MEETINGS OF THE

Boards of Directors

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

Date:

April 21, 2022

Starting Time

11:15 a.m.

Meetings to occur sequentially

Location:

Valley Metro

Boardroom/Webex

101 N. 1st Avenue, 10th Floor

In compliance with the Federal Transportation Security Administration's mask mandate, Valley Metro continues to require the use of face coverings in its facilities. Employees and guests must wear masks, regardless of vaccine status, in hallways, common areas, and any time social distancing cannot be maintained. If you are in a conference room where 6' distance cannot be maintained, masks are to be worn. We appreciate your cooperation in complying with this federal law.

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

Agenda

April 14, 2022

Joint Meeting Agenda
Valley Metro RPTA
and
Valley Metro Rail
Thursday, April 21, 2022
Valley Metro, 101 N. 1st Avenue, 10th Floor
Boardroom/Webex
11:15 a.m.

	Action Recommended
1. Public Comment	1. For Information

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

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

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

3. Audit and Finance Subcommittee Update	3. For information

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

CONSENT AGENDA

4A. Minutes	4A. For action

Minutes from the March 17, and March 24, 2022 Joint Board meetings are presented for approval.

4B. Planning and Community Relations Support Services (PCRSS) Contract Extension and Additional Funding — 4B. For action

Staff recommends that the Boards of Directors authorize the CEO to increase contract expenditure authority with HDR Engineering Inc. for a not to exceed amount of $1.5 million in FY22 and $3.5 million for a six-month extended period through December 2022 for a total not to exceed amount of $5 million.

REGULAR AGENDA

5. 2022 Cost of Living Adjustment for Valley Metro Staff — 5. For action

Staff recommends that the Boards of Directors give consent to the CEO to implement a 5% cost of living adjustment for all Valley Metro staff effective May 2, 2022.

6. Transit Asset Management (TAM) Update — 6. For information

Staff will provide an update to the Boards of Directors regarding the use of Transit Asset Management (TAM) to understand long-term asset needs, costs, and the impact of Valley Metro's transition from a new to mature system.

7. FY 2023 Operating and Capital Budget Information for Valley Metro RPTA and Valley Metro Rail — 7. For information

Jim Hillyard, Acting Chief Financial Officer, and Tyler Olson, Manager, Budget & Operations Financial Controls, will provide an overview and respond to questions on the FY 2023 Proposed Operating and Capital Budgets.

8. Travel, Expenditures and Solicitations — 8. For information

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

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

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

10. Next Meeting — 10. For information

The next meeting of the Boards of Directors is scheduled for **Thursday, May 19, 2022 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**
April 14, 2022

SUBJECT
Public Comment

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

COST AND BUDGET
None

RECOMMENDATION
This item is presented for information only.

BACKGROUND | DISCUSSION | CONSIDERATION
None

COMMITTEE PROCESS
None

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

ATTACHMENT
None

Information Summary

DATE **AGENDA ITEM 2**
April 14, 2022

SUBJECT
Chief Executive Officer's Report

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

ATTACHMENT
None

Information Summary

DATE **AGENDA ITEM 3**
April 14, 2022

SUBJECT
Audit and Finance Subcommittee (AFS) Update

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

BACKGROUND | DISCUSSION | CONSIDERATION
The draft minutes from the April 7, 2022 AFS meeting are attached for further details of the meeting.

COST AND BUDGET
None

COMMITTEE PROCESS
None

RECOMMENDATION
This item is presented for information only.

CONTACT
Jim Hillyard
Acting Chief Financial Officer
602-262-7433
jhillyard@valleymetro.org

ATTACHMENT
Draft April 7, 2022 AFS meeting minutes

Minutes

April 14, 2022 **AGENDA ITEM 3**

Audit and Finance Subcommittee
Thursday, April 7, 2022
Via WebEx/Phone
12:00 p.m.

<u>Meeting Participants</u>
Councilmember Bill Stipp, City of Goodyear, Chair
Councilmember Lauren Tolmachoff, City of Glendale (phone)
Councilmember Francisco Heredia, City of Mesa (phone)
Vice Mayor Laura Pastor, City of Phoenix
Councilmember Robin Arredondo-Savage, City of Tempe

The Chair called the meeting to order at 12:05 p.m.

Chair Stipp said we're going to go ahead and call the Audit and Finance Subcommittee meeting to order. Pat, can you, I'm going to say, call the roll.

Roll call by Pat Dillon.

Councilmember Lauren Tolmachoff, City of Glendale? Here.
Councilmember Bill Stipp, City of Goodyear? Present.
Councilmember Francisco Heredia, City of Mesa? Here.
Councilmember Laura Pastor, City of Phoenix? Here.
Councilmember Robin Arredondo-Savage, City of Tempe? Here, ma'am.

Ms. Dillon said Chair, we can proceed.

Chair Stipp said thank you, Pat. Thanks everyone for joining us. Councilmember Tolmachoff and Councilmember Heredia for being online. I think is the first time I've chaired one where we're complete hybrid where we're half and half so I'm going to beg for forgiveness early on and up front so.

1. <u>Public Comment</u>

Chair Stipp said and I have one public comment card from Mr. Blue Crowley. I think as a matter of procedure, I need to just remind you of the rules of three minutes although reminding you of the rules is kind of pointless at this point.

Mr. Crowley said covering a couple of the items on your agenda. One of them is planning. Well, I went to the management meeting yesterday and one of the things they were doing in there is the proposed route and schedule changes. As I've continued to say, we need to keep on expanding, you need to be doing those things and it's not happening. Where's what we said levels that you're supposed to do it, but the other part of that is is you know how I bang on those Spring Trainings.

Well, I would like the buses that are in the realm of the Spring Training to go by those facilities during Spring Training as an air quality and also as points of interest. Now, the 30 is one of the buses that's discussed. If the 30 went by the stadium. The 83rd Avenue is in here now. If it actually did exist up to Arrowhead Mall as it was in the plan saying that that is something that needs to be doing now, you'd be able to go by the Padres and Mariners and 170, Glendale, right there, the Dodger, White Sox stadium. So with your planning, you have to do that now because the next time you do service changes would be in April when Spring Training is already going on. So with the lack of foresight and planning, why can't we work the system a little bit better.

I also have a copy of your fact sheet from over there and it has the amounts of money that are expended and one of them is the $379 million for the rail compared with the $400 for the bus and then for the fleet, those costs and such. I'd like to know especially with that 38 -- or $279 million, how much of that PTF funds? Because they're only supposed to be getting 40% of what outs there and the other 60 is to go to the bus to upgrade it and make it better and more efficient.

And also with those service changes, there is no part of the process that allows the citizenry and your customer to say, hey, we've got overcrowded here on 19th Avenue, could you increase the amount of service? There's no inputting or ability to do that. Now, all of your communities should have, according to what we put together back in the 80s, have service and route changes on here, expansions. Things like Litchfield Road. The ones out in the East Valley, Power Road. And the only community within the jurisdictions that has tried and done any of that, thank you, that would be Tempe. See you guys up here next month.

Chair Stipp said it's actually in two weeks so we'll see you then. Thank you for the comments. If I may I think I'd like to just ask that on that capital side piece, can we just get a breakdown of that sent to the Board. Or at least to this body. I would appreciate seeing that and I'm sure Mr. Crowley would want a copy of that as well.

There are no other speaker cards, Pat? Okay.

2. <u>Chief Financial Officer's Update</u>

Mr. Hillyard said thank you, Mr. Chair, members. So I'd like to share two staffing issues with you this morning. The first is a follow-up on our previous reports regarding vacancies in the Valley Metro staff.

So I think we first reported in December or January on our level of -- the levels of -- growing level of vacancy that we were seeing in a number of key operational positions and as you can see from this slide, while we were in -- while we had some challenges in November, it's significantly worse in February. We should have the March numbers for you in the April Board meeting. And so, you know, just to touch on a couple of these key positions that you see here today. Our LRV inspections, you know, these are the most entry level positions in our maintenance of vehicle system, but in lots of way they're the most important because they're the ones that help us identify when something is showing wear that will break so we can fix it before it leaves a train full of people stranded. And so, with a 44% vacancy, our ability to do that is greatly diminished.

Electromechanics are just what they sound like, you know, these are, essentially, $3 million electrical vehicles and so there are a ton of electrical systems that have to be fixed on them in the same way that the bus garages have diesel mechanics.

Traction power technicians. You can see that we continue to have a hard time staffing those. Part of that is that this is a fairly specialized job. Part of it is that it's a very dangerous job so these are high-level -- high-voltage electricians that are working on the power systems for the overall train system. You know, if your electrician at home makes a mistake installing your 240-volt electric range, he could be injured. If one of Rob's team makes a mistake working on 750-volt DC power system, they're dead. So these are really challenging roles.

And then lastly you see, we continue to struggle to get customer service agents. I think that continues to be a problem competing very heavily with an active call center market in the metro Phoenix area.

So then, I'd like to touch on what we're trying to do to stem that tide in the near term and the place that we need the Board's support in the next month. So we've taken a number of actions to try to -- to slow our loss and to improve our recruiting abilities under our current FY202 budget and its authorization. At the top there, you see a retention bonus that we're paying to operations staff that will come into effect in the next couple of weeks.

We're also putting in place a hiring bonus to try to compete more effectively with, you know, the Amazons and the FedExs of the world that are paying significant bonuses to folks coming in the door. You know, we've also increased our shift differential to try to mitigate for the fact that most of our operations staff are doing shift work. In addition to that, Rob and his team have moved to a 4/10 schedule to try to mitigate the impact that shift work has on folks’ family lives. And then lastly, we've adjusted the starting wage for a number of these key roles sort of within their existing pay ranges.

These are all important first steps. I think they're comment to maybe what many of your cities are doing for their key steps. We can do them, right now, within our current 2020 budget because for the most part they are, essentially, one time and we've got a ton of vacancy savings that we can use to finance them with.

The last issue we think is really, critical in addition to those steps. The steps above are really limited to the folks in customer service and our operation and maintenance center, but not only are we losing them, we're losing folks agency-wide. We think we need to do what MAG has done recently, what Avondale, Mesa have also done earlier this year and what a number of cities are looking at for FY2022 which is to provide a cola before the end of the year to all of our staff. We'd like to go with 5%. We think that's consistent with what MAG and other cities have done. We plan on bringing this issue to the Board in April as sort of a standalone Board memo. I'm using the word "consent" there deliberately because we can do this within our FY2020 budget, we don't, technically, need the Board's approval as an action item, but, of course, that cost just bleeds into the '23 budget.

And so, it's very important that we know the Board is squarely behind us before we take any action here. Therefore, we'd be bringing it in April with an effective date after the Board's approval in April for the last couple of months of the fiscal year and then annualizing into FY23. So we hope that we'll be able to count on the Board's support in compensating our staff for the high levels of inflation that I think everyone's seeing in Maricopa County this year so that we can continue to keep the team that we need to meet your needs and the needs of your city.

The last staffing issue I'll mention is I've share with Jessica that this spring and the Chair Stipp that this spring that I'm eligible to retire and so, it's my desire to do so either as soon as the budget's adopted or as soon as we can onboard a new CFO. I don't want to leave the team shorthanded at a very busy time so your slight incentive to move the budget faster is you'll be able to be rid of me that much sooner. Okay.

With that, we'll move into the calendar for our upcoming meetings. You know, we have the April 21st Board of Directors meeting and as part of our update today on the budget, I'd like to share with you some thoughts on how we can take today's AFS discussion and use it to inform the budget presentation in April. And then you see the regular May board cycle with TMC/RMC, AFS and the Board meetings playing out throughout the month.

Chair Stipp okay. Thank you, Jim. Does Councilmember Heredia or Tolmachoff have questions on Webex?

Councilmember Tolmachoff said I don't, Chair Stipp.

Chair Stipp said okay. Anybody here have questions? All right. I have one on the cost-of-living adjustment for the FY22. I think it's important for us to understand. So you're talking about a 5% adjustment now, plus the information that is in the budget package for the cost of living adjustment and a merit increase?

Mr. Hillyard said thank you for asking. No. Let me clarify. So we would do a 5% increase post-Board consent in April and then in FY23, the only increase that is in the budget, right now, is the regular 3% merit. We would go back to a regular sort of 3%.

Chair Stipp said okay.

Mr. Hillyard said and, of course, if we were continuing to see 10% inflation, if we were continuing to lose people hand over fist then we'd come back to the Board post-that for any discussion, but what's in the budget, now, for FY23 is just the regular 3% merit assuming this happens in April.

Chair Stipp said okay. Then we'll discuss the 3%. Thank you for the clarification. If there are no other questions.

This item was presented for information only.

3. Minutes

Chair Stipp said we'll move on to Item 3 which is the approval of the minutes. Those were sent out in the packet. Pending any questions, I will entertain a motion to approve the minutes as presented.

Motion by Councilmember Tolmachoff, second by Councilmember Arredondo-Savage.

Any questions? All in favor, say aye. Any opposed? The ayes have it.

IT WAS MOVED BY COUNCILMEMBER TOLMACHOFF, SECONDED BY COUNCILMEMBER ARREDONDO-SAVAGE, AND UNANIMOUSLY CARRIED TO APPROVE THE MARCH 3, 2022 AFS MEETING MINUTES.

4. Travel Expenses-Review #1

Chair Stipp said next, Item 4 is a travel expense review #1 and Sebrina.

Ms. Beckstrom said so Internal Audit has concluded the Valley Metro -- or the audit review of Valley Metro's travel expenses and we concluded that Valley Metro's established internal controls provided adequate monitoring of travel expenses and that travel expense reporting to the Board was accurate. Again, travel continues to be at a reduced frequency coming out of the pandemic. There were no recommendations for this audit report at this time.

The scope of the report was 18 months comprising all of fiscal year '21 and the first six months of fiscal year '22. Again, going forward, Internal Audit plans to review the travel expenses and provide that information to the Board on a bi-annual basis.

Our observations were that the reports compiled -- the forms and reports compiled were within policy requirements and that staff appropriately trained and, again, that all reports to the Board were accurate as the previous audit recommendations from the last travel audit had been implemented and the Board reporting was being conducted.

So with that, I'll entertain any questions or concerns.

Chair Stipp said thank you, Sebrina. Does anybody have questions?

Vice Mayor Pastor said I have a question. When I was reading yesterday, there was -- you can correct me if I'm wrong. There was an area saying that they wanted travel authorization forms or signature or understanding travel for the fiscal year versus the budget?

Ms. Beckstrom said that one is in the next one in the credit card transactions.

Vice Mayor Pastor said oh, okay. All right. See? I am way ahead.

Ms. Beckstrom said two at the same time.

Vice Mayor Pastor said thank you.

Chair Stipp said do have a question?

Councilmember Arredondo-Savage said well, just, yes, really, quick. Thank you. One thing that I know that we talked about before and we talked about liability risks in the future and things to that effect, I mean, have you had a chance to kind of address, like, best practices in regard to how we are addressing travel and publicly having this discussion about bringing it to the Board because it's already, obviously, when we see that travel has already happened. So is there any discussion or has there been any thought into regards to addressing the policy to ensure that, you know, we are using best practices and making it as clear as mud for the public?

Ms. Beckstrom said in the previous -- in the previous travel audit, we did go through and look at the policy and the updates from the audit before, before I came and determined that the policy was in line with those best practices that the Board -- that the report -- that the things that were noticed in the original travel policy that caused concern for the Board had been addressed: Spouse travel, staying at hotels that weren't conference hotels, et cetera so those things are written into the policy now as -- as rules. We will, periodically -- since we're doing it every six months, we may not do best practice research every time we bring it to the Board, but we'll, periodically, go back out for best practice research and make sure that we're still in line with those policies.

Councilmember Arredondo-Savage said okay.

Chair Stipp said are you good?

Councilmember Arredondo-Savage said yeah. I'm good. Thank you.

Vice Mayor Pastor said I just need clarification because I'm not sure. I sit on another public board and when travel happens, it has to get approved by the board. And so, I'm not sure if that's where Councilwoman Arredondo-Savage was leading to so when travel happens, it comes in front of the board, so everybody knows where everybody's traveling and then it's okay and then the travel happens. What I'm hearing that happens here is travel happens and then we're notified or we're -- I don't even know if we're notified so I'm so new. And then audits then happen to see how -- what the travel expenses and everything like that so I'm not sure if I'm on the right path, but I sit -- I sit on a public-school board and that's what happens. So this is a public entity and so I just don't know. At the city, travel happens, but there's a limit -- we have very strict guidelines at the city on travel, so I just wasn't sure.

Chair Stipp said do you want to address that, Sebrina?

Ms. Beckstrom said sure.

Chair Stipp said the travel, how that flow works.

Ms. Beckstrom said yes. CEO travel is approved, pre-approved by the Board for CEO trips. The travel for staff is, generally, included within the budget line items every year. And so, we -- so say my team, Audit, needs to go on a trip. We'll document what trips we need to go on within the budget process. And so, when the budget is approved, those are included within -- within those.

There are times where maybe a conference was cancelled and we need to go to a different conference that -- that one gets swapped in for another, but that's how the flow works presently.

Vice Mayor Pastor said so what I'm understanding is there is a budget line for travel. Then it is pre-approved then to go to those conferences because I'm trying to distinguish between both. What I heard was there's a budget line that we have set for travel and then we determine what conferences we're going to and then it comes in front of the Board. Is that correct?

Ms. Beckstrom said yes.

Vice Mayor Pastor said okay.

Chair Stipp said kind of.

Ms. Beckstrom said yeah.

Chair Stipp said so -- can I help you?

Ms. Beckstrom said yes.

Chair Stipp said so the CEO's travel is pre-approved.

Vice Mayor Pastor said right, right, right.

Chair Stipp said and that's done, the Treasurer and the Chair both sign off on that before the CEO travels and then post-travel. The rest of the staff is -- that's all done, internally, by the staff. So we approve the general line item in the budget –

Vice Mayor Pastor said right.

Chair Stipp said -- and then they're free to travel.

Vice Mayor Pastor said right. But I heard it differently. That's why I'm getting clarity. I'm trying to get clarity on the sense that when I heard it's in the budget, I heard there's a budget line and then during the budget, you approve, in my head, you approve our travel to whatever conferences are. It could go two ways. It could go there is a budget line, it's in the budget line and then when you travel, then it's determined if the dollars are there because the community college does this. If the dollars are there, then you can use that budget line to travel to a conference. But we do get it approved at the community college too. It goes up ranks.

Mr. Hillyard said Mr. Chair, if I could maybe.

Chair Stipp said yeah. Go ahead.

Mr. Hillyard said help out here. So your summation is correct and Councilwoman Pastor's description is correct as well. So let me see if I can bring the two together to make sure we're being clear. So as you said, we put -- we put together as part of our budget process, a list of every trip that the organization anticipates anyone taking in the upcoming year and then that informs the travel budget that we put before you and that budget, by the way this year, is 48% lower than it was in 2022.

So then once that's passed by the Board then we have those monies available to us and, of course, just as you said, if Sebrina says, hey, my team would like to go to the National Association of Government Auditors then we look at the budget and we say, yup, that was in there, the money's set aside for you, go ahead. And then the CEO approves that travel before the person can go and then it's reported to you in the travel report that you receive each month and then Sebrina audits against that to make sure it's accurate.

Vice Mayor Pastor said right. The thing is we were both correct. And secondly, there is a check and balance. That's what I wanted to really know.

Ms. Beckstrom said thank you.

Chair Stipp said any other questions? I want to make just one comment on this. We've done this a number of times now over the last few years. It's kudos to the staff for us, finally, being to the point where we have no findings, we have no -- this has been a very, long journey due to unfortunate circumstances so it's really kudos for the staff to have kind of worked their way through this -- this whole process for us to get to an audit of travel and for there to be, virtually, no findings so. For Jessica's benefit, team did a good job. For the team, good job. And we'll move on to Item 5.

Oh, I'm sorry. We have action on this one. So I would like to entertain a motion to accept the results of the Travel Expense Review #1 audit.

Motion by Vice Mayor Pastor, second by Councilmember Arredondo-Savage.
Any discussion? All in favor, say aye. Any opposed? The ayes have it.

IT WAS MOVED BY VICE MAYOR PASTOR, SECONDED BY COUNCILMEMBER ARREDONDO-SAVAGE AND UNANIMOUSLY CARRIED TO ACCEPT THE TRAVEL EXPENSES-REVIEW #1 AUDIT.

5. Credit Card Transactions Audit

Ms. Beckstrom said thank you, Mr. Chair. During our Credit Card Transaction audit, the audit team found that controls were effective, and that the procurement team had implemented a previous audit recommendation to adopt standard work related to credit card transaction reviews.

We did find one low risk finding area in that the credit card policy requires card holder agreements and request change forms to be signed at the beginning of the fiscal year. Staff believed that these documents were needed to be signed annually and so, they had had the documents signed in February of 2022 as opposed to in July of 2021. Staff is now aware that the policy requires the forms to be signed at the beginning of the fiscal year and will update their practice.

That concludes my remarks for this audit. If there are questions. I know Councilmember Pastor had one before.

Chair Stipp said Vice Mayor, did that answer your question?

Vice Mayor Pastor said yes.

Chair Stipp said anybody else have questions on this one? Seeing none. Again, I think the same kudos apply here for everybody as well. So with that, I'll entertain a motion to accept the results of the Credit Card Transactions audit.

Motion by Vice Mayor Pastor, second by Councilmember Arredondo-Savage.

Any other discussion? All in favor, say aye. Any opposed? The ayes have it.

IT WAS MOVED BY VICE MAYOR PASTOR, SECONDED BY COUNCILMEMBER ARREDONDO-SAVAGE, AND UNANIMOUSLY CARRIED TO ACCEPT THE CREDIT CARD TRANSACTIONS AUDIT.

6. Internal Audit Update

Ms. Beckstrom said as we noted in the last Audit and Finance Subcommittee meeting, Internal Audit will follow up on the implementation of the contract authority monitoring and reporting management policy within the next audit cycle. We'll include that in the next audit plan and that's what that first bullet is addressing.

In our second, Operations and Maintenance implemented recommendation 3 from their Rail Transportation Services audit where Valley Metro updated the contract language that required performance reports monthly to a more general performance monitoring requirement as Valley Metro reviews contractor activity logs and meets with the contractor on issues on a near daily basis so that language was changed in the contract to reflect that.

And then in response to recommendation 4 from the contract management for the Planning and Community Relations Support Services Contract audit, procurement has created a procedure to centralize all contract and supporting documentation in one location and has provided training to staff on this new procedure.

Are there any questions on that first part before I move on to our Internal Audit update? Okay. Thank you.

So highlights from this slide, we're working on an Identify and Access Controls audit and are in the beginning stages of the Federal Grant Compliance audit for bus purchases and we hope to have reports -- the reports and those results to you for the June Audit and Finance Subcommittee meeting. For the bus -- or for the bus audit that we're looking at, the federal government is in the process, they're about ready to come out for their triennial review looking at a bunch of different areas in procurement and such with the City of Phoenix and they've provided some information on how they're doing their work and we're going to mirror that for the -- the audits that we are -- for the bus purchase audit that we're conducting internally.

We also began the Safety and Security audits required by ADOT in March and will have the nine audits planned for this year completed by December. I thought it was important to note that we did receive a note from ADOT thanking the Valley Metro Safety and Security and Quality Assurance department and Internal Audit for excellent collaboration and the quality of information provided to them just in the last week so.

Chair Stipp said any questions for Sebrina? Now, again, just, Sebrina, for you and the team, you guys have really crushed it this year. A lot has gotten done and a lot of very heavy lifts have occurred and for a small team, you've done a lot of work so I think if I could speak on behalf of the entire Committee, I really want to express our appreciation for everything that has gone on so far.

Chair Stipp said awesome. Thank you for sharing that. Does anybody have any questions on the Internal Audit update? Seeing none. This was presented for information only so there is no action required. Sebrina, thank you.

Ms. Beckstrom said thank you.

This item was presented for information only.

7. FY 2023 Operating and Capital Budget Information for Valley Metro RPTA and Valley Metro Rail

Chair Stipp said the next item is Item 7 for information, the FY23 Operating Capital Budget Information. I'm going to take a little Chair privilege for a moment on this. We had discussed at the prep meeting for this meeting about presenting today only the information on the Valley Metro recommendations and that seemed to be, probably, the simplest approach going through. I think much to Jim's chagrin because it pushes his retirement into June. If we take this in April being Valley Metro budget recommendations, May, we look at the inflationary implications that means we aren't looking at the final budget until June which then gets us to the baseline budget and then anything that has moved forward.

The general simple strategy behind that is we may have a much different financial picture worldwide by the time June rolls around than we do today. And most of this information that was presented today was actually compiled in March so if you think about the difference between March and June besides it being three months on the calendar and pushes Jim 30 days away from retirement, it, I think, we look at we have a much different picture of what's headed forward so.

And then before we get started, Jim, I thought it would be really, good for either you or Tyler to talk about -- we talk about RPTA money, member city money how there's -- and we kind of blend those two conversations together. I think we need to pull them apart just for a minute. Talk about what does RPTA fund. What do member cities' contributions fund? Because sometimes, you know, we treat everything as though it's member city money and then we -- there are times when we look at RPTA as though it's a giant blank check, so I think bringing those two conversations together very briefly before we get started in today's budget.

Mr. Hillyard said absolutely.

Chair Stipp said thank you.

Mr. Hillyard said thank you, Mr. Chair. Happy to help with that. So I'm going to start out and, Tyler, feel free to jump up and fill in if I'm getting off the beaten path.

So RPTA is, fundamentally, our bus transit services so it's the rubber wheel component of our service portfolio. And you see in the RPTA budget as we've broken it for you in your materials, you know, two major components: There's the transit service component and there's the support services component.

So the services transit component of the RPTA budget is almost entirely our contracts for bus operations that you are, you know, contractually -- contractually fixed and approved by the Board and the price of gas. So that's the vast majority of RPTA transit service. The Board adopts the number of service miles that will be -- revenue miles that will be driven through the Service Planning process. We estimate the price of fuel as part of the budget and then pay whatever the market bears and that's that. So that transit services portion of the RPTA budget is about 60% PTF in most years and it's about 30%-member city funded and then you've got some federal funds and fares and whatnot that make up the difference. So about 60/30 between PTF and member-city funded for transit services themselves.

The second component of RPTA are support services and support services in this context not only mean me and Jessica and pencils, but they also mean things like our Mobility Center that determines ADA paratransit eligibility, the Call Center that provides customer service to all of our customers and the customers across the region, right, so we provide that support to Phoenix and to Glendale and others. And so, it's everything that, basically, isn't moving somebody on a vehicle. So that -- that support services component is about 73% PTF and then about 20% RARF which is the same sales tax as PTF, but before it hits the public transportation fund and then that other 7% or so are federal funds or -- and others.

So the big takeaways here are transit services, the vast majority, and just to give you a little sense of scale, so transit service in RPTA are about $140 million and support services are about 20. So I'm rounding those numbers, right. And so, of that $140 million, 60% PTF, 31% city. Of the $20 million support services, you're, essentially, all -- either PTF or RARF funding, no city funds, right. So if that's reasonably clear, I'll go onto VMR. Okay.

So on the VMR side, once again, we differentiate between transit services and support services. Transit services on the VMR side, you know, you can probably think of as having three components. There's actually driving the trains. That's done by ACI under a contract the Board approves. There's then maintaining the trains and the way that, you know, the rails, the system the trains operate on and we do that inhouse. And then, lastly, there's the security associated with the system so our Allied Security folks. Those are probably the three big components of transit services on the VMR side.

So transit services for VMR are about $60 million in any given year and of that 45% are member city funds, about 7% are fees and this year 47% are federal funds. That's because this year we continue to have some COVID relief monies, right. So in a normal year that federal fund number is significantly smaller and the member city piece is significantly bigger. Okay.

So on the support services side, support services, again, are about $20 million of VMR. So VMR -- that $20 million and, again, that support services is the whole kit and caboodle from me to pencils to the customer service Call Center to, you know, answering people's questions about fares. So that you can think of as splitting, basically, 50/50 between member city funding and everything else, right. So you have -- of that $20 million on VMR about $10 million gets paid for by member cities and then the remainder is federal funds and RARF funds and a little bit of PTF that ends up being used for planning of rail expansion projects in the future, right.

So did that answer your question, Chair Stipp? Okay. Very good.

Chair Stipp said thank you.

Mr. Hillyard said okay. So to kind of set the stage for our major discussion today. As Chairman Stipp mentioned, we're going to focus our discussion on a presentation of all of the Valley Metro recommendations in the FY23 budget. We think that's a great place to start because those are really where the Board is really making budget policy. In the inflation and ridership categories and the continuing commitment categories what we're, essentially, doing is forecasting, you know, how many paratransit riders do we think we have and what will the price of gas be. In the recommendations you'll see today, you're making budget policy for the Board -- for Valley Metro. Should we be doing this and if so, to what degree.

So I'm going to start by quickly walking you through the format that we're going to use and then, Mr. Chairman, I'd like to talk just a little bit about how I think our discussion today can feed into the Board discussion that we have -- the Board agenda that we have in April so.

So quickly orienting you to the table that we're using and the presentation format that we'll have. So this table captures all 26 of the recommendations in the FY23 budget. It's broken down into three columns. The left-hand column are the things that are RPTA only. The far right-hand column are the things that are VMR only and then in the middle, you've got the ones that are both. They are RPTA and VMR together and that's why you see two numbers there. The first number is the RPTA cost, the second number is the VMR cost. Okay.

Now, next to each issue there's also a smaller number. That's the issue number for the detailed sheet in your budget booklet and so, if you'd like -- if you're reading along and you want to be able to take notes, that's the issue that you can turn to for our written description of that for note taking purposes.

So the other thing I'll point out here is at the bottom of each of these tables, you're going to see a couple of colored lines describing the funding. And this really goes back to the point that you were just making, Mr. Stipp. So this first slide is for operations and so, what you see in that funding line is the rough breakdown of city funding versus PTF and other for the operation issues that we're going to talk about on this slide. And then below that -- well, first for RPTA and then for VMR, right. So you have a sense if you're looking at a particular issue here and you say it has $100,000 RPTA cost, you'll know that about $30,000 of that is city funded by that line at the bottom, right, so it's intended to give you a quick sense of the impact of these issues as we talk through them. Okay.

