creating a healthy and productive work environment. I just want to tie this back to our strategic plan.

Our Invest in Talent goal is a primary goal and strategic pillar of our board adopted agency strategic plan. It allows us to focus our attention and efforts on attracting and retaining our very talented workforce, building growth and career opportunities for our staff, as well as fostering a very engaged, and you'll see a very mission-driven organization creating that positive work environment for all. It is through regular employee feedback that we remain centered on this goal. And today we'll share with you the results of the survey from last year.

I'm here alongside Penny Lynch, who is our HR director, really the whole Valley Metro team, and we'll be joined in hearing from shortly, Phillip Rich from Flex Surveys. Flex Surveys helped us create this online anonymous survey that was distributed across the organization, across all divisions, including those frontline team members, so we can hear their very important voices. So I am going to turn it over to Phillip and have him share the results of the survey, and Phillip, I'll be your clicker. So just let me know when you're ready.

Mr. Rich said thank you, Madam Chair, as well as the rest of the board. The purpose, again, of my presentation here today is to give a little bit of context with regards to the recent employee survey that was conducted. If we can go ahead once here.

Just to give some quick background on Flex, we're a boutique research firm. We focus exclusively on employee surveys of all different shapes and sizes. Myself, I have 20 plus years working in this industry, so I have some good experience working with other similar organizations as well.

As we move forward, it was already mentioned, but confidentiality was a key component to the survey, and so it's important to know that no one within Flex, no one within the organization has any access to either who participated or who said what when it comes to the results of the survey. And while today we're going to be talking about a little bit of a high-level overview, we also have the ability to break up the results into some different departments, teams, divisions, with the purpose never to identify who said what, but really, in essence, trying to find out what are the unique wants and needs that are coming back from the employee population.

So as we move forward, one of the most important things is participation. If we're going to be looking at the results, we need to make sure that we've pulled in a robust sample, and that's exactly what we have here. You could see that the survey was a little bit more than a year ago here, February to March of 2025. Pulling in 84 percent participation is just a huge number, particularly, I should note, for a first-time survey within any population. Normally, we see these types of numbers improve over time as we build up a little bit of trust with staff. Starting at 84 percent is really, excellent on an overall basis, and it gives us a fully representative view, not only overall, but into each of the different departments and teams as well.

So as we move forward, I've tried to pull out some highlights of the results, and the quick answer is, across the board, the results that came back from the survey were excellent, very strong, and the way that we're looking at this is not only overall, but you could see here, it was also consistent across all the topics within the survey, all the different departments and employee segments that we analyzed as well.

I'm going to be pulling up a couple other slides as we go, and one of the other key components is not only looking internally, but also externally. How do our results compare against other similar organizations? And that's done through external benchmark. You could see here, by pulling in a random sampling of other organizations that have conducted a survey, but also match you based on industry, size, and region, three really important pillars here.

And as we're looking at your results, again, it's important to keep in mind, most organizations don't take the test. It's traditionally about 20 to 30 percent. And so for that, when we're comparing against benchmark, really important note here, we're not getting compared against the whole class.

I'd really describe it as the top of the class, other top performing organizations that are having this type of conversation within their teams as well. One other really important note as we're looking through, not only were the results strong when it comes to engagement and satisfaction day to day, but also the belief in the mission. Mission and vision are key aspects in any organization.

And that's the key, especially when we're looking to engaging our staff and holding on to our talent moving forward. In addition to high level, as we move on, we've also been able to break up some results and I've pulled in a little bit of a view here for you as well, where we'll be able to look at the next slide here, please, into some of the results across some of the different sections, themes, and topics within the survey.

So these are the different pillars that we tend to look at to really try to understand what are some of the trends. This is our baseline, our first-year study. The goal moving forward is to track our movement as well overall, but even more important within some different teams, departments, divisions. So this high-level view gives us an overall picture, but it really gets more personalized as we take things down into different layers within.

Across the top, you can see in blue, we have our averages on a five points --

Chair Adams said I have a question. Can you just explain the numbers a little bit more? What does 3.6 mean? And yeah, if you can just back up a little bit and explain that, that would be helpful to scale.

Mr. Rich said thank you, Madam Chair. So as we're looking across the top here in blue, on top of all the bars, those are the averages that are coming back for the different sections within the survey. It's using a standard five-point scale, one strongly disagree, five strongly agree to the different items within the survey.

Chair Admas said I get it. Thank you, I'm sorry. Go ahead.

Mr. Rich said no problem. And along the bottom as well, you'll note some more numbers. That's again, our comparison to external benchmarks.

And so again, what it shows me is across the board, we're really matching up very strongly to other similar organizations. You can see in some areas we're coming in on par and some areas we're coming in a little bit above. I would say really strong performance.

You can see here when it comes to comp and benefits and a couple areas as well. But across the board, again, for a first time surveys, to me, it's really important to point out when we're getting matched up against other organizations, we talked about that 20 to 30 percent earlier, keep in mind that many of them, some are first timers as well, but many of them have a little bit of a headstart on us. Sometimes as much as five, 10, 15 plus years conducting these types of surveys.

So again, from my experience, these are fantastic results. And the goal moving forward is how do we really action them? How do we get some good growth moving forward as well? As we continue to the next page, we're again, summarizing some of this benchmarking. And to me, this is really what jumps out.

percent of all the questions or 37 questions in all, you can see here we're coming at or above those 50th and 75th percentiles. Really strong performance across the board. There are a couple areas as well.

We can see six questions or 13 percent where we're coming in and around that 25th percentile. But it's really, important to keep in mind, good, better and best. That's really how we see these. So across the board, we're really matching up well with expectations. And in addition to the numbers, one of the other things that was really important that came back from your staff, you'll be able to see on the next slide, is they were very comfortable sharing their feedback as well. Just a huge amount of qualitative came in within the survey.

percent of all respondents came back, shared some open comments as well. So to me, that really built off the strong participation, showed that people were comfortable really trying to help us learn moving forward. What should we be acting on?

Chair Adams said I have another question.  Can we get a -- we always have a list of all the comments when we do our police surveys. Could the board be provided all the comments?

Mr. Rich said yes, definitely. That's something that we pull. One of the things that we could do as well, if it's helpful for the board is, in addition to the comments, a little bit of a summary that we've done. So what our team has already done is combed through all these different comments and pulled it together to really summarize some of the key themes.

Chair Adams said right, I appreciate that. I want the list of all the comments. That's what we do at the City of Tempe. It's really helpful. Okay. But I appreciate you summarizing it too. Thank you.

Mr. Rich said and you'll see that actually even on the next couple of pages as we jump ahead here. If we go to the next page when it comes to strengths, as we're digging into these, these are some of the key themes that came out of the survey. Job role alignment, really strong linkage within the organization, but also to the roles within the organization.

Job commitment overall, that belief in that wanting to, you know, again, stay within the organization. And as I mentioned earlier, belief in the mission and vision. Those were some of the key strengths that we saw emerge.

On the flip side, some of the things that we're going to want to look into, as you could see, are some of the opportunities. Workload, work-life balance. You know, that's going to be one of the key learnings moving forward overall, but in particular, team by team, leader by leader, department by department, how we can improve that.

Communication, really, you know, there's this desire for updates and information globally, but also bringing that down locally to different teams and departments so that we know what's going on around the organization. And then lastly, recognition. Not a one-size-fits-all, but, you know, sometimes it's peer-to-peer, you know, managers to employees, all sorts of different levels, but really just trying to build that in to the day-to-day as well.

So with that, I'd like to hand it back as well so that we can talk about some of the actions that have been put in place.

Ms. Foose said thank you, Phil, for that. We're -- as you can see, there's a lot of good work here and results, sharing the feelings and optimism of our team, as well as some opportunities, and we're committed to delivering on those. So this next slide just shares with you, how did we share the results? How did we continue to garner feedback? And we've done a variety of the methods that you see there between town halls, to Lunch and Learns, to focus groups. We also conducted management training, so our management staff knew how to talk to you and make changes according to what we heard from the input.

And then all divisions, really from bottom up, from the staff, created action plans for how to put what we heard in this survey into action. I'm going to talk about some of those here in the next slide. Sure.

Chair Adams said the last slide you had, or the one before that? So what percentage of employees cause it just says the workload and work -- I'm really into these employee surveys. So what percentage were saying these opportunities, the things that they wanted to see different?

Ms. Foose said Madam Chair, members. Phil, would you have that number or we can provide it? It was a very strong theme that was heard largely across the board, but I don't have the specific number.

Mr. Rich said that's something I would like to come back to you. So just to make sure I give you the right information, but just to be clear, it's driven from some of the numbers within the results in terms of areas that flagged as well as some of the commentary as well, but I'll be able to pull that together for you.

Chair Adams said I'd like to propose that for next month that you have more specifics. Thank you.

Ms. Foose said sure. So just the steps that are underway now as we begin to implement based on this feedback. So you saw some of the areas of opportunity we are creating right now. Staff-led working groups to focus on some of those key areas of opportunity. You saw recognition. How do we enhance our program there? Internal communication.

How do we make sure that we have a regular strong cadence with our staff, a feedback loop, and those regular updates that they desire? Process improvement innovation. So certainly, seeking to streamline, create efficiencies, which we also think will help with work-life balance and some of those other themes that we heard through the survey. So we're getting those groups together now.

Staff have volunteered to participate. We're excited to get those groups going here this quarter with implementation planned for the fall. We're also working on those work-life balance strategies.

So some things we're working on, strengthening team coverage, more proactive planning within departments and divisions, streamlining, and hence that working group I mentioned, in addition to many other opportunities. We are also working to enhance team communication and leadership accessibility through those feedback loops, enhance internal communication. The working group will help with some of those ideas as well creating a more regular cadence of staff town halls and increased management presence here in this building, but also at our maintenance facilities.

Some of the other supportive strategies that have been underway and continue to be underway that support the underpinning of supporting our network of people and creating a healthy workplace are what you see in those last few bullets. We have and continue to strengthen our agency wellness program. Not only is it focused on physical health, but also mental health, workplace and environmental health, enhanced productivity, et cetera.

This group has gotten together over the last year plus and we've held healthy cooking classes in this building. Had to be aware of the fire alarms. We had a big group participate in the recent rock and roll marathon and other fitness challenges.

And we've also initiated a book club to help with that mental health aspect. We also love, please –

Councilmember McMahon said thank you for letting me. In the background information, it says team communications and leadership accessibility. It says predictable updates, feedback loops and physical presence and regular cadence. Well, I'm trying to understand the physical presence. Is leadership available here?

Ms. Foose said yes.

Councilmember McMahon said I mean, does -- like me underlying, would I have access or are they working off site or what is, could you please explain that?

Ms. Mefford-Miller said I'll give a little bit of context and then I'll answer your question. Thank you, Madam Chair, Councilmember McMahon.

It's important to remember that we're in the business. We are people serving people. So many of our staff are dispersed and we are a 24/7, 365 operation. Over 60 percent of Valley Metro team members are actually working as part of our maintenance division. Most of them are based out of our operations and maintenance center and we work three shifts. So each shift has supervision.

But one of the things that we're doing, to give you an example, is we're now having monthly team meetings. Every team, every shift that's being conducted at that deputy chief level so that they have that face time with their chief. So the staff is on site, yes, but the leadership is on site to your question, but our staff is also out over a broad geography.

So we have to be really, deliberate about creating those opportunities for face time and to push out information, but also to be receptive to staff feedback and questions. Absolutely.

Ms. Foose said thanks. So the second to last bullet there, we have a platform called Wellable. It's part of our healthcare benefits that really drives employee engagement. So there's fun employee challenges, activities that really engage the whole organization in their health and wellness. And then we continue to do leveraging our healthcare benefits year round employee education on the benefits that they already have and that we will continue to educate on.

We just conducted virtual seminars on the availability and benefits within EAP. We have a financial health series underway now with experts to help people with their financial planning. We've also conducted wellness screenings and vaccination opportunities.

Again, leveraging the great employee benefits that rated very well in this survey and continue to make those accessible and helping our staff understand what's available to them. And we will continue to do these efforts. In terms of next steps, obviously you heard a lot of implementation that's underway.

We will create that regular cadence and enhance really that regular cadence of employee engagement and accessibility, continued education on our many benefits focused on wellness. And then we will plan to do another version of this survey basically two years later. So in that early 2027 timeframe to can help us understand our efforts, meeting what our employees are looking for to help enhance our workplace and work environment and retain the excellent people we have in this organization. So we will be doing this again early in '27.

With that, Madam Chair, Phil and I and the rest of the team are here to answer your questions if there are any.

Chair Adams said any questions for the group? Seeing none. I've kind of done mine already. So just next month, I would like to have them come back. Go ahead.

Councilmember White said I just want to commend some of the results. I think we kind of braised over them a great job. I do want to spend some time thinking about and speaking about the excellent job our CEO is doing during some tumultuous times. I think that we are holding your feet to the fire.

So please don't expect us to back down at all. And we're going to question you every step of the way because we're questioned by every community and every community member we have to go back home to. We have to make fiscally sound decisions wherever we are.

But to hear that your people on the first go at it responded to an employee survey at the rate of 85 percent coming from the financial services industry with my specialization being in HR. I just want to commend you on their engagement to your leadership, providing very serious feedback. So we didn't get fives across the board either.

So there is a runway to improve here. So I think that should be taken extremely seriously. Commending each and every employee for feeling safe to tell the truth.

I think when you have a culture where the truth is not accepted, what ends up happening is people let things kind of slide, but I feel like not seeing all fives was really a true testament to, hey, there is some room for improvement, but we are on the higher scale. Just really wondering if there was some six methodology used here or what methodology for the project management and variance and the rates of kind of based on us and other cities was used, or was there another method used just kind of the 1 percent, 2 percent. I noticed it was the tighter percentage differences.

So that was just something that I don't need to answer to right now as it relates to time. Maybe when you follow up with the chair, we can find out that methodology that was used to get those variances in those data points. But other than that, I just wanted to kind of give that commendation result because it wasn't a yes man survey.

And that's good to see. It gave us valid results in ranking up in the top 30 percent of the nation with places to work. I mean, I think that's probably commendable and might even get some national ranking and recognition as it relates to industry-wide reviews.

So thank you very much for what you're doing here. Thank you for presenting the information. Thank you so much, Chair.

Chair Adams said I concur. Thank you. Okay. Any other questions or?  Oh, okay. I'm seeing none.

10. <u>Travel and Expenditures</u>

CHAIR ADAMS:  So travel and expenditures is number 10. Do we have any questions from the committee? This item is presented for information only. Who's presenting it? Yeah. For information only. The information's provided in your packet. Okay, great. For information only. All right, thank you.

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

Chair Adams said Report on Current Events and Suggested Future Agenda Items.  Do any of our members of the committee have current events or suggested future items for consideration?

Councilmember Pastor said I do have a future agenda item. I want to know about the Ed Pastor Scholars or scholarship, and I want an update and the process of choosing those scholars.

Chair Adams said okay.  Thank you. Anyone else? Yes. Councilmember.

Councilmember White said thank you so much. I would like to find out the status of our tap-to-pay and learn more about the recommendations that were made for people coming into Sky Harbor for transit and advertising. I think we got in the public comment we received today, I believe we got a plethora of information. I can't say enough about innovation in transit. So I think one of the things we heard about, it sounds kind of adversarial.

I really want to level set and not necessarily protect a member agency but just be cognizant of the fact that if Waymo is operating, that's just right choice in another methodology. But I mean, we have to become innovative as we look to the future. So whether that's getting more into the aviation space for marketing and making sure that those people who arrive at Sky Harbor know the option to just jump on rail right there is available or tap-to-pay or alerting and linking applications that might be out there.

Whatever we can do to make it more efficient to get more folks to ride Valley Metro, I appreciate that as well as making sure we're in a community that allows for other modes of transit, whether we are the conveyor and vendor of that. But also another item is what are we doing in the space of charter? Valley Metro can be a charter organization. We have buses that have wheels that go around, and I don't think that our fleet is fully leveraged or always using every bus.

So maybe when they have some of these major things coming into town, I liken it to, excuse me for using a competitor since I'm thinking about charter, but that provider driver kind of thing, the major charter type situations, we need to find every diamond nickel under the rug right now. And that might just be a missed opportunity for us to use our fleet in a charter fashion. So that's an opportunity for us to look at.

I mean, why can't we be the preferred driver of one of our major sports teams? So when they get off the plane, they're getting on a Valley Metro bus. I mean, that would, to me, if you want to talk about negotiating and getting a marketing agreement, then everybody thinks Valley Metro looks cool because that big sports team rides the bus. So we have to be more innovative.
We have to look for that low hanging fruit on the trees that are in each and every one of our communities throughout our 19 member service area. So those are just some things that I would hope that we can put on future agenda items. Thank you, Madam Chair.

Chair Adams said yes, those are great suggestions. Councilmember White, I like it. Thinking outside the box. Anybody else for future agenda items? I already discussed what I wanted for future agenda items.

12. Next Meeting

The next meeting of the Joint Boards is scheduled for Thursday, May 21, 2026, at 11:15 a.m.

Ms. Mefford-Miller said I'm taking copious notes for our next agenda items. It will be the June agenda. We're already in our May cycle. We had our May meeting on Monday of this past week with RTAG and Financial Working Group.

Chair Adams said okay, thank you.

With no further discussion the meeting adjourned at 1:47 p.m.

# Meeting Minutes

May 14, 2026 **AGENDA ITEM 5A**

**Joint Boards of Directors**
Thursday, March 26, 2026
Valley Metro
101 N. 1st Avenue,
10th Floor Boardroom/YouTube
11:30 a.m.

**RPTA Meeting Participants**
Councilmember Jennifer Adams, City of Tempe - Chair
Councilmember Maxine White, City of Avondale - Vice Chair
Councilmember O.D. Harris, City of Chandler
Councilmember Monica Dorsey, City of El Mirage
Councilmember Peggy McMahon, Town of Fountain Hills
Vice Mayor Lauren Tolmachoff, City of Glendale
Vice Mayor Wally Campbell, City of Goodyear
Councilmember Jon Edwards, City of Peoria
Councilmember Laura Pastor, City of Phoenix
Councilmember Jeff Brown, Town of Queen Creek
Councilmember Mary Ann McAllen, City of Scottsdale
Vice Mayor Jimmy Davis, City of Tolleson (joined during the meeting)
Mayor B.G. Bratcher, Town of Wickenburg
Mayor Michael LeVault, Town of Youngtown

**Members Not Present**
Councilmember Jamaine Berry, City of Buckeye
Councilmember Kenny Buckland, Town of Gilbert
Supervisor Steve Gallardo, Maricopa County
Councilmember Francisco Heredia, City of Mesa
Vice Mayor Earle Greenberg, City of Surprise

**Valley Metro Rail Participants**
Councilmember Laura Pastor, City of Phoenix - Chair
Councilmember Jennifer Adams, City of Tempe - Vice Chair

The Chair called the meeting to order at 11:30 a.m.

Roll call by Pat Dillon.

City of Avondale, Councilmember Maxine White? Present.
City of Buckeye, Councilmember Jamaine Berry?
City of Chandler, Councilmember O.D. Harris? He will be joining us shortly.

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

Ms. Dillon said thank you and stated that a quorum was present and the meeting could proceed.

Councilmember Harris joined the meeting after roll call and confirmed his attendance. Councilmember McMahon confirmed that she was also on the meeting.

1. Public Comment

Chair Adams said the public would be provided an opportunity 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 would be provided per speaker unless the Chair allowed more at her discretion, with a total of 15 minutes for all speakers.

Ms. Dillon said there were three individuals providing public comment.

Ms. Colleen Miller raised a safety and liability concern related to the curb and light rail track crossing for southbound traffic on Central Avenue headed toward McDowell Road near the art museum and theater. She stated that the curb near the driver's side of the turn had become jagged after repeated vehicle strikes, had caused significant vehicle damage, and had reportedly been involved in numerous similar incidents over the previous six months. Ms. Miller recommended that Valley Metro consider repairing or smoothing the curb, cutting it back if feasible, or painting reflective markings to guide drivers through the intersection, particularly at night.

Chair Adams asked that staff follow up with Ms. Miller. Ms. Mefford-Miller said she would ask Adrian Reese, Chief of Safety and Security, and Trevor Collon, Chief of Capital Development, to follow up. Councilmember Pastor requested an update, and Ms. Mefford-Miller confirmed that one would be provided.

Mr. Jared Kluge raised a separate safety issue concerning northbound travel on Price Road where the off-ramp approaches Apache Boulevard. He also commented on bus frequency, buses operating in mixed traffic, the need for dedicated rights-of-way, shade, canopy, and misting infrastructure at stations, improved accessibility and crossings, a possible loop shuttle along Price Road and Loop 101 frontage roads, expanded bus rapid transit along arterial streets, bike highways and bike/transit connections, and the need to plan for future light rail service to the West Valley.

Aaron commented that Valley Metro should enable open payments so riders can tap credit or debit cards at validators, and stated that the fare system hardware and back office appeared capable of supporting that function. He also recommended adding a virtual Copper Card to Apple Wallet, reducing reliance on QR codes, and improving light rail and Valley Metro Rail signage and promotion at Phoenix Sky Harbor International Airport.

2. Chief Executive Officer's Report

Chair Adams said number 2 was the Chief Executive Officer's Report and invited Jessica Mefford-Miller to provide her report.

Ms. Mefford-Miller reported that Valley Metro participated in the annual Friends of Transit Conference. She said Friends of Transit is a local 501(c)(3) entity that exists to advance transit system design and utilization and supports partnership among cities served by transit and the business sector. She thanked Councilmember McAllen for joining the event and said the conference supported idea sharing, collaboration, and networking.

Ms. Mefford-Miller reported that the South Central Extension Downtown Hub received an Arizona Forward Environmental Excellence Award. She congratulated the City of Phoenix, Kiewit, AECOM, and Infinex, and noted that the South Central Extension and Downtown Hub continued to receive local, regional, and national recognition.

Ms. Mefford-Miller said Valley Metro would kick off annual Valley Bike Month in April. She said Councilmember Pastor would host Bike to Work Day on Thursday, April 23, and Valley Metro would be present to provide information about bringing bikes aboard light rail, streetcar, and bus. She noted that prize giveaways, including an electric bike giveaway, were planned and that details were available on the Valley Metro website.

Ms. Mefford-Miller said the Audit and Finance Subcommittee would meet Thursday, April 2, and the Transportation Managers and Rail Managers committees would meet April 3 to discuss budget items. She said Valley Metro would resume its normal cadence with the May 21 board meeting.

3. Audit and Finance Subcommittee Update

Chair Adams said number 3 was the Audit and Finance Subcommittee update and invited Councilmember White, the Audit and Finance Subcommittee Chair, to provide the update from the March subcommittee meeting.

Councilmember White said the Audit and Finance Subcommittee met on Thursday, March 5. She said Mr. Kessler provided the Chief Financial Officer update, including sales tax revenue through February. She reported that revenue was approximately five percent above prior-year actuals and approximately two percent below budget.

Councilmember White said the subcommittee reviewed the fiscal year 2027 Valley Metro RPTA and Valley Metro Rail preliminary operating and capital budgets, and Mr. Kessler provided a comprehensive review of both preliminary budgets. She noted that Mr. Kessler would provide the most up-to-date budget information later during the individual RPTA and Rail board meetings.

Councilmember White said Mr. Kondrat provided internal audit updates, and Ms. Beckstrom noted that an audit peer review team would visit Valley Metro to review audit practices. She said the outcome of the peer review would be provided at the May Audit and Finance Subcommittee meeting. Councilmember White also noted that she had participated in an interview with the peer review team. The next Audit and Finance Subcommittee meeting was scheduled for Thursday, April 2, at noon.

4. Procurement and Business Practices Joint Ad Hoc Committee Update

Chair Adams said number 4 was the Procurement and Business Practices Joint Ad Hoc Committee update and invited Councilmember Tolmachoff, the Ad Hoc Committee Chair, to provide the update from the February subcommittee meeting.

Councilmember Tolmachoff said the committee met on February 26. She said the January meeting had focused on the work plan, while the February meeting moved into substantive review of committee work. The committee reviewed major procurement methods used by Valley Metro, associated timelines and activities, and summary information from a basic cost-time analysis of time, resources, and costs associated with each major procurement type.

Councilmember Tolmachoff said the committee also discussed timelines and flowcharts to identify opportunities for process efficiencies. Draft policy proposals were presented and discussed. She said the committee looked forward to advancing proposals for board consideration that would rationalize delegations of authority with procurement method thresholds, adopt a sustainable approach to future adjustments, eliminate steps to reduce timelines, and increase transparency by routing more small-dollar purchasing activity to board agendas for information.

5. Consent Agenda

Chair Adams said the Consent Agenda was presented for action and asked whether the committee had any questions or whether any items needed to be pulled for separate discussion. No items were pulled.

The Consent Agenda included the following items:
5A. Minutes
5B. Fare Inspection and Security Services Contract Amendment
5C. Job Order Contracting (JOC) Contract Amendment
5D. Printing Services Authorization to Issue a Competitive Solicitation
5E. Facilities Maintenance Services Contract Amendment
5F. Videography and Photography Services Contract Amendment

Chair Adams requested a motion and a second to approve Consent Agenda items 5A through 5F. A motion and second were made; the mover and seconder were not identified in the transcript. Chair Adams called for a vote.

**IT WAS MOVED BY AN UNIDENTIFIED SPEAKER, SECONDED BY AN UNIDENTIFIED SPEAKER, AND UNANIMOUSLY CARRIED TO APPROVE CONSENT AGENDA ITEMS 5A THROUGH 5F.**

6. Administrative Office Lease Contract Amendment

Chair Adams said number 6 was the Administrative Office Lease Contract Amendment and introduced Angie DeVore, Interim Chief Administration Officer, to provide the presentation.

Ms. DeVore said the item addressed the upcoming expiration of Valley Metro's administrative office lease on June 30, 2026. She said the recommendation was fiscally conservative, avoided major relocation costs, and secured below-market pricing. Based on feedback from the January board meeting, staff shifted away from a typical long-term expansion approach and proposed maintaining the current square footage footprint while reconfiguring the layout to maximize efficiency through landlord-funded tenant improvements at no out-of-pocket cost to Valley Metro.

Ms. DeVore said Valley Metro has been located at 101 North 1st Avenue since 2005. The lease was extended in 2014 and expanded in 2017 as agency needs grew. The location houses core administrative functions that support transit operations. With the lease expiring June 30, 2026, Valley Metro was at a decision point to either relocate or extend the lease.

Ms. DeVore said Valley Metro engaged a real estate professional on state contract who issued requests for proposals outlining space and operational requirements. Valley Metro evaluated four locations: the current site, Renaissance Square, Collier Center, and Central Station. The evaluation considered total lease cost, relocation expenses, operational impact, and long-term value. She said remaining at the current location emerged as the most cost-effective option.

Ms. DeVore said the proposed amendment would provide 22 months of free rent valued at more than $3.67 million, an average lease rate of $30.03 per square foot, which was $5.69 per square foot lower than the market average, and operating expenses reset to a 2027 base year. She said the reset would eliminate retroactive operating expenses from November 2025 to December 2027, resulting in more than $223,000 in savings for fiscal year 2026 alone. She also identified enhanced parking terms, including 35 free reserved spaces and more than $900,000 in visitor parking vouchers over the lease term.

Ms. DeVore said the lease was structured to preserve flexibility. It would maintain current space and avoid disruption to core administrative functions, but would include options to reduce the footprint by up to 50 percent or terminate early in 2034 or 2038, subject to notice and fees. It would also retain expansion rights during the first 24 months under the same terms and conditions and provide two additional five-year extension options at the end of the term.

Ms. DeVore said the lease included approximately $2.2 million in tenant improvements delivered as a turnkey build-out at no expense to Valley Metro, $475,000 for furniture, fixtures, and equipment to support the build-out, and almost $800,000 in a future refurbishment allowance between 2033 and 2036.

Councilmember Edwards asked about the search outside the current building and the cost analysis for other nearby locations. Ms. DeVore said the other locations came in at higher cost per square foot, and the original best-and-final proposals ranged from approximately $5 million to $12 million more than the current location, although the original proposals were based on a larger square footage requirement.

Councilmember McMahon asked about the 195-month, approximately 16-year lease term, and expressed concern about the length of the lease and the age of the building. Ms. DeVore said 15 years is typically the term that provides the strongest financial incentives from landlords because it provides longer-term certainty. Mr. Wawro said the term was typical for leases of this type and that the contract included off-ramps allowing Valley Metro to exit early if circumstances changed.

Councilmember Tolmachoff asked whether early termination also allowed space reduction. Ms. DeVore said the lease allowed contraction and/or termination beginning in 2034. Councilmember Tolmachoff then expressed concern that the search was limited to the downtown Phoenix core, where she said office rents are high. She stated that Valley Metro is a transit agency and could potentially occupy space along the transit corridor outside the downtown core. She also expressed concern that the first opportunity to reduce space would be eight years away and suggested that Valley Metro should examine hybrid work and shared workspaces to reduce its leased footprint.

Councilmember White expressed concern with the contract extension period but noted the need for proximity to the Maricopa Association of Governments as MAG becomes the steward of funding under Proposition 479. She said the record should reflect that some board members felt the search should have been wider, and she asked that Valley Metro take another look during the eight-year time frame, particularly as coordination with MAG evolves.

Councilmember Harris asked about parking costs. Ms. DeVore clarified that there would be no cost to Valley Metro for the 35 reserved spaces for agency vehicles and that the landlord would provide visitor parking vouchers at no cost to Valley Metro, up to approximately $56,000 per year. Councilmember Harris asked about the requirements for early departure, and Ms. DeVore said Valley Metro would need to provide 12 months' notice to either contract space or depart.

Councilmember Dorsey asked about moving costs. Ms. DeVore said the out-of-pocket moving cost to Valley Metro, after considering moving allowances, would be approximately $900,000 for Renaissance Square, approximately $1.6 million for Collier Center, and approximately $1.6 million for Central Station. Councilmember Dorsey noted that this represented significant savings in staying at the current location.

Councilmember Tolmachoff asked that the record reflect the composition of staff and others occupying the space. She stated that of 259 people, 30 were contract positions, two were unpaid interns, and nine were City of Phoenix staff or contractors, meaning 218 were Valley Metro employees. She reiterated concern about reducing costs and the amount of space allocated to people who are not full-time Valley Metro employees.

Vice Mayor Davis said he would have liked to see a wider search outside the downtown district and asked about the percentage of employees who come to the office all of the time. Ms. Mefford-Miller said most Valley Metro employees are on site because the agency provides transit service and those employees work at operating facilities. She said administrative employees housed in the building generally work and collaborate in the office three days a week, while some teams, including IT and customer service, work more primarily offsite. She also said the agency uses hoteling and hot desking for employees who are not in the office often.

Councilmember White asked about the number or percentage of Valley Metro employees working from home. Ms. Mefford-Miller estimated that about 50 of 535 employees work primarily or a significant percentage of their time offsite. Councilmember White said Valley Metro should consider lessening the duty to appear in person for knowledge-based jobs as a way to reduce the footprint approaching the eight-year off-ramp.

Councilmember Pastor asked for clarity about City of Phoenix staff in the building and said she believed they worked in collaboration with Valley Metro staff and went between the office and the field, particularly for South Central Light Rail work. Ms. Mefford-Miller said those nine City of Phoenix employees or contractors work as an extension of the Capital Development Division on construction projects and during periods of planning and design. Councilmember Pastor said the downtown location is centrally located, connected to transit, close to MAG and the City of Phoenix, and that she believed staff had done due diligence, while acknowledging the importance of efficiency.

Councilmember Harris asked about the current square footage and monthly rent. Ms. DeVore said Valley Metro occupies 70,316 rentable square feet. Councilmember Harris expressed concern about the total monthly cost and said he was leaning toward wanting more information and a broader view of options, prioritizing cost over convenience.

Councilmember Pastor moved to approve the staff recommendation, and Councilmember White seconded. During discussion, Councilmember Brown said he could not support the motion without additional information, including a broader comparison of space costs elsewhere and a better forecast of staffing and space needs through the first 2034 off-ramp. Councilmember Harris agreed that he wanted more information before moving forward.

Councilmember White asked how much time was available to obtain additional information. Ms. DeVore said the lease expires in June 2026, and after that the current lease would move to fair market value. She also described the time required for fit testing, negotiations, tenant improvement discussions, and related lease work.

Councilmember Tolmachoff said the initial intent had been to expand the footprint, but after discussion that expansion had been removed. She suggested staff could return in April with options to reduce space rather than relocate. Councilmember White asked that staff also provide a five-year option. Councilmember Pastor withdrew her motion to approve. Councilmember Tolmachoff moved to table the item to the April board meeting and have staff bring back options for space reduction. The motion was seconded by an unidentified speaker.

**IT WAS MOVED BY COUNCILMEMBER TOLMACHOFF, SECONDED BY AN UNIDENTIFIED SPEAKER, AND UNANIMOUSLY CARRIED TO TABLE THE ADMINISTRATIVE OFFICE LEASE CONTRACT AMENDMENT UNTIL APRIL 16, 2026, WITH STAFF TO BRING BACK OPTIONS FOR SPACE REDUCTION.**

7. Travel and Expenditures

Chair Adams said number 7 was Travel and Expenditures. The item was presented for information only. There were no questions from the committee.

8. Report on Current Events and Suggested Future Agenda Items

Chair Adams asked whether any members had current events or suggested future agenda items for consideration. She reminded board members that future agenda items could be suggested during this item or by emailing the Chair and copying Pat Dillon so requests could be tracked.

Vice Mayor Davis recognized March as Women's History Month and acknowledged the role women play in shaping communities and institutions. He described intentional efforts in Tolleson to increase women in the workforce, noted that Tolleson has a majority-women city council made up of Latina leaders, and highlighted women in deputy city manager, police, and fire roles. He also recognized that Valley Metro is led by a woman Chief Executive Officer and that the Valley Metro board is majority women. He encouraged colleagues across the Valley to examine their organizations, workforce, leadership pipelines, and public safety departments for opportunities to grow representation and leadership intentionally.

Councilmember White acknowledged Equal Pay Day and said it was a day to reflect that it would take this long into the year for most women to make what the average man made in 2025. She said she looked forward to ensuring that women and men have pay parity going forward.

Chair Adams requested that employee survey results be presented at the April board meeting, noting that there had been an extensive survey and that she would like a comprehensive presentation.

9. <u>Next Meeting</u>

The next meeting of the Joint Board of Directors is scheduled for Thursday, April 16, 2026, at 11:15 a.m.

Without further discussion, the meeting was adjourned at 12:41 p.m.

# Executive Summary

**DATE**
May 14, 2026

**AGENDA ITEM 5B**

**SUBJECT**
Office Supplies Contract Award

**COST AND BUDGET**
Cost for the full term is $163,080, plus a contingency of $16,308 or 10% of the full-term cost. The aggregate contract value will not exceed $179,388. The split is approximately $81,540 for RPTA and $81,540 for VMR.

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

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

**RECOMMENDATION**
Authorization for the Chief Executive Officer to enter into a cooperative contract with Wist Supply & Equipment Company, for office supplies, with an expiration date of December 31, 2026, and two one-year options to extend. The aggregate value of the contract will not exceed $179,388.

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

- Goal 9: Financial sustainability
    - Tactic 9.5: Proactively identify cost savings and implement resource justification

**COMMITTEE PROCESS**
RTAG: April 14, 2026, for information
TMC/RMC: May 6, 2026, for action
Boards of Directors: May 21, 2026, for action

**CONTACT**
Ken Kessler
Chief Financial Officer
KKessler@valleymetro.org

**ATTACHMENT**
A copy of the contract is available for review.

# Background Information

This contract is needed to provide agency-wide office supplies for Valley Metro, ensuring staff have the tools and supplies they need to perform their everyday responsibilities.

Table 1 – Historical Spend for Projection

| Fiscal Year Current Spend | Average Monthly Spend | Estimated Annual Spend |
|---|---|---|
| $30,570.77 | $5,095 | $61,140 |

Table 2 – Projection for remaining Contract usage

| FY2026 (partial) | FY2027 | FY2028 | FY2029 (partial) | Total |
|---|---|---|---|---|
| $10,200 | $61,140 | $61,140 | $30,600 | $163,080 |
| | | | Contingency 10% | $16,308 |
| | | | **Total** | **$179,388** |

**PROCUREMENT INFORMATION**
In accordance with the Agency's Joint Procurement Manual, standard competition was waived as a result of an approved Determination Memo and processed as a cooperative contract. The Office Supplies (CTR063451) contract through the State of Arizona was awarded using a competitive process consistent with the Agency's procurement processes set forth in the Joint Procurement Manual.

**CONTRACT TYPE AND TERM**
The contract is a firm fixed-price contract. The contract will begin on or about June 1, 2026, and end on December 31, 2026, with two one-year options to extend.

