MEETINGS OF THE

Boards of Directors

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

Date:

May 20, 2021

Starting Time

11:15 a.m.

Meetings to occur sequentially

Location:

Valley Metro

Via Webex

Phoenix

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Agenda

May 13, 2021

Joint Meeting Agenda
Valley Metro RPTA
And
Valley Metro Rail
Thursday, May 20, 2021
Webex/Phone
11:15 a.m.

	Action Recommended
1. Public Comment (yellow card) Public comment is being taken in written format and will be entered into the official minutes of the meeting.	1. For Information
2. Chief Executive Officer's Report Scott Smith, CEO, will brief the Joint Boards of Directors on current issues.	2. For information
3. Minutes Minutes from the April 18, 2021 Joint Board meeting are presented for approval.	3. For action
4. Audit and Finance Subcommittee Update Councilmember Arredondo-Savage, AFS Chair, will provide an update on the discussions and actions taken at the AFS meeting.	4. For information
5. Purchase of Software Subscriptions and Maintenance Agreements Authorization to Continue in FY 2022 Staff recommends that the Board of Directors authorize the CEO to continue procuring necessary software subscriptions and maintenance agreements. The period of authorization will	5. For action

cover FY 2022 – FY 2024 in an amount not to exceed $549,700, plus a 5% contingency of $27,500, for a total not-to-exceed authorization amount of $577,200.

6. IT Professional Services Purchase Authorization to Continue in FY 2022	6. For action

Staff recommends that the Board of Directors authorize the CEO to continue procuring necessary IT professional services. The period of authorization will cover FY 2022 – FY 2026 in an amount not to exceed $7,282,300, plus a 5% contingency of $365,200, for a total not-to-exceed authorization amount of $7,647,500.

7. Status of Valley Metro's COVID-19 Response Plan Phase II	7. For information

Staff will provide an informational update on the status and current activities to continue the agency's response to the COVID-19 pandemic.

8. Quarterly Reports	8. For information

Fiscal Year 2021 Quarterly Reports are presented for information.

9. Travel, Expenditures and Solicitations	9. For information

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

10. Future Agenda Items Request and Update on Current Events	10. For information

Chairs Edwards and Heredia will request future agenda items from members, and members may provide a report on current events.

11. Next Meeting	11. For information

The next meeting of the is scheduled for **Thursday, June 17, 2021 at 11:15 a.m.**

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

Information Summary

DATE **AGENDA ITEM 1**
May 13, 2021

SUBJECT
Public Comment

PURPOSE
Public comment is being taken in written format and will be entered into the official minutes of the meeting.

COST AND BUDGET
None

RECOMMENDATION
This item is presented for information only.

BACKGROUND | DISCUSSION | CONSIDERATION
None

COMMITTEE PROCESS
None

CONTACT
Scott Smith
Chief Executive Officer
602-262-7433
ssmith@valleymetro.org

ATTACHMENT
None

Information Summary

DATE
May 13, 2021

AGENDA ITEM 2

SUBJECT
Chief Executive Officer's Report

PURPOSE
Scott Smith, Chief Executive Officer, will brief the Joint Boards on current issues.

COST AND BUDGET
None

RECOMMENDATION
This item is presented for information only.

BACKGROUND | DISCUSSION | CONSIDERATION
None

COMMITTEE PROCESS
None

CONTACT
Scott Smith
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602-262-7433
ssmith@valleymetro.org

ATTACHMENT
None

Minutes

May 13, 2021 **Agenda Item 3**

Board of Directors
Thursday, April 22, 2021
Lake Powell Conference Room
101 N. 1st Avenue, 10th Floor
11:15 a.m.

RPTA Meeting Participants
Councilmember Jon Edwards, City of Peoria **(Chair)** (phone)
Councilmember Francisco Heredia, City of Mesa **(Vice Chair)** (phone)
Vice Mayor Veronica Malone, City of Avondale (phone)
Councilmember Clay Goodman, City of Buckeye
Mayor Kevin Hartke, City of Chandler (phone)
Councilmember Mike Scharnow, Town of Fountain Hills (phone)
Councilmember Lauren Tolmachoff, City of Glendale (phone)
Councilmember Jared L. Taylor, Town of Gilbert (phone)
Vice Mayor Bill Stipp, City of Goodyear (phone)
Supervisor Jack Sellers, Maricopa County (phone)
Councilmember Jon Edwards, City of Peoria (phone)
Councilmember Jeff Brown, Town of Queen Creek (phone)
Councilmember Roland F. Winters Jr., City of Surprise (phone)
Councilmember Robin Arredondo-Savage, City of Tempe (phone)
Councilmember Linda Laborin, City of Tolleson (phone)
Mayor Michael LeVault, Town of Youngtown (phone)

Members Not Present
Vice Mayor Monica Dorcey, City of El Mirage
Mayor Kate Gallego, City of Phoenix **(Treasurer)**
Mayor David Ortega, City of Scottsdale
Mayor Rui Pereira, Town of Wickenburg

Valley Metro Rail Participants
Councilmember Francisco Heredia, City of Mesa (phone) **(Chair)**
Mario Paniagua for Mayor Kate Gallego, City of Phoenix (phone) **(Vice Chair)**
Mayor Kevin Hartke, City of Chandler (phone)
Councilmember Robin Arredondo-Savage, City of Tempe (phone)

Chair Edwards called the meeting to order at 11:18 a.m. The Pledge of Allegiance was recited.

Mr. Chair said let's go ahead and convene the Valley Metro meeting for April 22nd. Would everybody please rise and join me in the pledge of allegiance.

(The Pledge of Allegiance is recited.)

Chair Edwards said thank you.

I just wanted to do a special welcome to Councilmember Jeff Brown from the Town of Queen Creek. Councilmember Adolfo Gamez from the City of Tolleson and Councilmember Monica Dorcey from the City of El Mirage. Welcome to the Committee.

If any member of the Committee would like to ask any questions or make a comment during he meeting, please type in your comment in the box and it will be read out loud and answered. All meeting attendees would you please mute your phones or your computer at this time.

1. Public Comment

Public Comment Received

This is William Charles "Blue" Crowley, III. I am a resident of Maricopa County. The Joint meeting of the Valley Metro RPTA and Valley Metro Rail for the Directors.

I reiterate all the things that are in the minutes from my last month's comments that we need to be expanding the system according to what has been stated before and when I don't see that, it's not the way it should be. What it should be is trying to facilitate the grid and get it to the most it can be. The federal government is passing on funds to y'all I would like those not to be going to rail as much as to the bus system getting more of an infrastructure and maximizing their use for expanding service hours and time of service. I would appreciate it if sometime you get to the point where service would be 3-5 minutes on all routes during the most of the day so that the amount of traffic that we have now could use the bus. Think of it. Each time the light changes that's the equivalent of a bus load of individuals, but it's in single occupant vehicles rather than in -- on the bus and how much pollution could we be eliminating if we had a better system (indiscernible).

Thank you for your time. I will now go to the just the Valley Metro.

2. Chief Executive Officer's Report

Chair Edwards said Mr. Smith.

Mr. Smith said thank you, Mr. Chair and welcome to all Board members. Glad to see you. I am looking forward to the time we can get back together in the Boardroom. We have a good representation here of staff and others here in the Valley Metro Boardroom so looking to the time when you all are here also.

On March 22nd, we hosted a small, socially distanced media event to celebrate the arrival of our first streetcar, first of six streetcars in our Operations Maintenance Center. This is the stellar staff, Mayor Cory Woods and Councilmember Robin Arredondo-Savage and Tempe staff who participated in that. We recognize and we had really, good media attention as we do and although I know that not all cities get rail, there is no doubt that when we talk about it it does generate conversations about transit. And so, I hope that we all recognize the benefit that we have when we get good media coverage of any event that happens within the Valley Metro family. Eight different media covered the event, and it went very well.

Following the media event, we hosted a tour for the staffs of Tempe, the Mayor, Councilmember Arredondo-Savage, Mesa Councilmember and Valley Metro Rail Chair Francisco Heredia, Mesa City Manager Chris Brady, and his staff took a tour of all rail operations including the major construction that is going on within that facility and it has been under construction for well over a year almost doubling the size of our rail operations center. And I would like to open the invitation to any of you whether you have or don't have rail operations to join us down there. We would be more than happy to take you around to show you all of the things that are going on. We are in the midst of about a $90 million expansion there to take advantage of all the new cars with our rail expansion.

As a matter of fact, you can see in the background there, in the lower left hand picture, that is one of our new Siemens vehicles. We have six of those onsite and when we open our streetcar and other extensions, we will actually have three different rail vehicles in our fleet, the existing Kinkisharyo and now new Siemens LRVs and then the streetcar that you just saw. On March 30th, city management and staff -- City of Phoenix management staff also toured the construction project. So, any of you are welcome just let us know, let Pat know and we would be more than happy to take you around.

We also are very, very, pleased that about a month ago, we officially opened the very first and unique direct aid small business financial assistance program pilot. And the reason this is unique is that we have offered business assistance on all of our capital projects whether it be rail or bus or anything to stakeholders and businesses and others around the area, but for the first time we are actually -- well, let me back up. This assistance usually consists of business consulting, access, dealing with construction issues. And for the first time on this scale, we are offering direct aid. We have two tiers of aid, up to $3,000 or $9,000 based on designated business impact for those businesses that are absolutely, directly impacted. This is a pilot program that is funded by the City of Phoenix through both their T2050 and PCDIC and it also falls under that larger business assistance program.

Even though we have been open right around a month now, we currently have nearly 50 businesses in the queue and look forward to issuing payments in the next few days. We are out in the community emailing, texting, even going door to door where possible to make sure that businesses understand the capabilities that we have. We recognize that anything we do does impact the community and we try to be good parts -- good neighbors and we want to respect our stewardship in making sure that as we expand and increase our services that we also take care of those people that are affected by those expansions. So, thank you for the City of Phoenix stepping up and doing that -- that funding.

We have the schedule for May. May 5th and 6th TMC/RMC and Audit. The next Board of Directors meeting will be May 20th.

I also want to give you a little update about something which we raised -- which I raised last meeting which we followed up with a letter to Mayor Edwards that we shared with all of you and that is the discussion on the application of the most recent COVID relief plan that was passed recently and signed by the President. As we mentioned in the letter, we are working that through our normal process. We actually had a meeting, the Financial Working Group which involves many of your staff, and they had a very good discussion as to the risks that we identified, the opportunities, and the needs of each city because this is really driven by what you decide are your needs and the risk that you would like to take. As I mentioned, this will be included in the transit lifecycle plan analysis and review which will come back to the Board, I believe, in June for you consideration and action. And so, your staff can give you updates, but this is working through the system and we are getting good feedback and good input from your staff on the situation.

Also, want to let you know, remind you that at that May 20th Board meeting, Paul Hodgins, our CFO, will present for your consideration and approval the next fiscal year budget so I hope you can put it on your calendars and if you can, we would love to have everyone here so we can have a good discussion about that most important issue.
And Mr. Chair, that is my report.

Chair Edwards said thank you, Scott. Appreciate it.

3. Minutes

Chair Edwards said the minutes from the March 18, 2021 Joint Board meeting are presented for approval.

IT WAS MOVED BY VICE MAYOR STIPP, SECONDED BY COUNCILMEMBER TOLMACHOFF AND UNANIMOUSLY CARRIED TO APPROVE THE MARCH 18,

4. Audit and Finance Subcommittee Update

Chair Edwards said Vice Mayor Stipp will provide the AFS meeting update.

Vice Mayor Stipp said yes, Mr. Chair. Thank you. Appreciate being able to do this. We had a remarkably brief meeting if you consider an hour and 15 minutes brief, but for us that was a miracle. We really had some very good discussions regarding the internal audit processes that are ongoing right now. Everything seems to be moving along, we are getting good -- really a great energy going between the audit department and to use audit lingo, management. So, we received a briefing on that. We also had a brief discussion on the bus advertising which I believe is on the agenda for today. We also had some really good discussions regarding the five-year operating assumptions for both Valley Metro Rail and RPTA and what the future looks like as we move forward into these next five years, hopefully, post-COVID. Pending any questions, that is our report.

Mr. Chair said thank you, sir. Does anybody have any questions or comments? Okay.

5. Fare Inspection and Security Services (FISS) Contract Award

Chair Edwards said Mr. Smith please introduce the next item.

Mr. Smith said thank you, Mr. Chair. This item is on the Joint agenda even though as you can see in the summary, the vast majority of it is related to security on the rail system and there is a couple reasons for that. First of all, since it does have a component that is related to the RPTA and this is for security services at our Greenfield Road bus facility, but also, as we have mentioned, security on our rail does get public attention. It is noticed. It is a point of interest for media and other points and so we thought it would be important that all of the Board understand the security efforts and the program that goes on on rail since it does impact us across the board.

I am going to introduce -- turn it over to both Adrian Ruiz, our Director of Safety and Security and Don Schneidmiller who specifically is in charge of rail security and they will give you an update as to this issue which relates to the execution of a contract with Allied Universal Security. Adrian.

Ms. Ruiz said yes Thank you. Good morning, Chair and members of the Joint Boards. I along with Security Manager Don Schneidmiller, we are going to present today for the Fare Inspection and Security Services Contract Award. As detailed in the memo, the panel has selected the incumbent Allied Universal Protection Services.

Prior to Don presenting on the budget piece, I want to take this opportunity to review the milestones and primary activities for the existing contract. As Scott mentioned, our apologies first for the heavy rail emphasis, but we want to also highlight, there is a piece of this contract specific to the RPTA, Greenfield Bus Operations facility and asset security.

So, the personnel assigned to this contract are responsible for OMC security, post and patrol, dispatch communication and control, Park and Ride security, field system security, supervision, and recruitment.

Next slide. During the existing term of the securities services contract, we have worked to achieve several milestones and the first being a mantra and you will hear this throughout the presentation of Presence Matters and a cultural shift to a customer service focus. This is also included a highlight to training and diversity, ethics and personal conduct, and behavioral pattern recognition. Over the last five years, we have increased security staffing 30% in response to customer input. This is an increase in -- also in incidents on board and at stations and in response to stakeholders request to address rider satisfaction and security.

I want to take a look at the next slide which highlights some significant accomplishments and events over the last five years of the current contract. As you can see to the far left, during the month of October of 2017 and as another method to address stakeholder and customer security concerns, Valley Metro worked with these stakeholders to refresh the code of conduct. This included the development and install of refresh signage and an establishment of clear paid fare zones. The adoption of the code of conduct by the Board led to Respect the Ride. This has become a permanent forward-facing reminder to our ridership that we hear you and we want everyone to have access to a safe and peaceful transit experience.

AlertVM another key milestone here was, you know, established as a ridership focus tool. This came into the hands of the ridership approximately one year later in November of 2018. This allowed for the riders to report non-emergencies and gave them a real-time communication tool. The feedback from ridership on the ability to communicate directly with customer service and, ultimately, a security member added a valuable multiplier in our response capability, respond before an issue becomes an incident.

Finally, another significant achievement occurred in October of 2019 when we modified our field deployment thanks to the thinking outside the box of our security team and our security coordinator and Don, modified our field deployment splitting the alignment into an west and east loop at 50th Street. We split the teams of two into solo teams, but working one train or one consist. The security members stayed on their respective car the entire trip until the end of line where they then boarded the next train and a return to 50th Street station. The response from riders was significant in customer service comments and kudos and a decrease in incidents almost within days. As you can see by the decrease in the number incidents prior to April 2020, we know that presence matters.

I want to point out specifically because we do recognize the fact that by March and April of 2020, as you can see to the right, we had the impacts of COVID slowly starting to show in the community. The keynote here, although ridership was much lower, we still had an uptick in incidents starting in April of 2020. We can only presume this is because we had a decrease in the daily business-school commuter and a shift in the ridership behavior and environment with less eyes and ears acting as deterrents for the bad behavior. Unfortunately, during this time, we also had a significant increase in assaults on security. In response to this increase in security officer assaults, we shifted our staffing back to teams of two on one car.

I would like to revisit the rider safety study conducted in July of 2019. Some key takeaways from this study's specific focus on system safety and security not health and safety, was that 54% of those surveyed noticed an increase in security. They see more security and, noted an increase in rule enforcement and checking passes. So, by this we see that, you know, protecting the code of conduct and the respect the ride was actually working.

So, going back to the mantra of presence matters, it results in staffing increases of over 30% the last five years, modifications to deployment to cover each car with a security member, and keep in mind, we can only cover about 40 - 45% of the fleet during 2019. And the use of technology in the hands of our riders, we see 76% of those surveyed would continue riding light rail and more significantly, 71% would recommend light rail. 47% said their perception of safety over the last year had improved.

Finally, what we have done over the last five years of this contract, again, pre-COVID is a move to incorporate the current contract provider into the Valley Metro family. A quarterly all hands meetings and we do hope to get back to these post-COVID and we have obviously suspended them over the last year. We are all -- these were all -- where all the members of the security services team were brought together in this room and the Boardroom to review core values of personal and professional accountability, exemplary customer service, and going above and beyond in our performance. These quarterly all hands meetings serve as a way to connect with security team members in a positive team work environment, recognize excellent performance, showcase training, and answer questions. This intrinsic added value is designed to thank those performing the work and make them part of the team. So, we hope to get back to these in the next year or so.

So, now I would like to turn over the presentation Don Schneidmiller who will cover the budget portion and the selection process. Thank you.

Mr. Schneidmiller said good morning, Mr. Chair, members of the Board. I will make it brief. This is the second time I have been through this type of process where we have initiated a request for proposal for a new security contract and going into it I was a little bit nervous, frankly, because you always worry about what the numbers are going to look like. I am sure all of you do as well. The good news is our procurement division did a great job of putting together a proposal and we had a very, competitive, really, competitive process. We had 11 companies that put in and met the criteria that we did a full evaluation on. That's a good thing. Competition brings good pricing, generally, and that was certainly the case here.

The thing I want to draw your attention to just to get right to the point. Other than streetcar and the other project expansions that are going to be coming on the line in the next four years, we did not ask for anything new. So, we are comparing apples to apples. So, with the service levels remaining the same, costs are flat. They actually, I think, we pay about a hundred grand more in year one of the new proposed contract than what we are currently paying in year five. And that's actually a savings because under the current contract and, again, we are in the fifth year of it. Each year has about a 2% accelerator. So, if we were to go into next year under the terms of the current contract, it would actually cost us about a hundred, hundred fifty grand more than what we are getting in year one of this new contract.

So, they came in with very, aggressive pricing. I think a lot of that is due to the amount of competition they had. They did a good job of offering a slight pay raise to the position of fare inspector. That's got the highest billable hours and that is where we suffer the most turnover, so they are bringing them in at a little more pay. And the flip side of that is the billable rate that they are charging us actually goes down a little bit. So, they chose to dip directly into their margin to make themselves competitive in this process. So, it was a good process. We got some good bids. Allied is a reputable company. They came in with a very, competitive bid. Next slide, Pat, if you don't mind, please. So, with that said, staff recommends that the Board approves authorization for the CEO to execute a contract with Allied Universal Security Services for an amount not to exceed $52,332,000 for the total five-year contract. It's a three-year base contract with two one-year renewal options. Total contract value for VMR is $50,781,000 and for the RPTA it is $1,551,000.

And I can certainly take questions on anything related to budget.

Mr. Chair said thank you, sir. Does anybody have any questions? No questions.

IT WAS MOVED BY MAYOR PETERSON, SECONDED BY COUNCILMEMBER SCHARNOW AND UNANIMOUSLY CARRIED TO AUTHORIZE THE CEO TO EXECUTE A CONTRACT WITH ALLIED UNIVERSAL SECURITY FOR AN AMOUNT NOT TO EXCEED $52,332,000 FOR A TOTAL FIVE-YEAR CONTRACT WITH -- WHICH INCLUDES A THREE-YEAR BASE CONTRACT WITH TWO ONE-YEAR

RENEWALS FOR A TOTAL CONTRACT VALUE NOT TO -- FOR VMR OF $50,781,000 AND FOR VALLEY METRO OR RPTA $1,551,000.

6. Cyber Security Assessment and Next Steps

Chair Edwards said the next item on the agenda is Cyber Security, Mr. Smith.

Mr. Smith said thank you, Mr. Chair and before I go on with this and before Adrian and Don, sneak out of the room, I would just like to give a real shout out to them. I think if you noticed on that -- that graph that Adrian said an incredibly successful effort in reducing incidents and making our rail system much safer and that did -- was not an easy accomplishment. And that came through a lot of work from Adrian and Don and from Allied Universal so I just wanted to recognize them and their efforts that they do an amazing job and our system is safe. We are human, we do have incidents, but they do a great job. So, thank you to the two of you.

Mr. Smith said now, I would like to move on to an area where we also is basically a security issue because we are trying to protect ourself and our system like I know all of you are and that is in the cybersecurity area. As part of this, we have conducted a cybersecurity assessment to try and identify where we have areas of weaknesses and strengths and risks and I would like to turn it over -- Jim Hillyard, our Chief Administrative Officer is the one who has overall responsibility for our IT department, but I am going to turn it over to our IT Manager which is Phil Ozlin and he will introduce the subject. Phil.

Mr. Ozlin said thank you, Scott, ladies and gentlemen of the Board. In November, you approved our use of an external information security architect to assess our Information Security program and provide us with some guidance to improve. In today's presentation, that architect Andy Jordan of New Genesis Solutions will share with you his findings along with Valley Metro's plan for improvement in fiscal year 2022.
His presentation is going to have four parts. He will briefly highlight the cybersecurity threat environment that we face. He will describe the standards that he used to evaluate Valley Metro's Information Security Program and the grading scale used for those standards. He will summarize his findings and finally, he will describe the three major steps that we will be taking in the next year to improve. At this point, I will turn it over to Mr. Jordan. Andy.

Mr. Jordan said good morning. Thank you, Chair and members of the Board. I appreciate the time.

Why care about cybersecurity? This slide will have a little bit of animation to it, but, you know, we are seeing cyber-related incidents continuing to cause significant operation or operational and financial loss to organizations. This includes city governments and agencies. This includes U.S. rail and transportation. This includes international rail and transportation systems as well as other companies that have suffered incidents but can provide insight on how we are seeing cybersecurity to continue to evolve as an attack threat to our organization.

I think with this one we are going to see there is a lot of different stories out there. There has been attacks on San -- transportation agencies, but I think the San Francisco BART incident is an important one to review because not only were the IT systems impacted, but there was a financial loss due to passengers that were allowed to ride free for two weeks.

The worst story in transportation and rail, specifically, was in 2008 where a teenager took control of trains and caused multiple derailments and the key point here is that transit is a target. Cyberattacks on transit include both financial and operational attacks and have resulted in injuries. We are also seeing that in our graph of cybersecurity insurance claims, you know, this is just insurance. So, there is a larger number of organizations that experience cybersecurity incidents, but do not file an insurance claim. What we can see from the numbers is across all sectors public entities are seen as a soft target and are increasingly being attacked.

So, from that aspect, we are seeing that, you know, while Valley Metro is not a financial institution. We do not have national security things that we are preventing. It does have significant exposure to cybersecurity risks, and we must use national security standards to help guard against these types of attacks. And so, that is the threat framework or the cyber-attack framework or surface that we are looking at.

If we can kind of go ahead in transitioning to kind of where that assessment was. Want to kind of gather -- set the stage a little bit for that. So, Valley Metro's Information Security program started in 2017. And through this assessment, I used two frameworks. The first was the NIST Cybersecurity Standard which was and is the requirement here for us. As well as Carnegie Mellon's Capability Maturity Model Index which gives us an ability to understand where we are in maturity through these.

This is a little bit deeper detail on the NIST or National Institutes of Standard and Technology and their cybersecurity framework. It describes 108 specific controls that are grouped into five domains and reflect, you know, the overarching information security lifecycle. So, while I won't discuss individual components of that, you know, we are open for questions along the side of how those were impacted to Valley Metro. As we get into the CMMI model, this really helps, as I mentioned earlier, identify not only where an organization is at, but the different abilities to improve their maturities through those different parts.

So, if you are looking for a general analogy, CMMI level 1 would be considered kind of a D, level 2 would be considered a C. If we could go back one slide, I apologize. It's just

easier to look while describing this for us all. Level 1 is a D. Level 2 would be considered a C. Level 3 would be a B. Level 4 would be an A and 5 would be an A+ or what would be considered a world-class organization that is connected across.
So, when we looked at Valley Metro and kind of where we are, we see us in improvement over time which is fantastic and I think, ultimately, what we are looking at today is Valley Metro sits at about a C+ or a B- if we want to use that positioning. As we look at this as that CMMI level, we are seeing Valley Metro today at a 2.78.

In looking at the specific domains and where we are today, we are very, strong here at Valley Metro around at detection and recovery, however, we need to make some improvements across identification and protection of these risks.

This is a little bit more detail in terms of what that roadmap looks like for us. So, in building out that roadmap over the next two years, we are going to see that my recommendation is that it should be annually reviewed and continuously improved. And so, in looking at that for the next 12 months, you know, where we are going to see some of those identification and protection things. We are conducting an OCTAVE risk assessment. It uses a national model to identify risks and to mitigate them. The next thing we are performing is third-party penetration tests which will identify and validate where we are as an organization for preventative and proactive mitigation. And then the next one is Information Security program reassessment which will kind of identify our progress and any gaps that remain across the plan. And with that, that is the highlight of where the assessment was conducted and where we are today.