So probably the biggest change in the way we're presenting this today as compared to how we've typically talked about issues in the past is, generally, budget discussions are kind a game of telephone where Ray tells me what he needs and then I tell you and then if you have a question and I don't know it, I turn around and I ask Ray and then Ray tells me and then I come back and I tell you. And so, what we're going to do today to try to make sure that you're getting the most out of this discussion is we're going to cut out the middleman.

So Tyler and I are going to sit in the back row and -- and our individual experts who have requested these issues are going to present them to you today and that way you get hear directly from them why it's important and what it means. And then if you have questions, you're not having to play telephone through us, you're able to ask them directly to try to make the best use and see that you get the most out of today's presentation. So we've got a slide for Ray's team, we've got a slide for Hillary's team, we've got a slide for Penny on the HR stuff, for Mike on a couple of legal issues then I think Adrian has one issue and then Sebrina and I will quickly tag team on a couple of nickel and dime positions. So we'll go through 24 of the 26 issues on this slide.

The two we won't go through one is the Valley Metro staff salary issue that we just talked about in the CFO comments, so we probably don't need to revisit that. The other one is the operations contingency issue and, Councilmember Tolmachoff, this is the area where you had asked us to come back with more detail on comparable rates from other properties and so we're working on that and we'll have that for the April Board meeting and we wanted to really dive into that issue then rather than take time now when we're not yet ready to answer your questions.

Okay. So we'll go through 24 of the 26 led by the individuals requesting them. Okay.

So before I hand off to Ray and team to talk to you about the operations issues, I think one thing to share kind of, Chair Stipp, to your point a minute ago about the timeline. Of course, we're happy to -- to continue to staff the Board through the June meeting in any way that the Board might find useful. I think what we're hoping that we can do today is to get your feedback on which of these issues are most important for the Board to hear more about.

So the upside of the new approach that we're taking is it's giving you a complete transparency of all the changes that are happening between the FY22 approved budget and FY23. So that ensures that you can see everything that's moving, and you can make decisions on everything that's moving. Now, the challenge there is you can have transparency, or you can have brevity, but you kind of can't have both. Right. And so, as a result, we've got like 43 issues that we're putting in front of you guys as a Board in this cycle and it's probably impossible for the whole Board to chew through 43 issues.

Okay. So our thought on this was we will present these 24 recommendations, the kinds of probably most salient issues in the budget in great depth to AFS today and then if after this, AFS could share with us which ones do you think are most important for the Board to deep dive on. We'll then incorporate those into the April Board agenda.

Now, at the very same time, our plan was to bring the inflation and ridership category and the continuing commitment categories to your staff at the RTAG meeting ten days from now and have them deep dive into those. And so, what we were hoping was they would then share with us, hey, here are the ones of those two categories that we think are most important for the Board to hear more about and we would bring those to the April agenda. And then, of course, we'd also fence time on the April agenda for any Board member to ask questions about any issue they want so.

And so, that way in April the Board's able to sort of focus in on the issues that you guys from a policy perspective think are most important, that your staff from a forecasting perspective think bear additional discussion and really make the best use of the Board's time in April.

And now, Chair Stipp, if you'd like us to come back to AFS, for example, in AFS's May meeting and do a deep dive on the inflation and continuing commitment, we would love to do that. And then that too could be incorporated into the subsequent round of discussions. But we thought maybe by chunking this that way, we'd be able to make sure that everything was looked at in detail and that the broader Board could sort of focus on those that rose to the top as -- as most important based on your feedback and based on your staff's feedback.

So that was our thought for how we take what the discussion today and sort of feed it into the next meeting in April.

Chair Stipp said I think, you know, based -- we had a good discussion last week at the agenda setting for this and I think based on some of the feedback that we have heard from other Board members, the concern about the April Board meeting getting all of the budget discussion is it's literally drinking from a fire hose.

Mr. Hillyard said too much. Yup.

Chair Stipp said it's way too much.

Mr. Hillyard said yup.

Chair Stipp said and I think the breakdown -- if you -- if we talk about issues from today and that's what we talk about at the April Board meeting, just on this stuff today –

Mr. Hillyard said yup.

Chair Stipp said it makes it much easier to go forward. And I know that the -- there are AFS members here and I'm, certainly, not going to speak for the two that are sitting on either side, but based on the 20 minutes I've been sitting here, I know we want to hear everything on the inflationary and whatnot in May so I think the original strategy of April, May and June, I think, holds up and quite frankly, if you do that with the Board that will make this whole budget process a lot simpler. We know that the majority of the Board members rely very heavily on AFS saying, yup, we're good. And if that's the case then there's a lot less discussion at the Board meeting --

Mr. Hillyard said yup.

Chair Stipp said -- which is both good and bad, but I think moving forward that may be the way we want to think about it. If you try to give them all of the information in April, they're going to choke on it.

Mr. Hillyard said you bet. Yeah. And I, certainly, wasn't suggesting that.

Chair Stipp said yeah.

Mr. Hillyard said and we would really focus on the things that rose out of this conversation and then if there was anything that your staff in the inflationary category was like hey, we think this is important, we could maybe really highlight it, but really deep dive in AFS.

Chair Stipp said I think what you're seeing is our staff's will have questions, but then they funnel those questions back to us –

Mr. Hillyard said uhm-hum.

Chair Stipp said -- and then we bring them back one more time making sure that we've got a handle on it --

Mr. Hillyard said sure.

Chair Stipp said -- as the final kind of authority going through.

Mr. Hillyard said you bet.

Chair Stipp said so while it appears to be a good, a quicker pace, it actually is probably going to make it more difficult --

Mr. Hillyard said okay.

Chair Stipp said -- going forward and that's -- and I don't know if anybody disagrees with that, but --

Mr. Hillyard said sure.

Chair Stipp said and I'm looking up there and I'm not seeing -- well, I'm not seeing Frankie at all, but and Lauren appears to be asleep so. I'm just kidding. I just wanted to see if you were awake. That's all.

Councilmember Tolmachoff said that wasn't very nice.

Chair Stipp said no, I know. Hey, you're not here with the tension in the room, man. So anyway --

Councilmember Tolmachoff said I'm sitting in budget meetings all day --

Chair Stipp said I know.

Councilmember Tolmachoff said -- so I'm not going to run back down so.

Chair Stipp said I know. I don't blame you. So in -- I think in moving forward getting through these 24 items to -- some may not require as in depth conversation as others so just for the staff that's going to be presenting. This is the first time that we've ever done it in this format. You don't need to drag it on. If we don't have questions, we're going to move on because all of us can't be here for a longer chunk. And I'm, usually, the one with a million questions and I have just a few so.

Mr. Hillyard said then we'll get with it and we've asked folks to get through their -- each issue in about a minute or two no more and so --

Chair Stipp said okay.

Mr. Hillyard said -- there's plenty of time for your questions. So with that, I'll hand it off to our operations team to work through theirs. Hillary, do you want to pass that to Ray.

Chair Stipp said oh, before we get started, one more thing, Jim. We had also talked about kind of encapsulating or capturing all of the questions that come through regarding the budget and getting that into one giant package.

Mr. Hillyard said yes.

Chair Stipp said are we on track to do that?

Mr. Hillyard said yes.

Chair Stipp said okay. So for the rest of the Board, one of the things that we had talked about was if the Vice Mayor sends in a question, I don't get to, A, see the question, or, B, see the answer. If I send in three or four, nobody else gets to see those. So I asked that we capture all of those questions and the answers so that we can run -- do a continuous running of those questions so that the entire Board gets to see what was asked because we may ask the exact same question that five other cities want to ask. And then the question is asked once, the answers are given once, and we can kind of move that process along as well. So if we're still on track with that.

Mr. Hillyard said yes.

Chair Stipp said kind of give everybody a kind of frame of reference. So with that, we'll go ahead and kick it off to Ray. Thanks.

Mr. Rosenberg said good afternoon, members of the AFS. I am Rob Rosenberg. I work out of the Operations and Maintenance Division. I am the Deputy Director of Maintenance and I'm going to present a couple of the items to you.

The first one today is the maintenance of way planning and supervision. This is a request for two FTEs. The first one of those is for a supervisor for the MOW department. Currently, the MOW department has a total of five supervisors which does not allow them to provide 24/7 coverage or supervision, but they are working 24/7. So this position simply allows them to provide the coverage with supervision that's needed.

I think it's important to point out too that the supervision in the maintenance of way department really handles four different categories of work. That's traction power, track maintenance, signals and communication so these supervision -- we don't request supervision for each of these job functions, we're merely handling as a department and it's time that we have 24-hour/7 coverage for that.

The second one of those FTEs is for a scheduler/planner. So this position will allow the maintenance of way to both be scheduling and planning their work in the new EAM system. Currently, a lot of that work is done on spreadsheets and really is done in an old school fashion. This planner will kind of consolidate all of that, get it into the EAM system as well as help with the expansions by putting the new equipment in there and doing research to determine those needs.

That's a brief overview on that one. I'm happy to entertain any questions.

Chair Stipp said I just figured out where you were, so I apologize.

Mr. Rosenberg said no worries. I was trying to do that for the first minute.

Chair Stipp said no. So this was a VMR request, item number 36 in the packet so if you go to this sheet --

Councilmember Arredondo-Savage said you gave us too many sheets and so I had to sort through sheets.

Chair Stipp said and I would not have expected us to start at 35 or 36 so sorry about that. So we just got caught up to where you were.

Mr. Hillyard said yeah. Apologies. We ordered these by division so you can see everything that's on the list, but each division is going to talk through their piece individually, you'll see them highlighted as they come up. And then they're roughly going through them in cost order so Operations will talk about their highest cost ones first and they're lowest cost ones last kind of.

Mr. Rosenberg said yeah. Looks like a double slide and so the first one really would have been LRV replacement parts, so I'll go back to that one after we talk about the maintenance of way planning and supervision positions.

Chair Stipp said yeah. Let me suggest this. Because I don't want to take anything away from you guys, but I also, again, don't want to be here all day. So if you highlight that and say, look, we're going to talk about item 36, maintenance of way and it's these two positions. If we want to hear it, we'll go yeah, let's hear it.

Mr. Rosenberg said okay.

Chair Stipp said Because quite frankly, the LRV replacement parts is pretty self-explanatory even for a non-rail guy.

Mr. Rosenberg said that's a no-brainer.

Chair Stipp said it's kind of a no-brainer so I don't know that we need a presentation on hey, we need parts for these things. They're, you know, they're multimillion-dollar vehicles that we need parts for so that might help move this along too, but if you can call out it's this, it's item -- give us a second to go through the packet and then we'll get to where we are and you can go from there.

Mr. Rosenberg said perfect.

Chair Stipp said that will help us, and we can help you.

Mr. Rosenberg said perfect.

Vice Mayor Pastor said okay. So what I understood as I was going through this, it's positions and it's computer, some equipment.

Mr. Rosenberg said it's, actually, two positions.

Vice Mayor Pastor said yeah. Two positions, but then it's also computer equipment?

Mr. Hillyard said just their associated PC and keyboard.

Vice Mayor Pastor said all right. Got it.

Mr. Rosenberg said next. The next one is the Grounds Maintenance Coordinator. Number 37. If my glasses are working. A single position and an -- and an associated vehicle.

Chair Stipp said okay. So what we're going to do for those online. If you have questions, I need you to speak up real quick otherwise, we're just going to move everybody through this thing as we go.

Councilmember Tolmachoff said Chair Stipp, I'll let you know if I -- I'll just speak out.

Chair Stipp said that's what I'm saying.

Councilmember Tolmachoff said -- unless I say anything.

Chair Stipp said correct. Because that's the only way we're going to get through this. If we stick with the formality of it, we're going to be here all day.

Councilmember Tolmachoff said yes. I'll make sure you stop if I need you to.

Chair Stipp said okay. Councilmember Heredia, you on board with that too? Okay.

Mr. Rosenberg said the next one is the RailPod. Item number 39.

Councilmember Arredondo-Savage said I guess, my question's going to be kind of generic and it's going to be with all of these and I apologize because my notes are over on this form that you guys sent which gave a little bit -- which I liked so I'm going to just kind of go back and forth. Can you kind of share a little bit, I mean, obviously, these things like the Ground Maintenance Coordinator. We're doing that now. Obviously, we're getting it done and we're trying to fill a gap with the one FTE, with a new FTE Ground Maintenance Coordinator. I guess, can you tell me kind of like is it just because we're increasing the footprint or what is our expectations? What is the outcome that we're trying to get with that?

And then if I go back and look at the one before that that 24-hour maintenance of way is required and you were talking about the supervisors are doing it now, but further reducing the time available for overseeing work. I guess, what I want to know is what's that domino effect in regard to adding this position? What can I expect to see if I'm eliminating some responsibilities from another position and their ability to do things that they weren't able to do before? Are they lacking in completion of whatever it may be that their job responsibilities are? It's just pretty vague so it would be really good to just kind of understand especially, I think, when we were talking about a new position, that domino effect it's going to have throughout the organization.

Mr. Rosenberg said so would you like me to start back with the Maintenance of Way Planner and Supervisor and kind of give you a brief description on that one? So the maintenance of way supervisor really what that's strictly allowing us to do is to provide coverage, supervision coverage 24/7. We have five positions that's six positions allow us to provide that around the clock coverage 7 days a week. So that's what that position really allows us to do. Currently, we just don't have supervisor, we're not able to provide supervision 24/7 for that group of employees.

Vice Mayor Pastor said so for me, that's a safety issue.

Mr. Rosenberg said it's, absolutely, a safety issue.

Vice Mayor Pastor said because I'm dealing with it at the City so that's why I'm saying it's a safety issue. It's also probably the graveyard shift where there's no supervision and -- but that's what I'm hearing.

Mr. Abraham said yes, Vice Mayor. That's a safety issue. It's a performance issue and it's also, we have a responsibility to be out in the field auditing the work that our employees are doing. We have a safety recommendation to be doing safety inspections to ensure that our employees are working safely, wearing their hats, wearing their shoes so that -- by having just five of them when you're working 24/7, you're always missing a shift. Then when people are on vacation or off sick, you're missing double shifts so it's a combination of performance, keeping the system in the state of good repair, safety.

Vice Mayor Pastor said okay. Understood.

Mr. Abraham said thank you.

Mr. Rosenberg said okay. Thank you. The next position was the Ground Maintenance Coordinator so this is a new position. Currently, we handle this sort of oversight is done by either the facilities manager or one of the facilities technicians the best we can. As the system has grown, we -- we think this is the correct time to add a sole position to be monitoring this contract and making sure the facilities or all the grounds maintenance is being taken care of. So on this one, we think more oversight is needed to manage the contract. This includes us doing more audits, work prioritization for the contractor. We also want to be out there ahead and identifying issues and ensuring they're getting repaired. So this work is, currently, being done, we just do not have a dedicated person doing it.

Councilmember Arredondo-Savage said and maybe it's not just for this, I guess, maybe it would be good to kind of know, like, are we getting complaints. Is there a lot of concerns from the public in regard to the way the ground are looking? And we're not able to, obviously, there's some accountability issues in when it comes to the contract, right?

Mr. Hillyard said correct.

Councilmember Arredondo-Savage said I just think it's really good that have that background information because what we kind of see here is just kind of generic and it's just kind of really, for me, helpful to understand where we're falling short. Not necessarily with having that oversight, but actually, the product that we're expecting to see if not to the quality that we would like.

Mr. Rosenberg said yeah. So what we've notice especially for the Grounds Maintenance Coordinator is internal audits we've done when we've been able to break free with a supervisor or a manager, it's not up to our standards. It hasn't risen to the level from the public yet. We don't want it to get there.

Councilmember Arredondo-Savage said okay.

Vice Mayor Pastor said I'm just going to make a suggestion and I know we're keeping this long. I know you want to move, but my suggestion is for the future is that you tell us what the standard is and the metrics of where we're not meeting the standards so that we can see the data in order to back up the decision. I think that's very important. So --

Councilmember Arredondo-Savage said and I agree.

Chair Stipp said no, you're absolutely right. And I think that this is not just about these topics, but I think as we've changed this format, there's a lot of metrics that are missing in most of the justifications so I think seeing that would be very helpful for us and that might help as you're -- we're building this thing as we're flying it so. Thanks for taking notes on that.

Mr. Rosenberg said thank you.

Chair Stipp said okay. So RailPod is a software.

Mr. Rosenberg said RailPod is software.

Chair Stipp said any questions on that? So we'll just go to the next one.

Mr. Rosenberg said the next one is Admin Support for new Operations Deputy Directors, item number 19.

Mr. Abraham said thank you. Mr. Chair, members of the AFS. This is Ray Abraham, Chief Operations Officer for Valley Metro. We're putting in this request, as you know, several months back, well, about a year back now, due to the complexity of our system, the aging of our system, the growth of our system, we realized that we had to create the two deputy director positions in order to maintain and operate our system in the state of good repair, so we have one that.

So we have appointed two positions: Deputy Director of Transportation, Deputy Director of Maintenance. Both of those jobs are extremely complex. They are field jobs. They're working out of several different locations. It's just imperative that they and their staff have strong administrative support.

So this position, just so we're clear, it is not a 1-to-1 administrative assistance, it would be an administrative assistant to support the entire maintenance team. It would be an administrative assistant to support the entire transportation team so it would be the deputy director, their managers, and their staff. Our deputy directors are pulled in 20 directions. They are project managers. They are shop managers so to have a central hub to have somewhere where they can -- where their staffs and they could connect to manage their day-to-day calendars, their scheduling, their -- help them set up meetings, help them have meetings, help them develop agendas, procedurals that they're just pulled in so many directions and right now, it's not a good use of their time to be, you know, copy and agendas for a meeting, returning 20 phone calls when you really only had to return one. It's just a lot of -- it's taking a lot of their time making them less effective and efficient as they can be if they had the administrative support that they need. And as I said, plus the managers. The managers, today, don't really have administrative support either. They're flying on their own. So we think it's really prudent as we continue to grow and we have an aging system, obviously, but it's a privilege that we're able to grow. We're not just maintaining an aging system. We have the opportunity to continue to grow this system and to provide the service that we provided all along for our citizens, we want to make sure that we can continue to do that and keep our citizens safe.

Councilmember Arredondo-Savage said I've got a quick question.

Mr. Abraham said sure.

Councilmember Arredondo-Savage said Ray, thank you. I appreciate it and I, sorry, I'm going to ask this question, but we did ask some questions earlier, unfortunately, we just got the answers like around 11:15 so I haven't had a chance to kind of go through those so I'm probably, maybe --

Mr. Abraham said okay.

Councilmember Arredondo-Savage said -- following up here, but I know that we created these positions in FY2021. Was the intent in 2021 to, actually, also -- when you talk about the deputy directors, right? I know we did that in 2021.

Mr. Abraham said correct.

Councilmember Arredondo-Savage said but was it always part of the recommendation to do administrative support? Just because it's really unusual for me to see this. Like our directors and our managers within the city hall, they definitely do not have administrative staff. A lot of them are doing their own scheduling and taking care of that so this is unusual and this was an item that I had asked a question on a couple days ago.

Mr. Abraham said I understand.

Councilmember Arredondo-Savage said so, you know, my thought process was okay, well, was it always intended to have support staff back in 2021? First.

Mr. Abraham said it was considered, but as I normally do with all of my jobs, I wait and see and see how we function with or without it.

Councilmember Arredondo-Savage said uhm-hum.

Mr. Abraham said there are folks out at the OMC that do other clerical -- well, we call them administrative assistants, but they're really not. They're data input, they're maintenance clerks, they're maintenance buyers, they're -- so they're not really administrative assistants. They all have jobs to do. As you'll see I'll be offering another position here. With this new Enterprise Asset Management system that we're transitioning to, it's a much more comprehensive system and it's a great system, but it takes a lot of time and effort.

Councilmember Arredondo-Savage said right.

Mr. Abraham said it takes a lot of work. The new ERP system that we are just now merging into takes an awful lot of time so this group that's out there they're inundated with purchasing, receiving, purchase orders. They just don't really have the time to give the two departments within operations the administrative support. And as I said earlier, it's not a one-to-one. We don't do that at Valley Metro. None of us have a one-to-one admin assistant. This executive assistant -- administrative assistant, I'm sorry, would be supporting, example for Rob, it would be supporting Rob, his superintendent of MOE, maintenance of way manager, maintenance of facility manager so it would be providing administrative support for several people not just one.

Councilmember Arredondo-Savage said got it. Okay. So it's, actually, two though. You're, actually, adding two admin assistants.

Mr. Abraham said two deputies, the other deputy today is Dan and Dan is an example.

He works out of five locations. He works out of Tempe, Mesa, the OMC, Total Ride. He's downtown a lot so, again, to have a central hub and to support his manager. We have a manager of rail operations, manager of the bus operations.

Councilmember Arredondo-Savage said got it. Well, I appreciate your explanation because the way it's written it, basically, says by adding the two FTE administrative assistant, two positions and their associated equipment to support the two deputy directors.

Mr. Abraham said okay.

Councilmember Arredondo-Savage said so what I'm reading and what you're saying --

Mr. Abraham said so it should be to support the staff, the deputy director departments.

Councilmember Arredondo-Savage said uhm -- hum. Right. Yeah.

Mr. Abraham said okay. That -- that --

Councilmember Arredondo-Savage said that's why that one kind of a red flag for me.

Mr. Abraham said well, we understand that.

Councilmember Arredondo-Savage said -- just a little bit.

Mr. Abraham said nope. I understand.

Councilmember Arredondo-Savage said got you. Thank you.

Vice Mayor Pastor said so my understanding is these two administrative support staff was -- it will be supporting the division and will be supporting all -- everybody in the division not just the deputy directors. That's what I'm hearing.

Mr. Abraham said that's correct. That's exactly correct.

Vice Mayor Pastor said okay. So yeah.

Mr. Abraham said it'll be supporting their managers, assistant managers, the entire team.

Vice Mayor Pastor said yeah. Okay. Got it.

Chair Stipp said if I can just throw -- throw in on this as well. If you -- if you look at the org chart, the org chart tells the whole picture of what's going on in your division from an admin support perspective.

Mr. Abraham said uhm-hum.

Chair Stipp said there are none. So –

Mr. Abraham said thank you, Mr. Stipp.

Chair Stipp said so I think if -- if you -- in the write up that kind of information to what the Vice Mayor was talking about, what are we really using and going through? It makes these positions a lot clearer and then it makes it easier for us to say, yeah, we're going to, you know, we're always tentative to add bodies, but in this case, it's -- the org chart -- a picture's worth a thousand words right there so.

Mr. Abraham said okay.

Chair Stipp said I think that's good advice to hear going forward.

Mr. Abraham said thank you. And we're always hesitant to add bodies as well. We really try to do our best with what we have until we get to a point where we feel we have to come to you and say, it's not working anymore so. We appreciate the support.

I'm sorry I can't see the --

Mr. Rosenberg said the next one is item 38. It's the Facilities Maintenance Technician.

Mr. Abraham said oh, okay.

Mr. Rosenberg said and this is one FTE. Currently, we've added about 33% to our Operations and Maintenance Center. That is a significant amount of equipment, so this position works with our contractors ensuring we keep the items repaired. That's kind of a two second overview and I'm happy to take any questions on it.

Councilmember Tolmachoff said what's the number for this one? I'm sorry.

Mr. Rosenberg said the number is 38.

Councilmember Tolmachoff said thank you.

Mr. Rosenberg said the next item is the EAM System Admin, number 20.

Mr. Abraham said that is me. Thank you, again. As I said earlier, we are transitioning into a new Enterprise Asset Management system. I'm sure you all are aware that the Enterprise Asset Management system is, basically, the foundation of our Transit Asset Management Program which is mandated by the federal government.

Today, we have a staff of three folks that manage our Transit Asset Management Program as well as administer our Enterprise Asset Management Program. The new system that we're putting in is very comprehensive, much more comprehensive than the one we have today, but more than that we are now going to be tracking all of our bus assets, all of our van pool, as you know, some of you know anyway, that we are buying our own van pool or paratransit, I'm sorry, paratransit vehicles so they become our assets, now, that we have to track and the van pool we'll be tracking. Plus, as Rob said, our OMC has expanded. We added thousands of feet of track. Tempe Streetcar is now in the mix. That's another separate standalone item that we have to incorporate into this Enterprise Asset Management system.

So what we're asking for is another person to support this -- this Transit Asset Management program.

Chair Stipp said is this a -- is this a -- this sounds like an IT-type person?

Mr. Abraham said not an IT-type person. It's more of a -- they sort of over -- they don't administer the backend of the system. They're, basically, they help the end users of the system, they support the end users. They support the managers, the supervisors, the clerks that have to input this data, track this data.

Mr. Rosenberg said yeah. It's more analyzing the data. It's the -- this EAM --

Mr. Abraham said creating reports --

Mr. Rosenberg said this position will help create reports, ensure that the equipment is put into the EAM system correctly and ensure we can pull out the type of reports that we need to be federally compliant so. This position is doing much more analysis than really IT type work.

Chair Stipp said the reason that I asked is when we call someone a system administrator, it's, generally, that's an IT function.

Mr. Abraham said you're right. That sort of sounds like that, Mr. Stipp.

Chair Stipp said yeah.

Mr. Hillyard said and, Ray, I'd just say, because this is a cloud product -- if this -- yeah. If this was an (indiscernible) product it would be more of an IT-type position, but because both Trapeze and Oracle are cloud products, it's really more of like a super-user than it is somebody working on the back because the back is in a data center, heaven knows where.

Chair Stipp said okay.

Councilmember Tolmachoff said Mr. Chair, this is Lauren. Can I ask just a general question?

Chair Stipp said yeah. Jump in.

Councilmember Tolmachoff said thank you. Do we have total number of FTEs additional FTES, budget-wide that are being requested?

Mr. Hillyard said yes. Yes, we do. The answer is 11. Looking for Tyler. Okay. Yup. Okay. 11. And then, I guess, I'll just say you're going to basically hear of almost all of them now because of those eleven, nine are operations positions. And then there's -- or indirect support of operations positions and then there are just two that aren't and you'll hear about those at the very end. One is the additional auditor to help Sebrina do IT audits and the other one is converting an IT contractor from a contractor to an FTE so we can save some money on that position. But basically, you're going to hear about all -- all nine of the eleven here, either already heard from or you will in a moment.

Councilmember Tolmachoff said okay. And then so these are -- these numbers you're showing us are fully loaded including the incentives that briefed us on during your CFO report? Signing bonus and things like that?

Mr. Hillyard said they are fully loaded in the sense that they have all of their benefits and their, you know, office set up and all of that. We counted the cost of, for example, the COLA in the COLA issue not in this issue so it's in the budget, we just broke that out as part of the COLA issue because you could possibly say no to the COLA. We wouldn't want to have to go back and modify each and every little position we were adding to change that.

Councilmember Tolmachoff said okay. But it's -- but it's -- it's considered, basically, at like -- you were talking about a $2,000 signing bonus. I'm just curious if that's built into these numbers that you're showing us.

Mr. Hillyard said it's not. It's built into the -- into the sort of signing bonus budget issue so we kept the bonus in the bonus issue and the people in the people issue and we didn't combine them.

Councilmember Tolmachoff said okay. Okay. So the additional FTEs are included in that number?

Mr. Hillyard said that's correct, yeah. They're all in the budget one place or another. We just tried to separate them so that if you said yes to one and no to the other it was a clean cut.

Councilmember Tolmachoff said okay. All right. I just wanted to make sure I understood. Thank you.

Mr. Hillyard said yeah. Rob, I think one you missed was non-revenue vehicles.

Mr. Abraham said that's the one and I will take that. Okay. So number 42, we are asking for three non-revenue fleet vehicles. As you see in the explanation, one of them we -- and I'm going to bring clarity to this. We hope one of them will be enough to support the Tempe Streetcar for operators. This other one, the second one, will be to support a supervisor for the Tempe Streetcar alignment. As you know, we provide mobile supervision. Our transportation contractor provides mobile supervision along the alignment throughout the day, throughout the operating day so we need a supervisor dedicated to the streetcar alignment.

And the third one is to support our Customer Experience Coordinator program. Since we've added a few Customer Experience Coordinators last year, in order for us to have good efficient shifts and overlapping shift, they all need -- different times of the day they need a vehicle to get them to the alignment. Unfortunately, our alignment doesn't connect to our -- our OMC so all of our operators and relief jobs all have to have vehicles, non-revenue vehicles to take them to and from the relief points.

Chair Stipp said how have we been managing it so far?

Mr. Abraham said well, we haven't started Tempe Streetcar yet so that's -- and the CECs, right now, what they're doing is using one of our few pool vehicles that we have at the OMC. And, again, the pool vehicles at the OMC are needed because if -- we have no connection to transit so if anybody, any employee, has to come down here for a meeting, they need a vehicle. Truth be told, a lot of my employees are driving their own vehicles to going out the Tempe testing and I have a pause with that. I'm always concerned about that something were to happen to them in their own vehicle during work then we're going to have a discussion. Is that a workman's compensation issue? So, you know, once again, you know I sound like a broken record, but we try to get by with minimal expenses as we can, but there comes a point where he have to add some.

Chair Stipp said so Councilmember Arredondo-Savage just -- no, I'm going to -- it's a good point because that's kind of where my brain's been going. So we've been -- as we bounce all over this chart, but just that is how -- that's what's going on in my mind, right now, is it's bouncing all over the place and I'm trying to find kind of a collective.

Like, what is the state just generically of all of our fleet, of all of our non-revenue fleet. You know, what does that look like? What does -- and maybe this is a rhetorical question, you know, as opposed to something specific, but we -- Valley Metro owns 40 non-revenue vehicles. They're dispersed in this way or whatever. How does that look?

So that -- because to be, I'm going to say, to be kind of frank I look at not just this stuff, but just the collective and say, we anticipated $187 million of PTF money, and we are bringing in 195 or whatever. I'm just probably making numbers up, but I may be close. We have to spend that. We have to spend the extra $12 million so now, have we created -- are we backing into a budget of well, let's find $12 million to spend? And I'm not saying that that's what happens so please, do not get upset about that. But if we're -- and if that's the case, I mean, we have -- we've collected money, you know, regionally, and we have an obligation to put that toward transit and it doesn't mean we have to choke ourselves to death in order, I mean, I'm not suggesting that either. But trying to understand the bigger picture kind of wholistically.

Right now, we're hearing all this operations stuff, well, are there -- are there a bunch of vehicles down in the parking garage here that get used, don't get used, are they pool vehicles? I mean, I don't understand -- I don't know so I don't know what I don't know and so, I'm trying to -- putting this all together into a bigger picture.

Mr. Abraham said bigger picture.