# Office Supplies Contract Award

1

## Frequently used products:


| AVERY | Fellowes | Post-it |
|---|---|---|
| AT-A-GLANCE | FELLOWES | PENTEL |
| AVERY | FIVE STAR | PILOT |
| BIC | HAMMERMILL | POST-IT |
| BROTHER | HOUSE OF DOOLITTLE | PRISMACOLOR |
| DAX | HP | QUARTET |
| DAY-TIMER | MASTERVISION | ROLODEX |
| DEFLECTO | MEAD | RUBBERMAID |
| DURACELL | OFFICEMATE | SAFCO |
| ENERGIZER | OXFORD | SCOTCH |
| EPSON | PACON | SHARPIE |
| EXPO | PAPERMATE | TOPS |

Various products and supplies to provide the necessary office supplies for Valley Metro as a whole ensuring staff have the tools and supplies they need to perform their everyday responsibilities through a Cooperative Contract for Office Supplies.

2

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## Spend detail:

| Fiscal Year Current Spend | Average Monthly Spend | Estimated Annual Spend |
|---|---|---|
| $30,570.77 | $5,095 | $61,140 |

| FY2026 (partial) | FY2027 | FY2028 | FY2029 (partial) | Total |
|---|---|---|---|---|
| $10,200 | $61,140 | $61,140 | $30,600 | $163,080 |
| | | | Contingency 10% | $16,308 |
| | | | **Total** | **$179,388** |

- Cooperative contract off a State contract
- Spend is roughly 50/50 between RPTA and VMR

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# Recommendation

Authorization for the Chief Executive Officer to enter into a cooperative contract with Wist Supply & Equipment Company, for office supplies through the State of Arizona, with an expiration date of December 31, 2026, and two one-year options to extend. The aggregate value of the contract will not exceed $179,388.

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# Executive Summary

**DATE**
May 14, 2026

**AGENDA ITEM 6**

**SUBJECT**
Joint Ad Hoc Committee Updates to Procurement Policies and Procedures

**COST AND BUDGET**
This item has no cost or budget impacts.

**RECOMMENDATION**
Authorization for the Chief Executive Officer to modify impacted agency policies and procedures to:
1) discontinue submitting to the relevant board agenda authorization to publish solicitations

2) adopt the Federal Transit Administration micro-purchase and simplified acquisition thresholds, as amended, unified across legal entities

3) route simplified acquisition purchases made each period to the relevant board agenda for information

4) route on call, task order, and job order contract awards above the simplified acquisition threshold, to the relevant board's consent agenda.

**STRATEGIC PLAN ALIGNMENT**
This item relates to the following goals and strategies in the Five-Year Strategic Plan:
- Goal 9: Financial sustainability
    - Tactic 9.4: Support procurement with flexible language, create transparency, and enhance bid opportunities

**COMMITTEE PROCESS**
Joint Ad Hoc Committee: February 25, 2026, for discussion
Joint Ad Hoc Committee: April 29, 2026, for concurrence
Boards of Directors: May 21, 2026, for action

**CONTACT**
Ken Kessler
Chief Financial Officer
kkessler@valleymetro.org

**ATTACHMENT**
None

# Background Information

On September 11, 2025, the Joint Boards of Directors approved the formation of a Joint Ad Hoc Committee (the "JAHC") to review business practices and contracting and procurement strategy and report back to the Boards of Directors with their findings, observations or recommendations, including opportunities identified for efficiencies to Valley Metro's business practices, contracting and procurement practices. The JAHC met on January 16, 2026, to organize its work, define its mission, establish operating parameters, discuss goals, outline authorities and review a proposed work plan and associated timeline.

On February 25, 2026, the JAHC met to review current methods of procurement and cost by method, procurement timelines, contract periods, and delegations of authority. Several opportunities were identified to reduce procurement timelines, enhance transparency, and more efficiently deploy agency resources. After a robust discussion, the JAHC developed four draft recommendations:

1. Discontinue the requirement of board action to authorize publication of solicitations for Joint or Regional Public Transportation Authority ("RPTA") projects.
    a. Rationale: Reduces the procurement timeline by two months, aligns procedures across entities to improve efficiencies and compliance, and continues the monthly Solicitation Report for transparency of all upcoming and active solicitations.
2. Adopt the Federal Transit Administration ("FTA") micro-purchase and simplified acquisition thresholds, as amended, currently $15,000 and $350,000, respectively, unified across entities, to update and align the delegations of authority from the board to the Chief Executive Officer.
    a. Rationale: Aligns delegated authorities across entities to improve efficiencies and compliance, creates consistency in procurement method based on dollar value improving compliance, and maintains currency of relevant limits.
3. Route simplified acquisition purchases to the relevant board agenda for information.
    a. Rationale: Enhances transparency and supports the use of the FTA micro-purchase and simplified acquisition thresholds for delegated authority and procurement method selection.
4. Route on call and task order contract awards above the simplified acquisition threshold to the consent agenda of the relevant board.
    a. Rationale: Enhances transparency of the award of on call and task order contract awards and supports the use of the FTA micro-purchase and simplified acquisition thresholds.

During the JAHC meeting held on April 29, 2026, the committee unanimously concurred to send the four recommendations to the Joint Boards of Directors for consideration. If approved by the Board, the changes would be implemented in the new Joint Procurement Manual that is anticipated to be effective on July 1, 2026.


1

## Background

- September 2025 – Joint Boards of Directors authorizes Joint Ad Hoc Committee (“JAHC”) to review and make recommendations regarding procurement and business practices
- January 2026 – JAHC conducts an organizational meeting
- February 2026 – Working meeting #1 review procurement policies and procedures, develops four draft recommendations
- April 2026 – Working meeting #2 authorizes the draft recommendations to be referred to the Joint Boards of Directors for action

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## Policy Recommendations

1. Eliminate solicitation authorization requirement for RPTA
   - Rationale: Reduces the procurement timeline by two months, aligns procedures across entities to improve efficiencies and compliance, and continues the monthly Solicitation Report for transparency of all upcoming and active solicitations.
2. Adopt FTA micro-purchase and simplified acquisition thresholds, as amended, currently $15,000 and $350,000, respectively, unified across entities
   - Rationale: Aligns delegated authorities across entities to improve efficiencies and compliance, creates consistency in procurement method based on dollar value, improves compliance, and maintains currency of relevant limits.

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VALLEY METRO

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## Policy Recommendations (cont'd)

3. Route simplified acquisition purchases to board agenda for information only
   - Rationale: Enhances transparency and supports the use of the FTA micro-purchase and simplified acquisition thresholds for delegated authority and procurement method selection.
4. Route on call and task order contract awards above the simplified acquisition threshold, to the Board consent agenda for action
   - Rationale: Enhances transparency of the award of on call and task order contract awards and supports the use of the FTA micro-purchase and simplified acquisition thresholds.

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VALLEY METRO

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# Policy Recommendations (cont'd)

Delegation of Authority from the Board to the Chief Executive Officer

| Board | Procurement Action | Threshold | Approval | Action |
|---|---|---|---|---|
| RPTA, VMR, or Joint | New Contract Award | $350,000 or higher | Board | CEO executes contract |
| RPTA, VMR, or Joint | Contract Amendment, Change Order, Task Order | $350,000 or higher | Board | CEO executes contract |
| RPTA, VMR, or Joint | Intergovernmental Agreement (IGA), Funding or Pass Thru Agreement | Any dollar value | Board | CEO executes agreement |
| RPTA, VMR, or Joint | Simplified Acquisition, Contract Amendment, Change Order, Task Order | $15,000 to $350,000 | CEO | CEO executes, reports to Board |





# Recommendation

Authorization for the Chief Executive Officer to modify impacted agency policies and procedures to:

1) discontinue submitting to the relevant board agenda authorization to publish solicitations
2) adopt the Federal Transit Administration micro-purchase and simplified acquisition thresholds, as amended, unified across legal entities
3) route simplified acquisition purchases made each period to the relevant board agenda for information
4) route on call, task order, and job order contract awards above the simplified acquisition threshold, to the relevant board's consent agenda

# Executive Summary

**DATE**
May 14, 2026

**AGENDA ITEM 7**

**SUBJECT**
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: May 21, 2026, for information

**CONTACT**
Hillary Foose
Chief, Marketing & Communictions
hfoose@valleymetro.org

**ATTACHMENT**
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 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.

# Agency Strategic Plan

## Quarterly Report

FY26 Q3 | January – March 2026


VALLEY METRO

# Goal: Deliver Excellent Customer Experience

- **FY26 INITIATIVES**

## INCORPORATE A HOLISTIC CUSTOMER EXPERIENCE

| ACTION | STATUS |
|---|---|
| Enhance the Customer Service call center experience | Evaluation of customer workflows is complete, identifying opportunities to automate processes and reduce manual effort.<br><br>Dynamic webforms for customer feedback and geolocation for improved location reporting have been implemented.<br><br>Also implemented geolocation for improved location reporting on feedback received.<br><br>Outlook rules have been established to better identify and respond to ADA and Title VI feedback within required timelines.<br><br>An FY27 roadmap is being developed, including integration of General Transit Feed Specification (GTFS) and dynamic fields in CAS to further reduce manual entry for Customer Service. |

## INCORPORATE HUMAN-CENTERED DESIGN

| ACTION | STATUS |
|---|---|
| Create an engagement feedback loop through Comprehensive Opportunity Analysis (COA) opportunity | Phase 1 engagement concluded in late 2025, generating strong community participation and awareness. Highlights include more than 4,500 survey responses, 45,000 unique users to the project website and over 14 million impressions across digital, radio, print and organic social media. Staff also gathered input from frontline teams and community-based organizations to ensure a well-rounded perspective.<br><br>Phase 2 of the engagement plan is currently in draft form, with city review anticipated this summer and implementation planned for fall 2026. |
| Map customer journeys for service enhancements | The Rider Journey Mapping project is underway and on track for completion by July 1, 2026. Staff have completed half of the 50 planned rider journey interviews across all modes. Findings and recommendations will be developed to prioritize actions that improve the customer experience and will be paired with results from the comprehensive Rider Satisfaction Survey launching in spring 2026. |

# Goal: Deliver Excellent Customer Experience

## SUPPORT EFFECTIVE TRANSIT SYSTEM DESIGN THROUGH OPPORTUNITY AND INNOVATION

| ACTION | STATUS |
|---|---|
| Embed cost-containment in culture and business strategy | No new updates to report. |
| Evaluate insourcing opportunities | A basic analytical approach has been developed and programs are identifying potential opportunities. Initial phase findings will be presented at upcoming Joint Ad Hoc Committee meetings. This presentation will inform more detailed analysis and lead to a future Board presentation on specific insourcing opportunities. |
| Streamline procurement practices and remain responsive to Board and community | Joint Ad Hoc Committee members have been selected, with six meetings scheduled from January through September. At the February 25, 2026 meeting, the Committee identified recommendations for Board consideration, including:<br>• Eliminating solicitation authorization for RPTA<br>• Unifying thresholds for delegation of authority and procurement methods<br>• Increasing transparency by routing on-call and task orders to Board agendas. |

### OTHER QUARTERLY HIGHLIGHTS

### CSI DIVISION

- Implemented Phase 3 of the “Add a little bus to your life” campaign.
  - Increasing general awareness of Valley Metro bus service.
  - Promoting Express and RAPID routes along with five local routes.
  - Highlighting convenience, affordability and reliability.
  - Supporting increased visibility and engagement across the region.

### SERVICE PLANNING DIVISION

- Reviewed and updated East Valley bus timetables, improving on-time performance from 75% to 85% over the past year.
- Coordinated with Capital Planning, Operations and Maintenance to implement Maricopa County Department of Transportation’s Connected Vehicle Advancement Zone Transit Signal Priority system across the light rail fleet to improve speed, reliability and efficiency while reducing operating costs.
- Developing a Microtransit Transition Business Plan to assess feasibility and establish a roadmap for integrating microtransit into the Valley Metro service network.

### TRANSPORTATION DIVISION

- Recorded RideChoice® systemwide performance exceeding 95%.
- Reduced Paratransit overflow utilization below 3%.

# Goal: Invest in Talent

- **FY26 INITIATIVES**

## FOSTER EXCITEMENT ABOUT EMPLOYMENT AND GROWTH OPPORTUNITIES

| ACTION | STATUS |
|---|---|
| Establish "People Networks" to promote collaboration and sense of community | The structure is in place and there are no new updates to report at this time. |

## RETAIN CURRENT EMPLOYEES

| ACTION | STATUS |
|---|---|
| Create structured input opportunities for frontline staff to drive service improvements | Staff completed a Frontline Engagement Playbook based on lessons learned from fall 2025 BNR engagement. The playbook is now in effect and will continue to expand its reach. |
| Develop an employee engagement strategy informed by Culture Survey and best practices | Defined and launched an initial engagement framework, including 30-, 60- and 90-day check-ins. Consolidated survey themes and working group insights. Also analyzed exit data and turnover trends. |
| Implement action plans from Culture Survey | Staff-led working groups, in partnership with leadership, are advancing key culture study themes, including recognition, communication and process improvement, by meeting regularly to identify opportunities and implement actionable changes. |

# Goal: Invest in Talent

## CREATE STRUCTURED PATHS FOR CAREER GROWTH

| ACTION | STATUS |
|---|---|
| Leverage new class and compensation structure to retain and attract talent | Developed a career pathway reference guide, trained managers on career paths and supporting employee development, and launched employee communications on the career path framework and growth opportunities. |

### OTHER QUARTERLY HIGHLIGHTS

### CSI DIVISION

- Implemented a systemwide frontline staff recognition campaign to celebrate Transit Worker Appreciation Day.
- Featured quotes and messages from board members, staff and riders.
- Materials were displayed at facilities and across the system.
- Designed to ensure all employees could participate and feel acknowledged.

### TRANSPORTATION DIVISION

- Transportation Division partnered with bus contractor Keolis.
- Implemented enhanced staffing initiatives.
- Achieved more than a 90% year-over-year reduction in missed trips.
- Included significant decreases in:
  - Full and partial missed trips
  - Total missed trips
  - Lost time hours

# Goal: Prioritize Security on Transit

- **FY26 INITIATIVES**

## CREATE A SAFETY AND SECURITY CULTURE

| ACTION | STATUS |
|---|---|
| Implement structured performance monitoring program for the contracted security provider | Coordination and collaboration with the current security contractor continues to be effective. The newly assigned Deputy Chief will lead ongoing efforts to ensure clear, consistent daily communication.<br><br>Developed the "Own Your Zone" program, which defines specific areas of focus for zone deployment and reinforces responsibility for proactively monitoring, reporting and responding to activity within each zone. |

## INVEST IN COMMUNITY PARTNERSHIPS

| ACTION | STATUS |
|---|---|
| Establish teams, pending funding and programs to guide key groups to services. | Valley Metro has met multiple times with the Arizona Coalition for Military Families (AZCMF). The Communications and Strategic Initiatives Marketing team developed a logo with a QR code directing individuals to AZCMF's "Be Connected" landing page, which provides phone numbers and links to agencies offering support for individuals in crisis and families in need of assistance.<br><br>Implementation is planned for the fourth quarter of CY26, aligned with the availability of grant funding for community outreach personnel. |

## EVALUATE THE PHYSICAL INFRASTRUCTURE

| ACTION | STATUS |
|---|---|
| Develop CPTED implementation plan | The CPTED assessment was presented to the Valley Metro Rail Board of Directors in August 2025. By the end of 2025, Valley Metro established a cross-divisional Tiger Team to develop implementation strategies based on the assessment's recommendations. The Tiger Team also supported development of a Fiscal Year 2026 BUILD grant application to help fund key CPTED initiatives.<br><br>In spring 2026, Valley Metro completed a Video Surveillance Study as a follow-up to the CPTED assessment. |

# Goal: Prioritize Security on Transit

## OTHER QUARTERLY HIGHLIGHTS

### SAFETY AND SECURITY DIVISION

- Onboarded two deputy chiefs to strengthen leadership across both security and safety functions.

### CAPITAL DEVELOPMENT

- Continued implementation of Crime Prevention Through Environmental Design (CPTED) and Collision Reduction/Travel Time Optimization initiatives.
- Cross-divisional tiger teams have been established and meet regularly to develop short-, mid- and long-term strategies.
- In March, both teams collaborated on a $20 million FY26 Better Utilizing Investments to Leverage Development (BUILD) grant application focused on advancing CPTED and collision reduction priorities.

# Goal: Leverage Data and Technology

• **FY26 INITIATIVES**

IMPROVE AUTOMATION AND RELIABILITY OF TRANSIT DATA

| ACTION | STATUS |
|---|---|
| Initiate AI exploration and proof of concept pilot | Attended the AI in Transit Conference to identify use cases and inform implementation and adoption of AI across the agency. Collaborated across the organization to execute an updated Acceptable Use Policy that includes AI. Launched an AI SharePoint FAQ site to support staff. Rolling out ChatGPT, along with Asana AI and WebEx AI licenses, on an as-requested basis. Established a process through IT Security to review and approve additional AI tool requests. |
| Broaden access to advanced analytics and intelligence agencywide | Project is underway with an initial focus on Bus Operations and Maintenance. A secondary group with Service Planning kicked off the week of April 6.<br><br>Discovery is complete for Bus Operations and Maintenance. Findings have been documented and shared with the IT Business Intelligence team to assess automation opportunities, particularly where there is manual excel entry or manual downloading of reports.<br><br>Collaboration with the IT PMO and BI teams is ongoing to determine next steps. |

INTEGRATE AND MARKET MOBILITY SOLUTIONS

| ACTION | STATUS |
|---|---|
| Design a network responsive to customer inputs and needs | Work continues on the Bus Network Redesign to create a more productive system, informed by engagement in fall 2025 and planned again for fall 2026. Staff also completed a Frontline Engagement Playbook based on lessons learned from fall outreach. Operators, supervisors and other frontline staff have been engaged and will continue to be included moving forward. |

## OTHER QUARTERLY HIGHLIGHTS

### AGENCY BUSINESS, TECHNOLOGY AND SERVICES DIVISION

- Issued an AI Acceptable Use Policy to all staff on April 6, 2026, establishing guidance for responsible use of emerging technologies.

### IT & PROJECT MANAGEMENT TEAM

- Developing an agencywide project plan to enhance KPI dashboard data ingestion, improve data quality and streamline processes.
- Implementation of the RideCo Demand Management Software is underway, with full rollout planned by May 1, 2026.

### FARE PROGRAM

- Copper Card sales and reloads have totaled more than $4 million since the launch of the retail program in August 2024.
- Circle K transactions account for over $3.2 million (just over 79% of activity) across 749 participating retail locations.

# Goal: Deliver on Stakeholder Collaboration

- **FY26 INITIATIVES**
  INCORPORATE COMMUNITY VOICES

| ACTION | STATUS |
|---|---|
| Establish an inclusive Community Engagement Framework | Staff referenced the Framework to draft a 12–18-month community engagement plan for the West Phoenix-Maryvale Light Rail Extension and a plan for the preliminary engineering stage of the Rio-East Dobson Streetcar Extension. These plans intentionally integrate Framework elements to ensure shared principles, goals and measures guide every phase of engagement. The Framework has also informed development of the Phase 2 engagement plan for BNR. |
| Evaluate the potential for advisory committees | Completed a preliminary audit of peer agencies' use of citizen and community advisory committees. Findings will help inform planning and decision-making for FY27. |

COMMUNICATE THE VALUE OF TRANSIT

| ACTION | STATUS |
|---|---|
| Develop a partnerships outreach strategy to onboard new ridership | Continue supporting the fare study, with recommendations anticipated before the Board in April 2026. Ongoing efforts include outreach and relationship-building with current and prospective ticket partners. This quarter, staff are strengthening partnerships with Mortgage Matchup Center and Phoenix Rising while evaluating new technology to enable tap validation for each use.<br><br>Staff are also engaging new partners, including a TOD conference, local film festival and upcoming regional special events, and exploring additional opportunities with the Arizona Diamondbacks, Phoenix Convention Center and other local festivals. |

# Goal: Deliver on Stakeholder Collaboration

## OTHER QUARTERLY HIGHLIGHTS

### CSI DIVISION

- Conducted business forums in February with the West Phoenix-Maryvale Extension small business community to gather feedback, address questions and strengthen relationships with stakeholders along the corridor.

### TRANSPORTATION DEMAND MANAGEMENT

- Regional vanpool program continues to expand, with a 20% increase year over year.
- Now supporting 351 vanpools and 1,928 riders.
- Continuing outreach to new partners including Amazon, Axon, Blue Origin, the Transportation Security Administration and Indian Health Service.

### SERVICE PLANNING & COMMUNITY RELATIONS

- Advancing the Bus Network Redesign project by testing new strategies and developing a long-term engagement framework to strengthen relationships with customers, communities and stakeholders.
- Service Planning also partnered with ATS, Legislative Affairs, CSI and Finance to support the agency and MAG through the transition to Proposition 479, emphasizing accuracy, responsiveness and long-term collaboration.

### CAPITAL DEVELOPMENT

- Progressing with the West Phoenix project along Indian School Road following the Phoenix City Council's January decision to reprioritize efforts from the Capitol Extension.
- Valley Metro and the City of Phoenix notified the Federal Transit Administration that the Capitol Extension will exit the Capital Investment Grant process, and planning and community engagement work plans are now underway for the West Phoenix project.
- Continue planning and conceptual design for the Rio East Dobson Streetcar Extension, with traffic studies and roll plot layouts being refined in coordination with the cities of Tempe. and Mesa.

# Goal: Board Governance

## • FY26 INITIATIVES

### FACILITATE WORK ACROSS REGIONAL BODIES

| ACTION | STATUS |
|---|---|
| Support Prop. 400 transition to Prop. 479 and adopt funding policy framework. | Joint Boards Study Session held with MAG in February, including an update on the development of the Prop 479 TLCP funding framework. Coordination efforts remain ongoing. |
| Advance legislative agenda through Board and stakeholder engagement | The Board approved the 2026 Federal Legislative Agenda and Surface Transportation Reauthorization priorities in January 2026. A Board member Congressional Delegation fly-in is scheduled for June 2026. |

### UPDATE BOARD MEMBER ON-BOARDING

| ACTION | STATUS |
|---|---|
| Improve Board content and delivery | Survey completed. Procurement published the internal memo development process, including roles and responsibilities, on the intranet. |

### OBTAIN POLICY GUIDANCE FROM THE BOARDS

| ACTION | STATUS |
|---|---|
| Streamline procurement processes | Policy recommendations identified for Board consideration include:<br>• Eliminating solicitation authorization for RPTA<br>• Unifying thresholds for delegation of authority and procurement methods<br>• Increasing transparency by routing on-call and task orders to Board agendas.<br><br>Recommendations will be brought forward on a future Board agenda. |

# Goal: Operational Excellence

## • FY26 INITIATIVES
STRATEGIES TO IMPROVE TRANSIT PERFORMANCE AND SAFETY

| ACTION | STATUS |
|---|---|
| Leverage technology to increase surveillance and incident response | Rail cities (Phoenix, Tempe and Mesa) now have access to Valley Metro CCTV for platforms and park-and-rides through the MAG Luxriot VMS system, confirmed as of April 1, 2026.<br><br>The DCC will continue to be monitored by the current security contractor, with more clearly defined procedures to be developed and implemented through training. |
| Enhance security of Supervisory Control and Data Acquisition (SCADA) system | The core router has been ordered, with no confirmed ship date from Juniper Networks.<br><br>Updated network switches have been received and are expected to be deployed within the next three to six months.<br><br>CCTV servers have been deployed and are operational, replacing three obsolete servers. |
| Identify and deploy technologies that support agencywide cost containment | Staff has completed the initial phase of migrating key performance metrics into Microsoft Power BI and is now evaluating usage, as well as identifying additional data needs to better support performance evaluation and decision-making.<br><br>For rail, staff has coordinated with Maricopa County Department of Transportation to implement state-of-the-art Transit Signal Priority technology on the rail system in Phoenix. Board approval is anticipated in April 2026, with implementation expected as early as fall 2026. The new system is projected to reduce operating costs and improve speed and reliability, leading to increased ridership and fare revenue. |

# Goal: Operational Excellence

## IMPROVE SERVICE QUALITY

| ACTION | STATUS |
|---|---|
| Develop implementation plan for the Run Time and Collision Reduction Study | The findings from the Run Time and Collision Reduction Study were presented to the Valley Metro Rail Board of Directors in June.<br><br>At the end of 2025, Valley Metro established a cross-divisional Tiger Team to develop implementation strategies based on the study's recommendations. The team also supported development of a FY26 BUILD grant application to help fund key implementation initiatives. |

## OPTIMIZE SERVICE PERFORMANCE

| ACTION | STATUS |
|---|---|
| Complete Bus Network Redesign, driven by rider and city input | Public engagement concluded in fall 2025. Staff are working with cities to build support for recommendations that improve ridership and fare revenue while reducing operating costs. |

### OTHER QUARTERLY HIGHLIGHTS

### MAINTENANCE DIVISION

- Onboarded new landscape contractor, Mariposa.
- Received 20 new 40-foot GIllig CNG buses at East Valley Bus Operations and Maintenance Facility in Tempe.
- Mean distance between major mechanical failures on the East Valley Bus contract increased from 3,862 miles in the first quarter of 2025 to 5,678 miles in the same period of 2026, indicating improved fleet reliability.

### TRANSPORTATION DIVISION

- Supported several special events on Valley Metro Rail, including Red Bull Showrun in downtown Phoenix on March 14.
- On event day, there was a 42%. ridership increase compared to a nonevent Saturday.

# Goal: Financial Sustainability

- **FY26 INITIATIVES**

## ENGAGE STAFF TO IDENTIFY COST-SAVING MEASURES

| ACTION | STATUS |
|---|---|
| Increase cost control through greater access to financial data | All business managers were trained in Q4 FY25. Item complete. |

## MAXIMIZE REVENUE GENERATION

| ACTION | STATUS |
|---|---|
| Diversify revenue generation | With support from a fuel hedging consultant, staff will present recommendations to the Board in April to authorize a fuel hedging policy and execution of a new futures brokerage agreement. Historical fuel usage data has been provided to the consultant, and staff are working with Service Planning and Demand Response to develop fuel usage estimates. Current diesel and gasoline market conditions are not favorable for hedging; however, natural gas may present an opportunity.<br><br>The Fare Study has concluded, with final recommendations going to the Board in April. Recommendations include updates to the Special Event Program to provide greater flexibility for partnerships across regional events. |

## DEVELOP LONG-TERM FINANCIAL FORECAST

| ACTION | STATUS |
|---|---|
| Establish annual business model for Divisions | No new updates to report. |

# Goal: Financial Sustainability

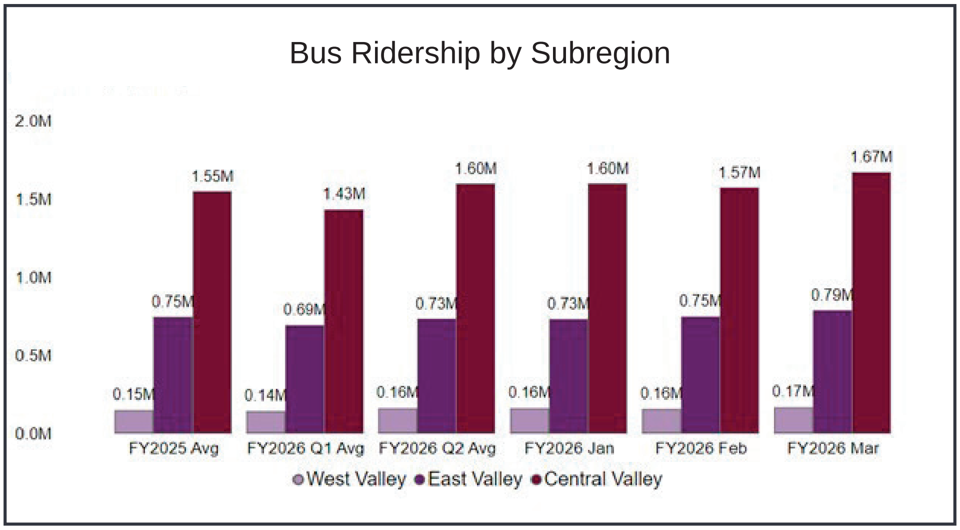
## OTHER QUARTERLY HIGHLIGHTS

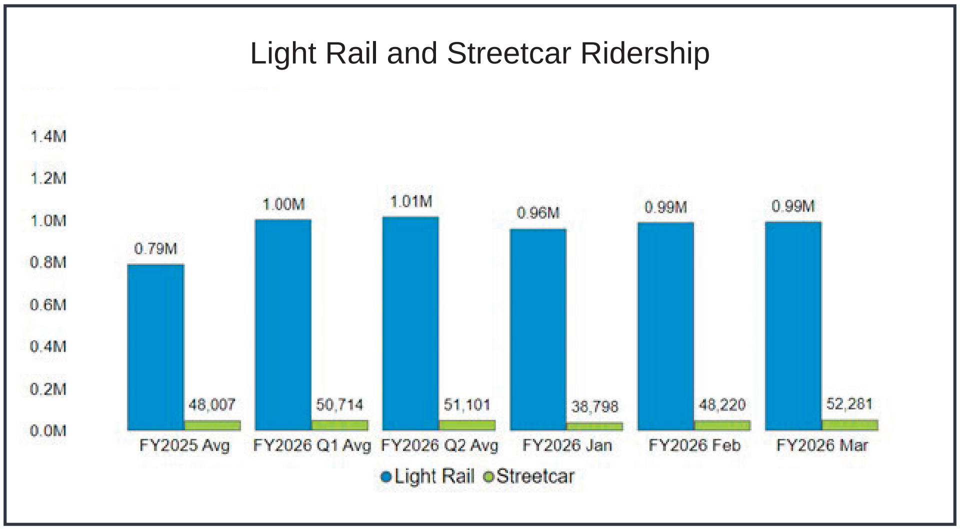
## FINANCE AND PROCUREMENT DIVISION

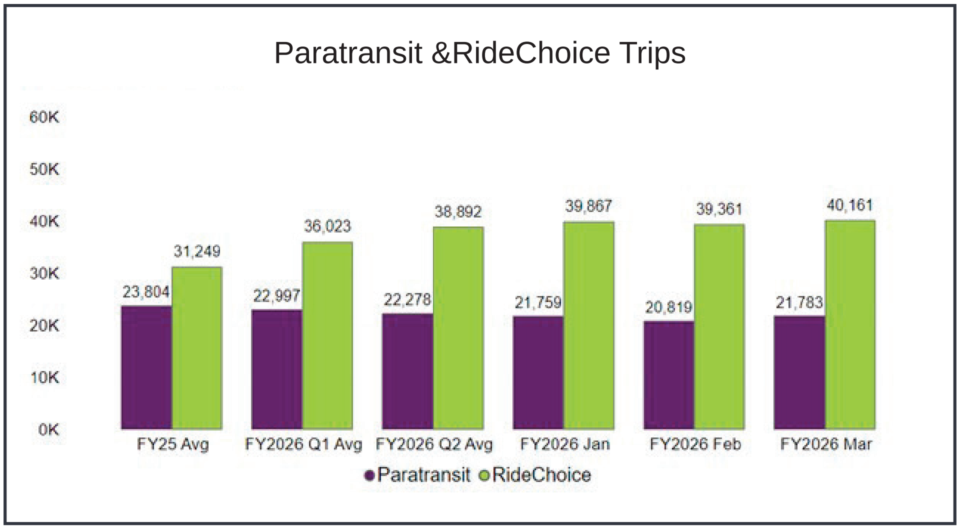
- Continues to strengthen financial management, reporting and regional coordination efforts across multiple areas.
- Within Accounting, staff drafted FY25 financial statements in alignment with Governmental Accounting Standards Board Statement No. 103 to assess impacts and support FY26 implementation and participated in Government Finance Officers Association training to ensure compliance, with updates to be shared with external auditors ahead of fieldwork.
- Coordinating with a fuel hedging consultant to analyze market conditions, historical usage and projections pending Board approval, while enhancing monthly and year-end close procedures and improving the efficiency of balance sheet reconciliations to support audit readiness and reporting accuracy.
- Assumed full ownership of regional fare revenue administration, ensuring continuity and accuracy in reporting and oversight, and partnered with the Phoenix Public Transit Department to transition responsibility for the monthly regional fare revenue statement beginning July 2025. Efforts are ongoing to document and standardize processes to support audit compliance and transparency.
- Led close-out discussions of Proposition 400 funding with member cities, coordinating transparent and solution-oriented approaches to remaining public transportation program funds.
- Collaborated with MAG and member cities on Proposition 479, providing timely updates to support regional planning and decision-making, and established a foundation for continued coordination to enhance future programming, communication and funding alignment.