Chair Edwards said thank you so much. Appreciate it. Is there any questions or comments?

Councilmember Tolmachoff asked what is the difference between identification and detection?

Mr. Jordan said so, identification is the ability to know where our data is and information. Detection is our ability to actually determine when our information is being accessed.

Councilmember Tolmachoff said okay. So, identification doesn't have anything to do with identifying a risk?

Mr. Jordan said it does, certainly. Identification is about identifying our risks relating to, you know, what information we have and then obviously, you know, trying to figure out, you know, what we can do from a risk profile on managing that through.

Councilmember Tolmachoff said okay. So, I was just curious because it looked like we were doing a lot better on detection than identification so.

Mr. Jordan said correct.

Councilmember Tolmachoff said it seems like if you were able to identify the risk then you would be able to -- so that was what I was curious about. Thank you.

Vice Mayor Stipp asked what is the plan going forward?

Mr. Hillyard said so, Vice Mayor, this is Jim Hillyard. Let me summarize that a little bit and then I will ask Andy and Oz to jump in if I have missed anything. So, if we could go back to the last slide in the presentation, please. So, as Andy highlighted and it was just noted, we are strongest really in the area of detection, our ability to identify when we have a potential cyber intrusion because of the tools that we have in place. Our two weakest places are in, as was just noted, identifying risks. What are the possible things that could happen? And then what are the proactive things that we could do to ensure against those?

And so, there is a number of individual NIST standards that we will be working on, but they, generally, fall into those two areas since those are the two weakest links in our chain right now. The three major or the two major things that we will be doing to address those and there is a bunch of smaller things that will also be happening. The first is this OCTAVE risk assessment that was mentioned.

So, OCTAVE is a national framework that starts out by identifying all of your critical functions and who is involved in those critical functions. Then it takes those people who are involved in critical functions and asks, okay. What are the possible risk vectors here? What things could go wrong and how would that impact you? It then rates those on a scale of likelihood on the one hand and impact if it were to happen on the other hand in order to prioritize them. And then for -- and then it starts at the top of the list with the highest priorities and works down into, okay. Now, what are we going to do to protect against those?

So, it is squarely in that identification and protection domains where we know we need the most improvement. And so, that's really a key first step and one of the important things about it is it's not limited to information security. It involves the entire organization from top to bottom and IT is just one aspect of that whereas physical security and Adrian's realm is another aspect of that.

So, we started that process last year in identifying our critical functions and who was involved in them and, in fact, it was very, helpful for us when the pandemic took hold because it helped us sort of plan for how we would maintain our critical functions in the pandemic environment. What we need to do this year is really dive into the, okay. What are the non-pandemic risks that we could face for each of those critical functions? Prioritize those and then put in place proactive protection measures. So that's probably the single most important thing that we will be doing this year. As I say, we are picking up where we left off last year. We have already been at that for a couple of months now, but it ends up being a six- or seven-month process because it is so detailed. And if anyone would like to know more about that, we would be delighted to meet with you offline and sort of walk you through the process. It is pretty, interesting.

The other important thing we will be doing that is technologically oriented is this penetration testing that was noted. So, we -- New Genesis's assessment found that we were fairly, strong in the detection area, but of course, that is closing the, you know, the barn door after the horse has left. And so, Andy will be bringing back other members of the team and he and his team will, essentially, be acting as hackers and they will be attacking our organization. They will be doing it through purely technical means like can we exploit websites and systems that you have created? And they will also be doing it by trying to trick our staff with simulated phishing emails because, you know, I think as the City of Kingman found out that is the single biggest risk factor that organizations experience today is just people not paying attention and allowing, you know, malware to be downloaded onto their systems. So, they will conduct that penetration test and that will provide us with an agenda of where we need to strengthen our abilities to protect both technically and in terms of the human factor and training.

And then finally, as we conclude those major activities, New Genesis will come back and they will reassess using the same standards of this assessment to see where have be closed gaps? Where has progress been made? How are we in each of those five domains at the end of the year as compared to where we are now at the beginning of the year? And then we will adjust our action plan for the upcoming year accordingly. So, there is a number of deeper steps that work, specifically, on standards that we need to improve on, but, you know, it is not a good idea for having a detailed discussion of that in an open forum because, of course, you know, that would provide a roadmap for anyone who is looking to do us harm. So, at a high level, you know, those are our next major steps and we will be coming back to you in, approximately, a year so you can see where we have had growth and where we need to continue to focus.

Vice Mayor Stipp said and that is all included within the current contract that we have with them?

Mr. Hillyard said it is and Vice Mayor, what you will see -- one of the things we are looking to do going forward with IT contracts is, you know, I think the way that we have been presenting those contracts heretofore which is sort of bringing them up as they expire, onesies, twosies, you know, has not been providing the best service to the Board. Because what is does not do is allow you to see a wholistic view of what we are spending whether it is with contractors or software or anything else. And so, actually next month to the Board, we will be bringing a single memo that shows all of the IT consulting in one memo and then all of the software in another memo for the upcoming fiscal year.

And so, you will see all of the cost for New Genesis consulting in that memo in one place in addition to everything else we are doing from a consulting perspective from once -- for a one stop shop. I will just tell you as a preview, you know, this initial assessment was heavy lifting for the New Genesis team. Their refresh of it next year will take less hours and therefore, be less costly than it was this year because they are working off a known baseline and they do not have to sort of create all of the additional context for -- to start. We will have them be doing the third-party penetration testing which they did not do this year and so, the cost year to year on kind of an annualized basis is, basically, a push. I think their cost is down about 10% year over year on an annualized basis, but that will be coming before you in the Board meeting next month.

Vice Mayor Stipp said thank you.

Mr. Jordan said the only thing, I'm sorry. The only thing I would add to what Jim has already said is to tie back to something that you mentioned earlier in the AFS brief, Vice Mayor Stipp. As we have been going through this risk assessment process, we have been working hand in hand with Ms. Beckstrom and Internal Audit.
Pat said okay. Chair, there are a few more questions coming in over the chat. This question is from Mayor Bridgette Peterson. For proactive, are we looking at new IT system procedures or professional systems as we are looking at purchasing new systems?

Mr. Hillyard said I will take a crack at that one, again. So, our proactive protection is primarily us identifying those risk vectors and then changing the way that we are operating internally. For the most part, we are not talking about new software or new consulting. These are almost entirely us configuring things that we already have to make intrusion and exploits more difficult. We are absolutely looking at cybersecurity as an important component of any new software that we are bringing in. So, for example, Paul is in the process of implementing our new Enterprise Resource system and so looking at the security protections of that system were part of how it was evaluated and was selected in the RFP that occurred last year. So, we are definitely weaving this into all things going forward, but mostly what we are doing now is just applying knowledge to make things better not necessarily buying new things.

Councilmember Klay Goodman asked how many threats have been detected over the past 12 months?

Mr. Ozlin said I don't have that information at my fingertips, but I would be happy to pull that after this meeting and get it to you.

Councilmember Goodman asked will the phishing campaign be managed internally or through a vendor? What steps will be taken to help employees with the issue?

Mr. Ozlin said so the phishing campaign will be done using a third-party tool, but the personnel managing it will be a mix of internal and our consultants from New Genesis solutions. And then once the findings are back from that, we will work -- we in the IT department will work with our training group to assist, you know, assist any of the folks that have issues or could benefit from some additional instruction in that area.

Mr. Hillyard said and Oz if I could just add to that very quickly for the Board's context. So as Oz mentioned, we have got a subscription with a third-party product that creates simulated phishing emails and blasts them out to our staff on a regular basis. And if the staff click the link in the email, IT gets a notification that there is someone who needs training and the employee gets the sort of wah, wah, wah sad sound that you fell for it, please don't do that again. And we use that for ongoing training. And so, I think what Andy's team will do is create sort of more sophisticated phishing emails that will be launched through that same tool as a way of seeing if they can trick our staff into clicking the links at a higher rate than we have been tricking our staff. I think the good news is our simulations over the last year, we have seen a dramatic decrease in the number of folks clicking links and a dramatic increase in the percentage of folks that are reporting emails as phishing. So, we have seen good progress there, but we need to continue to test ourselves.

Ms. Dillon asked Councilmember Tolmachoff, does that answer your question regarding staff inadvertently allowing malware into the system?

Councilmember Tolmachoff said for the most part, however, if you are, basically, I mean, is there an education piece to that? I know in Glendale they have implemented a, basically, like a they send you a link and you have to do the training. And I don't love doing the training, but I understand the reason for it. But it's, basically, a set of modules that everybody has to complete and if you don't do it, you are going to get locked out. But it's more educational rather than just sending phishing emails saying, uh oh, you opened it. But you know, there is different types of -- even things that you could be doing on social media that may put the organization at risk and things like that.

Mr. Ozlin said certainly. That is actually something that we do as well. We have regular monthly trainings that go out on a variety of topics usually picked around the sort of relevant current events. The phishing emails are in addition to that to make sure that the training has taken root and we keep a measure of, you know, what percentage of people are attending and passing the trainings. And if we have someone that is, you know, struggling with some of the evaluations that come after the training or the phishing, we do have some remedial training programs for them. So, it is, you know, education is the first step and then testing the second.

Councilmember Tolmachoff said okay. Thank you.

Mr. Smith said and I can attest for that because usually when they send out phishing emails it comes from allegedly me and so figuring that if the CEO sends an email, you automatically respond to it. So, I get a lot of feedback from staff when I send out a supposed email that does not look like quite right. So, they do a great job of ongoing training. At least every month, we complete a formal class, everybody in the organization does that.

Chair Edwards said okay. Thank you. Great conversation Look forward to hearing more about it later when you have more results. Appreciate it. Okay.

7. Travel, Expenditures and Solicitations

Chair Edwards said this item is presented for information only. Are there any questions on travel or expenditures? Okay.

8. Future Agenda Items Request and Report on Current Events

Mr. Chair said are they any members that have an item that they would like to place on a future agenda meeting? All right.

9. Next Meeting

Mr. Chair said the next meeting for the Valley Metro Board of Directors is scheduled for Thursday, May 20, 2021 at 11:15 a.m.

And with that that concludes the Joint meeting. The meeting was adjourned.

With no further discussion the meeting adjourned at 12:06 p.m.

Information Summary

DATE **AGENDA ITEM 4**
May 13, 2021

SUBJECT
Audit and Finance Subcommittee (AFS) Update

PURPOSE
Councilmember Arredondo-Savage, AFS Chair, will provide an update on the discussions and actions taken at the AFS meeting and request that that Board of Directors approve the AFS Charter.

BACKGROUND | DISCUSSION | CONSIDERATION
None

COST AND BUDGET
None

COMMITTEE PROCESS
None

RECOMMENDATION
This item is presented for information only.

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ATTACHMENT
None

Information Summary

DATE **AGENDA ITEM 5**
May 13, 2021

SUBJECT
Authorization to Continue the Purchase of Software Subscriptions and Maintenance Agreements in FY 2022

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to continue procuring software subscriptions and maintenance agreements to maintain Valley Metro's operations.

RECOMMENDATION
Staff recommends that the Board of Directors authorize the CEO to continue procuring necessary software subscriptions and maintenance agreements. The period of authorization will cover FY 2022 – FY 2024 in an amount not to exceed $540,200, plus a 5% contingency of $27,100, for a total not-to-exceed authorization amount of $567,300.

BACKGROUND | DISCUSSION | CONSIDERATION
Historically, the IT department has presented to the Board individual memos for software subscriptions and maintenance agreements throughout the year when authorization was needed. Three shortcomings of this approach have become apparent. First, it fails to provide the Board with a holistic view of the IT Department's use of software. Secondly, it makes it difficult for the Board to differentiate new services from continuing operations. Finally, it takes up valuable time on Board agendas. As a result, for FY 2022, the IT department will present many of its on-going operations that require authorization in two memos: one for professional services and a second for software licensing and maintenance. New initiatives requiring authorization will continue to be brought to the Board individually.

As IT goods and services are purchased by virtually all Arizona public entities, Valley Metro obtains the best volume discounts by utilizing statewide cooperative contracts. In many cases, these contracts can be utilized on a year-to-year basis. In a few cases, however, multi-year agreements are necessary to obtain the best prices. As a result, in order to provide the Board with a holistic view of the IT Department's use of software, this memo includes both software for which new authorization is needed and software with existing previous Board authorizations. Both categories are detailed the table below:

	FY 2021[1]	FY 2022	FY 2023	FY 2024
FY 2022 Authorization Request				
Adobe CC	$29,625	$33,500	TBR*	TBR*
Adobe DC	$17,281	$20,600	TBR*	TBR*
Esri GIS EA	$82,356	$84,000	$84,000	$84,000
LastPass	$30,807	$30,900	TBR*	TBR*
Manage Engine	$32,055	$36,500	TBR*	TBR*
Microsoft EA	See Below	$17,400	TBR*	TBR*
Oracle Primavera	*$32,306*	$32,400	TBR*	TBR*
Veeam	$40,307	$40,400	TBR*	TBR*
VMware	$37,865	$39,600	TBR*	TBR*
Workiva	$34,589	$36,900	TBR*	TBR*
Subtotal Sought		***$372,200***	***$84,000***	***$84,000***
FY 2022 Existing Authorization				
Alesig CAS	$51,583	$60,000	$60,000	TBR*
Calabrio	$0	- - -	TBR*	- - -
Cisco Collaboration Flex Plan	$52,423	$52,433	TBR*	TBR*
Cisco Security EA	$229,500	$236,400	$243,400	$250,700
Demisto	$0	- - -	TBR*	- - -
Google Maps APIs[2]	*$49,219*	$179,080	$179,080	TBR*
Keboola	$48,697	$59,780	$68,800	TBR*
Microsoft EA	$244,390	$232,700	TBR*	TBR*
NextRide	$63,600	$90,000	$90,000	TBR*
Oracle Aconex[3]	*$535,227*	$378,808	$378,808	TBR*
Oracle ERP	$234,304	$361,347	$361,347	$361,347
Remix	$62,110	$62,333	$62,333	TBR*
Tableau	$39,078	$45,090	$51,900	TBR*
Trapeze ATIS	$109.238	$114,331	$120,047	TBR*
Trapeze EAM	$73,990	$113,547	$113,547	$113,547
Trapeze PASS	$95,978	$96,100	$96,100	$96,100
Subtotal Existing		***$2,081,949***	***$1,825,362***	***$821,694***
Total Authorization		**$2,454,149**	**$1,909,362**	**$905,694**

[1] Estimated final FY 2021 values for items charged monthly, quarterly, or renewing in May or June are italicized
* To Be Reauthorized
[2] API usage is far below projections due to the pandemic (reduced ridership) and a vendor change for better pricing
[3] The final payment of FY 2020 ($191K) was delayed into FY 2021 due to a change in cooperative contract vehicles, this item is still within the total amount authorized for the three-year period.

New Authorization Sought

Adobe Creative Cloud (CC)
Creative Cloud is a collection of 20+ desktop and mobile apps and services for photography, design, video, web, and user experience design and development. This software is primarily used in the development of marketing materials and website content. Adobe CC is procured annually through SHI International Corp., with FY 2022 costs anticipated to increase 13% over FY 2021 due to additional licensing.

Adobe Document Cloud (DC)
Document Cloud allows the creation, editing, storage, and sharing of PDF files and allows forms to be filled and signed electronically. Adobe DC is procured annually through SHI International Corp. FY 2022 costs are anticipated to be 19% higher than FY 2021 because the pandemic working conditions have increased the use of digital, fillable documents, and electronic signatures.

Esri Geographical Information Systems (GIS) Enterprise Agreement
GIS is a suite of software programs for organizing and displaying information on maps. Valley Metro uses GIS throughout its processes from planning and design through survey and construction management to operations and maintenance to facilitate greater efficiency and informed decision making. GIS is used to inform, monitor, and manage transportation planning. It aids in determining capacity enhancements, operational improvements, and identifying strategic investments to keep the transit system running optimally. In addition, essential economic, demographic, and cost estimate data can be quickly provided and analyzed for planning new routes or analyzing existing routes. The GIS EA is renewed from Esri for a three-year period but paid annually, the renewal cost for the next three-year period is anticipated to be 2% higher than the previous period.

LastPass
Valley Metro's enterprise password manager, this application allows users to create, store, and organize their logins to websites, applications, and services that do not support single-sign-on with their Valley Metro credentials. This solution also assists IT in monitoring password policy compliance, resetting and updating third-party passwords, and managing shared accounts that have multiple users in support of the NIST-CSF[4] Access Management standards. FY 2022 renewal costs are expected to be flat.

Manage Engine
ManageEngine is Valley Metro's IT operations and service management tool, and includes modules that allow for incident, problem, change, and asset management , mobile device management, network monitoring and management, securing and upgrading third-party browsers like Chrome and Firefox , and managing user accounts, user access, and security auditing. ManageEngine is procured annually through

[4] National Institute of Standards and Technologies Cyber-Security Framework

Northwind Ventures, Inc., with FY 2022 costs anticipated to be 13% higher due to additional licensing.

Microsoft Enterprise Agreement (EA)
In response to the pandemic, Valley Metro used telework wherever possible. This resulted in the replacement of some desktops with laptops, which required Windows Enterprise licenses, and increased use of Microsoft Azure services. As a result, there is a need to increase the existing three-year Microsoft EA[5] by $17,600 (2.4%).

Oracle Primavera
Capital Development uses Oracle's P6 Enterprise and Oracle Primavera Cloud solutions' project management, scheduling, risk analysis, resource management and program management capabilities to manage Valley Metro's portfolio of capital projects. Oracle Primavera is procured annually through Oracle Corporation, with FY 2022 renewal costs anticipated to be flat.

Veeam
Veeam is Valley Metro's backup and disaster recovery solution. Veeam is procured annually through CDW-G, with FY 2022 renewal costs anticipated to be flat.

VMware
VMware is Valley Metro's server virtualization platform, allowing the IT department to run 206 virtual servers and appliances while only needing to procure and maintain 14 physical machines. VMware is procured annually through CDW-G, with renewal costs anticipated to increase by 4% in FY 2022.

Workiva
Finance uses this software to produce the Comprehensive Annual Financial Reports (CAFR) for both RPTA and VMR. Workiva is procured annually through SHI International Corp, with renewal costs anticipated increase by 7% in FY 2022.

<u>Existing Authorization</u>

Alesig Customer Assistance System (CAS)[6]
Valley Metro's Customer Service team uses this system to record, track, and process customer complaints.

Calabrio[7]
Valley Metro's Customer Service team uses Calabrio in the regional call center for agent scheduling, quality assurance recording, and performance reporting

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[5] $717,310 was authorized for the current three-year Microsoft EA period (FY 2020 – FY 2022) at the May 2019 Board meeting as Joint agenda item #4C. The new total authorization for the period would be $734,910. Authorization for the previous three-year period (FY 2017 – FY 2019) was $733,500.
[6] May 2020 Board meeting, Joint agenda item #8B
[7] April 2018 Board meeting, Joint agenda item #6

Cisco Collaboration Flex Plan[8]
Cisco's Collaboration Flex Plan covers the licensing for Valley Metro's phone system, Webex Meetings teleconferencing platform, and the Webex Teams instant messaging and collaboration platform.

Cisco Security Enterprise Agreement[9] *(EA)*
Valley Metro uses the following Cisco products as part of its "defense in depth" cybersecurity stance: firewalls, advanced endpoint detection and response, virtual private network, multi-factor authentication, network access policy enforcement, enterprise network security for remote users and sites, web security and content management, email security and malware threat defense, and threat intelligence and analysis.

Demisto[10]
Valley Metro's Information Security team uses Demisto as their ticketing system to track incident and investigation status. Demisto also allows the automation of various tasks such as threat intelligence lookup that significantly reduce the man-hours required each month for certain repetitive processes such as reviewing and assessing reported phishing emails.

Google Maps APIs[11]
Google Maps APIs are the core technology behind the trip planning features of our website and the RideKick mobile application.

Keboola[12]
Valley Metro's Business Intelligence team uses Keboola to identify, locate, and pull together all data relevant to the agency's business from both Valley Metro and third-party sources, manage the data load and organize it into a standard structure, and then push that data into the agency's data warehouse.

Microsoft Enterprise Agreement[13] *(EA)*
This software agreement provides Valley Metro with office productivity software (Office 365), project management software, flowcharting and diagramming software, email and calendaring software, database system software, online document collaboration, secure file sharing, application single-sign-on, long-term off-site backup storage, and desktop and server operating systems.

NextRide[6]

[8] September 2020 Board meeting, Joint agenda item #5B
[9] October 2020 Board meeting, Joint agenda item #6B
[10] June 2019 Board Meeting, Joint agenda item #4B
[11] August 2018 Board Meeting, RPTA agenda item #3E
[12] March 2021 Board Meeting, Joint agenda item #4B
[13] May 2019 Board meeting, Joint agenda item #4C

The NextRide platform provides customers with real-time next arrival times for any selected station via SMS text, phone (IVR), and is integrated into the website and RideKick mobile app.

Oracle Enterprise Resource Planning (ERP)[14]
Oracle ERP is Valley Metro's tool for managing day-to-day business activities including accounting, procurement, and project management.

Oracle Aconex[15]
Capital Development uses Aconex as their project control, process control, document management, and backup solution for Valley Metro's capital projects.

Remix[16]
Remix allows Service Planning to perform on-the-fly route design as well as the modification of existing transit routes in order to create complex service planning scenarios and communicate those scenarios visually, quickly, and simply to elected officials, member agency staff, stakeholders, and the public.

Tableau[12]
Tableau is a reporting and analytics platform used by Valley Metro's Business Intelligence team to produce custom reports, dashboards, and data visualizations, and share those with external partner agency staff.

Trapeze Automated Transit Information System (ATIS)[17]
Customer Service utilizes ATIS to provide over-the-phone trip planning and information services to customers.

Trapeze Enterprise Asset Management (EAM)[14]
Trapeze EAM is Valley Metro's tool for managing the maintenance of the agency's physical assets (e.g. buses, light rail vehicles, facilities, track, etc.) throughout each asset's lifecycle.

Trapeze PASS[18]
PASS is used by Accessible Transit Services to manage Paratransit eligibility, as well as the scheduling and dispatch of trips.

COST AND BUDGET
The funds for the software licensing and support outlined in this memo are already included in the RPTA and VMR FY 2022 Operating and Capital Budget requests and are included in the accompanying five-year budget projections (FY 2023 – FY 2027). A

[14] June 2020 Board meeting, Joint agenda item #9
[15] January 2020 Board meeting, VMR agenda item #3C
[16] May 2020 Board meeting, RPTA agenda item #3B
[17] June 2013 Board meeting, RPTA agenda item #4B
[18] May 2020 Board meeting, RPTA agenda item #3C

5% contingency is included as most of the quotes this memo is based will no longer be valid when the renewals occur. The currently requested authorization is not to exceed $567,300 over the next three years. The RPTA portion is $283,500 and the VMR portion is $283,500.

The software subscriptions and maintenance agreements will be procured through the cooperative contracts listed below to ensure a competitively negotiated price and leverage the better volume discounts available through the contracts.

Software Renewal	Vendor	Cooperative Vehicle	Contract #
Adobe CC	SHI International Corp.	Arizona State Procurement Office	CTR046099
Adobe DC	SHI International Corp.	Arizona State Procurement Office	CTR046099
Esri GIS EA	Esri	Arizona State Procurement Office	ADSPO15-097108 / CTR030526-2
LastPass	SHI International Corp.	Arizona State Procurement Office	CTR046099
Manage Engine	Northwind Ventures, Inc.	General Services Administration Schedule 70	47QTCA19D009H
Microsoft EA	CDW-G	Arizona State Procurement Office	ADSPO17-149774 / CTR031739-2
Oracle Primavera	Oracle Corporation	Arizona State Procurement Office	ADSPO16-098123 / CTR031342-5
Veeam	CDW-G	Arizona State Procurement Office	ADSPO17-149774 / CTR031739-2
VMware	CDW-G	Arizona State Procurement Office	ADSPO17-149774 / CTR031739-2
Workiva	SHI International Corp.	Arizona State Procurement Office	CTR046099

COMMITTEE ACTION
RTAG: April 20, 2021 for information
TMC/RMC: May 5, 2021 approved
Board of Directors: May 20, 2021 for action

CONTACT
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ATTACHMENT
None

Information Summary

DATE **AGENDA ITEM 6**
May 13, 2021

SUBJECT
Authorization to Continue the Purchase of IT Professional Services for FY 2022

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to continue procuring Information Technology (IT) professional services to maintain Valley Metro's IT operations.

RECOMMENDATION
Staff recommends that the Board of Directors authorize the CEO to continue procuring necessary IT professional services. The period of authorization will cover FY 2022 – FY 2026 in an amount not to exceed $6,619,100, plus a 5% contingency of $331,000, for a total not-to-exceed authorization amount of $6,950,100.

BACKGROUND | DISCUSSION | CONSIDERATION
Historically, the IT department has presented to the Board with individual memos for professional services throughout the year when contractual authorization was needed. Three shortcomings of this approach have become apparent. First, it fails to provide the Board with a holistic view of the IT Department's use of professional services. Secondly, it makes it difficult for the Board to differentiate new services from continuing operations. Finally, it takes up valuable time on Board agendas. As a result, for FY 2022, the IT department will present many of its on-going operations that require authorization in two memos: one for professional services and a second for software licensing and maintenance. New initiatives requiring authorization will continue to be brought to the Board individually.