Chair Stipp said because the need sounds real and we would never -- in my city if they came to us and said, hey, I've got a need for five more pool vehicles. I'd go, yeah, okay, sure. It wouldn't be a question.

Mr. Abraham said wouldn't be a question.

Chair Stipp said because I understand the bigger -- I have a handle on that. I don't have a handle on it here, so I think just kind of rhetorical and I know Councilmember Tolmachoff has to leave so I'm going to ask anyone who wants to answer that to pause and I'm going to go to her because she is on a tight timeline.

Mr. Abraham said sure.

Councilmember Tolmachoff said yeah. I've got to get back down to my city budget meeting, but I did want to ask. I don't know and I think Mr. Minnaugh is in the room whether the -- the organization's liability is any higher whether somebody's in their own vehicle or in a -- in a, you know, in a Valley Metro vehicle while they are working? I believe that our liability's the same. That's my first question.

My second question is if somebody is using their own vehicle would it be more prudent and more fiscally responsible to offer vehicle allowances or reimbursements or things of that nature. Because just for example on the $36,000 if you had a $300 a month vehicle allowance that -- that -- 36 – it would take ten years to get to $36,000. So I'm just wondering if we're looking at, you know, alternatives for -- and the vehicle's not going to last ten years. So -- I mean, if we buy a whatever Chevy Traverse or whatever we buy, it's not going to last ten years so, I mean, I don't know whether we've even looked at doing that. I know we do a lot of that in the city. We do have pool vehicles, but we don't have a lot of them.

Mr. Abraham said it's a -- maybe I didn't clarify. These are not one-to-one vehicles either. The Tempe Streetcar operator relief vehicle that will be used probably by ten operators during the course of a day. It's back and forth so it's not like, you know, someone's going to have this vehicle and if we gave them a vehicle allowance -- it would be ten people driving their cars somewhere to Tempe and then having another person drive their car back. So not really --

Councilmember Tolmachoff said how could ten people efficiently use one vehicle in a day?

Mr. Abraham said pardon me.

Councilmember Tolmachoff said I don't even -- I can't even wrap my mind around that. Like for 15, 20 minutes at a time.

Mr. Abraham said yes. When the streetcars, once we go into service, when the streetcars pull out of the yard, there will be four streetcars that will go to Tempe. Somewhere during the course of that morning after an eight- or nine-hour shift, there will be three additional operators that at some point in time have to get in a automobile and drive to Tempe to make that relief and the operator who's finishing their work day has to drive back to the OMC. And that happens all day long from 5 o'clock in the morning until midnight. And that's what we do on even our alignments so that's why when you see a lot of pool vehicles or you see a lot of non-revenue vehicles, five or six of them are just set aside for the operators to make their reliefs throughout a workday, 7 days a week.

The supervisor vehicle for Tempe Streetcar same thing. It's not one super -- it's one supervisor per shift, but two and three shifts. So person will have this vehicle to -- to work in the Tempe Streetcar area that they're supposed to be driving around seeing what's going on, supervising operators, but they're in a vehicle. They're in what we call a non-revenue vehicle.

And the third vehicle, again, the request is, again, it's not one person, it's -- we have three different Customer Experience Coordinator shifts and they all overlap. So two or three come in in the morning, take a vehicle out to the alignment, report to work. Someone -- two come in mid-day before this other group's back, take a vehicle, report out 38th Street to work. Again, we don't have the luxury of our employees being able to take a train or a bus to go report to work. They have no other way of getting to our alignment but to have a non-revenue vehicle to transport them.

Councilmember Tolmachoff said all right. I mean, I guess --

Mr. Abraham said I hope I explained it --

Councilmember Tolmachoff said -- that makes sense, but we also know -- we know what the distance is too we could just build in a, you know, whatever the mileage is, I mean, if they're going back and forth to the same two points a day you could say whatever it comes to a month and pay them for that too. And so they could just use their own vehicle to go back and forth instead of -- seems -- it just seems very complicated to be having that many people use one vehicle where you've got, you know, keys and, you know -- and I don't even know about the liability of, you know -- I mean, the other thing that struck me was that you said that we would have way more liability if they use their own vehicle rather than a Valley Metro vehicle.

So I just want to make sure we're looking at all options because, you know, there's literally, I mean, like you said, non-revenue, I mean, these vehicle -- they just -- they cost money. They cost money to own and operate and maintain and, you know, vehicles are getting more and more expensive, and vehicles are getting harder and harder to get. I mean, you're not -- you can't even walk on a lot and buy hardly a vehicle anymore so.

Mr. Hillyard said Chair Stipp, we'd be happy to provide you with a list of our non-revenue vehicles and their mileages. I'll just mention real quickly. The base cuts that we incorporated in this budget to start with reduced our non-revenue vehicle replacements by 78% so we could have, frankly, just funded these out of those and not told you about it, but we wanted to be transparent so we made the cut and now, we're adding them back because we wanted to make sure that you were clear on what we were doing.

Chair Stipp said well, yeah, and I think it's -- I think it's important for us to remember that non-revenue -- non-revenue vehicles were things that we've cut out the last couple of years. You know, it feels as though this is reactionary or catch up and it is. You know, I think if we look back over 2020, 2021, these were things that we did not fund. We did not fund capital so now; we're going to be two or three vehicles behind as we try to catch up so. And the other thing just to kind of remind, you know, just caution us all to remember that, you know, we've been given -- I don't know. What was the total number? 50, 48, 44?

Mr. Hillyard said 43, I think.

Chair Stipp said 43 was the total number of things to look at. We can probably go through and find fault with all 43 of them. And some of them are very easily justified so I think we have to remember to kind of keep our perspective in the right place as we move forward in what's happened. We've asked -- we've done budget reductions over the last couple years just through pandemic response and now, we're coming into our first year without the federal money, without, you know we're going to have to go back, we're going to have start catching up on the things we've held back on because we had a very uncertain time over the last couple years. And I think we need to be a little bit more open to that so thanks for letting me get on that soapbox. I'll give it to the Vice Mayor who's probably going to kick me off of it.

Vice Mayor Pastor said you're trying to tell us to be mindful of this.

Chair Stipp said just saying.

Vice Mayor Pastor said I think we are.

Chair Stipp said just saying.

Vice Mayor Pastor said my -- my -- my recommendation would be to start to look at the possibility of reimbursement or I don't even know what you call it.

Chair Stipp said miles reimbursement.

Vice Mayor Pastor said miles reimbursement and see what the liability is. I understand also because I'm in the world of the wear and tear of my vehicle and the dynamics of that, but if -- clearly, understanding all the different shifts and having that -- having the vehicle and being able to stop the line and -- and blocking it and everything else that happens, I just -- just for -- you can lay everything -- for me, it's about laying everything, all the different options and then allowing the Board then to be able to say, we'll do a combo of this. Let's test this out.

Mr. Abraham said totally understand.

Vice Mayor Pastor said totally understand the whole --

Mr. Abraham said just so we're clear, these vehicles we're talking about today. We call them non-revenue vehicles. They are not pool vehicles where they just sit in the garage and wait for Jim or Hillary to have to go somewhere. These vehicles for me to do mileage reimbursement it would be you take your car to Tempe, and you give it to Bill and Bill takes your car back to the OMC.

Vice Mayor Pastor said yeah. I don't think that's -- that's -- that's what --

Mr. Abraham said that's not going to work, right?

Vice Mayor Pastor said yeah. I -- I understand that --

Mr. Abraham said yeah --

Vice Mayor Pastor said -- piece of how the vehicle is being used. I look at it very much as a police car.

Mr. Abraham said yeah.

Vice Mayor Pastor said there are different shifts -Mr. Abraham said yes.

Vice Mayor Pastor said -- that are using the police car throughout the day.

Mr. Abraham said the same car.

Vice Mayor Pastor said -- but I also understand that they could use their vehicle. It all depends on what they're doing with the -- the truck. And so, we probably for recommendation purposes, probably need to -- for those that do not understand all the dynamics of rail be able then to show me, I'm a visual person, and if you can show me this is what's happening. This is why we need what we need. It's much easier than, I guess, I'm agreeing with it, but what I'm saying is much easier to get through (indiscernible)

Mr. Abraham said I understand. Thank you.

Vice Mayor Pastor said and it's –

Ms. Mefford-Miller said Chair, if I may.

Chair Stipp said yeah. I'm going to.

Ms. Mefford-Miller said so the way reliefs are usually undertaken, ideally, it's on the revenue system. If we were able to pull in and out of the yard which we're not, but among the costs that are going to go into it, it would be the mileage, but would be the personnel time as well because the staff has to report to the yard. There's usually some kind of a fit for duty where a supervisor is getting eyes on the operator before they begin their service in the field. And so, that's just something to know though. It's going to be the mileage, but it's going to be the staff time.

Chair Stipp said so I think an observation I want to make before we go any farther because that is -- it seems as though we're missing context for a lot of this. That, you know, we're having these follow-up conversation, now, about hey, we didn't replace cars for the last two years or we didn't -- and despite all of these things, none of that information is in there so it -- I'm wondering if there's not -- if there's not an opportunity to provide some context or package this more tighter so that we aren't so that we're not going to go through each 43 items because I think that it's just going to be excruciating for the staff and -- and I know that, you know, like I said, Councilmember Tolmachoff has to drop off here. The Vice Mayor has a meeting at 2 and

Councilmember Arredondo-Savage I have one at 3. So I'm wondering how do we -- how do we bridge that? Because I don't want to do this, again, next month. And I don't think anybody else does either.

So how do we provide some of that that gets through some of these things, you know, just for an example and I'm looking at Hillary. I'm going to pick on Hillary for a minute. There's at least $340,000 of marketing-type stuff in this budget and they are in multiple different areas that one -- one synopsis of all of that all rolled together how they're interconnected or how they're separated would be very -- would be very helpful.

Because I don't want to talk about $150,000 for Super Bowl event plus another $344 or 50 for this and 100 for that and 70 for this and 120 for that. That conversation then is going to take forever so how do we -- how do we put that into a summary piece that we can digest that and understand it with some context. With this is what happened the, you know, use the Super Bowl, it's a great example. We did this a few years ago. What revenue did we get the last time? What kind of expenditure did we do? Is there an offset? How does that factor into that? None of that is in any of this information and I know that it exists. Or let me say this, it has to exist, otherwise, we have failed miserably.

So how do we do that and help provide context for us? Because if we're having this kind of question, if you open this up to the Board this way, it is going to be bedlam. And I think that's one of the things you're looking for is a takeaway from this meeting as well is what can we do to keep this from turning into a bigger circus than it is today.

Mr. Hillyard said for sure. Yeah. And, you know, certainly, our intent in providing you with, I don't know, 35 pages of background material was to give you a lot more than you've had in the past.

Chair Stipp said right.

Mr. Hillyard said clearly, as you peel onions, there's a layer and a layer and a layer. And so, we're happy to try to continue to improve on that. I'll just admit that some of the questions I've heard today I simply wouldn't have anticipated. I mean, quite honestly, it's just not practical to use personal vehicles for these kinds of shift relief so it never would have occurred to us to talk about, you know, mileage reimbursements for that because it's not logistically practical. So -- so we will -- Hillary, I think can probably touch on some of her issues fairly quickly. For the Board, we can consolidate those into a single issue if you think that would be help create less confusion not more. And we also can just, like, the questions you're asking are helping us understand how we can continue to build this out. So we'll, absolutely, continue to add to the document as we go to try to add more context and therefore, prevent the Board from having to dig in in the way that you guys are.

So, Hillary, maybe if you can take yours just --

Chair Stipp said wait. Before Hillary jumps in, let's kind of talk about this context for just a second. Okay.

Councilmember Arredondo-Savage said I just want to -- and (indiscernible) appreciate this and I know this has been an evolution so I, certainly, do appreciate it compared with when I first got on this board, we've come a long way so I'm grateful for that. And I will tell you I know probably for us when we do our city budget's it's so much more detail and so much information and I think, you know, Mr. Stipp mentioned it in regards to, you know, we're kind of in the weeds there in here sometimes, we don't have that ability. We just we don't live and breathe it quite as much, so we are kind of clamoring and I feel like this body is the one that is really supposed to be doing the deep dives and we're supposed to be asking these really hard questions, but it's hard when it's not in context.

So, like, my context was -- so, Ray, not to pick on you, but number 19. I had asked the question. I sent it Tuesday afternoon and I didn't get the answer until 11:15 today so things like that aren't very helpful for me to be able to not really understand what's going on, but if you could have put that into context and say, hey, look, right now, we have seven administrative assistants. I think in your department, if I counted right if I look at where we're at, and this is going to go to nine and this is what our expectations are and what that outcome is going to be. What goal are we trying to achieve with these new positions because I think, you know, for me, when I think about creating new positions, I want to feel one hundred percent confident that they are justified, first and foremost.

I know a lot of these items are probably going to have to happen because we need it, we're filling a gap, there's things that are happening, but I don't read that in here. I don't read any of that in here. And so, it's like you're just giving us enough information for it to be dangerous so for us to kind of just start thinking a little bit more and not really kind of understanding it. And I would really like to see and one of the things that I didn't notice was this seems very reactive and not like proactive. I wouldn't -- you know, I'm thinking -- and maybe it is and I'm just not interpreting that way. It would be really great to get that clarity and to really understand, you know, this is proactive, something that we've been thinking about, something that we've been wanting to do or are we filling a gap or filling concerns and making changes internally.

So for me, Chair, that's what I would expect is to just be able to really understand and to be able to put these individual items into a little bit better context, if that's helpful at all.

Chair Stipp said no, it is. Okay. We've lost Councilmember Tolmachoff.

Councilmember Heredia, did you have anything you wanted to add to this conversation?

Councilmember Heredia said no, I think, maybe with context, I think, will provide us, I think, more guidance so that it's not -- doesn't take too long, I think, but, you know appreciate the information from staff. I think it is a work in progress, but I think if we can gravitate to kind of the more pressing items and the items that are -- that folks want to highlight, I think that could -- as we move forward with this budget conversation over the next couple -- couple weeks and months so.

Chair Stipp said no, that's good feedback as well. I think maybe just based on time we may shift today to just questions that we have rather than --

Mr. Hillyard said sure.

Chair Stipp said individual things.

Mr. Hillyard said absolutely.

Chair Stipp said and then kind of collectively retool, think about how we want to go forward. The mind of the elected official is mysterious so –

Councilmember Arredondo-Savage said it's not.

Chair Stipp said this is what I do for a living. I know it is. Councilmember Heredia, I'm going to ask you if you had any specific questions about any of the budget items that -- that you wanted to call out, specifically? Since you've got your camera on and you're here.

Councilmember Heredia said not necessarily at this point. I think I can ask -- there's some questions on the contingency pieces, but that I can ask staff and as we run the total of the questions being asked, I think we can get the answer there, but.

Chair Stipp said okay. Great. Thank you. And then Councilmember Arredondo, I'm just going to go with you and let you fire off.

Councilmember Arredondo-Savage said no, that's fine. I would agree. Yeah. My biggest thought was just really to get the clarity and the justification for the new FTEs and what to expect with those. And also, like Frankie mentioned in regard to that contingency. I feel like that might also create some red flags for me.

Chair Stipp said no specifics if you've got it.

Vice Mayor Pastor said can I make a suggestion?

Chair Stipp said yes, ma'am.

Vice Mayor Pastor said why don't we -- any type of questions or everything we have like you had stated earlier, why don't we just submit everything and then staff could them review it, (inaudible), send it back out to us. If we continue to have more questions, then we -- we continue to submit until we get the questions answered.

Chair Stipp said how does that work procedurally for you guys? Is that?

Mr. Hillyard said certainly, we can -- we can -- we'd be happy to intake questions from anybody any time. We would then use them both to respond individually. We'd put them on our question log and then to the degree we needed to update our documents we'd do that. And then, I guess, we would just ask folks prior to the Board meeting, please go get the latest document since we'll continue to add the context to the document as it goes.

Chair Stipp said okay. I do want to finish with kind of general context from everybody, so you guys have a bigger picture.

Mr. Hillyard said please, please.

Chair Stipp said because I've, obviously, exposed my question the marketing stuff so we'll want to go through that, but did you have any general concern that you wanted to raise before we get -- before you submit your --

Vice Mayor Pastor said well, I'm going to ask my questions for 4, 16, 23 so far and some of the marketing stuff, but I'll send that. I think I have a general sense of what -- of what they are, but I'm just going to -- as Councilwoman Savage says, at the council, we have detailed reports and then from there, we go and ask those departments specific questions and we get briefed often. And so, that's probably why we're -- we're asking the 21 questions because this is our first time. I know out staff was in a meeting yesterday. They tried to brief me, but it's all in the timing and how we get there to be prepared for today. But that's, usually, in our world what happens so that's probably why we're struggling.

Mr. Hillyard said and, Vice Mayor, if it would help, you know, I -- we've tried to avoid the game of telephone today through (indiscernible)

Vice Mayor Pastor said right. Right.

Mr. Hillyard said -- sometimes that can happen with staff as well so if you've got questions and we'd like to do a briefing we can do like a Zoom call briefing that wouldn't encumber your schedule and go over your questions individually any time you like and we'd be happy to do that for any member of the Board.

Chair Stipp said okay. All right. So large overview, I think a consolidated picture on all of the -- I'm going to generically call everything marketing. So whether it's the driver/pedestrian safety thing or it's the ridership recovery, to me that's all marketing. So how do all of those things interrelate to one another. How are they different or how are they not the same? And include with that the Super Bowl funding particularly what was the revenue? Where did we come back from that? I know many of our cities have each contributed to the Super Bowl event and nowhere near that dollar amount, so I think that's an important piece.

The other -- the other area is some of the security items that were mentioned kind of a -- there's multiples of those, kind of encapsulate that into one -- one conversation. There's a request for the bus security coordinator. It says, proposing one person to act as a dedicated point of contact, but if you look at the org chart, there is a bus person so how does this additional staff and I think that gets to Councilmember Arredondo-Savage's point of can we just get kind of a justification for each of the positions by -- with each one and then the -- I think that was it from a collective perspective.

I do want to call out the Senior Internal Auditor position. The staff justification is staffing level has struggled to keep pace with the Board's demand for audit which I kind of take exception to, number one, because we always work on whatever the plan is, but, number two, I believe that that position is supposed to be dedicated for IT-related and not because of the Board's demands. So I think we need to have that clarified in a different.

Mr. Hillyard said certainly, didn't mean to cast aspersion. I think I wrote that and my understanding was that conversations between you and Sebrina, you guys were hoping to add resources to be able to cover more ground and that was what I was trying to imply not that the Board was making unreasonable demands, of course, that's not the case.

Chair Stipp said yeah.

Mr. Hillyard said so we'll clarify that.

Chair Stipp said yeah. So and that kind of brings us, I think, if we get this thing wrapped up in a tighter package -- all of the supporting material is here so that -- I don't think that's the question so, now, it's a matter of how do we put this together to the whole Board gets it I think is what you're hearing from us. Did I get that -- good summary on that?

Councilmember Arredondo-Savage said better context.

Chair Stipp said yeah. Better context. So with all of that, I'm going to look at Jessica, now, our new CEO and say, do you have strategies that we should be considering kind of going forward? We've been kind of directing this at Jim and the financial folks, but welcome to day 4.

Ms. Mefford-Miller said thank you. Yeah. I think we can move forward by, you know, I'm jumping in late in the game on this particular budget, but at this moment for the FY23 budget, I think what we can do is talk about strategies whether that's direct service operation or transit asset management and transit asset management in this conversation is everything from the software to the transit asset management person to the administration and supervision of our maintenance contracts and our maintenance staff. And then there is ridership generation and community outreach and under that umbrella in strategy, here are the things that we're doing and then the line items come below, but I think it's that big picture strategy, the where we're going, is -- perhaps if I'm hearing you that's where we could start.

Chair Stipp said yup.

Ms. Mefford-Miller said and then the finer points just support that.

Chair Stipp said I think that's a better summary than mine.

Councilmember Arredondo-Savage said no.

Chair Stipp said yeah. Believe it or not. But -- and then I think we should probably lower are -- so here's that Board -- what I think the Board's going to want to hear. I think we need to lower our expectations of what we're going to deliver to the Board in April. And maybe kind of soften this through maybe bigger chunks of words and less about monies as we go forward. You gave the recommendations and issues last month. I'm sure everyone's kind of digesting it so if we bring this together and here's some things where we're at any kind of questions going forward that this point or if you have questions, hey, send them to us here, we're going to put it all together blah, blah, blah.

And then we move through the April Board agenda with them having the understanding that anyone who's got questions are all going to be captured then they're all going to be shared. So that going into May is when you can expect Audit and Finance has had two swings at this ball and now, we're going to come back the Board in May with the expectation that we're going to approve it in June. That may give the Board reassurance going into April that we've got a plan going forward.

And I think that might -- I think that might help. I don't believe I've heard anyone have the expectation that they're going to have a very good high comprehension level of the budget going into April. I think that expectation comes in May. So just to kind of lay that what I think kind of piece so if I'm off base, one of these two will tell me, I'm sure, and then we'll go from there so.

I apologize for the length of this, but I think as we do anything new, we're going to stumble and fall, and the important thing is we pick up and carry on so. That's doesn't get the rest of the staff off the hook because you'll still have work to do, and it was great to see everybody here. I think the first time having everybody in the room was awesome so let's talk about something good. So that was all good. You guys are working hard to get this moving forward and I think we're excited about that as well so we'll improve it every moment as we go. So you're poised and then I'm going to move on to the next item on the agenda.

Vice Mayor Pastor said okay. Go to the next item.

Chair Stipp said you're the one with the 2:00 so.

Vice Mayor Pastor said I know.

Chair Stipp said any other final comments or anything, Jim, before?

Mr. Hillyard said no. Thank you for the feedback.

Chair Stipp said okay.

8. Intergovernmental Agreements, Contract Change Orders, Amendments and Awards

Chair Stipp said this is for information. As usual, if we've got questions, we should be contacting the staff this month's change orders seem to be pretty straight forward as we go -- we move forward on that.

This item was presented for information only.

9. Future Agenda Items

Chair Stipp said does -- besides what we've already talked about, does anybody have anything else? Seeing none.

I will not be here for the May meeting. Councilmember Arredondo-Savage is going to run it. She will chair the meeting for us. I will be back for the Board meeting in May and in June so with that.

Councilmember Arredondo-Savage said can I just really quick?

Chair Stipp said yes, please.

Councilmember Arredondo-Savage said I just want some clarity as we move forward with the budget and the questions that we have, who are we sending them to and who should we cc?

Mr. Hillyard said they can, certainly, go to me. They can also go to Alexis and if you would just cc the one you didn't to, we'll tag team up.

Councilmember Arredondo-Savage said and I'm just saying my experience –

Chair Stipp said let's just send them all to Jim.

Mr. Hillyard said that would be great.

Chair Stipp said because you've been part of all the conversations that we've had and everything else and I want to just make sure we reduce the number of phone lines.

Mr. Hillyard said that would be great.

Ms. Mefford-Miller said will you also include Pat? I want to make sure she's quarterbacking all of the Board communications so she can get it to staff and make sure we're on point. I -- so I can jump in this -- this stream as well.

Chair Stipp said got it.

Councilmember Arredondo-Savage said can do.

Vice Mayor Pastor said does she want to be on it?

Chair Stipp said speaking of that, we probably should as a Board get your email address -- Valley Metro email address –

Ms. Mefford-Miller said it just occurred to me I don't think you have that so I'm going to send out an email to all of you this afternoon.

Chair Stipp said your phone line, et cetera. Okay. Perfect. Yeah. I was thinking about that before.

Ms. Mefford-Miller said I just realized you don't have that.

Chair Stipp said so we're happy to send it to Pat, but we're going to cc Pat, but we're going to send the email to Jim.

Ms. Mefford-Miller said yeah. That's fine.

Chair Stipp said okay. Perfect. The next meeting of the Audit and Finance Subcommittee is scheduled for May 5, 2022, at 12:00 p.m.

The meeting is adjourned.

Without further discussion, the meeting was adjourned at 1:52 p.m.

Minutes

March 30, 2022 **AGENDA ITEM 5A**

Special Joint Boards of Directors
Thursday, March 17, 2022
Lake Powell Conference Room/Webex
101 N. 1st Avenue, 10th Floor
11:00 a.m.

RPTA Meeting Participants
Councilmember Francisco Heredia, City of Mesa **- Chair**
Vice Mayor Laura Pastor, City of Phoenix - **Vice Chair**
Councilmember Bill Stipp, City of Goodyear- **Treasurer**
Vice Mayor Veronica Malone, City of Avondale (phone)
Councilmember Jeanine Guy for Councilmember Clay Goodman, City of Buckeye (phone)
Mayor Kevin Hartke, City of Chandler
Mayor Alexis Hermosillo for Vice Mayor Monica Dorcey, City of El Mirage (phone)
Councilmember Lauren Tolmachoff, City of Glendale
Mayor Brigette Peterson, Town of Gilbert
Councilmember Lauren Tolmachoff, City of Glendale
Supervisor Jack Sellers, Maricopa County (phone)
Vice Mayor Jon Edwards, City of Peoria
Councilmember Jeff Brown, Town of Queen Creek (phone)
Councilmember Betty Janik, City of Scottsdale (phone)
Councilmember Chris Judd City of Surprise
Councilmember Robin Arredondo-Savage, City of Tempe
Mayor Rui Pereira, Town of Wickenburg (phone)
Mayor Michael LeVault, Town of Youngtown (phone)

Members Not Present
Councilmember Mike Scharnow, Town of Fountain Hills
Councilmember Aldofo Gamez, City of Tolleson

Valley Metro Rail Participants
Councilmember Francisco Heredia, City of Mesa - **Chair**
Councilmember Robin Arredondo-Savage, City of Tempe - **Vice Chair**
Vice Mayor Laura Pastor, City of Phoenix
Mayor Kevin Hartke, City of Chandler

Chair Heredia called the meeting to order at 11:02 a.m.

1. Executive Session

Chair Heredia said the first item on the agenda is to go into Executive Session. So request a motion and a second to enter into Executive Session.

IT WAS MOVED BY COUNCILMEMBER TOLMACHOFF, SECONDED BY VICE MAYOR PASTOR AND UNANIMOUSLY CARRIED TO ENTER INTO EXECUTIVE SESSION

The meeting adjourned into Executive Session at 11:04 a.m.
The regular meeting reconvened at 12:53 p.m.

Chair Heredia said thank you. I'd like to reconvene the special Joint Board meeting. Just want to thank all the members of the Board including the Ad-hoc Recruitment Committee to taking this road of this transition and hiring a new CEO. It's been a really good process I think overall for the agency. As we move forward, I really want to thank everybody involved in this process, so we'll move on to Item number 2 on the agenda.

2. Transition of Current CEO

Chair Heredia said I want to request a motion and a second.

COUNCILMEMBER ARREDONDO-SAVAGE: AS TO THE VALLEY METRO RAIL RECOMMENDATION AND MOTION, I WOULD LIKE TO MOVE TO AUTHORIZE GENERAL COUNSEL, MR. MINNAUGH, TO FINALIZE AN AGREEMENT WITH MR. SMITH THAT TRANSITIONS MR. SMITH'S CURRENT ROLE AS CEO TO SENIOR ADVISOR ON APRIL 3RD, 2022 UNTIL THE END OF HIS EMPLOYMENT AGREEMENT ON JUNE 30TH, 2022 AND PAY OUT OF HIS BENEFITS AND PTO UNTIL SEPTEMBER 30TH, 2022 IN ACCORDANCE WITH DIRECTION PROVIDED TO MR. MINNAUGH AND AUTHORIZE THE BOARD OF DIRECTORS TO EXECUTE THE AGREEMENT ON BEHALF OF THE VMR BOARD IN THE FORM APPROVED BY MR. MINNAUGH.

VICE MAYOR PASTOR: SECOND.

Chair Heredia said we will do a roll call of the VMR Board.

Ms. Dillon said:

City of Chandler, Mayor Kevin Hartke - yes
City of Mesa - Councilmember Francisco Heredia - yes
City of Phoenix - Vice Mayor Laura Pastor - yes
City of Tempe, Councilmember Robin Arredondo-Savage - yes

Ms. Dillon said Chair, the motion passes for the VMR Board.

Chair Heredia said perfect. Now, we're going to do the RPTA Board so request a motion from the RPTA Board.

COUNCILMEMBER ARREDONDO-SAVAGE: I WOULD LIKE TO MAKE A MOTION AS TO THE RPTA MOTION. I'D LIKE TO MOVE THAT WE AUTHORIZE GENERAL COUNSEL, MR. MINNAUGH, TO FINALIZE AN AGREEMENT WITH MR. SMITH THAT TRANSITIONS MR. SMITH'S CURRENT ROLE AS CEO TO SENIOR ADVISOR ON APRIL 3RD, 2022 UNTIL THE END OF HIS EMPLOYMENT AGREEMENT ON JUNE 30TH, 2022 AND PAY OUT OF BENEFITS AND PTO UNTIL SEPTEMBER 30TH, 2022 IN ACCORDANCE WITH DIRECTION PROVIDED TO MR. MINNAUGH AND AUTHORIZE THE BOARD OF DIRECTORS TO EXECUTE THE AGREEMENT ON BEHALF OF THE RPTA BOARD IN THE FORM APPROVED BY MR. MINNAUGH.

CHAIR HEREDIA: REQUEST A SECOND.

COUNCILMEMBER EDWARDS: I WILL SECOND THAT.

Chair Heredia said Pat, would you take a roll call. Or discussion. Discussion on the motion.

Councilmember Stipp said because we're in the public meeting, I think it's just formally to acknowledge Mr. Smith's work with Valley Metro over the last six years, yeah, six years, thanking him for just the tremendous amount of work at activity and the change in this organization and just our appreciation for everything and looking forward to the smooth transition into this next chapter of Valley Metro's life. So thank you, Mr. Smith.

Chair Heredia said any other comments? If not, we'll move on a roll call. Pat.