# Appendices

## Goal: Deliver Excellent Customer Experience

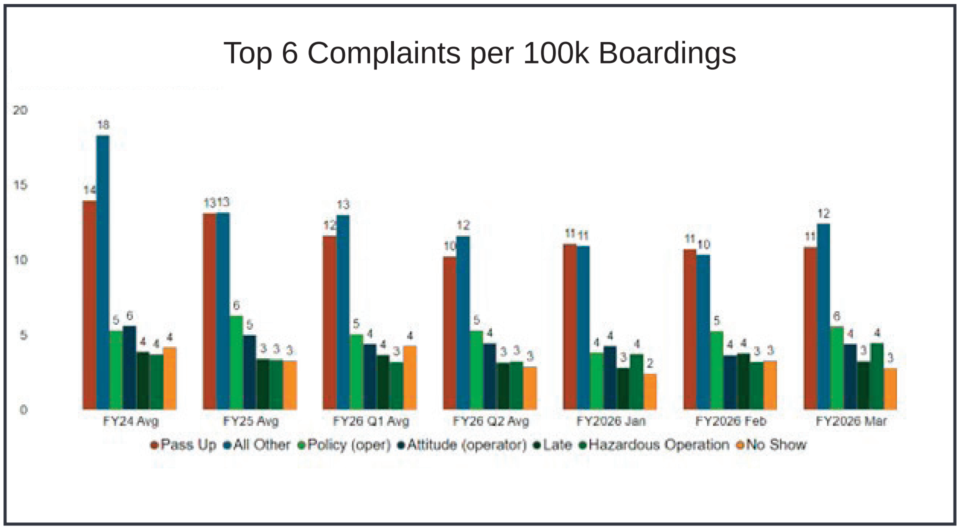


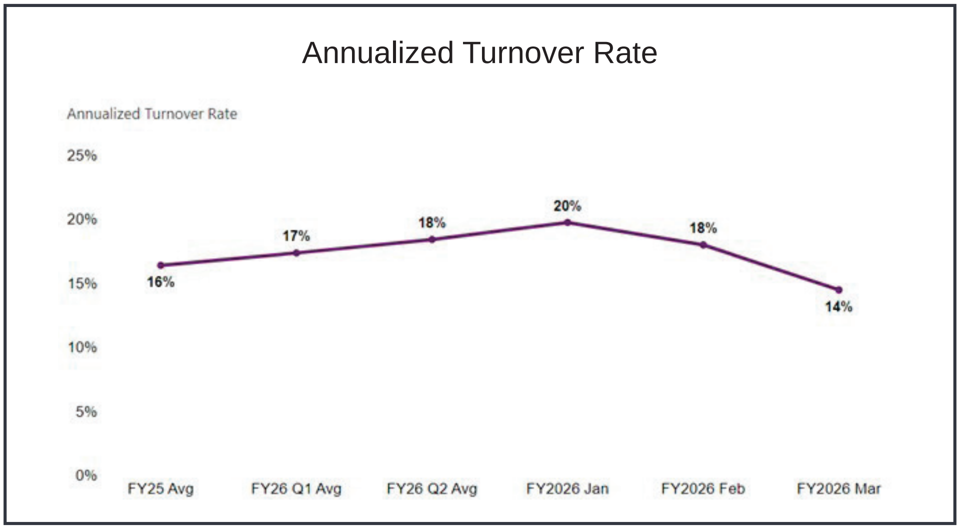



# Appendices

## Goal: Deliver Excellent Customer Experience

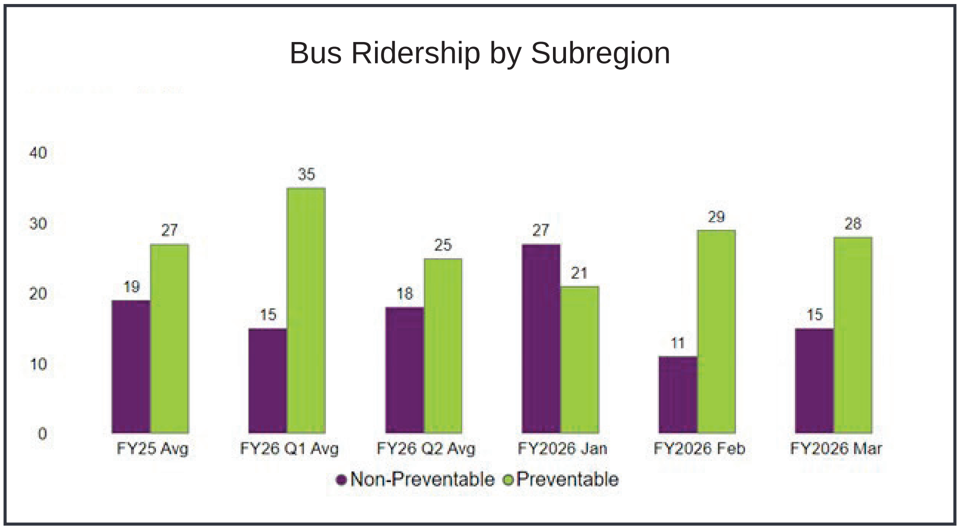


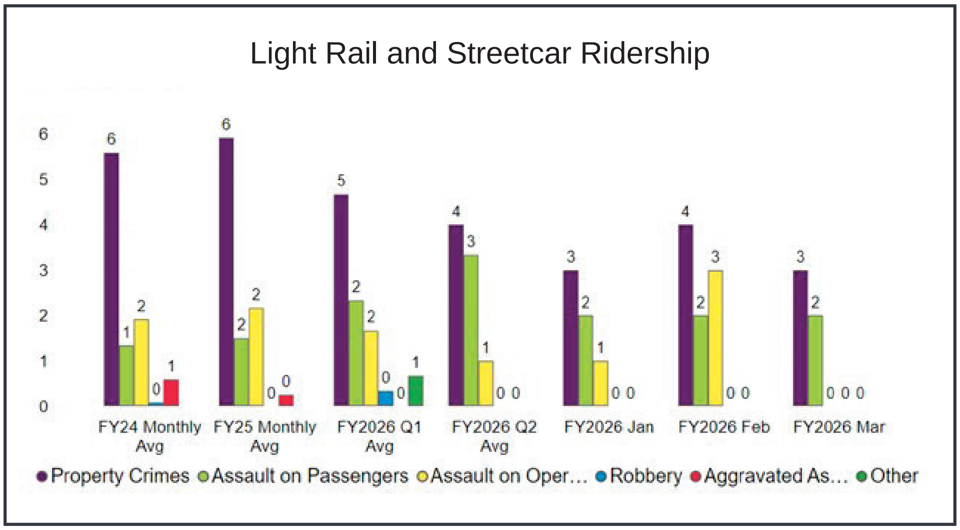

## Goal: Invest in Talent



# Appendices

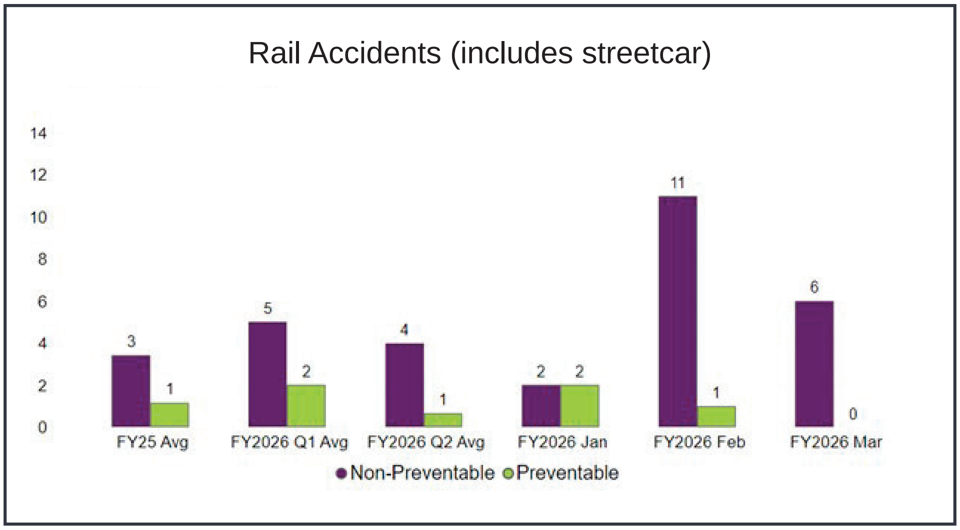
## Goal: Prioritize Security on Transit

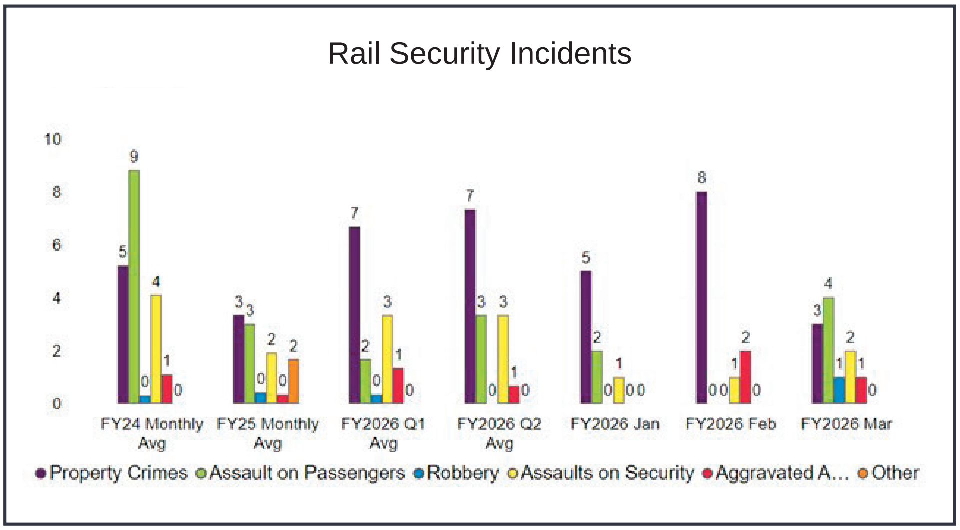


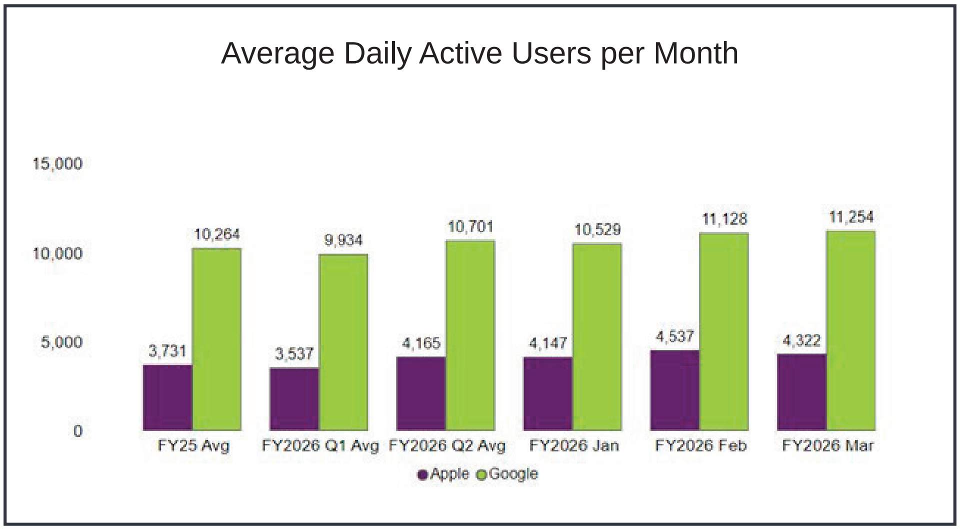
## Appendices

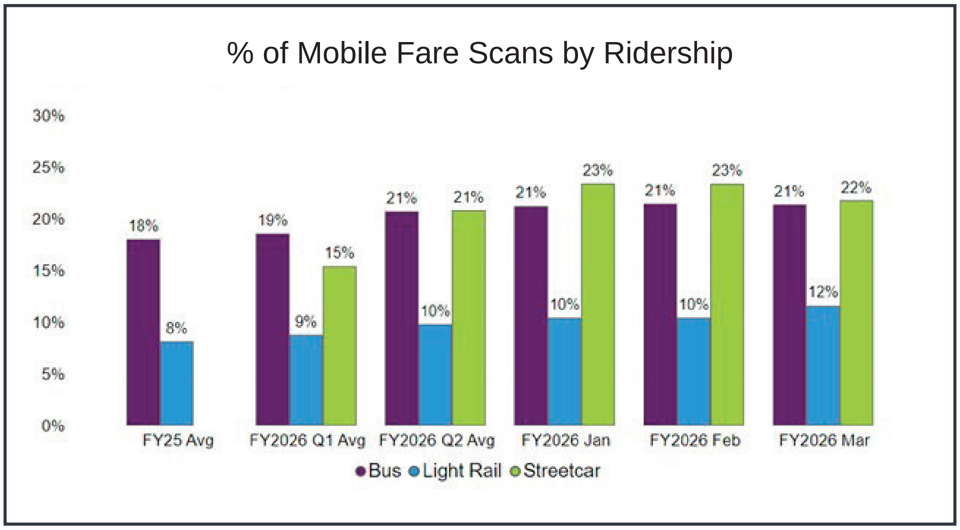
# Goal: Prioritize Security on Transit

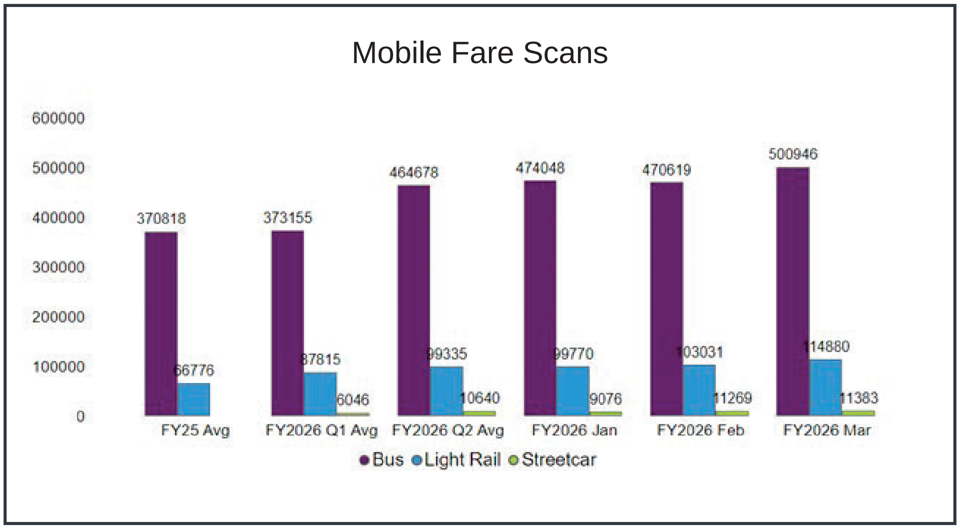


## Goal: Leverage Data & Technology

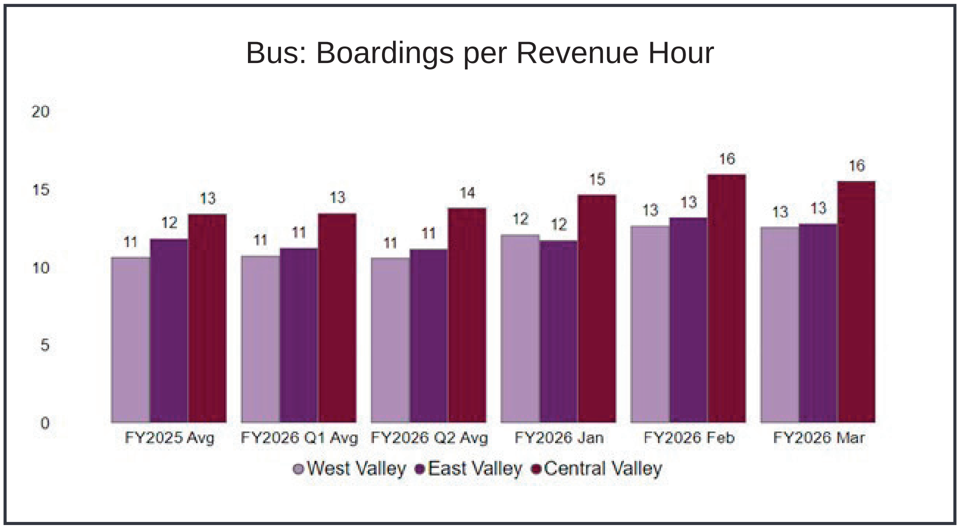


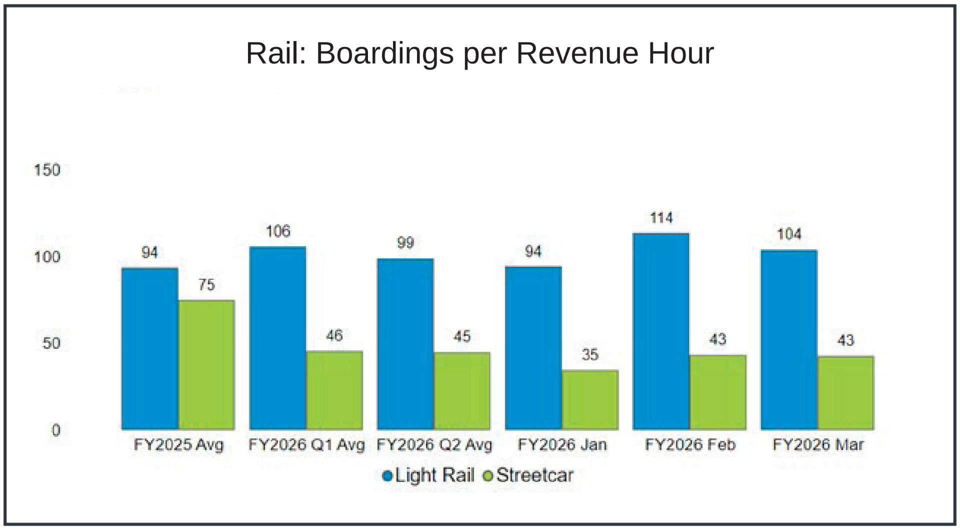



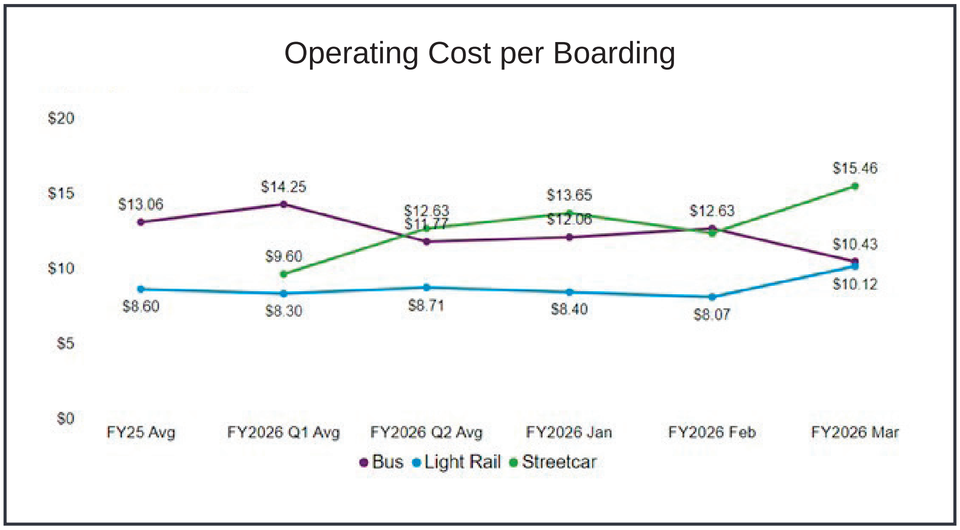



# Appendices

## Goal: Financial Sustainability

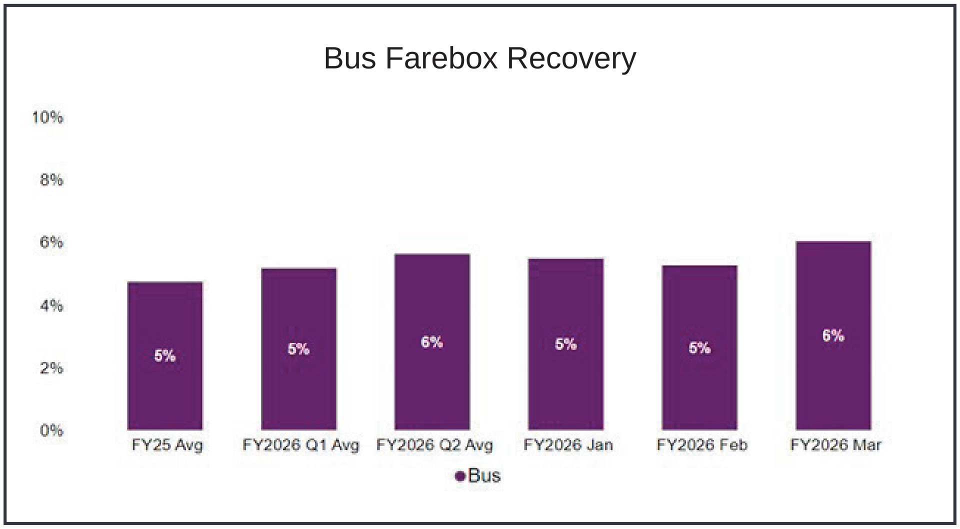


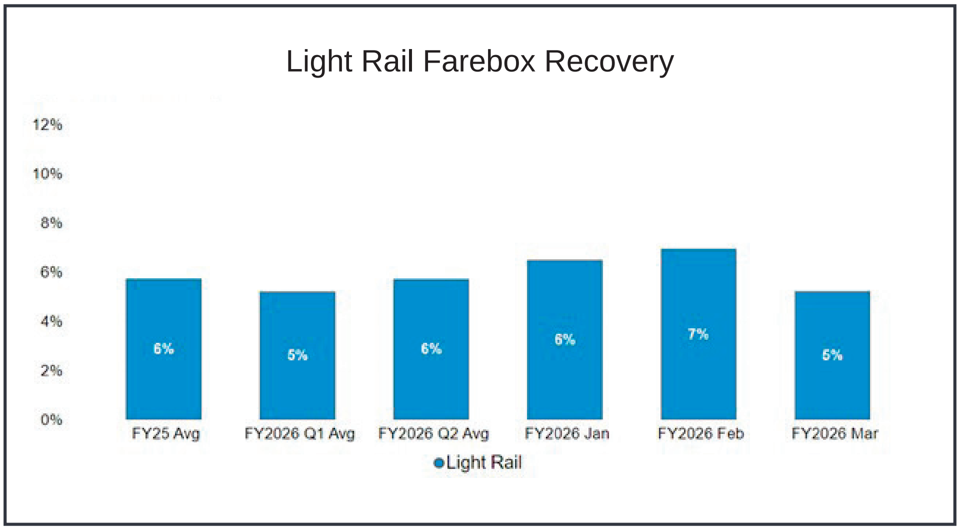



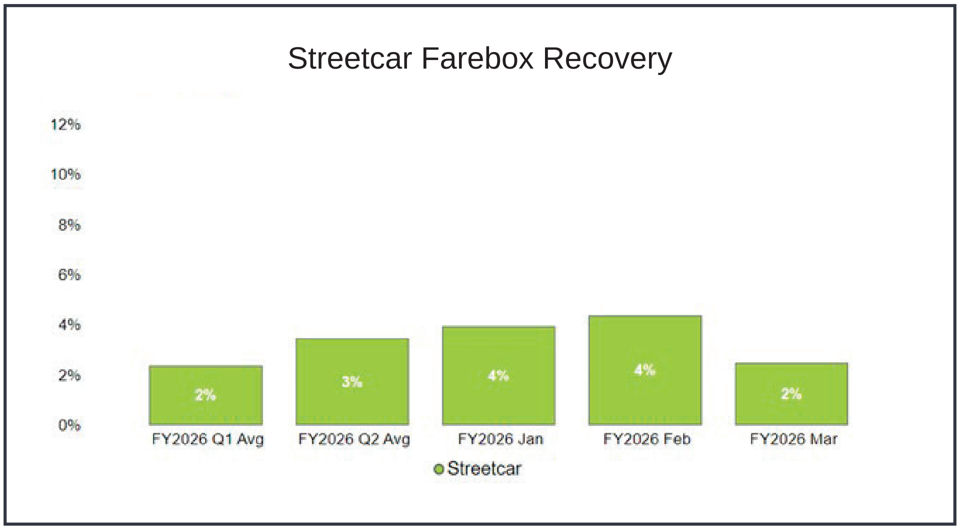



# Appendices

## Goal: Financial Sustainability



# Executive Summary

**DATE**
May 14, 2026

**AGENDA ITEM 8**

**SUBJECT**
Travel and Expenditures

**PURPOSE**
The monthly travel and expenditures are presented for information.

**RECOMMENDATION**
This item is presented for information only.

**BACKGROUND | DISCUSSION | CONSIDERATION**
None

**COST AND BUDGET**
None

**COMMITTEE PROCESS**
None

**CONTACT**
Ken Kessler
Chief Financial Officer
kkessler@valleymetro.org

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

## Valley Metro
## Travel Reimbursement Report

| Job Title | Purpose of Travel | Location | Dates Traveled | Total Travel Cost | Airfare | Other Transport | Lodging | Meals | Misc. | |
|---|---|---|---|---|---|---|---|---|---|---|
| Chief Safety and Security | APTA Peer Review of SporTran | Shreveport, LA | 02/15/26-02/20/26 | $930.23 | $782.59 | $58.64 | | $89.00 | | |
| Business Analyst | APTA MCX Workshop | Savannah, GA | 02/21/26-02/25/26 | $1,990.22 | $721.55 | $79.07 | $873.60 | $316.00 | | |
| Marketing Program Coord | Mktg, Comm & Customer Experience Workshop | Savannah, GA | 02/22/26-02/25/26 | $1,838.97 | $689.37 | | $873.60 | $236.00 | $40.00 | 1 |
| Signal System Engineer | AREM 2026 Comm, Signals & Info Technology | Jacksonville, FL | 03/03/26-03/05/26 | $1,824.78 | $520.76 | | $1,006.02 | $298.00 | | |
| Manager, Bus Fleet Maintenance | New Flyer Pre-Build Meetings | St Cloud, MN | 03/09/26-03/12/26 | $1,245.96 | $495.40 | | $512.56 | $238.00 | | |
| Deputy Chief, Bus Maintenance | New Flyer Pre-Build Meetings | St Cloud, MN | 03/09/26-03/12/26 | $1,462.51 | $481.39 | $166.99 | $512.56 | $238.00 | $63.57 | 4 |
| Chief Legal Officer | APTA Legal Seminar | Philedelphia, PA | 03/15/26-03/17/26 | $1,336.87 | $614.00 | | $489.62 | $233.25 | | |
| Chief Executive Officer | APTA Business Members Annual Mtg, | Savannah, GA | 03/16/26-03/18/26 | $1,315.78 | $513.40 | $106.18 | $607.70 | $88.50 | | |
| Chief Executive Officer | APTA Transit CEOs Seminar | Monterey, CA | 03/20/26-03/22/26 | $1,400.17 | $665.80 | | $590.12 | $144.25 | | |
| Deputy Chief, Transit Safety | 2026 FTA Safety Workshop, | Washington, DC | 03/25/26-03/27/26 | $1,816.27 | $876.79 | $78.82 | $630.66 | $230.00 | | |
| | | | | | | | | | | |

| | |
|---|---|
| Total this reporting period | $15,161.76 |
| **Year to Date** | **$139,559.93** |

*Report reflects Out of State (AZ) Travel*

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

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

| Payment Number | Date | Supplier or Party Name | Transaction Description | Amount |
|---|---|---|---|---|
| 10004531 | 3/12/2026 | Keolis Transit Services LLC | Fixed Route Bus Operations/Maintenance/Professional Services | 8,095,608.09 |
| 10004574 | 3/26/2026 | City of Phoenix | Transportation Services for East/West Valley-Fixed & ADA Routes | 4,374,951.83 |
| 90000498 | 3/5/2026 | ADP Inc | PPE 3/01/2026 Payroll Liabilities | 1,616,588.76 |
| 90000503 | 3/19/2026 | ADP Inc | PPE 3/15/2026 Payroll Liabilities | 1,578,856.41 |
| 10004523 | 3/12/2026 | MTM Transit LLC | Operation and Maintenance Services for Paratransit | 1,440,175.64 |
| 10004501 | 3/5/2026 | MJM Innovations | Broker Services | 1,082,506.76 |
| 10004532 | 3/12/2026 | Keolis Transit Services LLC | Preventative Maintenance Services | 929,047.60 |
| 90000501 | 3/19/2026 | Cigna Health and Life Insurance Company | Health Insurance Premiums | 760,409.19 |
| 10004557 | 3/26/2026 | Commute with Enterprise | Vanpool Services | 591,909.97 |
| 10004521 | 3/12/2026 | MJM Innovations | Broker Services | 501,866.46 |
| 90000497 | 3/5/2026 | ASRS | PPE 3/01/26 ASRS Contributions & LTD | 426,452.90 |
| 90000500 | 3/19/2026 | ASRS | PPE 3/15/26 ASRS Contributions & LTD | 414,506.48 |
| 10004522 | 3/12/2026 | MJM Innovations | Broker Services | 341,127.36 |
| 10004537 | 3/19/2026 | Scheidt & Bachmann USA Inc | Hardware and Software Maintenance Support | 247,383.59 |
| 10004493 | 3/5/2026 | 101 North First Ave LLC | 101 Building Rent | 206,954.12 |
| 10004567 | 3/26/2026 | Vix Technology USA Inc | Customer Service Network | 128,813.61 |
| 10004520 | 3/12/2026 | Vix Technology USA Inc | Customer Service Network | 127,665.21 |
| 10004552 | 3/19/2026 | Keolis Transit Services LLC | Engines and Transmissions | 127,392.11 |
| 10004565 | 3/26/2026 | Oracle America Inc | Software, Hardware, and Services | 120,396.79 |
| 10004551 | 3/19/2026 | Keolis Transit Services LLC | Engines and Transmissions | 119,465.87 |
| 90000504 | 3/31/2026 | Surepays | RPTA Monthly Utilities | 109,996.31 |
| 10004527 | 3/12/2026 | Guidesoft Inc | Temporary Staff - IT related | 104,539.17 |
| 10004556 | 3/26/2026 | CDW Government LLC | Software, Maintenance and Support | 86,159.58 |
| 10004506 | 3/12/2026 | Magnetry LLC | Marketing Services | 85,750.00 |
| 10004561 | 3/26/2026 | QCM Technologies LLC | Information Technology Services | 77,204.92 |
| 10004514 | 3/12/2026 | Senergy Petroleum LLC | Bulk Fuel | 60,247.15 |
| 10004536 | 3/19/2026 | Nationwide Retirement Solutions Inc | PPE 03/15/26 Plan | 54,075.87 |
| 1003587 | 3/19/2026 | Regional Transportation Authority of Pi | Ajo 685 Long Route Trips | 53,420.46 |
| 90000502 | 3/19/2026 | Wells Fargo Bank | Monthly Credit Card Charges | 52,685.47 |
| 10004566 | 3/26/2026 | Insight Public Sector Inc | Software Purchases | 42,394.58 |

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|---|---|---|---|---|
| 10004540 | 3/19/2026 | Senergy Petroleum LLC | Bulk Fuel | 41,206.15 |
| 10004553 | 3/19/2026 | Valley Metro RPTA | Platinum Pass program services and smart card stock | 35,978.00 |
| 10004510 | 3/12/2026 | Dell Marketing LP | IT computer equipment, peripherals and supplies | 35,030.95 |
| 1003575 | 3/12/2026 | CopperPoint Insurance Company | Workers Comp Premium Renewal | 34,552.10 |
| 1003595 | 3/26/2026 | Hye Tech Network & Security Solutions L | Technology and Audio/Visual Solutions | 31,666.67 |
| 10004543 | 3/19/2026 | National Express Transit Corporation | West Valley - Transit Services/Preventative Maintenance | 29,527.31 |
| 10004569 | 3/26/2026 | Transportation Management & Design Inc | Project Management and Needs Assessment | 29,456.34 |
| 10004550 | 3/19/2026 | Keolis Transit Services LLC | Engines and Transmissions | 26,983.06 |
| | | | | 24,222,952.84 |

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

| Payment Number | Date | Supplier or Party Name | Transaction Description | Amount |
|---|---|---|---|---|
| 50004145 | 3/12/2026 | Siemens Mobility Inc | Light Rail Vehicles | 9,549,675.01 |
| 50004178 | 3/26/2026 | Alternate Concepts Inc | Transportation Services - Direct Labor Costs | 2,057,540.40 |
| 50004136 | 3/12/2026 | Alternate Concepts Inc | Transportation Services - Direct Labor Costs | 1,749,593.65 |
| 50004141 | 3/12/2026 | Jacobs Engineering | Capital Extension Design | 1,633,042.40 |
| 50004154 | 3/12/2026 | Inter-Con Security Systems Inc | Field Security Officers | 1,372,203.25 |
| 50004172 | 3/19/2026 | DMS Facility Services Inc | Operations Cleaning Services | 902,020.12 |
| 50004192 | 3/26/2026 | Southwest Transit Partners | CAPEX CM Risk Services - Pre-Construction Services | 763,180.20 |
| 90000057 | 3/31/2026 | Surepays | VMR Monthly Utilities | 498,782.80 |
| 50004186 | 3/26/2026 | SDB Contracting Services | JOC-Supplemental Construction Services | 300,877.10 |
| 50004182 | 3/26/2026 | HDR Engineering Inc | Project Development Support | 277,150.01 |
| 50004123 | 3/5/2026 | PGH Wong Engineering Inc | System Design Services | 265,364.06 |
| 50004167 | 3/19/2026 | AECOM Technical Services Inc | Environmental Services Support | 153,526.83 |
| 5004151 | 3/5/2026 | STV Incorporated | Project Development Support | 132,521.50 |
| 50004175 | 3/19/2026 | Penn Machine Company LLC | Tires and Tire Kit Mounting | 120,840.00 |
| 50004142 | 3/12/2026 | Knorr Brake Corporation | Brake Caliper | 98,658.00 |
| 50004185 | 3/26/2026 | Knorr Brake Corporation | Brake Caliper | 98,658.00 |
| 50004176 | 3/19/2026 | PGH Wong Engineering Inc | System Design Services | 86,412.13 |
| 50004163 | 3/19/2026 | WSP USA Inc | Community Relations Support Services | 69,933.39 |
| 5004223 | 3/26/2026 | Powerex-Iwata Air Technology Inc | Air Compressors | 66,984.77 |
| 50004170 | 3/19/2026 | Brookville Equipment Corp | LCD Sign | 66,975.00 |
| 5004190 | 3/19/2026 | Powerex-Iwata Air Technology Inc | Air Compressors | 66,875.00 |
| 5004219 | 3/26/2026 | Smith-Emery Laboratories Inc | Non-Destructive Rail Test | 65,000.00 |
| 50004169 | 3/19/2026 | Award Winning Restorations | Accident Repair | 50,760.29 |
| 50004179 | 3/26/2026 | ARCADIS | Consulting Support Services | 50,302.88 |
| 50004121 | 3/5/2026 | HDR Engineering Inc | Project Development Support | 50,227.61 |
| 5004218 | 3/26/2026 | STV Incorporated | Project Development Support | 44,275.75 |
| 50004150 | 3/12/2026 | Qognify Inc | Enterprise SMA Software Support | 42,836.50 |
| 50004195 | 3/26/2026 | City of Phoenix | VIX FCMS charges | 39,477.00 |
| 50004157 | 3/12/2026 | WEX Bank | Fleet Card Services | 32,339.97 |
| 50004131 | 3/5/2026 | Infenix | Program and Construction Management Services | 29,730.61 |

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|---|---|---|---|---|
| 50004166 | 3/19/2026 | Infenix | Program and Construction Management Services | 28,740.69 |
| 50004159 | 3/19/2026 | Siemens Mobility Inc | Door Control Unit | 28,445.00 |
| 5004156 | 3/5/2026 | Superior Cleaning Equipment Inc | Non-Revenue Vehicle Purchase | 27,508.20 |
| 5004217 | 3/26/2026 | Downtown Phoenix Inc | City Scape Customer Resource Hub-Lease Agreement | 27,083.00 |
| 5004183 | 3/12/2026 | Convergent Print Group LLC | Printing Services Wraps | 26,084.21 |
| 50004134 | 3/5/2026 | White Cap LP | Concrete cutting tools for track maintenance | 25,643.40 |
| 50004146 | 3/12/2026 | Centurylink | Capital Extension Utilities | 25,155.35 |
| | | | | 20,924,424.08 |

# Executive Summary

**DATE**
May 14, 2026

**AGENDA ITEM 9**

**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

# Agenda

May 14, 2026

Valley Metro RPTA
Board of Directors
Thursday, May 21, 2026
Boardroom/You Tube
Valley Metro
101 N. 1st Avenue, 10th Floor
11:15 a.m.

Action Recommended

**CONSENT AGEDNA**

| | | |
|---|---|---|
| 1A. | Minutes<br><br>Minutes from the March 26 and April 16, 2026, Board meetings are presented for approval. | 1A. For action |
| 1B. | Federal Transit Administration Pass-Through Grant Agreements<br><br>Authorization for the Chief Executive Officer to execute intergovernmental agreements and contract amendments with the City of Phoenix for the listed grants. | 1B. For action |
| 1C. | Non-Rail Public Transit Agency Safety Plan (PTASP)<br><br>Approval of the Bus (non-rail mode) Public Transportation Agency Safety Plans (PTASP). | 1C. For action |
| 1D. | Intergovernmental Agreement with the Maricopa Association of Governments (MAG) and the City of Phoenix for Proposition 479 Transit Life Cycle Program (“TLCP”) bus program<br><br>Authorization for the Chief Executive Officer to enter into an agreement with MAG and the City of Phoenix regarding roles and responsibilities for management, administration, and implementation of the Proposition 479 Transit Life Cycle Program (“TLCP”) bus program. | 1D. For action |

## REGULAR AGENDA

| | | | |
|---|---|---|---|
| 2. | Renewable Natural Gas Revenue Contract Award | 2. | For action |

Authorization for the Chief Executive Officer to enter into a contract with Clean Energy Renewable Fuels, LLC, for Renewable Natural Gas Credits (Revenue), with a five-year initial term and three one-year options to extend. The aggregate revenue over the term is estimated at $9,805,444.

| | | | |
|---|---|---|---|
| 3. | Valley Metro RPTA Fiscal Year 2027 (FY27) Proposed Operating and Capital Budget and Five-Year Operating Forecast and Capital Program (FY27 through FY31) | 3. | For information and possible action |

Approval of the RPTA FY27 Proposed Operating and Capital Budget, and acceptance of the Five-Year Operating Forecast and Capital Program (FY 2027 thru 2031).

| | | | |
|---|---|---|---|
| 4. | Election of FY27 Board Officers and Subcommittee Members | 4. | 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.

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

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

| | | | |
|---|---|---|---|
| 6. | Next Meeting | 6. | For information |

The next Board meeting is scheduled for **Thursday, June 18, 2026 at 11:15 a.m.**

Qualified sign language interpreters are available with 72 hours notice. Materials in alternative formats are available upon request. For further information, please call Valley Metro at 602-262-7433. The supporting information for this agenda and the You Tube streaming link can be found on our web site at www.valleymetro.org.

# Meeting Minutes

May 14, 2026 **AGENDA ITEM 1A**

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

1. Consent Agenda

1A. Minutes (no action taken)
1B. Transportation Demand Management Platform Contract Amendment

**IT WAS MOVED BY COUNCILMEMBER TOLMACHOFF, SECONDED BY COUNCILMEMBER WHITE AND UNANIMOUSLY CARRIED TO APPROVE CONSENT AGENDA ITEM 1B.**

2. Fuel Hedging Program Authorization

Chair Adams said the next item is number 2, Fuel Hedging Program Authorization. And this is for action.

Ms. Mefford-Miller said thank you, Madam Chair. I will invite Michael Matthews, our Controller to the podium to provide a brief presentation.

This item has been in the works for a while. It is especially timely because this is one of a couple of strategies that you're going to see in the next two months that are intended to help us stabilize our energy costs. And here at Valley Metro, our primary sources of energy are electricity for buildings and our rail fleet, compressed natural gas for our bus fleet, and then also diesel and a little bit of unleaded fuel for other on-road fleets.
So Mr. Matthews, walk us through this program and strategy.

Mr. Mathews said thank you, Madam Chair, members of the board. In September 2025, the board approved a contract with a fuel hedging consultant. With the assistance of that consultant, a fuel hedging policy has been developed to help us initiate a fuel hedging program in accordance with industry best practices. The program doesn't change how we're going to buy fuel. We'll continue to purchase fuel through our existing contracts at market prices.

Hedging is a financial instrument that allows us to reduce budget uncertainty during periods of price fluctuations in the price of fuel. On the graphs here, I have examples of how the price of natural gas and diesel has fluctuated over the years due to the price in the marketplace. Also, for fuel costs, which we use to fuel our paratransit vehicles, there's similar fluctuations caused by the price of fuel.

I have a couple examples, Madam Chair, that I could walk through or I could just summarize. Please summarize. In both examples, whether or not the price of fuel goes up or down, we continue to pay pretty, close to the budget price.

So in the first example, our budget is $500,000 for 100,000 units, or 500,000 units of fuel, rather. And the net fuel cost after hedging would be $481,250, you see at the bottom of the slide. Had hedging not been in place, we would have paid 600,000.

So the budget variance is reduced dramatically. Even in a, however, it cuts both ways. So if we implement this fuel hedging policy, if the price of gas had gone down from our budget, we would have paid $375,000 for that fuel without the program.

However, once the program's in place, we'll pay 470,000. Again, closer to the budget. So it provides that budget certainty. We're not alone in implementing a program such as this. It is an industry standard. We reached out and confirmed these five agencies listed in the slide are currently using fuel hedging.