As IT goods and services are purchased by virtually all Arizona public entities, Valley Metro obtains the best volume discounts by utilizing statewide cooperative contracts. In many cases, these contracts can be utilized on a year-to-year basis. In a few cases, however, multi-year agreements are necessary to obtain the best prices. As a result, in order to provide the Board with a holistic view of the IT Department's use of professional services, this memo includes both services for which new authorization is needed and services with existing previous Board authorizations. Both categories are detailed the table below:

	FY 2021[1]	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
FY 2022 Requested Authorization						
Service Desk, NOC, and Data Center Colocation[2]	*$964,593*	$1,106,600	$981,200	$986,700	$1,036,100	$1,043,800
Managed Unified Communications Services	*$49,995*	$149,100	- - -	- - -	TBR*	- - -
Information Security Program Support[3]	*$299,065*	$490,000	TBR*	TBR*	TBR*	TBR*
Project Management Services	*$348,100*	$311,100	TBR*	TBR*	TBR*	TBR*
Development Services	*$195,000*	$274,500	TBR*	TBR*	TBR*	TBR*
Short-Term Vacancy Mitigation	*$244,000*	$240,000	TBR*	TBR*	TBR*	TBR*
Subtotal Sought		***$2,571,300***	***$981,200***	***$986,700***	**$1,036,100**	**$1,043,800**
FY2022 Existing Authorization						
SOC and IR Services	*$329,300*	$256,340	$256,340	$256,340	$256,340	$192,255 & TBR*
Managed Print Services[4]	*$74,900*	$133,000	$133,000	TBR*	TBR*	TBR*
Managed Audio/Visual Services	*$36,600*	$33,000	$77,800	$100,200	TBR*	TBR*
Subtotal Existing		***$422,340***	***$467,140***	***$356,540***	***$256,340***	***$192,255***
Total Authorization		**$2,993,640**	**$1,448,340**	**$1,343,240**	**$1,292,440**	**$1,236,055**

Information Technology uses professional services in three circumstances:

- When specific technical skills are needed on a less than a full-time basis
- When the service required benefits from economies of scale and can therefore be provided more cost effectively by a larger firm than in-house

[1] Q1 – Q3 actuals plus Q4 estimates
[2] The authorization requested has been reduced from RTAG & TMC/RMC due to revised pricing.
* To Be Reauthorized
[3] Costs were only incurred from December 2020 – June 2021, FY 2021 costs would be $512,700 if annualized
[4] FY 2021 saw significantly reduced printing usage due the pandemic-driven shift to remote work

- When the need for a service is expected to vary and the use of a contract enables the Valley Metro to match the supply to the demand.

<u>New Authorization Sought</u>

Service Desk, Network Operations Center (NOC), and Data Center Colocation
Valley Metro has contracted for Service Desk, Network Operations Center, and Data Center Colocation for the last eight years because these services benefit from economies of scale and can be provided more cost effectively by a larger firm. The Service Desk provides the primary point of contact for all IT incidents and service requests for more than 520 users and 2,000 devices at 11 sites across the valley. This service currently includes 24x7x365 on-call service with a one-hour response time guarantee, 24x7x365 remote status monitoring and alerting for servers and end-user devices, and a suite of tools for remote access and diagnostics for all workstations, laptops, and tablets. Data center colocation provides server space at the Aligned Energy data center in north Phoenix. These services are procured through the State of Arizona's Knowledge Services contract. By extending Valley Metro's current service agreement with AccountabilIT for five years, we are able to maintain FY 2021 labor rates through FY 2024. Changes in the task order from FY 2021 include:

- A one-time 8% increase in support hours for FY 2022 -- In FY 2022, Valley Metro will implement a new Enterprise Resource Management System, a new Enterprise Asset Management System, a new payroll system, and return most employees to in-office work. As a result, additional user support hours have been included to support these changes.
- In FY 2021, Valley Metro consolidated servers into the Aligned Energy data center to improve security and resiliency. In FY 2022, the annualization of these changes will increase data center costs by $11,057. Data center hosting rates are anticipated to grow 3% per year across the remainder of the period.

Managed Unified Communications Services
Valley Metro purchases Managed Unified Communications Services from GMI to support the enterprise's telephony and telepresence systems because it requires a specialized expertise, Valley Metro's need is intermittent, and it benefits from economies of scale. This service covers the agency telephone systems including the regional call center and light rail alignment emergency call boxes, the call center management applications (scheduling, quality assurance, etc.), the Interactive Voice Response (IVR) system, the agency collaboration and instant messaging system, and the video conferencing system. This service includes 24x7x365 break/fix service with a 30-minute response and four-hour onsite guarantee, 24x7x365 proactive remote monitoring, maintenance, upgrades, and warranty management and facilitation. These services are procured directly from GMI on a three-year basis. By extending Valley Metro's current service agreement with GMI for three years, we are able to retain the same annual cost ($49,700) for the three-year period.

Information Security Program Support
Valley Metro contracts with New Genesis Solutions to provide our maturing cybersecurity program with highly specialized IT security architecture and assessment services. These services include National Institute of Standards and Technology Cybersecurity Framework (NIST-CSF)[5] alignment assessment and road mapping, supporting the identification and mitigation of organizational risks, and external penetration testing and security assessments (external network access, cloud services, web applications, etc.) This service is procured through QCM Technologies. On an annualized basis this is a 4% reduction from FY 2021.

Project Management Services
Valley Metro's IT department oversees a constantly evolving portfolio of technology projects. Because the IT project management requires specific technical experience and Valley Metro's needs vary, the retention of project management consulting more efficiently meets the agency's needs. These services are procured through GMI and Knowledge Services on a year-to-year basis. For FY 2022, the anticipated cost is 12% less than FY 2021.

Development Services
Valley Metro optimizes cost for web and application development by maintaining a small internal team of two developers (one application and one web developer) augmented by development services as needed. Valley Metro anticipates an increased need for development in FY 2022 due to the integration of the Tempe Streetcar into the real-time data feed and implementation of the new Fare Collection System, among other initiatives. These services are currently procured through GMI.

Short-Term Vacancy Mitigation
IT continues to be a hot job market and competes directly with the private sector. As a result, some turn-over is inevitable. When a vacancy occurs in a key technical role, Valley Metro's small IT team frequently lacks the depth to cover for that vacancy internally. As a result, a contractor must be engaged to maintain operations while a replacement is recruited and hired. Based on turn-over and hiring times in prior years, this item would allow Valley Metro to cover for four vacancies for four months in FY 2022. These services would be procured as needed through existing contracts with Knowledge Services, GMI, QCM Technologies, or Acro Service Corporation.

[5] In 2020 alignment to the NIST-CSF standard became a federal requirement for agencies that wish to receive federal monies from the Federal Transit Administration (FTA).

Existing Authorization

Security Operations Center (SOC) and Incident Response (IR) Services
This item is already authorized[6], but is included to provide a holistic view of the IT professional services in use by Valley Metro. Valley Metro contracts with Avertium to provide 24x7x365 cybersecurity monitoring, alerting, and incident response for the agency's IT systems. These services are procured through QCM Technologies and are authorized through Q3 FY 2026.

Managed Print Services
Valley Metro has contracted with Imagine Technology Group to manage the agency's printer fleet since 2018. Imagine provides hardware replacement, installation and configuration of new copiers, and the maintenance and repair services, parts, and supplies needed to operate the existing devices. This service has reduced Valley Metro's printing costs by $27,970 per year, is procured directly from Imagine, and is authorized[7] through FY 2023.

Managed Audio/Visual Services
Valley Metro has contracted with Immedia Integrated Technologies for support of the agency's audio/visual systems for the better part of a decade. Immedia provides design, sourcing and installation services for agency A/V equipment, along with monitoring, proactive maintenance, and priority repair services with a guaranteed two-hour response time. These services are procured directly from Immedia and are authorized[8] through FY 2024.

COST AND BUDGET
The funds for the professional services outlined in this memo are already included in the RPTA and VMR FY 2022 Operating and Capital Budget requests and the accompanying five-year budget projections (FY 2023 – FY 2027). The currently requested authorization is not to exceed $6,950,100 over the next five years. The RPTA portion is $3,475,050 and the VMR portion is $3,475,050.

The professional services will be procured through various cooperative contracts to ensure a competitively negotiated price and leverage the better volume discounts available through the contracts.

[6] March 2021 Board meeting, Joint agenda item #4C
[7] April 2018 Board meeting, Joint agenda item #6
[8] August 2019 Board meeting, Joint agenda item #4A

Vendor	Cooperative Vehicle	Contract #
Knowledge Services	Arizona State Procurement Office (AZSPO)	ADSPO17-174599
GMI	Mesa Strategic Alliance for Volume Expenditures (SAVE)	17-17MP
QCM Technologies	Mohave Education Service Cooperative (MOHAVE)	18N-QCM-0130
Acro Service Corporation	SAVE	201713916111
Immedia Integrated Technologies	AZSPO	ADSPO17-184595
Imagine Technology Group	ADSPO18-216034	CTR0472949-1

COMMITTEE ACTION
RTAG: April 20, 2021 for information
TMC/RMC: May 5, 2021 approved
Board of Directors: May 20, 2021 for action

CONTACT
Phil Ozlin
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pozlin@valleymetro.org

ATTACHMENT
None

Information Summary

DATE **AGENDA ITEM 7**
May 13, 2021

SUBJECT
Status of Valley Metro's COVID-19 Response Plan Phase II

PURPOSE
To provide an informational update on the status and current activities to continue the agency's response to the COVID-19 pandemic.

RECOMMENDATION
This item is presented for information only.

BACKGROUND | DISCUSSION | CONSIDERATION
This is a follow-up to the October 2020 Joint Board memo and presentation on the activities to support the agency's response to the COVID-19 pandemic. Previously, Valley Metro and the region stepped into action in March 2020 to respond to the COVID-19 pandemic and immediately prioritized the health and safety of staff and riders. Due to the ongoing increase in COVID-19 cases and impacts to public transit throughout 2020, Phase II was developed as a way to proactively keep riders safe, informed and encouraged to return to the system when they are ready. Responses from a June 2020 rider and recent rider survey also allowed us to better address their expectations and understand their most important concerns.

Phase I of this plan occurred between March – summer 2020 and was highly responsive to the changing dynamics associated with the pandemic. Those tactics included enhanced cleaning protocols, rear door boarding on buses, limited service reductions, bus and paratransit boarding limits, installation of temporary bus operator barriers, mandated face coverings and completion of a rider survey.

In November, Phase II was initiated, which continues due to the pandemic's ongoing presence in our communities and across the country. Many of the Phase II tactics implemented to date center on the enhanced presence of cleaners and cleaning along the system, storytelling of safety protocols, a mandate to wear face coverings, rider communications, as well as other health and safety measures. This update will share the progress in the plan's seven key areas: storytelling of what we are doing to keep riders and frontline workers safe, public outreach, enhanced rider communications, service restoration, additional cleaning personnel, refresh of COVID-19 related signage and measurements of effectiveness. Staff will share what's been accomplished, what's ongoing and how we're evaluating effectiveness and next steps.

Rider and community perception of the efforts will be tracked, once again, with another rider survey planned for spring 2021. The original date of the second survey shifted from January 2021 to spring 2021, as overall recovery from the pandemic, locally and nationally, had not progressed as planned, or hoped. The spring 2021 survey timing is hopefully more aligned with overall recovery and greater vaccine distribution as well as getting feedback from riders on the efforts thus far. Survey results will also be used to help staff determine any next steps in the agency's response into FY22. This presentation will also share the proactive discussions occurring around the return to front door boarding and customer education timed with all operator barriers being installed in mid-summer 2021.

COST AND BUDGET

In October 2020, staff provided an informational item to the Boards to recap the agency and the region's response to COVID-19 since March 2020 and the plans for Phase II beginning in November 2020. Expenditures for Phase II were estimated at $421,000 and allocated within the adopted FY21 budget, with eligible operating expenses, such as enhancing cleaning, being supported by CARES Act funding.

Through January 2021, Phase II expenses have totaled $293,663 supporting the marketing/storytelling and enhanced "visible" cleaning efforts at bus and rail facilities and on vehicles.

As a community, we continue to be in the midst of pandemic recovery, and as such, the proactive efforts in the agency's response plan are planned to continue through June 30, 2021 at an estimated cost of $723,564. All costs are contained within the FY21 adopted budget, with certain budget areas being reallocated/reprioritized to support these efforts and CARES Act funds will continue to be utilized for eligible operating expenses.

COMMITTEE ACTION

RTAG: March 16, 2021 for information
TMC/RMC: April 7, 2021 for information
Boards of Directors: May 20, 2021 for information

CONTACTS

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Moriah Bedient
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These contacts represent a larger, multi-departmental response planning effort, involving Operations & Maintenance, Safety & Security, Planning, Public Art and Communications & Strategic Initiatives and working in close coordination with City of Phoenix Public Transit Department.

ATTACHMENT
Valley Metro COVID-19 Phase II Response Plan Update

Valley Metro COVID-19

Phase II Response Plan Update
May 2021

1

Plan Objective

To react and be proactive whenever possible to the COVID-19 pandemic with policies and actions that:

- protect the health and safety of staff and riders
- preserve service to the greatest degree possible
- enhance communication with our riders, and
- continue to highlight public transit as an essential valuable service operated for and by essential workers

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Phase I: Spring & Summer 2020

- Enhanced cleaning protocols
- Moved to rear-door boarding only
- Reduced limited service on local bus, Express/RAPID, light rail and circulators
- Enacted bus boarding limits
- Installed bus operator barriers & hand sanitizer stations
- Limited paratransit vehicle capacity
- Mandated face coverings
- Completed the ridership recovery survey

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Phase II Update

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Purpose

With data from rider survey (June 2020), pivoted from being reactive to more proactive to address concerns by sharing what protocols have been put in place to address and help recover from the COVID-19 pandemic.

Expedite additional measures to continue to address enhanced safety on the system.

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Cross-divisional Planning Team

Armed with the rider survey data, began brainstorming response plan strategies with a team representing:

- Operations
- Maintenance
- Customer Service
- Safety & Security
- Service Planning
- Marketing
- Communications
- Commute Solutions
- Public Art
- And in close coordination with Phoenix Public Transit

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7 Key Areas in Phase II

- Storytelling
- Public Outreach
- Enhanced Rider Communications
- Service Restoration
- Adding Cleaning Personnel
- Refresh COVID-related Signage
- Measure Effectiveness

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Storytelling

Paid social posts: Facebook & Instagram, Dec. – Apr.

- Mix of static and video
- 3.8M impressions
- 0.86% click thru rate
- Drove 8,428 new users to VM website

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Storytelling-

Additional social posts Dec. – Apr.

- Free mask distribution
- Safety
- Travel to vax sites
- Employee appreciation
- Follow-up survey

Resulting in

- 261,268 impressions
- 2,537 clicks
- 5,945 engagements

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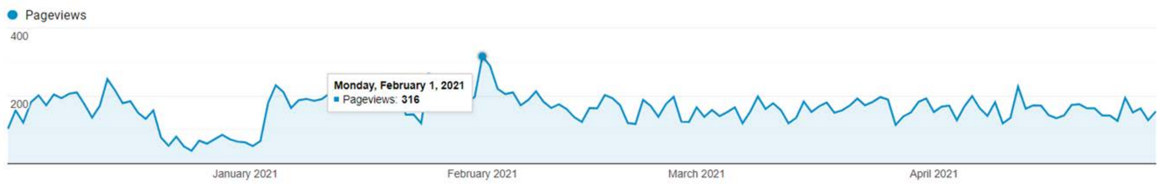
Storytelling



valleymetro.org/covid19 Dec. – Apr.

- 00:02:11 average time on page
- 24,520 page views
- On Feb. 1, page views increased 63% due to the federal mask mandate

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Public Outreach

- **40,000 face coverings distributed since June 2020**
- **For bus and rail, 92-95% mask compliance rate**

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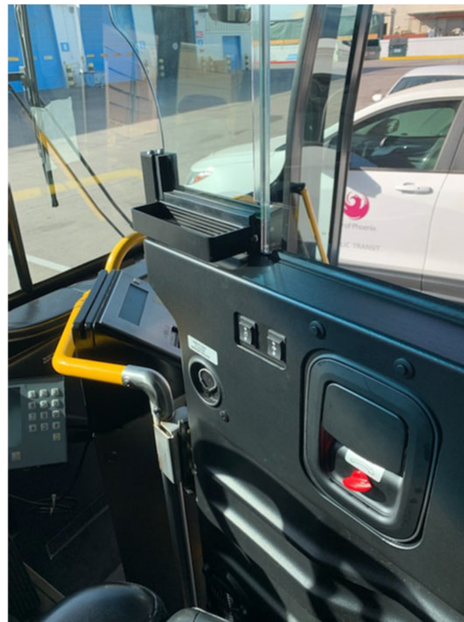
Service Restoration

- Express bus: Certain trips (July '20)
- Phx bus: Early morning weekday & weekend hours (Oct. '20)
- Installation of 900 operator barrier doors by Aug. '21



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"Visible" Cleaning Personnel

- Five additional cleaners are rotating among bus layover locations and transit centers

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"Visible" Cleaning Personnel

- **Eight additional cleaners at rail ends-of-line and along the alignment, split between day and night shifts**

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Appreciation from Our Riders

Carmen Attarian Sarah Hochstetler if you are one of our drivers of the bus thank you for all you do. Drivers are distant from passengers, busses are clean. I have ridden the bus several times everone had a masks on. Thank you for your efforts to keep people safer.
W... See More

Like · Reply · Message · 2w

"This guy is out here cleaning the trains all the time. Last week I lost my phone and he helped me find it. Today, we we're talking and he found out I didn't have any money, he bought me a pass for a week. I love this guy. He is very generous and genuine!" –Rider via Customer Service line

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Frontline Staff Roundtables

68 staff from VM & 6 contractors

- Bus operators and supervisors
- Light rail operators and supervisors
- Bus and rail cleaners
- Light rail security
- Maintenance of Way field staff
- Customer Experience Coordinators
- Customer Service

17

17

Frontline Survey Results

88%

of frontline workers feel safe in their jobs

- **They feel safe when their workspace is clean**
- **They believe riders feel safer with added cleaning**
- **Social distancing & wearing masks is paramount**
- **Attract riders by:**
  - offering free days or passes
  - enforcing mask mandates
  - distancing on board

18

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Beyond Phase II

19

Phase IIB

- **Continuation of additional bus and rail cleaning personnel**
  - Transit centers and bus layover location
  - Rail ends-of-line and along alignment
- **Maintain fogging and disinfecting procedures**

20

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Phase IIB

- **Update rider information with artist-designed signage to increase awareness and visibility**
- **Continue social media efforts to inform the public**
- **Continue safe, socially-distant rider outreach**

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Phase IIB

- **Advance real-time features in agency mobile app (July)**
- **Marketing & PR campaign for new rider communications tool**
  - Create awareness of the new mobile app and its features
  - Share benefits of mobile app

22

22

Phase IIB

- **Return to front door boarding educational campaign**
  - Anticipate return to front door boarding when operator barriers are installed (mid-summer)
  - Create rider awareness in advance of date to welcome back and remind of fare payment
  - Currently in planning on details of educational campaign

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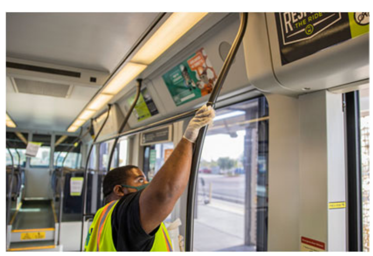
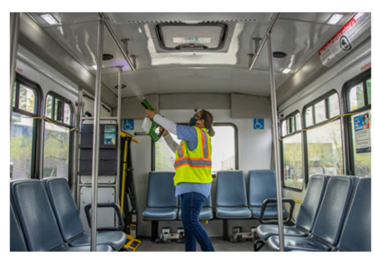
Follow-up Rider Survey

- **To follow-up from June 2020 rider survey:**
  - Understand current perceptions
  - Effectiveness of health & safety measures
  - Help determine any next steps into FY22





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Phase II and IIB FY21 Budget

Activity	Service/ Description	Anticipated Cost Nov. 2020-Jan. 2021*	Actual Expenditures Through Jan. 2021	Anticipated Cost Feb.-June 2021	Source
Marketing	Storytelling, signage, front-door education	$75,000	$48,462	$75,000	FY21 budget **
Enhanced Rider Comm Tool	Consideration of third-party apps	$31,000	-0-	-0-	FY21 budget - within FCS/Vix budget
Operations	More visible bus & rail cleaning	$305,000	$245,201	$633,564	CARES Act
Research	Follow-up to show change/ results	$10,000	-0-	$15,000	FY21 budget **
Total		**$421,000**	**$293,663**	**$723,564**	

* As forecasted in the October 2020 Board presentation.
** Reallocated FY21 budget to prioritize these response plan activities.

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25

Questions?

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Information Summary

DATE **AGENDA ITEM 8**
May 13, 2021

SUBJECT
Quarterly Reports

PURPOSE
To provide an informational update of activities at Valley Metro.

COST AND BUDGET
None

RECOMMENDATION
This item is presented for information only.

BACKGROUND | DISCUSSION | CONSIDERATION
Quarterly Reports are provided as an informational update of Valley Metro activities

- Operations
- Safety and Security
- Finance
- Capital and Service Development
- Communication & Strategic Initiatives
- Accessible Transit Services

COMMITTEE PROCESS
TMC/RMC: May 5, 2021 for information
Boards of Directors: May 20, 2021 for information

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Jim Hillyard
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Fiscal Year 2021
Quarterly Reports

May 2021

VALLEY METRO RAIL | VALLEY METRO

1

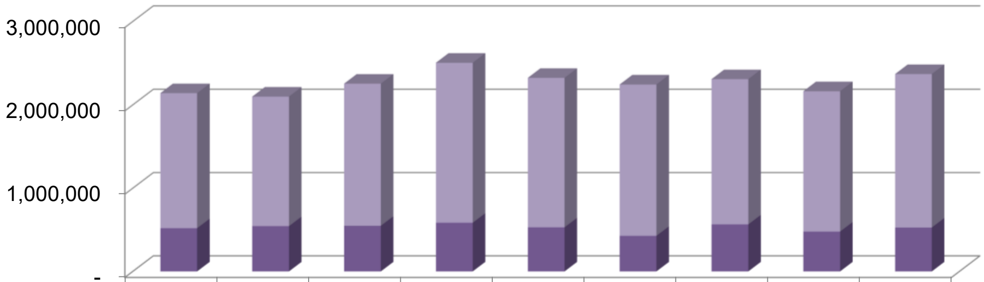
Fiscal Year 2021 – Q3 Report
Operations

VALLEY METRO RAIL | VALLEY METRO

May 2021

2

Regional Ridership



	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Bus	1,621,489	1,555,409	1,705,971	1,920,922	1,794,020	1,817,059	1,743,610	1,685,045	1,842,321
Light Rail	518,917	543,467	548,090	584,177	529,681	427,311	564,632	478,243	527,249

	FY21 Q2	FY20 Q3	FY21 Q3
Bus	5,532,001	10,744,578	5,270,976
Light Rail	1,541,169	3,543,976	1,570,124
Total	**7,073,170**	**14,288,554**	**6,841,100**

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Fixed Route Bus – East Valley

Performance Indicator	Target	FY21 Q2	FY20 Q3	FY21 Q3
On-Time Performance	≥ 92%**	89%	N/A*	87%
Complaints Per 100,000 Boardings	≤ 45	61	57	62
Mechanical Failures Per 100,000 Revenue Miles	≤ 12	3.8	2.5	4.9
Revenue Service Completed	≥ 99.85%	99.96%	99.95%	99.92%
Preventable Accidents per 100,000 Miles	≤ 0.90	0.95	0.61	0.99
Ridership	--	1,458,783	2,919,088	1,368,810

**** Due to Clever/CAD installations on the fleet, the older VMS OrbCAD version was disabled, and OTP information was not available during this time.***
***** The on-time performance target is currently being re-evaluated to more align with the new Clever/CAD system parameters.***

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Fixed Route Bus – West Valley

Performance Indicator	Target	FY21 Q2	FY20 Q3	FY21 Q3
On-Time Performance	≥ 92%	88%	N/A*	92%
Valid Complaints Per 1,000 Boardings	≤ 0.25	0.44	0.31	0.22
Mechanical Failures Per 10,000 Revenue Miles	≤ 1.2	0.63	0.25	0.64
Revenue Service Completed	≥ 99.85%	99.66%	99.95%	99.88%
Preventable Accidents per 100,000 Miles	≤ 1.50	1.40	0.83	0.99
Ridership	--	36,025	100,956	32,412

** Due to Clever/CAD installations on the fleet, the older VMS OrbCAD version was disabled, and OTP information was not available during this time.*
*** The on-time performance target is currently being re-evaluated to more align with the new Clever/CAD system parameters.*

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Light Rail

Performance Indicator	Target	FY21 Q2	FY20 Q3	FY21 Q3
On-Time Performance	≥ 95%	93%	85%	89%
Complaints Per 100,000 Boardings	≤ 3.0	0.71	0.45	1.02
Preventative Maintenance Inspections - % On-Time (LRV)	≥ 80%	98%	98%	100%
Preventative Maintenance Inspections - % On-Time (Systems)	≥ 80%	99%	99%	100%
Preventable Accidents per 100,000 Miles	≤ 0.90	0.13	0.23	0.28
# of Employee Injuries - Lost Time (MOE & MOW)	0	0	1	2
Ridership	--	1,541,169	3,543,976	1,570,124