Ms. Dillon said:

City of Avondale, Vice Mayor Malone
City of Buckeye, Councilmember Jeanine Guy - yes
City of Chandler, Mayor Kevin Hartke - yes
City of El Mirage, Mayor Alexis Hermosillo - yes
Town of Fountain Hills, Councilmember Mike Scharnow -
Town of Gilbert, Mayor Bridgette Peterson - yes
City of Glendale, Councilmember Lauren Tolmachoff - aye
City of Goodyear, Councilmember Bill Stipp - yes
Maricopa County Supervisor, Jack Sellers - yes
City of Mesa, Councilmember Francisco Heredia - yes

City of Peoria, Councilmember John Edwards - yes
City of Phoenix, Vice Mayor Laura Pastor - yes
Town of Queen Creek, Vice Mayor Jeff Brown - yes
City of Scottsdale, Councilmember Betty Janik - yes
City of Surprise, Councilmember Chris Judd - yes
City of Tempe, Councilmember Robin Arredondo-Savage - yes
City of Tolleson, Councilmember Adolfo Gamez - yes
Town of Wickenburg, Mayor Rudy Parra -
Town of Youngtown, Mayor Michael LeVault - yes, ma'am.

Ms. Dillon said Chair, the motion passes unanimously.

Chair Heredia said perfect. Thank you, Pat.

3. New CEO Employment Agreement

Chair Heredia said we'll do the same thing. We'll ask the VMR Board for a motion and then a second.

Councilmember Arredondo-Savage said Chair Heredia, I'll make a motion.

COUNCILMEMBER ARREDONDO-SAVAGE: AS TO THE VALLEY METRO RAIL RECOMMENDATION AND MOTION, I'D MOVE TO AUTHORIZE GENERAL COUNSEL, MR. MINNAUGH, TO FINALIZE A CEO EMPLOYMENT AGREEMENT WITH JESSICA MEFFORD-MILLER TO SERVE AS VALLEY METRO'S NEXT CEO COMMENCING APRIL 4TH, 2022, FOR THREE YEARS WITH A TWO-YEAR OPTION IN ACCORDANCE WITH THE DIRECTION PROVIDED BY MR. MINNAUGH AND AUTHORIZE THE BOARD OF DIRECTORS TO EXECUTE THE EMPLOYMENT AGREEMENT ON BEHALF OF THE VALLEY METRO RAIL BOARD IN THE FORM APPROVED BY MR. MINNAUGH.

VICE MAYOR PASTOR: SECOND.

Chair Heredia said all right. Vice Mayor Pastor, second. Any discussion? Pat, roll call.

Ms. Dillon said VMR Board.

City of Chandler, Mayor Kevin Hartke - aye
City of Mesa - Councilmember Francisco Heredia - aye
City of Phoenix - Vice Mayor Laura Pastor - yes
City of Tempe, Councilmember Robin Arredondo-Savage - yes

Ms. Dillon said Chair, the motion passes for VMR.

Chair Heredia said thank you. Now, for the Joint RPTA Board. Ask a motion and a second.

COUNCILMEMBER ARREDONDO-SAVAGE: I'LL MAKE A MOTION CHAIR. AS TO THE RPTA MOTION, I'D LIKE TO MOVE TO ADOPT THE RECOMMENDATIONS AND MOTIONS MADE AND APPROVED BY VALLEY METRO RAIL BOARD TODAY CONCERNING THE ACCEPTANCE OF THE NEW CEO EMPLOYMENT AGREEMENT AND AUTHORIZE THE BOARD OF DIRECTORS TO EXECUTE THE EMPLOYMENT AGREEMENT ON BEHALF OF THE RPTA BOARD IN THE FORM APPROVED BY MR. MINNAUGH.

COUNCILMEMBER TOLMACHOFF SAID SECOND.

Chair Heredia said okay. Any discussion?

Councilmember Stipp said apparently, I have assumed the role of Miss Mary Sunshine. I don't know if Jessica's on the call or in the public session or not, but just want to reiterate the enthusiasm we have for Jessica coming on board and how much we are looking forward to supporting her and moving this organization to the quote/unquote next level as we embark on this new journey. Thank you.

Chair Heredia said thank you, Councilmember. Any other comments? If not, I will go to roll call, Pat.

Ms. Dillon said:

City of Avondale, Vice Mayor Veronica Malone -
City of Buckeye, Councilmember Jeanine Guy - aye
City of Chandler, Mayor Kevin Hartke - yes
City of El Mirage, Mayor Alexis Hermosillo - yes
Town of Fountain Hills, Councilmember Mike Scharnow -
Town of Gilbert, Mayor Bridgette Peterson - yes
City of Glendale, Councilmember Lauren Tolmachoff - yes
City of Goodyear, Councilmember Bill Stipp - aye
Maricopa County Supervisor, Jack Sellers - yes
City of Mesa, Councilmember Francisco Heredia - yes
City of Peoria, Councilmember John Edwards - yes
City of Phoenix, Vice Mayor Laura Pastor - yes
Town of Queen Creek, Vice Mayor Jeff Brown, I vote aye.
City of Scottsdale, Councilmember Betty Janik - yes
City of Surprise, Councilmember Chris Judd - aye
City of Tempe, Councilmember Robin Arredondo-Savage- yes.
City of Tolleson, Councilmember Adolfo Gamez - yes

Town of Wickenburg, Mayor Rudy Pereira –
Town Youngtown, Mayor Michael LeVault - yes.

Ms. Dillon said Chair, the motion passes unanimously.

Chair Heredia said great. Well, thank you everybody. Just bear with me. Before we adjourn just a couple words here. I know, you know, Scott. Thank you for everything that you've done. You've been a strong and steadfast leader here at Valley Metro. I know, you know, you've become a transit champion and a champion for this community so your efforts here in the last six years and, you know, as former Mesa Mayor, your work there has been a great, a great role and a great public service for our region and really commend on the work that you've done.

Like many people said, we're really excited of Jessica that she brings the talents that she has to the Valley and this organization. I think she offers extensive transit experience and a strong dedication to customer innovation and working collaboratively with our member agencies so really appreciate the process. Again, thank you, Scott, for everything and we'll adjourn with that.

Mr. Smith said Chair Heredia, if I could. Just thank you very much for those kind words and Councilmember Stipp also. I just want to make clear that I'm, you know, when you announce your retirement and you go like eight, nine months, you start getting edgy and I congratulate the Ad-hoc Committee and Greg Moser from Krauthamer for a great thing. I know Jessica. I've worked with her. You got a gem and I'm excited for her to get started. I want everybody to know, Valley Metro staff and everything, I'm very, very anxious for Jessica. This is a great transition and we're going to be in -- you're going to be in good hands.

So a lot good going on at Valley Metro, the staff is amazing staff and has worked hard to develop a great foundation upon which Jessica can work with them to build a higher thing so thank you very much.

Chair Heredia said thank you, Scott. Appreciate it. And with that, we adjourn the meeting. Thank you

With no further discussion the meeting adjourned at 1:06 p.m.

Minutes

April 14, 2022 **AGENDA ITEM 4A**

Joint Boards of Directors
Thursday, March 24, 2022
Lake Powell Conference Room/Webex
101 N. 1st Avenue, 10th Floor
11:15 a.m.

RPTA Meeting Participants
Councilmember Francisco Heredia, City of Mesa **- Chair**
Vice Mayor Laura Pastor, City of Phoenix - **Vice Chair**
Councilmember Bill Stipp, City of Goodyear- **Treasurer**
Councilmember Clay Goodman, City of Buckeye (phone)
Mayor Kevin Hartke, City of Chandler (phone)
Mayor Alexis Hermosillo for Vice Mayor Monica Dorcey, City of El Mirage (phone)
Councilmember Mike Scharnow, Town of Fountain Hills
Councilmember Lauren Tolmachoff, City of Glendale
Mayor Brigette Peterson, Town of Gilbert (phone)
Councilmember Lauren Tolmachoff, City of Glendale (phone)
Supervisor Jack Sellers, Maricopa County (phone)
Vice Mayor Jon Edwards, City of Peoria (phone)
Councilmember Robin Benning for Councilmember Jeff Brown, Town of Queen Creek (phone)
Councilmember Betty Janik, City of Scottsdale (phone)
Councilmember Chris Judd City of Surprise
Councilmember Robin Arredondo-Savage, City of Tempe
Mayor Rui Pereira, Town of Wickenburg (phone)
Mayor Michael LeVault, Town of Youngtown (phone)

Members Not Present
Vice Mayor Veronica Malone, City of Avondale
Councilmember Aldofo Gamez, City of Tolleson

Valley Metro Rail Participants
Councilmember Francisco Heredia, City of Mesa - **Chair**
Councilmember Robin Arredondo-Savage, City of Tempe - **Vice Chair**
Vice Mayor Laura Pastor, City of Phoenix
Mayor Kevin Hartke, City of Chandler (phone)

Chair Heredia called the meeting to order at 11:53 a.m.

1. <u>Public Comment</u>

Chair Heredia said the Public will be provided an opportunity at this time to address the Board. And you'll have three minutes of time. We have a couple comment cards here. I'll start with Mr. Blue Crowley. You have three minutes, Blue.

Mr. Crowley said thank you. Glad to be appearing before you today bringing out some of the things that are your responsibilities and also some of your past behaviors that we need to get addressed and taken care of.

First off, since this is a blended committee, I love that you're going to be addressing something on the rail being that if you look at everything it looks like rail is the only thing that is important to ya'll, but I want to know. You're supposed to be multi-modal. With all the new plans for the rail you've got, how many on that west side extension, five routes? That don't have a stop. How many of downtown don't have a stop connecting the bus with the rail? Are you being multi-modal or what's the reason for this? I understand that if you don't have stops, the rail goes faster, but then you also lessen the amount of ridership and such. So if ya'll could figure that out, the planning department that you're supposed to be doing things multi-modal. When are you going to get to it?

I note that with your planning and such that you're doing that that $2 billion hit that you took changed everything from what we had planned. I was the one that did the bus -- I was the head of the bus committee for the Prop 400. That's why we've got bike racks on the buses, but the other part was that we were doing multi-modal and expanding in every single one of the communities that you were needed to be connected to the system or have circulators within to connect to the system. It's not happening.

Where are all the facilities? You need to have a covered bus top every quarter mile. That's what it says is the industry standard, but it needs to be covered, why? Because it is a health concern in the summertime. If you're standing out there for over eight minutes at the maximum, six when it gets to be 117 that it's injurious to your health. But what do we do? How many of the stops don't have anything?

I'd also like to point out this document. It's from 2018 and it's got the Waymo stuff on here and it's sprouting about how it's going to be connecting people to first stop and to the rail or the bus. That's a lie. Waymo never did anything near the rail. There little test area not what you put together, what they put together stopped a half a mile from the rail. So when you guys were saying, hey, we're getting this to work into the system and get it done and now, you've got them doing your disabled, but initially, you said, this is what we're going to be doing and it was a lie.

See you in the next meeting.

Chair Heredia said thank you, Mr. Crowley. Next, person, we have Marvin Loften.

Marvin, you have three minutes.

Mr. Lofton said morning, everyone. I was going to come here to talk about my frustration over the no show buses and I'm glad I came early so I could hear the Chairman and that took away my anxiety on that.

My big concern, right now, is the CDCs -- the drivers are not adhering to the CDC summary about wearing masks on the bus because they're not wearing masks and they're allowing passengers to not wear masks as well. I missed twenty no-show buses during the last part of December through February and the drivers at this point, I have submitted to customer feedback, 41 drivers not wearing masks and 60 passengers not wearing masks. That's not a good thing. If I have to wear a mask and you have an announcement saying you need to wear a mask and a driver sitting there without a mask, I have a problem with that. And I don't know. Me turning that information in is supposed to go to their supervisor. There's no way to know if that, actually, happened. If someone could get back with me on that. I left my phone number moving forward.

But it's not a good idea to -- if they're not going to follow the rules, federal rules, I know this is not going to happen, but get rid of the contractors and hire your own people and train them, you might have some more jurisdiction over that possibility. But I just -- I just feel that I'm an end user, I've been doing it for years. It's a good system and I'm appreciative of what you're trying to do to feed the whole area and continue with that, but please follow up with these contractors. Thank you.

Chair Heredia said thank you, Mr. Loften. And can't answer your questions, but will have staff reach out back to you with your comments so thank you.

Mr. Lofton said thank you very much. Appreciate it.

Chair Heredia said the next person, we have Councilmember Roland Winters.

Councilmember Winters said good morning. Most of you here know me. My name is Roland Winters, Jr. I'm a city councilman for the City of Surprise and in Surprise, we give our guest speakers four minutes. You're kind of stingy with three minutes.

But I'm here not only to speak for myself, but also to speak for many of my constituents who are disabled and depend on the Ride Choice program that Valley Metro supplies to us. And we do appreciate the program, so we don't want my comments to misconstrue the situation. But I want to take and if I go over time, just throw me a rotten tomato or something like that.

So I'll just take the last week or so, when I called up the Ride -- RideChoice and scheduled my rides for a 10 o'clock meeting I had at City Hall. I scheduled it for 9:30. Well, exactly at 10 o'clock when the meeting started, I get a phone call saying we cannot get a ride -- get a driver over to pick you up. A lot of my constituents don't have a second choice or a plan B, I at least do. I have a couple of people that are really grateful -- I'm grateful for them standing by and being able to drive my van which is fully equipped with disabled things we need. And so, I missed that meeting.

Yesterday, I'll bring you up to yesterday. I had -- they said that they had Wheels on Wheels was going to pick me up and when that time came for them to pick me up, they want to negotiate the time to pick me up. Can't negotiate the time. My time's not negotiable especially when I got people sitting at City Hall waiting for me to appear at a meeting. Now, I know I've talked to Wyatt, and I've talked to Tom and a lot of you staff and I'm sure they're doing the best they can, but I'm sorry, it's not good enough.

And we have people that -- we, actually, had three people come to me to this meeting today, but I get the feeling that the long haul they didn't feel was worth the small amount of progress we would have gotten.

But that's what's happening in Surprise as far as transit goes and, you know, we don't have -- we don't have money for a bus to ride around Surprise that really compounds the situation. And we have TransDev which they're recently not doing too bad, but our Ride Choice program really is bad.

J and J was given the contract back. Is there a second time around. They were worthless the first time around, so I don't know why the contract was given to them the second time around. They, J and J when they're trying to figure out the transit in Arizona and they're in Maryland, that doesn't work. We need somebody closer to the situation. We need some boots on the ground. Somebody close to Surprise or some of the other cities in the West Valley.

Thank you for your time.

Chair Heredia said thank you, Councilmember. I think that ends our public comment section of the agenda.

2. <u>Chief Executive Officer's Report</u>

Mr. Smith said thank you, Mr. Chair. A celebration, my last CEO's report. I'll go through it here.

On March 18th, we celebrated the National Transit Employee Appreciation Day with operators and maintenance staff at our rail and bus facilities. We've talked to you about the challenges that we've had, but I can tell you that we have hundreds of operators and maintenance personnel that provide great service for all of it and we thought it was appropriate for us to recognize the service that they give to us and the good work that they do.

As you can see, First Transit, out of our bus facility provided shirts to all contracted staff and riders also stepped up. This is a comment that came on our Facebook. And for those of you that can't read it, "I appreciate all of the people who help others get to where they need to go. We're all trying to put food on the table and for a lot of us it wouldn't happen without ya'll." We found out during the pandemic how essential our services are and these are the essential of the essential workers too.

We talked a little bit during the budget about gas prices and ridership. Just some data that's come in recently. In February, 24% increase in ridership from 2021. As you can see, bus was up 16%, light rail up over 50%. Just to give you some context, historically, transit ridership increases lag fuel price increase, but we are expecting our ridership to continue to go up as they did back the last time it was -- there was $4 a gallon and between the 7th and the 27th, we had over 50 news stories generating over 2 million viewers with this question: What is the increase in gas prices? And you see Brittany Hoffman from our staff here doing a great job of communicating the message of the impact on public transportation and the service that we provide, the opportunities that we have.

Just last Saturday, I had the privilege with Supervisor Jack Sellers from our Board and Valley Metro staff of representing Valley Metro at the Arizona Forward Environmental Excellence Award gala. This was their -- celebrating their 50th anniversary. At Valley Metro, we are so privileged to receive one of three special awards. The honor went to someone in the central region. This is not something we applied for it was given to us and it was given in recognition of Valley Metro's contribution to our metro area and to the environment and all the things, good things public transportation does.

On February 25th, we had the honor with Congress Mayor Greg Stanton to host Chairman Peter DeFazio who is the Chairman of the House Transportation Infrastructure Committee. We know Chairman DeFazio well and have worked with him and Representative Stanton. Here you see Tempe Mayor Corey Woods. We also had Mesa Mayor John Giles. We gave Chairman DeFazio a tour of the streetcar and also went into Mesa to discuss the plans they have including the recent $920,000 grant they had to plan the TOD along a potential streetcar extension in Mesa so very happy for that. And Chairman DeFazio was very impressed.

We also recently received from ASU a report on our Waymo automated vehicle Ride Choice demonstration. This was a limited pilot. We are looking to do more things which this Board has allowed us to do with Waymo, but the ASU study surveyed participants who has participated in that and there's a few things that we found encouraging as we move forward to see that the future of autonomous vehicles are with public transportation. Participants, as you can see, felt safe. They thought the AV service was more convenient and they believe that they would engage in more out of home activities if they had this service available. We're hoping that in the future as Waymo extends its service area that we can interact with all of our modes of transportation.

We also recently were very pleased to receive along with the City of Phoenix both -- two separate grants, this one secured by Senator Kelly, over a million dollars to fund a demonstration project on electric buses. We're going to -- Phoenix received, as I said, a companion grant. We're working closely with them. I know, Vice Mayor, your council has given some direct instruction to your city staff to look at this. Electric buses create a unique challenge for us simply because of our environment. The last couple times we've had electric buses in for tests, we always test them in the end of July usually on a day of 110 and the batteries have certainly not held up to what they purported just simply because the drain on the AC and what heat does to batteries.

So we know that the technology is rapidly improving. We're going to use this million-dollar grant to conduct further studies, as I've said, join forces with Phoenix staff to really get an idea of what the future and what we'll need to do. We know the technology will catch up and that electric buses are in our future. We're just going to find out a little bit more about how we interact within our environment.

Available for you now is an updated Valley Metro 2022 system fact sheet. If you haven't seen one of these, it's very, very informational. It has all the down and dirty of data about our system, the number of people, number of routes, number of riders. It's on our website. If you 'd like Pat to send you a copy, she can -- talk to her. She can, certainly, do it. And now I'd like to -- since this is my last CEO's report, I'm asking, Mr. Chair, for your indulgence. I'd like to take just a few minutes to talk about my experience and -- and how I feel. In December of 2015, I received two phone calls as I was on the road returning from after living on the East Coast for a few months. The first call was from Gilbert Councilwoman and soon to be Mayor, Ginn Daniels. Soon after that, Phoenix Councilwoman Thelda Williams rang. These two councilmembers both of whom I look up to and respect greatly were then serving on the Valley Metro Board. They both had two questions. First, was I aware of the situation with Valley Metro and second, would I be interested in serving as the interim CEO for Valley Metro for a few months until a permanent CEO could be hired.

On the first question, I told them that I had been closely following the Valley Metro troubles from afar. The second question, I told them I'd have to think about it. Most of all I was deeply honored to have been even considered to take on such an important task. I know what you're probably thinking, they must have been really desperate to call me, but that entered my heart -- entered my heart and my head.

By the time I got home to Mesa a couple days later, I told them I could help them for maybe up to nine months. After that, I had plans and would move on. So I became the interim CEO to try and bring some normalcy to Valley Metro and the Board began the search for a CEO. Unlike now, where this Board was privileged to attract an impressive group of candidates from which Jessica Mefford-Miller was chosen, the applicants in 2016 failed to impress. Now, apparently in a moment of absolute desperation, the Board asked me to stay on as the permanent CEO.

Thus began a journey that I never could have imagined. The past six years have been a roller coaster or challenges, successes and emotions. And I cannot express how grateful I am to have been given the opportunity to have been a part of Valley Metro and our region's public transportation program.

I'm also very proud to have been able to be a member of the Valley Metro team and it is an amazing team. Most of all, I have been very fortunate for the people I have been privileged to work with and the relationships I have formed through the good times and bad, successes and challenges.

It's true that no one person makes an organization successful. I've been blessed to work with an outstanding group of men and women who do the important work at Valley Metro. I'm especially grateful for their examples and the lessons they have taught me as we have worked together toward a common goal.

When I arrived at Valley Metro, the entire organization was in a state of shock. It's tough when you're in the newspaper almost daily with negative news stories. As in any crisis, people were confused and frightful about the future. Many were scared they would lose their jobs. I had a lot of people in tears in my office. It was a very difficult time.

Valley Metro faced other serious challenges early on such as an administration in Washington that was not exactly a friend of transit and a vocal and impassioned challenge to light rail here in Phoenix, but this group persevered. They worked together as a team focused on shifting gears committed to transitioning to excellence. Team members also looked inward and asked basic questions about their purpose and mission. To an outsider this may seem like a meaningless fluff feel good exercise with little substance, but when you're in a crisis, this type of introspection is critical in overcoming basic difficulties. The most important our team asked was very simple. Why do we exist? Why do we exist?

After a whole lot of discussion, debate and contemplation, the team arrived at an answer. We exist to connect communities and enhance lives. In all my years as a leader in business, politics and government, I'm not sure I've ever been more proud than I have been as our team first embraced and then worked to live up to this commitment. It drives our organization and our decision making each and every day. I've been most fortunate to have a very special executive leadership team by my side as we have met these challenges. They are a unique group with diverse backgrounds, talents and personalities, but they have been invaluable to me. I trust them implicitly to do what is best for Valley Metro, our employees, city partners and the public we serve. In return, they have accepted my leadership and have believed in and supported me in my ideas, initiatives and efforts. But they have also been honest and not shy about telling me when I think I'm full of it, when I'm misguided or straight out wrong. Every leader should be blessed to have the kind of openness and trust with their team. My leaders have inspired me to be and to do better and have taught me invaluable lessons during these past six years. I believe they will do the same for Jessica as she begins her tenure as CEO.

If there is one disappointment from my time at Valley Metro, it's that I believe this team is often undervalued and under-appreciated for the work they do and the successes they achieve. Valley Metro is a unique animal with a somewhat awkward place in our region's political framework. This presents unusual challenges to our team, in addition to the daily grind of putting our services and building large projects, but the team still thrives.

I'd like to share with you some Valley Metro professionals I have especially learned from and leaned on over the past few years, most are familiar to you, but some may not be. They will all be critical to Jessica as she takes on this responsibility and I'm confident they'll help her succeed. And I apologize in advance, I don't have time to name them all, if I could, I would name every single Valley Metro team member, but I'll -- so I'll apologize it you're not in here.

First of all, Hillary Foose. Hillary is the conscience of Valley Metro. I know of nobody who cares more for each and every user of our system and who advocates for them daily. She has been a constant reminder to me that the people we serve matter most, that our projects and assets are only as good as our riders. Hillary and her team often provide our connection with the community. In December 2018, for example, they led a celebration railversay of the 10th anniversary of light rail. Their efforts resulted in an unprecedented amount of positive media coverage and into the new year that set the stage for the successful defense of light rail with Phoenix voters the next summer. Did their efforts make a difference? I think it did. In advance of that vote, a poll revealed that Phoenix residents had named Valley Metro as the most respected and trusted government community entity in the metro area. In less than three years, our team had won back the respect of the community. I will always be proud of how our team bounced back.

A large part of that respect is due to Ray Abraham and his team. From Ray, I have learned just how difficult it is to consistently provide safe, reliable transit service. Providing transit service is not easy. It's a complicated and complex process, but Ray along with his deputies, Rob Rosenberg, Dan Filippino, Rick White and others are obsessive about rail and bus operations. I have never been around people who are as totally committed to excellence as they are. I will miss the 2 a.m. texts and emails on some operational issue for either bus or rail. They do such a good job that often their efforts are taken for granted, but at the national level, I can tell you their work managing special events, operations during construction is recognized by their peers.

And I also would be remiss if I did not talk about our entire operations staff during the pandemic. Men and women showing up in the early stages of the pandemic, scared, not knowing what this -- what this COVID meant, but they put bus and rail and paratransit service out every day. They will always be my heroes and I mean that seriously. I will never forget.

Penny Lynch not only runs Valley Metro's Human Resources operations, but she is the heart and soul of our workforce. She has taught me the importance of empathy and human touch. She deals with balancing our team members challenges with the needs of the agency. She and Julie Landspurg have also developed from scratch an impressive training and development program that allows our members the opportunity to learn and grow professionally.

Jim Hillyard. You got to experience Jim. He's the brains of Valley Metro. Professor Hillyard as he is known has brought a disciplined, data-driven emphasis to our management efforts. Jim has taught and shown me how much more effective we can be when using relevant data. He's also our utility infielder playing a multitude of positions at Valley Metro. He may start the day working with Phil Ozlin in developing a detailed IT proposal for the Board then work with Tom Young on a plan for improving paratransit operations, oh, and you just noticed, and I've been overly impressed by how he has seamlessly served as our interim CFO for the past nine months.

Speaking of paratransit, prior to Jim and Tom, Ron Brooks and Rob Antoniak took on the daunting task of bringing some order to a fractured and very inefficient regional paratransit system. They worked closely with your city staff to bring uniformity and consistency to the system by advancing the one rule, one fare, one call concept. As you heard from Roland, while that work is still very much ongoing, the changes that have been embraced by your cities have saved millions of dollars and brought more consistent service across the region.

Adrian Ruiz has taught me the beauty of committed professionalism. She has elevated our safety and quality assurance programs to national prominence and has, definitely, handled the myriad of security challenges brought on by the pandemic. I would trust her with my most precious possessions knowing she would put the interests of me and others before herself.

The newbie on our team, Henry Ikwut-Ukwa, took over our capital and services division just a year ago in the middle of some of the most intense development work since we built the original light rail system 15 years ago. He and his team of leaders, Trevor Collin, Robert Forrest, Carol Ketcherside, Joe Gregory and Omar Peters have shown me how teams can work together to improve processes and take on complex challenges and projects. Henry's infectious style and can-do attitude are an inspiration to us. Most of all, Henry is often the only one who laughs at my stupid jokes.

I never fully understood the complexity of rail development until we were meeting last week with FTA Executive Director Matt Welbes in Washington, D.C. Matt pointed out how unusual it was for any CEO to have been involved in as many rail development projects as I have been during my tenure. He said most rail CEOs might get to build one, two, maybe three rail projects. Visionary leaders that came well before me created our system. I have been very lucky to be in the right place at the right time to be able to help build that vision and have been deeply involved in seven rail projects, eight if you count my time as mayor. That's over $2 billion of projects at any one time -- at one time, Valley Metro had five rail projects at varied stages before the FTA. Henry's team and Wolf Grote before him and his team have handled it all successfully. The professional manner in which our team has worked with FTA has impressed its leadership. I've been fortunate to have worked closely with four FTA administrators and four Secretaries of Transportation. One senior FTA official recently lauded the quote, enviable relationship, unquote between Valley Metro and the federal agency. That kind of compliment does not happen without good people doing a lot of good work and I have been extremely fortunate to have been surrounded by good people.

Alexis Tameron Kinsey. Alexis is a rock. She has been both an anchor and north star since she came to Valley Metro almost three years ago. Alexis is the definition of integrity and is one of the most honest and truthful people I have had the privilege of working with. She has demonstrated to me how values and principles should never be compromised. Her straightforward, honest approach is, to be honest, not always appreciated in this business and in this region, but I appreciate and have been blessed that she is both brutally honest with me. Her example has shown me how to be a better person. Many people may not realize that Alexis and I are political oil and water. I was a conservative Republican mayor; Alexis was the chair of the Arizona Democratic party. I will especially miss our energetic discussions over what we believed were important, but mostly were trivial political issues. Our political conversations are often passionate, but we always do it in good fun and have walked away from these talks as friends. That unfortunately is something that is a lot less common today than it used to be. It's going to be very tough finding somebody who is so reliably wrong on so many issues, but I will miss Alexis.

What can I say about the glue of our organization? I'm not sure what any of us could do without Pat Dillon and Gina Frackiewicz. No, I still can't speak Polish. They have taught me what true loyalty and dedication mean. They are completely loyal to Valley Metro and its mission, you on the Board and our team members. They each have decades of experience and knowledge that they willingly and humbly share with all of us. Jessica, if you are watching, these two are your foundation. They are just amazing individuals who personify what real service means.

We could also not have been successful without the help of a literal army of contractors and partners who call Valley Metro home. Many of them blend right in with our team. I'm especially grateful to our service providers, First Transit, ACI, Total Transit and TransDev and for our current and former prime contractors especially HDR, Kill International, WSP, Arcadis and all the hundreds of individuals and firms big and small who work under their umbrellas. The many engineering and construction companies also played an integral role in our success.

Finally, although they reside in Washington, D.C., I want to recognize the efforts of our partners at Cardinal Infrastructure. Anja Graves, Mike Pieper and their team have taught me the ways of Washington and how to navigate the strange and complex world of the federal government. They have worked tirelessly on our behalf with the FTA and Congress to get projects approved in difficult circumstances bringing hundreds of millions of dollars to metro Phoenix and in working through regulatory challenges to all of our operations. I have worked with many lobbyists; they are simply the best. We are fortunate to have them on our team.

I'll end with an account of their most recent -- which was also the most gratifying effort for me. Early in the pandemic, we were faced with the realization that if COVID caused local sales tax revenues to decrease which we, thank heavens, found it didn't. We were scared that it would put us in a world of hurt if we could not meet the requirements for the local match of our rail projects. We at Valley Metro conceived an idea to ask Congress for a special allocation of COVID relief to back stop our local revenues. We shopped our idea to APTA, city partners and others, but found nobody interested in helping us. But Anja and her team were not deterred. They approached their contacts at other agencies who were in the same predicament as us mainly Seattle, Minneapolis and Los Angeles and sought support of congressional committee staff. We found a friendly ear with the staff of House Transportation Chair Peter DeFazio who agreed to work on the bill with us. Our idea evolved into legislation that was part of the last COVID relief package approved by Congress.

The package included $1.35 billion in additional money for project across the company whose project grants had been approved before COVID, but it would not yet open for service. The South Central Extension and Tempe Streetcar were two of those projects. Until this effort, I had never been involved in the whole gambit of conceiving, writing legislation from scratch and then working to get it passed by Congress and signed by the President. We were very lucky to have somebody like Anja and Mike on our team.

Last week, a week or so ago, I was notified by FTA Region 9 Administrator Ray Tellis that the FTA had formally awarded grant funds to the South Central Extension. This $98 million in total for our region so Vice Mayor as my parting gift to you, I am pleased to leave $90 million which will be used by the City of Phoenix to build up its T2050 balance for projects in your city. And to you Councilmember Arredondo-Savage, $17 million will be headed to the Tempe Streetcar which will be used for streetcar enhancements such as the paving that you see now on Mill, Apache and University and over $10 million which will go directly to the City of Tempe to boost up your transportation fund.