Today, we're asking for authorization for three things. The first is a new fuel hedging policy. In that policy, we indicate that the price and purpose of this is to reduce price volatility and provide budget certainty.

We put limits on ourselves to ensure that we're not speculating by ensuring we only hedge 100 percent or less of annual forecasted consumption. We don't hedge out more than 36 months. That time range allows us to take advantage of areas of low pricing. And we're restricted on using futures or swap agreements by Arizona revised statutes. There's no, again, I just want to emphasize, there's no price change to what we're paying suppliers or member cities for the fuel we're using to fuel our buses, paratransit vehicles, et cetera. It's not affected by the renewable natural gas contract that you'll see next month, where we're trying to obtain rebates for using renewable natural gas.
And it explicitly prohibits speculative trading.

Chair Adams said I have a quick question, you probably said this, but how long do we have this going on with fuel hedging? I mean, do we have about a year or two years?

Mr. Mathews said Madam Chair, the policy allows us to enter into fuel hedges of up to 36 months in the future. So if prices were at historical low levels, such as they were during COVID, we could lock in those prices for a period of up to three years.

Chair Adams said okay.  Thank you very much.

Mr. Mathews said we're also asking for authorization to amend our investment policy. When it was enacted, we did not have the ability to purchase futures or swap agreements as an allowable investment.

They are allowed under Arizona revised statute as listed there. And we asked for authorization to purchase something up to 36 months in advance. Currently it's limited to two years.

And again, that's to take advantage of areas of historically low prices when they're, should they present themselves. In addition, we're asking for authorization to enter into an agreement with R.J. O'Brien. Our consultant is going to help us place the orders, but we need a future brokerage firm in order to hold those investments.

R.J. O'Brien is the largest independent futures brokerage firm in the U.S. Based on our transactional volume, based on our historical fuel usage, assuming that remains the same, the price we'll pay them is about $3,500 to $4,000 a year in transactional fees. Once we enter into an agreement with R.J. O'Brien, we're going to deposit $1.25 million with them. The reason for the large deposit is with these agreements, every day you're sent to market.

So for example, if we had 500,000 gallon equivalents of natural gas hedged, and the price of that fuel dropped by two cents, we'd immediately have a margin call due by the end of the day of $10,000. So this reduces our administrative burden of constantly wiring money in between us and R.J. O'Brien to satisfy any margin calls. That money, I should point out, that money will not remain.

We're able to invest that money when it's not being used in U.S. treasuries or similar investments. So it's not just sitting there not earning any return. The money can be transferred at any time.

So if we have significant gains in the program, that money can be taken out and it can be reduced. Madam Chair, members of the board, today we're requesting the recommendation as shown on the screen. Happy to answer any questions.

Chair Adams said does anyone have any questions? Councilmember Tolmachoff.

Councilmember Tolmachoff said just real quick, I know we're running short of time, but so does R.J. O'Brien, what kind of analytics do they use to determine like how big of a shift in the fuel market does there have to be for them to actually, I mean, obviously they can't be trading daily in a volatile market. So how does that work?

Mr. Mathews said we enter into the fuel hedging agreement and then they base it to market every single day. So if the price of unleaded fuel rises, as it did, you know, a couple of weeks ago, we would receive. We would receive a gain deposit in our account.

Alternatively, if the price lowered, they take the money out of our account up until that $1.25 million was exhausted.

Councilmember White said thank you so much, Madam Chair. Thank you for the presentation. I'm taking a look at just our portfolio of investments in the past Valley Metro's investments have made us a more, I guess, positioned as well, because we've made money off of our investments.

Will we be in the same situation after we don't let these money sit idle if we are realizing revenue? Are we going to be moving it into the same investment that we have existing portfolio or is that moved and is this broker going to be managing that?

Mr. Mathews said R.J. O'Brien will manage that. They'll invest that money at our discretion. We'd instruct them to invest those in U.S. Treasury notes or money market funds.

Councilmember White said who's our other investor that currently manages our asset portfolio?

Mr. Mathews said PFM Asset Management. I think they were absorbed by U.S. Bank recently, but the same firm has been working with us for many years.

Ms. Mefford-Miller said similarly invested is the response Councilmember, White, in a different portfolio.

Councilmember White said thank you very much. I appreciate that and hope that we continue to be profitable.

Chair Adams said very good. Any other discussion on this? I'll entertain a motion to approve and a second, please.

**IT WAS MOVED BY COUNCILMEMBER TOLMACHOFF, SECOND BY COUNCILMEMBER WHITE AND UNANIMOUSLY CARRIED TO AUTHORIZE THE CHIEF EXECUTIVE OFFICER TO APPROVE THE NEW FUEL HEDGING POLICY AND APPROVE MODIFICATIONS OF THE INVESTMENT POLICY. ALSO AUTHORIZE THE CEO TO EXECUTE AN AGREEMENT WITH R.J. O'BRIEN & ASSOCIATES, LLC SOLELY TO TRANSACT IN FUTURES AND COMMODITY SWAP AGREEMENTS, INCLUDING FUNDING ACCOUNTS, EXECUTING REQUIRED AGREEMENTS, RESOLVING DISPUTES, AND DELEGATING DISCRETIONARY TRADING AUTHORITY TO AUTHORIZED STAFF.**

3. <u>Valley Metro RPTA Fiscal Year 2027 (FY27) Preliminary Operating and Capital Budget</u>

Chair Adams said item number 3, Valley Metro, fiscal year of '27, for information only.

Ms. Mefford-Miller said thank you, Madam Chair. Ken Kessler will provide a brief presentation on the current state of the draft FY27 budget process. This looks similar to the budget we walked the board through last month and that we shared with audit finance subcommittee earlier this month. So just high-level notes, the RPTA operating budget is a 1.2 percent reduction relative to our current year operating budget that includes significant reductions, including $2 million in personnel. That's 17 positions that are currently vacant that would not be carried forward into the FY27 operating budget. Reductions in contracts, administration, equipment. We do have some increases. Mr. Kessler will walk through.

We've got a fuel increase. This is an item we're carrying forward in response to the current very volatile fuel market. We're also currently negotiating an amendment to our paratransit contract item.

And then we've got similar items on the Valley Metro Rail. So Ken, walk us through it. And I want to pay particular attention since we've walked through this to our five-year outlook.

I think that's super important while we're having conversations about the financial stability of the organization to take a look at our funding streams, their anticipated performance, and our anticipated costs for the next five years. Ken.

Mr. Kessler said thank you, Jessica, Madam Chair, members of the board.
Just walking through quickly. So again, the budget is built around the strategic plan, how we build it here. We're starting with the base budget, adding in those ongoing obligations and continuing commitments.

And then if there are any Valley Metro new recommended initiatives, which this year there are zero. I just want to reemphasize that. And that arrives at our total budget.
So what does that look like in terms of the numbers? So for RPTA, we have about $11.5 million reduction in the base budget, a piece of that $7 million due to some Phoenix operated service that was funded with public transportation funds. They were utilizing their jurisdictional equity balance in the last couple of years. I have pulled that back now as we're reaching the end of Prop 400 and the concept of jurisdictional equity.

But the remaining balance of that reduction is true cost reductions in our actual budget for RPTA operations. So moving from that base budget –

Councilmember Tolmachoff said Madam Chair, may I just ask a question before we move on, or do you want us to wait to get all the way through the present?

Mr. Kessler said you can ask questions anytime.

Councilmember Tolmachoff said so is that $3.4 million approximately that's -- is that going to be an ongoing savings? Do you anticipate that -- or is this a one-time thing?

Mr. Kessler said well, Madam Chair, Board Member Tolmachoff, so the 3.4 represents just this specific year's, year over year change compared to 26. In terms of the base reductions made in addition to the Phoenix service, yes, some of those items were one-time items in the current year budget that we don't expect will continue. Some of those were areas where we identified trends of underspend in certain parts of the budget that we have pulled back on based on the actual spend history. So yeah, so that reduction will continue, not to say that we'll see a year over year reduction because we do have things like contract rates and things like that that do escalate over time, so.

Councilmember Tolmachoff said thank you.

Mr. Kessler said certainly. So yeah, so an overall $3.4 million reduction when we factor in those ongoing obligations, and just to show right there, the base budget does comprise 97 percent, and those cost drivers year over year represent just 3 percent of the overall operating budget.

So just a reminder in terms of the budget development updates, you know, what we've made, those reductions, as I mentioned, the base budget, some reductions we've made based on feedback we've heard over the last few months from the various presentations we've done from member city staff, management team, as well as the board. So we continue to make those reductions, and just want to highlight and show a summary of what Jessica touched on, the most recent adjustments to the budget. So you could see there, we have a number of reductions that Jessica had mentioned, totaling about almost $1.9 million, but we do have some adjustments upward from the previous version.

The transit services, that's our paratransit contract. We're working through negotiations with the current provider to extend that contract. And based on the latest updated information, where those negotiations are at, we have bumped that up.

The fuel adjustment, as Jessica alluded to as well, to be mindful of where fuel prices are going. And then we did have some ongoing last final kind of classification compensation adjustments built into salaries in the most recent couple of months that were built in going forward.

Chair Adams said I have a question. For the personnel services, when do you typically do the raises? Like in July or?

Mr. Kessler said Madam Chair, members of the board, yeah. Merit raises do go in effect with the first full pay period in July each year.  And so these personnel reductions, this represents the position reduction.

Chair Adams said yeah, I understand that. I'm just asking what we're thinking for how much we're going to give the -- like what percentage?

Mr. Kessler said so in terms of adjustments to salaries for staff, at this point, built in the budget, we do not have a cost of a living adjustment in there, so that's at zero.
And we have an overall average merit increase across the board for the agency of 3 percent. So it's at 3 percent that's built into the budget. Comparing to FY26, we had a -- I believe it was about a 2 percent COLA and a 3 percent merit.

So we are being mindful of the fiscal situation we all face, but at the same time, recognizing we want to make sure we're able to retain staff, so finding that balance. So that's why we move forward in that manner.

Chair Adams said I also want to commend you on freezing the 17 positions, because that's a lot of salary savings so good job.

Ms. Mefford-Miller said w e're not going to freeze them. They're eliminated.

Chair Adams said oh, thank you for the correction.

Ms. Mefford-Miller said we are not moving them forward in the FY27 budget, so they won't be in FY27. They won't -- to Councilmember Tolmachoff's earlier question, they wouldn't be carried forward in FY28.

Chair Adams said okay.  Thank you. Go ahead, Councilmember White.

Councilmember White said thank you so much, Madam Chair. Thank you, Mr. Kessler. I think when cities are only really giving 2 percent, it sounds like, in merit, for us to be able to cut a million in personnel, I don't mind the COLA -- I'm not, and have no COLA as well, so there is no COLA this year. To be able to do, you said merits, they'll be 3 percent or 3.5?

Mr. Kessler said three percent overall average. So depending on where your performance evaluation falls, some people could get zero, could get one, two, three, whatever, et cetera.

Councilmember White said and it is performance-based? Correct?

Mr. Kessler said yes, performance-based.

Councilmember White said does that still allow for someone to get a 5 percent?

Ms. Mefford-Miller said it would be highly unusual.

Chair Adams said all right. Go ahead.

Mr. Kessler said with those additional adjustments necessary to be mindful of where our paratransit contract is at, fuel, et cetera, so we do have an overall net increase of about 472,000 from the last version, but again, that moved the needle from last month, that was a negative 1.3 percent year-over-year change to a negative 1.2 percent. Okay, thank you. And looking at the budget from, the operating budget from our program perspective, so again, here's showing the numbers by program, obviously fixed route demand services, the overall majority of the RPTA operating budget.

Do want to point out regional services as well as administration finance, we are showing some fairly significant reductions there, 15 percent and 8 percent reductions respectively for those two categories. Then moving on to the sources, again, for the RPTA operating budget, primarily funded by public transportation funds and membership contributions. And then just highlighting a summary of those ongoing obligations, those cost drivers, that really there's very little control over those contract rate increases that are built into contracts year-over-year for our operations contracts, as well as other items like the overall fuel increase, that's kind of really more inflation or market driven, and then regional services provided by City of Phoenix.

So an overall $7.9 million increase due to these ongoing obligations. Now, looking at the capital program, again, regional fleet for RPTA being the largest capital category we have, an overall $3 million reduction year over year. Looking at the sources that fund our capital program, public transportation funds and federal funds that are the sources for that program.

So now looking at pass-through funds, again, here on the pass-through funds, this is for things that RPTA either disburses funds to member cities like that lottery funds, or things like the VMR personnel that cost flows through to VMR.

And then on the use of side, you'll see like those VMR personnel costs are reimbursed by VMR to RPTA, and then the other funding sources like PTF and the lottery funds that fund that program. So now moving on to the five-year program.

So for the operating program for RPTA, a little over a $2 billion program for the next five years. You can see here the year-over-year changes. I do want to point out, it has been mentioned by some staff in previous presentations about differences between our five-year forecast and the MAG RSTIIP, same five-year period having differences.

And those differences are due to a number of reasons, the approach and the way we forecast versus MAG, and the fact that MAG built out a 20-year program forecasting using kind of high-level assumptions like 3 percent year-over-year growth in costs and things like that. We're using more granular information in terms of the contract rates that we know. So we're able to build those year-over-year changes into the budget and more granular cost assumption changes like that.

We will continue to work closely with MAG to make sure that our programs are very much aligned. I will say this, they will never match dollar for dollar due to a number of reasons, timing. We update this, like this five-year program has been updated probably four or five times in the last four or five months.

We've been updating it as we update the budget because everything flows through to outer years. MAG's RSTIIP, the most recent version, I believe that was updated late calendar year 25. And so just due to the nature of our process, we update it more frequently as we go through the budget process with adoption of the budget by the board in May or June.

Councilmember Tolmachoff said Mr. Kessler. So on the regional services and administration line, the fiscal year 27 shows 2021 to '20, and then it drops off, all the subsequent years drop off to in the 15 range. What's that attributed to?

Mr. Kessler said that's a good question. I would have to reach out to my team to get the details on that.

I'll move on now to the five-year capital program. In the five-year capital program here, you can see we have about a nearly $900 million program. Sources of funds, again, for RPA capital, very much reliant upon federal funds and public transportation funds. Also do want to point out, again, regional fleet being the biggest part of the capital program in terms of uses, and as well as member agency disbursements. So those are those disbursements I mentioned before in the pass-throughs, as well as passive PTF funds to member agencies for PTF funded projects that they're carrying out. So here's a recap of the budget timeline with the target for adoption of the budget in May.

That concludes my presentation. I'm happy to take any more questions.

Councilmember Buckland said thank you, Madam Chair. Can you go back one slide? So the question asked by Councilmember Tolmachoff, if you look at the rail program disbursements, four, seven, five, 71, and six.

Mr. Kessler said Madam Chair, Board Member Buckland, so basically what that represents is, initially the rail disbursements from PTF are kind of in the next couple of years, very limited to things like state of good repair and some minor capital costs. Right now we're kind of more in a planning phase for our capital program on the VMR side of things, so with no construction going on and things like that.

Then as we ramp up in the future, we see some additional, and then also state of good repair as it kind of ramps up on the rail side in terms of needs. So that's why you see fluctuations with the disbursements to the rail program.

Councilmember Buckland said thank you.

Chair Adams said any other questions? Seeing none. Thank you very much for your presentation. Thank you.

4. Report on Current Events and Suggested Future Agenda Items

Chair Adams said item number 4, Report on Current Events and Suggested Future Agenda Items. Does anyone have any future agenda items or events that they want to discuss? Seeing none.

5. Next Meeting

The next Board meeting is scheduled for Thursday, May 21, 2026 at 11:15 a.m.

With no further discussion the meeting adjourned at 2:12 p.m.

# Meeting Minutes

May 14, 2026 **AGENDA ITEM 1A**

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

Chair Adams said welcome to the Valley Metro RPTA board of directors. I will call the meeting to order at 12:55 p.m.

1. Consent Agenda

1A. Minutes
1B. Customer Service Network (Fare Support Call Center & Card Fulfillment) Contract Amendment
1C. Federal Transit Administration Pass-Through Grant Agreements – Section 5310

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

2. Transit Buses – Heavy Duty Contract Amendment

Chair Adams said next, we'll go to number 2, Transit Buses - Heavy Duty Contract Amendment. I would like to ask Greg Thompson, Deputy Chief Bus Maintenance to come up and provide the presentation.

Mr. Thompson said thank you. Madam Chair, members of the board today. We are seeking approval to purchase eight 40 foot Gillick CNG buses to replace eight 40 foot CNG buses that have exceeded their minimum useful life.

These buses will be procured using the Washington State cooperative agreement for amount of 6 -- or $7.6 million.

And I am happy to answer any questions you may have. And the recommendation is on the screen before you.

Chair Adams said does the board have any questions? Let's let people look at it a little bit.

Councilmember Pastor said it's to purchase buses.

Chair Adams said yes. Any questions? Councilmember Dorcey, you look like you have a question.

Councilmember Dorcey said that says $42 million up there are we approving the 42 million contract or are we approving 8 buses?

Mr. Thompson said thank you for that question. We are adding to the aggregate value of the contract to the Washington State procurement. The expenditure for the buses, including contingency, is the $7,586,180, bringing the total contract, including previous purchases to that 42,306,000.

Councilmember Dorcey said that's good. Good clarification. Thank you.

Chair Adams said thank you. Any other questions? Do I have a motion?

**IT WAS MOVED BY COUNCILMEMBER PASTOR, SECONDED BY COUNCILMEMBER TOLMACHOFF AND UNANIMOUSLY CARRIED TO AUTHORIZE THE CHIEF EXECUTIVE OFFICER TO EXECUTE A CONTRACT AMENDMENT WITH GILLIG, LLC, FOR THE PURCHASE OF EIGHT (8) 40’ CNG TRANSIT BUSES IN AN AMOUNT FOR $7,586,180 AND TO INCREASE THE AGGREGATE VALUE OF THE CONTRACT NOT TO EXCEED $42,306,180.**

3. Payroll Services Contract Award

Chair Adams said item number 3, Payroll Services Contract Award. I would like to ask Ken Kessler, Chief Financial Officer, to come up to provide a presentation. Thank you.

Mr. Kessler said Madam Chair, members of the board. This item is for a contract to provide payroll services with ADP. We have been using ADP for many, many years now. They've provided excellent customer service. Providing that payroll support here just kind of outlined some of those services.

Do want to mention that we did have a review of our payroll, whether we should in-source or continue to outsource it a couple of years ago. The recommendation that came back was to clearly continue to outsource it through a company like ADP. It's a lot more efficient, minimizes risk, reduces costs.

So we're moving forward today to recommend entering into a contract with ADP to continue those services in the specific recommendations before you. I'm happy to answer any questions.

Councilmember White said thank you so much. Madam Chair. Thank you, Mr. Kessler for the presentation. Were there any requests for proposals from, you know, the

Workdays, the Paycoms out there to see if there was any better pricing for our payroll services to, you know, just make sure. I know ADP is the standard in the industry and well recognized for quality, but there are also quite a few other providers that can offer the service. I'm just wondering if we looked.

Mr. Kessler said we did not do our own competitive process. We're doing this off of a cooperative contract opportunity, which that process itself was a competitive process to secure ADP.

So a number of factors there as well. Continue on with the same provider in terms of any costs for changing over in terms of systems and infrastructure and that sort of thing that we had evaluated that and determined continuing with ADP under this cooperative contract was the best value for the agency.

Vice Mayor Davis said I don't know much about payroll processing. I'll be the first to admit that, but this just seems like a huge amount of money for something that could potentially be done by somebody who works for Valley Metro. Can you explain to me, like, what type of, you mentioned risks?   So what risks? Break it down for me, what do they do for us?

Mr. Kessler said Madam Chair, members of the board, Vice Mayor Davis. So ADP provides comprehensive payroll services. We do have a few payroll staff here just to do the necessary paperwork and things like that to support the staff here within the agency. Basically, tax compliance and a number of other issues staying up with that require a certain level of expertise and the review we did a couple years ago determined that we would need to hire an additional several more payroll staff in order to have the payroll staff infrastructure here within Valley Metro. That would be actually more expensive to have the payroll staff in-house than what it costs annually for the contract with a service provider like ADP.

Chair Adams said any other questions from the board?  Okay. I'm going to request a motion and a second to approve the recommendation as presented by the on the screen.

**IT WAS MOVED BY COUNCILMEMBER WHITE, SECONDED BY COUNCILMEMBER DORCEY AND UNANIMOUSLY CARRIED TO AUTHORIZATION FOR THE CHIEF EXECUTIVE OFFICER TO ENTER INTO A COOPERATIVE CONTRACT WITH OMNIA PARTNERS, FOR PAYROLL PROCESSING SERVICES WITH AUTOMATIC DATA PROCESSING, INC., WITH AN EXPIRATION DATE OF DECEMBER 31, 2030. THE AGGREGATE VALUE OF THE CONTRACT WILL NOT EXCEED $1,369,500.**

4. Update on Bus Network Redesign (BNR) Progress

Chair Adams said for the update on Bus Network Redesign Progress, I would like to ask Michael Eshleman to come up and provide the presentation. I'm sure I butchered your last name. This item is presented for information only.

Mr. Eshleman said good afternoon, Madam Chair, members of the board. I'm Michael Eshleman, Deputy Chief of Service Planning here to present the bus network redesign progress update item.

I do also want to recognize that we have Melissa Sather and Russ Chisholm from the Transportation Management Design Consulting team here in the audience. They met with us yesterday. We had a really fantastic discussion with the executive team and a number of other staffers to talk about the project and where we're going to go from here. So let me get into that. The bus network redesign is a comprehensive operational analysis of our system evaluating how effectively it performs. It offers a real opportunity to align service -- the service that we provide with how people are moving around our region.

We haven't performed such an effort in decades, and in the ensuing years, we've seen a great recession, the emergence of new mobility offerings, and a pandemic that fundamentally shifted where, how, and when people work. Our network has not kept up, and our customers are letting us know their pain points, as we'll discuss today.

The consultants and project team have completed significant work to date, including an evaluation of the market for transit service and an evaluation of how that service is performing.

The first phase of engagement was completed in the fall and yielded actionable insights into how customers perceive the system and how they'd like to see it change.

Our project team is developing the public engagement plan for the next round of outreach, which was initially slated to begin this April. However, through the extensive discussions with city staff, we've determined that pushing forward on an aggressive timeline would run against creating the best possible plan, and we decided we needed more time with staff to work through the plan recommendations and their funding implications, particularly with respect to Prop 479 TLCP.

We now plan to work through the spring and summer, engaging with cities at all levels to refine service proposals for engagement in the fall.

The ultimate goal of the bus network redesign is to create a more efficient and effective network, and I'd like to briefly touch on why that's important.

Effectiveness is about carrying riders and generating revenue. Investing resources where transit is used the most generates more ridership and more fare revenue, which can then be used to operate more service or to address funding gaps.

Efficiency is about maximizing the use of each limited resource, allowing the same level of service to be provided using fewer resources. That means faster travel times, shorter turnarounds, less non-revenue time. When service can be provided at a lower cost, Valley Metro and our partners can reduce operating expenses and provide more service within the community.

By combining these two strategies, we create a network that serves more people and attracts more riders with the same or fewer resources. This is especially critical as we move through the Prop 479 transition together. We can reduce costs and generate more revenue to fill up the formula bucket, and this sort of opportunity doesn't come along every day.

The bus network carries about 100,000 riders each weekday, with half of them riding on just 15 of our routes. The map will immediately draw your eye towards the large clusters of riders in the core of the network, but it's critical to also note the parts of the map where there are routes but few riders. Here's an illustration of what that looks like. Let me just see. Okay. These slides are a little different, so I'm going to go on the fly. Well, if you look at your packet, there's an illustration of what that looks like. Each column in the chart is a route, and one can see that the green routes on the left make up a large share of the ridership. The tail end of the chart illustrates that we're spending significant resources on routes and service that don't carry many people. System-wide, we carry about 12 passengers per hour of service. Our peer agencies are nearly double that. Service levels are generally flat throughout the day, with most routes operating in even 30-minute service, especially on weekends.

Ridership patterns vary relative to service levels. Where the purple line is greater than the gray bars, there's an increased demand for service at that time of day. On weekdays, we see strong morning and even stronger afternoon peaks, with sharp decline in the evenings. On weekends, there's more gradual peak in the mid-afternoon and early evening.

A key thing we learned that's not shown here is that on weekends in particular, there's a direct one-to-one drop in ridership commensurate with service levels when compared to weekday service. So essentially, if our weekend service is only 60 percent of our weekday service, our ridership drops to 60 percent of our weekday service on the weekend. So what we're finding is that people aren't riding service as much on the weekends because there's less service to ride on the weekends. Not because they don't want to ride on the weekends.

With BNR, we have a real opportunity to not only respond to what customers are saying to us in the engagement phase, which I'll get to in a moment, but also to respond to what they're telling us with their feet and their dollars.

I've been talking quite a bit about frequency, and I should explain why it's so important. So frequency is the number one factor that attracts riders to transit. It's what provides flexibility and allows people to travel spontaneously rather than having to plan their day around a fixed bus schedule. Even with real-time bus tracking information, 30-minute service still means you can't leave when you want to, even if you're able to minimize the time you spend waiting at the stop. And in a grid system, riders can't time their arrivals to transfer points. Our consultant, Russ Chisholm, I think mentioned that imagine that your garage only opens every 30 minutes. And that's similar to if you're trying to ride a bus that operates only every 30 minutes, so you'd have to wait. Even if you can time it with real-time information, you still have to wait for the bus trip to become available to you.

Currently, 28 percent of the population is within a half-mile of frequent transit. 44 percent of them are low-income, and 51 percent don't have access to a car. The goal of the bus network redesign is to expand access to frequent service, especially for those who rely more heavily on transit for mobility.

On this slide, we have two maps. The one on the left shows the green -- in green, the route segments that operate at least every 15 minutes on weekdays in the middle of the day. The map on the right shows in green the route segments that generate at least 15 passengers an hour, the most productive routes in the system.

There's a lot of overlap between the areas with the most frequent service and those with the most productive service. This helps make the case for investing in frequency. Even though frequent service costs more to operate, it generates a positive return on investment by generating higher ridership per hour of service offered.

Of course, it's not a complete overlap. There are some segments that are very productive and aren't frequent, though that might warrant more service, or there are segments that may be over-served because they're not generating the ridership they should.

In the fall, we conducted extensive public engagement effort to collect input on how people use the system and their priorities for improvement. The numbers for what we accomplished are on the screen, but I want to call your attention to a few key things. We held extensive pop-ups out in the field where we caught riders where they were. We could speak with riders in the midst of their journey and get a real sense of their experience with our service.

We also spoke with our bus operators. There are eyes and ears on the ground. We heard not only about their own experience driving the service, but also what they hear from our customers day in and day out. It's a real force multiplier effect where we're able to get really clear insights about what the customers are telling them that we wouldn't otherwise hear about their own experiences on the bus.

We also conducted a survey and got more than 4,500 responses when we were really only scoped for about 1,000. It was a huge effort and gave us a very clear idea of where we should be steering the network in the future.
Let me talk a little bit about our riders and who they are. More than half of our riders use the service every day, and there's a close split between those who have been riding a long time and those who are relatively new to the system. Most don't have access to a vehicle and have a household income under $50,000.

It's critical to note that for many folks, time is literally money and could be the difference between having a job or being unemployed, so providing a network that allows them to minimize time in transit can be life changing.

Regarding survey results, respondents were asked to rank 16 categories on a scale of one to five in terms of how important each is to them and their level of satisfaction with it.

Frequency is rated as the most important by riders. We saw in earlier slides that only 28 percent of the population currently live within a half mile of 15-minute service.
On-time performance was rated second in both the most important and the least satisfied categories, indicating a major gap for riders. We know from industry experience that reliability is the number one factor in retaining riders. Frequency gets them in the door and reliability keeps them there. Riders need to be able to rely on the service each and every day. If it's unreliable and infrequent, they'll pursue other options.

Availability of weekend service had some of the lowest satisfaction. There's currently no frequent bus market -- no frequent bus network on weekends outside of the Orbits and the rail network. And a big factor in weekend ridership is even if you take those services and want to connect to a regional local bus, that bus is only operating every 30 minutes, so it makes the rest of your journey that much more difficult.

For non-riders, frequency and direct services are the two key service factors that would drive a shift to transit for some of their trips. We have seen in this process that our riders spend an inordinate amount of time waiting for and riding the bus, which is a barrier to all but those who must rely on transit. It also compounds other issues such as heat and safety.

One of the things we did notice is that if you have a car, you can perform most of your trips under 20 minutes, whereas if you rely on transit, most of your trips are going to be over 40 minutes. So there's a significant gap. If we have people waiting a significant amount of time to take the bus when they could have just taken a different mode, that creates real challenges for getting people to start riding the bus using a trip planner, which is going to tell you already that it's going to take a long time, and then keeping them riding the bus as they're trying to do all their daily trips.

It also means that the longer it takes you to ride transit, the less willing you are to do short trips. So you're willing to take a 30-40 minute bus trip if you're going to be in an office for eight hours. You're a lot less willing to take a 30-40 minute bus trip if you're running an errand or going to meet friends or something like that. So the length of time spent at the destination has a real impact on how much you're willing to allow for a longer transit trip, if that makes sense.

Some key challenges with the current network can be summarized in this graphic, which illustrates how customers experience it then decide whether or not they're going to take transit. If the overall network isn't structured properly, people will look elsewhere.

Next is the network's frequency, which is the primary factor most consider when choosing transit for a trip. Then on-time performance and missing transfers, which both reflect reliability, which is the primary factor that influences retaining riders. With each step, riders act with their feet and their dollars, and if their experience with the service does not work for them.

As I mentioned earlier, we have listened, and we want to give more time for the proposals to breathe with the cities. So we'll be engaging with cities at all levels to talk through those proposals. We'll take that feedback and work with the consultant team to craft a draft plan to present to the public in the fall. The goal here with that public engagement isn't to present the perfect plan that will survive in total from that public engagement, but rather to get people's real insights about what they like and don't like, what works and does not work about what we're proposing.

We also need to be clear that in many ways, the network we have here today is here through countless small decisions within the region and fixing it with a series of small decisions will take a long time.

Bus Network Redesign represents a real opportunity to reset the entire network in response to not only what our customers told us in phase one of engagement, but also what they're telling us all day when they speak with our operators, send us complaints, or simply don't ride. This is borne out by the fact that our ridership has only recovered to 60 percent of pre-pandemic levels. We have a fantastic opportunity to make meaningful changes in the economic mobility of our customers, and I'm thrilled to be working with everyone here to do the hard work to make the most of it. Thank you.

Councilmember Campbell said did you survey anyone in the West Valley?

Mr. Eshleman said we did. Absolutely. We have survey samples from every city within the service area.

Councilmember Campbell said even Goodyear?

Mr. Eshleman said oh, yeah. Absolutely.

Councilmember Campbell said I'd like to see it.

Mr. Eshleman said we can definitely provide the survey responses by jurisdiction. Thank you.

Councilmember White said t hank you so much, Madam Chair, Mr. Eshleman. The slide that was of great import is not in the deck for the public to see, but they can definitely go online and take a look at the bar graphs that you referred to when you said, hey, I'm going to go on the fly.

I think it's very important to kind of look at the top 15 routes that carry almost half of the riders more in depth, because I have a fear, and I know I have a buddy down there, Vice Mayor Davis, but then I also have former Vice Mayor from Goodyear speaking up as well. When I take a look at what Councilmember Wally is just saying, we want to make sure you understand we very much so care about bus transportation. And when we look at the heavy hitter routes here in the top 10 routes, you have two that go out to the West Valley.

One that I love the most, it's -- you know, when I think about if I want to go to the Zoo, I can just jump on the Van Buren bus, and it comes through Avondale, it circles around our city center complex, our civic center area, and continues to go west. So, I mean, that's a real route that we use, the 3, the 17, the McDowell route as well, very high performing routes.

But let's say Mr. Davis doesn't, you know, see the value in that route anymore in Tolleson, right, what does that do to Avondale and Goodyear if they no longer want to make that contribution? Like, what do we see? Because the reality is that most of the expansion Maricopa County is realizing is in the West Valley. Most of the East Valley is built out.

We heard from public comment today, hey, they're very concerned with the Capital Extension not happening. How are you going to get, you know, light rail out west? I mean, we've even tried to think outside of the box and in different municipalities because the rumor has it at some point in the future, Union Pacific or maybe BNSF will work with and get Amtrak service out here. But we need short-term assurance in the West Valley, like Councilmember Campbell said, that our people are being considered and that we have routes that are going to continue to come out in that direction as we expand and even go further.

And we want the acknowledgement and we want to make sure our member agencies also see the 3 and the 7 are in the top 10, top 10, not below the top 10. We're in the top 10 of where people are trying to go. So that's very important.

Beyond that, Madam Chair, Mr. Eshleman, I just want to share something that is a point of pride for all of us. And I think that when you do the public engagement and when you find some of the things, the characteristics of the Valley Metro riders, 85 percent of our riders have a favorable perception of Valley Metro.
So I think that when we look at our strategic plan, what we put on top was to make sure we were providing them with that excellent service. We are really on target to, you know, meet those expectations and those strategic outcomes. I think the only thing we would probably need to do is look at that frequency, look at that on-time performance. I think our real goal, putting that at the top of what we want to do in our strategic plan means that 85 percent is great, but 90 percent would be better. I mean, that's just like if you take that scale in school, we want to move out of that B range and take that A range rating. So there's some opportunities there for us to make sure we can do better.

But I think we're going to be cutting back. And so I have to put that overarching thought process and put that hat on that we need to cut back because there are a lot of routes that aren't performing as high and don't have as many riders in that cutback process. And in that partnership that many of our cities have with the City of Phoenix, which we are very grateful for, we want to ensure that we can increase ridership and increase the favorable perception of Alley Metro. Thank you, Madam Chair.

Councilmember Tolmachoff said I do have one question. So is the intent of this to be an ongoing process? And then what kind of frequency? Or is this a one-time thing? And then there'll be another one in, you know, I mean, obviously, you know, populations change things -- there's, you know, different modes of transportation. So I just want to make sure you understand the intent of this is obviously to redesign the bus network, but then that's -- there's no like in five years we're going to take another look at this or I just want to understand that.

Mr. Eshleman said Chair, Councilmember Tolmachoff, yes. So this is now the fifth or sixth one of these that I've done in the various places that I've worked, the usual cadence. They take about two years or a little bit more to complete. So five years is a little fast to do a full new network redesign. Usually want to do one at least every 10 years.

And the nice thing about a bus network redesign is that it, you know, your bus network is a living thing. So in the past when we've done these, we've done what we thought were good ideas, but that, you know, you didn't lay down rail so you can make adjustments to the bus network as you hear from your customers, as you hear from the communities that you serve. So the goal is to put it out there and continuously evaluate how we're doing, which were the best decisions that we made, which ones are the ones that we want to revisit. And luckily we can make four service changes a year.

So what we'll usually do is allow the service once it's implemented to sit and kind of bake for about 6 to 12 months and then start to really make the decisions around was that the right thing to do or not? Is there something else that we want to do instead? And then that just becomes part of your regular process until, you know, within the next 10 years, you do another network redesign.

These things are really a giant lift. We've done a ton of engagement, but, you know, one of the things also that I want to credit our CEO with is she's really put an emphasis on ongoing engagement. So it's not just ongoing evaluation of the network. It's ongoing listening and building relationships with our customers, hearing what they're saying. And these two things feed into each other.

Councilmember Pastor said yes. I want to thank you for this presentation and thank you for doing this. As you know, Phoenix runs their own bus network. And so my question is, is Phoenix Incorporated in this bus network redesign? I think I know the answer, but I want to put it on the record.

Mr. Eshleman said we've been working really close with Jesus and his staff. Yes. COUNCILMEMBER PASTOR: Okay. Knowing that Phoenix runs their own bus service, we also operate very differently. And so whatever -- anything that -- any results out of the bus network will have to come back to the City of Phoenix and be discussed amongst our committee and then our council. So I just want to make sure people are aware that that is the process on the bus network design.

I'm hopeful that whatever the results are, they will help all our customers and we can run effective and efficiently and some routes we may not be able to give up.

Mr. Eshleman said understood. That's not unique to Phoenix.

Councilmember Pastor said right. So I just want to put that on the record so that everybody understands we are part of this, but the City of Phoenix will determine those routes in the end.

Mr. Eshleman said Madam Chair, Councilmember Pastor, absolutely. We have a really fantastic collaborative relationship with your staff. We've been working closely. One of the reasons we wanted to give more time for this process to breathe is so that we can continue that coordination and make sure that we're actively making sure that the recommendations are the best they can be.

Councilmember Pastor said yes, and I'm hopeful also that when we get the final results that Valley Metro, along with the transportation staff, works together as a collective when they introduce this to each councilmember that is going to affect the routes. So thank you.

Chair Adams said all right. Thank you for your presentation. This item was presented for information.

5. Valley Metro RPTA Fiscal Year 2027 (FY27) Preliminary Operating and Capital Budget

Chair Adams said we're moving on to number 5, Valley Metro RPTA Fiscal Year 2027, Preliminary Operating and Capital Budget. I would like to ask Jessica Mefford-Miller to introduce this item, and this item is presented for information only, so there will be no votes taken.