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Customer Service – Call Center

Performance Indicator	Target	FY21 Q2	FY20 Q3	FY21 Q3
Calls Received	--	162,195	267,010	157,978
Complaints Processed	--	4,911	7,988	5,105
NextRide Inquiries Handled by Interactive Voice Response (IVR)	--	129,702	191,898	143,823
NextRide Inquiries Handled by Text Messaging	--	388,171	687,594	391,208
Average Talk Time	--	2:10	2:27	2:25
Average Speed of Answer	≤ 1.00	:23	:20	:22

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Customer Experience Coordinators (CEC)

Customer Experience Coordinator Weekly Report

												Observations	
Location	Cust. Cont.	Cust. Ast.	RTR Ed.	Fac. Ast.	Sec. Ast.	Ops. Ast.	Drinks Addr.	Animals Addr.	Platforms Visited	TVM Issues	Complaints	Total Animals	Total Drinks
19 North	364	145	63	412	5	5	-	-	46	-	1	2	21
Central Phoenix	22,798	7,579	3,709	5,789	128	94	1,048	168	1,255	111	191	247	1,391
East/Mesa	6,069	1,773	1,358	2,332	109	19	523	58	622	60	13	71	612
East/Tempe	7,971	1,685	1,327	3,862	64	34	459	43	907	51	3	78	613
West Phoenix	8,010	1,739	1,688	2,553	50	34	512	88	977	81	11	116	652
Grand Total	**45,212**	**12,921**	**8,145**	**14,948**	**356**	**186**	**2,542**	**357**	**3,807**	**303**	**219**	**514**	**3,289**

Locations:
Central Phoenix - Roosevelt to Airport
East/Mesa - Sycamore and East
East/Tempe - 50th Street to Price/Apache
West Phoenix - McDowell to Dunlap

Definitions:
Cust. Cont. - Any verbal interaction with customer from CEC (ex: Hello, Good Morning, Thanks for riding, etc.)
Cust. Ast. - When a customer asks for assistance or has a question for the CEC
RTR Ed. - Education on "Respect the Ride"
Fac. Ast. - Pick-up trash on platforms and trains
Sec. Ast. - Assist Security with customer needs
Ops. Ast. - Assisting Operator/Operations
Drinks Addr. - Drinks that don't meet Valley Metro's policy addressed by CEC
Animals Addr. - Animals addressed by CEC on whether they are considered service animals
Platforms Visited - Number of platforms visited by CEC
TVM Issues - Observed TVM not working
Complaints - Customer files a complaint with CEC
Total Animals - Service or unknown service animals observed
Drinks - Doesn't meet Valley Metro's policy (Only spill proof cups)

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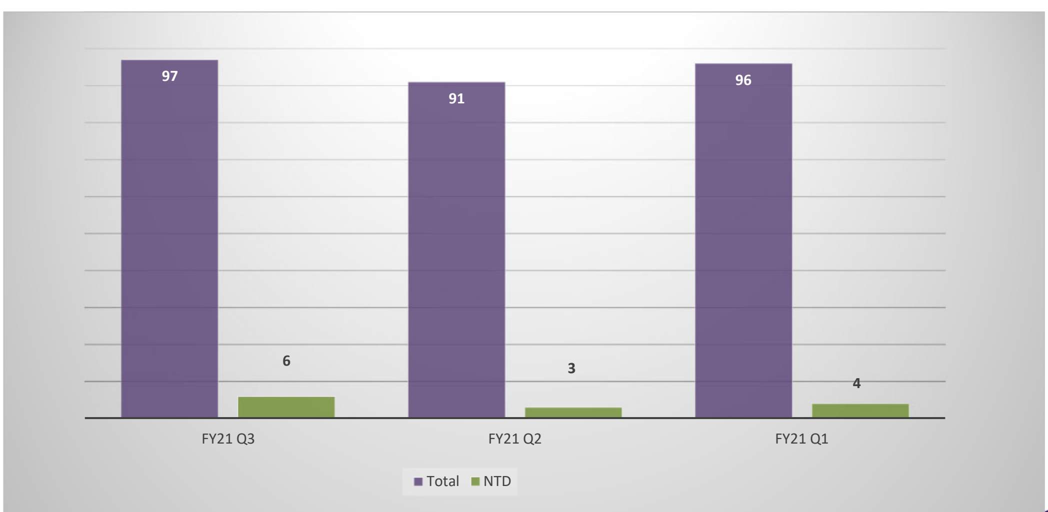
Fiscal Year 2021 – Q3 Report
Safety, Security & Quality Assurance

VALLEY METRO RAIL | VALLEY METRO

May 2021

9

Bus Accidents



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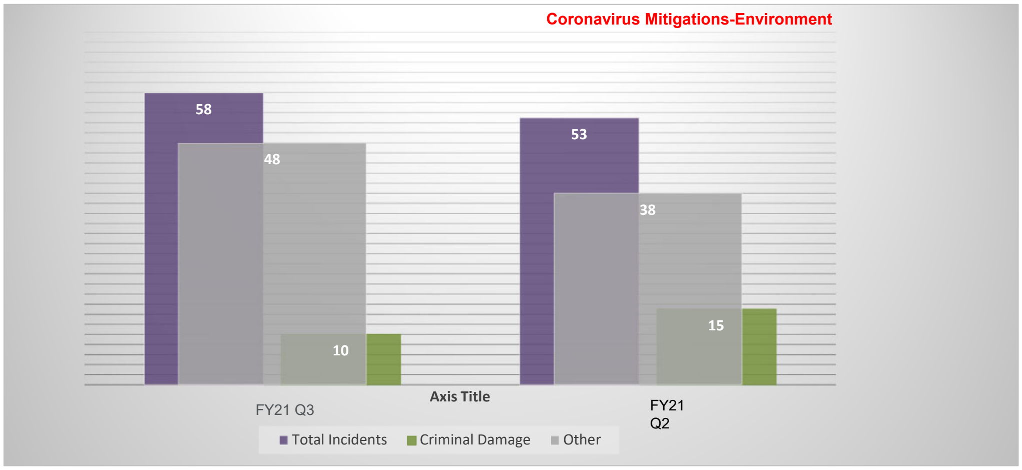
Police Incidents - Bus



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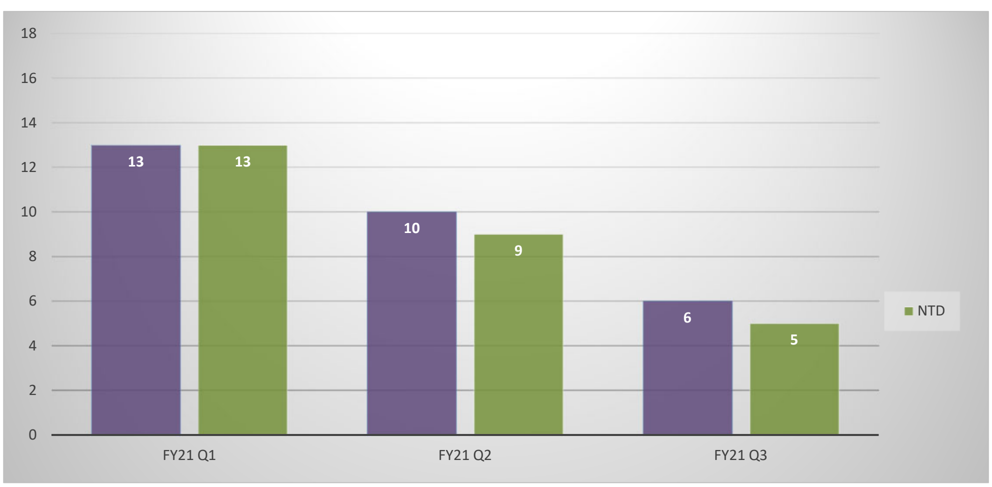
Rail Accidents



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Activity

Coronavirus Mitigations-Environment

Activity		FY21 Q3	FY20 Q3	FY21 Q2
Property Crimes	System	6	0	10
	Park N' Ride	0	0	0
Crimes Against Persons	System	19	24	13
	Park N' Ride	0	0	0
Code of Conduct	System	246	132	396
	Park N' Ride	0	0	0
Activity		**FY21 Q3**	**FY20 Q3**	**FY21 Q2**
Medical Responses	System	158	185	168
	Park N' Ride	0	0	0
Warrant Arrests	System	0	4	3
	Park N' Ride	0	0	0

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Incident Table

Coronavirus Mitigations-Environment

	City Jurisdiction		
	Phoenix	Tempe	Mesa
Crimes Against Persons	14	3	2
Property Crime	6	0	0
Code of Conduct	195	30	21
Grand Total	**215**	**33**	**23**

Platform Activity						
City	Phoenix		Tempe		Mesa	
Total Platforms Per City	**27**		**10**		**7**	
Crimes Against Persons	38WA	3	PRWA	1	SYMN	1
	GL19	2	SMAP	1	ASMN	1
	19DL	1	PCAP	1		
	7CB	1				
	CNCB	1				
Property Crimes	19DL	1				
	MO19	1				
	CNCB	1				
	ENCN	1				
	24WA	1				
Code of Conduct	19DL	71	MCAP	10	ASMN	9
	24WA	22	VWCL	4	GIMN	5
	19CB	16	CPWA	3	SYMN	4
	7CB	16	UNRR	3	MEMN	2
	GL19	11	PRWA	3	CCMN	1

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Fiscal Year 2021 – Q3 Report
Finance

May 2021

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Valley Metro RPTA Operating Results – Q3

RPTA Budget vs. Actual Report

For the quarter ending March 31, 2021 — $ Millions

Operations Expenditures	3rd Quarter Budget	3rd Quarter Actual	3rd Quarter Variance (Unfav.)	Year to Date Budget	Year to Date Actual	Year to Date Variance (Unfav.)
Fixed Route Bus	26.2	23.3	2.9	78.6	69.5	9.1
Paratransit	7.8	5.2	2.6	23.5	16.1	7.4
Vanpool	0.2	0.2	0.0	0.7	0.7	0.0
Regional Services	3.7	2.6	1.1	11.1	8.5	2.6
Planning	0.6	0.6	0.0	1.7	1.5	0.2
Administration	0.8	0.7	0.1	2.5	1.9	0.6
METRO Rail (Salary, Fringe, OH)	6.9	6.0	0.9	20.8	18.4	2.4
Total Operations Expenditures	**46.2**	**38.6**	**7.6**	**138.9**	**116.6**	**22.3**

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Valley Metro RPTA Capital Results – Q3

RPTA Budget vs. Actual Report
For the quarter ending March 31, 2021 — $ Millions

Capital Expenditures	3rd Quarter Budget	3rd Quarter Actual	3rd Quarter Variance (Unfav.)	Year to Date Budget	Year to Date Actual	Year to Date Variance (Unfav.)
Bus Purchases						
Valley Metro	11.0	5.0	6.0	33.1	7.9	25.2
Lead Agency	0.9	5.3	(4.4)	2.7	5.3	(2.6)
Paratransit Vehicles						
Lead Agency	0.5	1.2	(0.7)	1.6	1.2	0.5
Vanpool Vehicles	0.8	0.0	0.8	2.5	0.0	2.5
Other Capital	1.8	1.5	0.3	5.3	5.2	0.1
METRO Rail	13.5	8.9	4.6	40.4	33.6	6.8
Total Capital Expenditures	**28.5**	**21.9**	**6.6**	**85.6**	**53.2**	**32.4**

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Valley Metro Rail Operating Results – Q3

VMR Budget vs. Actual Report
For the quarter ending March 31, 2021 — $ Millions

Operations Expenditures	3rd Quarter Budget	3rd Quarter Actual	3rd Quarter Variance (Unfav.)	Year to Date Budget	Year to Date Actual	Year to Date Variance (Unfav.)
Rail Operations/Security	14.4	12.5	1.9	43.3	37.4	5.9
Future Project Development	2.9	2.7	0.2	8.8	5.9	2.9
Agency Operating	0.5	0.4	0.1	1.4	1.0	0.4
Total Operating Activities	**17.8**	**15.6**	**2.2**	**53.5**	**44.3**	**9.2**

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Valley Metro Rail Capital Results – Q3

VMR Budget vs. Actual Report

For the quarter ending March 31, 2021 — $ Millions

Capital Expenditures	3rd Quarter Budget	3rd Quarter Actual	3rd Quarter Variance (Unfav.)	Year to Date Budget	Year to Date Actual	Year to Date Variance (Unfav.)
Rail Projects						
Tempe Streetcar	6.9	12.4	(5.5)	38.2	34.4	3.8
Gilbert Rd	2.3	(0.1)	2.4	3.3	0.1	3.2
South Central	109.4	110.7	(1.3)	181.4	157.7	23.7
Northwest Phase II	42.2	8.1	34.1	65.6	11.1	54.5
OMC Expansion	6.5	(22.5)	29.0	26.7	(0.1)	26.8
System-wide Improvements	2.9	1.7	1.2	8.6	3.9	4.7
State of Good Repair	2.2	2.5	(0.3)	6.5	5.1	1.4
Total Capital	**172.4**	**112.8**	**59.6**	**330.3**	**212.2**	**118.1**

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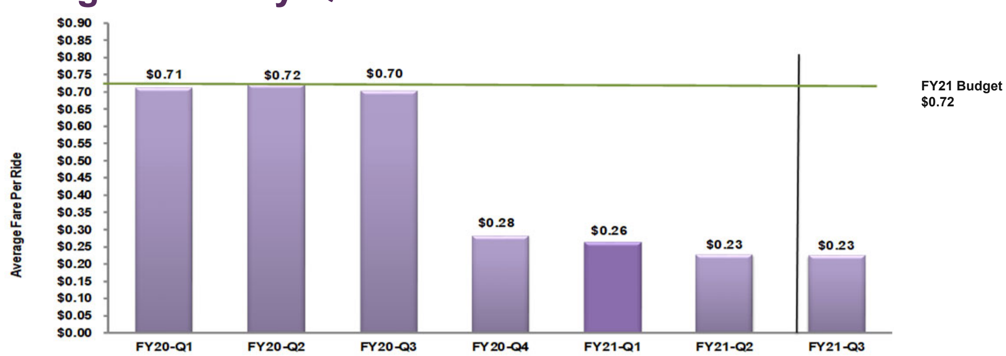
Rail - Average Fare FY20 History / FY21 3rd Quarter

Average Fare – by Quarter



	Q3
Fare Revenue Budget	$740,000
Fare Revenue Collected	$353,999
Variance	($386,001)

	Q3
Fare Recovery Budget	5.1%
Fare Recovery Actual	2.6%

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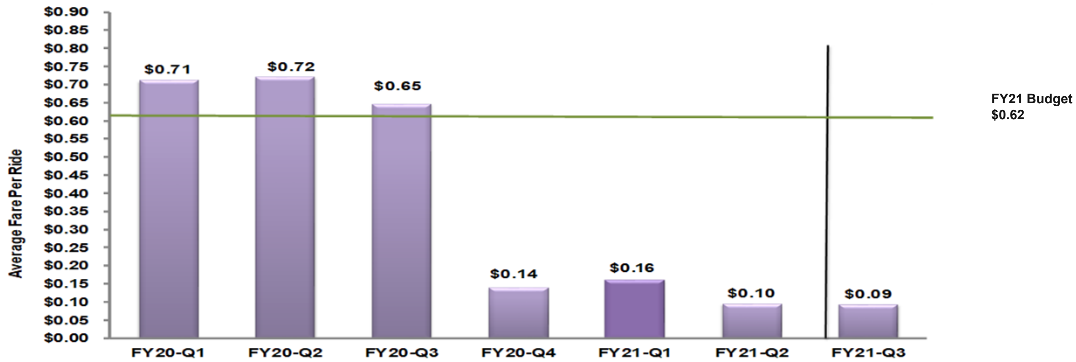
Bus - Average Fare
FY20 History / FY21 3rd Quarter

Average Fare – by Quarter



	Q3
Fare Revenue Budget	$544,750
Fare Revenue Collected	$130,309
Variance	($414,441)

	Q3
Fare Recovery Budget	2.4%
Fare Recovery Actual	0.6%

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Fiscal Year 2021 – Q3 Report
Capital Development and Service Planning

May 2021

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Transit Planning Projects

Project/Study Name	Completion Date	Status
Transit Stop Inventory Reconciliation and Bus Stop Database	December 2021	• Met with city partners and adapted database to integrate data with cities' systems. • Completed user facing update features.
Northwest Valley Sun Cities Transit Study	Winter 2020/21	• Project completed. • Final report submitted to project stakeholders.
Glendale Local Transit Study	Winter 2020/21	• Project completed. • Results presented to Glendale Transportation Committee in February 2021.
Gilbert Transit Planning Study	Fall 2021	• Held first round of outreach in coordination with Transportation Master Plan Update. • Finalized Existing Conditions Report and initiated service concepts.

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Transit Planning Projects

Project/Study Name	Completion Date	Status
Transit Mitigation Opportunities for the Broadway Curve Project	2024	• MAG is assuming role of Lead Agency going forward. • Valley Metro will provide additional information as requested.
Ridership Growth Analysis	June 2021	• Continuing work as needed to incorporate results of the study into the Valley Metro rider experience strategic goal and COVID-19 response.
Service / Financial Scenario Planning	June 2021	• Held monthly subregional meetings to discuss scenarios with cities. • Analyzed potential service adjustments.
Short Range Transit Program Update	June 2021	• Continued monthly subregional meeting to coordinate ongoing proposal changes among members. • Working with Finance for updated financial projections and impacts of latest change requests.

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Corridor and Facilities Planning

Project	Project Complete	Current Phase	Phase Complete	Status
Capitol Extension (Capitol/I-10 West Extension Phase I)	2024	Alternative Refinement	Summer 2021	• Coordinating with State of Arizona on guideway location near the State Capitol Complex. • Conducting station location, project delivery method and funding options analyses. • Initiated aerial mapping, topographic survey and initial subsurface utility engineering investigations.
I-10 West Extension (Capitol/I-10 West Extension Phase II)	2030	Alternatives Analysis	Summer 2021	• Continued analysis on transit mode and extension to Desert Sky Mall.
North Glendale Park-and-Ride Study	Summer 2021	Preliminary Engineering	Summer 2021	• Developing concept to improve existing park-and-ride at the Foothills Recreation and Aquatic Center.
Queen Creek Park-and-Ride Study	Summer 2021	Alternatives Analysis	Summer 2021	• Initiating Tier 1 analysis for site selection. • Developing online survey for public input.

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Corridor and Facilities Planning

Project	Project Complete	Current Phase	Phase Complete	Status
Fiesta District Alternatives Analysis	Winter 2020/21	Final Approval	Winter 2020/21	• Project completed. • Final recommendations being presented in upcoming Valley Metro Board meeting.
Tempe/Mesa Streetcar Feasibility Study	Winter 2020/21	Final Approval	Winter 2020/21	• Project completed. • Final recommendations being presented in upcoming Valley Metro Board meeting.
Arizona Avenue Alternatives Analysis	Spring 2021	Final Approval	Winter 2020/21	• Finalizing all project deliverables and developing final report.
Price Road Flexible Transit Study	Summer 2021	Service Planning	Spring 2021	• Completed service planning for Phase Two and compiled draft recommendations. • Received additional service concepts modeled by micro-transit partner Via.

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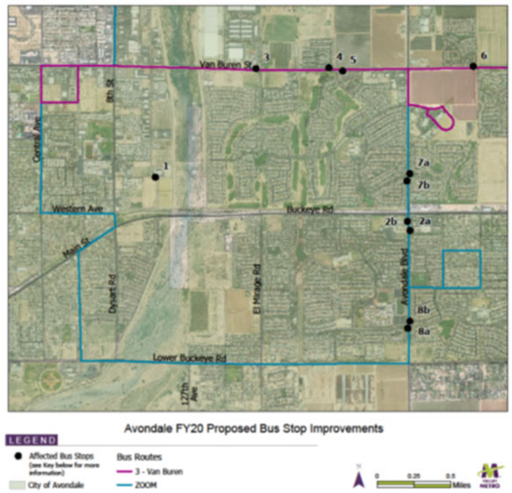
Avondale Bus Stop Improvements

Project Complete	Current Phase	Phase Complete
TBD	Design/ Construction	June 2021

Status
• $500,000 total budget to be split among up to ten bus stops – Avondale has identified order of priority. • Highest priority stop (Riley/10th St) has been completed. • Other project bus stops in final stages of design.

Avondale
Aspiring. Achieving. Accelerating.



Data as of March 2021.

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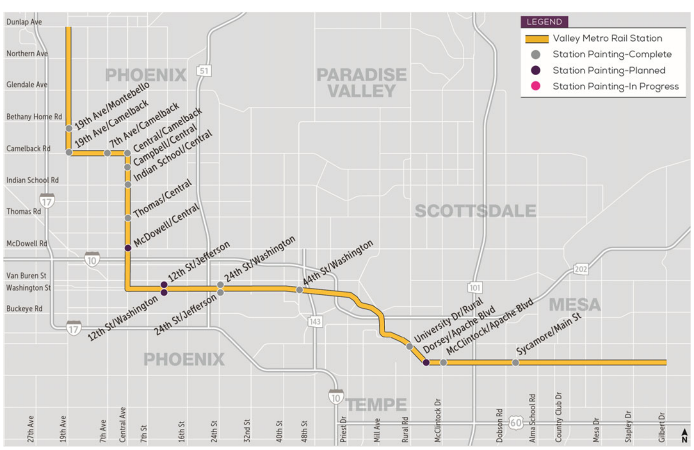
Light Rail Station Painting



Project Complete	Current Phase	Phase Complete
July 2023	Construction	July 2023

Status
• Four of the six FY21-scheduled stations are complete.

Data as of March 2021.

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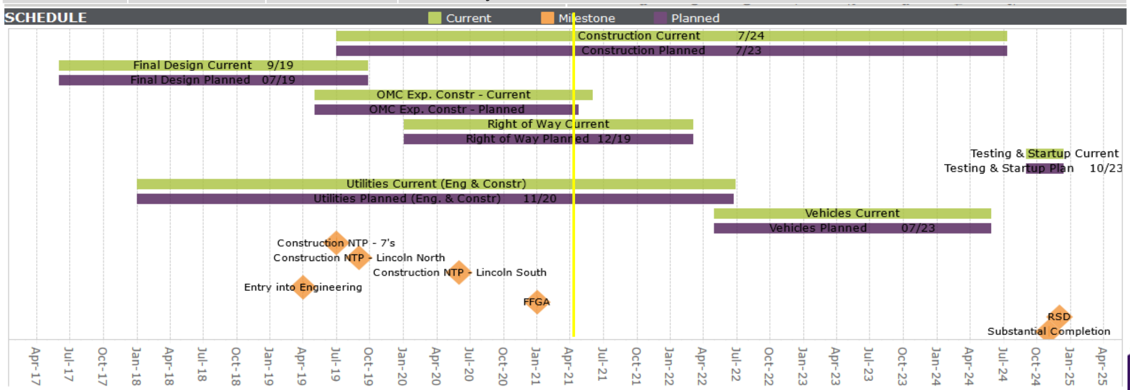
South Central Extension

Project Complete	Current Phase	Phase Complete	Status
2024	Construction	2024	• Construction continues in downtown Phoenix and south of Lincoln Street. • Full Funding Grant Agreement (FFGA) for federal funding received in January 2021.



Data as of March 2021. Schedule re-baselined at FFGA Award. For more details, visit valleymetro.org

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South Central Extension Expenditures to Date

Description	Expended ($M)	Budget ($M)
Contracted Services	$164.4	$983.7
Light Rail Vehicles	$25.6	$75.8
Right of Way	$12.2	$52.8
Professional Services	$89.1	$232.8
Total	**$291.3**	**$1,345.1**

Contingency Utilization

Description	Dollars ($M)
Total Contingency	$151.3
Executed Change Orders & Budget Transfers	$(1.4)
Total Project Contingency Remaining	**$ 149.9**

Data as of March 2021.

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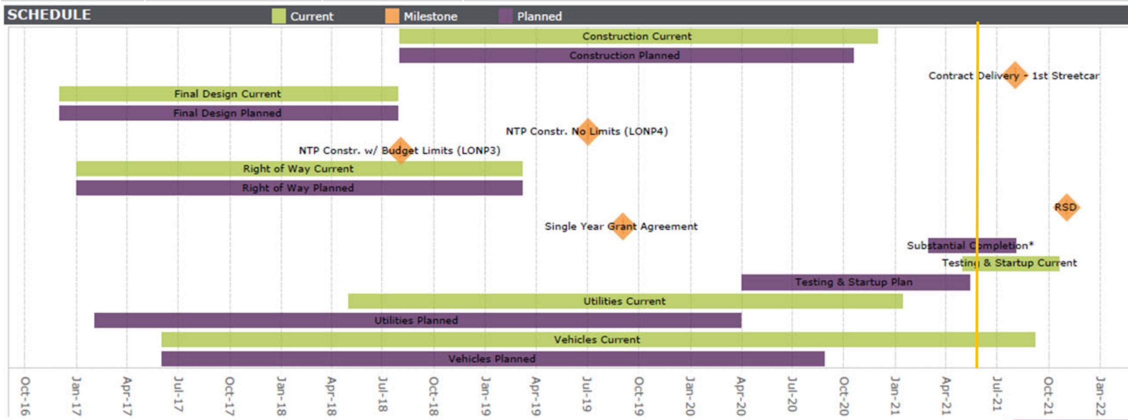
Tempe Streetcar

Project Complete	Current Phase	Phase Complete	Status
2021	Construction (100% complete)	December 2020	• Construction: Dorsey switches, Operator facility. • Vehicle deliveries and testing underway.