So I leave with a level of great satisfaction and gratitude for allowing me to be part of this important endeavor. I depart with the belief and satisfaction Valley Metro is in a better place now than it was when I arrived six years ago. That is what happens when you get to work with dedicated and talented people. I'm comfortable moving on at this time because I am confident these people will provide the same support to Jessica and Valley Metro as they have to me. Thank you very much, Mr. Chair, for this opportunity. Appreciate it.

Chair Heredia said thank you, Scott. And beautiful message, I think we have -- just want to take this opportunity to formally recognize you and I think we have the video that we can show on a visual aspect your six-year journey here at Valley Metro.

Mr. Smith said before we get there, let me talk to the calendars. I -- oh, that's my calendar going forward for April and May. Here's your calendar. I will let you read that. Yours is a little bit fuller than mine is.

Chair Heredia said thank you.
(Video playing.)

Mr. Smith said thank you.

Chair Heredia said thank you. And in addition, we do have a small token of appreciation from the Board with just -- I'll read the message it has on the frame. On behalf of the Valley Metro Boards of Directors past and present, thank you for your six years of public service to building and advocating for our regional transit system. You are a vocal champion for public transportation and its positive impact on our quality of life. Transit and metro Phoenix is better thanks to your service, creativity and passion. Congratulations on your retirement and we wish you the best in the chapters ahead.

And if it's okay. We'll take a picture here. Thank you, Scott. I don't know if folks have any words. I know we talked last week, but -- and we do have additional items. I don't know how we finish the agenda here, but we do have additional items. But we have anybody else that want to comment before we move on or?

Vice Mayor Pastor said well, I think, Scott, the thank you is to all the staff that was able to bring the dollars in because it takes a heavy lift, but you were the leader of it. What I have to say is that light rail wouldn't exist today if it hadn't been for the voters and the cities coming together, but for one main man that brought light rail to the City of Phoenix. And that person is no longer with us and it is a glory to see how the expansion is happening because he particularly wanted South Phoenix and South Phoenix is, in particular, my piece even though I don't represent it is the area that impacts our community the most and small businesses. And I have to say that we wouldn't be sitting here if he hadn't done that heavy lift.

In addition to that, I just want to say thank you. I may be an emotional woman or a hysterical woman, but most importantly, I'm really a spicy Latina and with my spice, you will get the bite so wish you the best, hope for the best and thank you.

Mayor Hartke said I think there might be a couple others with hands raised online too. I think saw. Scott, I, again, I just want to thank you. You were, certainly, the right man for the right time and I really appreciate you stepping in at a very uncertain and, certainly, I'll say scandalous time in the lift of Valley Metro and RPTA. I really thank you for that. I know that our paths will cross somewhere. I could continue to go on, but I'll just close by saying look forward to engaging with you on the next whatever that is and heartfelt, thank you, Scott.

Supervisor Sellers said I just personally want to thank Scott for all he's done. You know, as Mayor Hartke just mentioned, he entered Valley Metro at a very trying time. I can't imagine anybody who would have handled it better and more professionally than Scott did. And I think it's so significant that he was not looking for a job. He didn't do this because he was looking for a job. He did this because we approached him and said, can you help us out? And what we thought was going to be a brief period of time to help us turned into six years plus. But I can't imagine anyone who could have accomplished more and done more for our region than Scott has so thank you so much.

Mr. Smith said thank you.

3. <u>Audit and Finance Subcommittee Update</u>

Councilmember Stipp said we had a great meeting last month. We talked about our contract management federal government consulting services audit which was a special request of the Board based on discussions that we had last fall about our contract increase. That was fully audited. The Board policy that was put in place following that event really came through as a kind of a preemptive solution to a number of the problems that were identified in that audit, so Valley Metro has positioned itself very well following that situation.

The second item was the contract change orders first review. That is something that the audit staff is going through on a continuous basis. We had that update. That is contained in the minutes for this meeting as well.

The Internal Audit Update. Things are progressing well. The audit staff has been plagued with some COVID issues among their staff, so things have slowed for the time being, but appear to be headed back in the right direction. One of the things in the budget that you will see from Internal Audit is a request for an additional auditor to look at IT related -- an IT specific-related auditor which seemed to have some support from the Audit and Finance Subcommittee moving forward so we'll hear more about that as the budget progresses.

Other than that, the rest of the meeting is contained in the minutes which are in this packet and pending any questions that ends my report.

Chair Heredia said perfect. Any other questions, comments Audit and Finance update? Hearing none.

4. Minutes

Chair Heredia said the minutes from the February 17, 2022, Joint Boards of Directors meeting are presented for approval.

IT WAS MOVED BY VICE MAYOR PASTOR, SECONDED BY COUNCILMEMBER ARREDONDO-SAVAGE AND UNANIMOUSLY CARRIED TO APPROVE THE FEBRUARY 17, 2022 JOINT BOARD MEETING MINUTES.

5. Enterprise Resource Planning (ERP)/Enterprise Resource Management (EAM) Contract Authority Increase

Mr. Smith said thank you, Mr. Chair and I'll pass it to Jim Hillyard who will give a very brief presentation and answer any questions you might have on this item.

Mr. Hillyard said very brief. Mr. Chairman, I think Mr. Stipp has asked at the AFS meeting that we pull this off a Consent Agenda in part because it serves as an example of some of the work that AFS has been doing to improve our reporting in needs for changes in contract authority in the wake of the issue regarding our federal lobbying contract. So I'll quickly just summarize the issue, but then also lean in a little bit to how it's an example of the changes that we've made in the a reporting to make sure the Board is apprised of what's changing and why.

So the issue here is in 2020, the Board approved a $7 million contract for Valley Metro to implement a new Enterprise Resource Planning system, that's accounting, procurement and budgeting and in integrated Enterprise Resource Management system which is capturing data about all of the various pieces that are being maintained in our system, the cost of their maintenance so that we can really drill into what's the most effective maintenance cycle and when should we be replacing things and what's the way to optimize -- minimize the costs of assets and maximize their lifespans. And so, that project has been ongoing. The budget and accounting components of that -- and procurement components were completed last June.

\The two toughest parts of the project were payroll implementation and the Enterprise Asset Management components. Those have both needed to be delayed. The EAM component because we found out we just got a whole lot more assets than we thought we did. And so, when we were originally planning for all that data entry of all those assets, we thought it was going to take less time than it has and therefore, that component of the project is being delayed until this September.

The payroll component was a combination of it was harder than we thought it was and staff just getting sick. We've only got three members of our payroll team. The -- our current payroll process is very, very manual and so any time you're taking a manual process and automating, it's kind of hard because stuff comes out of the woodwork, you're not just converting from automated to automated. So we found a whole bunch of stuff came out of the woodwork like, for example, our current payroll provider, ADP, when an employee quits for any reason, they just delete all their back data. So as we've been going back into the system trying to recreate payroll files to know that -- to test to know that the calculations are right, none of those past employees are there. And so, then we have to go back and manually, add them, manually, add their benefits, et cetera. So that's taken longer than we thought.

In addition, two of the three members of the payroll team either had COVID or were in the hospital during the course of the (indiscernible) period of the implementation. They simply couldn't be there to do the testing and the work that needed to be done.

So payroll was originally scheduled to go live December 1. The document that TMC, RMC saw had that pushing out to the end of April, however, we just got a call last week from Oracle, the provider of the system, and they said, oh, you know that programming change that you guys needed for payroll to go live. That's not going to be ready until the fall. So we're, basically, putting the payroll implementation on hold for the next couple of months. We'll pick it back up when Oracle's done with the programming and our new go live date is probably December. That doesn't actually change the cost of the change that you have in front of you because we're just pausing the work so we simply won't expend those hours until we pick it back up.

There is kind of an advantage there because one of the challenges in payroll is if you don't do it at the beginning of a tax year then you've got to convert in all the payroll tax information on the backend and that's kind of expensive. And so, by picking this back up in the fall and going live at the end of the year, we won't have to do any of that payroll tax back conversion so.

So that's why this is before you. Probably the more important example is this is sort of -- this is an example of how we live in a dynamic environment where things are just kind of changing on a day-to-day basis and there are times when that has implications for the use of contracts. And so -- and this is also a perfect example of how there are times when we will know that a contract and its authority needs to be changed, but we won't yet know what that change should be. So we knew we weren't going to make the December go live in mid-December, but it, actually, took us until February to get a number from the contractor on what's the cost of the push out.

So our new process to account for those kinds of things is we providing you a monthly report and any contract that we believe has the potential to need adjustment in its authority or we know it's going to need an adjustment in its authority, it will be on that report. That report will include sort of when we became aware of what happened, what we're doing about what happened and then when we think we'll be able to be ready to bring it to you for the Board for action in cases where we're not quite ready yet because maybe we don't know what the new number is.

And so, this is kind of a perfect example of that and, in fact, that new report will be coming out for the first time on the April board cycle, and this will still be on it. Because in spite of this change, one of the things we've found in the process of implementing payroll was that the rules that we told our contractor that we wanted to follow for things like shift differential, it's the way we're currently handle it, we're creating a whole bunch of additional complexity in the scheduling for the new system that was going to require a bunch of administrative work on the part of managers every time somebody's covering for somebody else. And so, we've said to them we want to go back and strip out those complex rules, we'll just pay shift dif if you're working during a time when shift dif is authorized. Let the time on the clock determine whether you get it not these complex rules about how much of this shift and how much of that shift. And they've said, great, we can do that, but that's not free. We'll have to come back and revise that. So you'll see this very contract on the April report. We don't yet have a number for what it's going to cost to strip out those rules, I don't expect it to be huge and it will be much less than the amount of time that managers are spending, you know, administratively moving people from one shift to anther when they don't -- when with the simple rules, they won't have to.

So I'd be happy to answer any questions, I hope that helped.

Councilmember Stipp said I just I do want to thank Jim for putting us through this. This was originally put on the Consent Agenda, but because it was the first contract of this nature that fall under the new set of rules and -- and the almost half a million-dollar expenditure I thought it was important that the whole Board hear it so, Jim, thank you for the extra work.

Chair Heredia said all right. Perfect. Well, if no other further questions, I request a motion and a second to authorize the CEO to increase the contract expenditure authority for the ERP/EAM system implementation system contract with Denevo Ventures, LLC by $423,000.

IT WAS MOVED BY VICE MAYOR PASTOR, SECOND BY COUNCILMEMBER STIPP AND UNANIMOUSLY CARRIED TO AUTHORIZE THE CEO TO INCREASE THE CONTRACT EXPENDITURE AUTHORITY FOR THE ERP/EAM SYSTEM IMPLEMENTATION SYSTEM CONTRACT WITH DENEVO VENTURES, LLC BY $423,000.

6. Proposed Fare Policy Change – Streetcar

Chair Heredia said Mr. Smith.

Mr. Smith said thank you, Mr. Chair. This is sort of a happy action because we're doing this due to the impending opening of the Tempe Streetcar. We have a fare policy that applies region wide to all of our modes of transportation and since our current policy does not, specifically, address a streetcar we need to come to the Board for your approval of an amendment to our existing fare policy that will bring the streetcar into the system.

So we have both Tyler Olson who you know well and Jordan Brackett who you may or may not know well. Jordan is our Community Outreach Manager and does an amazing job in -- in working under Hillary Foose's group to connect with the communities. So I'll turn it over to Tyler.

Mr. Olson said good afternoon, Chair Heredia, members of the Joint Committee or Joint Boards. I'll provide a brief background on our current regional fare collection system modernization project and then turn it over to Jordan for all the important work that her and her outreach team have done for this project.

All right. So over the last several years, we've worked in collaboration with City of Phoenix, your member cities through Fare Policy Working Group to really identify goals of the new system. I won't go through each one of these due to time, but really, we wanted to improve fare media control functionality for our customers. It's all about the rider. Offer incentive innovative features such as mobile ticketing, fare capping in which the rider saves money as they tap. With these goals in mind, we're going to eliminate paper passes, reduce the cost of fare media in the system today and really have a true point of sale control of our reduced fare so that we won't be selling passes at a discount for those that aren't eligible.

With the new fare collection system, it's really new fare technology. It's all account based so really allowing customers the benefit of registering their accounts, managing them better through websites. They can also deactivate their card should they be lost or stolen so that people can't use their cards. We're also getting new hardware so new validators on board all of the fleet and then ticket vending machines replacing all of the existing and adding some new ones. New fare channels that I mentioned: Mobile ticketing, the retail outlet, essentially, we're moving to a J-hook model. That means that when you go to Circle K, you'll see a Starbucks care, you'll see a Valley Metro card. You can grab that card and add value and tap your way across the system.

Comes to the phasing. There are two main phases. The first phase validators are installed on all the bus fleet and rail station that really sets up the infrastructure for Phase 2, but also allows the launch of the mobile app. So, essentially, we're looking at that December of '22 prior to the Super Bowl. And then in Phase 2, that's really when we release the reloadable smart card to the entire region, all customers, launch the retail network, TBMs will be in place and newly added which we're excited about are new fare boxes.

So with the new fare collection system, it's our opportunity to update the policy as we move through these phases. Of course, the streetcar opening next month we're really excited about that. You know, that will be the first phase that we need to add to this. So with that, I'm turn it over to Jordan Brackett for the outreach info.

Ms. Brackett said thank you, Tyler. All right. I am going to try to move very quickly I know time is short. So as Tyler and Scott intro'd, we've been doing some outreach for the Tempe Streetcar fare policy changes. We were doing it now, obviously, there's several changes that will happen with the fare policy in the new fare collection system. Much of that will happen later this year when we get ready to implement Phase 1, but we wanted to go ahead and do the Tempe Streetcar fare policy change outreach now before it enters operations. And so, once it is in operations, we can really focus on educating folks about how to use it and safety around the streetcar is a huge element of our communications.

On the screen here you can see that we are proposing a $1 for a full fare single ride as well as $0.50 for reduced fare single ride. Just kind of setting the groundwork here, this information was shared with the community as part of the outreach.

I will, again, like I'll keep moving very quickly here. As part of our outreach, we had two federally mandated requirements as part of the outreach elements that we were pursuing. So one of them was a public hearing that allowed it for ADA as well as for limited English proficiency audiences as well as a full 30-day comment period. We, actually, had a comment period open for almost two months so we were able to gather as much input as we possible could on this new mode.

As part of our outreach, we did quite a mix of in person and digital tactics. For example, we did a virtual public hearing which was recorded and then the survey was available for several weeks. We had in person intercept surveys along our light rail alignments and hosted by our Customer Experience Coordinators that pointed people to a website survey that was available kind of as a self-serve kind of opportunity. We also promoted that website survey through targeted social media advertisements, our social media channels, email promotions, et cetera.

This detailed data is in your packet as our outreach summary so I will just skip to kind of the highlights since we are short on time. In summary, the data is really indicating that riders and potential riders both are likely to use the streetcar regardless of whether there's a fare or not. When asked, specifically, about the proposed fares, 40% of respondents indicated that the fare would have no impact on their use of streetcar. Up to 2 in 10 respondents they may be less likely to ride, but overall, one third of all respondents said they were more likely to use the new mode.

That does conclude our brief presentation. Trying to keep things moving. If you have any questions, I'm happy to deep dive on any of the data. Thank you.

Chair Heredia said perfect. Thank you for the information. Any questions, comments? Hearing none. This is -- it is requested for action on the agenda so request a motion and a second to forward to the Boards of Directors authorization to amend the Regional Fare Policy to include a fare structure for streetcar.

Councilmember Arredondo-Savage said Chair, really quick and Jordan, I just want to say thank you. That was really short and abbreviated, but I just want you guys to know, you and Tyler, have done a lot of really, great work so we're very grateful for that. And also grateful for the opportunity to offer the free service for a while like a year like we agreed to so I think that will be really good for the new riders to get excited and to just create some really good habits and we're looking forward to the opening and, hopefully, it all goes smoothly next month. So with that, I'd like to move approval.

IT WAS MOVED BY COUNCILMEMBER ARREDONDO-SAVAGE, SECONDED BY VICE MAYOR PASTOR AND UNANIMOUSLY CARRIED TO AMEND THE REGIONAL FARE POLICY TO INCLUDE A FARE STRUCTURE FOR STREETCAR.

7. South Central Extension/Downtown Hub – Track Connections and Single Tracking

Chair Heredia said Mr. Smith

Mr. Smith said thank you, Mr. Chair. I know we've gone a long time, but this is extremely important because in a -- just two or three short weeks there's going to be big changes in downtown Phoenix and in our rail operations that will also impact bus operations. So turn it over to our project manager Luis Mota who will move on.

Mr. Mots said good afternoon. Mine's easy, it's informational so we're here to talk about that as Scott just mentioned. So a quick highlight of the agenda today. Don't need to go into that in detail, but you'll get it as we go through it in the interest of time.

Quick project overview. So everybody probably knows five and a half mile extension taking light rail down from the heart of Phoenix down to south central community. There is a key element to this project that is the Downtown Hub. The installation of the Downtown Hub is a major step for us for two reasons. One, it accommodates extension to the south and secondly, it creates a transfer point in a very critical area.

Currently, our light rail changes direction in downtown. After this downtown hub in the future, we'll be able to operate as a more mature two-line system with an east/west, a north/south, a transfer point that I just mentioned and the ability to expand westward. Overall, to facilitate this new two-line system requires installation of 19 new pieces of special track work which is track work that allows us to interface with the existing track and these are the general locations for that track work. The first six locations have already been taken care of. Most of that was done last February and March of 2021 and we're in the process of integrating and preparing to activate those crossover loops.

The remaining locations require a significant amount of work. It does affect the light rail in the heart of downtown and it's not just the installation of the new pieces of special track work that I discussed. It's a web of conduit systems work and track reconstruction so that's the reason we're here today.

So zooming into the Downtown Hub, you can see the yellow is our existing alignment, green is the new track work, the neon green are the special track locations for this work. And what's not shown here is the over a thousand feet of track reconstruction and the other items that I just mentioned.

Okay. So similar to prior to single-tracking work, we're required to do this work we're required to close sections of track. And what that means is the track is shared for both directions. Each train has to wait for the other train to traverse the area before he can go through. So what that means is that our headway schedules are dependent on our nearest crossover loops. The current configuration, the way we are now and as we did last February and March, we're able to -- by using Culver and 11th Street, we were able to schedule 30-minute headways. When we activate the new loops at McKinley and 5th, we can reliably accommodate -- with the two new loops, you can see they're closer, we can reliably accommodate 20-minute headways so that's a significant improvement.

All right. I'm going to go this one quicker. The candy cane area is our first portion of work and Central and Washington. That's going to close that track. And then for the next portion, we'll flip tracks, this is where we run, so we switched tracks over and then we start the next work. There's a second phase where we start on Jefferson between 1st Avenue and Central and then we work our way over to do the work on Washington and 1st Avenue.

So unfortunately, due to the size of the work areas, significant roadway restrictions and traffic impacts. So the detours for this traffic control are going to change with the work and they come in about three general phases. The first phase shown here to do the work at Washington between 1st Street and Central shows the general traffic routes. And then phase 2 is broken into two areas, first, we start at Jefferson Street, as I mentioned, between 1st Avenue and Central. The key to this is trying to send traffic that is going through around but providing the way finding and access so you can get through there. And once we have -- with the phase 2, once we're able to get a lane through on southbound on 1st Avenue then we can do the work at 1st Avenue and Washington and restrict Washington at that location.

So we've been going through -- these are the general slides we reviewed with the stakeholders. We've gone through in a lot more detail. We don't have the time to do that here today, but unfortunately, I can give you just the big picture.

What I want to talk about more importantly is the schedule. The schedule, the big thing is there's three key elements that impact when we do this work. The first is the ability to use the new crossover loops that I showed you at McKinley and 5th Street and the second item relates to that as well because it's procurement of that special track work.

There's a lot of big companies, a lot of railroads that order a lot of track so for Valley Metro being one of the small fish in that order, it takes a long time to get those pieces of track out. It takes 18 months and that doesn't include the engineering that goes ahead of time. So we have to get McKinley and 5th first and then get in line for the rest of it. So we're pinned in the front and that takes a couple year worth of work to do. On the back side is we're trying to hurry up and get this done ahead of the Super Bowl milestones at the end of year so downtown can look clean.

And so where the schedule ended up landing is the items in green and purple we've already done, but this work that I've described today starts on April 16th and runs all the way through July 2nd. The work will be continuous. It will be day and night. We've scheduled it so that the loudest part of the work such as sawcutting, demo work that part happens during the day.

And so, with that, I want to hand it over to Madeline to talk about some of the communication efforts that we've done.

Ms. Phipps said good afternoon, Mr. Chair, members of the Board. I'm Madeline Phipps from our Communications team. Just really briefly, our main communication to riders is letting them know about the 20-minute schedule adjustment so beginning Monday, we have a website ready to go, social media, a lot of other digital communications through newsletters. We'll be using traditional media outlets and also, you know, physical communications, signage at our rail stations. Our Customer Experience Coordinators will be throughout the system letting riders know what to expect. And then also for all of our downtown stakeholders who are most impacted by the actual construction work, our teams have been meeting with them for a few weeks directly to explain what's going to happen, what they can expect. Those meetings will continue just making sure that everyone who's coming to the downtown area or who works in the downtown area is well aware of how they might have to adjust their travel plans.

I think that's everything unless anyone has any questions.

Mr. Smith said I'd just like to add one thing. We've been working with City of Phoenix staff for two years because this, obviously, affects the flow of bus, express bus, local bus and in conjunction with the Central station construction which just, finally, got going in the last month or two. So a lot of the changes related to the bus routes were implemented -- what? October of '20, '19? So almost two years ago so we've been way in advance of that. We work closely with City of Phoenix staff to make sure that there wasn't a sudden change in the bus. But your constituents, everybody will be affected because it does affect access to downtown especially express routes and it will affect all of you if you decide to come to any event in downtown for the next -- between April 16th and July 22nd, it's going to be a mess. Take light rail or stay away. Don't stay away just plan ahead. Right, Vice Mayor? Come in and support these businesses eat.

Vice Mayor Pastor said since I'm hearing from businesses on some of the labor that's going on and the noise, either -- what have you done or what are you planning to do with those businesses that are constantly being affected by this?

Mr. Mots said so for the noise, it took a big effort to organize this. This is not done in typical fashion. Typically, for the other cut in areas, we've done the pre-demo and that pre-demo has to happen at night when we can single track. In this case, because of the area and the complaints that we've had, we restructured the schedule to make sure, that's what I mentioned, is like we're doing that loud work during the day. The night work -- there will still be construction at night, but the items that we received complaints about were the sawcutting, jack hammering, removal of the hardscape materials that sort of work we revised the schedule to make sure that that's only happening in the day.

Again, it does affect our overall schedule. It just is a little bit longer than typical, but we were able to get that done.

Vice Mayor Pastor said and were notices -- is there enough notice for I would say two weeks in advance notifying the businesses regarding this? Because one of the complaints was, they weren't notified in time and if they would have known then they would have asked staff to work from home in the day so.

Mr. Mota said yes. So there's been plenty of communication that started last couple of weeks regarding the upcoming work, the impacts, where exactly walking through not just the noise, but access -- all right.

Ms. Phipps said our team has started about three or four weeks ago reaching out to various stakeholders in the downtown. We're actually kind of doing a little bit of a tiered approach which is probably too much detail, but we're starting with the folks directly adjacent to the work and kind of working our way out so we'll be, eventually, canvassing everyone in the area between the 7s and, you know, that main kind of core of the downtown. So we're doing a whole mix of in person notification, open houses, canvassing, phone calls, I mean, we're really just trying to -- I mean, the impacts of this work cannot be understated and we are making sure that everyone knows exactly what's going on. I already had a couple really great meetings with a couple of the key stakeholders in the downtown area about ways that we can help them, particularly with egress and ingress from their parking garages so there's already been lots of great conversation. We have tons more work to do, lots of communications going on, but very thorough plan right now.

Vice Mayor Pastor said aAnd I'm assuming you're working with DPI?

Ms. Phipps said yes, and actually, Downtown Phoenix Incorporated has been just absolutely instrumental in helping us kind of gain a platform. We're actually speaking at three of their different meetings to help folks understand what's going on. They've been a wonderful partner to us.

Chair Heredia said are there any other questions, comments? Perfect. This item is for information only so thank you for the information presented today.

8. Travel, Expenditures and Solicitations

Chair Heredia said this item is presented for information only. Are there any questions, take them now. If no, no action is required.

9. Report on Current Events and Suggested Future Agenda Items

Chair Heredia said are there any reports or agenda items for future meetings? Seeing none. All right.

10. Next Meeting

Chair Heredia said the next meeting is Joint Boards is schedule for Thursday, April 2`, at 11:15.

With no further discussion the meeting adjourned at 1:07 p.m.

Information Summary

DATE
April 14, 2022

AGENDA ITEM 4B

SUBJECT
Planning and Community Relations Support Services (PCRSS) Contract Extension and Additional Funding

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to execute a six-month extension to the current contract with HDR Engineering, Inc. for additional funding to complete project activities and allow an appropriate transition period for the current contractor and future on-call consultant awards.

RECOMMENDATION
Staff recommends that the TMC/RMC forward to the Boards of Directors authorization for the CEO to increase contract expenditure authority with HDR Engineering Inc. for a not to exceed amount of $1.5 million in FY22 and $3.5 million for a six-month extended period through December 2022 for a total not to exceed amount of $5 million.

BACKGROUND | DISCUSSION | CONSIDERATION
Planning and community relations support contracts provide consultant staff who serve as an extension of Valley Metro staff. The consultant staff is utilized to bring in specialized planning, environmental, engineering and community relations expertise as needed to aide Valley Metro Rail (VMR) and RPTA. Consultant staff work with Valley Metro staff to develop transit corridors, facilities and services, that include the following:

- conducting corridor and facility planning studies and preliminary engineering.
- conducting environmental assessments and archaeological monitoring.
- supporting transit service planning for local communities.
- supporting federal grant applications.
- community relations support.
- other project development activities as necessary to further regional transit goals.

Three planning and community relations support contract services are executed or under an active competitive procurement (Table 1).

Table 1: Planning and Community Relations Support Contract Services

Contract	Services	Status
Planning and Community Relations Support Services (PCRSS)	Planning, engineering, environmental, community relations	HDR Engineering, Inc. *FY 2017 to FY 2022*
Planning Support Services (PSS)	Planning, engineering, environmental	Active Procurement Anticipated award June 2022, *FY 2023 to FY 2025*
Community Relations Support Services (CRSS)	Community relations	Active Procurement Anticipated award June 2022, *FY 2023 to FY 2025*

In June 2016, following a competitive procurement, the CEO was authorized to execute a contract with HDR Engineering, Inc. for the PCRSS contract. The contract includes a five-year base with three, one-year extension options, for up to eight years. Task orders are issued on an annual fiscal year basis with a $35 million expenditure limit for the base contract period. Board approval is required to exceed the limit and to extend the contract. Since services under the PCRSS contract are also utilized by RPTA, a Memorandum of Understanding between VMR and RPTA was executed in August 2016, and this contract provides annual support to both VMR and RPTA. The five-year base period for this contract ended in June 2021.

In November 2020, the VMR Board of Directors authorized the CEO to exercise the first of the three, one-year extension options through June 2022 and amend the contract to add up to $9 million for the extension (a total expenditure limit of $44 million). Increased authority for an amount not to exceed an additional $1.5 million to the approved one-year extension is needed due to an unanticipated level of archeological analysis, community relations and other planning activities for the South Central Extension/Downtown Hub (SCE/DH); additional route analysis and community relation activities for the Capitol Extension (CAPEX); and staffing and program management support.

In August 2021, the Board of Directors authorized the CEO to issue a competitive solicitation for two on-call consultant services to replace the existing contract. The first is the Planning Support Services (PSS) to provide transit planning, transit corridor and facility development, environmental assessments support and other planning services as necessary. The second is the Community Relations Support Services (CRSS) to provide community relations coordination, business assistance program development and specialized public relations support. The PSS and CRSS solicitations are underway. Staff anticipates bringing a recommended list of on-call consultants for Board approval to execute the PSS and CRSS contracts in spring-summer 2022. If authorized, the PSS and CRSS contracts would begin in July 2022 for three base years and an option for two one-year extensions.

Extending the PCRSS contract will provide up to six-month coverage to transition from the current PCRSS to the new contract awards for PSS and CRSS. There are currently three activities fully underway under the PCRSS contract that would need to continue to allow for a successful transition:

- Archeological monitoring, data recovery, analysis of collected artifacts and report preparation during construction of South Central Extension/Downtown Hub (SCE/DH).
- Preliminary engineering and environmental assessment for Capitol Extension (CAPEX).
- Community relations for active projects (Northwest Extension Phase II, SCE/DH and CAPEX) and transit service planning.

The contract extension and authorization to increase contract authority (not to exceed $3.5 million) will ensure the successful continuity of these current projects by using the established staff who have been supporting these multi-year projects. It will ensure a successful transition to the new contracts and mitigate risks to the projects' schedule and budget. Moving these activities to the new contracts without this transition period could potentially delay these major capital projects as well as increase the cost of these services. An immediate, abrupt change in the consultant staff support on these projects would not be in the best interest of the public investment in these major capital projects.

The six-month period will allow time for transition to the PSS and CRSS contracts. The duration for each project is to be determined based on the complexity of the project task, but the period would be limited to six months. It is not anticipated that there would be any overlap or duplication of efforts with the transition to the new contract.

Valley Metro will provide additional information at the May TMC/RMC meeting about the transition from the current PCRSS contract to the new PSS contract.

COST AND BUDGET

The current request is to modify the contract authorization by $5 million. An amount of $1.5 million will be expended in Fiscal Year 2022 (FY22), and $3.5 million will be incurred in FY23. The $3.5 million and additional authority for up to six months in FY23 will allow the transition of ongoing project activities from the current PCRSS contract to the new PSS and CRSS contracts.

These projects supported by the PCRSS contract are funded by a mix of federal, regional, and local dollars. Funding is included in the VMR and RPTA adopted FY22 Operating and Capital Budgets. Contract obligations beyond FY22 are incorporated into the Five-Year Operating Forecast and Capital Programs (FY22 thru FY26).

Table 2 provides a summary of the total contract authority and the current request.