Ms. Mefford-Miller said thank you, Madam Chair. Good afternoon again, members of the board. This item is before you. This is one stop on our iterative budget development process, which began in September 2025 and will culminate sometime later this spring with the adoption of the FY27 capital and operating budgets for both RPTA and VMR. And as we move together through the FY27 budget season, this season looks a little bit different. Like our member communities, Valley Metro is responding to the changes occurring around us by driving change within our organization.

We understand well that our city partners are experiencing critical reductions in revenues alongside cost growth. Likewise, costs for delivering transit have grown significantly, not just in the Phoenix Metro region, but across the country. We have been having detailed conversations with this board and our committees, including Audit Finance Subcommittees and our member cities about cost, service performance, and contracts since I joined Valley Metro now four years ago.

During the recent Joint Prop 479 study session with our partners at MAG, we also shared details on our cost profile relative to our peers. At the same time, we're working alongside MAG to advance the Prop 479 Transit Life Cycle Program funding framework, which is new to us.

The transit industry is also undergoing a period of evolution in travel patterns. You heard some of that from Michael Eshleman. Technology, cost, as well as federal policy. Valley Metro's aim is to ensure that this time of disruption and change does not become a service interruption, but rather an opportunity for efficiency, innovation, and long-term financial sustainability.

Throughout our iterative budget development process, we've been working very closely with your city staff, and we're carefully examining every potential expense. We're responding to input and direction from this board, as well as the many staff committees we meet with to inform our process and programs, including the capital and operating budgets.

The budget Ken will present to you today represents a year-over-year change relative to the FY26 operating budget of a 1.3 percent reduction for RPTA. I know some of you

won't be joining us for Valley Metro Rail. That includes a 7 percent increase for Valley Metro Rail.
Relative to where we began with projections in September at the time, we were projecting a 10 percent increase for RPTA and a 23 percent increase for VMR, as just a matter of reflection.

Cost savings today presented within the RPTA budget are driven by base budget reductions associated with our Mobility Center lease at 44th Street and the anticipated 101 building lease, based on what Ms. DeVore presented today, A reduction in City of Phoenix route PTF spending, really a pass-through, elimination of all new position requests, elimination of a proposed staff COLA at 2 percent, reductions in travel budgets to at or below FY25 levels.

Now our cost savings for Valley Metro Rail, relative to prior budget versions, included reduced maintenance costs, elimination of a proposed staff COLA, reductions in travel and legal support costs, reduction in maintenance, overtime, and vacancy savings, and capital reductions in future project development, state of good repair, and system improvements. Both Valley Metro Rail and RPTA continue -- staff continues assessment of our budgeted positions or head count, evaluation of IT and administrative costs.

In addition to responsiveness -- in addition to responsiveness to your guidance and direction today, the next iteration of the FY27 budget process, which we'll review in the April committee and board cycle, will include the following savings, a reduction in contractual support, so this is not in the budget today, this is for next time, of $974,000 administrative cost reductions, office expenses, et cetera, of $174,000 advertising, market research, and associated consultants, reduction of $254,000, and a $72,000 reduction in computer and software. I will talk about personnel on the next item.

Beyond these savings, which we anticipate realizing in the financial budgets, we're evaluating our business strategy across several agency functions under the leadership of the Valley Metro RPTA Ad Hoc Subcommittee, and we heard from Subcommittee Chair Councilmember Tolmachoff earlier. Thank you for your leadership and support of this effort. We look forward to working with that subcommittee and this board to identify opportunities for greater efficiencies beyond FY27.

So without further ado, I invite Ken, who's doing a great job alongside his team and the entire executive leadership team, to refine our budget request. Thank you, Ken.

Mr. Kessler said thank you, Jessica, Madam Chair, members of the board. I'm going to run through the RPTA FY27 preliminary budget. I do want to mention the budget is built with the foundation of our strategic plan framework, so the budget is based on meeting those strategic plan goals. As far as the detailed materials that we provided in your packet, we do have these detailed initiative write-ups.

One thing I do want to mention, Jessica kind of alluded to, as we're looking at the budget and trying to hold it steady and reduce as much as possible, in past years we've had new initiatives. So we've had a number of different types of categories of these things, new initiatives and those ongoing continuing commitments, inflationary items that are really something outside of the agency's control. This year we have zero new initiatives, so zero adds to the budget. Do want to emphasize that. So in addition to the reductions that Jessica has outlined, we have eliminated any new initiatives that were actually in the original version of the budget. So we are listening, we're getting the feedback from the board, the AFS subcommittee, as well as your staff at Financial Working Group and RTAG, et cetera, getting their feedback and we're working diligently to continue to reduce the budget.

So this is just a mock-up example of what that initiative looks like and just kind of an explanation of kind of what's on there. You got the initiative number and then you also have the strat plan goal identified with each initiative. And then you have the agency, whether that's a VMR initiative, RPTA initiative or combined agency initiative. And then lastly, you have the specific initiative type of category. As I mentioned, the example here is the Valley Metro recommended, which we have zero of these initiatives in this FY27 budget.

So in building the budget, we start with the base budget and that's basically looking at the current year budget, looking to identify areas where we can identify reductions, whether there were some one-time items in the current year budget or just some areas where we see trends of underspend or areas that we identify that we don't need or don't need as much going forward.

So we look to reduce that base budget as much as possible. And then from there, we factor in those ongoing obligations, those like year over year contract rate increases, inflationary items like cost of fuel or electricity that may increase from year to year. And then from there, typically we would add in those new initiatives again this year, that being zero.

So what does that look like in terms of the numbers? So here's how that breaks down. So you can see here for RPTA, we have about a $10.7 million reduction in the base. I will say a large portion of that, about $7 million is a reduction in CDF Phoenix operated service that they have funded with public transportation funds for the last few years to spend down their Prop 400 JE balance so that does contribute to the overall reduction. I will say if you factor out that Phoenix PTF funded service and just look at basically what RPTA operates, it is just about a 1.2 year over year growth. And that's in the context of contract rates that escalate from year to year at like three to four, four and a half percent and things like that.

So from there, we added in the obligations, those inflationary items and those contractual commitments, total of $6.9 million, a total $275.5 million RPTA preliminary budget for '27 representing a $3.7 million reduction. And this is just a breakdown of kind

of how the base budget in comparison to the obligations by far the base budget being the overwhelming majority of the budget at this point.
And then I just did want to reiterate those efforts we have done so far, you know, the base budget reductions I've mentioned, as well as reductions since the -- and this is March cycle, but that was March TMC, RMC, as well as the AFS meeting.

So this is a different presentation where typically we would bring the same presentation from those bodies to the board but recognizing the urgency of demonstrating that we're listening and making changes to the budget on the fly. We did bring forward the budget that we did present just last week to financial working group, the Intergovs and RTAG to show where we're at currently.

And as Jessica mentioned, there are some continuing budget reductions coming up, as she mentioned. So there's an ongoing number of positions that we're looking to existing vacant positions that we're looking to eliminate, as well as continuing to evaluate administrative and non-service contract, IT and other costs that we can find some additional reductions. I do want to say this effort is literally happening on a daily basis with our team. Our budget team is working continuously with staff throughout the agency, as well as leadership to ask those tough questions, to question numbers, to identify where we can continue to bring those costs down for next year.

So now getting into a little more of the details of the budget on the operating budget side here, the use of funds, you could see that overall decrease year over year, fixed operations, obviously being our biggest program demand services with just a small increase of 1 percent at this point. We do for the paratransit contract; we are in negotiations with the current provider. There is an expectation that after they told us a few months ago, they had no interest in exercising the upcoming option on October 1 because they are in a position where the cost is just prohibited for them. We are working through negotiations to continue to work towards an extension while we also look at procurement.

At this time, looking at the market, the contracts out there that have recently been let for this type of service are showing significant increases. So at this point in time, our transportation team and our procurement team is negotiating with that provider to come up with the best value for the agency. But there is a good possibility this demand service number in the next iteration of the budget may be a higher number as we work those negotiations. Just want to give you that foreshadow.

And then I did want to mention regional services, a reduction there year over year, $2.5 million. A number of things there, some mobility center cost reductions, fare media cost reductions as well as reductions in farebox maintenance costs and other various administrative cost reductions we have been able to achieve at this point.

Now looking at the source of funds, how our operating program is funded, you can see here public transportation funds and member city contributions are the largest funding source as well as federal funds and fares that support the operating program. And I do want to point out here just to note that the obvious decrease in the federal funds from current year to next year, that's basically because those funds are preventive maintenance funds that we sometimes use in the operating budget as well as in the capital side.

And so next year there's a greater need on the capital side for bus midlife overhauls and work like that. So we're going to be using more of the federal funds on the capital side of the budget next year versus the operating side.

And now just moving on and kind of getting into some of the details and some of those cost drivers, basically those things are kind of out of the agency's control sort of those ongoing obligations, continuing commitments with contracts and inflationary items here. So you could see some of the big cost drivers is the rate increases for bus and demand services. You know, that's a typical thing we see each year is those contracts are a big part of our overall budget.

So of course, they're always that big part of the driver and the change from one budget year to the next. And just want to point out here for demand services and van pool, you'll see an increase on the continuing commitments and that's really just rates. And then you'll see that, yeah, increase there.

And then you'll see a decrease on the inflationary side. And that's really more ridership driven and really on the van pool that there's not necessarily a decline in the participation or ridership for van pool. That's more in the what they're choosing in terms of the vehicle types. We have a variety of vehicle types they can select from and depending on the vehicle type that kind of drives the cost. And so we're moving our van pool folks to more cost-efficient types of vehicles to use for their services to bring our costs down. And then now moving on to the capital program, the use of funds and capital. You could see here that about a $3 million year over year decrease. As you know, capital fluctuates, it can fluctuate greatly from year to year. It's not quite as consistent expectations operating budget.

So again, as typical for RPTA, regional fleet is the largest part of the capital program with some regional facilities and other regional projects on the horizon. And then the source of funds for the capital program here, again, primarily the federal FTA funds as well as the public transportation funds that mostly fund the capital program. And then for RPTA does have a pass-through budget. So basically, there are a number of pass-throughs for other member agency disbursements that we disperse PTF funds to for maybe projects they're carrying out. As an example, Phoenix purchases fleet replacements and they use a PTF as a local match. Some of that represents that.

There's also some other member agency projects PTF funded as well. And then we also have our usual lottery fund disbursements. It's been at $11.2 million for several years.

It's a kind of steady amount set by the State. And that's a pass-through RPTA to our various member agencies for use for transit purposes.
And then on the sources of those funds, you can see public transportation funds, by and large, the greatest portion of the pass-throughs. And then you see there the VMR personnel reimbursements, again, reminding folks that all agency personnel are technically RPTA employees. So that does flow through the RPTA budget. And then VMR does reimburse RPTA for those personnel efforts that are on the Valley Metro Rail side.

So now I want to take a look at the five-year program. Going from '27 to '31, first, the operating program. Here we have about a $2 billion five-year program forecasted, again, on the source of fund sides here, the primary funding source here being public transportation funds, member city contributions as well, making up a very significant portion there.

And then on the use of funds, of course, fixed route operations, demand service operations is kind of the core of the service we provide, being the largest items there. And then also the pass-through disbursements to VMR, as well as other member agencies shown there, as well as another significant part of the five-year program.
And then on the five-year capital, you can see here we've got about an $800 million program forecasted on the sources of funds, again, public transportation funds and federal funds being the vast majority of funding for the RPTA Capital Program.

I do want to note on the federal fund side, you'll notice some fluctuations from year to year. Really, those federal funds ebb and flow kind of based on the capital activities, largely driven by regional fleets. So as our fleets plan ebbs and flows with numbers of vehicles we replace each year, there's a slight variation in the federal funds that flow in to cover that.

And then the last slide here is just a recap of the timeline process for the budget development here we are in March. And then you can see there on the slide the additional steps we're looking at in terms of future iterations of the budget in April and targeting May for adoption. But of course, we can always move towards the June timeframe to get the budget adopted as long as we have a budget adopted by June 30th.

That concludes my presentation. I'm happy to answer any questions.

Councilmember Edwards said thank you for the presentation. Do we have anything built in for contingency for potential increase in gas prices? They're obviously rising and no sight -- and nothing in sight right now for relief.

Mr. Kessler said Madam Chair, members of the board, Councilman Edwards. Yes, that question did actually come up or comment came up last week as well at Financial Working GROUP, FWG, RTAG, Intergov, that combined meeting. We haven't put anything yet into the budget, but we're keeping a close eye on that. We're evaluating the situation both for our diesel as well as our natural gas CNG. So we are looking at some, we looked at some potential scenarios of what we think we might need to add in the next iteration to make sure we're covered there.

So next, the next iteration of the budget, we'll probably have some sort of adjustment to account for that at this point.

Of course, as you know, those fuel prices, you just don't know, especially in times like this. I mean, there's spikes now, a deal could be struck, you know, in a month, it could change drastically. A lot of times the downward swing, as we all know, in petroleum does not always move as fast as the upward swing. So we will certainly be considerate of making those adjustments in the budget. We'll monitor that into next year if the situation continues. And, you know, the possibility of a mid-year budget adjustment if fuel just gets out of control is always there. But yeah, we're certainly looking into that.

Councilmember Edwards said well, that's what I'm concerned about is having to do a mid-year adjustment because we've done mid-year adjustments, not for gas, but for other items in years past. And I just want to make sure that we're doing everything we can ahead of time so that we don't have to come back to a mid-year adjustment because there may be other items other than fuel that you have to come back for mid-year adjustment and I just don't want to have a bunch of them compiled on top of each other to be out of control.

Mr. Kessler said Madam Chair, Councilmember Edwards, I totally agree with that. It's, right, walking that fine line of, okay, make an adjustment because, again, what this budget is based on then for any member city contributions, those monthly billings for that will be based on the budget. So we want to try to be mindful of not overshooting and we're billing too much and then we end up having to give you a big refund at the end of the year and it's money you could have had in your bank account that whole year, but also at the same time, as you mentioned, trying to avoid that mid-year budget adjustment, then that will have to bump up those billings, maybe mid-year.
What's that? If you had a crystal ball on fuel and a bunch of other things in the budget, I'd love to take that.

Ms. Mefford-Miller said if I may, Madam Chair, Councilmember Edwards, just a little bit of a profile of our energy consumption and sources. So most of our bus fleet is powered by compressed natural gas. We are working on a renewable natural gas credit program, not quite ready for prime time yet with the boards, but in order to recover kind of a rebate from our natural gas purchases, I think that will help. We do see increases in electricity in our budget, really more so on the Valley Metro Rail side as electricity is our source of propulsion.

We do have some diesel buses. We've got diesel electric hybrid. So it takes down that diesel reliance but again, there's an electric component. And then we do use a little bit

of gas. But those are really natural gas and electricity are our primary sources of energy here.
Mr. Kessler said great comment there, Jessica. I would also like to mention, Madam Chair, Councilmember Edwards, that I just lost my train of thought. We are -- we have the board approved a contract with the fuel hedging consultant several months back. We're in the process of bringing that program forward. We'll be bringing to this board approval of a new fuel hedging policy and program. And so obviously today is not a really good time to fuel hedge with prices at, you know, really high levels but for the future to address potential, you know, situations like this in the future, once we have that hedging in place and once we start hedging, that will help us kind of, you know, provide stability in times like that where we can lock in a hedge at a much lower rate. And if something like Ukraine or Iran happens again in the future or some other situation that drives up petroleum or gas costs, we'll be in a situation where we're hedged and we'll be able to at least lock in some certainty.

Councilmember Tolmachoff said I just want to say I very much appreciate the conservative approach. I think that's the -- that's the season we're all in right now, cities and all of our partners. So I just wanted to say I know this probably was an exercise in -- that probably wasn't easy to go through. And I really, really very much appreciate the conservative approach.

Councilmember White said thank you, Mr. Kessler for this. When I take a look at a couple of the things here, I'm really pleased to see and sources -- actually, let me go forward that we aren't going to sacrifice potential increases for our staff. So I did see merits were built in there and less than a half million dollars. That's very important. I think that is -- that's a driver. But when we also take a look at customer experience, I don't think our customers feel it but we have released that $22 million in debt. And so I just wanted to commend that that releasing of debt to the agency.

What I don't see in the budget is the assumption that we're going to have profitable investments. I know that we have made money off of our investments. How does that impact the budget? I know you don't forecast it, but where do we kind of look that money to service in the future?

Mr. Kessler said yes.  Thanks for the question, Madam Chair, Councilmember White. Yeah, I mean, we have in recent years have realized some very significant interest earnings on our balances in the bank accounts. We -- we tend to budget fairly low there because we don't, as you mentioned, we don't want to overshoot. And then if that doesn't come to fruition, oftentimes the bottom line to cover that then becomes member city contributions. And so what happens is when those interest earnings are, you know, above projections or budget, then that really kind of helps save the bottom line, both for public transportation funds as well as member city contributions and the effect on the member city contributions.

As you may be aware, at the end of every year, we do a reconciliation of budget versus actual. And so typically then at that point, we, you know, issue credits or refunds for budget underruns or in some cases, you know, I think pretty, pretty minimal compared to the other way. But sometimes there are cases where a city maybe owes a little bit and we try to avoid, you know, having to issue, you know, these significant bills at the end of the year after we do the reconciliation.

So we try to take a conservative approach on that specifically, because we also know at some point that level is going to really pull back. So we just want to be conservative going forward. And, you know, bottom line at the end of the day, if those interest earnings are there and they're realized that will help offset the cost to the cities and to the PTF fund.

Councilmember White said I know when we look at our five-year operating sources and uses, the Arizona lottery funds are consistent across the board. Is that the legislature that marks that amount that we get? And is that something that we can realize more of if the lottery does better?

Mr. Kessler said that's a very interesting question. And Madam Chair, Councilmember White, I would say very complex because that program started off as what was known as the LTF2 program decades ago. The State rescinded that as part of their post Great Recession budget cuts. And basically, a lawsuit was filed and was successful in suing the State and saying you can't touch that for Maricopa County specifically because the Maricopa County specific portion of that funding was included in the State's -- State implementation plan for the Clean Air Act compliance. So basically, the court found that was akin to federal law, which meant the state legislature and governor could not touch that.

But in terms of the $11.2 million, thank you for raising the question, I've wondered that myself. And you raised the question the other day when I worked with my staff. We have reached out to the state treasurer, the lottery commission to find out because it's supposed to be a certain percentage of Powerball revenues. And I got to guess because this 11.2 has probably been there at least 10, 15 years. I got to guess 15 years ago, Powerball revenues were probably a little less than they were today, if not significantly less. So we're looking into that to determine, you know, how they are deriving that amount to come to RPTA for Maricopa County jurisdictions.

Councilmember White said I really appreciate that second look. We've seen that Powerball go pretty high. So it'd be amazing if we can realize more money from that. And I also -- thank you, Madam Chair. Thank you, Mr. Kessler. Just one final thing. I am very intrigued to know your forecast for the member city contributions. All of the member cities here haven't really finished our budget or our forecast. So can you help us understand that formula? And is there a contingency built in here if that contribution amount from member cities changes?

Mr. Kessler said Madam Chair, Councilmember White, the member city contributions, I will say right now are in flux for a couple of reasons. You know, we're working through finalizing the budget. The budget numbers are moving, which most likely impacts member city contributions.

And then also along with that is there are several jurisdictions that have Prop 400 JE left over that they can utilize to either reduce or eliminate member city contributions over the coming years until the JE balances are exhausted. So we've held a couple different meetings with the various subregions, you know, all the jurisdictions talking about that. We developed a Prop 400 closeout plan a couple months ago. We talked about, you know, how the jurisdictions may be able to use those balances, those that have it. We had one jurisdiction that right away said, hey, take some of our JE balance and wipe out our contribution for demand services for FY27. So we did that.

We've since had a couple other cities in the last meeting with the cities and those subregional meetings, we said explicitly, hey, let us know ASAP if you want to use your Prop 400 JE for next year to offset or eliminate your Prop 400 or your city contributions. So we're working through that now. And I would imagine several cities that have sufficient JE balances will do that and they'll see, like, very little to no member city contributions next year.

So I know we have had included a table that showed member city contributions and some documents recently. That's a snapshot in time. Those numbers are going to -- like, for example, we had a question from Matt from your city. That number can be eliminated with the Prop 400 JE. We've had those conversations with him. And we're continuing to have those conversations to make sure we bring all that in because we recognize cities are trying to finalize budgets. We're trying to finalize a budget. We both have, like, these moving numbers going on right now. We want to, you know, bring it to ground as much as possible so we can get those IGA numbers finalized so that all you cities know exactly what you need in your budget, if anything.

Councilmember White said and JE jurisdictional equity or?

Mr. Kessler said yes.

Councilmember White said thank you so much. I appreciate it, Madam Chair. No, that's for the public. I got it. Thank you.

Councilmember Pastor said yes, Ken. I want to thank you for looking and continue -- continuing to identify areas of budget reduction. And I really encourage after hearing the efforts that are going on long term position vacancies and administrator and contractional costs, considering cities are cutting. So I heard it, but I just want to put it on record.

I have several questions. And at the last board meeting, we had a presentation by the Assistant Executive Director from MAG, who explained to us that there's not as much money in the first several years of Prop 479 funds as originally we thought. The question is, when did MAG start their forecasting and when did Valley Metro get them the data they needed to develop a long term picture goal of the regional financial situation?

Mr. Kessler said Madam Chair, Councilmember Pastor, not knowing exactly specifically like a date or month, but this goes back to last fiscal year, last calendar year, you know, MAG had reached out and there was a number of iterations of us providing information as well as, you know, Phoenix and others that contribute to all that. And so we had been working with them for months.

In terms of where the -- I believe what you're referring to is that shrinkage in the formula program, that I think the current number was first known, I believe in January. And there was a lot of behind the scenes in terms of, you know, getting numbers crunched and back and forth and making sure, you know, everybody agreed that we had right numbers and that type of thing. So it's been a very extensive effort. And I will say it's a very complex effort behind the scenes to kind of bring all that together.

There's a lot of costs coming from a lot of places. It's not just RPTA that MAG has to include into their forecast for the Prop 479 TLCP. So it's quite an extensive process. I know MAG continues to work to try to find ways to grow that formula pot. We are working hand in hand with them in those efforts to try to make that happen.

Ms. Mefford-Miller said Madam Chair, Councilmember Pester, may I add to that and, Ken, please chime in and correct me as appropriate.

So the original projections for the 479 Transit Life Cycle Program were developed around 2019 with inputs from Valley Metro. MAG also pulled Valley Metro budget documents in the ensuing years. There were also assumptions. There are assumptions built in and perhaps, Ken, you can speak to the inflationary benchmarks a little bit. I think MAG's plan calls for a 3 percent pretty constant rate, 3 percent inflation per year. So some of those inputs are, I'm going to say, use the very non-scientific language pretty, high level at that 2019 time frame. And then MAG began engaging Valley Metro, as Ken stated, in late calendar year 2025.

Ken, do you want to add anything to the projections for inflation, kind of how we calculate it? I think that would be helpful background.

Mr. Kessler said Madam Chair, members of the board. Yeah, so in developing a long-term plan and when I was with Phoenix, we did a very similar thing with the T2050 programs. We used kind of high-level assumptions on inflationary growth and things like that for both costs and revenues.

On the revenue side for, in this case, for the public transportation fund, ADOT does an official forecast for that. So that's what MAG uses. That's what we've always used. In terms of the cost side of things, yeah, we've met with them a few times recently. We've talked about those assumptions. They're going to work to refine those.

Like when you look at our five-year program here, we didn't just use like a 3 percent or 4 percent or just a standard year over year. Where we have contract rates and things like that known, we use those year over year growth rates in our five-year forecast. And then in those areas where we don't have contract rates, we look at historical trends, both in the short, mid, and long-term to kind of come up with inflationary factors.

So there are some line items in the five-year where you will see if you did the calculations where we kind of have a consistent year-over-year percentage growth rate. But in others, especially those line items where we have those contracts, like on the VMR side, the security, the ACI operations, you know, the operator contract. On the RPTA side, those bus operations contracts, the demand service operation contracts, we've got known rates for a certain number of years when those contracts end then it's a forecast kind of with some just looking at a historical to forecast that out.

Councilmember Pastor said thank you. I know I have probably some members having to leave. So I can put the questions out and maybe get it back to the board or we can tell me in April.

But my second question is, if MAG has determined funds available to support bus operations outside of Phoenix has been exhausted, do other member cities have to begin scaling back service significantly?

Mr. Kessler said Madam Chair, Councilwoman Pastor, at this point, there's no forecasted reductions in service. Things are, I would say, a lot tighter than the original projections from 2019. Of course, a lot has happened, obviously, since 2019 in terms of economic conditions. So, you know, obviously 2019 was a dated forecast and, you know, more recently is reflecting current reality. So that formula pot has shrunk substantially in MAG's forecast.

But going forward, there's still funding there to continue the service that is there today. It's just a matter of looking for where we can identify savings or additions to revenue.

And again, like assumptions and fare revenues that we're working with MAG to refine in their forecast and to better align with our forecast. We don't expect our two forecasts to match exactly to the dollar, I don't think that'll ever happen, but to be close and be reasonably aligned. So we're working towards that now so that we're on the same page in terms of the types of assumptions we're using for the different cost categories.

So I looking at the numbers down, I wouldn't expect any need for service reductions. It's just there's not as much of that formula money that I think folks were kind of expecting

based on the 2019 forecast to kind of either grow service or offset member city local contributions towards paying for transit service.
Councilmember Pastor said and then my third one is Phoenix uses a very strict definition for ADA trips. How are ADA trips defined by Valley Metro or other member cities? How do other member cities define them?

Mr. Kessler said Madam Chair, Councilmember Pastor. Basically we along with MAG going forward with the Prop 479 funding policies for using regional sales tax funds for those demand services trips. They are limiting the regional funding in their policies to just those trips that meet the very strict definition. And I'm talking the literal definition provided by the federal government.

So there's the three quarter mile boundary and, you know, for both ends of the trip. So the trip has to begin at a location three quarter of a mile within a fixed route stop, has to end in a location within three quarter miles of fixed route stop, the individual has to be certified through the Valley Metro process as eligible for ADA service and then there's a whole host of other requirements that Michael Eshleman -- I don't know they've memorized, but he pointed out the other day. There's a whole host of other more minor.

Those are the biggies, but there's other minor ones that have to be met to meet that strict definition. So that's how MAG's policy will define what gets funded with regional money is going forward.

Councilmember Pastor said and my final one is how much has the level of funds Valley Metro takes off the top of ADA service over the past four to five years increase? And how much has it increased?

Mr. Kessler said Madam Chair, Councilmember Pastor, I'm not sure I'm following the question. Taken off the top, I'm not sure what's meant by that.

Councilmember Pastor said there are level funds in Valley Metro that takes off the top of the top to run ADA service. And that has happened over the past four or five years. So I'm asking what that increase is. And then how much has it increased?

Mr. Kessler said Madam Chair, Councilmember Pastor. So the ADA service itself historically under Prop 400 has not been to use that term has not been funded off the top. So ADA service has been funded using member jurisdictions, jurisdictional equity since jurisdictional equity became the guiding principle for Prop 400. In terms of -- in terms of the off the top those off the top cost, so those things outside of jurisdictional equity are things like communications, marketing, customer service, those regional support things. So they're not specifically transit services are not funded with PTF off the top. And that in the -- in the MAG program going forward in the new funding policies, again, those -- those services have specific funding allocations. And then again, the regional services, the support services also are like a separate bucket, if you will, category of spending.

Councilmember Pastor said well, thank you for answering my questions. Thank you for what you have done and where -- where we're at and then we'll see in April. Thank you.

Chair Adams said are there any other questions?

I just have a comment. It's a question about, you know, we're really in a bad spot right now in the world. And I'm not sure what's going to happen. Do we have a strategic plan for like, if -- if we go into a deep recession as far as looking at who are the critical employees and, you know, do we have plan B?

Ms. Mefford-Miller said thank you for your question. Madam Chair, members of the board, we don't have a deep reduction plan. If there is some kind of a crisis, like a recession, the magnitude of that crisis would really drive our expenses.

Valley Metro, through the Great Recession in years past and through current environment continues to operate with a balanced budget. And so we scale programs and services at -- to a level that would not exceed the available revenue. So if the available revenues experience a significant reduction, so too would programs and services but it just depends on the level.

So I think it wouldn't make sense for us to set -- set rather arbitrary thresholds, but rather to work in the moment and be responsive. We do have a mechanism that we utilize from time to time, the midyear budget adjustment. But historically, those midyear budget adjustments have been triggered by specific items. We know they're coming. Maybe we have a placeholder in the budget, for instance, for a contract increase. Valley Metro Rail just passed a midyear budget adjustment back in January, and that was driven in large part by a new collective bargaining agreement with the contractor. So we knew that was coming. We didn't know the magnitude. And rather than ask cities for that money up front, we worked with them and talked with them and put a placeholder.

We would utilize the same process, working very collaboratively with the cities. Ken and team do a great job of forecasting our revenues. And then if and when revenues don't go as planned, we make adjustments. We are a nimble organization.

Chair Adams said okay.  Great. Thank you. I just want to bring that up.

Mr. Kessler said Madam Chair, members of the board. To that point, I would just also like to make sort of my own commentary point to that is that, you know, we've heard the term fiscal cliff a lot since pandemic, right? You've heard a lot of transit agencies across the country using the term fiscal cliff. And a lot of those bigger legacy agencies are facing that.

And the one thing about, in some respects, this sort of very different governance and funding structure we have here at Valley Metro, it actually works to our advantage that we're, as Jessica mentioned, we're nimble to where we can make those adjustments sort of on the fly if there is something like a great recession or similar type of hit to the economy. That what we did back then was we all got together collaboratively over a series of meetings and decided how we're going to address it and work collaboratively and came up to an agreement of this -- this is how it best addressed at the time. What was a, I think it was a 40 percent drop in the overall forecast for the 20-year program. So very, very big hit, obviously unprecedented.

So I think that's the one, one of the silver linings of our nuanced governance and funding structure we have here is that we do have an ability to kind of adapt very quickly without really facing that fiscal cliff that you hear a lot of other transit agencies talking about across the country.

Chair Adams said okay. Thank you so much. A great presentation.

6. Fiscal Year 2026 (FY26) Hiring Pause Proposal

Chair Adams said item Number 6, Jessica, we'll introduce item 6.

Ms. Mefford-Miller said thank you, Madam Chair, members of the board. Continuing with our conversations regarding budget, we're going to talk for a moment about personnel in response to an item Councilmember Tolmachoff requested be on the agenda. So we'll talk about staff and Valley Metro. I say this all of the time. We are people serving people. Transit is a labor intensive industry. We recognize given that that personnel expenses are a critical driver of our operating budgets.

Specific to personnel focusing on Valley Metro's FY26 budget. We have a budgeted position count of 534 positions. By the way, our budgeted position counts and the details of the staff breakdown by classification is included at the end of every budget. So about page 160-ish in the past is where you can find that. Of that 534 positions, that includes 350 positions that are assigned exclusively to Valley Metro Rail bearing in mind that we self-perform our rail vehicle and system maintenance. 184 positions support our PTA transit service, bus and paratransit service, regional service, and our administrative functions.

And within that annual budgeted head count, which we never exceed as a management decision, the agency leaders routinely choose to fill or not fill positions based on our business needs always remaining within that authorized and adopted position count, which is included in our annual operating budgets.

As I mentioned earlier, we're continuing to work to further reduce the RPTA and Valley Metro Rail FY27 budget requests, including personnel, plus other administrative costs, IT, other expenses, etc. As we stand today, and this was not included in the budget Ken presented, we have identified 13 existing vacancies that we do not intend to carry forward into the FY27 budget. Those 13 vacancies carry with them savings. This is the fully loaded cost of $1.7 million.

We continue, Ken said, every day to work to evaluate each staff position. I'm optimistic that in the final budget to be presented, we will achieve a total personnel savings of at least $2 million, which would reduce our RPTA position counts to a level below fiscal year 2022. This information is also included in an email I sent to you this morning. We look forward to presenting that again. That information will be included in April.
Today, we're currently carrying 39 vacancies in various stages of recruiting. That does not include those 13 positions that we've already identified not carrying forward. Those are not posted. Of those, 22 are critical to supporting our operating programs. Those are Valley Metro Rail maintenance positions.

I know we've had some questions, so I just want to address it regarding the two vacant executive team roles in the FY26 budget. That's Chief Administrative Officer and Chief Operating Officer. Those are not new positions, but they are existing vacancies. You might recall Jim Hilliard. He is off sailing the world celebrating his retirement. Former Chief Transportation Officer Mike Powell moved back to his home state of New York, where he is running the Buffalo system. If and when we choose to fill those positions, it would be cost neutral and help us achieve our strategic goals. That is the end of the information and the data points. I think that would be important for the board today.
We value your leadership as we move through this challenging moment, your leadership and the input of your city staff. We've had great discussion around personnel with the transportation managers and rail managers committees in particular. We look forward to your leadership and the guidance that you provide today and moving forward. I thank you, Madam Chair, members of the board.

Councilmember Tolmachoff said thank you, Madam Chair. Jessica, I appreciate that. And I appreciate the conservative approach that you and your staff are taking in addressing the situation. I wouldn't call this a crisis, but I would call it probably a turning point, at least with for our -- and with our cities as well. We're all facing, you know, kind of an unknown future, reduced revenues for all of us, I think. So, you know, I think it's a good time to practice fiscal restraint. Jessica and I have had a couple of conversations about this. The idea -- and I'm going to make a motion, but the idea is we're already on the same page. What I'm asking to do is just kind of formalize what's already happening, but formalize from a board perspective of what we're asking of Jessica and her staff, not to affect any operations positions, maintenance, operators, dispatch, anybody involved with operating our system. Obviously, we have to make sure that the system is still operable and there's no disruptions to any of our customers.

So that's the idea, is basically -- it's not a referendum on Jessica's leadership. It's not a referendum on anything happening. It's just a pause to take a breath, let the managers -- and I just wanted to let in case everybody's not aware, there is a managers working group that has been formed.

First meeting is tomorrow, and that's Glendale, Mesa, Tempe, Phoenix, Chandler, Goodyear, and Tolleson. So those city managers will be meeting. Jessica will be attending those meetings as well and taking a real look at the financial picture and seeing, looking into the couch cushions as an analogy to try to figure out if there's other opportunities to save money. So this is not necessarily a no, it's just a let's pause, let's take a good look at the finances.

It's something Jessica's already working on. And so from my perspective, it's just simply to formalize something as a perspective from the board that already is occurring. Thank you.

Councilmember White thank you so much, Chair. Thank you, CEO Mefford-Miller. Thank you, Councilmember Tolmachoff and the rest of the board. Thank you very much. I think fiscal responsibility is of import during tumultuous, chaotic times, and we have to be mindful as we are being stewards of public transit during a time where the workforce is really -- they need our support.

It costs so much more money now to get to work than it did just a month ago. So we're going to probably see a small, maybe large influx of ridership because to me, out where I am, I would look to take a We Ride to and from for a total of $4 round trip to my house versus putting another gallon of gas in my car for $4.99. And if I go for that, you know, 97 octane, much more.

So, you know, I just want us to, as we look at pausing with hiring, there were positions we specifically requested, and you spoke to the fact that we need a chief operating officer and we need a chief administrative officer. Those are roles that we'll continue to the search process for. There are interim folks filling those roles. We appreciate your service. Thank you very much for your navigation during tumultuous times.

But I want to make sure that as we entrust you to pause in these moments that we don't have any gaps in operations and we give you the stretch goal of making sure our ultimate of achieving that customer excellence and providing what our customers need as they board moves forward. I think we also have to rely on innovation. So we're looking forward to all of the employees finding one more innovative way to do your job with a few less dollars. Thank you, Madam Chair. Thank you, Jessica.

Councilmember Pastor said I wanted to ask a clarity question, and I don't know if it's -- there's a meeting tomorrow with several city managers. And I want to know if you will be sitting at the table with the city managers. Because they're discussing some of Valley Metro pieces. Are you sitting at the table? Are you invited to be at the table? Are you where what's your role?

Ms. Mefford-Miller said thank you for your question. Councilmember Pastor, Madam Chair, members of the board. So I'll be in the room, but not at the table. So I will be seated in the audience. The committee consists of managers only. So I will be sitting listening.  In the meantime, in advance, I don't tend to wait to be asked questions. We are working to anticipate questions and provide information that we think would be germane, but we have not been asked to date to provide information to the committee. MAG has provided a memo to that committee. So I'll be sitting, hoping to be called upon.

Councilmember Pastor said I'm just dumbfounded because it is looking at Valley Metro, and I think by being at the table, they have the ability to then ask those questions versus sitting on the sideline. I guess that's what I'm saying. But okay. Thank you.

Councilmember Tolmachoff said I believe if I could, I believe Jessica will have an opportunity to speak and answer questions if she's asked in the room. That's my understanding anyway.

Ms. Mefford-Miller said I don't know.

Councilmember Tolmachoff said okay.

Ms. Mefford-Miller said truly, I don't know. I did what I can share with you is I did inquire upon hearing that the committee would be informed. I did request that Valley Metro have a seat alongside MAG, and the managers and the managers informed me Valley Metro and MAG wouldn't be at the table, that it would be just managers. So, like I said, we're preparing information and we stand ready, as always, to answer the manager's questions, not just on this committee, but on a day-to-day basis.