Data as of February 2021.

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Tempe Streetcar Expenditures to Date

Description	Expended ($M)	Budget ($M)
Contracted Services	$111.0	$115.4
Streetcar Vehicles	$25.3	$37.2
Right of Way	$0.5	$1.9
Professional Services	$30.7	$32.8
Total (including contingency)	**$167.5**	**$192.3**

Contingency Utilization

Description	Dollars ($M)
Total Contingency	$37.5
Executed Change Orders & Budget Transfers	$(31.8)
Total Project Contingency Remaining	**$5.7**

Data as of March 2021.

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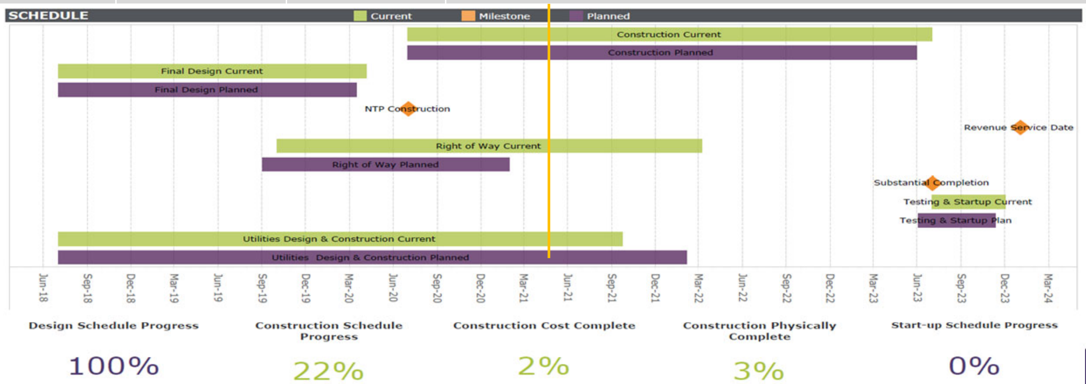
Northwest Extension Phase II

Project Complete	Current Phase	Phase Complete	Status
2024	Construction	2024	• Received access to all critical property parcels. • Started drilled shaft piers at former Metrocenter Mall Transit Center. • Demolished the existing AZ Canal Bridge.



Data as of March 2021. For more details, visit valleymetro.org

Northwest Extension Phase II Expenditures to Date

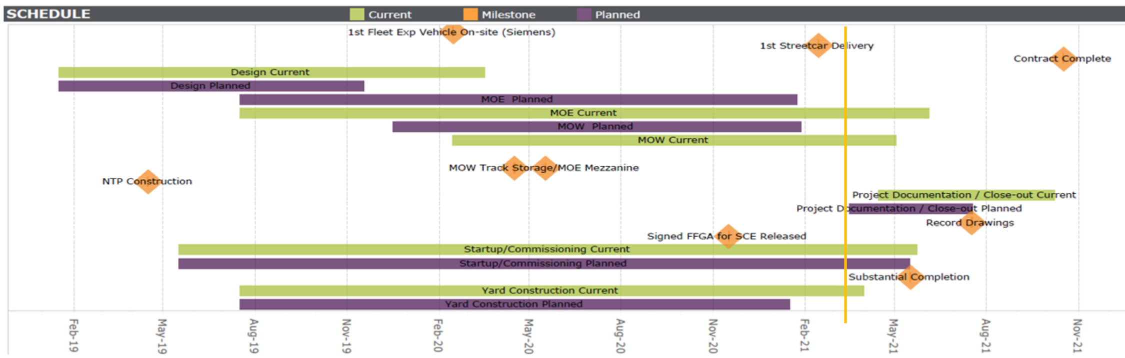
Description	Expended ($M)	Board Authority ($M)
Construction Manager at Risk	$6.3	$254.9
Civil Engineering	$17.4	$14.8
Systems Engineering	$5.0	$15.8
Art Contracts	$0.2	$1.4
Third Party Utilities	$2.8	$19.6
Right of Way	$2.0	$28.0
Valley Metro and City Related	$4.7	$68.2
Total	**$38.4**	**$402.7**

Data as of March 2021.

Operations & Maintenance Center Expansion

VALLEY METRO RAIL | VALLEY METRO

Project Complete	Current Phase	Phase Complete	Status
2021	Design/ Construction	Summer 2021	• Yard: Testing and Integrated testing. • Maintenance of Equipment (MOE) building: two floors nearing completion; moving to the second floor next; Maintenance of Way (MOW) building: Drywall and floor work is underway. • Six new light rail vehicles and one streetcar on site.



Data as of March 2021. For more details, visit valleymetro.org

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OMC Expansion Expenditures to Date

VALLEY METRO RAIL | VALLEY METRO

Description	Expended ($M)	Budget ($M)
Contracted Services	$77.8	$87.0
Professional Services	$3.1	$7.9
Total	**$81.0**	**$ 94.9**

Contingency Utilization

Description	Dollars ($M)
Total Contingency	$9.6
Executed Change Orders & Budget Transfers	$(4.5)
Total Project Contingency Remaining	**$ 5.1**

Data as of March 2021.

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Fiscal Year 2021 – Q3 Report
Communications & Strategic Initiatives

May 2021

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Communications Update

- Produced videos for events & social media/online sharing
  - Tempe Streetcar videos featuring art at stops
  - MCI Express bus instructional videos
  - SCE/DH new construction videos
  - Friends of Transit/State of Transit address
- Conducted a media event on the arrival of new streetcar
- Hosted Transit Worker Appreciation Day
  - Created awareness through social media & in coordination with member cities
- Coordinated coverage from nine media outlets at the transit worker vaccination event


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Community Relations Update

- Distributed face coverings to passengers
  - ~34,000 as of March 2021
- Organized outreach efforts supporting:
  - SCE/DH single tracking for February & March
  - Avondale ZOOM detour to newly-opened Avondale Senior Resource Center
  - Transit Worker Appreciation Day
  - Transit and park-and-ride studies in Chandler, Gilbert, Glendale and Queen Creek
- Launched Small Business Financial Assistance Pilot Program for SCE/DH and NWEII businesses
  - 43 applications for funding received as of March
- Debuted new Spring 2021 Artsline Spotlight Artist Heather Freitas for spring/summer season

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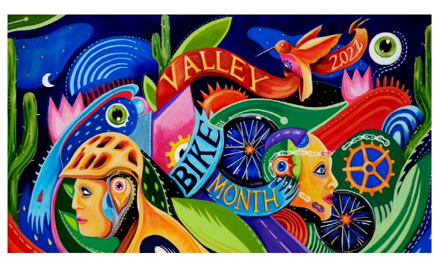
Commute Solutions Update

- Conducted Home Office Giveaway Challenge
  - 1,350 participants
  - 38K+ trips logged
  - 662K+ miles saved
- Received 2021 Best Workplaces for Commuters
  - Designation awarded to Valley Metro
  - BWC former EPA program managed by Center for Urban Transportation Research
- Distributed Spring Transportation Coordinator Kits
  - Valley Bike Month promotion
  - VBM Artist Ashley Macias



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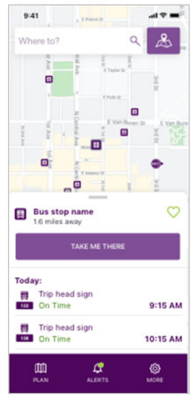
Marketing Update

- Continued with tactics from the agency's COVID-19 response plan:
  - Released local artist Yai's health-focused creative throughout system
  - Continued storytelling with paid/organic social media
  - Created video content of the transit worker vaccination event
- Continued work on expedited mobile app
  - Established branding
  - Initiated campaign planning
- Supported other initiatives:
  - SCE/DH and NWEII business assistance
  - Bus detours and light rail single tracking communications



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Fiscal Year 2021 – Q3 Report
Accessible Transit Services

May 2021

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Paratransit

Performance Indicator	Target	FY21 Q2	FY20 Q3	FY21 Q3
One-Way Trips	--	58,987	98,065	57,922
On-Time Performance	≥ 95%	93.6%	94.1%	92.9%
Complaints Per 1,000 Trips	≤ 1.5	1.5	2.5	2.3
Gross Cost Per Trip Fully Allocated at Contractor Level *	--	$58.81	$53.35	$59.45

** Includes Fixed Costs, Fuel and LDs. Agency OHD is not included.*

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RideChoice

Performance Indicator	FY21 Q2	FY20 Q3	FY21 Q3
One-Way Trips	33,042	47,329	32,168
On-Time Performance	95.0%	Not Avail.	89.1%
Complaints Per 1,000 Trips	2.2	2.4	3.4
Gross Cost Per Trip	$22.67	$20.54	$23.88

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Other Accessibility Services

Performance Indicator	FY21 Q2	FY 20 Q3	FY21 Q3
Travel Training	17	60	20
Platinum Pass Trips	5,304	121,247	5,696
Cost Per Trip	$0.93	$0.68	$0.98
ADA Applicants	734	1,255	711
Unconditional	72%	58%	52%
Conditional	21%	21%	40%
Temporary	7%	4%	8%
Denials	<1%	<1%	<1%

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ATS Highlights

- **8 Replacement Paratransit Vehicles placed into service (total 25 in-service)**
- **Call Center (Broker) Scope of Work Committee Meetings (bi-weekly)**
  - Representatives from the following represented on committee:
    - Glendale
    - Goodyear
    - Mesa
    - Peoria
    - Valley Metro
- **Operations and Maintenance Scope of Work Committee Meetings (bi-weekly)**
  - Representatives from the following represented on committee:
    - Chandler
    - Gilbert
    - Mesa
    - Surprise
    - Valley Metro
- **Efficiency change strategies discussed with Transdev**
- **Trip-by-trip sub-group for feeder (ADA Paratransit) service met March 25, 2021**

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ATS Highlights

Covid-19

- Mobility Center for In-person Eligibility Assessments
  - Conducted 711 Assessments
    - 220 Recertifying
    - 491 New Applicants
- Mobility Center Lobby – Open for:
  - Platinum Pass and Reduced Fare Id's in person
  - Paratransit tickets are being fulfilled
- Continue to Provide Full Paratransit and RideChoice Services
  - Limiting shared rides (2 people in caravans, 3 people in cut-a-ways)
  - Paratransit vehicles regularly cleaned and disinfected
- Revised FY21 Paratransit and RideChoice Trip Forecasts
  - Average Weekday Paratransit trips increased 10.64% (1st qtr. 2021 vs 3rd qtr. 2021)
  - Average Weekday RideChoice trips increased 19.68% (1st qtr. 2021 vs 3rd qtr. 2021)

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ATS Highlights

- **Valley Metro Accessibility Advisory Group (VMAAG) Activity**
  - Review of COVID-19 Contingency Plan / Post Pandemic Return
  - Proposed April 2021 Service Changes
  - Arizona Avenue Alternative Analysis
  - Driving the future of transportation – Waymo Partnership
  - South Central Extension / Downtown Hub (single-tracking schedule)
  - VMAAG Membership Update / Recruitment

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Information Summary

DATE **AGENDA ITEM 8**
May 13, 2021

SUBJECT
Travel, Expenditures and Solicitations

PURPOSE
The monthly travel, expenditures and solicitations are presented for information.

Non-essential travel has been suspended at this time.

BACKGROUND | DISCUSSION | CONSIDERATION
None

COST AND BUDGET
None

COMMITTEE PROCESS
None

RECOMMENDATION
This item is presented for information only.

CONTACT
Paul Hodgins
Chief Financial Officer
602-262-7433
phodgins@valleymetro.org

ATTACHMENTS
Valley Metro Travel Report
Valley Metro RPTA and Valley Metro Rail Monthly Accounts Payable over $25,000
Active Requests for Proposals, Qualifications and Invitations for Bids

Valley Metro Regional Public Transportation Authority
Monthly AP Payments over $25,000
March 21, 2020 to April 20, 2021

Document Number	Name	Transaction Description	Effective Date	Transaction Amount
50531	First Transit, Inc.	Feb. 2021 Fixed Route Bus Service - Unification	4/9/2021	5,310,753.48
50462	City of Phoenix	March 2021 FR Bus Svc, DAR, FR Svc Op Supp	3/26/2021	1,077,317.43
50545	Transdev Services, Inc	Feb. 2021 Regional Paratransit Services	4/9/2021	1,001,714.02
50454	ADP, LLC	PPE 3-21-21 Wages Payable - Reverse Wire	3/26/2021	646,989.21
50523	ADP, LLC	PPE 4-4-21 Wages Payable - Reverse Wire	4/9/2021	642,164.52
50506	Gillig, LLC	1651 Gillig Low Floor CNG Transit Bus, 29 ft length	4/2/2021	468,564.00
50506	Gillig, LLC	1652 Gillig Low Floor CNG Transit Bus, 29 ft. length	4/2/2021	468,564.00
50506	Gillig, LLC	1653 Gillig Low Floor CNG Transit Bus, 29 ft. length	4/2/2021	468,564.00
50506	Gillig, LLC	1654 Gillig Low Floor CNG Transit Bus, 29 ft. length	4/2/2021	468,564.00
50506	Gillig, LLC	1655 Gillig Low Floor CNG Transit Bus, 29 ft. length	4/2/2021	468,564.00
50506	Gillig, LLC	1656 Gillig Low Floor CNG Transit Bus, 29 ft. length	4/2/2021	468,564.00
50506	Gillig, LLC	1657 Gillig Low Floor CNG Transit Bus, 29 ft. length	4/2/2021	468,564.00
50506	Gillig, LLC	1658 Gillig Low Floor CNG Transit Bus, 29 ft. length	4/2/2021	468,564.00
50506	Gillig, LLC	1659 Gillig Low Floor CNG Transit Bus, 29 ft. length	4/2/2021	468,564.00
50506	Gillig, LLC	1660 Gillig Low Floor CNG Transit Bus, 29 ft. length	4/2/2021	468,564.00
50562	Gillig, LLC	1650 Gillig Low Floor CNG Transit Bus, 29 ft. length	4/16/2021	468,564.00
50562	Gillig, LLC	1661 Gillig Low Floor CNG Transit Bus, 29 Ft. length	4/16/2021	468,564.00
50480	Total Transit Enterprises, LLC	January 2021 West Valley Fixed Route Transit Services	3/26/2021	375,757.17
50554	Cigna Health and Life Insurance Company	April 2021 Health and Vision Insurance Coverage	4/16/2021	373,446.11
50480	Total Transit Enterprises, LLC	Feb. 2021 West Valley Fixed Route Transit Services	3/26/2021	353,858.06
50454	ADP, LLC	PPE 3-21-21 Federal, State, SS/Med EE/ER Tax - ACH	3/26/2021	258,950.54
50523	ADP, LLC	PPE 4-4-21 Federal, State, SS/Med EE/ER Tax - ACH	4/9/2021	258,759.22
50458	ASRS	PPE 3-21-21 ASRS Contributions Employee	3/26/2021	122,536.97
50458	ASRS	PPE 3-21-21 ASRS Contributions Employer	3/26/2021	122,536.97
50526	ASRS	PPE 4-4-21 ASRS Contributions Employee	4/9/2021	121,745.32
50526	ASRS	PPE 4-4-21 ASRS Contributions Employer	4/9/2021	121,745.32
50511	Medical Transportation Management, Inc.	Feb. 2021 Medical Transportation Mngt	4/2/2021	90,527.86
50575	Second Generation, Inc, dba Ajo Transportation	March 2021 Rural Connector Route	4/16/2021	72,378.58
R20210331W002	City of Mesa	March 2021 Utilities	3/31/2021	61,092.81
50502	Enterprise Rideshare	Jan. 2021 Enterprise Rideshare Services	4/2/2021	56,707.30
50495	CopperPoint Insurance Company	April 2021 Call Center and Mobility Center Rents	4/2/2021	55,018.35
50560	Enterprise Rideshare	Feb. 2021 Enterprise Rideshare Services	4/16/2021	54,753.58
50531	First Transit, Inc.	Coach 8079 - MLOH Engine	4/9/2021	40,489.69
50502	Enterprise Rideshare	Dec. 2020 Enterprise Rideshare Services	4/2/2021	36,726.39
50513	Mosaic451, LLC	Feb. 2021 Ongoing Managed Security Services	4/2/2021	34,600.00
20210415W016	Wells Fargo Bank	March 2021 Credit Card Transactions	4/15/2021	34,076.61
50500	Dye Management Group, Inc.	Feb. 2021 Transit Asset Management Consultant	4/2/2021	33,041.00
50469	Guidesoft Inc.	Onsite Desktop Support Weeks Ending 2/14 and 2/21/21	3/26/2021	30,095.55

Valley Metro Regional Public Transportation Authority
Monthly AP Payments over $25,000
March 21, 2020 to April 20, 2021

Document Number	Name	Transaction Description	Effective Date	Transaction Amount
50563	Guidesoft Inc.	Onsite Desktop Support Weeks Ending 2/28 and 3/7/21	4/16/2021	29,057.94
50537	Nationwide Retirement Solutions, Inc.	PPE 4-4-21 Contributions Plan #0060348001	4/9/2021	26,771.00
50531	First Transit, Inc.	Feb. 2021 COVID-19 Cleaning Expenses Mesa/Tempe	4/9/2021	25,750.04
50576	Senergy Petroleum, LLC	Bulk Fuel for Gilbert Fuel Tank	4/16/2021	25,043.78
50532	Greater Phoenix Economic Council	GPEC Investment-Director's Council May 2021-April 2022	4/9/2021	25,000.00
				17,142,172.82

Valley Metro Rail, Inc.
Monthly AP Payments over $25,000
March 21, 2021 to April 20, 2021

Document Number	Name	Transaction Description	Effective Date	Transaction Amount
040733	Siemens Mobility, Inc.	LRV Acquisition Program Milestone B Sub-Suppliers	3/26/2021	10,611,159.15
040842	Kiewit Infrastructure West Co.	Jan 2021 S Central LR Extension Project	4/16/2021	10,596,202.30
040780	Stacy and Witbeck, Inc.	Jan 2021 Tempe Streetcar Project	4/2/2021	3,559,658.89
040810	Hensel Phelps Construction Co	Feb 2021 OMC Expansion Project	4/9/2021	2,574,359.00
040798	Brookville Equipment Corp	Tempe Streetcar Acquisition Milestone B, C & D	4/9/2021	1,933,097.28
040854	Siemens Mobility, Inc.	LRV Acquisition Program Milestone B3	4/16/2021	1,129,004.07
040742	Alternate Concepts Inc.	Feb 2021 Transportation Services	4/2/2021	937,916.79
040761	HDR Engineering, Inc.	Jan 2021 Planning and Community Relations Support	4/2/2021	715,117.73
040698	Allied Universal Security Services	Jan 2021 Fare Inspection and Security Services	3/26/2021	640,412.40
040698	Allied Universal Security Services	Feb 2021 Fare Inspection and Security Services	3/26/2021	580,315.66
040763	Jacobs Engineering	Jan-Feb 2021 NW Extension 2	4/2/2021	302,575.71
040732	Salt River Project	S Central Extension Non Prior Right Utilities	3/26/2021	221,732.35
040757	DMS - Facility Services, Inc.	Feb 2021 Facilities and LRV Cleaning Services	4/2/2021	216,598.58
040693	101 North First Ave LLC	April 2021 101 Building Rent	3/26/2021	165,832.12
040789	AECOM Technical Services, Inc.	Jan 2021 S Central Extension Project	4/9/2021	150,127.48
040757	DMS - Facility Services, Inc.	Feb 2021 Disenfection and PPE	4/2/2021	144,846.91
V20210331W	APS	March 2021 Utilities	3/31/2021	144,076.39
040815	PGH Wong Engineering, Inc.	Jan 2021 S Central Extension Systems Design	4/9/2021	113,137.21
040817	SDB Contracting Services	Feb 2021 JOC Construction Services	4/9/2021	98,142.09
040724	Penn Machine Company, LLC	Rubber Block Tire Kits	3/26/2021	97,718.40
040803	Dellner Inc.	LRV Coupler Overhaul	4/9/2021	95,772.00
040766	Knorr Brake Corporation (KBC)	LRV Friction Brake Overhaul	4/2/2021	83,734.74
040730	Salt River Project	S Central Extension Non Prior Right Utilities	3/26/2021	82,624.16
040757	DMS - Facility Services, Inc.	Feb 2020 Facility Maintenance Services	4/2/2021	70,092.95
040731	Salt River Project	S Central Extension Non Prior Right Utilities	3/26/2021	66,418.13
V20210331W020	SRP	March 2021 Utilities	3/31/2021	61,022.08
040819	URW, LLC	Feb 2021 Landscape Maintenance Services	4/9/2021	40,872.99
040705	City of Phoenix	Feb 2021 Fare Handling Fee	3/26/2021	38,217.00
040815	PGH Wong Engineering, Inc.	Jan 2021 NW Extension 2 Project	4/9/2021	33,777.81
040822	Richard J. Simonetta	2021 NW Mutual Annuity Payment	4/9/2021	31,906.52
040734	Siemens Mobility, Inc.	Repair Propulsion Bench Test Equipment	3/26/2021	29,900.00

Valley Metro Rail, Inc.
Monthly AP Payments over $25,000
March 21, 2021 to April 20, 2021

Document Number	Name	Transaction Description	Effective Date	Transaction Amount
040698	Allied Universal Security Services	Feb 2021 FareInspection and Security Services	3/26/2021	28,498.47
040696	Alliant Insurance Services, Inc.	April 2021 Quarterly Installment	3/26/2021	28,125.00
040815	PGH Wong Engineering, Inc.	Jan 2021 LRV Testing	4/9/2021	27,382.49
040834	City of Phoenix	Plan Review Fees	4/16/2021	26,121.80
040705	City of Phoenix	S Central Extension Plan Review Fees	3/26/2021	25,336.80
				35,701,833.45

Procurement Report
for May Board Month

RECENTLY COMPLETED PROCUREMENTS

Contract Administrator	Agency	Procurement Type	Procurement Title	FTA Funding	Release Date	Proposal Due Date	Targeted Board Award Date	Estimated Contract Value	Term of Contract	Comments
Ed N	Joint	RFP	Retail Sales Network for Fare Collection	No	February 2020	May 2020	March 2021	$10,217,000.00	5 years + 3 yr + 2 yr	Executed
Ed N	Joint	RFP	Fare Collection Customer Service Network	No	February 2020	May 2020	March 2021	$24,166,000.00	5 years + 3 yr + 2 yr	Routed for Signature
Christian J	Joint	COOP	Telecom and Networking equipment - WWT	No	N/A	N/A	March 2021	$304,000.00	5 years	Executed
Christian J	Joint	COOP	Business Intelligence Software Subscription - CDW-G	No	N/A	N/A	March 2021	$316,800.00	3 years	Executed
Christian J	Joint	COOP	Replacement Vehicles for Paratransit Svcs. Qty:26	Yes	N/A	N/A	March 2021	$1,755,286.00	1 year	Executed
Christian J	Joint	COOP	IT Security Operations Center Services (SOCssS)	No	N/A	N/A	March 2021	$1,281,700.00	5 years	Executed

ACTIVE PROCUREMENTS

Contract Administrator	Agency	Procurement Type	Procurement Title	FTA Funding	Release Date	Proposal Due Date	Targeted Board Award Date	Estimated Contract Value	Term of Contract	Comments
Shelia H	VMR	Sole Source	CPU Power Conversion	No	March 2021	N/A	May 2021	$224,838.00	1 year	Initiating Documents
Barb H/Kianie K	VMR	Sole Source	OMC Replenish Inventory Parts (59)	No	March 2021	April 2021	June 2021	$3,398,000.00	3 years	Solicitation Issued
Barb H/Kianie K	VMR	Sole Source	KI-LRV Midlife Overhaul Parts (12)	Yes	April 2021	May 2021	June 2021	$2,631,431.00	1 years +1 option	In Evaluation
Barb H	VMR	IFB	LRV Electrical Repair	No	April 2021	May 2021	N/A	$150,000.00	3 years	SOW Development
Rick W	RPTA	RFP	CNG Facility Maintenance	No	November 2020	January 2021	April 2021	$2,300,000.00	5 year + 2 options	Pending Board Approval
Rick W	Joint	RFP	Fare Inspection and Security Services	No	October 2020	December 2020	April 2021	$56,113,000.00	3 year + 2 options	Pending Board Approval
Kianie K	Joint	COOP	IT Professional Services	No	N/A	N/A	May 2021	$7,647,500.00	5 Years	Pending Board Approval
Kianie K	Joint	COOP	IT Software Subscriptions and Maintenance Agreements	No	N/A	N/A	May 2021	$544,800.00	2 Years	Pending Board Approval
Kianie K	Joint	RFP	Printing Services	No	April 2021	May 2021	August 2021	TBD	3 year + 2 options	SOW Development

FUTURE PROCUREMENTS

Contract Administrator	Agency	Procurement Type	Procurement Title	FTA Funding	Release Date	Proposal Due Date	Targeted Board Award Date	Estimated Contract Value	Term of Contract	Comments
Barb H	VMR	Sole Source	SCV Managed Inventory Program	No	N/A	N/A	TBD	TBD	5 years	SOW Development
Rick W	VMR	IFB	OMC Midlife Flooring Replacement	No	TBD	TBD	TBD	TBD	TBD	SOW Development
Sheila H	VMR	TBD	Rail Testing	TBD	TBD	TBD	TBD	TBD	TBD	SOW Development
Ed N	VMR	RFQ	Community Relations Support Services	Yes	TBD	TBD	TBD	TBD	5 years + Options	SOW Development
Ed N	VMR	RFQ	Planning Support Services	Yes	TBD	TBD	TBD	TBD	5 years + Options	SOW Development
Susanna	Joint	RFP	Regional ADA Paratransit Services Operations & Maintenance	Yes	July 2021	TBD	July 2022	TBD	TBD	SOW Development
Susanna	Joint	RFP	Centralized Call Center for Regional ADA Paratransit Services & RideChoice	TBD	July 2021	TBD	July 2022	TBD	TBD	SOW Development

IFB. Invitation For Bids
RFP - Request for Proposals
RFQ - Request for Qualifications
COOP. Cooperative Contract
TBD - To Be Determined

Information Summary

DATE **AGENDA ITEM 10**
May 13, 2021

SUBJECT
Future Agenda Items Request and Report on Current Events

PURPOSE
Chairs Edwards and Heredia will request future agenda items from members, and members may provide a report on current events.