TABLE 2: SUMMARY OF PCRSS CONTRACT AUTHORITY

Period	Description	Not-to-Exceed Amount
Approved Base 5-Years *July 2016 – June 2020*	Annual task orders to support various regional transit planning needs. *Approved June 2016*	**$35,000,000**
Approved 1-Year Extension *July 2021 – June 2022*	Single annual task order to support various regional transit planning needs. *Approved November 2020*	**$9,000,000**
Current Request*		**$5,000,000**
July 2021 – June 2022	Additional authority to the approved 1-year extension due to an unanticipated level of archeological analysis, community relations and other planning activities for the South Central Extension/ Downtown Hub (SCE/DH); additional route analysis and community relation activities for the Capitol Extension (CAPEX); and staffing and program management support.	$1,500,000
July 2022 – December 2022	Additional authority and extension to allow up to six months to transition current projects from this contract to the new contracts: • SCE/DH archeological monitoring and reporting during construction. • CAPEX preliminary engineering and environmental assessment. • Community relations for Northwest Extension Phase II, SCE/DH and CAPEX,	$3,500,000

	Business Assistance Program, RPTA Service Changes and Reduced Fare ID.	
Total Contract Authority		**$49,000,000**

COMMITTEE PROCESS
RTAG: March 15, 2022 for information
TMC/RMC: April 6, 2022 approved
Boards of Directors: April 21, 2022 for action

CONTACT
Henry Ikwut-Ukwa
Director, Capital Development
hukwa@valleymetro.org
602-262-7433

ATTACHMENT
None

Information Summary

DATE **AGENDA ITEM 5**
April 14, 2022

SUBJECT
2022 Cost of Living Adjustment for Valley Metro Staff

PURPOSE
To request consent for the Chief Executive Officer (CEO) to implement a 5% cost of living adjustment for all Valley Metro staff effective May 2, 2022.

RECOMMENDATION
Staff recommends that the Board of Directors give consent to the CEO to implement a 5% cost of living adjustment for all Valley Metro staff effective May 2, 2022.

BACKGROUND | DISCUSSION | CONSIDERATION
Like employers across the Valley and U.S., Valley Metro has been impacted by FY 2022's rapid shift in the labor market. Turnover in the first quarter of FY 2021 was 14% on an annual basis. In the first quarter of 2022, turn-over was 19% on an annual basis – an increase of over one-third. At the same time, the quality and quantity of applicants have fallen significantly. As result, at present, Valley Metro has 74 vacancies out of 376 funded positions for a vacancy rate of 20%. These vacancies are disproportionately (65% or 48 positions) in the Operations & Maintenance Division where the highest vacancy classifications are in crisis, directly affecting our ability to provide reliable, clean, and safe service:

	February 2022	
Position	% Vacant	Number Vacant
LRV Inspector	44%	8
Electro-Mechanics	40%	6
Traction Power Techs	30%	6
Communication System Techs	40%	4
Customer Service Agents	43%	15
Track Maintainers	33%	3

All employers are being impacted by the combination of inflation and rapidly rising labor rates. The Bureau of Labor Statistics (BLS) reported in February 2022 that inflation for the metro Phoenix area was 11% for the trailing 12 months and that employer's compensation costs increased 5% for calendar year 2021. A survey in February 2022 of local jurisdictions identified a number of organizations that have already implemented cost of living adjustments in FY 2022 including the Maricopa Association of

Governments (5%), Avondale (5%), Mesa (5%), and others who are proposing total adjustments in the 5-10% range for FY 2023 (Goodyear, Phoenix, and Peoria).

Valley Metro must respond to these changes promptly or risk losing qualified staff and degradation in our service levels. In this extremely competitive labor market, replacing staff will cost more than the proposed cost of living adjustment. First, as illustrated by the BLS compensation data, new hires will certainly demand wages at least 5% above hires in previous years. Secondly, obtaining qualified candidates is taking longer and requiring more advertising and recruiting expenditures. Finally, overtime will be needed to fill shifts until replacements can be hired and trained.

COST AND BUDGET
The FY 2022 cost of the recommended 5% cost of living adjustment provided to 376 active staff is $275,200. This funding is available in Valley Metro's approved FY 2022 budget. When funded on a full-year basis in FY 2023, the recommended cost of living adjustment will require $1,626,000. This amount has been included in Valley Metro's FY 2023 budget recommendation to the Boards of Directors.

COMMITTEE ACTION
Boards of Directors: April 21, 2022 for action

CONTACT
Jim Hillyard
Chief Administrative Officer and Interim Chief Financial Officer
jhillyard@valleymetro.org
602-495-8234

ATTACHMENT
None

Information Summary

DATE **AGENDA ITEM 6**

April 14, 2022

SUBJECT

Transit Asset Management Program Update

PURPOSE

To provide an update to the Boards of Directors regarding the use of Transit Asset Management (TAM) to understand long-term asset needs, costs, and the impact of Valley Metro's transition from a new to mature system.

RECOMMENDATION

This item is presented for information.

BACKGROUND | DISCUSSION | CONSIDERATION

In 2016, Federal Transit Administration finalized it regulation requiring federally funded transit agencies to have a TAM program. The purpose of TAM is:

- To minimize the total cost of ownership of transit assets by understanding and proactively managing the lifecycle of each asset.
- To ensure safety and customer service by identifying the resources needed to maintain the transit system's state of good repair.
- To facilitate financial planning by making long-term capital and asset maintenance cost clear.

This presentation introduces TAM by first highlighting the process for forecasting capital and asset maintenance needs and performance, levels, the key variables analyzed, and the data sources used. Next, it illustrates the TAM process by sharing the current TAM analysis for both light rail vehicles and busses. Finally, it highlights the implications of these analyses and makes recommendations for improvement.

COST AND BUDGET

TAM analysis and forecasting informs long-term financial planning. No immediate funding is sought.

COMMITTEE PROCESS

RTAG: January 18, 2022 for information
TMC/RMC: February 2, 2022 for information
Boards of Directors: April 21, 2022 for information

CONTACT
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Chief Operations Officer
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ATTACHMENT
Presentation: “20 Year Asset Cost and Funding Analysis”

Valley Metro Transit Authority

VALLEY METRO

20-Year Asset Cost and Funding Analysis

January 2022

DYE MANAGEMENT GROUP, INC.

CAMBRIDGE SYSTEMATICS

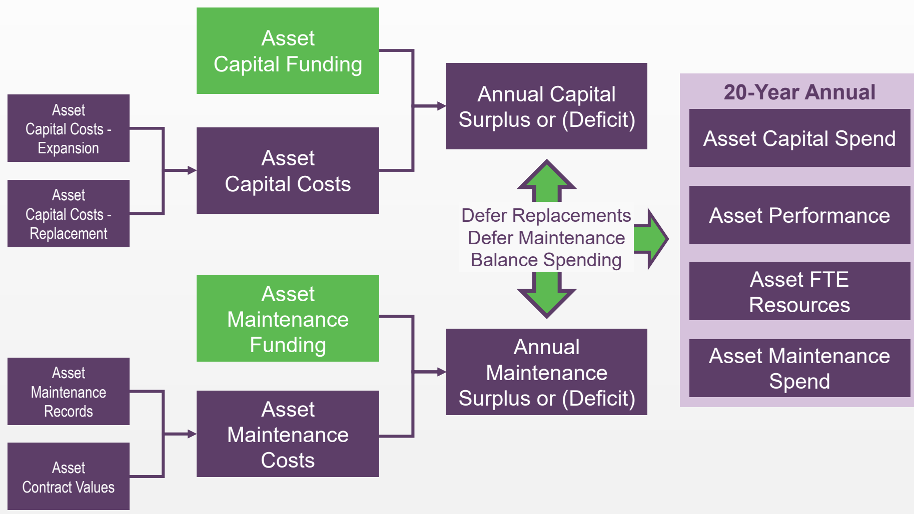
1

Purpose

- Familiarize Valley Metro leaders with system asset requirements and long-term costs
- Understand how Valley Metro transitions from a new to a mature system
- Highlight the role of local funding in supporting the system long-term

2

Forecast Overview



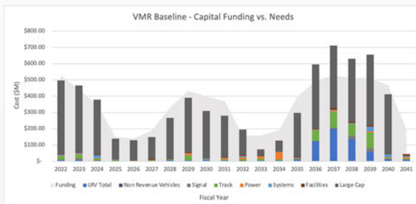
Forecast Assumptions

- **General Assumptions**
  - No expansion of bus fleet beyond known short term purchases
  - Full implementation of rail expansion plan
  - Renewal of PTF / Prop 400
  - Asset funding reserve carries from year to year to fund SGR gaps
  - 4% annual cost inflation rate
- **Asset Capital and Operating Funding Annual Growth Rates**
  - Federal: BIL then 1% annually
  - PTF: 5% annually
  - Member Cities:
    - RPTA: 3% annually
    - VMR: Based on VMR Forecasts
  - Fares: 5% (VMR) / 1.5% (RPTA)
  - Other Sources: no change
- **Asset Capital and Maintenance Costs**
  - Capital replacement costs based on asset useful life benchmarks
  - Maintenance costs based on historical unit costs and asset age and condition
- **Asset Performance (SGR)**
  - Deferred maintenance or replacement degrades asset condition, which degrades asset performance
  - Standard industry lifecycle curves for asset condition and performance
  - FTA TAM Performance metrics normalized on 0% to 100% scale
- **Asset Personnel (FTEs)**
  - Historical FTE counts from FY18-FY22 budget books to create projection baseline
  - Annual growth rates to based on FTE per unit asset

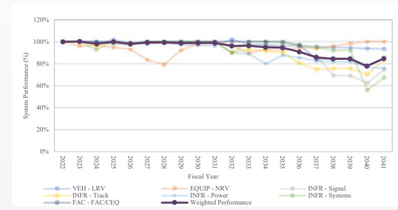
VMR Summary

- Capital funding loses pace with capital needs in out years as LRV and Infrastructure renewals come due
- Maintenance need slightly outpaces funding in most years
- Aging assets and deferred maintenance/replacement lead to performance decreases in out years

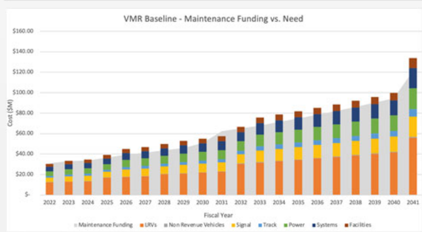
CAPITAL



PERFORMANCE



MAINTENANCE



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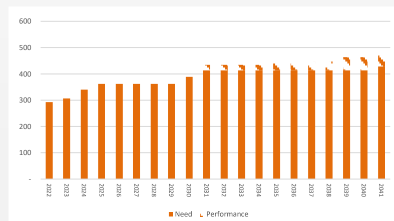

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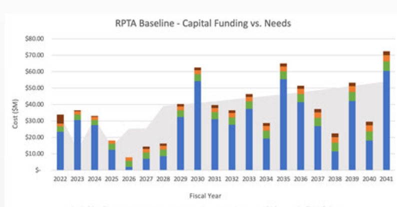
RPTA Summary

- Capital needs arrive in waves based on inventory fleet composition. Future funding will need to be programmed accordingly
- Reliance on contracting services creates uncertainty for cost of future contracts
- Contracting services limits visibility to data to assess asset cost and performance

CAPITAL



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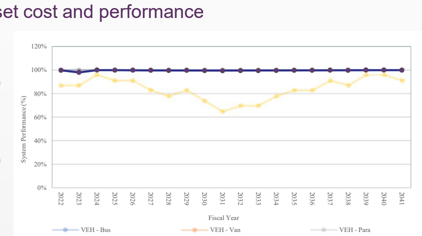

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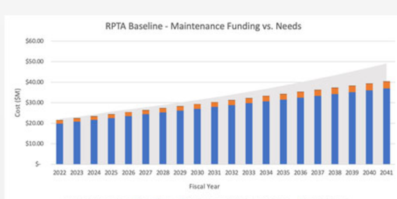

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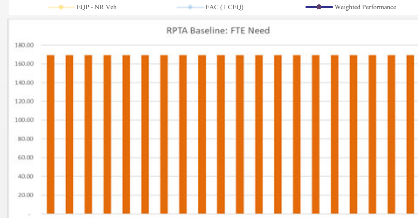

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Conclusions

- Current asset performance is outstanding despite some observed challenges in filling and retaining key positions
- Funding in place to build out rail system and maintain existing bus and rail services **if** Prop 400 is renewed and member city contributions remain stable
- VMR: Funding will not keep pace as maintenance needs increase and existing LRV and Infrastructure come due for replacement, leading to lower asset performance over time
- VMR: Future FTE needs are likely understated: currently analysis maintains asset/FTE ratio, does not address service needs for aging assets, overtime practices, or staff turnover/retention
- RPTA: Performance should remain strong and stable at current service levels. Low visibility to asset needs and better funding alignment for replacements needed in out years

Recommendations

- Build flexibility for PTF spending on asset capital or maintenance over time
- Explore secure mechanisms to commit local funding for existing asset needs and minimum service levels
- Establish and fund a flexible SGR reserve to mitigate uncertainty and prepare for rail capital replacements in out years
- Integrate asset performance metrics and analysis into annual budgeting process
- Consider future investment in detailed and predictive analysis to increase the effectiveness of asset maintenance and reduce costs for future assets
- Consider a more robust analysis of FTE to account for turnover, training, overtime, and aging assets

Questions?

Appendix

VMR Asset Class Case Studies

RPTA Asset Class Case Studies

Process Details

VMR Asset Class Case Studies

LRV, Infrastructure, Facilities & Equipment, Non-Revenue Vehicles, Expansion Projects

VMR Case Study: Light Rail Vehicles

Define standard LRV cost profiles and apply to expected LRV Inventory

- **LRV Expansion/Replacement**: $6.5M (FY 2019) per LRV, purchased over a 4-year duration with [33%, 19%, 19%, 29%] cashflow or values provided by Rail Model

Project	Quantity	In Service	Dispose/Replace	Asset Type
CPEV	50	2009	2037-2040	Kinkyshario
GRE	3	2022	2050-2053	Siemens
System Expansion	8	2023	2051-2054	Siemens
Tempe Streetcar	6	2022	2050-2053	Streetcars
I-10 1	5	2028	2056-2059	Siemens
So Central	14	2025	2053-2056	Siemens
I-10 2	25	2032	2060-2063	Siemens

- **Component Overhaul**: Create profile using component overhaul schedule: activity, unit cost, frequency, duration, quantity
- **Maintenance**:
  - Use maintenance records to calculate average unit preventive and corrective maintenance
  - Cross check values against annual budget and adjust unit cost based on known data issues
  - 0.93 markup factor to go from direct maintenance costs to direct + indirect maintenance operating costs
- **Performance:** % Assets > 2.5 on TERM 1-5 condition scale

VMR Case Study: LRV Results

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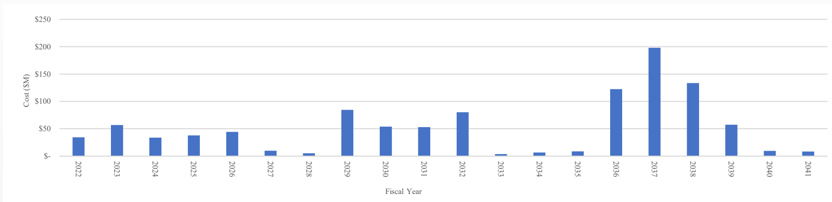

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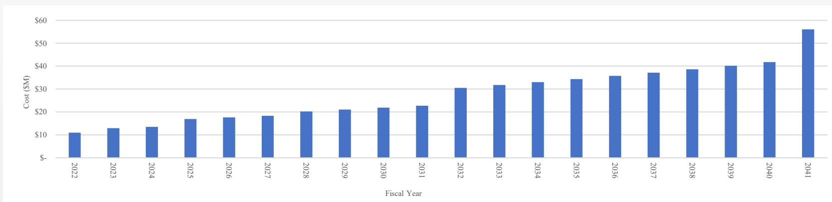

VMR Infrastructure

- **Capital Renewal and Replacement:**
  - Use Capital Renewal and Replacement (CRRP) spreadsheet as primary data source for forecasting asset capital needs
  - Convert replacement/renewal projects into tabular format and assign asset category and class
  - Apply typical project duration and cashflow to each project
  - Roll-up capital needs based on fiscal year and and asset type
- **Maintenance**:
  - Use 2014-2020 ellipse work order data to review historical maintenance needs
  - Assign asset classifications to each work order and calculate “per asset” maintenance need
  - Forecast future maintenance need using ”per asset” cost and expected asset quantities.
- **Maintenance Markup:** 2.90 markup factor to go from direct maintenance costs to direct + indirect maintenance operating costs
- **Performance:** % Asset > 2.5 on TERM 1-5 condition scale

VMR Infrastructure

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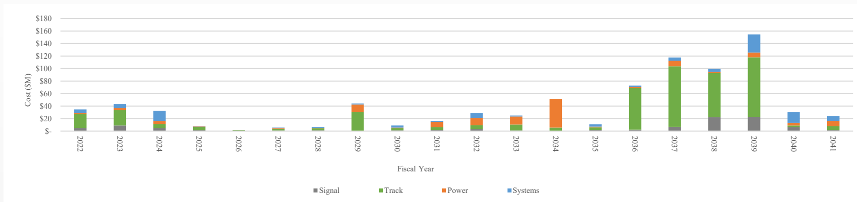

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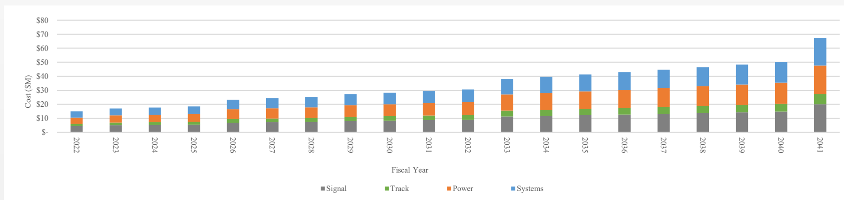

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VMR Facilities & Equipment

- **Capital Renewal and Replacement:**
  - Use Capital Renewal and Replacement (CRRP) spreadsheet as primary data source for expected asset capital needs
  - Convert replacement/renewal projects into tabular format and assign asset category and class
  - Apply typical project duration and cashflow to each project
  - Roll-up capital needs based on fiscal year and and asset type
- **Maintenance**:
  - Use 2014-2020 ellipse work order data to review historical maintenance needs and assign asset category and class.
  - Assign asset classifications to each work order and calculate “per asset” maintenance need
  - Forecast future maintenance need using ”per asset” maintenance cost and expected asset quantities.
- **Maintenance Markup:** 2.90 markup factor to go from direct maintenance costs to direct + indirect maintenance operating costs
- **Performance:** % Asset > 2.5 on TERM 1-5 condition scale

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VMR Facilities & Equipment

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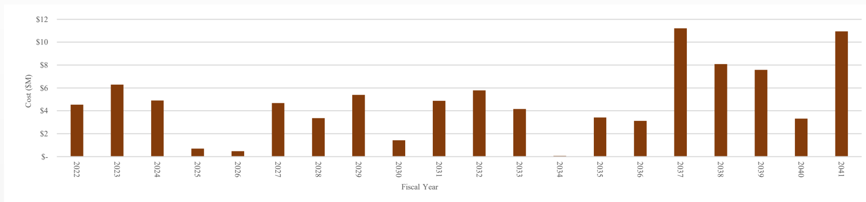

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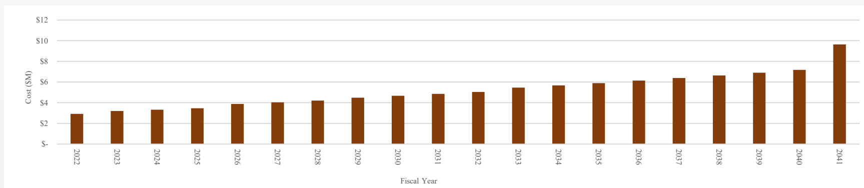

VMR Non-Revenue Vehicles

- **Background:** VMR does not adhere to a strict useful life and feels comfortable maintaining vehicles past useful life and replacing on as-needed basis. For analysis purpose, use TAM Plan approved ULBs
- **Replacement Model**:
  - Use asset id, manufacture year, replacement cost, useful life benchmark (ULB) to forecast replacement
  - Constrain need against annual budget with oldest vehicles replaced first
  - Performance metric is % of assets that have met or exceeded their ULB
- **Maintenance:**
  - Use maintenance records to compute average annual maintenance cost per asset of each asset type
  - Calculate total annual maintenance cost using asset quantity
  - 0.93 markup factor to go from direct maintenance costs to direct + indirect maintenance operating costs

VMR Non-Revenue Vehicles

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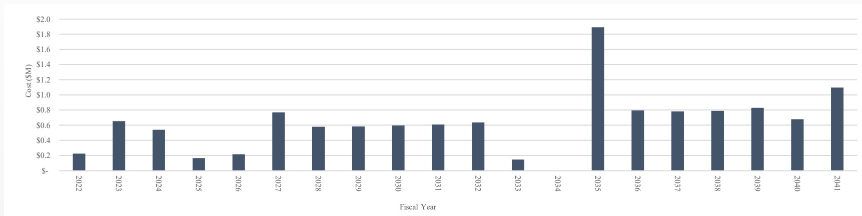

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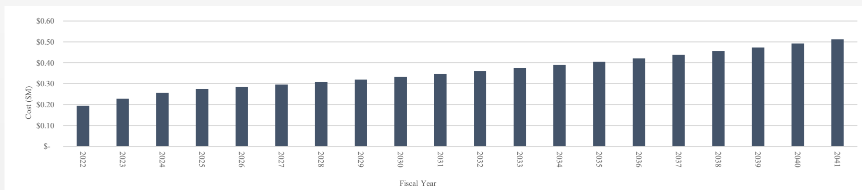

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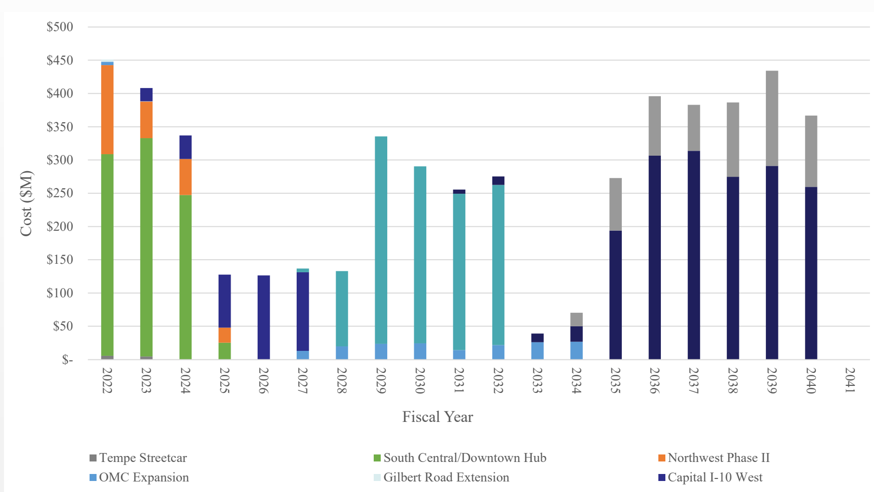
VMR Large Projects



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VMR Expansions

Project	Description
Tempe Streetcar	3.0-mile alignment extending southward along Mill Avenue in downtown Tempe from Rio Salado Parkway to the Dorsey Lane/Apache Boulevard light rail station.
South Central/Downtown Hub	5.5-mile extension of the existing Valley Metro light rail line along Central and 1st avenues in central and south Phoenix.
Northwest Phase II	A 1.6-mile extension which will extend west on Dunlap Avenue, north on 25th Avenue and across I-17 near Mountain View Rd. with a terminus on the west side of the freeway near Metrocenter Mall.
OMC Expansion	The expansion is necessary to maintain the streetcar fleet and expanding rail operations.
Gilbert Road Extension	1.9-mile alignment extending from terminus of Central Mesa Extension eastbound to Gilbert Road.
Capital I-10 West Phase I	1.5-mile alignment from Phoenix City Hall westward to the vicinity of the State Capitol complex.
Systemwide Improvements	Includes eight additional light rail vehicles, fare technology improvements, capital replacements necessary to maintain the system in a state of good repair, and small capital improvement elements which benefit the entire LRT system.
I-10 West Extension (I-10 2)	The Northwest Extension Phase II project will connect Valley Metro's light rail system from 19th and Dunlap avenues and extend it 1.6 miles to the former Metrocenter Mall area in Phoenix. The project also includes new stations, including the system's first elevated station, and public art.

RPTA Asset Class Case Studies

Bus, Vans, Paratransit, Facilities & Equipment, NRV

RPTA Case Study: Buses

- **Replacement Model**:
  - Use asset id, manufacture year, replacement cost, useful life benchmark (ULB) to forecast need
  - Constrain costs against annual budgets with oldest vehicles replaced first
  - Performance calculated as % assets that have met or exceeded their ULB
- **Mid-life Overhaul:** Mid-life expenses overlayed to realize vehicle ULB
- **Maintenance:**
  - Sum and forecast baseline contracts for Total Transit, Ajo, First Transit
  - Historical NTD trends show ~23.91% of contracts attributed towards Vehicle Maintenance

Type	ULB	Replacement Cost	Midlife ULB	Midlife Overhaul
Bus 40 Ft	12	$550,000	6	$40,000
Bus 60 Ft	12	$930,000	6	$40,000
BRT Coach	18	$850,000	9	$40,000
Bus 30 Ft	12	$530,000	6	$40,000
Bus 30 Ft	12	$470,000	6	$40,000
Cutaway	5	$225,000	N/A	N/A
Cutaway	10	$440,000	N/A	N/A
Cutaway	7	$130,000	N/A	N/A

RPTA Case Study: Buses Results

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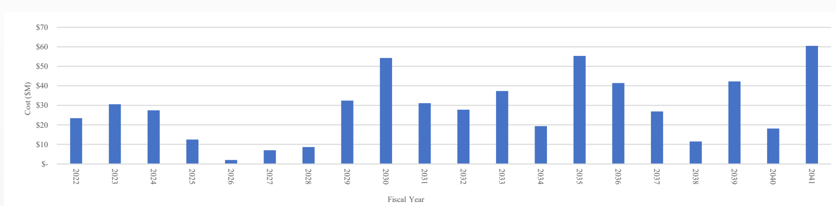

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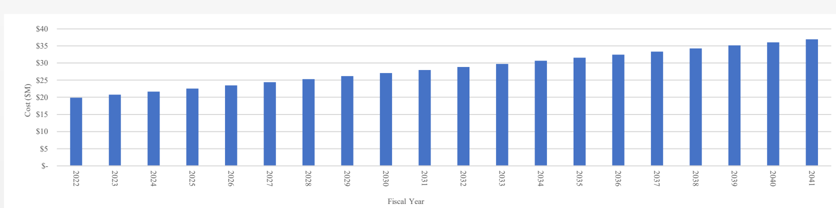

RPTA Vans

- **Background:** Pandemic significantly impacted demand for Vanpool program.
  - Individuals no longer commuting returned vans. October 2020 inventory showed 30 vehicles put to auction
- **Replacement Model**:
  - Use asset id, manufacture year, replacement cost, useful life benchmark (ULB) to forecast replacement
  - Constrain need against annual budget with oldest vehicles replaced first
  - Performance calculated as % assets that have met or exceeded their ULB
- **Maintenance:** N/A as maintenance costs are passed onto vanpool program participants
- **Assumptions:**
  - ULB: Variable based on age (4-10 years) and mileage (100-150k)
    - Assigned ULB per asset by forecasting mileage to determine age when it surpassed 125k miles.
  - Replacement Cost: $45,000 (FY 2020)
  - COVID-19 Recovery: Re-introduce 5 new vans per year starting in FY 2023 – FY FY 2027 for 30 total vans

RPTA Vans

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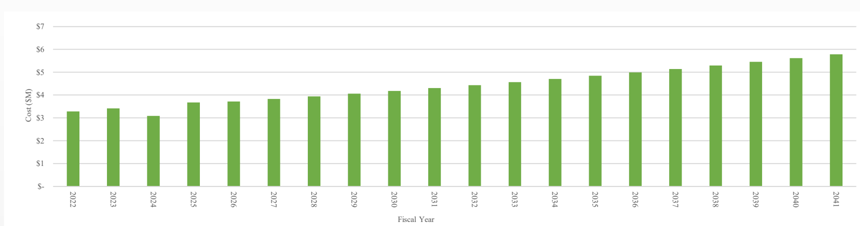

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RPTA Paratransit

- **Background:** Current paratransit inventory owned by TransDev. RPTA in the process of purchasing replacement vehicles for contractors use but RPTA will own.
- **Replacement Model**:
  - Use asset id, manufacture year, replacement cost, useful life benchmark (ULB) to forecast replacement
  - Constrain need against annual budget with oldest vehicles replaced first
  - Performance calculated as % of assets that have met or exceeded their ULB
- **Maintenance:**
  - Calculate annual maintenance cost using historical average mileage and $0.32 per mile maintenance cost including wages, benefits of in-house staff, parts, and lubricants
- **Assumptions:**
  - ULB: 4 Years
  - Replacement Cost: $67,511 (FY 2020)
  - RPTA expects paratransit inventory of 100 vehicles, purchased at 25 vehicles per year

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RPTA Paratransit

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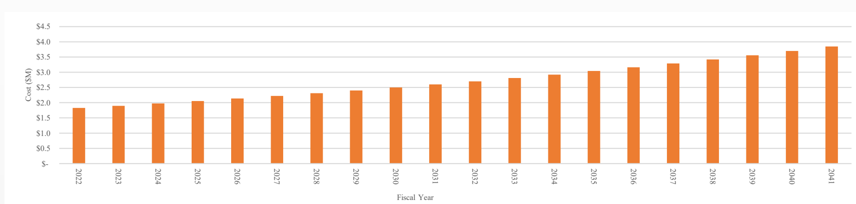

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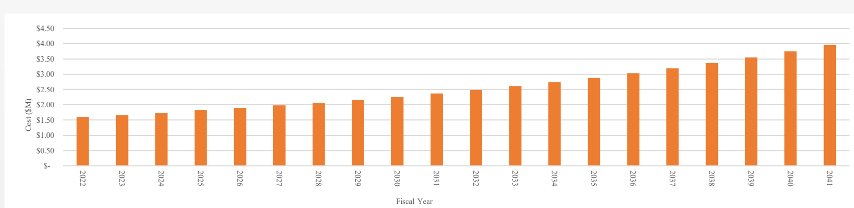