Councilmember Tolmachoff said all right. I move that Valley Metro postpone hiring of non-operations critical personnel to include any executive and administrative positions through the end of Fiscal Year 2026 or upon further direction from the board.

Chair Adams said I second that motion.
All in favor, say aye. Sorry. Sorry to have discussion.

Mr. Wawro said Madam Chair, I need to interrupt. Before we take a vote, I would point out to the Chair that the agendized item today is that the board may discuss and consider a hiring pause for the remaining fiscal year. The motion would need to be restricted to what has been placed on the agenda. And so that would be concerning the fiscal year.

Councilmember Pastor said 2026.

Chair Adams said 2026.

Councilmember Tolmachoff said excuse me, Madam Chair. This motion was shared with Valley Metro and this is the first time hearing this. Why didn't you speak to this sooner? I know you've seen this.

Mr. Wawro said that's correct. Madam Chair, Board Member Tolmachoff, the advice was given that it needed to be restricted to this fiscal year and that advice remains consistent.

Councilmember White said Madam Chair, I can only imagine because I'm trying to think through why we would restrict it to just this fiscal year because we're building the budget for the next fiscal year and we can implement in the budget what we see fit. So I think we have the ability to modify the budget going forward and it makes sense to make a motion in accordance with just restricting this fiscal year.

Councilmember Tolmachoff said through the end of fiscal year was at the suggestion of our Valley Metro Council. And I would -- I would actually argue that the board can provide direction anytime, can't they? Even in future agenda items. I mean, so I mean, I can withdraw the motion and restate it. I'm not sure I understand what the difference is because it's just saying that the board can provide further direction, whether that means that if they say we want to release the pause prior to the end of the fiscal year by doing it this way, you give the flexibility of the board to say in May or whatever or before the end of the -- before June 30th, this -- this gives the opportunity at the board to give direction whenever the board gives direction.

So, I mean, I believe that it's properly -- I'm not an attorney you are, but I believe it's properly agendized because the board can give direction. And also, like I said, if they finish their work sooner, then you would have to wait to the end of fiscal year because that's what this -- and the board can give direction, I guess at a later meeting if it was agendized, put on a future agenda.

We only have three more meetings in this fiscal year. We could always call a Zoom meeting, I suppose, and a special meeting. I'm happy to withdraw the motion. I don't want to, you know, cause a big ruckus about it, but I'm just a little surprised by it.

Ms. Dillon said Chair, Councilmember Brown has a question.

Councilmember Brown said thank you. Might Councilmember Tolmachoff consider making the motion and keeping with the way it's agendized today, but at the same time, directing staff to bring forward a basically a unilateral pause on all hiring going forward at the next board meeting.

Councilmember Tolmachoff said can I respond to that?

Chair Adams said yes, please.

Councilmember Tolmachoff said well, I don't want to do a unilateral pause because we have critical operational positions that potentially need to be filled because we have a responsibility to operate the system and deliver service to our customers. So, that's why the motion specifically says non-operational, non-critical positions so I'm not going to do that. If you'd like to make, you know, I guess another.

Councilmember Brown said no, but could you make that same motion or give that as direction, including the non-operational? Just ask for that to be brought forward again.

Councilmember Tolmachoff said that's what my motion says. Let me read it again. Would you like me to read it again? And then our attorney can say what he'd like it to say. So the motion is I move that Valley Metro postpone hiring of non-operations critical personnel to include any executive administrative positions through the end of fiscal year 2026.

And then the part that's objected to is, or upon further direction from the board. So it's to it's excluding on operations and critical personnel. It's only to include executive and administrative positions. So if we need operators, we need maintenance people, all of those people. That's not what we're talking about. We're only talking about executive and administrative positions.

Councilmember Pastor said of 2026 fiscal budget?

Councilmember Tolmachoff said to the end end of June 30th of 2026.

Councilmember Pastor said yeah. I'm just clarifying. Because I had heard earlier 2026 and 2027 so that's why I'm clarifying. So that's it.

Chair Adams Go ahead.

Councilmember Dorcey said I don't really see a problem with just doing the motion the way council is recommending. And if things have gone from bad to worse in July, and we're in a new fiscal year, we need to revisit it.

Councilmember Tolmachoff said right. We don't meet again until the end of August, though, because we vacate July. And then so it would be there. There would be a gap there and then we have the league conference. But, I mean, if I will -- I will withdraw. I will withdraw the original motion. I don't think there was a second, was there?

Chair Adams said I'd seconded it.

Councilmember Tolmachoff said there was. So what do you want to withdraw?

Chair Adams said I'll withdraw my second.

Councilmember Tolmachoff said all right. And then I'll make -- and then if I could, Madam Chair, make another motion.

Chair Adams said sure.

Councilmember Tolmachoff said I move the Valley Metro postponed hiring of non-operations, critical personnel to include any executive and administrative positions to the end of fiscal year 2026.

Councilmember White said I second.

**IT WAS MOVED BY COUNCILMEMBER TOLMACHOFF, SECONDED BY COUNCILMEMBER WHITE AND UNANIMOUSLY CARRIED TO HAVE VALLEY METRO POSTPONED HIRING OF NON-OPERATIONS, CRITICAL PERSONNEL TO INCLUDE ANY EXECUTIVE AND ADMINISTRATIVE POSITIONS TO THE END OF FISCAL YEAR 2026.**

7. Report on Current Events and Suggested Future Agenda Items

Chair Adams said do we have any current events or future meetings -- agenda items for future meetings?

Councilmember White said Avondale We Ride just crossed a quarter of a million passengers since we launched late in 2022. We want to thank the City of Goodyear as being our original partner. And also thank Surprise and Peoria for participating in We Ride over the years. While they may have gone in different directions for their community. We do appreciate them being a part of this extremely successful microtransit journey for us in the city of Avondale and Goodyear.

Also wanted to recommend a couple of future agenda items based on the public comment today. In our bus network redesign, I'm not sure if we can consider exclusive bus lanes and how transit happens. Having traveled throughout the country there are more designated bus lanes, which helps keep the transit on-time performance.

And then also, as we look at fare media and fare, I really liked hearing the innovation with tap to pay of all forms of payment considering our point of sales machinery is capable of taking that. It'd be great to see that being done with credit card or phone tap payments.

So those are a few of the recommended future agenda items. Thank you, Madam Chair.

Chair Adams said I agree with you. Okay. Any other future items?
Hand up.

Vice Mayor Davis said yes. So I just wanted to just remind everyone that the Whoopee Daze, which is Tolleson's Founders Day is coming up the weekend of Friday, April 10th, 11th and 12th. And there will be a parade and a 5k race on that Saturday, which will restrict route 3. So I just wanted to bring that to everyone -- to everyone's attention at

Valley Metro. Our staff will be following up with that, but I'd love to invite you all to our Founder's Day celebration. That's always a great time.

Ozomatli is our headliner, which is a pretty substantial band so come and check them out. Hope to see you guys there.

Chair Adams said thank you so much. Any other future agenda items? Okay.

8. Next Meeting

The next Board meeting is scheduled for Thursday, April 16, 2026, at 1:15 a.m.

With no further discussion the meeting adjourned at 2:27 p.m.

# Executive Summary

**DATE** **AGENDA ITEM 1B**
May 14, 2026

**SUBJECT**
Federal Transit Administration Pass-Through Grant Agreements

**COST AND BUDGET**
Valley Metro is being provided with additional federal funds through the Federal Transit Administration ("FTA") from section 5307, 5337 and 5339 formula grant programs in the amount of $26,160,678.

All expenses are either in the approved FY26 Adopted Operating and Capital Budget or provide funding in future fiscal years. Grant funds will offset expenses, thereby reducing the net cost to Public Transportation Funds and member cities.

**RECOMMENDATION**
Authorization for the Chief Executive Officer to execute intergovernmental agreements and contract amendments with the City of Phoenix for the listed grants.

**STRATEGIC PLAN ALIGNMENT**
This item relates to the following goals and strategies in the Five-Year Strategic Plan:
- Goal 9: Financial sustainability
  - Tactic 9.3: Maximize revenue generation.

**COMMITTEE PROCESS**
RTAG: April 14, 2026 for information
TMC: May 6, 2026 approved
Board of Directors: May 21, 2026 for action

**CONTACT**
Ken Kessler
Chief Financial Officer
kkessler@valleymetro.org

**ATTACHMENT**
None

# Background Information

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

The table below summarizes the estimated funding that will be made available.

| Grant (Apportionment year) | FTA Program | Federal Share | Local Share | Regional | Total |
|---|---|---|---|---|---|
| **TBD (2024)** | Section 5307 - PGA | 596,566 | - | 149,142 | 745,708 |
| **TBD (2024)** | Section 5307 - PMS | 12,361,820 | 1,459,518 | 1,151,250 | 14,972,588 |
| **TBD (2023)** | Section 5337-HI | 3,224,634 | 137,558 | 471,954 | 3,834,146 |
| **TBD (2024)** | Section 5337-HI PGA | 910,136 | 4,667 | 157,318 | 1,072,121 |
| **TBD (2024)** | Section 5337-HI PMS | 3,603,790 | 678,081 | 157,318 | 4,439,189 |
| **TBD (2024)** | Section 5339-PGA | 145,714 | - | 25,714 | 171,428 |
| **TBD (2024)** | Section 5339-PMS | 5,318,018 | - | 988,989 | 6,307,007 |
| ***Total*** | | **$26,160,678** | **$2,279,824** | **$3,101,685** | **$31,542,187** |

- Funds from Section 5307-PGA Grant Program for the Phoenix West Goodyear Avondale Urbanized Area are awarded for preventive maintenance.
- Funds from Section 5307-PMS Grant Program for the Phoenix Mesa Scottsdale Urbanized Area are awarded for a 30-foot Rural replacement bus, 40-foot standard replacement buses and preventive maintenance.
- Funds from Section 5337-HI Grant Program for the State of Good Repair are awarded for preventive maintenance and purchase of 40-foot standard buses.
- Funds from Section 5337-HI PGA Grant program for the Phoenix West-Goodyear Avondale Urbanized area are awarded for 40-foot standard replacement buses and preventive maintenance.
- Funds from Section 5337-HI PMS Grant program for the Phoenix Mesa Scottsdale Urbanized area are awarded for 40-foot standard replacement buses and preventive maintenance.

- Funds from Section 5339-PGA Grant program for the Phoenix West Goodyear Avondale Urbanized area are awarded for replacement paratransit vans.
- Funds from Section 5339-PMS Grant Program for the Phoenix Mesa Scottsdale Urbanized Area are awarded for paratransit replacement vans, MBOM HVAC Rehabilitation Project, MBOM Concrete Repairs, and 40-foot standard replacement buses.

# Federal Transit Administration Pass-Through Grant Agreements

VALLEY METRO

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## Federal Transit Administration Pass-Through Grant Agreements Section 5307

| Grant (Apportionment year) | FTA Program | Federal Share | Local Share | Regional | Total |
|---|---|---|---|---|---|
| **TBD (2024)** | Section 5307 - PGA | 596,566 | - | 149,142 | 745,708 |
| **TBD (2024)** | Section 5307 - PMS | 12,361,820 | 1,459,518 | 1,151,250 | 14,972,588 |

- Phoenix West-Goodyear-Avondale Urbanized Area - preventive maintenance
- Phoenix Mesa Scottsdale Urbanized Area - 30-foot Rural replacement bus, 40-foot standard replacement buses and preventive maintenance

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VALLEY METRO

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# Federal Transit Administration Pass-Through Grant Agreements Section 5337-HI

| Grant (Apportionment year) | FTA Program | Federal Share | Local Share | Regional | Total |
|---|---|---|---|---|---|
| TBD (2023) | Section 5337-HI | 3,224,634 | 137,558 | 471,954 | 3,834,146 |
| TBD (2024) | Section 5337-HI PGA | 910,136 | 4,667 | 157,318 | 1,072,121 |
| TBD (2024) | Section 5337-HI PMS | 3,603,790 | 678,081 | 157,318 | 4,439,189 |

- 2023 - preventive maintenance and purchase of 40-foot standard buses
- 2024 Phoenix Goodyear Avondale Urbanized Area - 40-foot standard replacement buses and preventive maintenance
- 2024 Phoenix Mesa Scottsdale Urbanized Area - 40-foot standard replacement buses and preventive maintenance


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VALLEY METRO

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# Federal Transit Administration Pass-Through Grant Agreements Section 5339

| Grant (Apportionment year) | FTA Program | Federal Share | Local Share | Regional | Total |
|---|---|---|---|---|---|
| TBD (2024) | Section 5339-PGA | 145,714 | - | 25,714 | 171,428 |
| TBD (2024) | Section 5339-PMS | 5,318,018 | - | 988,989 | 6,307,007 |

- Phoenix Goodyear Avondale Urbanized area - replacement paratransit vans
- Phoenix Mesa Scottsdale Urbanized Area - paratransit replacement vans, MBOM HVAC Rehabilitation Project, MBOM Concrete Repairs, and 40-foot standard replacement buses


4

VALLEY METRO

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## Recommendation

Authorization for the Chief Executive Officer to execute intergovernmental agreements and contract amendments with the City of Phoenix for the listed grants.

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VALLEY METRO

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# Executive Summary

**DATE**
May 14, 2026

**AGENDA ITEM 1C**

**SUBJECT**
Non-Rail Public Transit Agency Safety Plan (PTASP)

**COST AND BUDGET**
None

**RECOMMENDATION**
Approval of the Bus (non-rail mode) Public Transportation Agency Safety Plans (PTASP).

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

- Goal 8: Operational excellence
  - Tactic 8.1: Optimize service performance
  - Tactic 8.3: Improve service quality through enhanced planning, performance management, and continuous improvement

**COMMITTEE PROCESS**
TMC: May 6, 2026 approved
Board of Directors: May 21, 2026 for action

**CONTACT**
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aruiz@valleymetro.org

**ATTACHMENT**
Summary of Changes – Valley Metro Non - Rail Agency Safety Plan
A copy of the Non-Rail Public Transportation Agency Safety Plan is available upon request

# Background Information

In 2018, the Federal Transit Administration (FTA) published the Public Transportation Agency Safety Plan (PTASP) Final Rule, 49 Code of Federal Regulations Part 673. The rule requires public transportation agencies receiving federal funds to develop and certify compliance of the PTASP by December 31, 2020. Valley Metro's Agency Safety Plan (ASP) was approved and signed by the Board of Directors and certified by the State Safety Oversight Agency (SSOA) in October 2020.

The PTASP Final Rule and Bipartisan Infrastructure Law requires that ASPs be reviewed annually, and all updates be approved and signed by a joint labor-management safety committee, the Accountable Executive (Chief Executive Officer) and the transit agency's Board of Directors.

Updates to the Non- Rail ASP for CY2026 include:

- Safety Performance Targets Section 4.0
- Appendix B organizational charts

Staff are providing this information to inform and prepare the Board for the requirements to review and approve updates to the Non - Rail ASP.

# Summary of Changes

- **Updated *Approval/Signature* Page to reflect addition of Bus Safety Committee Chair and change to RPTA Board Chair.**
- **Section 4.0 Safety Performance Targets**
  - 4.0 - 4.3 safety performance model changes
  - CY 2026 elected targets will continue to be Passenger falls, Pedestrian strikes, and rear-ending collisions
  - In addition to FTA selected Performance targets, RPTA has elected to track the above targets at a reduction Goal that will be determined at a later date by committee. This will be specified in Section 4.1 once goals are determined.
- **Appendix B: Organizational Charts**
  - Review of all organizational charts to reflect paratransit/bus rolls and responsibilities.

# Executive Summary

**DATE** **AGENDA ITEM 1D**
May 14, 2026

**SUBJECT**
Intergovernmental Agreement with the Maricopa Association of Governments (MAG) and the City of Phoenix for Proposition 479 Transit Life Cycle Program ("TLCP") bus program

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

**RECOMMENDATION**
Authorization for the Chief Executive Officer to enter into an agreement with MAG and the City of Phoenix regarding roles and responsibilities for management, administration, and implementation of the Proposition 479 Transit Life Cycle Program ("TLCP") bus program.

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

- Goal 5: Deliver on Stakeholder Collaboration
    - Initiative 5.2: Incorporate member agency and stakeholder input into action plans to build the future regional transit system.
- Goal 7: Board Governance
    - Initiative 7.4: Emphasize shared duties, responsibilities and facilitate work across regional bodies (e.g., RPTA, member cities, MAG) to be effective advocates for transit and mobility solutions across the Valley.
- Goal 9: Financial Sustainability
    - Initiative 9.1: Develop and maintain short and long-term financial forecasts and cash reserve policies to ensure an ongoing financially balanced program.

**COMMITTEE PROCESS**
RTAG: April 14, 2026 for information
TMC: May 6, 2026 approved
Board of Directors: May 21, 2026 for action

**CONTACT**
Alexis Tameron Kinsey
Chief Policy and Government Relations Officer
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**ATTACHMENT**
Draft Agreement between Valley Metro, MAG and City of Phoenix

# Background Information

The administration of the dedicated half-cent excise tax for transportation is guided by Arizona law. Arizona law also requires the adoption of a budget process to ensure that costs do not exceed total revenues estimated to be available over the term of the excise tax. This requirement is administered through life cycle programs.

Arizona law established the Regional Public Transportation Authority (RPTA) for Maricopa County and the Public Transportation Fund for RPTA. The Public Transportation Fund consists of monies appropriated by each municipality that is a member of the authority or the county, transportation excise tax revenues that are allocated to the fund pursuant to state law, grants, gifts or donations from public or private sources, monies granted by the federal government or appropriated by the legislature, fares or other revenues collected in operating a public transportation system and monies distributed under title 28, chapter 17, articles 1 and 2.

On August 1, 2024, Governor Katie Hobbs signed Senate Bill SB 1102 (Proposition 479 enabling legislation) into law. Pursuant to SB 1102, Valley Metro RPTA retains statutory authority over the Public Transportation Fund, however MAG now has the statutory responsibility for the budget process for the portion of half-cent excise tax revenues allocated to the public transportation fund, which includes the administration and management of the Transit Life Cycle Program (TLCP). The TLCP budget process administered through life cycle programs does not apply to Valley Metro’s annual operating and capital budget approved by the Valley Metro Boards of Directors.

In addition to revenues generated from the dedicated half-cent excise tax, the TLCP incorporates other funding sources available to the region, including Federal Transit Administration formula funds. The City of Phoenix is the Designated Recipient of Federal Transit Administration funds in the Phoenix-Mesa-Scottsdale and Phoenix West-Goodyear-Avondale Urban Areas. MAG’s Regional Council approved the Regional Strategic Transportation Infrastructure Investment Plan (“RSTIIP”) to serve as the basis for the extension of the half-cent transportation excise tax. The RSTIIP guides the distribution of revenue sources available to the region, including Federal Transit Administration formula funds.

Pursuant to SB 1102, Valley Metro RPTA retains statutory authority over the Public Transportation Fund, and as a result, an intergovernmental agreement between involved parties is necessary to establish clear roles and responsibilities that will guide the management, administration, and implementation of the Proposition 479 TLCP.

The Parties will coordinate through established MAG and Valley Metro policy committee structures to ensure alignment of planning, programming, and implementation activities. Any dispute regarding roles or responsibilities shall be resolved through mutual consultation and, if necessary, escalation to the MAG Regional Council and the Valley Metro RPTA Board of Directors.

**AGREEMENT BETWEEN**
**MARICOPA ASSOCIATION OF GOVERNMENTS**
**AND**
**VALLEY METRO REGIONAL PUBLIC TRANSPORTATION AUTHORITY**
**AND**
**CITY OF PHOENIX**

**FOR THE MANAGEMENT, ADMINISTRATION, AND IMPLEMENTATION OF THE**
**PROPOSITION 479 TRANSIT LIFE CYCLE PROGRAM**

This AGREEMENT is entered into by and between the Maricopa Association of Governments ("MAG"), a regional planning agency ("MAG"); Regional Public Transportation Authority ("Valley Metro"), the regional public transportation authority established for Maricopa County; and the City of Phoenix ("COP"), an Arizona municipal corporation; regarding roles and responsibilities for management, administration, and implementation of the Proposition 479 Transit Life Cycle Program ("TLCP") bus program. This AGREEMENT recognizes the role of other Arizona municipal corporations in providing and operating bus transit services including: City of Glendale, City of Peoria, City of Scottsdale, and City of Tempe. This AGREEMENT compliments the Transit Planning, Programing and Fund Allocation Agreement dated April 3, 2015. The AGREEMENT will become effective on July 1, 2026. MAG, Valley Metro, and COP are referred to in this AGREEMENT each individually as "Party" and collectively as the "Parties."

<u>RECITALS</u>

A. Maricopa County's dedicated half-cent excise tax for transportation was first established by voters in 1985 with the approval of Proposition 300, was subsequently renewed in 2004 with approval of Proposition 400, and most recently renewed in 2024 with approval of Proposition 479.

B. The administration of the dedicated half-cent excise tax for transportation is guided by Arizona law. A.R.S. § 28-6352.

C. Arizona law requires the regional planning agency (MAG) to develop a multimodal plan that allocates revenues from the dedicated half-cent excise tax revenues and determines their use. A.R.S. § 28-6352.

D. Arizona law also requires the adoption of a budget process to ensure that estimated costs do not exceed total revenues estimated to be available over the term of the excise tax. Pursuant to A.R.S. § 42-6105 and 42-6105.01, this requirement is administered through "life cycle programs."

E. In addition to revenues generated from the dedicated half-cent excise tax, the life cycle programs also incorporate other funding sources available to the region, including Federal Transit Administration formula funds.

F. The COP is the Designated Recipient of Federal Transit Administration funds in the Phoenix-Mesa-Scottsdale and Phoenix West-Goodyear-Avondale Urban Areas.

G. Arizona law established the Regional Public Transportation Authority for Maricopa County and the public transportation fund for the authority. A.R.S. § 48-5102 et seq.

I. The public transportation fund consists of monies appropriated by each municipality that is a member of the authority or the county, transportation excise tax revenues that are allocated to the fund pursuant to A.R.S. § 42-6105 and 42-6105.01, grants, gifts or donations from public or private sources, monies granted by the federal government or appropriated by the legislature, fares or other revenues collected in operating a public transportation system and monies distributed under title 28, chapter 17, articles 1 and 2.

J. On June 23, 2021, MAG's Regional Council approved the Regional Strategic Transportation Infrastructure Investment Plan ("RSTIIP") to serve as the basis for the extension of the half-cent transportation excise tax.

K. In addition to the half-cent excise tax for transportation, the RSTIIP also guides the distribution of other revenue sources available to the region, including Federal Transit Administration formula funds.

L. The RSTIIP established planning principles, including the consolidation of all regional funding decisions and program management at MAG. Management and administration of the TLCP had previously been the responsibility of Valley Metro under Proposition 400.

M. On August 1, 2024, Governor Katie Hobbs signed Senate Bill SB 1102 into law.

N. In addition to authorizing a vote for the continuation of the dedicated half-cent excise tax (Proposition 479), SB 1102 codified the RSTIIP, including revising existing Arizona law regarding administration of the tax.

O. Pursuant to SB 1102, and consistent with the RSTIIP, MAG has statutory responsibility for the budget process for the portion of half-cent excise tax revenues allocated to the public transportation fund (A.R.S. § 28-6352(c)(2)), which includes the administration and management of the Transit Life Cycle Program. This budget process does not apply to Valley Metro's annual operating budget.

P. Pursuant to SB 1102, Valley Metro RPTA will retain statutory authority over the public transportation fund. A.R.S. § 48-5103.

Q. As a result, the establishment of clear roles and responsibilities is necessary to guide the management, administration, and implementation of the Proposition 479 TLCP.



<u>AGREEMENTS</u>

**NOW THEREFORE**, in consideration of the covenants contained herein, and other consideration, receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Purpose. The purpose of this AGREEMENT is to establish the roles and responsibilities of the Maricopa Association of Governments (MAG), the Regional Public Transportation

Authority (Valley Metro), and the City of Phoenix (COP) for the management, administration, and implementation of the Proposition 479 Transit Life Cycle Program (TLCP), consistent with Arizona law, Senate Bill 1102, and MAG's Regional Strategic Transportation Infrastructure Investment Plan (RSTIIP).

2. Definitions. In alignment with Transit Planning, Programing and Fund Allocation Agreement dated April 3, 2015, the following definitions clarify the levels of coordination among the Parties:

- Lead Agency – The agency with primary responsibility for managing an effort, including oversight of work products. The Lead Agency serves as the principal point of accountability for the activity.

- Co-Manager – An agency that collaborates in directing the effort, reviews draft work products after the Lead Agency's initial review, and provides input prior to circulation to other agencies.

- Regional Partner – An organization that participates at a strategic level, offering guidance and expertise to inform decisions and ensure alignment with regional objectives.

- Partner – An organization that participates in the effort alongside other agencies, contributing to coordination and implementation as appropriate.

3. Roles and Responsibilities. The Parties agree to perform their respective roles and responsibilities as outlined in Attachment A, which is incorporated herein by reference. Attachment A provides a detailed allocation of responsibilities for planning, programming, funding, implementation, and reporting for all elements of the TLCP, including but not limited to:

- Fixed Route Service (Base/Formula Funding and Seed Funding)
- Regional Commuter Bus
- ADA Complementary Paratransit Service
- Regional Support Services
- Park-and-Ride/Transit Centers
- Bus Purchases
- Transit Asset Management
- Implementation and Operations
- Reporting

4. MAG Responsibilities. MAG shall serve as the Lead Agency for:

- TLCP budget development and administration.
- Establishing aggregate funding levels and programming allocations for regional transit investments.
- Managing regional formula and seed funding processes.

- Developing and maintaining regional planning principles and policies through the RSTIIP.
- Publishing the annual TLCP update for MAG committee approval.

MAG shall also act as Co-Manager or Regional Partner for activities as specified in Attachment A.

5. Valley Metro Responsibilities. Valley Metro shall serve as the Lead Agency for:

- Implementation and operation of local transit operations, including regionally funded transit services, including fixed route, commuter (express) bus, ADA paratransit, and regional support services.
- Conducting the Bus Network Redesign (BNR) and Short Range Transit Plan (SRTP) updates.
- Managing transit performance data preparation and application.
- Provide data for federal grant requirements and compliance for regional transit programs.

Valley Metro shall also act as Co-Manager or Regional Partner for activities as specified in Attachment A.

6. City of Phoenix Responsibilities. The City of Phoenix shall:

- Implement and operate local fixed route services and other regionally funded services supported by the public transportation fund.
- Provide audited performance data and participate in federal formula distribution processes.
- Serve as the Designated Recipient for Federal Transit Administration funds in the Phoenix-Mesa-Scottsdale and Phoenix West-Goodyear-Avondale Urban Areas, including administration of federal grant requirements.

The City of Phoenix shall also act as Co-Manager or Regional Partner for activities as specified in Attachment A.

7. Coordination and Governance. The Parties shall coordinate through established MAG and Valley Metro committee structures to ensure alignment of planning, programming, and implementation activities. Disputes regarding roles or responsibilities shall be resolved through mutual consultation and, if necessary, escalation to the MAG Regional Council and the Valley Metro RPTA Board of Directors.

8. Term. This AGREEMENT shall become effective on July 1, 2026, and shall remain in effect for the duration of the Proposition 479 excise tax authorization, unless terminated or amended by mutual written agreement of the Parties.

9. Attachment. Attachment A: Roles and Responsibilities Flow Chart (dated January 13, 2026) is hereby incorporated into this AGREEMENT by reference and made a part hereof.

10. The parties agree to share and provide any additional information necessary to ensure statutory authority over the Public Transportation Fund and the Transit Life Cycle Program has been maintained.

11. General Provisions

a. Further Assurances. Each Party shall use all reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other Party in doing, all things necessary, proper or advisable to carry out the intent and purposes of this AGREEMENT.

b. Modifications. Any amendment, modification or variation from the terms of this AGREEMENT shall be in writing and shall be effective only after approval of all Parties signing the original AGREEMENT.

c. Notices. All notices or demands required to be given pursuant to the terms of this AGREEMENT shall be given to the other Parties in writing, delivered in person, sent by e-mail, deposited in the United States mail, postage prepaid, registered or certified mail, return receipt requested, or deposited with any commercial air courier or express service at the addresses set forth below, or to such other address as the Parties may substitute by written notice given in the manner prescribed in this paragraph.

For Valley Metro:

Jessica Mefford-Miller
Chief Executive Officer
Valley Metro RPTA
101 North 1st Avenue, Suite 1300
Phoenix, Arizona 85003
Phone: (602) 322-4477

For MAG:

Audra Koester Thomas
Executive Director
Maricopa Association of Governments
302 North First Avenue, Suite 300
Phoenix, Arizona 85003
Phone: (602) 254-6300

For COP:

Jesus Sapien
Public Transit Director
City of Phoenix
302 North First Avenue, Suite 900
Phoenix, Arizona 85003

Phone: (602) 253-5000

Notices shall be deemed received on date delivered, if delivered by hand, on the day it is sent by e-mail, on the second day after its deposit with any commercial air courier or express services or, if mailed, ten (10) days after the notice is deposited in the United States mail as above provided, and on the delivery date indicated on receipt if delivered by certified or registered mail. Any time period stated in a notice shall be computed from the time the notice is deemed received. Notices sent by facsimile transmission shall also be sent by regular mail to the recipient at the above address. This requirement for duplicate notice is not intended to change the effective date of the notice sent by facsimile transmission.

d. Counterparts. This AGREEMENT may be executed in one or more counterparts, and each originally executed duplicate counterpart of this AGREEMENT shall be deemed to possess the full force and effect of the original.

e. Captions. The captions used in this AGREEMENT are solely for the convenience of the parties, do not constitute a part of this AGREEMENT and are not to be used to construe or interpret this AGREEMENT.

f. Severability. If any term or provision of this AGREEMENT shall be found to be illegal or unenforceable, then notwithstanding such illegality or unenforceability, this AGREEMENT shall remain in full force and effect and such term or provision shall be deemed to be deleted.

g. Authority. Each Party hereby warrants and represents that it has full power and authority to enter into and perform this AGREEMENT, and that the person signing on behalf of each has been properly authorized and empowered to enter this AGREEMENT. Each Party further acknowledges that it has read this AGREEMENT, understands it, and agrees to be bound by it.

IN WITNESS WHEREOF, the Parties hereto have caused these presents to be executed by their duly authorized officers.

MAG:

Maricopa Association of Governments, an Arizona non-profit Corporation

_____________________________
Date

By: ______________________________
Audra Koester Thomas
Executive Director

Valley Metro Regional Public Transportation Authority:

_____________________________
Date

By: ______________________________
Jessica Mefford-Miller
Chief Executive Officer

City of Phoenix, an Arizona municipal corporation:

_____________________________
Date

By: ______________________________
Jesus Sapien
Public Transit Director

Approved as to form:

By: ______________________________
MAG General Counsel

Reviewed as to form:

By: ______________________________
Valley Metro Chief Legal Officer

Approved as to form:

By: ______________________________
City of Phoenix Attorney

**Attachment A: Prop 479 Era Transit Roles and Responsibilities**
**1/13/2026**

| | | MAG | RPTA | City of Phoenix |
|---|---|---|---|---|
| Fixed Route Service – Base/Formula Funding | **Base Allocation: Aggregate Funding Levels** The baseline allocation reflects the financial commitment programmed in RPTA's 2019 TLCP, decoupled from routes. This item represents the initial calculation of the estimated cost of the region's commitment to the FY 2025 Supergrid service revenue miles, as well as annual inflationary increases. Once the initial amount has been calculated, this funding will be adjusted for inflation annually by MAG consistent with approved Proposition 479 TLCP Policies and Procedures. | Lead Agency | Co-Manager | Regional Partner |
| | **Formula Allocation: Aggregate Funding Levels** As part of the overall TLCP, funding is allocated to various elements, including fixed route transit service. While the relative level of funding for the formula program will be consistent, the exact amount may change year-to-year based on a number of factors, such as the amount of regional funding needed for capital, funding levels for ADA or commuter bus, etc. The long-range allocation of funding to the formula will be identified and documented as part of the TLCP and fixed over the two-year formula distribution period. | Lead Agency | Co-Manager | Partner |
| | **Formula Distribution Calculations and Base Allocation (Programming)** Solicitation and review of requests to include routes in the formula calculation, and calculation of the actual distribution of formula shares and base allocation to each participating member agency. This calculation will use the audited performance data as the basis for formula distribution and update the base allocation for inflation. | Lead Agency | Co-Manager | Partner |
| | **Define Eligibility for Funding** Eligibility for use of the base allocation and formula funding as well as the formula distribution calculation is based on the original Proposition 400 Supergrid eligibility guidelines. Updated definition will align with short range transit planning efforts and updates from the RPTA Bus Network Redesign. | Lead Agency | Co-Manager | Partner |
| | **Transit Performance Data Preparation** Prepare the ridership reporting data that will be used as the basis for the performance data inputs to be used for the biennial calculation of the region's formula distribution to each participating member agency (50% revenue miles, 50% annual boardings). | Regional Partner | Lead Agency | Regional Partner |
| | **Transit Performance Data Application** Develop and implement processes to use the transit performance data for the biennial calculation of the region's formula distribution to each participating member agency (50% revenue miles, 50% annual boardings). | Lead Agency | Co-Manager | Partner |
| | **Transit Performance Data Approval** Approval of the ridership and revenue miles audited data to determine future year formula allocation funding levels. The audited data may vary from the standard ridership reporting data prepared based on the policies and parameters established for the biennial calculation of the region's formula distribution to each participating member agency. | Lead Agency | Co-Manager | Partner |

| | | MAG | RPTA | City of Phoenix |
|---|---|---|---|---|
| | **Service Route Planning, Public Outreach and Title VI Impacts**<br>Once regional funding amounts have been identified for the next two-year cycle, RPTA will work with member agencies and the City of Phoenix to identify and coordinate specific changes, enhancements, reductions, etc. to service levels. | Regional Partner | Lead Agency | Co-Manager* |
| Fixed Route Service – Seed Funding | **Aggregate Funding Levels**<br>As part of the overall TLCP, funding is allocated to various elements, including bus transit expansion. The amount of funding allocated will be identified as part of the TLCP and will fluctuate based on a number of conditions, including emerging market needs identified by RPTA's Bus Network Redesign. | Lead Agency | Co-Manager | Partner |
| | **Seed Funding Allocation (Programming)**<br>Determine funding criteria, review applications and award of funding for four-year commitment period. Funding criteria will be closely tied to planning level analysis, short-range transit planning efforts, and the COA. | Lead Agency | Co-Manager | Co-Manager |
| | **Planning, Service Level and Feasibility**<br>Every five years, RPTA will undertake a comprehensive operational analysis (bus network redesign) to review the existing fixed-route system and analyze potential and identify potential future new routes corresponding to identified transit propensity corridors to inform potential future emerging market opportunities as well as any updates to the regional funding criteria. | Co-Manager | Lead Agency | Regional Partner |
| | **Implementation (Route Feasibility)**<br>Agencies will work with the service providers to determine the feasibility, provide input on the proposed project and routes it would serve, and cost associated with the project. | Regional Partner | Co-Manager | Co-Manager/ Lead Agency(s)* |
| Regional Commuter Bus | **Aggregate Funding Levels**<br>As part of the overall TLCP, funding is allocated to various elements, including regional commuter bus. The amount of funding allocated to the commuter bus program will be identified as part of the TLCP and will fluctuate based on several conditions. | Lead Agency | Co-Manager | Partner |
| | **Funding Allocation (Programming)**<br>Approval of the actual routes and regional funding levels for commuter bus operations. The selection of the routes to be funded will be closely tied to the regional planning efforts and implementation plan. | Lead Agency | Regional Partner | Partner |
| | **Regional Planning Efforts**<br>Conduct a long-term, regional planning assessment to update the Regional Commuter Bus Feasibility Study and Market Analysis to inform (and update if needed) aggregate fundings levels. The assessment will also provide input for regional decision-making process to allocate regional funding for potential improvements to the express route network (programming). | Lead Agency | Co-Manager | Regional Partner |
| | **Implementation Plan (Service Performance and Viability)**<br>Develop the regional commuter bus network, including routes and service levels. This will be informed by the regional planning assessment. Specific updates and improvements to the network to | Co-Manager | Lead Agency | Regional Partner |