COST AND BUDGET
None

RECOMMENDATION
This item is presented for information only.

BACKGROUND/DISCUSSION/CONSIDERATION
None

COMMITTEE PROCESS
None

CONTACT
Scott Smith
Chief Executive Officer
602-262-7433
ssmith@valleymetro.org

ATTACHMENT
None.

Pending Items Request

Item Requested	Date Requested	Planned Follow-up Date

Agenda

May 13, 2021

Board of Directors
Thursday, May 20, 2021
Webex/Phone
11:15 a.m.

	Action Recommended
1. Public Comment	1. For Information
Public comment is being taken in written format and will be entered into the official minutes of the meeting.	
2. Minutes	2. For action
Minutes from the April 22, 2021 Board meeting are presented for approval.	
3. Valley Metro RPTA Fiscal Year 2022 (FY22) Proposed Operating and Capital Budget and Five-Year Operating	3. For action
Staff recommends that the Board of Directors approve the Fiscal Year 2022 Proposed Operating and Capital Budget and for acceptance the FY22-26 Five-Year Operating and Capital Forecast.	
4. Future Agenda Items Request and Report on Current Events	4. For information
Chair Edwards will request future agenda items from members, and members may provide a report on current events.	
5. Next Meeting	5. For information
The next Board meeting is scheduled for **Thursday, June 17, 2021 at 11:15 a.m.**	

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

Information Summary

DATE **AGENDA ITEM 1**
May 13, 2021

SUBJECT
Public Comment

PURPOSE
Public comment is being taken in written format and will be entered into the official minutes of the meeting.

COST AND BUDGET
None

RECOMMENDATION
This item is presented for information.

BACKGROUND | DISCUSSION | CONSIDERATION
None

COMMITTEE PROCESS
None

CONTACT
Scott Smith
Chief Executive Officer
602-262-7433
ssmith@valleymetro.org

ATTACHMENT
None

Minutes

May 13, 2021 **AGENDA ITEM 2**

Board of Directors
April 22, 2021
Via Webex/Phone
11:15 a.m.

RPTA Meeting Participants
Councilmember Jon Edwards, City of Peoria **(Chair)** (phone)
Councilmember Francisco Heredia, City of Mesa **(Vice Chair)** (phone)
Vice Mayor Veronica Malone, City of Avondale (phone)
Councilmember Clay Goodman, City of Buckeye
Mayor Kevin Hartke, City of Chandler (phone)
Councilmember Mike Scharnow, Town of Fountain Hills (phone)
Councilmember Lauren Tolmachoff, City of Glendale (phone)
Councilmember Jared L. Taylor, Town of Gilbert (phone)
Vice Mayor Bill Stipp, City of Goodyear (phone)
Supervisor Jack Sellers, Maricopa County (phone)
Councilmember Jon Edwards, City of Peoria (phone)
Councilmember Jeff Brown, Town of Queen Creek (phone)
Councilmember Roland F. Winters Jr., City of Surprise (phone)
Councilmember Robin Arredondo-Savage, City of Tempe (phone)
Councilmember Linda Laborin, City of Tolleson (phone)
Mayor Michael LeVault, Town of Youngtown (phone)

Members Not Present
Vice Mayor Monica Dorcey, City of El Mirage
Mayor Kate Gallego, City of Phoenix **(Treasurer)**
Mayor David Ortega, City of Scottsdale
Mayor Rui Pereira, Town of Wickenburg

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

1. Public Comment

Written public comment submitted.

This is William Charles "Blue" Crowley, III. With Valley Metro doing the proposed service changes, I am wondering what it is that we are going to be using the Pastor facility for. I thought that the rail was going to be going into it so why are we eliminating all of the connectors of the buses to it? I was reading through what you were going to be doing and it looks like a major proportion of any of the routes that go into Ed Pastor Transit Center will cease. Why?

Hello, I'm James Deibler. I live in Phoenix, Arizona. I am commissioner for Phoenix Mayor's Commission on Disability Issues (MCDI). I would like to offer a suggestion regarding Express Route 514- Scottsdale/Fountain Hills Express.

I would like the portion of Express Route 514- Scottsdale/Fountain Hills to be replace with Route 80- Northern/Shea Blvd from Mustang Transit Center to El Lago Blvd and La Montana Dr in Fountain Hills. It is my opinion that this will benefit Central Scottsdale and Fountain Hills residents including the Mayo Clinic, SunRidge Canyon Golf Couse Fountain Park, Fountain Hills Community Center, and Fountain Hills Library. I will help Phoenix and Glendale residents to get to work or school in Fountain Hills without taking Fountain/Mesa connector.

In addition, I would like to propose that Route 80- Northern/Shea Blvd extension would run on weekdays and weekends with sixty minutes weekday and weekend frequency from Mustang Transit Center to El Lago Blvd and La Montana Dr in Fountain Hills. Moreover, Route 80 bus service in Fountain Hills would start from 5 AM to 7 PM on weekdays (Monday-Friday) and Saturday-Sunday from 6 AM to 7 PM.

Thank you for your time and consideration.

2. Minutes

Chair Edwards said the minutes from the March 18, 2021 Board meeting are presented for approval. Mr. Chair said so I need -- I am requesting a motion and a second to approve the meeting minutes for March 18, 2021.

IT WAS MOVED BY MAYOR HARTKE, SECONDED BY COUNCILMEMBER TOLMACHOFF AND UNANIMOUSLY CARRIED TO APPROVE THE MARCH 18, 2021 BOARD MEETING MINUTES.

3. Consent Agenda

Chair Edwards said presented for action. Is there any Board member that has any questions or items that need to be pulled prior to a discussion? No. Okay. So, I need a motion and a second to approve the consent agenda.

IT WAS MOVED BY COUNCILMEMBER WINTERS, SECONDED BY COUNCILMEMBER TOLMACHOFF AND UNANIMOUSLY CARRIED TO APPROVE THE CONSENT AGENDA.

4. Proposed October 2021 Service Changes

Chair Edwards said the next item is the Proposed October 2021 Service Changes.

Mr. Smith said thank you, Mr. Chair. We do not have a formal presentation on this item because these are service changes that will be proposed for October and are going out to the public, but I would suggest if you have not looked at the memo, if you could look at it because the changes are pretty substantial and probably higher than what we average normally put out. And just to give you a little bit of a background.

Through the pandemic we have maintained as best we can levels of service and maintained the routes that we serve, and this is probably the first real indication of an adjustment that are based primarily on right sizing our system and taking and creating efficiencies based on actual ridership. We -- and so, a lot of these are -- I would say most of these are presented by your city staff and suggestions as to what cities would like and are willing to fund. So, please look through these. If you have specific questions, I suggest that you call Joe Gregory or Carol Ketcherside and or have your staff bring it up, but this -- these are a product of the service group, the service group and Mr Chair, unless there are specific questions, we won't have a presentation on this item.

Chair Edwards said okay. Does anybody have any questions? Okay. I don't see any.

5. Valley Metro RPTA Fixed Route Bus Advertising

Chair Edwards said the next item on the agenda is Valley Metro RPTA Fixed Route Bus Advertising. Mr. Smith said thank you, Mr. Chair. For many, many years, one of the items of discussion in public transportation is the appropriateness or desirability of including placard advertising on the outside of transit assets. We are no different meaning we here in the Phoenix region. And as you know driving around, there are advertisements on Valley Metro buses that are operated by the City of Phoenix. There are also advertisements and wraps on our rail cars that are operated by Valley Metro Rail. But since its inception, Valley Metro RPTA has not allowed advertising. In fact, there are even some of our cities that have specific ordinances that preclude advertising.

Since we have this situation where we seem to be somewhat schizophrenic in our approach to advertising for the overall transit system and due to financial and other considerations, this issue came up, specifically, most recently in the Audit and Finance Subcommittee. And so, staff decided to update our -- the -- not update, but to look into and present to you the Board both a history and an update as to advertising and what it means and perhaps, seek some guidance from you as to how to go forward with this question. So, I am going to turn it over now to Hillary Foose, our Communications Director, who will take it from here.

Ms. Foose said thank you, Scott. Mr. Chair, members of the Board, thank you so much for your time.

Scott really opened it very well. So, advertising is a very, much a subjective conversation. It is something that has been debated probably in your homes after the Superbowl. It is what we talk about and certainly, that is no different for transit agencies. Across the country, many transit agencies do advertise, and we will show what some of our peers do and many don't. We will also give you the history of what has happened here in this region, talking, specifically, about Board actions that this Board has historically taken. And we will also talk about, in addition to the history, some of the challenges and concerns that we should be mindful of as we consider about moving forward or not. And also, the opportunities, really the revenue opportunity really associated with potentially moving a program forward for the RPTA-operated fleet. Again, our peers and what potential next steps could be.

So, a little bit about transit vehicle history in our region. And again, as Scott said, we are focused with these milestones at bus exterior advertising. There is a lot of bus shelter and station advertising that happens here in our region These milestones are really, specific to buses. So, on the left side of your screen are really the two prior RPTA Board actions. It was discussed in 1994 and in 2000 and at the time, the RPTA Board did not move forward with advertising on its fleet. And you can see the mentions there. There were concerns about image, about clutter, about safety, about overall system identity. There were also references to just a general lack of personal preference. I should also note that the City of Phoenix, as Scott mentioned, City of Phoenix does advertise on the exterior of their buses and they advanced that opportunity in 1994.

On the right side of your screen, is our rail program here in the Valley. There has been more activity on the Valley Metro Rail side. In 2003, the Valley Metro Rail Board decided to adopt a policy, but not allow it at that time. In 2003, we were not quite open yet and so there was this idea that they may want to pursue advertising, but it was not something that they moved forward with. What really sparked initial interest was a major event which was the NBA All Star Game in 2008 that was being hosted in downtown Phoenix. They piloted some advertising with that All Star Game to see how the community would react to it. They subsequently moved forward with creating a policy and moving forward with CBS Outdoor as the advertising administrator for the program. Between 2010 and 2014, the Valley Metro Rail Board progressively opened up our advertising policy allowing for more advertising inventory as well as opening up our advertising standards. And in 2015, the Valley Metro Rail Board renewed a contract with CBS Outdoor, now OUTFRONT Media to continue to be the advertising administrator for the program and the program continues today.

Just -- we felt is was incumbent upon us as we have this conversation to really bring forward to the Board really the challenges and opportunities with pursuing an advertising program. Really to create an honest context for this conversation as we are seeking your guidance today. I am going to go over a couple of these bullets really, quickly.

There is a natural conflict with transit vehicles also being advertising vehicles. The heart of our transit vehicles are to provide service. They are not to be advertising vehicles and naturally, there can be friction to that, scheduling friction, but also, why they exist. And so, that comes to play also related to advertising content. So, what are the advertisements themselves? And there always are potential concerns about controversial ads, ads that sort of run on the edge of our advertising standards, maybe advertising that offends our personal sensibilities. So, advertising content is always one of those areas that provides a level of concern.

Let's talk about regional branding which is very important to I know this Board and our region. For the first time really in our history, we have a unified paint scheme between City of Phoenix and Valley Metro RPTA on our buses and our trains and our streetcars which does more than just paint scheme, it really does provide a way -- an excellent rider experience. It does provide a unified branding. It really does help the way that our system is seen by the public. Helping in things like when we think about Prop 400 extension, how is our system viewed? And giving it, ultimately, a good image of our system and covering up that paint scheme with advertising with wraps, it does have an impact on that branding.

Maintenance wear and tear, it goes without saying. As you could imagine putting advertising on the exterior of our fleet has maintenance issues. While our advertising administrator is always very responsive to any damage, it is very strong language within our contract that they return that vehicle to it's original condition, it does just create wear and tear and it is something to manage.

Speaking of management, right now on the Valley Metro Rail side, that management is really done by Valley Metro staff. Staff at our maintenance facilities and staff here at the 101 building, we manage the contract, we manage the contractor, obviously, we schedule the fleet, et cetera. As we think about pursuing bus advertising on the RPTA side, we have contractors engaged. And so, if we were to move forward that effort could be borne by our contractors and could create contract changes and potentially, increased costs.

And last, but not least, are public safety concerns. We have heard this throughout our duration with advertising. Obviously, our experience is on the Valley Metro Rail side, but with full coverage advertising like wraps, they do create visibility concerns for law enforcement and emergency responders because they do cover the windows. And while we do have some mitigations where there is greater perforation on the windows, it still does create some concerns and some risk that we should be mindful of and we have heard from our law enforcement partners about that risk and concern.

But the opportunity here thinking about both sides of the coin is really revenue. And so we asked OUTFRONT Media just for a magnitude of order. Take a look at our fleet. What could we possibly generate if you were given our fleet to advertise upon? This estimate was built, obviously, during a time of a pandemic so it is a bit of a unique market to be advertising in, but this is what they proposed to generate somewhere between $800,000 and $900,000 for Valley Metro. And this is based on the Valley Metro Rail formula where we get 65% of the net revenues so based on that formula, we would get somewhere between $800,000 and $900,000 for potentially allowing. So, just for a basis of comparison, I know my colleagues from the City of Phoenix are on this call. City of Phoenix has a very established bus advertising program and in 2019, they generated $1.6 million from the -- their exterior bus advertising so just to give you a sense of context in the region.

Mr. Smith said which is consistent since the Phoenix fleet is about two times our size and also operates in an urban area, so we think this OUTFRONT estimate is pretty reasonable considering what Phoenix is actually generating.

Ms. Foose said in terms of our peers, we thought it was fair that in addition -- to continue to give you context about advertising in the transit industry. Five out of the six peers we surveyed, primarily, our peers in the Western United States do use bus advertising. They offer the full range of products. There are a few exceptions. Houston being a primary example where they have an overall Keep Houston Beautiful ordinance where they are very restrictive on signage within the metro Houston area. And also, UTA which is, obviously, Salt Lake City. They did something interesting where they do allow bus advertising, but they created a more balanced approach where their advertising still has to allow for their logo to be present. And so, that image on the right there is actually a UTA bus with the advertising in the middle and just above the wheel on the top of the bus, you can see the UTA logo. So, they created an advertising program that, you know, attempted to balance that branding with the advertising opportunity.

So the question before us today is really while there has been historical -- I have given you the history and some of the pros and cons with advertising, is this something we wanted to pursue for the Valley Metro RPTA-operated fleet? We feel if so, it is something -- if you go to the next slide, there are a few examples of -- if so, we think that we can create a balanced program achieving brand, you know, balancing those concerns. But we do look for guidance and feedback today.

Mr. Smith said so Mr. Chair, this is not an action item as Hillary said. We are looking for guidance, direction as to whether to pursue. As you can see, it is perhaps not a yes or no answer as it might be a yes, but. Or a no, but. Depending on whether there is additional information. You can see some examples as to where you could pursue advertising with a balancing effect. So, we are just looking for guidance and direction from the Board as to where we should go to develop a specific proposal to bring back to the Board at a later time.

Mr. Chair said got it. Thank you. All right. So there has got to be some questions out there. I don't see any on the chat yet, but does anybody have any comments or questions?

Mayor Hartke said I do have a few. You had mentioned in the beginning that some cities had ordinances preventing this. Are those -- and then you mentioned Houston as one as a large city. So there -- are there Valley cities that have -- that would in order for this to happen in their -- there would have to be some changes in their ordinances? Or do you know that?

Ms. Foose said so, Mr. Chair, Mayor Hartke, we did, and Paul please jump in because I know this was the discussion at the Financial Working Group with some of the member cities. It is our understanding that from what we have heard, I think from Scottsdale and even City of Tempe? That what we have seen from our cities that do have sign ordinances that it would not prevent us from moving forward.

Mr. Hodgins said yeah. Some of the cities do have ordinances but specifically for -- or more specific to fixed like a bus shelter or something that is fixed within the city. A vehicle driving through would not necessarily be subject to that.

Mr. Smith said -- we have to answer that question and we will need to go out to each city because there is -- it is not clear as to whether the cities would be asked if we adopted this. Whether they would be asked to amend or clarify their specific ordinance. That is one issue we would have to clarify with specific cities. The biggest operator would be Tempe and how it relates to their ordinance since that is where a large percentage of our bus operations are. And we just have to follow up with Tempe staff and Councilmember Arredondo-Savage to make sure that we are in sync with whatever ordinance they have.

Ms. Foose said we are working closely with Tempe staff on this item.

Mr. Smith said yeah. It is doable.

Mayor Hartke said I have two other questions. Number two, you had mentioned generating income, but you also mentioned in the earlier part about maintenance and it would seem that since Phoenix has got a long history with buses. What is an accurate delta or net that we could possibly realize with this based upon Phoenix's experience with the maintenance of these buses with the wrapping or other types of things?

Ms. Foose said so, Mr. Chair, Mayor Hartke, thank you for the question. I think that would be part of our continued research. So, the number that we presented to you that was a forecast from OUTFRONT Media that $865,000 number, obviously, does not account for any, you know, changes we would need to make to our contracts with our service providers and I think, you know, and we work closely with the City of Phoenix to understand their history with it. We have had many conversations with the City of Phoenix about how their program has moved forward and we will continue to do so. So, I don't have an answer for that right now, but that would be part of an action item for us as we move forward.

Mayor Hartke said and lastly, I am assuming this is a front price or the -- in terms of that $800 plus figure there. I assume we would give an RFP to see if there was a better price. You had mentioned CBS I think earlier with the basketball thing. Would this be something that we would plan if we -- if the decision of the Board in the future was to advertise, is to see where we could get the best deal with that?

Ms. Foose said so, Mr. Chair, Mayor Hartke, CBS Outdoor and OUTFRONT Media are the same company. CBS Outdoor became OUTFRONT Media and when we scoped OUTFRONT Media's contract when we did RFP where OUTFRONT Media was selected back in 2015, in that scope of work there were future potential scope additions for bus advertising and van pool advertising, actually, so we feel it is within OUTFRONT's existing contract. Obviously, we would negotiate the structure and the rate and the program around bus advertising, but it was part of the scope of work when we issued that competitively back in 2015.

Mayor Hartke said one follow-up, and with that when are they up for a bid again with existing contracts? So, there potentially could be and I don't have a horse in this, but I am always looking how do we do best. That was six years ago. When is this up for next renewal or next look to see if someone else is a better competitor?

Ms. Foose said Mr. Chair, Mayor Hartke, thank you for these questions. We are in our obviously, we are -- it was an up to 11-year agreement with OUTFRONT Media five-year base and we are in the three-year option period so in -- so yeah, in about a year and a half, we would be outside of that three-year option and there would be another point of action where we could renew for another three years. So, at about a year and a half.

Councilmember Tolmachoff asked what other costs are associated with the contract?

Ms. Foose said Mr. Chair, Councilmember Tolmachoff, can you clarify what you mean by other costs?

Councilmember Tolmachoff said on your slide, where you talked about the 800 and some thousand dollars revenue, there was a point on the bottom about other costs.

Ms. Foose said yes. So, that is referring to -- thank you for clarifying. That is referring to anticipated contract changes to our service provider relationships for them to help us execute this program. So, as an example, as you know in the east Valley, First Transit is our service provider for our east Valley bus services. They schedule the buses. They maintain the buses. We would likely need to adjust their scope because there is no reference of helping support manage this type of bus advertising program in their current scope of work. And so, there is likely scope changes and potential cost changes associated with adding this to their scope. As to what degree or what level that would be, I think that would be part of future research that we would do in consultation with our bus operations team.

Mr. Smith said yeah. And the other potential cost, which we -- luckily, we have a lot of history between City of Phoenix and us and the rail is the cost to maintain. You know, there is -- there are -- there is wear and tear on vehicles. There sometimes has to be some touch paint up. That's -- we have an idea of where that would be and what that would be, but that would also be part of the cost. It's not huge, it's manageable, but that is -- would be another cost that would be incurred.

Councilmember Tolmachoff said okay. If I could, Mr. Char, I have a -- basically, a follow-up to that.

Councilmember Tolmachoff said well, first, considering and if we decided if the Board's decision was to move forward with this and we were to go ahead and pursue because the pie itself gets bigger would we -- is there anything in the contract that would allow us to negotiate a bigger piece of the pie if we are going to be adding a lot more, you know, advertising opportunity? Or is it just strictly the, I think, you said 65-35 is what. Is that built -- baked into the contract and ironclad? Or if we say, well, you are, you know, you're going to be able to make a lot more money because we are giving you, you know, way more opportunity.

Ms. Foose said yes. Mr. Chair, Councilmember Tolmachoff, that 65% is the Valley Metro Rail rate and so if we were to move forward with bus advertising and -- that would be part of a negotiation with OUTFRONT Media. So, that 65% would be negotiated or whatever that rate would be determined to be. So, I cannot say right now it would be part of a forthcoming negotiation with OUTFRONT Media. But your point is well taken.
Councilmember Tolmachoff said and one more question, if I could, Mr. Chair. What -- in your research with other places where they do advertising what is the share, the split?

Ms. Foose said Mr. Chair, Councilmember Tolmachoff, our share is rather good. We are -- for Valley Metro Rail which I cannot -- which is the only thing I can speak to right now, 65% is rather good. Normally, it is in the 50, 60 percent range so 65% is rather good. I would say it is on the top end. We did well in terms of our negotiation at the time.

Councilmember Tolmachoff said before we move on from me, I just want to say that I think this is at least worth -- worth taking another step forward and pursuing getting a little more information, but I honestly, I don't see why we would not do this. That is my -- my thought on it. I mean, we would have to definitely control the, you know, the type of advertising and how the advertising looked and all of that although I don't know -- I have never had anybody say to me, the City of Phoenix buses or the Valley Metro buses look so much nicer than the City of Phoenix buses. I really don't think people pay all that much attention to it so thank you for the time.

Mr. Smith said thank you, Councilmember and one thing to take in a note is that one reason we are a little shy on applying what we have learned on Valley Metro Rail is it is a different environment because the trains are bigger. They are bigger billboards and they run through the middle of the city and they are much more noticeable than buses are so we do command a higher rate and a higher percentage there then you might maybe on buses. And the other thing is that we are going to be -- look at them in the market is that there is no doubt that City of Phoenix buses run through a more dense for the most part. They are in the urbanized area. We run a lot of routes out in the suburban areas and whether that equates to a difference, we don't know. That is one of things that we are going to look at. But you can see that there could be a difference in the potential just because our buses do not run in the same area as either the trains or the -- most of the City of Phoenix does. It may be the same, we don't know. We are just going to ask the question.

Councilmember Scharnow asked I feel it is worth pursuing a proposed policy since it appears other jurisdictions even those within the Valley have successfully overcome most challenges. That was just his statement so I wanted to make sure we got that in.

Vice Mayor Stipp said great. Mr. Chair, thank you. You know, we -- the -- I was looking for more balance in the presentation, I guess, and it, you know, we talk about while historically, the Board has not wanted advertising on -- the RPTA Board has not wanted advertising. And the last decision that was made by this Board was in 2000 so I don't know that we have a long history of it then in 2000, we decided not to advertise.

And I am concerned about the comments that Prop 400 extension maybe impacted if we wrap the -- if we wrap the buses and, you know, the public safety concerns. Clearly, the public safety concerns are not an issue if we are wrapping the trains the way that we wrap them. So, what is our real -- what is our real take on these public safety concerns that you said it during AFS that we have heard from our public safety partners, but if that was such a concern, why are we wrapping the trains?

Ms. Foose said yeah. Thank you. Mr. Chair, Vice Mayor Stipp, to answer the public safety concerns question. We are actually in the process of re-evaluating at this exact moment full train wraps on the Valley Metro Rail fleet. It -- because of some of the concerns that were expressed here today. And also to balance, you know, branding, public safety, and the complexity frankly of maintaining our growing fleet. And so -- so I appreciate your comments. I understand where they are coming from. It does feel a bit conflicted whether you are seeing out in the field versus the discussion here today. And we have been having that discussion on the Valley Metro Rail side of the house. So, appreciate those comments.