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RPTA Facilities and Equipment

- **Capital Renewal and Replacement:**
  - Capital Renewal and Replacement spreadsheet did not include RPTA facility and equipment data
  - Use CIP to identify FY 2022 to FY 2025 needs and CIP 5 year average to FY 2026+
- **Maintenance**:
  - Use 2014-2020 ellipse work order data to review historical maintenance needs and assign asset category and class.
  - Assign asset classifications to each work order and calculate “per asset” maintenance need
  - Forecast future maintenance need using ”per asset” maintenance cost and expected asset quantities.
- **Maintenance Markup:** 2.90 markup factor to go from direct maintenance costs to direct + indirect maintenance operating costs
- **Performance:** % Asset > 2.5 on TERM 1-5 condition scale

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RPTA Facilities and Equipment

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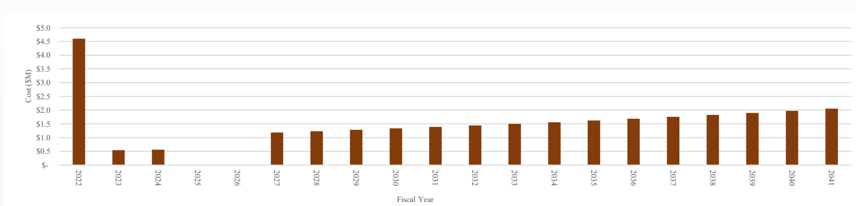

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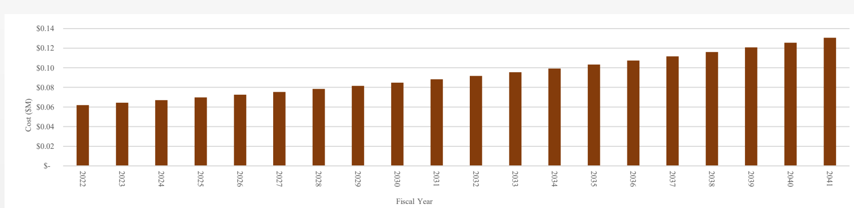

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RPTA Non-Revenue Vehicles

- **Background:** RPTA does not adhere to a strict useful life and feels comfortable maintaining vehicles past useful life and replacing on as-needed basis. For analysis purpose, uses TAM Plan approved ULBs
- **Replacement Model**:
  - Use asset id, manufacture year, replacement cost, useful life benchmark (ULB) to forecast replacement
  - Constrain need against annual budget with oldest vehicles replaced first
  - Performance metric is % of assets that have met or exceeded their ULB
- **Maintenance:**
  - Use maintenance records to compute average annual maintenance cost per asset of each asset type
  - Calculate total annual maintenance cost using asset quantity
  - 0.93 markup factor to go from direct maintenance costs to direct + indirect maintenance operating costs

RPTA Non-Revenue Vehicles

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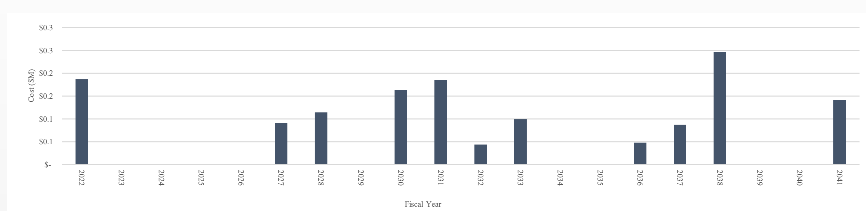

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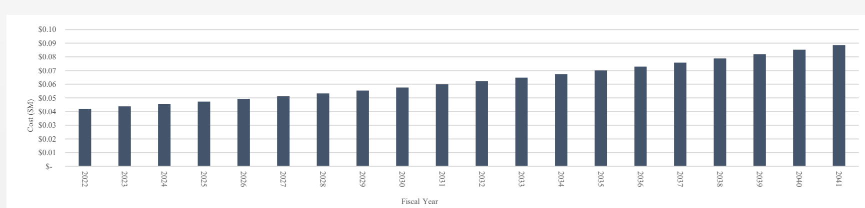

Process Details

Key Variables, Data Sources, Funding Profiles, Performance Measures, FTE Assumptions

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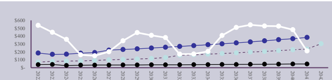
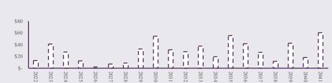
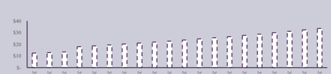
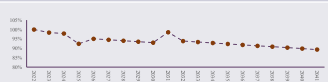
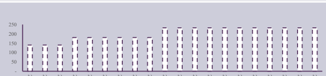
Key Variables

Forecast	Description	Typical Output
Asset Capital and Maintenance Funding	*Use historical funding trends and baseline assumptions to forecast future funding*	
Asset Capital Costs	*Use current asset inventory and planned expansions to forecast future asset purchase and replacement costs*	
Asset Maintenance Costs	*Use historical maintenance records to identify "per-asset" maintenance costs to forecast future needs*	
Asset Performance (State of Good Repair)	Balance capital and operating needs against available funding to calculate system performance on a 0% to 100% scale	
Asset FTE Resources	Use historical staffing records to identify "per-asset" staffing requirements and forecast future FTE needs	

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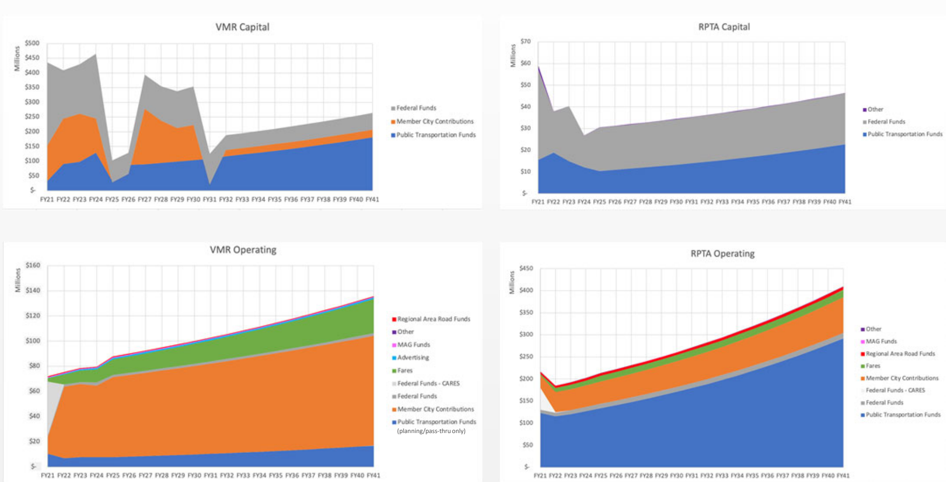
Existing Data Sources

Forecast	Description
Asset Capital Costs	• *Finance and planning data forecasts (CIP, CRRP, budget books)* • *Expected replacement year and overhaul costs based on asset class' useful life*
Asset Maintenance Costs	• *Ellipse maintenance data and offline asset class data records* • *VMR and RPTA annual budgets, 5-year forecasts, and contracts*
Capital and Operating Funding	• *Historical and projected future Federal and State funding* • *Historical and future local operating budgets and financial plans*

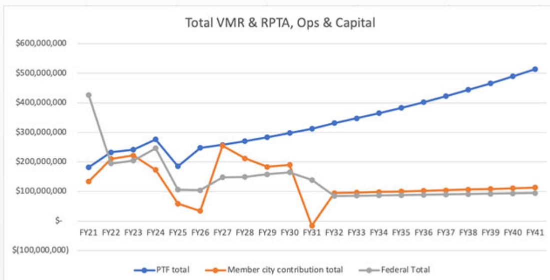
Asset Performance (State of Good Repair)	• *FTA TAM performance measures:*
	  • *Percent of assets beyond Useful Life (Vehicles and Equipment)*
	  • *TERM asset condition ratings (Facilities and Infrastructure)*

Resources	• *Staffing hour and labor rate tables*

Baseline Funding Profiles



Baseline Funding Profiles



Summary	BASELINE Total ($Bn) FY22-FY41	
VMR Operating	$	2.099
RPTA Operating	$	5.698
VMR Capital	$	5.344
RPTA Capital	$	0.746
Total Total	**$**	**13.888**

Funding Source	Baseline
PTF	FY21-25: As-is FY26-41: +5%
Federal Funds	FY 21-25: As-Is FY 26-41: +1%
Member Cities	FY 21-25: As-Is FY 26-41: VMR: +2% RPTA: +3%
Fares	FY 22-23: Recover 100% of FY19 FY 24-41: VMR: +5% RPTA: +1.5%
Other Sources	MAG Funds, Regional Area Road Funds, Advertising, and Other Miscellaneous Sources have no change across all scenarios

*VMR Capital: Federal, Member City, PTF funds from 2026-2031 are from VMR Capital Revenues and Costs from Rail Model 11-24-2020.xlsx

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Measuring Asset Performance

Asset Type	Metric	Definition
Non-Rev Vehicles	% Within ULB	The percentage of vehicles that are within their useful life benchmark (ULB)
Bus		
Vans		
Paratransit		
LRVs	% > TERM 2.5	The percentage of assets of a given type that are greater than 2.5 on 1-5 TERM scale
Signal		
Track		
Power		
Systems		
Facilities	% > TERM 3	The percentage of facilities with a condition greater than 3 on 1-5 TERM scale

Surpassing ULB or TERM threshold does not mean an asset is unsafe for use. It does mean the asset may be less reliable, incur higher maintenance costs, and likely trigger a safety risk assessment.

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FTE Analysis Assumptions

Used historical FTE counts from FY18-FY22 VMR budget books for both VMR and RPTA to create projection baseline

VMR

- Assumed planned network expansions for number of facilities, LRVs, and track miles over the next 20 years
- Calculated FTEs per unit of expansion to project needs

RPTA

- Assumed no expansions to current network
- Utilized current FTE levels to project needs

FTE Analysis Assumptions (Forecast)

Used historical FTE counts from FY18-FY22 VMR budget books for both VMR and RPTA to create projection baseline

VMR

- Assumed planned network expansions for number of facilities, LRVs, and track miles over the next 20 years
- Calculated FTEs per unit of expansion to project needs
- Applied annual growth rates to project forecasts. Assumed salary/fringe will grow in proportion to total budget projections.

RPTA

- Assumed no expansions to current network
- Utilized current FTE levels to project needs
- Applied annual growth rates to project forecasts. Assumed salary/fringe will grow in proportion to total budget projections.

Information Summary

DATE **AGENDA ITEM 7**
April 14, 2022

SUBJECT
FY 2023 Operating and Capital Budget Information for Valley Metro RPTA and Valley Metro Rail

PURPOSE
Jim Hillyard, Acting Chief Financial Officer, and Tyler Olson, Manager, Budget & Operations Financial Controls, will provide an overview and respond to questions on the FY 2023 Proposed Operating and Capital Budgets.

RECOMMENDATION
This item is presented for information only.

BACKGROUND | DISCUSSION | CONSIDERATION
The attached documents are presented for information.

- ✓ FY 2023 Budget by Goal
- ✓ FY 2023 RPTA Budget Question Log as of April 13, 2022
- ✓ FY 2023 VMR Budget Question Log as of April 13, 2022

The question logs will be periodcally updated and distributed.

COST AND BUDGET
None

COMMITTEE PROCESS
None

CONTACT
Jim Hillyard
Chief Administrative Officer and Interim Chief Financial Officer
jhillyard@valleymetro.org
602-495-8234

ATTACHMENT
None

Continue providing excellent rider experiences by maintaining an aging system and supporting growth.

Valley Metro and our partners are committed to delivering excellent customer experiences across the system now and into the future. The original Valley Metro Rail system is completing its 14th year and transitioning from a young to a mature system. Ensuring the Valley Metro system remains reliable requires careful, deliberate transit asset management (TAM). TAM is a business model and management philosophy that prioritizes capital and operating funding based on asset condition and performance. For financial planning purposes, Valley Metro's TAM elements can be categorized as asset capital spend (i.e., vehicles, infrastructure); operating spend (i.e., parts, tools and equipment); personnel resources (i.e., mechanics, technicians, supervision, administration, and support). Within the FY23 proposed operating budget, Valley Metro recommends the following elements for funding:

Parts, Tools & Equipment

1. The inventory of *light rail vehicle replacement parts* (#43) must increase to support a fleet that is both growing and aging. Staff recommends purchasing a prescribed inventory of parts to complete preventative maintenance and repairs.
2. TAM plan management and execution requires careful planning, performance and workflow tracking, asset condition assessments, planning maintenance and asset replacement projected dates and costs. Valley Metro has chosen Trapeze Group's Enterprise Asset Management (EAM) as its TAM program administration system. EAM implementation will be completed in FY 2023 at which time an *EAM System Administrator* (#20) will be needed to develop reports, analyze maintenance data, and support operations teams' maintenance workflows and capital program development.
3. Inspection of Valley Metro's rail systems, inclusive of its track and overhead catenary system (OCS) can most accurately and cost effectively be captured through a specialized tool called *RailPod Software* (#39). RailPod is a device that when pulled through the alignment automatically measures rail alignment, wear, and the OCS condition. The RailPod itself is purchased in the VMR Capital Budget. This item purchases its software.
4. While we maintain existing assets with a forward focus, the Valley Metro system continues to grow. In 2022, the Tempe Streetcar will begin service. Streetcar operation will require continuous field supervision throughout the daily span of service. Like the light rail system, the streetcar will be supported through the Operations and Maintenance Center (OMC). Supervisors and operators must report for duty at the OMC and travel to the alignment to perform their duty. Travel to and from the OMC cannot be accomplished via light rail, except for pull-in and pull-out trips (most shifts are relieved in the field, keeping revenue vehicles continuously in service). Staff recommends accomplishing OMC to streetcar travel via *non-revenue vehicles* (#42).

Asset Management Personnel Resources

Valley Metro's greatest and most effective resources are our team members. As we plan for the operation and maintenance of service, we also carefully plan personnel resources to deliver these programs effectively. Valley Metro's maintenance teams are evolving to keep pace with the growing needs of the transit system.

1. In FY 2022, Deputy Director for Transportation and Project Integration and Deputy Director for State of Good Repair and Maintenance positions were created. In order to leverage the technical and leadership capacity of these positions and their respective teams, staff recommends adding one *administrative support position* (#19) for both teams, for a total of two full-time employees (FTEs).

2. The light rail maintenance of way (MOW) operating environment requires 24/7 staff coverage and supervision of staff to ensure excellent work quality and workplace safety. The MOW team currently includes five MOW Supervisors. This level of supervision is insufficient to support three shifts per day, seven days per week. Staff recommends adding one additional *Maintenance of Way Supervisor* (#36) to provide consistent, continuous supervision.
3. Maintenance work along the rail alignment requires careful coordination and planning to ensure maintenance programs are executed safely and on time while minimizing disruption to our riders. In past practice, MOW work has been scheduled through a process of interpersonal coordination. To make this workflow planning process more accurate and effective, staff recommends the addition of a *Maintenance of Way Planner* (#36). This position would be part of the TAM and MOW teams and would assume responsibility for work scheduling.
4. To accommodate the additional fleet needed for light rail and streetcar expansion, the OMC was expended by 33%. Staff recommends the addition of one *Facilities Maintenance Technician* (#38) to support this expanded facility and equipment.

Provide an excellent rider experience by maintaining an aging system	RPTA		VMR	
	City /1	PTF & Other /1	City /1	PTF & Other /1
LRV Replacement Parts (43)	$ -	$ -	$ 410,000	$ 590,000
EAM Sys Admin (20)	$ 6,240	$ 14,560	$ 35,342	$ 50,858
RailPod Software (39)	$ -	$ -	$ 41,820	$ 60,180
Non-Revenue Vehicles (42)	$ -	$ -	$ 43,870	$ 63,130
Deputy Director Admin Support (19)	$ 1,920	$ 4,480	$ 52,562	$ 75,638
MOW Supervisor & Planner (36)	$ -	$ -	$ 105,329	$ 151,571
Facility Maintenance Tech (38)	$ -	$ -	$ 31,939	$ 45,961
Total	**$ 8,160**	**$ 19,040**	**$ 720,862**	**$ 1,037,338**

Increase transit ridership and support by engaging and informing riders and the public

To effectively *Connect Communities and Enhance Lives* Valley Metro must understand each communities' needs and riders and the public must understand how transit can enhance their lives. This requires a robust two-way dialog where Valley Metro listens to riders and the public and, in return, shares the ways it seeks to serve them. Valley Metro facilitates many different forms to listen to our rider and public – these range from community engagement through every phase of alignment planning, capital construction, and service planning to analysis of feedback provided through our customer service system. These engagements on specific topics are incredibly valuable but they don't provide insight into the perception and use of transit by the public. This broader understanding is critically important if Valley Metro is to continue to enhance lives at a time when travel patterns are shifting dramatically. Valley Metro should begin this two-way dialog by engaging riders and the public through field surveys and focus group *market research* (#26) to understand their needs and priorities.

Valley Metro will then use these insights to both inform its service planning and more effectively communicate to riders and the public. This communication is particularly important now. As the pandemic wanes and former riders consider their transportation options, Valley Metro needs to remind former riders of the things they loved about transit and how we can continue to serve as their needs change through *ridership recovery outreach* marketing (#29). In addition, as the region considers its transportation future, it's important to highlight the *value of transit* (#28) to the region's quality of life even for those who don't regularly use transit.

Mass events like the Super Bowl provide a perfect showcase to highlight transit's unique ability to connect communities. Doing so, however, requires Valley Metro to enhance is communication and wayfinding support to accommodate a dramatic increase in riders, many of whom are new to our system and new to the Valley. During the last Super Bowl in 2015, Valley Metro was integral to allowing fans to reach downtown events, with 389,500 boardings over five days (a 79% increase over typical ridership). To serve this surge, Valley Metro spent $230,000 in wayfinding, signage, advertising, a volunteer program and event infrastructure (like queue lines and additional pass sales locations). Fortunately, these enhanced efforts were offset by a $1.2 million increase in advertising revenue and a $184,000 increase fare revenue during the period. These efforts, costs, and revenues have informed Valley Metro's proposal for the *Super Bowl Special Event* (#8).

Finally, in FY 2024 and FY 2025, the Northwest Extension and the South Central/Downtown Hub will open. This change from a single-line system to a two-line system will require the development of *new wayfinding maps and designs* (#40). That design must occur and be tested in FY 2023 and implemented in FY 2024 and 2025.

Increase transit ridership and support by engaging and informing riders and the public	RPTA		VMR	
	City [/1]	PTF & Other [/1]	City [/1]	PTF & Other [/1]
Market Research (26)	$ -	$ 35,000	$ 21,700	$ 13,300
Ridership Recovery Outreach (29)	$ -	$ 70,000	$ 31,000	$ 19,000
Value of Transit Communications (28)	$ -	$ 25,000	$ 15,500	$ 9,500
Super Bowl Special Event (8)	$ -	$ 150,000	$ -	$ -
Two Line System Wayfinding Design (40)	$ -	$ -	$ 57,970	$ 35,530
Total	**$ -**	**$ 280,000**	**$ 126,170**	**$ 77,330**

Demonstrate fiscal responsibility and stewardship of resources

Valley Metro strives to identify ways to increase efficiency and ensure the effectiveness of its efforts. As a result, the agency seeks to convert the *Junior System Engineer* (#25) contractor into an FTE, reducing the net cost of this position by $26,100 per year. This contractor was added in 2019 to maintain servers and storage. The need for this support will continue, therefore, Valley Metro seeks to fulfill it in the most cost-effective way.

Like most organizations, technology continues to play an increasing role in Valley Metro's operations. To ensure Valley Metro's Information Technology (IT) division is utilizing best operational practices and safeguarding the region's transit systems, the agency recommends adding a *Senior Internal Auditor* (#21) to provide both the Board and agency with independent insight into this critical function.

Lastly, while FY 2022's insurance premium increases were substantial, premiums are unlikely to return to previous levels. In FY 2023, the addition of light rail vehicles and street cars along with the exposure associated with increasing revenue miles and the current insurance market, will likely result in another increase in Valley Metro's insurance premiums. To ensure any increase does not necessitate a mid-year budget adjustment for rail cities, Valley Metro recommends an *insurance contingency* (#35) be added. Staff is also exploring alternative funding strategies, including self-insurance for certain assets and claims and stop loss insurance.

Demonstrate fiscal responsibility and stewardship of resources	RPTA			VMR	
	City [/1]	PTF & Other [/1]		City [/1]	PTF & Other [/1]
Insurance Contingency (35)	$ -	$ -		$ 875,145	$ 1,259,355
Junior Systems Engineer (25)	$ -	$ 58,900		$ 36,580	$ 22,420
Senior Internal Auditor (21)	$ -	$ 59,000		$ 36,580	$ 22,420
Total	**$ -**	**$ 117,900**		**$ 948,305**	**$ 1,304,195**

Keep our riders safe

The safety of our riders is Valley Metro's must fundamental responsibility. The perception of safety is also a key factor in rider satisfaction and the decision to continue to use transit. As a result, Valley Metro must constantly reassess its efforts to keep riders safe. In FY 2023, Valley Metro has identified four areas for improvement.

Security Staffing

1. Recent changes in the labor market have had a major impact on the ability of Allied Universal Security to hire and retain qualified staff to provide light rail security and fare inspection. Between September 2019 and February 2020, Allied Universal Security had an average of seven Field Security Officer vacancies. Between September 2020 and February 2022, Allied Universal Security averaged 37 Field Security Officer vacancies -- a 455% vacancy increase. As a result, during this period a third of security shifts were unable to be filled. February 2022 vacancies have continued to climb to 40. This diminished security presence on light rail is reflected in an increase in security incidents. Between September 2019 and February 2020, the rate of assaults against passengers was 0.52 per 100,000 boardings. Between September 2021 and February 2022, the rate was 1.2, an increase of 129%, and Allied Universal Security personnel themselves were subject to an even greater increase in violence. Between September 2019 and February 2020, the rate of assaults against security was 0.35 per 100,000 boardings. Between September 2021 and February 2022, the assault rate was 0.84 per 100,000 boardings, an increase of 140%. This increase in violence can be expected to have a direct impact on ridership. As a result, Valley Metro recommends funding an *Operations Contingency* (#17) to enable the agency to work with Allied Universal Security on contract adjustment to allow the contactor to hire and retain the staff needed to serve the light rail system.
2. The Valley-wide scope of the bus system makes it impractical for Valley Metro to provide security coverage for busses. As a result, the agency relies on local law enforcement responses to serious incidents. When this occurs, however, Valley Metro lacks a dedicated point of contact to provide local law enforcement with context for the transit security environment, connections to related issues in other jurisdictions, or a liaison to Valley Metro's bus service contractors. This results in a less consistent response to security incidents on the bus system. Therefore, Valley Metro recommends the addition of a *Bus Security Coordinator* (#7) FTE position.

Rider and Public Education/Awareness

3. In 2018 and 2019, a combination of enhanced security presence and the playful code of conduct educational messaging known as "Respect the Ride" featuring the cartoon characters Right and Rong proved extremely effective in helping to reduce security incidents on the rail system. Over that period, incidents per 100,000 boardings fell from 50.7 in January 2018 to 8.3 in October 2019. During the pandemic, a combination of decreased commuter ridership and no-touch fare inspection contributed to a deterioration of behavioral norms on the system. As a result, Valley Metro recommends a renewed

Respect the Ride campaign (#41) to address current behavioral and safety issues, educate riders, and encourage positive behaviors.

4. The region has seen an increasing incidence of accidents involving automobiles and transit vehicles, and pedestrians and automobiles. In 2020, there were 37 light rail collisions. Based on the data, the types of collisions primarily impacting the light rail system are improper left/u-turns across the tracks and jaywalking. For buses, in 2020 there were 266 collisions involving vehicles or pedestrians. The biggest cause of collision for buses are sideswipes and mirror clip accidents. As a result, Valley Metro recommends *a driver/pedestrian safety campaign* (#27) encouraging drivers and pedestrians to obey the rules of the road, respect transit vehicles (and their inability to move or stop quickly), and avoiding jaywalking to reduce the rate of vehicle and pedestrian accidents.

Keep our riders safe	RPTA		VMR	
	City [/1]	PTF & Other [/1]	City [/1]	PTF & Other [/1]
Operations Contingency -- Security Only (17)	Not Displayed to prevent influencing of future negotiations			
Bus Security Coordinator (7)	$ -	$ 97,400	$ -	$ -
Respect the Ride Outreach (41)	$ -	$ -	$ 31,000	$ 19,000
Driver/Ped Safety Promotion (27)	$ -	$ 50,000	$ 31,000	$ 19,000
Total	**$ -**	**$ 147,400**	**$ 62,000**	**$ 38,000**

Build and invest in the team to fulfill the vision

1. Valley Metro's greatest and most effective resources are our team members. In 2022, rapid changes in the nation's labor market are disrupting this resource and threatening the agency's ability to Connect Communities and Enhance Lives. This disruption is most apparent in increases in turn-over and vacancy. Turn-over in the first quarter of FY 2021 was 14% on an annual basis. In the first quarter of 2022 turn-over was 19% on an annual basis – an increase of over one-third. At the same time, the quality and quantity of applicants have fallen significantly. As result, Valley Metro has 74 vacancies out of 376 funded positions for a vacancy rate of 20%. These vacancies are disproportionately mission-critical roles (65% or 48 positions) in the Operations Division:

	February 2022	
Position	% Vacant	Number Vacant
LRV Inspector	44%	8
Electro-Mechanics	40%	6
Traction Power Techs	30%	6
Communication System Techs	40%	4
Customer Service Agents	43%	15
Track Maintainers	33%	3

   To ensure Valley Metro's team can serve the region, Valley Metro requests funding for *a labor market adjustment* (#18) allocating a 5% cost of living adjustment given in FY22 and funding a further 3% merit increase in FY 2023.

2. In addition, Valley Metro *must increase its recruitment activities* (#22) to attract and hire qualified candidates.
3. Finally, to ensure Valley Metro is classifying and compensating staff equitably, creating career paths and encourage retention, and using its staffing resources effectively, a *classification & compensation study* (#30) is needed. Valley Metro's last classification and compensation study was completed in 2006. The agency cannot expect to remain competitive without updating its compensation structure.

4. Another important factor in retaining qualified supervisors and staff is providing them with the human resources support needed to resolve issues. Valley Metro's current single Employee Relations Specialist is not able to adequately serve the OMC team with over 200 supervisors and staff, many of whom work at night. Adding an *Employee Relations Specialist* (#24) to the OMC is important to improve effectiveness and reduce turn-over.
5. The quality of the work of Valley Metro's team members and contractual partners also depends on having good supervision. Valley Metro stations and park-and-ride facilities represent a significant share of the region's transit investment and serve as the front door to our system for riders. In FY 2023, Valley Metro anticipates spending $584,500 on groundskeeping through a contract with DMS. Valley Metro does not currently employ a supervisor responsible for monitoring the quality of contractor work and performance against specifications. Staff recommends adding a *Grounds Maintenance Coordinator* (#37) to ensure riders experience a comfortable system and Valley Metro's contractors perform according to contract specifications.
6. Valley Metro's contractual partners are also struggling to hire and retain the staff needed to deliver quality service. Over the last four months, operator vacancy rates have averaged 15% in the East Valley and 17% in the West Valley. These vacancies are impacting the contractor's ability to provide service: during that same period the number of missed trips has grown from 425 to 3,836 in the East Valley and from 10 to 28 in the West Valley. As a result, Valley Metro recommends the Board set aside funding for contractual adjustments to enable these contractors to hire and retain the staff needed to deliver quality service.

Build and invest in the team to fulfill the vision	RPTA		VMR	
	City /1	PTF & Other /1	City /1	PTF & Other /1
VM Staff Labor Market Adjustment (18)	$ 56,337	$ 830,563	$ 769,857	$ 1,107,843
Increase Recruiting Costs (22)	$ -	$ 70,000	$ 43,400	$ 26,600
Classification & Compensation Study (30)	$ -	$ 166,000	$ 102,920	$ 63,080
OMC Employee Relations Specialist (24)	$ -	$ 41,500	$ 26,855	$ 38,645
Grounds Maintenance Coordinator (37)	$ -	$ -	$ 59,532	$ 85,668
Operations Contingency -- Transit Providers (17)	Not Displayed to prevent influencing of future negotiations			
Total	**$ 56,337**	**$ 1,108,063**	**$ 1,002,564**	**$ 1,321,836**

Appendix

Total Costs by Goal

	RPTA			VMR	
	City /1	PTF & Other /1		City /1	PTF & Other /1
Provide an excellent rider experience by maintaining an aging system	$ 8,160	$ 19,040		$ 720,862	$ 1,037,338
Increase transit ridership and support by engaging and informing riders and the public	$ -	$ 280,000		$ 948,305	$ 77,330
Demonstrate fiscal responsibility and stewardship of resources	$ -	$ 147,400		$ 62,000	$ 38,000
Keep our riders safe /2	$ 56,337	$ 1,108,063		$ 1,002,564	$ 1,321,836
Build and invest in the team to fulfill the vision /2	$ 56,337	$ 830,563		$ 769,857	$ 1,107,843
Total	**$ 120,834**	**$ 2,385,066**		**$ 3,503,588**	**$ 3,582,347**

FTE Added by Goal

	RPTA Only	Joint RPTA and VMR	VMR Only	Total
Provide an excellent rider experience by maintaining an aging system	-	3	3	**6**
Increase transit ridership and support by engaging and informing riders and the public	-	-	-	**-**
Demonstrate fiscal responsibility and stewardship of resources	-	2	-	**2**
Keep our riders safe	1	-	-	**1**
Build and invest in the team to fulfill the vision	-	2	-	**2**
Total	**1**	**7**	**3**	**11**

i

i i 1/ Fund source allocations assume the levels of expenditures and revenues included in the FY 2023 budget recommendation. Changes in either will alter the final allocations to each source.
2/ Does not include amounts for the Operations Contingency (#17) to prevent influencing any future negotiations.

Questions Asked (April 13, 2022)
FY23 RPTA Preliminary Budget

FY23 RPTA Preliminary Operating and Capital Budget (April 2022)

PEORIA:

1. What amount of pay increase did Valley Metro staff get in FY22?

   3% merit increase was included in the FY22 budgets.