| | | MAG | RPTA | City of Phoenix |
|---|---|---|---|---|
| | meet the current and future market needs identified through the regional planning assessment will be informed through short-range transit planning efforts and updates to the COA. | | | |
| ADA Complementary Paratransit Service | **Aggregate Funding Levels**<br>As part of the overall TLCP, funding is allocated to various elements, including ADA paratransit service. The intent of the ADA paratransit service funding set-aside is to ensure regional consistency within federal ADA paratransit eligibility requirements. The regional ADA paratransit service funding will be limited to the strict, federal requirement for ADA complementary paratransit service as defined in 49 CFR Part 37 Subpart F, although jurisdictions may use local funds for trips served beyond the federal requirement. The amount of funding allocated will be identified as part of the TLCP and will fluctuate based on a number of conditions. | Lead Agency | Co-Manager | Co-Manager* |
| | **Funding Allocation (Programming)**<br>Approval of annual update to regional funding allocated for ADA paratransit service. Updated amounts will be determined based on the latest cost estimates informed through the established ADA policies and program parameters. | Lead Agency | Co-Manager | Regional Partner* |
| | **Establish Regional ADA Funding Policy Parameters**<br>MAG will manage and update the regional ADA paratransit service funding policies as needed, including determination of eligible cost containment policies. | Lead Agency | Co-Manager | Co-Manager |
| | **Implement ADA Policies, Parameters, and Cost Containment Strategies**<br>The RSTIIP establishes the use of regional funding for ADA paratransit, including regional funding policy eligibility. Specific procedural details to implement the program to differentiate between the costs eligible for regional funding and local funding sources to ensure compliance with the regional funding policy, including program parameters and cost containment strategies. | Co-Manager | Lead Agency | Lead Agency(s)* |
| Regional Support Services | **Aggregate Funding Levels**<br>As part of the overall TLCP, funding is allocated to various elements, including regional support services (what are currently "off-the-top" items). The amount of funding allocated to regional support services will be identified as part of the TLCP and will fluctuate based on a number of conditions. | Lead Agency | Co-Manager | Partner |
| | **Funding Allocation (Programming)**<br>Approval of annual update to regional funding allocated for regional support services. Updated amounts will be determined based on the latest approved RPTA operating budget. | Lead Agency | Co-Manager | Partner |
| | **Regional Support Services Inventory/Catalogue**<br>Regional support services include safety and security, the regional call center, other regional service capital investments, and federal grant management support services. Determine what encompasses regional support services and other needs, including associated cost estimates, as part of RTPA's annual operating budget development and approval process, which occurs separate to the TLCP budget process. | Co-Manager | Lead Agency | Regional Partner |

| | | MAG | RPTA | City of Phoenix |
|---|---|---|---|---|
| Park-and-Ride/Transit Centers | **Aggregate Funding Levels**<br>As part of the overall TLCP, funding is allocated to various elements including park-and-rides/transit centers. The amount of funding allocated to regional support services will be identified as part of the TLCP and will fluctuate based on several conditions. | Lead Agency | Co-Manager | Co-Manager |
| | **Regional Planning Efforts**<br>A long-term, regional planning assessment will be initiated as part of the Commuter Bus Feasibility Study Update and updated periodically to inform (and update if needed) aggregate fundings levels. The assessment will also provide input for project selection and programming to align opportunities for park-and-rides with commuter bus routes and freeway infrastructure projects. | Lead Agency | Co-Manager | Regional Partner |
| | **Funding Allocation/Project Selection (Programming)**<br>Funding for park-and-rides and transit centers will be programmed through a formal discretionary process based on regional planning efforts. Determine funding criteria, review applications and award of funding. The funding criteria will be closely tied to planning level analysis, short-range transit planning efforts, and the COA. project feasibility and implementation assessments as part of the selection criteria. | Lead Agency | Co-Manager | Co-Manager |
| | **Implementation Plan (Project Feasibility)**<br>Agencies will work with the service providers to determine the feasibility, provide input on the proposed project and routes it would serve, and cost associated with the project. | Regional Partner | Co-Manager | Co-Manager / Lead Agency(s)* |
| Bus Purchases | **Aggregate Funding Levels**<br>As part of the overall TLCP, funding is allocated to bus purchases. The region will maintain the Proposition 400-era commitment to cover the full cost of bus transit purchases and replacements given the significance the fleet has on the quality of the regional bus system. The amount of funding allocated will be identified as part of the TLCP and will fluctuate based on a number of conditions, including the bus acquisition and fleet replacement plans. | Lead Agency | Co-Manager | Co-Manager |
| | **Funding Allocation (Programming)**<br>Approval of funding allocated for bus purchases/ replacements. Programmed procurement efforts would be informed by sequencing of needs in the bus acquisition and fleet replacement plans. | Lead Agency | Regional Partner | Regional Partner |
| | **Fleet Needs and Replacement Plan**<br>Develop and update bus acquisition and fleet replacement plan to maintain fleet in state of good repair and to support all existing and planned transit service as determined through short range transit planning efforts and COA updates. Determine when needs require request for additional regional funding above set approved aggregate funding levels. | Regional Partner | Lead Agency | Lead Agency* |
| Transit Asset Management | **Aggregate Funding Levels**<br>As part of the overall TLCP, funding is allocated to keep existing transit facilities in a state of good repair. Specifically, dedicated funding is set aside for bus transit asset management items and projects programmed through a periodic, regional planning process. Examples of bus transit asset management include capital overhauls/ replacements of the regional Computer-Aided Dispatch/ Automatic | Lead Agency | Co-Manager | Co-Manager |

| | | MAG | RPTA | City of Phoenix |
|---|---|---|---|---|
| | Vehicle Location (CAD/AVL) system, regional farebox system, and operation and maintenance facilities. The amount of funding allocated will be identified as part of the TLCP and will fluctuate based on several conditions, including transit asset management plans. | | | |
| | **Funding Allocation (Programming)** Approval of funding allocated for transit asset management projects. Programmed projects would be informed by sequencing of needs in the transit asset management plan. | Lead Agency | Regional Partner | Regional Partner |
| | **Transit Asset Management Plans** Includes specific plans related to existing transit infrastructure as well as more broad, regional plans for items such as the CAD/AVL system, farebox, etc. Determine when needs require request for additional regional funding above set approved aggregate funding levels. | Co-Manager | Lead Agency | Lead Agency(s)* |
| Implementation and Operations | **Farebox Recovery Audit** Consistent with ARS 28-6353, a farebox recovery audit will be conducted for the previous fiscal year, which includes documentation of all transit funding sources, calculation of a farebox recovery ratio, and summary of system funding by source. | Regional Partner | Lead Agency | Co-Manager |
| | **Short Range Transit Plan** Identify and coordinate transit service concepts approximately in five-year intervals regardless of funding source (e.g., regional or local funds). | Regional Partner | Lead Agency | Co-Manager* |
| | **Comprehensive Operational Analysis/Bus Network Redesign** RPTA will work with member agencies to conduct an operational assessment of the existing regional transit network, including recommendations for improvements and future improvements aimed at addressing unmet transit needs and regional transit priorities every five years. | Regional Partner | Lead Agency | Regional Partner |
| | **Local Fixed Route Service** Implement and operate local fixed route bus service as identified by member agencies through service planning processes. | Partner | Lead Agency | Lead Agency |
| | **Seed Funded Routes** Implement and operate approved seed funded routes. | Partner | Lead Agency | Lead Agency |
| | **Regional Commuter Bus Service** Implement and operate approved regional commuter bus service. | Partner | Lead Agency | Partner |
| | **ADA Paratransit Service** Implement and operate approved regionally funded ADA paratransit service. | Partner | Lead Agency | Lead Agency(s)* |
| | **Regional Transit Service Support** Conduct approved regional transit service support services. | Partner | Lead Agency | Lead Agency |
| | **Regional Facilities** Design, right of way, construction, and operation of regionally awarded park-and-ride and transit centers. | Partner | Lead Agency | Lead Agency(s)* |
| | **Bus Fleet** Procure regionally approved bus purchases and maintain fleet. | Partner | Lead Agency | Lead Agency(s)* |
| | **Bus Transit Asset Management** | Partner | Lead Agency | Lead Agency(s)* |

| | | MAG | RPTA | City of Phoenix |
|---|---|---|---|---|
| | Implement regionally approved transit asset management projects. | | | |
| Reporting | **Annual TLCP Publication** Each fiscal year, an updated program will be taken through the MAG committee process for formal approval, which will outline all the regionally funded service and transit investments. | Lead Agency | Co-Manager | Co-Manager |
| | **Annual SRTP Update** Each fiscal year, an updated Short Range Transit Program that aligns with the updated TLCP will be taken through the RPTA Board for formal approval. | Co-Manager | Lead Agency | Co-Manager |

** Reflects additional responsibilities borne by the other Arizona municipal corporations providing and managing bus transit operations in Maricopa County.*

# Executive Summary

**DATE** **AGENDA ITEM 2**
May 14, 2026

**SUBJECT**
Renewable Natural Gas Revenue Contract Award

**COST AND BUDGET**
As this is a revenue contract there are no costs associated with the contract, and the revenue will be used to offset the cost of bus operations. Estimated revenue for the initial five-year base term is $6,344,736, estimated revenue for all three option years is $3,460,708. The aggregate revenue over the term is estimated at $9,805,444.

**RECOMMENDATION**
Authorization for the Chief Executive Officer to enter into a contract with Clean Energy Renewable Fuels, LLC, for Renewable Natural Gas Credits (Revenue), with a five-year initial term and three one-year options to extend. The aggregate revenue over the term is estimated at $9,805,444.

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

- Goal 6: Leadership and execution
  - Tactic 6.2: Communicate and connect the strategic plan to the work
- Goal 9: Financial sustainability
  - Tactic 9.1: Maintain short and long-term financial forecasts and cash reserve policies
  - Tactic 9.3: Maximize revenue generation
  - Tactic 9.4: Support procurement with flexible language, create transparency, and enhance bid opportunities

**COMMITTEE PROCESS**
RTAG: April 14, 2026, for information
TMC: May 6, 2026, approved
Board of Directors: May 21, 2026, for action

**CONTACT**
Gregg Thompson
Deputy Chief, Bus Maintenance
gthompson@valleymetro.org

**ATTACHMENT**
A copy of the contract is available for review

# Background Information

At the Mesa Bus Operations and Maintenance Facility (MBOM), 93 buses are powered by compressed natural gas (CNG), with an annual consumption of approximately 2,000,000 therms.

Renewable natural gas (RNG), also referred to as biogas, is a pipeline-quality methane derived from organic sources such as agricultural waste, landfills, and wastewater treatment facilities. As a renewable resource, RNG is continuously replenished and serves as a lower-carbon alternative to conventional natural gas.

RNG producers may qualify for federal tax credits when the fuel is certified for use in transportation. Under an RNG program, Valley Metro, as the end user of the fuel, is eligible to share a portion of the associated environmental credit revenue.

Through established brokerage arrangements, Valley Metro can match its natural gas consumption with RNG supplied by multiple certified producers. This structure ensures both a reliable fuel supply and a consistent revenue stream tied to environmental attributes.

Through a competitive solicitation process, Valley Metro can secure an estimated revenue of $0.61 per therm. Projected annual revenues for the base term and option years are detailed in Table 1.

Contract revenue will offset operating costs, thereby reducing member city or Public Transportation Funds contributions.

Participation in an RNG program does not impact eligibility for Alternative Fuel Tax Credits, nor does it restrict Valley Metro's ability to hedge fuel costs or procure natural gas through traditional commodity markets.

**Table 1**

| **Base Term** | | | | |
|---|---|---|---|---|
| **Year 1** | **Year 2** | **Year 3** | **Year 4** | **Year 5** |
| $1,268,947.20 | $1,268,947.20 | $1,268,947.20 | $1,268,947.20 | $1,268,947.20 |
| | | | **Base Term Total** | $6,344,736.00 |
| **Option Years** | | | | |
| Year 1 | Year 2 | Year 3 | | |
| $1,153,569.60 | $1,153,569.60 | $1,153,569.60 | | |
| | | | **Option Year Total** | $3,460,708.80 |
| | | | **Contract Value** | **$9,805,444.80** |

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

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

- Regulatory Compliance Plan (0 – 50 points)
- Description of RNG Source (0 – 100 points)
- Experience & Qualifications (0 – 100 points)
- Price (0 – 750 points)

After reaching consensus, the evaluation committee recommends an award to Clean Energy Renewable Fuels, LLC, based on the following results:

| Vendor | Score (Max 1000) |
|---|---|
| Clean Energy Renewable Fuels, LLC | 994 |
| STX Commodities LLC | 916 |
| Anew RNG, LLC | 894 |
| U.S. Energy, Inc | 683 |
| WM Renewable Energy, LLC | 627 |
| LNG INDY, LLC | 500 |

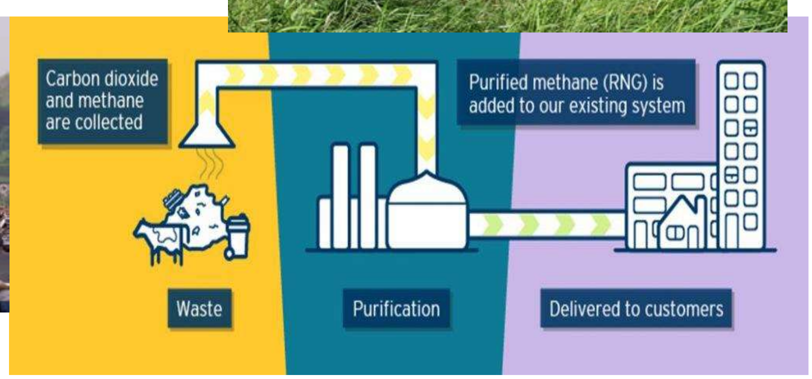
**CONTRACT TYPE AND TERM**
The contract is a firm fixed-price contract. The contract will begin on or about July 1, 2026, for an initial five-year term with three one-year options to extend, for a maximum term of eight years.

# Renewable Natural Gas Revenue

1

## Renewable Natural Gas Revenue

- Mesa- 2,000,000 therms annually
- Revenue Anticipated $.61 per therm
- RNG originates from methane and carbon dioxide

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2

## Recommendation

Authorization for the Chief Executive Officer to enter into a contract with Clean Energy Renewable Fuels, LLC, for Renewable Natural Gas Credits (Revenue), with a five-year initial term and three one-year options to extend. The aggregate revenue over the term is estimated at $9,805,444.

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VALLEY METRO

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# Executive Summary

**DATE** **AGENDA ITEM 3**
May 14, 2026

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

**COST AND BUDGET**
See the information below.

**RECOMMENDATION**
Approval of the RPTA FY27 Proposed Operating and Capital Budget of $506.3M, and acceptance of the Five-Year Operating Forecast and Capital Program (FY 2027 thru 2031).

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

**COMMITTEE PROCESS**
Preliminary Budget Review:
Financial Working Group: February 17, 2026 for information
TMC: March 4, 2026 for information
AFS: March 5, 2026 for information
Board of Directors: March 26, 2026 for information

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

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

**CONTACT**
Ken Kessler
Chief Financial Officer
kkessler@valleymetro.org

**ATTACHMENT**
None

# Background Information

The Valley Metro Regional Public Transportation Authority (RPTA) FY27 proposed combined operating and capital budget (the budget) is $506.3 million and includes a $3.7 million dollar reimbursement of Prop400 funding from Valley Metro Rail capital. The preliminary FY27 budget has been prepared with the goal of delivering a fiscally prudent, balanced budget. The budget was developed in compliance with Board of Directors adopted budget, financial and Transit Life Cycle Program (TLCP) policies.

Valley Metro began the FY27 budget process by carefully reviewing its operations to identify efficiencies and other potential reductions to the FY27 base operating budget. This resulted in a proactive reduction in the RPTA base operating budget of $11.4 million. The largest areas of reduction include one-time items in the FY26 budget not continuing into FY27, reductions in service in the City of Phoenix operated bus service funded with PTF, one-time rent reductions for the Mobility Center and Corporate offices, and decreased fare media needs.

From this starting point, ridership, economic factors outside the agency's control, contractual commitments, and the continued implementation of previously approved Board actions must be incorporated. For FY27, these non-discretionary items total $7.9 million, comprising 100% of the total increase, excluding base decrease, in the FY27 operating budget. Valley Metro staff is not recommending any new budget initiatives for FY27.

| 1 | **Continuing Commitments**<br>Deliver Excellent Customer Experience | |
|---|---|---|
| | **Combined** | **Continuing Commitment** |

## Description

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

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

| Item | RPTA | VMR | Note |
|---|---|---|---|
| Rail Landscaping Contract Rate Increase | - | $76,000 | |
| Rail and Bus Facility Maintenance | $18,000 | $77,000 | |
| **Total** | **$18,000** | **$153,000** | |

| 2 | Continuing Commitments<br>Invest in Our Talent | |
|---|---|---|
| | Combined | Continuing Commitment |

## Description

**Agency Staff Merit**

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

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

| 3 | Continuing Commitments<br>Prioritize Security on Transit | |
|---|---|---|
| | Combined | Continuing Commitment |

## Description

**Security Contract Rate Increase**

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

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

| 4 | Continuing Commitments<br>Operational Excellence | |
|---|---|---|
| | Combined | Continuing Commitment |

## Description

**Insurance Premium**

The annual renewal of Valley Metro's property and liability coverage was authorized by the Board of Directors in November 2025. Staff recommend a budget increase to account for the Valley Metro Insurance program to ensure Valley Metro's assets are adequately protected. Insurance impacts both VMR and RPTA.

**Bus Service and Rate Increase**

Valley Metro contracts its local, express, and circulator bus service out to two different providers. Keolis provides service for the East Valley and the current contract has previously defined annual escalation rates. National Express provides service for the West Valley, the rate for FY27 was agreed upon, however that contract is set to go to procurement and rates for FY27 and beyond are unknown. Based on annual escalations and service mileage changes, increases for FY27 are as follows:

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

**Demand Service Rate Increase**

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

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

**Vanpool Program - Contract Rate Change**

Valley Metro's contract for vanpool covers the cost of operations and leasing of vendor vehicles. Under the current contract, rates vary depending on the van type and mileage used by the riders. The annual increase for FY27 includes both changes in overall average rates of the vans being used and a contractually allowed 5% increase in FY27 $0.3M.

**Rail Transportation Service Rate Increase**

Valley Metro contracts its operations of both light rail and streetcar to Alternate Concepts, Inc. (ACI). The ACI contract includes a standard annual wage increase effective July 1, 2026. For FY27, the amount for ACI includes $2.1M for the annual increase.

**Non-Revenue Vehicle Maintenance**

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

**Rail Maintenance Overtime and Vacancy Rate**

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

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

| 5 | Inflationary/Market & Ridership<br>Operational Excellence | |
|---|---|---|
| | **Combined** | **Inflationary/Market & Ridership** |

**Description**

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

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

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

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

**City of Phoenix Regional Services**
RPTA acts as a fiduciary for regional Prop 479 Public Transportation Funds. Through the Transit Life Cycle Program, service that is eligible for PTF funding is identified and programmed based on collaborative discussions with member cities and is managed in close collaboration with MAG. This initiative will cover the increased costs of Phoenix-operated ADA service and other regional services. City of Phoenix also provide regional services for fixed route operations through contracts that they have, seeking reimbursement from other transit agencies for their relative share of these services. These services include but are not limited to scheduling services and related software, CLEVER vehicle location management services, Vix Regional Fare Collection System support, etc.

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

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

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

| 6 | Inflationary/Market & Ridership<br>Deliver Excellent Customer Experience | |
|---|---|---|
| | **VMR** | **Inflationary/Market & Ridership** |

| Description |
|---|
| **Rail Vehicle and Facility Cleaning Contractual Increase**<br>Valley Metro contracts with DMS to provide cleaning services for rail vehicles and facilities for both light rail, and streetcar. This contract expires 6/30/26 and will be procured through a competitive solicitation and rates are not yet known for FY27 and beyond. |

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

| 7 | Inflationary/Market & Ridership<br>Financial Sustainability | |
|---|---|---|
| | VMR | **Inflationary/Market & Ridership** |

| Description |
|---|
| **Valley Metro Rail**<br><br>Budget requests are directly tied to pending notices of claims. |

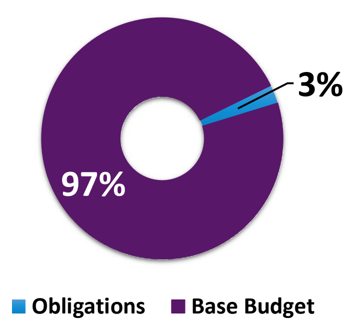
| Item | RPTA | VMR | Note |
|---|---|---|---|
| Legal Cost/Support | - | $650,000 | |
| **Total** | **-** | **$650,000** | |

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

1

## RPTA Operating Budget Overview ($ millions)

| RPTA | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Obligations | | | | | |
| | FY 2026 Budget | FY 2027 Base | Change v FY26 | Cont Commit | Inflation & Ridership | Total Obligations | VM Recommend | FY 2027 Budget | Total Change |
| Total | $ 279.2 | $ 267.9 | $ (11.4) | $ 6.0 | $ 1.9 | $ 7.9 | $ - | $ 275.8 | $ (3.4) |

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# Base Budget Reductions

| Description | Amount |
|---|---|
| Travel | $ (79,000) |
| Bus Network Redesign | (180,000) |
| Fare Support Call Center | (329,000) |
| Fare Media | (550,000) |
| Mobility Center Rent | (621,000) |
| 101 Building Rent | (1,214,000) |
| Phoenix Farebox Maintenance | (1,889,000) |
| Phoenix Fixed Route Bus | (6,549,000) |
| **Total** | **$ (11,411,000)** |

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VALLEY METRO

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# Obligations Summary

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

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VALLEY METRO

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## Budget Process Adjustments

| Description | Amount |
|---|---|
| Personnel -eliminate 11 FTE's, remove COLA | $ (1,535,000) |
| Advertising | (20,000) |
| Contingency | (9,446,000) |
| Contractual Services | 767,000 |
| Fuel & Lubricants | 748,000 |
| IT and Administrative | (247,000) |
| Leases/Rent | (51,000) |
| Member Agency Disbursements | (168,000) |
| Site Improvements | (100,000) |
| Transit Services | (3,077,000) |
| Travel & Meetings | (124,000) |
| **Total** | **$ (13,253,000)** |

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

| Uses of Funds | FY26 | FY27 | Change $ | Change % |
|---|---|---|---|---|
| Fixed Route Operations | $169,966 | $169,566 | ($400) | -0.2% |
| Demand Service | 63,758 | 65,095 | 1,337 | 2% |
| Vanpool Operations | 9,185 | 9,339 | 154 | 2% |
| Commute Solutions | 1,641 | 1,541 | (100) | -6% |
| Planning | 3,898 | 3,628 | (270) | -7% |
| Regional Services | 24,910 | 21,246 | (3,664) | -15% |
| Administration and Finance | 5,871 | 5,384 | (487) | -8% |
| **RPTA Operating** | **$279,229** | **$275,799** | **($3,430)** | **-1%** |

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

| Source of Funds | FY26 | FY27 | Change $ | Change % |
|---|---|---|---|---|
| Public Transportation Funds | $181,057 | $183,246 | $2,189 | 1% |
| Regional Area Road Funds | 5,106 | 6,324 | 1,218 | 24% |
| Member City Contributions | 63,582 | 59,440 | (4,142) | -7% |
| Bus Advertising | 750 | 700 | (50) | -7% |
| Federal Funds | 15,465 | 10,800 | (4,665) | -30% |
| Fares | 13,012 | 13,311 | 299 | 2% |
| MAG Funds | 175 | - | (175) | -100% |
| Other | 82 | 1,978 | 1,896 | 2312% |
| **RPTA Operating** | **$279,229** | **$275,799** | **($3,430)** | **-1%** |

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

| Uses of Funds | FY26 | FY27 | Change $ | Change % |
|---|---|---|---|---|
| Regional Fleet | $20,659 | $50,342 | $29,683 | 144% |
| Regional Facilities | 9,230 | 9,192 | (38) | -0.4% |
| Other Regional Projects | 4,390 | 3,432 | (958) | -22% |
| Debt Service | 22,244 | - | (22,244) | -100% |
| Member Agency Disbursement | 9,650 | - | (9,650) | -100% |
| **RPTA Capital** | **$66,173** | **$62,966** | **($3,207)** | **-5%** |

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

| Source of Funds | FY26 | FY27 | Change $ | Change % |
|---|---|---|---|---|
| Public Transportation Funds | $42,912 | $21,611 | ($21,301) | -50% |
| Federal Funds | 22,069 | 41,238 | 19,169 | 87% |
| Other | 1,192 | 117 | (1,075) | -90% |
| RPTA Capital | $66,173 | $62,966 | ($3,207) | -5% |

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VALLEY METRO

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

| Uses of Funds | FY26 | FY27 | Change $ | Change % |
|---|---|---|---|---|
| VMR RARF Disbursements | $500 | - | ($500) | -100% |
| AZ Lottery Funds Disbursements | 11,200 | 11,200 | - | 0% |
| Member Agency Disbursements | - | 110,132 | 110,132 | --- |
| VMR Personnel | 48,595 | 49,939 | 1,344 | 3% |
| VMR PTF Capital Funding | 85,337 | (3,733) | (89,070) | -104% |
| RPTA Pass-Thru | $145,632 | $167,538 | $21,906 | 15% |

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

| Source of Funds | FY26 | FY27 | Change $ | Change % |
|---|---|---|---|---|
| Public Transportation Funds | - | $110,132 | $110,132 | --- |
| Regional Area Road Funds | 500 | - | (500) | -100% |
| AZ Lottery Funds | 11,200 | 11,200 | - | 0% |
| VMR Personnel Reimbursements | 48,595 | 49,939 | 1,344 | 3% |
| VMR PTF Capital Funding Allocation | 85,337 | (3,733) | (89,070) | -104% |
| **RPTA Pass-Thru** | **$145,632** | **$167,538** | **$21,906** | **15%** |

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## RPTA

## FY27-31 Five-Year Forecast

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# 5-Year Operating Sources and Uses

| Operating ($,000) | FY27 | FY28 | FY29 | FY30 | FY31 | Total |
|---|---|---|---|---|---|---|
| **Sources of Funds** | | | | | | |
| Advertising | $ 700 | $ 770 | $ 847 | $ 932 | $ 1,026 | $ 4,275 |
| Public Transportation Funds | 231,190 | 233,355 | 242,745 | 256,621 | 267,954 | 1,231,864 |
| Regional Area Road Funds | 6,324 | 6,451 | 6,580 | 6,711 | 6,845 | 32,910 |
| Member City Contributions | 59,440 | 66,525 | 69,706 | 73,409 | 77,125 | 346,206 |
| VMR Reimbursements | 49,939 | 53,037 | 54,628 | 56,267 | 57,955 | 271,826 |
| AZ Lottery Funds | 11,200 | 11,200 | 11,200 | 11,200 | 11,200 | 56,000 |
| Federal Funds | 10,800 | 12,005 | 13,733 | 13,994 | 14,260 | 64,793 |
| Fares | 13,311 | 13,787 | 14,314 | 14,862 | 15,435 | 71,709 |
| Other | 1,978 | 2,304 | 1,772 | 945 | 945 | 7,945 |
| **Total Sources of Funds** | **384,882** | **399,435** | **415,525** | **434,941** | **452,745** | **2,087,528** |
| **Uses of Funds** | | | | | | |
| Fixed Route Operations | 169,566 | 177,174 | 184,898 | 194,890 | 202,821 | 929,349 |
| Demand Service Operations | 65,095 | 67,238 | 70,618 | 74,772 | 79,197 | 356,919 |
| Vanpool Operations | 9,339 | 9,619 | 9,908 | 10,205 | 10,511 | 49,582 |
| Planning | 3,628 | 3,701 | 3,775 | 3,850 | 3,927 | 18,880 |
| Commute Solutions | 1,541 | 1,572 | 1,603 | 1,635 | 1,668 | 8,019 |
| Regional Services and Administration | 21,246 | 20,285 | 20,714 | 21,152 | 21,600 | 104,997 |
| Adminstration and Finance | 4,884 | 4,982 | 5,081 | 5,183 | 5,287 | 25,417 |
| Operating Contingency | 500 | 500 | 500 | 500 | 500 | 2,500 |
| Pass-through Disbursements | 109,083 | 114,364 | 118,428 | 122,755 | 127,234 | 591,864 |
| **Total Uses of Funds** | **$ 384,882** | **$ 399,435** | **$ 415,525** | **$ 434,941** | **$ 452,745** | **$ 2,087,528** |

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# 5-Year Capital Sources and Uses

| Capital ($,000) | FY27 | FY28 | FY29 | FY30 | FY31 | Total |
|---|---|---|---|---|---|---|
| **Sources of Funds** | | | | | | |
| Public Transportation Funds | $ 83,799 | $ 84,429 | $ 99,112 | $ 104,253 | $ 111,632 | $ 483,225 |
| Federal Funds | 41,238 | 65,106 | 72,275 | 69,286 | 41,915 | 289,820 |
| Other | 117 | 120 | 112 | 115 | 115 | 579 |
| VMR Public Transportation Funds Program | (3,733) | 7,160 | 5,486 | 71,366 | 6,103 | 86,382 |
| **Total Sources of Funds** | **121,421** | **156,815** | **176,985** | **245,020** | **159,765** | **860,006** |
| **Uses of Funds** | | | | | | |
| Regional Fleet | 50,342 | 75,208 | 96,802 | 96,358 | 71,907 | 390,615 |
| Regional Facilities | 9,192 | 5,269 | 2,105 | 998 | 1,609 | 19,173 |
| Other Regional Projects | 3,432 | 4,158 | 4,366 | 4,584 | 4,813 | 21,353 |
| Member Agency Disbursements | 62,188 | 65,020 | 68,227 | 71,714 | 75,333 | 342,482 |
| Rail Program Disbursements | (3,733) | 7,160 | 5,486 | 71,366 | 6,103 | 86,382 |
| **Total Uses of Funds** | **$ 121,421** | **$ 156,815** | **$ 176,985** | **$ 245,020** | **$ 159,765** | **$ 860,006** |

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# Recap of Important Dates

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

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# Recommendation

Approval of the RPTA FY27 Proposed Operating and Capital Budget of $506.3 million, and acceptance of the Five-Year Operating Forecast and Capital Program (FY 2027 thru 2031).

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# Memo

| | | |
|---|---|---|
| To: | Valley Metro RPTA Board of Directors | **Agenda Item 4** |
| Date: | May 14, 2026 | |
| From: | Councilmember Jennifer Adams, City of Tempe, RPTA Chair | |
| Re: | Election of FY27 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 2027 (July 1, 2026 – June 30, 2027).

**RPTA Board Officers**
- Chair: one-year term
- Vice Chair: one-year term
- Treasurer: one-year term

**Audit and Finance Subcommittee**
- Two AFS members representing RPTA (Davis and McMahon) have an expiring term in 2026, 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 2027**, 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 5, 2026**. 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 2026

# BOARDS/COMMITTEES FY 2026

| RPTA Board Officers | | |
|---|---|---|
| **Name** | **City** | **Position** |
| Councilmember Jennifer Adams | City of Tempe | Chair |
| Councilmember Max White | City of Avondale | Vice Chair |
| Vacant | | |

| VMR Board Officers | | |
|---|---|---|
| **Name** | **City** | **Position** |
| Vacant | City of Phoenix | Chair |
| Councilmember Jennifer Adams | City of Tempe | Vice Chair |

| Valley Metro RPTA/VMR Audit and Finance Subcommittee | | | |
|---|---|---|---|
| **Name** | **City** | **Representing** | **Term Expires** |
| Vice Mayor Jimmy Davis | City of Tolleson | RPTA | June 2026 |
| Councilmember Peggy McMahon | Town of Fountain Hills | RPTA | June 2026 |
| Councilmember Max White | City of Avondale | RPTA | June 2027 |
| Councilmember Jennifer Adams | City of Tempe | VMR | June 2027 |
| | 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 Max White | City of Avondale |
| Councilmember Lauren Tolmachoff | City of Glendale |
| **VMR Members** | **City** |
| Councilmember Francisco Heredia | City of Mesa |
| | |

| TMC/RMC Chair/Vice Chair | | |
|---|---|---|
| **Name** | **City** | **Position** |
| Rosa Inchausti | City of Tempe | Chair - TMC |
| Ron Corbin | City of Avondale | Vice Chair - TMC |
| Amber Williamson | City of Phoenix | Chair RMC |
| Rosa Inchausti | City of Tempe | Vice Chair - RMC |

# Executive Summary

**DATE**
May 14, 2026

**AGENDA ITEM 5**

**SUBJECT**
Report on Current Events and Suggested Future Agenda Items

**COST AND BUDGET**
None

**RECOMMENDATION**
This item is presented for information only.

**BACKGROUND | DISCUSSION | CONSIDERATION**
None

**COMMITTEE PROCESS**
None

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

**ATTACHMENT**
None

# Agenda

May 14, 2026

Valley Metro Rail
Board of Directors
Thursday, May 21, 2026
Boardroom/Webex
Valley Metro
101 N. 1st Avenue, 10th Floor
11:15 a.m.

## CONSENT AGENDA

| | | | |
|---|---|---|---|
| 1A. | Minutes | 1A. | For action |

Minutes from the March 26 and April 16, 2026 Board meetings are presented for approval.

| | | | |
|---|---|---|---|
| 1B. | Rail Public Transit Agency Safety Plan (PTASP) | 1B. | For action |

Approval of the Rail Public Transit Agency Safety Plan (PTASP).

## REGULAR AGENDA

| | | | |
|---|---|---|---|
| 2. | Facilities Maintenance and Repair & Operations (MRO) and Industrial Supplies Contract Award – Grainger | 2. | For action |

Authorization for the Chief Executive Officer to enter into a cooperative contract with W.W. Grainger Inc., for facilities maintenance and repair operations and industrial supplies, with a maximum term of August 31, 2030, as amended. The aggregate value of the contract will not exceed $1,397,807.

| | | | |
|---|---|---|---|
| 3. | Facilities Maintenance and Repair & Operations (MRO) and Industrial Supplies Contract Award – Fastenal Company | 3. | For action |

Authorization for the Chief Executive Officer to enter into a cooperative contract with Fastenal Company, for facilities maintenance and repair operations and industrial supplies, with a maximum term of August 31, 2030, as amended. The aggregate value of the contract will not exceed $1,373,648.

4. Valley Metro Rail, Inc. Fiscal Year 2027 (FY27) Proposed Operating and Capital Budget and Five-Year Operating Forecast and Capital Program (FY27 through FY31) — 4. For information and possible action

Approval of the Valley Metro Rail, Inc. FY27 Proposed Operating and Capital Budget, and acceptance of the Five-Year Operating Forecast and Capital Program (FY 2027 thru 2031).

5. Joint Board Subcommittee Election — 5. For action

The Board will vote to elect a Board member to fill the vacancy on the Joint Board Subcommittee for VMR.

6. Election of FY27 Board Officers and Subcommittee Members — 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 subcommittees of the Board: Joint Board Subcommittee (JBS) and Audit and Finance Subcommittee (AFS). Subcommittee members must be elected officials.

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

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

8. Next Meeting — 8. For information

The next Board meeting is scheduled for **Thursday, June 18, 2026 at 11:15 a.m.**

Qualified sign language interpreters are available with 72 hours notice. Materials in alternative formats are available upon request. For further information, please call Valley Metro at 602-262-7433. The supporting information for this agenda and the You Tube streaming link can be found on our web site at www.valleymetro.org.

# Meeting Minutes

May 14, 2026 **AGENDA ITEM 1A**

Valley Metro Rail
Board of Directors
Thursday, March 26, 2026
Boardroom/Webex
Valley Metro 101 N. 1st Avenue, 10th Floor
11:30 a.m.

**Members Present**
Councilmember Laura Pastor, Chair
Councilmember Jennifer Adams, Vice Chair
Councilmember Francisco Heredia, City of Mesa

The Chair called the meeting to order at 2:28 p.m.

Welcome to the Valley Metro Rail Board of Directors Thursday, March 26, 2026. Welcome members.

1. Minutes

Chair Pastor said item number 1 are the minutes. Minutes from February 19th, 2026 board meeting are presented for approval.

**IT WAS MOVED BY COUNCILMEMBER ADAMS, SECONDED BY COUNCILMEMBER HEREDIA AND UNANIMOUSLY CARRIED TO APPROVE THE FEBRUARY 19, 2026 BOARD MEETING MINUTES.**

2. Valley Metro Rail, Inc. Fiscal Year 2027 (FY27) Preliminary Operating and Capital Budget

Chair Pastor said item number 2 is Valley -- Valley Metro Rail Fiscal Year 2027 Preliminary Operating and Capital Budget. CEO, Jessica Mefford-Miller will introduce this item.

Ms. Mefford-Miller said thank you, Madam Chair, members of the VMR board. I've made my preamble comments in the RPTA meeting. So Mr. Kessler, please.

Mr. Kessler said thank you. So we'll get right into it. So again, just some of the same slides from RPTA. I'll just move through quickly here, get to the VMR budget.

So here you have the breakdown of the budget, starting with the base budget. We have a year over year reduction, the base budget of $1.3 million. We have increases based on those ongoing obligations and contractual commitments of about $9.7 million with a current FY27 preliminary budget at $130.3 million $8.4 million over FY26.

And then just a reminder in terms of the ongoing budget development process the -- the items we've worked to reduce since the very first preliminary budget was released in October, going through the process through the last presentation, as I mentioned before TMC and RMC and AFS earlier this month, and then continuing budget updates that we work on, as we mentioned before, looking at those vacant positions, and then as well as continuing to evaluate administrative and non-service contract costs to identify some future additional savings.

So getting into the details of the budget here, you see the operating budget light rail year over year 7 percent streetcar year over year change of 6 percent and agency operating flat year over year. Do want to point out agency operating is essentially all the administrative cost of Valley Metro Rail, which represents about 2.8 percent of the overall operating budget.