As to the comment about Prop 400, I am not at all asserting that that would be in jeopardy. I was purely making a comment about our brand image in the region, and I think there is a way to certainly balance brand with advertising.

Mr. Smith said oh, thank you. And Councilmember, really this is very much a straight forward question, but it is very subjective in some ways. And the question is you talk to people and they either accept advertising as a normal or they are offended by it. And that is personal preference. We have just tried to present what the arguments we have heard not from 20 years ago, on an ongoing basis. You know, the question is whether those challenges are significant to offset the revenue that comes in. That is really what it boils down to. You know, $865,000 is not a whole lot of money in the scheme of things, but it's nothing to sneeze at. It's sizeable so we believe that it warrants a consideration, and the fact is that if we believe as the times have changed and we have proven successfully with the City of Phoenix program with our rail program that we have been able to have those coexist.

I think as Hillary said, we do want to take an opportunity to find out if we do move forward that we take into consideration some of the things that we have learned from the train. This public safety just came up recently with our derailment. We had some comments from some of the public safety. It was a little bit disconcerting for them to walk up to a train that had been just (inaudible) and they could not see inside the train because it was completely wrapped. You know, when you hear things like that it brings into -- it brings to the forefront, well, are we doing it the right way? There are ways around the world and around the country where they do balance those out. What that usually means is that if you reduce the size of the billboard, you reduce the revenue potential. So it gets back to is the revenue sufficient? And how do you want to do it?

We are agnostic. As you said, we currently operate successful advertising programs here. It is a little bit off that RPTA does not do advertising, but that is because of the history because we have had a formal policy. So, we will take whatever direction the Board gives us and move forward with that and to provide some more information and details on some of the questions so you can make a decision yes or no. We will provide some, maybe some adjustments and we might go back to the VMR Board and provide perhaps, some adjustments to that existing program just so we can handle some of these issues that we brought up.

Vice Mayor Stipp said okay. I appreciate that and, I think, it's a matter of how we are trying to present the issue. I do have two actual legitimate questions though.

There has been a lot of talk about, you know, having to renegotiate with our current provider, City of Phoenix has a provider, you know, is the suburban routes going to have an impact on it, you know, et cetera? There just seems to be so much question about the -- about adding, you know, this next wave of buses and advertising for potential, I have to question why we are not actually going to go out for an RFP to advertise on the buses? We have one with the trains. Why would we not take advantage of today's activities and today's component especially if we have to renegotiate with OUTFRONT. Why would we not try to get out into the -- into the commercial space now and see if there is an opportunity? The last month or so every bus that has come into Goodyear has had advertising on it from the City of Phoenix. And I think -- I think we either have an opportunity to either add on to their existing contract or we go out for a current RFP, but either way we go, I think we have an obligation to the taxpayers of the region and to our users to try to maximize all of our revenue potential and advertising is just one of them. And with that, I think that ends my questions and comments.

Mr. Smith said and Mr. Chair, if I might. Since there is no existing contract even with our existing, we would need to come back to the Board for a specific approval regardless of which route we took. So, we are looking at all options on that and I appreciate the input. We are not fixed on any one thing because even our rail, the contract is with VMR. So, we would have to come back to the Board with -- if we piggybacked on existing contracts such as Phoenix -- City of Phoenix whatever. So, we will be back to you before there is any formal action taken.

Councilmember Arredondo-Savage said thank you, Chair. Just a couple things. I just wanted to follow up on a couple things. Of course, I do think, you know, the City of Tempe does have a pretty, stringent sign ordinance, actually, I know that we do so I appreciate them acknowledging that and working with the City of Tempe and our staff to see just if there is a way to possibly get through that I certainly understand that.

I am just wondering if, and I am not opposed to moving forward and doing a little bit more research and seeing what this looks like and how we could, you know, find a way around some of those public safety concerns. If that is a big concern with public safety, that is a big concern for me, but I would think that there might be an opportunity to figure out how we work with that.

But I would like to, you know, take the time to maybe hear some information from Phoenix. Obviously, they have been doing this for a while. They probably have an idea of what some of those pros, cons, and concerns and, you know, how it's really implemented them. So, I mean, them being a really our big partner in our region, I think it would be advantageous for us to take some time and hear -- I know Mayor Gallego is not here today. I know Jesus is here and I would not expect them to give us any type of a presentation, but it would be really nice I think, you know, to hear from them and share their processes and what they do and, you know, how they have either appreciated it or been concerned about it along the way so just a couple things from my thought process, but, you know, I am not afraid to at least do a little bit more digging and see if this is something like I think the Vice Mayor said. I feel like we need to do our due diligence and see if this is something that is, you know, worth moving forward on and will help us kind of offset some of our continued expense.

And then also, I mean, Hillary, you did a really great job and one thing you keep mentioning is our growing fleet. I am just wondering if you are incorporating the growing fleet within these numbers. And if not, what possibly could those look like? So, I mean, I guess, not necessarily questions for today, but some information I would like to have if we do move forward, Chair Edwards. Thank you.

Councilmember Brown asked will we look into any possibility that the feds have regulations related to wraps or advertising that might jeopardize grants or stimulus funds?

Ms. Foose said Mr. Chair and Councilmember Brown, yeah. Thank you. Advertising is used across the United States, the transit agencies across the United States. There are not any federal concerns here that would curb our ability to get or receive federal funding. Thank you for the question.

Mayor Peterson said my biggest concern would be content of the signs and if you do not know, Gilbert has already been involved in quite a process. If there is members that have not heard of that they can just Google Reed versus Gilbert and find out what I am referring to, but that would be my biggest concern from how do we handle that as we are moving forward?

So, I definitely agree with Robin that we move forward with this idea and get some more input. I think Hillary did a great job outlining all of the pros and cons and looking at bringing this forward to look at this some more, but getting the questions answered before we get here. And my biggest would definitely be content and how we are going to handle that. Residents of Gilbert have had issues in the past with signage for Victoria's Secret, let's say. So, that would be something that I would be concerned with. Thanks.

Mr. Smith said Mr. Chair, Mayor, that is a great question, one that comes up. But I can tell you -- I am going to take this because I want to sing the praises of Hillary who handles that for us right now with Valley Metro Rail. And Mike Minnaugh and I get involved every once in a while in very interesting discussions about that very issue, about content.

I will say this which you may or may not know, we work very closely with the City of Phoenix on content issues. The Valley Metro Rail and City of Phoenix jointly developed a guidance, a guideline and we are very much almost totally in synch with the approach they take on their bus advertising, we apply to the rail advertising. And if there are issues like you said, where there is an ad that comes in that we have questions, Hillary does a great job of reaching out to her counterparts in the City of Phoenix and we talk about it, we utilize their expertise and their experience on their side. They run questions past us so we are very much engaged together in what -- I think we have developed a pretty good and consistent approach to managing content that I believe is fair. It is within the guidelines of court cases. Phoenix has also had the great experience of getting involved in some court cases involving, I think that was primarily some bus stops and things.

So, this has developed over the years and I will say that our partners in Phoenix have been a great help for us and Hillary just does a great job in doing that. That doesn't mean that we don't get some fairly challenging requests. We have not -- they come in about every couple, three months especially as we expand things. You brought up one example. We have other things whether it be, you know, things that may be legal, but you may wonder. Placement those kind of things and we -- and we really do a good job of trying to make sure that people's constitutional rights are maintained, but -- while we maintain a basic standard so. So far, knock on wood, so good and we will continue -- if we do the bus that same approach and that same program of coordination with the City and so that all of our advertising standards are fairly consistent -- not fairly, they are consistent.

Mr. Chair said okay. Anybody else have any last comments or concerns? So, I want to echo Robin's comments, you know, obviously, I am supportive of moving forward, getting more information. Obviously, being mindful that, you know, one of our key players, the City of Phoenix, is not represented by the Mayor today so I definitely want to make sure that, you know, she has an opportunity to weigh in on this conversation. So, Scott, please make sure that you guys reach back out to the Mayor moving forward.

Mr. Smith said and we will, Mr. Chair.

Mr. Chair said and looking at the -- yeah. Looking at the chat here it looks like there is a good number of representatives that are in favor of moving forward, cautiously moving forward as long as the concerns that they are bringing up are addressed. Is there anybody out there that is adamantly opposed to not moving forward with looking into this? Okay.

So sounds like Scott, it looks like you have some consensus here from the Board to move forward and bring back at a future meeting a presentation highlighting advertising on the bus -- on the fixed routes.

Mr. Smith said yeah. Thank you, Mr. Chair and Board -- Boards, I should say. Or Board since it is RPTA.

We will move forward and just to reiterate, the couple questions I know that we need to get more detail on is: Number 1, the contract and the possibility of RFP or expanding that or looking for a new vendors and how that would work. We will also do some more research with the cities, specifically as Councilmember Arredondo-Savage said, the City of Tempe, which seems to be the most stringent, but we will work with those staffs. And we are -- will continue conversations which we have already had with the City of Phoenix about their experience specifically on buses. And we will bring these back to you with -- I guess, what we will have is some specific proposals as far as not only yes or no on advertising, but maybe some guidelines and restrictions and guidance as to what kind -- where placement and the types of advertising that we would put on our buses. And we will come back with you after addressing those. I think I covered all the issues that -- the specifics that came up. If I missed one, please let me know, but I think I have covered them.

Mr. Chair said perfect. Thank you so much.

6. <u>Future Agenda Items Request and Report on Current Events</u>

Chair Edwards said are there any members of the Committee that has an agenda item that they would like to have on a future meeting? Okay.

7. <u>Next Meeting</u>

The next Board meeting is scheduled for Thursday, May 20, 2021 at 11:15 a.m.

Mr. Chair said the next meeting is going to be on Thursday, May 20 at 11:15 a.m. This is going to conclude the RPTA meeting. The meeting is adjourned

With no further discussion the meeting adjourned at 12:49 p.m.

Information Summary

DATE **AGENDA ITEM 3**
May 13, 2021

SUBJECT
Valley Metro RPTA Fiscal Year 2022 (FY22) Proposed Operating and Capital Budget and Five-Year Operating Forecast and Capital Program (FY22 through FY26)

PURPOSE
To provide an overview of the FY22 Proposed Operating and Capital Budget and the Five-Year Operating Forecast and Capital Program (FY22 through FY26).

RECOMMENDATION
Staff recommends that the Board of Directors approve the Fiscal Year 2022 Proposed Operating and Capital Budget and for acceptance the FY22-26 Five-Year Operating and Capital Forecast.

BACKGROUND/DISCUSSION/CONSIDERATION
The Valley Metro Regional Public Transportation Authority (RPTA) FY22 combined operating and capital budget (the budget) is $341.5 million (M) and includes $89.6M of expenses for light rail/high-capacity transit capital.

The proposed FY22 budget has been prepared with the goal of delivering a fiscally prudent, balanced budget using carry forwards and reserves when needed for capital projects. The budget was developed in compliance with Board of Directors' adopted budget, financial and Transit Life Cycle Program (TLCP) policies.

The annual budget is prepared on an accrual basis and adopted by the Board of Directors each fiscal year. The legal level of budgetary control is the total annual appropriated budget. With respect to Capital Budgets, project contingency accounting is used to control expenditures within available project funding limits. With respect to Operating Budgets, encumbrance accounting is not used and all appropriations lapse at the end of the year. Prior to final adoption, a proposed budget is presented to the Board of Directors for review and public comment is received. Final adoption of the budget must be on or before June 30 of each year.

The RPTA budget includes a significant level of expenditures on behalf of Valley Metro Rail (VMR). RPTA is the official employer for all Valley Metro employees therefore all employee related expenses for VMR are include in the RPTA budget. VMR reimburses RPTA for its share of employee expenses. RPTA is also the recipient of all public transportation funds received from Proposition 400. Revenues to support the rail program are passed through to VMR on a reimbursement basis.

Public Transportation Fund (Prop 400) Revenues
The COVID-19 pandemic caused significant concern and uncertainty over the revenue forecast. Through March, actual revenues have exceeded the budget by more than 8 percent. With additional COVID relief through the American Rescue Plan Act (ARP), there is general optimism that the economy will continue to recover. This FY22 Proposed Annual Operating Budget includes the official ADOT forecast for PTF revenues. Staff will continue to develop contingency plans should the economy falter and revenues decline.

FY22 Budget Overview
The total operating budget of $208.9M, which includes pass-throughs, represents a $12.4M (6%) increase from the previous year's operating budget of $196.5M. The total capital budget of $138.7M, which includes pass-throughs, represents a $6.0M (4%) decrease from the previous year's capital budget of $138.7M.

The increases in the operating budget are primarily in the passenger services area, with net payments for demand services increasing the most as a result of decreased federal stimulus support. Specifically, Valley Metro reimburses Phoenix for ADA paratransit service net of fares and federal support, so the FY22 amount reimbursed is higher since federal support is lower.

Valley Metro's regional services, planning, finance and administrative costs are also decreasing by 6 percent from FY21 budgeted levels.

The RPTA and Valley Metro Rail (VMR) budgets are developed with a unified staff plan, with department managers planning the level of effort required to meet the bus and rail activities. Salary and overhead charges to bus and rail projects are based on actual time worked on each project. For FY22 there are 451 employees budgeted in the integrated agency, with 246 FTE's budgeted to RPTA/Shared agency activities and 205 budgeted to VMR only activities.

Five-Year Forecast Overview
The total operating forecast of $1,148.9M, includes $802.5M for service (fixed route, demand and vanpool) which is almost 70 percent of forecasted operating expenses. The total capital program of $705.8M, includes $430.2M in disbursements to VMR for capital planning and construction. The remaining $265.6 million is primarily for fleet replacement and debt service.

The forecast assumes the official ADOT revenue forecast for Public Transportation Funds (PTF) from Prop 400. Prop 400 is set to expire on December 31, 2025, however because of the timing of revenues, there are 7 months included in FY26. For planning purposes, Prop 400 is assumed to be extended at the same rate and with the same revenue distribution. Therefore, the operating forecast does show a full year of revenues in FY26.

Federal COVID-19 support from CARES Act and CRRSAA are assumed to be fully spent in FY22. The current forecast does not include funds from the recently passed

American Rescue Plan (ARP) Act. Once final allocations have been approved by MAG, staff will work through the Financial Working Group to finalize the allocation of the funding to the TLCP and locally funded services. This will be handled internally and will not impact overall budget authority for FY22.

Ridership is assumed to gradually return to pre-COVID levels in FY26. Likewise, fare revenues will gradually return with ridership. The new fare collection system currently being implemented will be fully operational in FY24. The additional options and controls over reduced fare is expected to increase the average fare collected and therefore a larger increase in fare revenues is anticipated.

The fixed route contract with First Transit will expire at the end of FY23. A new contract will be procured before that contract expires. For planning purposes, contract rates are estimated to increase by 5 percent in FY24, however actual contract rates will be determined through the procurement process.

Likewise, staff is currently developing a scope of work for paratransit and RideChoice services, to be effective in FY23. For planning purposes, costs per trip are assumed to decrease by 2%. Staff is working with member cities' staff to develop the scope of work to incorporate efficiencies that should result in lower per trip costs.

COMMITTEE PROCESS
Preliminary Budget Review:
Financial Working Group: February 16, 2021 for information
TMC: March 3, 2021 for information
AFS: March 4, 2021 for information
Board of Directors: March 18, 2021 for information

Proposed Budget Adoption:
Financial Working Group: April 20, 2021 for information
TMC: May 5, 2021 approved
AFS: May 6, 2021 for information
Board of Directors: May 20, 2021 for action

CONTACT
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ATTACHMENT
None

RPTA

FY22 Proposed Budget and Five-Year Forecast

May 2021

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Recap of Budget Timeline

Dates	Description
Sep - Nov	Budget development with division input
October	Preliminary operating budgets provided to FWG
Dec - Jan	Continue to refine inputs and develop documents
January	Board Study Session
February	Annual budgets presented to FWG
March	Committee cycle for Budget review
April 15th	Member City Comments due
May	Board Study Session
May	Committee cycle for Budget Adoption

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PTF Forecast

Fiscal Year	2020 ADOT Forecast
2021	$170.82
2022	$178.21
2023	$188.53
2024	$197.72
2025	$207.98
2026	$127.30
TOTAL 22-26	**$899.75**

FY22 Budget is based on ADOT's official forecast

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FY22 Budget Update

Changes from March version

- **Operating**
  - Updated City of Phoenix Fixed Route Transit estimates, increase $1.1M
  - Updated City of Phoenix Demand Services estimate with CARES/CRRSAA, decrease -$4.0M
- **Capital**
  - Moved Fare Collection System from Member Agency Disbursements to Other Regional projects.
  - Reduced Rail Capital PTF needs due to timing of capital construction.

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

Uses of Funds	March	May	Change $	Change %
Fixed Route Operations	$106.7	$107.8	$1.1	1%
Demand Service Operations	41.9	37.9	(4.0)	-10%
Vanpool Operations	1.0	1.0	0.0	0%
Planning	2.1	2.1	0.0	0%
Commute Solutions	1.3	1.3	0.0	2%
Administration and Finance	4.0	4.0	0.0	0%
Regional Services	12.9	13.0	0.1	1%
Sub-Total RPTA Operating	**$169.9**	**$167.0**	**($2.8)**	**-2%**
VMR Personnel Costs	$30.2	$30.2	$0.0	0%
VMR RARF Disbursements	0.5	0.5	0.0	0%
AZ Lottery Funds Disbursements	11.2	11.2	0.0	0%
Sub-Total Pass-Through Funds	**$41.9**	**$41.9**	**$0.0**	**0%**
Total Operating Uses	**$211.8**	**$208.9**	**($2.8)**	**-1%**

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

Uses of Funds	March	May	Change $	Change %
Regional Fleet	$37.6	$37.8	$0.2	1%
Regional Facilities	5.3	5.3	0.0	0%
Other Regional Projects	1.2	1.9	0.7	57%
Member Agency Disbursements	5.3	4.2	(1.1)	-20%
Debt Service	24.5	24.5	0.0	0%
Sub-Total RPTA Capital	**$73.9**	**$73.7**	**($0.1)**	**0%**
Rail Program Disbursements	$58.0	$40.7	($17.3)	-30%
Reserved for Future Use	0.0	18.2	18.2	0%
Sub-Total VMR Capital	**$58.0**	**$58.9**	**$0.9**	**2%**
Total Capital Uses	**$131.9**	**$132.6**	**$0.8**	**1%**

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

Source of Funds	FY21	FY22	Change $	Change %
Public Transportation Funds	$62.4	$84.0	$21.6	35%
Regional Area Road Funds	5.2	4.8	(0.4)	-8%
Transit Service Agreements	28.4	39.2	10.8	38%
MAG Funds	0.2	0.2	0.0	0%
Federal Grants	7.5	11.0	3.5	46%
Federal CARES Act	49.8	1.7	(48.1)	-97%
Federal CRRSA Act	0.0	20.5	20.5	0%
Fare Revenues	2.9	4.5	1.6	53%
Other Revenues	0.4	0.4	0.0	0%
Carry Forward and Reserves	0.8	0.7	(0.1)	-14%
RPTA Operating	**$157.5**	**$167.0**	**$9.5**	**6%**

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

Uses of Funds	FY21	FY22	Change $	Change %
Fixed Route Operations	$103.8	$107.8	$4.0	4%
Demand Service Operations	31.4	37.9	6.5	21%
Vanpool Operations	1.0	1.0	0.0	0%
Planning	2.0	2.1	0.1	3%
Commute Solutions	1.3	1.3	0.0	0%
Administration and Finance	4.1	4.0	(0.1)	-3%
Regional Services	13.9	13.0	(0.9)	-6%
RPTA Operating	**$157.5**	**$167.0**	**$9.5**	**6%**

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

Sources of Funds - Operating	FY21	FY22	Change $	Change %
VMR Reimbursements	$27.3	$30.2	$2.9	10%
AZ Lottery Funds	11.2	11.2	0.0	0%
Regional Area Road Funds	$0.5	$0.5	0.0	0%
Total Operating Sources of Funds	**$39.0**	**$41.9**	**$2.9**	**7%**

Uses of Funds - Operating	FY21	FY22	Change $	Change %
VMR RARF Disbursements	$0.5	$0.5	$0.0	0%
AZ Lottery Funds Disbursements	11.2	11.2	0.0	0%
VMR Personnel Costs	27.3	30.2	2.9	10%
Total Operating Uses of Funds	**$39.0**	**$41.9**	**$2.9**	**7%**

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

Sources of Funds	FY21	FY22	Change $	Change %
Public Transportation Funds	$39.5	$34.2	($5.3)	-14%
Federal Funds	43.4	33.5	(9.9)	-23%
Other Revenues	0.2	0.2	0.0	0%
Carry Forward and Reserves	1.6	5.9	4.3	266%
Sub-Total RPTA Capital	**$84.7**	**$73.7**	**($11.0)**	**-13%**

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

Uses of Funds	FY21	FY22	Change $	Change %
Regional Fleet	$49.4	$37.6	($11.8)	-24%
Regional Facilities	4.1	5.3	1.2	29%
Other Regional Projects	2.0	1.9	(0.1)	-7%
Member Agency Disbursements	4.7	4.5	(0.2)	-3%
Debt Service	24.5	24.5	(0.0)	0%
RPTA Capital	$84.7	$73.7	($11.0)	-13%

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RPTA

FY22-26 Five-Year Forecast

May 2021

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5-Year Operating Assumptions

VALLEY METRO RAIL | VALLEY METRO

Fixed Route Service Changes

- FY22-26 SRTP Changes as of February 2021

Demand Service

- Paratransit trips forecasted to increase 3% annually from FY22
- RideChoice trips forecasted to increase 3% annually from FY22

Fare Revenue

- Increase in average fare in FY22 to $0.51 for return to front door boarding; FY23, FY25 and FY 26 slight increases; FY24 50% increase due to replacement fare collection system and control of reduced fare at point of sale.
- Ridership increases 25% per year to return to pre-COVID level in FY 26.

Federal PM revenue

- FY22-26 increases 1.9% each year

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5-Year Operating Assumptions

VALLEY METRO RAIL | VALLEY METRO

	FY22	FY23	FY24	FY25	FY26
Ridership (,000)					
RPTA Fixed Route Service	5,557	6,946	8,683	10,854	13,567
Phoenix Fixed Route Service	1,191	1,215	1,822	1,859	1,952
Total Ridership	**6,748**	**8,161**	**10,505**	**12,712**	**15,519**
Avg Fare - RPTA	$ 0.51	$ 0.52	$ 0.78	$ 0.79	$ 0.83
Avg Fare - Phoenix	$ 0.56	$ 0.57	$ 0.85	$ 0.87	$ 0.91

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5-Year Operating Assumptions (cont'd)

	FY22	FY23	FY24	FY25	FY26
Miles (,000)					
RPTA Fixed Route Service	12,652	12,858	13,102	13,589	13,870
Phoenix Fixed Route Service	1,731	1,731	1,731	1,731	1,731
Total Miles	**14,383**	**14,589**	**14,833**	**15,320**	**15,601**
Cost/Mile - RPTA	$ 7.30	$ 7.43	$ 7.62	$ 7.57	$ 7.64
Cost/Mile - Phoenix	$ 8.44	$ 8.74	$ 9.04	$ 9.36	$ 9.68

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5-Year Operating Assumptions (cont'd)

	FY22	FY23	FY24	FY25	FY26
Trips (,000)					
Paratransit	413	426	438	451	465
Ridechoice	191	197	203	209	215
Total Trips	**604**	**622**	**641**	**660**	**680**
Cost/Trip - Paratransit	$ 50.00	$ 48.41	$ 49.74	$ 50.77	$ 51.82
Cost/Trip - Ridechoice	$ 18.46	$ 18.83	$ 19.20	$ 19.58	$ 19.90

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5-Year Operating Sources and Uses

Operating ($,000)		5 Year Total
Sources of Funds		
Public Transportation Funds	$	531,146
Regional Area Road Funds		25,215
Transit Service Reimbursements		241,333
VMR Reimbursements		167,937
AZ Lottery Funds		56,050
Federal Funds		57,203
Federal Funds - CARES Act		1,687
Federal Funds - CRRSAA Fund		20,537
Fares		44,777
MAG Funds		1,125
Other		1,847
Total Sources of Fumds		**1,148,858**
Uses of Funds		
Fixed Route Operations	$	578,205
Demand Service Operations		217,979
Vanpool Operations		5,341
Planning		10,918
Commute Solutions		6,796
Regional Services and Administration		83,921
Adminstration and Finance		18,219
Operating Contingency		2,500
Pass-through Disbursements		224,978
Total Uses of Funds		**1,148,858**

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5-Year Capital Assumptions:

- **Bus Fleet - $102.0 Million**
  - 267 replacement units; 15 expansion units
  - 85% Federal /15% PTF
- **Vanpool Fleet - $17.2 Million**
  - 218 replacement units; 125 expansion units 100% Federal STP
- **Paratransit Fleet - $8.6 Million**
  - Agency owned replacement fleet- 85% Federal / 15% PTF
  - Regional fleet replacements – Local match PTF
- **Facilities and Equipment - $13.5 Million**
  - Glendale Park & Ride, Avondale bus stops - Local match PTF
  - Fare Collection System Upgrade- Local match PTF
  - Mesa Bus Facility Upgrades- 100% PTF
  - Mid-Life Bus Engine Rebuilds (225 units) - 95% Fed / 5% PTF
  - IT Infrastructure Upgrades - 100% PTF

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5-Year Capital Sources and Uses

Capital ($,000)	5 Year Total
Sources of Funds	
Public Transportation Funds	147,606
Federal Funds	117,066
Other	623
Carry Forward & Reserves	10,342
VMR Public Transportation Funds Prog	299,575
VMR Public Transportation Funds Rese	130,580
Total Sources of Funds	**705,791**
Uses of Funds	
Regional Fleet	127,825
Regional Facilities	7,205
Other Regional Projects	6,282
Member Agency Disbursements	22,237
Debt Service	112,087
Rail Program Disbursements	415,212
VMR Reserve for Future Use	14,943
Total Uses of Funds	**705,791**

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Budget Schedule

Committee/Boards/FWG	
Sep 15, 2020	Present Key Assumptions to FWG
Oct 15, 2020	Present Key Assumptions to AFS
February	Present annual budget to FWG
February	Present update of Key Assumptions to AFS
March	Present Annual Budgets to Committees/Boards for Info
March	Present 5-year plans to FWG
April	Present 5-year plans to AFS
May	Present Annual Budgets and 5-Year plans to Committees/Boards for action

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Recommendation

Staff recommends that the Board of Directors approve the Fiscal Year 2022 Proposed Operating and Capital Budget and for acceptance the FY22-26 Five-Year Operating and Capital Forecast.