So in looking at the sources of funds. Again, for the VMR operating budget, very much heavily funded by member city contributions and fares and a little bit of federal funds, as well as some advertising revenues.

And then to get into the details of those cost drivers for those year over year changes for the VMR budget you could see here again in the continuing commitment, which is mostly contractual changes, but also as pointed out in the prior meeting that, you know, we have the -- the merit in there for staff continuing forward, security contract rate increase, as well as the -- the, the rail transportation service rate increase year over year, and then overtime and the vacancy credit is a year over year increase.

And then also insurance premium at this point in time, we're projecting a little under a half a million dollar increase, but we do have insurance from a December through November timeframe. And so much of next year's unknown at this point, we did our best working with legal to come up with estimates that reflect where we think the market is going.

And then looking at some of those inflationary impacts. Again, you know, on the light rail side, obviously we have a system that's aging and then -- so not only do we need to do additional, you know, work to maintain it and state of good repair, but also the cost of those repairs is going up due to inflation both in parts and any of the -- the outsourced work that we do.

And then on the rail operation side, as Jessica mentioned previously, very heavily reliant on electrical power for not just utilities at our facilities, but obviously for propulsion of the vehicles on the system and looking at an increase there in the cost for that.

And again down at the bottom here, this legal support is due to the increased size of the system, more exposure to collisions, additional collisions, and some recent significant collisions that we have to be mindful of making sure we're budgeting to cover any potential legal costs and settlements and so forth.

So now moving on from the operating budget to the capital budget. The -- the use of funds on the capital side. Again, you'll see a big shift here as we -- as we move out of some of these major extension projects with South Central winding down, just some trailing costs expected to finish out that project in FY27. You'll see future project development and state of good repair becomes an increasingly more significant part of the capital program. And -- and again, that state of good repair as the system ages future project development reflects in there the Rio East Dobson efforts, planning efforts, as well as the West Phoenix planning efforts.

And then the capital. Sources of funds that support the capital program, federal funds and member city contributions making up the majority of that funding sources.

And then looking at the five-year program for VMR, we've got about a $700 million operating program. Again, the -- the major source of funds there is member cities that fund the operations and then fares and some federal funds.

And on the use of side. Of course, operations and maintenance by far the largest part of the -- the VMR five-year operating program, as well as security being a significant effort as well. And just again, pointing out agency operating being the VMR administrative costs over the life, the five-year program here, about 2.7 percent of the total program operating cost.

And then the sources. Again, very much member -- members city -- oh, I already covered that. My bad. Move on. Trying to, trying to go too fast. Sorry about that.

Moving on to the -- the five-year capital program. Again, on the sources here very much highly use of federal funds and member city contributions and still some public transportation funds available. The -- just a reminder, there are some PTF funds left over from the Prop 400 era that are at this point forecast to be used for the -- the West Phoenix project going forward to support those efforts.

And then on the uses side. Again, you could see here for this one point, almost $2 billion, five-year program, the biggest part of the program here, obviously Rio East option as a fully forecasted design and construction program. Then after that we have -- we've got West Phoenix with the initial planning and preliminary design efforts going forward. And then future project development and state of good repair also becoming more significant part of the VMR capital program.

So again, the reminder of the timeline for the budget. And that concludes my presentation. Happy to take any questions.

Councilmember Adams said I don't have any questions.

Chair Pastor said I don't think there's any questions. Just to comment, the same comment I have for the RPTA is that we continue to look and identify areas of budget reductions.

Mr. Kessler said absolutely.

Chair Pastor said that was for information only.  Thank you.

3. Report on Current Events and Suggested Future Agenda Items

Chair Pastor said item number 3, report on current events and suggested future items, agenda items.  Anybody have anything?  Doesn't look like it.

4. Next Meeting

The next Board meeting is scheduled for Thursday, April 16, 2026 at 11:15 a.m.

With no further discussion the meeting adjourned at 2:35 p.m.

# Meeting Minutes

May 14, 2026 **AGENDA ITEM 1A**

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

**Members Present**
Councilmember Laura Pastor, City of Phoenix, Chair
Councilmember Jennifer Adams, City of Tempe, Vice Chair

Chair Pastor convened the meeting at 2:14 p.m.

1. Consent Agenda

Chair Pastor said item number 1 is the Consent Agenda. The Consent Agenda is presented for action. The following 1A through 1C. Are there any questions from the committee?

1A. Minutes (no action)
1B. Federal Transit Administration Pass-Through Grant Agreements (5309) Extension
1C. Connected Vehicle Acceleration Zone Project Intergovernmental Agreement with MCDOT

**IT WAS MOVED BY COUNCILMEMBER ADAMS, SECONDED BY COUNCILMEMBER PASTOR AND UNANIMOUSLY CARRIED TO APPROVE CONSENT AGENDA ITEMS 1B AND 1C.**

2. Valley Metro Rail, Inc. Fiscal Year 2027 (FY27) Preliminary Operating and Capital Budget

Chair Pastor said item number 2, Valley Metro Rail Inc. Fiscal year 2027, preliminary operating capital budget. I believe Ken Kessler is going to introduce this item.

Mr. Kessler said thank you, Madam Chair. So we'll move through the VMR budget here fairly quickly. Some similarities between the two budgets.

So I'll just kind of hit on the highlights here. So again, for the VMR current budgets, with the most recent adjustments we've made, we're looking at a $129.8 million FY27 operating budget or $7.9 million year over year change. And again, there's the breakdown.
The base budget makes up about 93% and those ongoing cost drivers make up about 7 percent. Again, the budget development updates, same thing. We've worked to reduce the base budget and each version of the budget going forward for the last few months.

And then to show a summary of those adjustments, do want to mention on the personnel reductions, 11 of the positions are RPTA related, six are related to VMR. On the VMR side, we do have it broken out a little differently because some of the positions for VMR are actually to some extent capital related.

So we want to give that breakdown here. Also show the items that we have reduced in the budget since the last version. As well here, we thought it was important to show some capital changes, especially given that going forward under the new Prop 479 rules, the cities have to fund some items on the capital program that they didn't previously. So we have moved the capital budget down $10 million, moved the operating budget down by about $600,000.

And then looking at the operating budget by program, again, an overall 6 percent increase for VMR, 7 percent for light rail, 4 percent for streetcar, and our agency operating, which is essentially all the administrative costs of Valley Metro Rail is down 5 percent year over year. And then the sources for the operating program, again, very heavily reliant on member city contributions, as well as fares, advertising, and some federal funds. And there's year over year cost drivers as continuing commitments and ongoing obligations.

Again, contract rate increases, things like security and our transportation provider, as well as some other items that are moving, insurance premiums, insurance continues to be a challenge for VMR, seeing increases there each year, and then also some increased costs for parts, as well as utility increases year over year.

And then on the capital program, here we have, you can see as the corridor specific programs are reducing like South Central and Northwest phase two, we have some trailing costs for South Central and Northwest has a little bit of trailing costs, but mostly moving forward, that's the additional vehicles that are being purchased under that project, milestone payments for that. And you can see state of good repair and future project development becoming a bigger overall proportion of the capital program for VMR as our construction activities are kind of at a low right now as we're working towards planning for future extensions.

And then on the sources side, again, here, federal funds and member city contributions, making up the majority of the sources that fund the capital program. Looking at the five-year forecast, again, similarly the way we forecast, we use some of the more granular information, contract rates that we know in existing contracts and things like that forecast going forward.

And so on the sources side, you could see again, member city contributions being the majority, and then operations and maintenance and security on the use side being the majority of the budget.
And do want to point out for the agency operating portion of the operating budget overall each year and for the five years, represents just 2.7 percent of the overall operating budget. So a very low percentage towards administration VMR. Now looking at the capital program, about a $1.1 billion program, again, funded very largely by federal funds and member city contributions.

And then looking at the uses of our capital program, again, you see, in addition to projects that are planned to ramp up like Rio East Dobson and West Phoenix, future project development and state of good repair, again, increasing their overall portion of the capital program over the five years.

So there's the timeline, again, same timeline.

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

Chair Pastor said any questions? There are no questions. Thank you.

This item was presented for information only.

3. Report on Current Events and Suggested Future Agenda Items

Chair Pastor said item number 3, Report on Current Events and Suggested Future Agenda items. You have any?

Councilmember Adams said no.

4. Next Meeting

The next Board meeting is scheduled for **Thursday, May 21, 2026, at 11:15 a.m.**

With no further discussion the meeting adjourned at 2:35 p.m.

# Executive Summary

**DATE** **AGENDA ITEM 1B**
May 14, 2026

**SUBJECT**
Rail Public Transit Agency Safety Plan (PTASP)

**COST AND BUDGET**
None

**RECOMMENDATION**
Approval of the Rail Public Transit Agency Safety Plan (PTASP).

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

- Goal 8: Operational excellence
  - Tactic 8.1: Optimize service performance
  - Tactic 8.3: Improve service quality through enhanced planning, performance management and continuous improvement

**COMMITTEE PROCESS**
TMC/RMC - May 6, 2026 approved
Board of Directors – May 21, 2026 for action

**CONTACT**
Adrian Ruiz
Chief, Safety and Security
aruiz@valleymetro.org

**ATTACHMENT**
A copy of the Rail Public Transit Agency Safety Plan is available upon request.
Summary of Changes – Valley Metro Rail Agency Safety Plan

# Background Information

In 2018, the Federal Transit Administration (FTA) published the Public Transportation Agency Safety Plan (PTASP) Final Rule, 49 Code of Federal Regulations Part 673. The rule requires public transportation agencies receiving federal funds to develop and certify compliance of a PTASP by December 31, 2020. Valley Metro's Agency Safety Plan (ASP) was approved and signed by the Board of Directors and certified by the State Safety Oversight Agency (SSOA) in October 2020.

The PTASP Final Rule and Bipartisan Infrastructure Law requires that ASPs be reviewed annually, and all updates be approved and signed by a joint labor-management safety committee, the Accountable Executive (Chief Executive Officer) and the transit agency's Board of Directors.

Updates to the ASP for CY2026 include:

- Transit Agency Information
- Safety Performance Targets and Safety Risk Reduction Program requirements
- Safety Accountabilities and Responsibilities
- Training requirements and reference to Roadway Worker Protection training
- Safety and Security Committee responsibilities
- Updates as required to comply with the Arizona Department of Transportation's Program Standard Revision #9

Staff is providing this information to inform and prepare the Board for the requirement to review and approve updates to the ASP.

# Summary of Changes

Valley Metro Rail Agency Safety Plan

**Revision 6**

- **Section 1.0** Updated Transit Agency Information
- **Section 4.0** Safety Performance Targets
  - Section 4.1 updated to include additional required targets
  - Section 4.2 updated section to include the 14 required safety performance measures and 8 safety risk reduction program measures and involvement of the joint management-labor committee in establishing those targets.
- **Section 6.1** Added reference to 49 CFR Part 671 Roadway Worker Protection
- **Section 6.2** Added Emergency Manager and Deputy Chief roles and responsibilities
- **Section 7.1.2** Updated data analysis
- **Section 7.3.4** Added Section on Heat Relief
- **Section 8.1** Updated references to Event Investigation Plan and statement for disagreement and resolution with ADOT reports
- **Section 8.1.7** Updated verbiage to address conditional ratings
- **Section 9.2** Updated training requirements and reference to Roadway Worker Protection training
- **Appendix E: Updated Organizational Charts**
- **Appendix F: SMS Implementation Plan (removed)**
  - ADOT acknowledged SMS Implementation phases and activities have been completed and associated appendix can be removed.

**Appendix G: Comprehensive Safety**

# Executive Summary

**DATE** **AGENDA ITEM 2**
May 14, 2026

**SUBJECT**
Facilities Maintenance and Repair & Operations (MRO) and Industrial Supplies Contract Award – Grainger

**COST AND BUDGET**
Cost for the initial term is $208,143, cost for all options years is $1,189,664, plus a contingency of $139,781 or 10% of the full term cost. The aggregate contract value will not exceed $1,397,807.

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

The source of funds is member cities.

**RECOMMENDATION**
Authorization for the Chief Executive Officer to enter into a cooperative contract with W.W. Grainger Inc., for facilities maintenance and repair operations and industrial supplies, with a maximum term of August 31, 2030, as amended. The aggregate value of the contract will not exceed $1,397,807.

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

- Goal 8: Operational excellence
  - Tactic 8.2: Codify a comprehensive maintenance and operations program

**COMMITTEE PROCESS**
RTAG: April 14, 2026, for information
RMC: May 6, 2026, approved
Board of Directors: May 21, 2026, for action

**CONTACT**
Rob Rosenberg
Deputy Chief of Rail Maintenance
Rrosenberg@valleymetro.org

**ATTACHMENT**
A copy of the contract is available for review.

# Background Information

This contract with W.W. Grainger is needed to support Valley Metro Rail which operates a large, complex infrastructure, light rail vehicles, track systems, maintenance facilities, electrical systems, and more, all of which require a steady supply of:

- Tools and hardware
- Safety equipment and PPE
- Electrical and lighting components
- HVAC and facility maintenance supplies
- Janitorial and cleaning products
- Plumbing and building maintenance materials

Keeping stocked with maintenance supplies is an ongoing operational need.

This item has been reviewed and approved by Valley Metro Rail Maintenance staff.

This item serves the Agency's strategic plan for a comprehensive maintenance and operations program.

| Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Total |
|---|---|---|---|---|---|
| $208,143 | $238,948 | $274,312 | $314,911 | $361,493 | $1,397,807 |

**PROCUREMENT INFORMATION**
In accordance with the Agency's Joint Procurement Manual, standard competition was waived as a result of an approved Determination Memo and processed as a cooperative contract. The Facilities Maintenance and Repair & Operations (MRO) and Industrial Supplies contract number CTR074761 was awarded using a competitive process consistent with the Agency's procurement processes set forth in the Joint Procurement Manual.

**CONTRACT TYPE AND TERM**
The contract is an indefinite delivery indefinite quantity contract. The contract will begin on or about June 1, 2026, and shall terminate upon the expiration or termination of the Master Agreement, as amended, not to exceed August 31, 2030.

# Facilities Maintenance and Repair & Operations (MRO) and Industrial Supplies Contract Award - Grainger

VALLEY METRO RAIL

1

## Facilities Maintenance and Repair & Operations (MRO) and Industrial Supplies Contract Award - Grainger

- Tools and hardware
- Safety equipment and PPE
- Electrical and lighting components
- HVAC and facility maintenance supplies
- Janitorial and cleaning products
- Plumbing and building maintenance materials


2

VALLEY METRO

2

## Recommendation

Authorization for the Chief Executive Officer to enter into cooperative contract with W.W. Grainger Inc., for facilities maintenance and repair operations and industrial supplies, with a maximum term of August 31, 2030, as amended. The aggregate value of the contract will not exceed $1,397,807.

3

VALLEY METRO

3

# Executive Summary

**DATE** **AGENDA ITEM 3**
May 14, 2026

**SUBJECT**
Facilities Maintenance and Repair & Operations (MRO) and Industrial Supplies Contract Award – Fastenal Company

**COST AND BUDGET**
Cost for the initial term is $225,000, cost for all options years is $1,148,648, plus a contingency of $137,365 or 10% of the full-term cost. The aggregate contract value will not exceed $1,373,648.

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

The source of funds is member cities.

**RECOMMENDATION**
Authorization for the Chief Executive Officer to enter into a cooperative contract with Fastenal Company, for facilities maintenance and repair operations and industrial supplies, with a maximum term of August 31, 2030, as amended. The aggregate value of the contract will not exceed $1,373,648.

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

- Goal 8: Operational excellence
    - Tactic 8.2: Codify a comprehensive maintenance and operations program

**COMMITTEE PROCESS**
RTAG: April 14, 2026, for information
RMC: May 6, 2026, approved
Board of Directors: May 21, 2026, for action

**CONTACT**
Rob Rosenberg
Deputy Chief of Rail Maintenance
Rrosenberg@valleymetro.org

**ATTACHMENT**
A copy of the contract is available.

# Background Information

This contract is needed with Fastenal for several practical operational reasons. Fastenal is an industrial supply company that specializes in fasteners, tools, and maintenance/repair/operations (MRO) supplies.

Rail maintenance involves constant use of bolts, nuts, screws, anchors, clips, and specialty fasteners for track work, vehicle maintenance, station infrastructure, and equipment repairs. Fastenal is one of the largest distributors of these items in North America.

Fastenal supplies cutting tools, drill bits, abrasives, safety equipment, personal protective equipment (PPE), and shop consumables — all of which is used by rail maintenance constantly.

Fastenal is well known for placing industrial vending machines and managed inventory systems on-site at large facilities. This gives maintenance crews 24/7 access to commonly needed supplies without requiring a full purchasing workflow for every small item — a major efficiency gain for a transit agency.

A formal contract allows Valley Metro to get negotiated pricing, usage tracking, and spend reporting, which helps with public agency procurement compliance and budget accountability.

This item has been reviewed and approved by Valley Metro Rail Maintenance staff.

This item serves the Agency's strategic plan for a comprehensive maintenance and operations program.

| Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Total |
|---|---|---|---|---|---|
| $225,000 | $247,500 | $272,250 | $299,475 | $329,423 | $1,373,648 |

**PROCUREMENT INFORMATION**
In accordance with the Agency's Joint Procurement Manual, standard competition was waived as a result of an approved Determination Memo and processed as a cooperative contract. The Facilities Maintenance and Repair & Operations (MRO) and Industrial Supplies contract number CTR074591 was awarded using a competitive process consistent with the Agency's procurement processes set forth in the Joint Procurement Manual.

**CONTRACT TYPE AND TERM**
The contract is an indefinite delivery indefinite quantity contract. The contract will begin on or about June 1, 2026, and shall terminate upon the expiration or termination of the Master Agreement, as amended, not to exceed August 31, 2030.

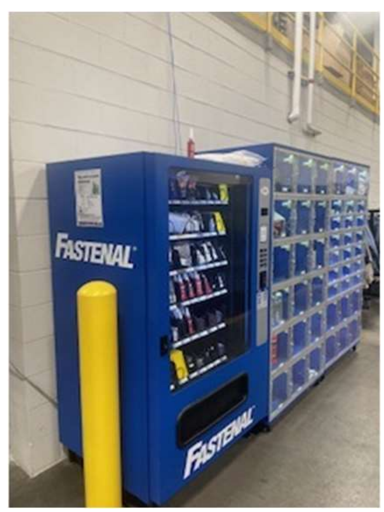
# Facilities Maintenance and Repair & Operations (MRO) and Industrial Supplies Contract Award - Fastenal

VALLEY METRO RAIL

1

## Facilities Maintenance and Repair & Operations (MRO) and Industrial Supplies Contract Award - Fastenal

- PPE
- Small consumable items

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VALLEY METRO

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## Recommendation

Authorization for the Chief Executive Officer to enter into a cooperative contract with Fastenal Company, for facilities maintenance and repair operations and industrial supplies, with a maximum term of August 31, 2030, as amended. The aggregate value of the contract will not exceed $1,373,648.

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# Executive Summary

**DATE** **AGENDA ITEM 4**
May 14, 2026

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

**COST AND BUDGET**
See information below.

**RECOMMENDATION**
Approval of the Valley Metro Rail, Inc. FY27 Proposed Operating and Capital Budget of $208.3M, and acceptance of the Five-Year Operating Forecast and Capital Program (FY 2027 thru 2031).

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

- Goal 9: Financial Sustainability

**COMMITTEE PROCESS**
Preliminary Budget Review:
Financial Working Group: February 17, 2026 for information
RMC: March 4, 2026 for information
AFS: March 5, 2026 for information
Board of Directors: March 26, 2026 for information

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

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

**CONTACT**
Ken Kessler
Chief Financial Officer
kkessler@valleymetro.org

**ATTACHMENT**
None

# Background Information

The Valley Metro Rail, Inc. (VMR) FY27 combined operating and capital budget (the budget) is $208.3 million. The proposed FY27 budget has been prepared with the goal of delivering a fiscally prudent, balanced budget. The budget was developed in compliance with Board of Directors' adopted budget, financial and Transit Life Cycle Program (TLCP) policies.

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

From this starting point, ridership, economic factors outside the agency's control, contractual commitments, and the continued implementation of previously approved Board actions must be incorporated. For FY27, these non-discretionary items total $9.7 million, comprising 100% of the total increase, excluding base decrease, in the FY27 operating budget. Valley Metro staff is not recommending any new budget initiatives for FY27.

| 1 | Continuing Commitments<br>Deliver Excellent Customer Experience | |
|---|---|---|
| | Combined | Continuing Commitment |

**Description**

**Rail Landscaping Contract Rate Increase**

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

**Rail and Bus Facility Maintenance**

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

| Item | RPTA | VMR | Note |
|---|---|---|---|
| Rail Landscaping Contract Rate Increase | - | $76,000 | |
| Rail and Bus Facility Maintenance | $18,000 | $77,000 | |
| **Total** | **$18,000** | **$153,000** | |

| 2 | Continuing Commitments<br>Invest in Our Talent | |
|---|---|---|
| | **Combined** | **Continuing Commitment** |

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

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

| 3 | Continuing Commitments<br>Prioritize Security on Transit | |
|---|---|---|
| | Combined | Continuing Commitment |

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

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

| 4 | **Continuing Commitments**<br>Operational Excellence | |
|---|---|---|
| | Combined | **Continuing Commitment** |

## Description

**Insurance Premium**

The annual renewal of Valley Metro's property and liability coverage was authorized by the Board of Directors in November 2025. Staff recommend a budget increase to account for the Valley Metro Insurance program to ensure Valley Metro's assets are adequately protected. Insurance impacts both VMR and RPTA.

**Bus Service and Rate Increase**

Valley Metro contracts its local, express, and circulator bus service out to two different providers. Keolis provides service for the East Valley and the current contract has previously defined annual escalation rates. National Express provides service for the West Valley, the rate for FY27 was agreed upon, however that contract is set to go to procurement and rates for FY27 and beyond are unknown. Based on annual escalations and service mileage changes, increases for FY27 are as follows:

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

**Demand Service Rate Increase**

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

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

**Vanpool Program - Contract Rate Change**

Valley Metro's contract for vanpool covers the cost of operations and leasing of vendor vehicles. Under the current contract, rates vary depending on the van type and mileage used by the riders. The annual increase for FY27 includes both changes in overall average rates of the vans being used and a contractually allowed 5% increase in FY27 $0.3M.

**Rail Transportation Service Rate Increase**

Valley Metro contracts its operations of both light rail and streetcar to Alternate Concepts, Inc. (ACI). The ACI contract includes a standard annual wage increase effective July 1, 2026. For FY27, the amount for ACI includes $2.1M for the annual increase.

**Non-Revenue Vehicle Maintenance**

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

**Rail Maintenance Overtime and Vacancy Rate**

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

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

| 5 | Inflationary/Market & Ridership<br>Operational Excellence | |
|---|---|---|
| | **Combined** | **Inflationary/Market & Ridership** |

## Description

**Rail Operations Utility and Propulsion Power Increase**

Based on historical usage trends and anticipated utility provider rate increases, the FY27 increase is estimated to be $0.9M.

**Demand Service Ridership Change**

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

**Bus and Paratransit Fuel Increase**

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

**Vanpool Van Type and Ridership Change**

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

**City of Phoenix Regional Services**

RPTA acts as a fiduciary for regional Prop 479 Public Transportation Funds. Through the Transit Life Cycle Program, service that is eligible for PTF funding is identified and programmed based on collaborative discussions with member cities and is managed in close collaboration with MAG. This initiative will cover the increased costs of Phoenix-operated ADA service and other regional services. City of Phoenix also provide regional services for fixed route operations through contracts that they have, seeking reimbursement from other transit agencies for their relative share of these services. These services include but are not limited to scheduling services and related software, CLEVER vehicle location management services, Vix Regional Fare Collection System support, etc.

**Rail Vehicle Parts and Repairs**

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

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

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

| 6 | Inflationary/Market & Ridership<br>Deliver Excellent Customer Experience | |
|---|---|---|
| | VMR | **Inflationary/Market & Ridership** |

| Description |
|---|
| **Rail Vehicle and Facility Cleaning Contractual Increase**<br>Valley Metro contracts with DMS to provide cleaning services for rail vehicles and facilities for both light rail, and streetcar. This contract expires 6/30/26 and will be procured through a competitive solicitation and rates are not yet known for FY27 and beyond. |

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

| 7 | Inflationary/Market & Ridership<br>Financial Sustainability | |
|---|---|---|
| | VMR | **Inflationary/Market & Ridership** |

| Description |
|---|
| **Valley Metro Rail**<br><br>Budget requests are directly tied to pending notices of claims. |

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


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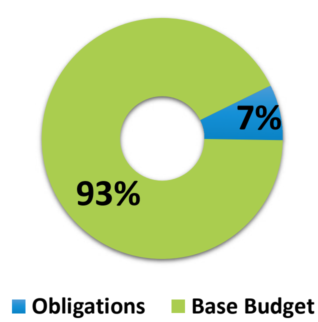
## VMR Operating Budget Overview ($ millions)

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

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# Base Budget Reductions/Adjustments

| Description | Amount |
|---|---|
| Non-Revenue Vehicles | $ (1,387,000) |
| Consultant Support | (800,000) |
| Regional Customer Service | (451,000) |
| Advertising | (283,000) |
| Tenant Improvements | 133,000 |
| Personnel - Class & Comp, Project Shifts from Capital | 921,000 |
| **Total** | **$ (1,867,000)** |

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# Obligations Summary

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

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# Budget Process Adjustments

| Description | Amount |
|---|---|
| Personnel - eliminate 6 FTE's, remove COLA | $ (3,736,000) |
| Advertising | (311,000) |
| Computers & Software | (72,000) |
| Contingency | (6,793,000) |
| Contractual Services | (141,000) |
| Fuel & Lubricants | 239,000 |
| Insurance | (2,324,000) |
| IT and Administrative | (1,397,000) |
| Non-Revenue Vehicles | (966,000) |
| Parts | (1,301,000) |
| Property Damage Recoveries | 280,000 |
| Travel & Meetings | (84,000) |
| **Total** | **$ (16,606,000)** |

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# Uses of Funds: Operating ($,000)

| Uses of Funds | FY26 | FY27 | Change $ | Change % |
|---|---|---|---|---|
| Light Rail Operations & Maintenance | $89,294 | $96,140 | $6,846 | 8% |
| Light Rail Security | 20,574 | 21,521 | 947 | 5% |
| *Subtotal Light Rail* | *109,868* | *117,661* | *7,793* | *7%* |
| Streetcar Operations & Maintenance | 7,118 | 7,448 | 330 | 5% |
| Streetcar Security | 1,205 | 1,236 | 31 | 3% |
| *Subtotal Streetcar* | *8,323* | *8,684* | *461* | *4%* |
| Agency Operating | 3,739 | 3,493 | (196) | -5% |
| **Total Operating Uses** | **$121,930** | **$129,838** | **$7,908** | **6%** |

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# Sources of Funds: Operating ($,000)

| Sources of Funds | FY26 | FY27 | Change $ | Change % |
|---|---|---|---|---|
| Other | $100 | $100 | - | 0% |
| Advertising | 1,250 | 1,250 | - | 0% |
| Fares | 7,104 | 5,800 | (1,304) | -18% |
| Member City Contributions | 109,289 | 119,827 | 10,538 | 10% |
| Federal Funds | 4,187 | 2,861 | (1,326) | -32% |
| **Total Operating Sources** | **$121,930** | **$129,838** | **$7,908** | **6%** |

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# Uses of Funds: Capital ($,000)

| Uses of Funds | FY26 | FY27 | Change $ | Change % |
|---|---|---|---|---|
| Future Project Development | $13,113 | $39,202 | $26,089 | 199% |
| South Central Ext./Downtown Hub | 50,602 | 9,048 | (41,554) | -82% |
| Capitol Extension | 28,012 | - | (28,012) | -100% |
| Northwest Extension Phase II | 9,048 | 9,460 | 512 | 6% |
| Tempe Streetcar | 6,691 | - | (6,691) | -100% |
| Systemwide Improvements | 4,188 | 1,834 | (2,354) | -56% |
| State of Good Repair | 21,347 | 19,000 | (2,347) | -11% |
| **Total Capital Uses** | **$133,001** | **$78,544** | **($54,457)** | **-41%** |

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

| Sources of Funds | FY26 | FY27 | Change $ | Change % |
|---|---|---|---|---|
| Other | $2,328 | - | ($2,328) | -100% |
| Member City Contributions | (80,373) | 12,344 | 92,717 | 115% |
| Carry Forward & Reserves | 2,433 | 1,000 | (1,333) | -55% |
| Federal Funds | 119,376 | 68,933 | (50,443) | -42% |
| MAG Funds | 500 | - | (500) | -100% |
| Public Transportation Funds | 88,237 | (3,733) | (91,970) | -104% |
| Regional Area Road Funds | 500 | - | (500) | -100% |
| **Total Capital Sources** | **$133,001** | **$78,544** | **($54,457)** | **-41%** |

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# VMR

## FY27-31 Five-Year Forecast

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# 5-Year Operating Sources and Uses

| | FY27 | FY28 | FY29 | FY30 | FY31 | Total |
|---|---|---|---|---|---|---|
| **Operating ($,000)** | | | | | | |
| **Sources of Funds** | | | | | | |
| Advertising | $ 1,250 | $ 1,263 | $ 1,275 | $ 1,288 | $ 1,301 | $ 6,376 |
| Fares | 5,800 | 5,858 | 5,917 | 5,976 | 6,036 | 29,586 |
| Federal Funds | 2,861 | 2,890 | 2,919 | 2,948 | 2,977 | 14,594 |
| Member City Contributions | 119,827 | 125,537 | 129,506 | 134,216 | 139,100 | 648,187 |
| Other | 100 | 100 | 100 | 100 | 100 | 500 |
| **Total Sources of Funds** | **$ 129,838** | **$ 135,647** | **$ 139,716** | **$ 144,527** | **$ 149,514** | **$ 699,243** |
| **Uses of Funds** | | | | | | |
| Operations & Maintenance | 103,588 | 108,610 | 111,868 | 115,843 | 119,969 | 559,878 |
| Security | 22,757 | 23,440 | 24,143 | 24,867 | 25,613 | 120,820 |
| Agency Operating | 3,493 | 3,598 | 3,706 | 3,817 | 3,931 | 18,545 |
| **Total Uses of Funds** | **$ 129,838** | **$ 135,647** | **$ 139,716** | **$ 144,527** | **$ 149,514** | **$ 699,243** |

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# 5-Year Capital Sources and Uses

| | FY27 | FY28 | FY29 | FY30 | FY31 | Total |
|---|---|---|---|---|---|---|
| **Capital ($,000)** | | | | | | |
| **Sources of Funds** | | | | | | |
| Federal Funds | $ 68,933 | $ 22,181 | $ 26,183 | $ 218,315 | $ 291,326 | $ 626,938 |
| Member City Contributions | 12,344 | 53,377 | 54,970 | 105,037 | 202,154 | 427,882 |
| Public Transportation Funds | (3,733) | 7,160 | 4,662 | 71,366 | 6,103 | 85,558 |
| Reserves/Carryforward | 1,000 | 8,526 | 5,944 | 5,000 | 226 | 20,696 |
| **Total Sources of Funds** | **78,544** | **91,243** | **91,759** | **399,718** | **499,809** | **1,161,074** |
| **Uses of Funds** | | | | | | |
| Future Project Development | 39,202 | 33,971 | 31,143 | 16,422 | 7,106 | 127,844 |
| South Central / Downtown Hub | 9,048 | - | - | - | - | 9,048 |
| West Phoenix | - | - | - | 76,778 | 138,346 | 215,124 |
| Northwest Extension II | 9,460 | 7,555 | 4,174 | - | - | 21,189 |
| Rio East Dobson Extension | - | 14,350 | 18,366 | 272,355 | 339,217 | 644,288 |
| Systemwide Improvements | 1,834 | 4,300 | 4,116 | 4,408 | 1,703 | 16,361 |
| State of Good Repair | 19,000 | 31,066 | 33,961 | 29,755 | 13,436 | 127,218 |
| **Total Uses of Funds** | **$ 78,544** | **$ 91,243** | **$ 91,759** | **$ 399,718** | **$ 499,809** | **$ 1,161,074** |

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# Recap of Important Dates

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

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# Recommendation

Approval of the Valley Metro Rail, Inc. FY27 Proposed Operating and Capital Budget of $208.3 million, and acceptance of the Five-Year Operating Forecast and Capital Program (FY 2027 thru 2031).

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# Executive Summary

**DATE** **AGENDA ITEM 5**
May 14, 2026

**SUBJECT**
Election to Fill a Vacancy on the RPTA and Valley Metro Rail (VMR) Joint Board Subcommittee

**COST AND BUDGET**
None

**RECOMMENDATION**
Staff recommends that the VMR Board of Directors elect an elected official fill the vacancy on the RPTA/VMR Board Subcommittee for the term ending June 30, 2026.

**COMMITTEE PROCESS**
Board of Directors: May 21, 2026 for action

**CONTACT**
Pat Dillon
Manager, Executive and Board Initiatives
pdillon@valleymetro.org

**ATTACHMENT**
None

# Background Information

The Joint Board Subcommittee is made up of two representatives from the RPTA Board of Directors and two members from the VMR Board.

In 2012, the Joint Board Subcommittee was established under Sections 4 and 5 of the Single CEO Intergovernmental Agreement (IGA). It is comprised of four members represented by two elected officials from each agency and charged with the following:

- Resolving conflicting direction that the CEO may receive from the RPTA Board and the VMR Board.
- Providing the annual performance evaluation of the CEO, including establishing and evaluating annual goals, subject to the approval of the RPTA and VMR Boards of Directors.

The Joint Boards' Subcommittee meets annually, or as needed.

RPTA/VMR Board Joint Subcommittee members are elected annually. Board officer and Board subcommittee elections are held in June of each year, to take effect for the following fiscal year, beginning July 1. On Friday, May 8, 2026, the City of Phoenix notified Valley Metro of a change in appointment of their elected representative to the RPTA and VMR Boards of Directors. The departure of Councilmember Pastor creates a vacancy on the RPTA/VMR Joint Board Subcommittee for the remainder of Fiscal Year 2026 (ending June 30, 2026).

Currently, the Joint Board Subcommittee is made up of the following members:

| Valley Metro RPTA and VMR Board Member Subcommittee* | |
|---|---|
| **RPTA Members** | |
| **Name** | **City** |
| **Councilmember Max White** | City of Avondale |
| **Vice Mayor Lauren Tolmachoff** | City of Glendale |
| **VMR Members** | |
| **Name** | **City** |
| **Councilmember Francisco Heredia** | City of Mesa |
| **Vacant** | |
| ***Unlimited terms (must submit letter of interest every year)** | |

# Memo

| | | |
|---|---|---|
| To: | Valley Metro Rail (VMR) Board of Directors | **Agenda Item 6** |
| Date: | May 14, 2026 | |
| From: | Vice Chair Jennifer Adams, City of Tempe, VMR Vice Chair | |
| Re: | Election of FY27 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 2027 (July 1, 2026 – June 30, 2027).

**VMR Board Officers**

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

**Audit and Finance Subcommittee**

No vacancy at this time.

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 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 2027**, 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 5, 2026.** 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 2026.

# BOARDS/COMMITTEES FY 2026

| RPTA Board Officers | | |
|---|---|---|
| **Name** | **City** | **Position** |
| Councilmember Jennifer Adams | City of Tempe | Chair |
| Councilmember Max White | City of Avondale | Vice Chair |
| Vacant | | |

| VMR Board Officers | | |
|---|---|---|
| **Name** | **City** | **Position** |
| Vacant | City of Phoenix | Chair |
| Councilmember Jennifer Adams | City of Tempe | Vice Chair |

| Valley Metro RPTA/VMR Audit and Finance Subcommittee | | | |
|---|---|---|---|
| **Name** | **City** | **Representing** | **Term Expires** |
| Vice Mayor Jimmy Davis | City of Tolleson | RPTA | June 2026 |
| Councilmember Peggy McMahon | Town of Fountain Hills | RPTA | June 2026 |
| Councilmember Max White | City of Avondale | RPTA | June 2027 |
| Councilmember Jennifer Adams | City of Tempe | VMR | June 2027 |
| | 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 Max White | City of Avondale |
| Councilmember Lauren Tolmachoff | City of Glendale |
| **VMR Members** | **City** |
| Councilmember Francisco Heredia | City of Mesa |
| | |

| TMC/RMC Chair/Vice Chair | | |
|---|---|---|
| **Name** | **City** | **Position** |
| Rosa Inchausti | City of Tempe | Chair - TMC |
| Ron Corbin | City of Avondale | Vice Chair - TMC |
| Amber Williamson | City of Phoenix | Chair RMC |
| Rosa Inchausti | City of Tempe | Vice Chair - RMC |

# Executive Summary

**DATE**
May 14, 2026

**AGENDA ITEM 7**

**SUBJECT**
Report on Current Events and Suggested Future Agenda Items

**COST AND BUDGET**
None

**RECOMMENDATION**
This item is presented for information only.

**BACKGROUND/DISCUSSION/CONSIDERATION**
None

**COMMITTEE ACTION**
None

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

**ATTACHMENT**
None