Information Summary

DATE **AGENDA ITEM 4**
May 13, 2021

SUBJECT
Future Agenda Items Request and Report on Current Events

PURPOSE
Chair Edwards will request future agenda items from members, and members may provide a report on current events.

COST AND BUDGET
None

RECOMMENDATION
This item is presented for information only.

BACKGROUND | DISCUSSION | CONSIDERATION
None

STRATEGIC PLAN ALIGNMENT
None

COMMITTEE PROCESS
None

CONTACT
Scott Smith
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602-262-7433
ssmith@valleymetro.org

ATTACHMENT
None

Pending Items Request

Item Requested	Date Requested	Planned Follow-up Date

Agenda

May 13, 2021

Board of Directors
Thursday, May 20, 2021
Via Webex/Phone
11:15 a.m.

	Action Recommended
1. Public Comment Public comment is being taken in written format and will be entered into the official minutes of the meeting.	1. For Information
2. Minutes Minutes from the April 22, 2021 Board meeting are presented for approval.	2. For action
CONSENT AGENDA	
3A. City of Phoenix Grant Pass-Through Intergovernmental Agreements and Change Orders Staff recommends that the Board of Directors authorize the CEO to execute IGAs and change orders with the City of Phoenix for the listed grants.	3A. For action
3B. Landscaping Services Contract Change Order Staff recommends that the Board of Directors authorize the CEO to execute a contract change order to the landscaping services contract with United Right-of-Way (URW) for plant replacements, granite, and paver leveling in an amount not to exceed $338,360 for the 3-year contract base period that ends June 30, 2023.	3B. For action

REGULAR AGENDA

4.	Valley Metro Rail, Inc. Fiscal Year 2022 (FY22) Proposed Operating and Capital Budget and Five-Year Operating Forecast and Capital Program (FY22 through FY26)	4.	For action

Staff recommends that Board of Directors approve the Fiscal Year 2022 Proposed Operating and Capital Budget and for acceptance the FY22-26 Five-Year Operating and Capital Forecast.

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

Chair Heredia will request future Board agenda items from members and members may provide a report on current events.

6.	Next Meeting	6.	For information

The next meeting of the Board is scheduled for **Thursday, June 17, 2021 at 11:15 a.m.**

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

Information Summary

DATE
April 28, 2021

AGENDA ITEM 1

SUBJECT
Public Comment

PURPOSE
Public comment is being taken in written format and will be entered into the official minutes of the meeting.

COST AND BUDGET
None

RECOMMENDATION
This item is presented for information only.

BACKGROUND | DISCUSSION | CONSIDERATION
None

COMMITTEE PROCESS
None

CONTACT
Scott Smith
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ssmith@valleymetro.org

ATTACHMENT
None

Minutes

May 13, 2021 **AGENDA ITEM 2**

Board of Directors
Thursday, April 22, 2021
Webex/Phone
11:15 a.m.

Meeting Participants
Councilmember Francisco Heredia, City of Mesa (phone) **(Chair)**
Mario Paniagua for Mayor Kate Gallego, City of Phoenix (phone) **(Vice Chair)**
Mayor Kevin Hartke, City of Chandler (phone)
Councilmember Robin Arredondo-Savage, City of Tempe (phone)

Chair Heredia called the meeting to order at 12:50 p.m.

1. Public Comment

Written public comment submitted.

Now, for the rail, William Charles "Blue" Crowley, III, Maricopa resident. With your future planning, are we ever going to get around to looking at using the heavy rail or would that be another separate entity? And when would you be considering doing MAG (indiscernible) since that will save energy and add to efficiency and I believe, it would stop the accident that happened last month.

2. Minutes

Chair Heredia said minutes from March 18, 2021, board meeting are being presented for approval.

IT WAS MOVED BY COUNCILMEMBER ARREDONDO-SAVAGE, SECONDED BY MAYOR HARTKE AND UNANIMOUSLY CARRIED TO APPROVE THE MARCH 18, 2021 BOARD MEETING MINUTES.

3. Consent Agenda

Chair Heredia said items are presented on the consent agenda for approval. Are there any questions? Hearing none I will take a motion to approve the consent agenda.

IT WAS MOVED BY MAYOR HARTKE, SECONDED BY COUNCILMEMBER ARREDONDO-SAVAGE AND UNANIMOUSLY CARRIED TO APPROVE THE CONSENT AGENDA.

4. Future Agenda Items Request and Report on Current Events

Mr. Chair said anyone have any agenda items that they want to include in a future meeting? Hearing none. Perfect.

5. Next Meeting

The next meeting of the Board is scheduled for Thursday, May 20, 2021 at 11:15 a.m.

The meeting is adjourned.

With no further discussion the meeting adjourned at 12:52 p.m.

Information Summary

DATE **AGENDA ITEM 3A**
May 13, 2021

SUBJECT
City of Phoenix Grant Pass-Through Intergovernmental Agreements and Change Orders

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to execute change orders with City of Phoenix extending the term of grant pass-through IGAs.

RECOMMENDATION
Staff recommends that the Board of Directors authorize the CEO to execute IGAs and change orders with the City of Phoenix for the listed grants.

BACKGROUND | DISCUSSION | CONSIDERATION
Valley Metro has requested extensions to the pass-through IGAs for AZ-2017-002 and AZ-2018-025.The extension is needed to allow additional time to complete the project identified in the grant. The table below summarizes the requested changes:

Grant	Source	Extension
AZ-2017-002	Section 5312 Research, Development, Demonstration, Deployment	June 30, 2021
AZ-2018-025	Section Congestion Mitigation & Air Quality Improvement Program	December 31, 2021

The City of Phoenix is the designated recipient for 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 pass-through IGAs are required in order for Phoenix to reimburse Valley Metro for eligible expenses.

COST AND BUDGET
None.

COMMITTEE PROCESS
RTAG: April 20, 2021 for information
RMC: May 5, 2021 approved
Board of Directors: May 20, 2021 for action

CONTACT
Paul Hodgins
Chief Financial Officer
phodgins@valleymetro.org

ATTACHMENTS
None

Information Summary

DATE **AGENDA ITEM 3B**

May 13, 2021

SUBJECT

Landscaping Services Contract Change Order

PURPOSE

To request authorization for the Chief Executive Officer (CEO) to execute a contract change order to the landscaping services contract with United Right-of-Way (URW) for plant replacements and paver leveling in an amount not to exceed $283,260 for the 3-year contract base period that ends June 30, 2023.

RECOMMENDATION

Staff recommends that the Board of Directors authorize the CEO to execute a contract change order to the landscaping services contract with United Right-of-Way (URW) for plant replacements and paver leveling in an amount not to exceed $283,260 for the 3-year contract base period that ends June 30, 2023.

BACKGROUND | DISCUSSION | CONSIDERATION

In November 2020, the Board of Directors authorized the CEO to execute a contract with United Right-of-Way (URW) to provide landscaping services effective January 1, 2021 for a total term of 5 years (3-year base contract plus one two-year renewal option). For the total term of the contract, the award amount was $2,538,487.

In order to properly maintain the landscaping services along the rail alignment and at Valley Metro facilities, an increase in scope is necessary to include the replacement of trees and other plants that are damaged because of vandilism, storms, or vehicle accidents. Also, included in the increase to the scope is paver leveling at the passenger stations along the light rail alignment.

COST AND BUDGET

The cost of the change order to the landscaping contract with URW over the 3-year contract base period that ends June 30, 2023 is in an amount not to exceed $283,260. Although the current contract has an annual amount of $50,000 for a Force Account that is used for the purpose of providing available funds for services to be rendered by the Contractor that are pre-determined to be outside the scope of services, it is not sufficient for the additional work that is needed in this change order request. Below is a chart that details the costs for the change order over the 3-year base period.

Description	Material & Labor Costs
Trees, Vines, & Shrubs	$153,200
Pavers	$130,060
Total	**$283,260**

The cost for the change order is included in the Valley Metro Rail Adopted FY 2021 Operating and Capital Budget. Contract obligations beyond FY 2021 are incorporated into the Valley Metro Rail Five-Year Operating Forecast and Capital Program (FY2021 thru FY2025).

COMMITTEE PROCESS
RTAG: April 20, 2021 for information
RMC: May 5, 2021 approved
Board of Directors: May 20, 2021 for action

CONTACT
Ray Abraham
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ATTACHMENTS
None

Information Summary

DATE **AGENDA ITEM 4**
May 13, 2021

SUBJECT
Valley Metro Rail, Inc. Fiscal Year 2022 (FY22) Proposed Operating and Capital Budget and Five-Year Operating Forecast and Capital Program (FY22 through FY26).

PURPOSE
To provide an overview of the FY22 Proposed Operating and Capital Budget and the Five-Year Operating Forecast and Capital Program (FY22 through FY26).

RECOMMENDATION
Staff recommends that the Board of Directors approve the Fiscal Year 2022 Proposed Operating and Capital Budget and for acceptance the FY22-26 Five-Year Operating and Capital Forecast.

BACKGROUND | DISCUSSION | CONSIDERATION
The Valley Metro Rail, Inc. (VMR) FY22 combined operating and capital budget (the budget) is $545.6 million (M) and includes $40.7M in projects funded with Proposition 400 Public Transportation Fund (PTF) revenues for light rail/high capacity transit capital.

The proposed FY22 budget has been prepared with the goal of delivering a fiscally prudent, balanced budget using carry forwards, reserves and bond proceeds. The budget was developed in compliance with Board of Directors' adopted budget, financial and Transit Life Cycle Program (TLCP) policies.

The annual budget is prepared on a modified accrual basis and adopted by the Board of Directors each fiscal year. The legal level of budgetary control is the total annual appropriated budget. With respect to Capital Budgets, project contingency accounting is used to control expenditures within available project funding limits. With respect to Operating Budgets, encumbrance accounting is not used and all appropriations lapse at the end of the year. Prior to final adoption, a proposed budget is presented to the Board of Directors for review and public comment is received. Final adoption of the budget must be on or before June 30 of each year.

FY22 Budget Overview
The total operating budget of $78.9M represents a $6.9M (10%) increase from the previous year's operating budget of $72.0M. The total capital budget of $466.7M represents a $54.8M (11%) decrease from the previous year's capital budget of $521.4M.

Light rail operations, maintenance and security is increasing by 5 percent, or $2.9 million. More than $1.1 million of that increase is due to higher insurance premiums. Additionally, maintenance employees have been a challenge to recruit and retain. As a result, Human Resources (HR) staff worked with the maintenance managers to redefine positions and job descriptions to better describe the duties. After positions were updated, HR conducted market surveys for comparable positions and updated pay and pay ranges for maintenance employees resulting in an 7% increase to base pay for maintenance staff which is reflected in this budget increase.

The Tempe Streetcar is expected to begin revenue service in FY22 and this accounts for $4.3 million of the $6.9 million increase from FY21 to FY22. Streetcar operations, for budget purposes, is assumed to begin revenue operations on October 1, 2021. VMR staff continue discussions with Tempe staff to refine the operating assumptions and associated operating costs. The amount included in the budget represents a not-to-exceed amount for budget purposes.

The RPTA and Valley Metro Rail (VMR) budgets are developed with a unified staff plan, with department managers planning the level of effort required to meet the bus and rail activities. Salary and overhead charges to bus and rail projects are based on actual time worked on each project. For FY22 there are 451 employees budgeted in the integrated agency, with 246 FTE's budgeted to RPTA/Shared agency activities and 205 budgeted to VMR only activities.

Five-Year Forecast Overview
The total operating forecast of $434.8M assumes that several new extensions and services will become operational during the forecast period. Tempe Streetcar will begin revenue service during FY22, followed by the Northwest Extension Phase II in FY24 and South Central Extension/Downtown Hub in FY25. The total capital program of $1,452.0M assumes the completion of the new extensions, along with significant progress on the Capitol/I-10 West Phase I project.

Federal COVID-19 support from CARES Act and CRRSAA are assumed to be fully spent in FY22. The current forecast does not include funds from the recently passed American Rescue Plan (ARP) Act. Once final allocations have been approved by MAG, staff will work through the Financial Working Group to distribute funds to the member cities. This will be handled internally and will not impact overall budget authority for FY22.

Ridership is assumed to gradually return to pre-COVID levels in FY26. Likewise, fare revenues will gradually return with ridership. The new fare collection system currently being implemented will be fully operational in FY24. The additional options and controls over reduced fare is expected to increase the average fare collected and therefore a larger increase in fare revenues is anticipated. For planning purposes, the Tempe Streetcar fare is assumed to be $1.00 for a single ride, with all regional fare media also accepted as payment. Fare collection on Streetcar is assumed to begin in FY23 after an initial free fare period. The Streetcar fare will be amended into the regional fare policy in fall 2021.

Operating costs, on a per revenue mile basis, are expected to increase by approximately 2 percent per year. Operating costs for Streetcar are based on 10 minute headways with similar security levels as on light rail. However, the service levels are currently being reviewed and discussed with Tempe staff and the budget and forecast will be updated based on the agreed upon service.

COMMITTEE PROCESS
Preliminary Budget Review:
Financial Working Group: February 16, 2021 for information
RMC: March 3, 2021 for information
AFS: March 4, 2021 for information
Board of Directors: March 18, 2021 for information

Proposed Budget Adoption:
Financial Working Group: April 20, 2021 for information
RMC: May 5, 2021 approved
AFS: May 6, 2021 for information
Board of Directors: May 20, 2021 for action

CONTACT
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ATTACHMENT
None

Valley Metro Rail

FY22 Proposed Budget and Five-Year Forecast

May 2021

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Recap of Budget Timeline

Dates	Description
Sep - Nov	Budget development with division input
October	Preliminary operating budgets provided to FWG
Dec - Jan	Continue to refine inputs and develop documents
January	Board Study Session
February	Annual budgets presented to FWG
March	Committee cycle for Budget review
April 15th	Member City Comments due
May	Board Study Session
May	Committee cycle for Budget Adoption

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FY22 Budget Update

Changes from March version

- **Operating**
  - Updated contractor rates for fare inspection and operations services
  - Other efficiencies realized

Light Rail -$1.2M **Streetcar -$0.6M**

- **Capital**
  - Systemwide improvements decreased $16.4M by moving track crossover to FY23.

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

Uses of Funds	October	March	May	Change $	Change %
Light Rail O&M	$54.4	$52.3	$51.7	($0.6)	-1%
Light Rail Security	9.8	9.6	8.9	(0.6)	-7%
Streetcar O&M	4.2	4.3	3.7	(0.5)	-12%
Streetcar Security	0.7	0.7	0.6	(0.1)	-17%
Future Project Development		12.2	12.0	(0.2)	-1%
Agency Operating	2.2	2.1	2.1	(0.0)	-1%
Total Operating Uses		**$81.0**	**$78.9**	**($2.1)**	**-3%**

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

Uses of Funds	March	May	Change $	Change %
Tempe Streetcar	$5.6	$5.5	($0.0)	0%
South Central/Downtown Hub	291.5	291.4	(0.0)	0%
Northwest Phase II	129.8	129.7	(0.0)	0%
OMC Expansion	5.2	5.2	(0.0)	0%
Gilbert Road Extension	3.2	3.4	0.1	4%
50th Street Station	0.0	0.0	0.0	-
Central Mesa Extension	0.0	0.0	0.0	-
Systemwide Improvements	35.0	18.6	(16.4)	-47%
State of Good Repair	12.9	12.8	(0.0)	0%
Total Capital Uses	**$483.0**	**$466.7**	**($16.4)**	**-3%**

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

Sources of Funds	FY21	FY22	Change $	Change %
Advertising	$0.3	$0.7	$0.4	140%
Fares	2.7	2.5	(0.2)	-7%
Federal Funds	1.5	5.1	3.6	232%
Federal Funds - CARES	43.0	0.0	(43.0)	-100%
Federal Funds - CRRSAA	0.0	18.5	18.5	-
MAG Funds	0.5	0.5	0.0	0%
Member City Contributions	12.9	43.6	30.7	238%
Public Transportation Funds	10.5	7.4	(3.1)	-29%
Regional Area Road Funds	0.5	0.5	0.0	0%
Other	0.1	0.1	0.0	0%
Total Operating Sources	**$72.0**	**$78.9**	**$6.9**	**10%**

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

Uses of Funds	FY21	FY22	Change $	Change %
Light Rail Operations & Maintenance	$49.2	$51.7	$2.4	5%
Light Rail Security	8.5	8.9	0.4	5%
Streetcar Operations & Maintenance	0.6	3.7	3.1	510%
Streetcar Security	0.1	0.6	0.5	425%
Future Project Development	11.7	12.0	0.3	3%
Agency Operating	1.9	2.1	0.2	11%
Total Operating Uses	**$72.0**	**$78.9**	**$6.9**	**10%**

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

Sources of Funds	FY21	FY22	Change $	Change %
Federal Funds	309.9	170.5	(139.4)	-45%
Member City Contributions	159.8	262.8	103.1	65%
Public Transportation Funds	51.8	33.3	(18.5)	-36%
Total Capital Sources	**$521.4**	**$466.7**	**($54.8)**	**-11%**

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

Uses of Funds	FY21	FY22	Change $	Change %
Tempe Streetcar	$39.8	$5.5	($34.3)	-86%
South Central/Downtown Hub	316.3	291.4	(24.9)	-8%
Northwest Phase II	114.0	129.7	15.8	14%
OMC Expansion	27.9	5.2	(22.7)	-81%
Gilbert Road Extension	3.3	3.4	0.1	2%
50th Street Station	0.0	0.0	0.0	-
Central Mesa Extension	0.0	0.0	0.0	-
Systemwide Improvements	11.5	18.6	7.1	62%
State of Good Repair	8.7	12.8	4.2	48%
Total Capital Uses	**$521.4**	**$466.7**	**($54.8)**	**-11%**

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VMR

FY22-26 Five-Year Forecast

May 2021

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5-Year Operating Assumptions:

VALLEY METRO RAIL | VALLEY METRO

New Service
- Tempe Streetcar (3.0 miles) - October 2021
- Northwest Ext. II (1.6 miles) – Jan 2024
- South Central (5.0 miles) – Dec 2024

Fare Revenue
- Minor increases in avg fare thru FY23, and FY 25 and 26; 15% increase in FY24 with replacement fare collection system and control of reduced fare at point of sale.
- Ridership increases 22% per year to return to pre-COVID level in FY26.

Federal PM revenue
- FY22-26 increases 1.5% each year

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5-Year Operating Assumptions:

VALLEY METRO RAIL | VALLEY METRO

	FY22	FY23	FY24	FY25	FY26
Ridership (,000)					
Phoenix	3,948	4,822	6,289	9,009	11,494
* Tempe	1,531	1,986	2,388	2,866	3,401
Mesa	1,131	1,381	1,687	2,061	2,517
Total Ridership	**6,610**	**8,189**	**10,364**	**13,936**	**17,412**
Avg Fare - Rail	$0.40	$0.42	$0.86	$0.90	$0.92
Avg Fare - Streetcar	$0.00	$0.21	$0.43	$0.87	$0.91

**Streetcar included in ridership numbers, however fares not anticipated to be collected until FY23.*

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5-Year Operating by Segment

	FY22	FY23	FY24	FY25	FY26	Total
Operations (,000)						
Base 27.9 miles	$ 60,584	$ 63,105	$ 63,267	$ 65,828	$ 68,119	$ 320,904
South Central	-	-	-	5,547	11,299	16,846
Northwest 2	-	-	1,367	3,362	3,429	8,159
Tempe Streetcar	4,310	6,659	6,792	6,928	7,067	31,756
Total Operations	**$ 64,894**	**$ 69,764**	**$ 71,427**	**$ 81,666**	**$ 89,915**	**$ 377,665**
Light Rail Cost per Mile	$17.12	$17.46	$17.81	$18.17	$18.53	
Streetcar Cost per Mile	$29.72	$31.86	$32.50	$33.15	$33.81	

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5-Year Operating Sources and Uses

	5-Year Total
Operating ($,000)	
Sources of Funds	
Advertising	$ 3,405
Fares	43,064
Federal Funds	12,326
Federal Funds - CRSSA	18,530
MAG Funds	2,500
Member City Contributions	314,927
Other	650
Public Transportation Funds	36,866
Regional Area Road Funds	2,500
Total Sources of Funds	**434,768**
Uses of Funds	
Operations & Maintenance	322,505
Security	55,160
Future Project Development	46,108
Agency Operating	10,995
Total Uses of Funds	**$ 434,768**

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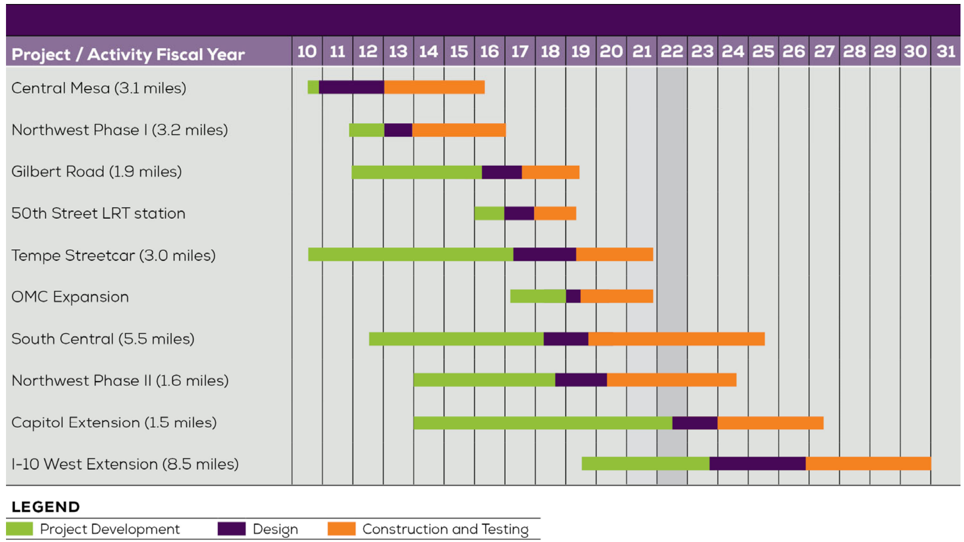
LRT Capital Project Schedule



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5-Year Capital Sources and Uses

Capital ($,000)		5-Year Total
Sources of Funds		
Federal Funds	$	716,848
Member City Contributions		364,437
Public Transportation Funds		370,643
Total Sources of Funds		**1,451,928**
Uses of Funds		
Tempe Streetcar		10,227
South Central		835,426
Northwest Phase II		242,374
OMC Expansion		5,159
Gilbert Road Extension		3,837
Capitol Extension		241,700
Systemwide Improvements		87,148
State of Good Repair		26,057
Total Uses of Funds	**$**	**1,451,928**

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Budget Schedule

Committee/Boards/FWG	
Aug 29, 2019	Board Study Session
Oct 10, 2019	Present Key Assumptions to AFS
Feb 3, 2020	Present update of Key Assumptions to FWG
Feb 13, 2020	Present update of Key Assumptions to AFS
Feb 18, 2020	Present annual budget to FWG
March	Present 5-year plans to FWG
	Present Annual Budgets to Committees/Boards for Info
April	Present 5-year plans to AFS
May	Present Annual Budgets and 5-year plans for action

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Recommendation

Staff recommends that the Board of Directors for approval the Fiscal Year 2022 Proposed Operating and Capital Budget and for acceptance the FY22-26 Five-Year Operating and Capital Forecast.

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Information Summary

DATE
May 13, 2021

AGENDA ITEM 5

SUBJECT
Future Agenda Items Request and Report on Current Events

PURPOSE
Chair Heredia will request future agenda items from members, and members may provide a report on current events.

COST AND BUDGET
None

RECOMMENDATION
This item is presented for information only.

BACKGROUND/DISCUSSION/CONSIDERATION
None

COMMITTEE ACTION
None

CONTACT
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ATTACHMENT
None

Pending Items Request

Item Requested	Date Requested	Planned Follow-up Date