2. How many positions are being requested in the proposed budget?

Division	Position	RPTA
ABTS	Junior Systems Engineer	50%
ABTS	Employee Relations Analyst	40%
IA	Senior Internal Auditor	50%
SSQA	Transit Security Coordinator	100%
O&M	Asset Management System Administrator	20%
O&M	Administrative Assistant II	10%
Total		**2.7**

TEMPE:

1. Can you elaborate on any examples of measures the agency is pursuing to operate any more efficiently/streamlining operations in the wake of the requested cost increases?

   Valley Metro's first step in developing the FY 2023 budget was to search its operations for reductions and efficiencies. This resulted in $3.2M in reductions. Examples include:

   - ***Travel – 41% reduction***
   - ***Non-Revenue Vehicle Replacement – 79% reduction***
   - ***Facility Building Maintenance – 45% reduction, mostly TBOM***
   - ***Transit Books – 60% reduction***
   - ***Computer Replacements – 33% reduction***
   - ***Furniture & Fixtures – 100% reduction***
   - ***Office Expense – 18% reduction***

Questions Asked (April 13, 2022)
FY23 VMR Preliminary Budget

FY23 VMR Preliminary Operating and Capital Budget (April 2022)

TEMPE:

1. Can you elaborate on any examples of measures the agency is pursuing to operate any more efficiently/streamlining operations in the wake of the requested cost increases?

   Valley Metro's first step in developing the FY 2023 budget was to search its operations for reductions and efficiencies. This resulted in $3.2M in reductions. Examples include:

   - ***Travel – 41% reduction***
   - ***Non-Revenue Vehicle Replacement – 79% reduction***
   - ***Facility Building Maintenance – 45% reduction, mostly TBOM***
   - ***Transit Books – 60% reduction***
   - ***Computer Replacements – 33% reduction***
   - ***Furniture & Fixtures – 100% reduction***
   - ***Office Expense – 18% reduction***

2. Related to the Operations Contingency item – is there any opportunity to fund requested contingency amounts with fund balance (ie. slide 12) or agency reserve funds? If contingency amounts are approved, can you please elaborate on any policy considerations that may need to be developed to ensure the contingency funding is utilized only for the expenditures noted in the memo (ie. change detail sheet #17).

   Slide 12 references the amount of PTF revenues that have been programmed vs. unprogrammed. PTF cannot be used for VMR operations which represents about half of the recommended contingency funding. It can be used on RPTA operations which accounts for the other half. On-hand, unprogrammed PTF would be sufficient to fund the proposed FY 2023 RPTA operational contingency. If these funds were used to modify transit service contracts, under existing board policy (February 2011), that spending would be included in Jurisdictional equity calculations (as you know, thresholds are set at +/- 2.5% for each sub-region [West, East, Central] and no city can be under allocated by $7.5 million). The amounts we're talking about are unlikely to breach JE thresholds in the near term but, for the West Valley in particular,

future spending or significant PTF revenue changes could make their threshold relevant.

3. Related to the Streetcar Operations item – Change detail sheet #34 indicates that the $1.9M increase to operations and $0.4m increase to security is due to the costs being annualized from a partial year of operations in FY22 to a full year in FY23. However, the FY22 budget book indicates that the FY22 budget was developed to anticipate an October 2021 opening for streetcar – 9 months of operations in FY22, with $3.7m attributed to streetcar operations costs and $0.6m attributed to security. With that in mind, we'd expect to see around a 33% increase as the costs are annualized from a 9-month operating period to a 12-month operating period. However, the costs listed on change detail sheet #34 represent a 51% increase in operations costs and 66% increase in security costs. This doesn't make sense to us from the standpoint of annualizing the planned, 9-month partial year in FY22 to a full year in FY23.

   Item #34 is intended to explain the majority of the budget increase from FY22 to FY23. The increase is not only due to operating an additional 3 months in FY23, but also inflationary market conditions that we can't control related to insurance premium escalation & unknown escalation for renewal in Dec 2022, contingency for potential Allied Universal labor market adjustment, increased cost of parts due to market conditions, and anticipated increase in legal defense costs based on recent trends. The other complicating factor is that the FY22 budget was based on 10 min headways while FY23 is based on 12 min with reduced span of service. Since the service level assumptions are different from year to year, it's best that we sit down with Tempe staff to review the FY23 budget based on 12 min frequency and reduced span of service.

4. Tempe remains concerned that the budget increases outlined in this item #7 – 16% for RPTA and 24% for VMR – outpace the growth of Tempe's local transit tax revenue. The memo describes that COVID relief funds remain available to offset VMR expenditures; however, is it anticipated that member agency contributions would be required to offset the increased operating amounts for VMR outlined in the document beyond FY23?

   Based on the previous direction received from member cities, we are drawing COVID relief funds down as fast as possible, reducing member city contributions. For VMR, all remaining COVID relief funding have been programmed in FY23. Unless we receive a different direction on programming from VMR cities, member city contributions will return to pre-pandemic levels, increased by any shortfalls in fare revenues, increased inflationary factors, and costs for additional service that has been requested (ex/ Streetcar for Tempe).

5. With regards to recommendation #19 (Administrative Support for Deputy Directors) – was the need for additional support resources anticipated and communicated to member agencies as the new deputy director positions were discussed with leadership from member agencies, or are these costs in addition to those discussions?

   Administrative support was not anticipated nor discussed at that time, (which was in/around Sept 2020).

   The "FY2023 Changes" summary document (page 10) attributes $6,400 of this request to RPTA, and $128,200 to VMR. Is the VMR allocation entirely funded through member agency contributions?

   No, it's a mix of member city and other.

   How was the cost share between agencies determined for this request?

   Each year, Directors and Managers review each position on their team and determine the level of effort by project and agency based on planned work for the upcoming year. Tyler will reach out to Ray and team to doublecheck the effort for this position and let you know if we make any modifications.

Information Summary

DATE **AGENDA ITEM 8**
April 14, 2022

SUBJECT
Travel, Expenditures and Solicitations

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

RECOMMENDATION
This item is presented for information only.

BACKGROUND | DISCUSSION | CONSIDERATION
None

COST AND BUDGET
None

COMMITTEE PROCESS
None

CONTACT
Jim Hillyard
Acting Chief Financial Officer
602-262-7433
jhillyard@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
Travel Reimbursement Report
For Travel Completion Dates
2/1/22 through 2/28/22

Job Title	Purpose of Travel	Location	Dates Traveled	Total Travel Cost	Airfare	Other Transport	Lodging	Meals	Misc.
	NO TRAVEL REPORTED FOR THIS PERIOD				$0.00	$0.00	$0.00	$0.00	$0.00
Total this reporting period				$0.00					
Year to Date				**$13,566.20**					

Report reflects Out of State (AZ) Travel

Valley Metro Regional Public Transportation Authority
Monthly AP Payments over $25,000
February 2022

Payment Number	Date	Supplier or Party Name	Transaction Description	Amount
10000394	2/25/2022	First Transit Inc	Jan 2022 Transit Services + Preventative Maintenance for East Valley Routes	5,433,117.94
10000393	2/25/2022	DMS Facility Services Inc	VMR - Jan 22 Facilities Maintenance Services	1,125,372.01
10000361	2/4/2022	Transdev Services Inc	Dec 2021 General Paratransit Service	1,123,758.90
10000381	2/11/2022	City of Phoenix	Feb 2022 FR Bus Service, DAR, FR Svc Op Supp	1,020,725.13
90000051	2/25/2022	ADP LLC	PPE 2/20/2022 Payroll Liabilities	954,067.01
90000049	2/11/2022	ADP LLC	PPE 2/6/2022 Payroll Liabilities	933,304.13
10000397	2/25/2022	HDR Engineering Inc	VMR - Nov 2021 PCRS Services	742,051.71
10000376	2/11/2022	Hill International Inc	VMR - Nov 2021 PCRS Services	697,602.29
10000405	2/25/2022	City of Phoenix	Feb 2022 FR Bus Service, DAR, FR Svc Op Supp	570,959.02
10000403	2/25/2022	Total Transit Enterprises LLC	Jan 2022 West Valley Contracted Fixed Route and Maintenance Services	529,791.00
10000367	2/11/2022	Allied Universal Security Services	VMR - Jan 2022 Fare Inspection and Security Services	513,799.16
90000048	2/11/2022	Cigna Health and Life Insurance Company	Feb 2022 Health Insurance Premiums	435,808.55
90000050	2/25/2022	ASRS	PPE 02/20/22 ASRS Contributions & LTD	255,831.48
90000047	2/11/2022	ASRS	PPE 02/06/22 ASRS Contributions & LTD	252,621.95
10000356	2/4/2022	Creative Software Solutions LLC	Ridechoice Mgmt Svcs + EZT SetupImplementation Fee	178,822.75
10000391	2/25/2022	Creative Software Solutions LLC	Ridechoice Mgmt Svcs + EZT SetupImplementation Fee	166,113.02
10000389	2/25/2022	ARCADIS	Oct / Nov 2021 Consulting Support Services	155,734.03
90000053	2/28/2022	Surepays	RPTA Feb 2022 Utilities	125,365.29
10000359	2/4/2022	Plante & Moran PLLC	Consultant Services for ERP/EAM Implemention	118,256.93
10000406	2/25/2022	Senergy Petroleum LLC	Bulk Fuel	100,713.42
10000385	2/11/2022	Senergy Petroleum LLC	Bulk Fuel	80,457.10
10000398	2/25/2022	Medical Transportation Management Inc	Jan 2022 Paratransit Eligibility Assessment and Fixed-Route Travel Training Services	74,348.00
10000360	2/4/2022	Second Generation Inc, dba Ajo Transpor	Jan 2022 Rural Connector Services	63,595.60
1000456	2/25/2022	CopperPoint Insurance Company	Mar 2022 Rent for Mobility, Call Center and Parking	58,056.41
1000443	2/11/2022	QCM Technologies Inc	Feb 2022 Information Technology Solutions & Services	53,331.98
1000466	2/25/2022	QCM Technologies Inc	Jan 2022 Information Technology Solutions & Services	53,331.98
90000052	2/28/2022	Wells Fargo Bank	Jan 2022 Credit Card Charges	48,700.86
10000392	2/25/2022	DLT Solutions LLC	Subscription Costs - ERP Cloud Fusion	45,026.94
10000372	2/11/2022	Dye Management Group Inc	Jan 2022 Transit Asset Management Consulting Services	42,836.00
10000380	2/11/2022	URW LLC	Jan 2022 Landscape Maintenance Services	40,983.94
1000429	2/4/2022	SHI International Corp	Software Purchases	39,502.10

10000358	2/4/2022	Guidesoft Inc	Managed Services Provider	35,748.44
10000364	2/4/2022	Senergy Petroleum LLC	Bulk Fuel	33,058.34
10000404	2/25/2022	Kirschbaum Development Group LLC	Jan 2022 Developer Contractor Services	28,242.50
10000396	2/25/2022	Guidesoft Inc	Managed Services Provider	25,568.73
				16,156,604.64

Valley Metro Rail, Inc
Monthly AP Payments over $25,000
February 2022

Payment Number	Date	Supplier or Party Name	Transaction Description	Amount
50000301	2/11/2022	Kiewit-McCarthy, a Joint Venture	Dec 2021 CMAR Services for South Central-Downtown Hub	5,950,396.16
50000310	2/25/2022	Hensel Phelps Construction Co	Release of Retention	2,030,433.00
5000509	2/25/2022	IFE North America LLC	LRV Modular Door Control Unit Upgrades	549,120.00
50000294	2/4/2022	City of Phoenix	RWC Charges / Fare Handling Fee	339,522.42
90000008	2/28/2022	Surepays	VMR Feb 2022 Utilities	298,444.76
50000321	2/25/2022	101 North First Ave LLC	Mar 2022 Rent / Storage Room Leases	170,214.79
50000304	2/11/2022	Penn Machine Company LLC	Tire Mounting Kits	100,402.80
50000322	2/25/2022	Alliant Insurance Services Inc	Risk Management Consulting Services-Annual Insurance Premiums	99,399.91
50000308	2/11/2022	SRP	NWEII Third Party Utilities	96,316.62
50000313	2/25/2022	OH Partners	Marketing and Advertising Support Services	69,232.80
50000316	2/25/2022	Reigelman LLC	SCE - Public Art Services-Fabrication / Install	60,800.00
50000298	2/11/2022	George Bates Studio	SCE - Public Art Services-Final Design	58,324.00
50000314	2/25/2022	Penn Machine Company LLC	Gearbox Overhauls - IGW	57,079.81
50000287	2/4/2022	Scheidt & Bachmann USA Inc	Year 3 Service Desk Hardware and Software Support	54,489.83
5000492	2/11/2022	NASG Holdings Inc	LRV Window Glass	49,080.40
50000295	2/4/2022	SRP	SCE Third Party Utilities	45,576.30
5000461	2/4/2022	NASG Holdings Inc	LRV Window Glass	35,065.00
500053	2/11/2022	National Corrosion	Annual Corrosion Control Services	33,910.00
50000297	2/11/2022	Award Winning Restorations	Light Rail Vehicle Painting	33,074.14
50000312	2/25/2022	Kiewit-McCarthy, a Joint Venture	CMAR Services for Northwest Phase II	30,400.00
5000514	2/25/2022	PGH Wong Engineering Inc	Dec 2021 System Design Services	27,589.43
5000470	2/4/2022	WestGroup	Market Research Services	25,000.00
				10,213,872.17

Procurement Report
for April Board Month

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
RECENTLY COMPLETED PROCUREMENTS										
Christian J	RPTA	COOP	Paratransit Vehicles	Yes	N/A	N/A	January 2022	$4,594,814.00	Purchase Order	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**
Barb H	Joint	RFQ	Planning Support Services	Yes	December 2021	February 2022	June 2022	$30,000,000.00	3 years + 2 options	In Evaluation
Barb H	VMR	RFP	LRV Electrical Component Repair	Yes	March 2022	April 2022	June 2022	$300,000.00	3 years + 2 options	Pending City of Phoenix Approval
Susanna H	Joint	RFP	Community Relations Support Services	Yes	January 2022	March 2022	July 2022	$6,500,000.00	3 years + 2 options	Solicitation Issued
Rick W	RPTA	RFP	Rural Connector Service	Yes	January 2022	February 2022	May 2022	$9,000,000.00	5 years + 3 options	Solicitation Issued
Rick W	RPTA	RFP	CNG Gas Detection System	No	November 2021	January 2022	April 2022	$200,000.00	one time purchase	In Evaluation
Christian J	RPTA	COOP	Automatic Passenger Counting (APC) Reporting Software	No	N/A	N/A	March 2022	$208,500.00	2 years	Pending Board Approval
Christian J	RPTA	RFP	RideChoice Management Services	Yes	March 2022	April 2022	August 2022	$10,804,731.00	1 year + 1 option	Initiating Documents
Patty C	RPTA	Sole Source	Cash Only Fareboxes	Yes	March 2022	N/A	March 2022	$15,000,000.00	2 years	Pending City of Phoenix Approval
Christian J	Joint	RFP	Non-Revenue Fleet Maintenance Services	No	March 2022	April 2022	August 2022	$700,000.00	5 years	Initiating Documents
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	RFP	East Valley Fixed Route Bus Services	Yes	May 2022	August 2022	November 2022	$400,000,000.00	5 yrs + 3yr/2yr opt	SOW Development
Barb H	RPTA	RFP	Autonomous Vehicle Research	Yes	May 2022	TBD	TBD	$250,000.00	5 years	SOW Development
Barb H	VMR	Sole Source	SCV Managed Inventory Program	No	July 2022	N/A	November 2022	TBD	5 years	SOW Development
Christian J	Joint	RFP	Regional ADA Paratransit Services Operations & Maintenance	Yes	TBD	TBD	TBD	TBD	TBD	SOW Development
Christian J	VMR	COOP	Time Management Solution	No	April 2022	N/A	TBD	$65,000.00	5 years	SOW Development
Susanna H	Joint	COOP	Managed Services Provider-Accessible Coordinator	No	April 2022	TBD	TBD	$700,000.00	5 years	Initiating Documents

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

Information Summary

DATE
April 14, 2022

AGENDA ITEM 9

SUBJECT
Report on Current Events and Suggested Future Agenda Items

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

COST AND BUDGET
None

RECOMMENDATION
This item is presented for information only.

BACKGROUND/DISCUSSION/CONSIDERATION
None

COMMITTEE PROCESS
None

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

ATTACHMENT
None.

Pending Items Request

Item Requested	Date Requested	Planned Follow-up Date

Agenda

April 14, 2022

Board of Directors
Thursday, April 21, 2022
Boardroom/Webex
Valley Metro, 101 N. 1st Avenue, 10th Floor
11:15 a.m.

		Action Recommended
1.	Public Comment	1. For Information

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

CONSENT AGENDA

2A. Minutes — 2A. For action

Minutes from the March 24, 2022 Board meeting are presented for approval.

2B. Compressed Natural Gas (CNG) Detection System Replacement Contract Award — 2B. For action

Staff recommends that the Board of Directors authorize the CEO to execute a contract with RMS Life Safety to replace the CNG Gas Detection System at the Mesa Bus Operations and Maintenance Facility for an amount not to exceed $214,248.

REGULAR AGENDA

3. Proposed October 2022 Service Changes — 3. For information

Staff will provide an update on the proposed October 2022 transit service changes and community outreach plan.

4. <u>Report on Current Events and Suggested Future Agenda Items</u>	4. For information
Chair Heredia will provide members the opportunity to report on current events and suggest future agenda items for consideration.	
5. <u>Next Meeting</u>	5. For information
The next Board meeting is scheduled for **Thursday, May 19, 2022 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 14, 2022

AGENDA ITEM 1

SUBJECT
Public Comment

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

COST AND BUDGET
None

RECOMMENDATION
This item is presented for information.

BACKGROUND | DISCUSSION | CONSIDERATION
None

COMMITTEE PROCESS
None

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

ATTACHMENT
None

Minutes

April 14, 2022 **AGENDA ITEM 2A**

Board of Directors
March 24, 2022
Boardroom/Webex
11:15 a.m.

RPTA Meeting Participants
Councilmember Francisco Heredia, City of Mesa **- Chair**
Vice Mayor Laura Pastor, City of Phoenix - **Vice Chair**
Councilmember Bill Stipp, City of Goodyear- **Treasurer**
Councilmember Clay Goodman, City of Buckeye (phone)
Mayor Kevin Hartke, City of Chandler (phone)
Mayor Alexis Hermosillo for Vice Mayor Monica Dorcey, City of El Mirage (phone)
Councilmember Mike Scharnow, Town of Fountain Hills
Councilmember Lauren Tolmachoff, City of Glendale
Mayor Brigette Peterson, Town of Gilbert (phone)
Councilmember Lauren Tolmachoff, City of Glendale (phone)
Supervisor Jack Sellers, Maricopa County (phone)
Vice Mayor Jon Edwards, City of Peoria (phone)
Councilmember Robin Benning for Councilmember Jeff Brown, Town of Queen Creek (phone)
Councilmember Betty Janik, City of Scottsdale (phone)
Councilmember Chris Judd City of Surprise
Councilmember Robin Arredondo-Savage, City of Tempe
Mayor Rui Pereira, Town of Wickenburg (phone)
Mayor Michael LeVault, Town of Youngtown (phone)

Members Not Present
Vice Mayor Veronica Malone, City of Avondale
Councilmember Aldofo Gamez, City of Tolleson

Chair Heredia called the meeting to order at 1:07 p.m.

1. Public Comment

Chair Heredia said we have one person, Mr. Blue Crowley. You have three minutes.

Mr. Crowley said (Inaudible) in your cities. Surprise, do you have Bell Road? Because it stops at Arrowhead Mall and then is there nobody living or that would need or facilitating that, but it is the attitude of each of your communities because I wrote this thing back in the '80s. The Board didn't feel it was important enough to deal with it until the 2000's, you know, 25 years after we had planned it. But it was that each of you were also supposed to be getting the job done.

Mesa, do you know that 60% of your community has zero bus? And that you're going to be putting that streetcar all the way to your baseball facility, but do you have a bus on that route now? Did you have it ten years ago? Has it been brought to your attention more than once as in with Mr. Smith and yourself? I pointed out that if you are trying to use the county's animal care facility there you can't get there by bus. What road needs to get it? Oh, Rio Salado, but do we do that? Where is the planning?

One of the compliments I got to give Mr. Smith is under your auspices we now have no bus book. Saves you guys' money, but what does that do for the citizenry. Does customer service work all the time that the system is in operation? It doesn't. Why don't you have that? Especially since now you're going to say that the way you find out when the bus is going to be there and what's going to be happening is through Customer Service. Where is the planning for any one of your communities? All 19 of you have -- have making the bus more efficient and effective and used in your communities. When are you going to be going to a vote? Any of you. There's no plan.

When I see that you went and spent $130 million on a rail project. Supposedly, there's going to be a $2 billion project of the bus because of the amount of money spent. I don't see millions being spent on the bus ever. All I see is well, we're going to do the rail and like I said before, when they're doing the rail, where is the multi-modal? When you have five stops going on the west side, when you've got three stops with what you've got already as in 16th Street, et cetera. Please, start doing the planning, get me my buses and the people able to use it. Thank you.

2. <u>Consent Agenda</u>

Chair Heredia said the Consent Agenda is presented for action. I'll ask any Board members if they have any questions or comments on the Consent Agenda? Hearing none. Request a motion and a second to approve the Consent Agenda.

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

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

Chair Heredia said are there any events, reports, comments? Hearing none.

4. <u>Next Meeting</u>

The next Board meeting is scheduled for Thursday, April 21, 2022, at 11:15 a.m.
The meeting is adjourned.

Chair Heredia said anyone have anything to add on this? Hearing none.

The meeting is adjourned.

With no further discussion the meeting adjourned at 1:11 p.m.

Information Summary

DATE **AGENDA ITEM 2B**
April 14, 2022

SUBJECT
Compressed Natural Gas (CNG) Detection System Replacement Contract Award

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to execute a contract with RMS Life Safety to replace the CNG Gas Detection System at the Mesa Bus Operations and Maintenance Facility for an amount not to exceed $214,248.

RECOMMENDATION
Staff recommends that the TMC forward to the Board of Directors authorization for the CEO to execute a contract with RMS Life Safety to replace the CNG Gas Detection System at the Mesa Bus Operations and Maintenance Facility for an amount not to exceed $214,248.

BACKGROUND | DISCUSSION | CONSIDERATION
Maintenance facilities such as the Mesa Bus Operations and Maintenance Facility (MBOM) that repair, and store compressed natural gas buses must have a functioning gas detection system in order to protect employees and agency assets and meet city code requirements. The MBOM was constructed in 2003 and the current gas detection system at this location has reached its useful life. In addition, parts are no longer available to support this system. A new gas detection system is needed to keep the maintenance building up to code and avoid any interruption to bus maintenance activities at this location.

In June 2021, the Valley Metro Board of Directors authorized the CEO to issue a competitive solicitation to replace the CNG Gas Detection System at the Mesa Bus Operations and Maintenance Facility. On December 1, 2021, Valley Metro issued a Request for Proposals (RFP) solicitation with proposals due on January 7, 2022. The RFP included the following criteria: (1) Firm Qualifications & Experience, (2) Personnel Qualifications & Experience, (3) Understanding / Approach to the Scope of Services and (4) Price.

A single responsive proposal was received from RMS Life Safety. An evaluation committee was formed and evaluated the proposal using the criteria in the RFP and the final scores are listed in the table.

PROPOSER POINTS		
Proposer	Technical Points	Price Points
RMS Life Safety	650	200

The Selection Committee arrived at its award recommendation using a “Best Value” process which allows for a contract award based on a combination of technical and cost factors.

An independent cost estimate including a cost comparison and price analysis have been completed. The proposed price has been deemed fair and reasonable based on the price analysis.

COST AND BUDGET
The cost for the CNG Gas Detection System is $214,248 which includes a bi-annual maintenance service for a 5-year period. The project is included in the Valley Metro RPTA Adopted FY22 Operating and Capital Budget. Contract Obligations beyond FY22 are incorporated into the Valley Metro RPTA Five-Year Operating Forecast and Capital Program (FY2022 thru FY2026).

COMMITTEE PROCESS
RTAG: March 15, 2022 for information
TMC: April 6, 2022 approved
Board: April 21, 2022 for action

CONTACT
Ray Abraham
Chief Operations Officer
602-652-5054
rabraham@valleymetro.org

ATTACHMENT
None

Information Summary

DATE **AGENDA ITEM 3**

April 14, 2022

SUBJECT

Proposed October 2022 Service Changes

PURPOSE

To provide an update on the proposed October 2022 transit service changes and community outreach plan.

RECOMMENDATION

This item is for information only.

BACKGROUND | DISCUSSION | CONSIDERATION

Transit service changes are scheduled twice each year in April and October. In preparation for these service change dates, Valley Metro staff works closely with the Service Planning Working Group (SPWG), comprising representatives from Valley Metro member cities, to determine needed changes and to coordinate across jurisdictions. The SPWG meets monthly. The changes work in coordination with the five-year Short Range Transit Program (SRTP) as well as the Board-adopted Transit Standards and Performance Measures (TSPM) performance quartiles.

Changes have been proposed and continue to be discussed with the SPWG. Valley Metro staff is analyzing the proposed route changes in terms of the Board-adopted TSPM, Title VI impacts, defining possible fleet needs and all costs involved. The following is a list of all changes to be presented to the public for comment. Included are changes proposed to Valley Metro operated and/or funded services and those operated and/or funded by other jurisdictions. More information about each potential route change will be provided on the Valley Metro website throughout the public outreach process. Overall, the proposed changes include route modifications, service increases, service reductions, and a new route. As a part of the public outreach process, impacts to paratransit service caused by fixed route changes will also be communicated to the public to solicit comments.

As proposed services are evaluated, staff must also consider:

- Unique existing challenges that impact the feasibility of service improvements
- New challenges that may arise due to proposed service changes

Valley Metro staff is actively monitoring labor shortages among our frontline teams, pushing for as much service as possible and, at the same time, evaluating short- and long-term solutions, with our contractors, including retention and hiring strategies and technology solutions for better customer information. At this time, the impact of these conditions on the cost of providing service is unknown.

Under the RPTA West Valley contract, service reductions exceeding 25 percent of contract miles, give the service provider a contractual right to renegotiate their per mile rates. The proposed reductions for the Avondale ZOOM will cross that 25 percent threshold. For this reason, future costs to Valley Metro and the cities that fund West Valley services are not currently known.

Also at this time, the City of Tempe is exploring the pros and cons of dividing up the East Valley contract. Changes of this nature also create great uncertainty regarding the rates RPTA will be expected to pay for service in the future.

Because the service change and public comment process takes about six months, discussion about potential changes for October must begin now. All plans listed below are contingent on labor and cost conditions that continue to evolve. Before making a final recommendation on proposed service changes for October, Valley Metro staff will work closely with city staff to ensure that recommended changes can be effectively and affordably implemented.

Proposed Route and Schedule Changes

Service Enhancements

- Mesa Fiesta BUZZ— New circulator route serving the Fiesta district in Mesa.
- Route 30—University Dr: In Mesa, improve Saturday frequency; add Sunday service and frequency to match Tempe.
- Route 43—43rd Ave: In Phoenix, extend route to Lower Buckeye Rd.
- Route 77—Baseline Rd: In Mesa, extend route to West Mesa park-and-ride.
- Route 106—Peoria Ave: Extend service on Sundays into Peoria.
- Route 156—Chandler Blvd: In Chandler and Phoenix, increase peak frequency to 15 minutes to Gilbert Rd.
- Tempe Orbit Saturn—Add early morning weekday trips to extend service span, change routing at Oxford Dr and McClintock Dr.

Service Reductions

- Avondale ZOOM—Eliminate northeast section of route, reroute section south of I-10 from Avondale Civic Center to Goodyear Park and Ride.
- Route 96—Dobson Rd: In Chandler, eliminate service south of Pecos Road.
- Route 531—Mesa/Gilbert Express: Eliminate one AM inbound and one PM outbound trip.
- Route 533—Mesa Express: Eliminate two AM inbound and two PM outbound trips.
- Route 535—Northeast Mesa Express: Eliminate one AM inbound and one PM outbound trip.
- Route 541—Chandler/Gilbert Express: Eliminate stop at West Mesa Park and Ride. Route would access US60 directly from Alma School Rd.

Public Outreach

Valley Metro is conducting community outreach beginning in May to notify the public and solicit input on the proposed service changes. Comments will be accepted from 5/2/2022-6/3/2022. Customers can provide feedback through the following channels:

- On-site region-wide information sessions (based on service change impacts)

- Webinar/Public Hearing (May 18, 2022)
- Social media
- Via email at input@valleymetro.org

Valley Metro communicates these input opportunities through newspaper advertising (30 days in advance of the public hearing date – English and Spanish publications), news release(s), website, email, social media, city publications and targeted outreach at key locations.

Following the public review process and final review by the Service Planning Working Group, proposed service changes operated and/or funded by Valley Metro will be brought before the Board for action. This will include any actions necessary to adjust affected transit service operating contracts and Intergovernmental Agreements with member agencies.

COMMITTEE PROCESS
RTAG: March 15, 2022 for information
TMC: April 6, 2022 for information
Board of Directors: April 21, 2022 for information

ATTACHMENT
None

CONTACT
Henry Ikwut-Ukwa
Director, Capital Development
602-322-4420
hukwa@valleymetro.org

Information Summary

DATE **AGENDA ITEM 4**
April 14, 2022

SUBJECT
Report on Current Events and Suggested Future Agenda Items

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

COST AND BUDGET
None

RECOMMENDATION
This item is presented for information only.

BACKGROUND | DISCUSSION | CONSIDERATION
None

STRATEGIC PLAN ALIGNMENT
None

COMMITTEE PROCESS
None

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

ATTACHMENT
None

Pending Items Request

Item Requested	Date Requested	Planned Follow-up Date

Agenda

April 14, 2022

Valley Metro Rail
Thursday, April 21, 2022
Boardroom/Webex
Valley Metro, 101 N. 1st Avenue, 10th Floor
11:15 a.m.

	Action Recommended
1. Public Comment	1. For Information

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

CONSENT AGENDA

2A. Minutes — 2A. For action

Minutes from the March 24, 2022 Board meeting are presented for approval.

2B. Tempe Depot Development- Design and Construction Agreement — 2B. For action

Staff recommends that the Board of Directors authorize the CEO to execute the Design and Construction Agreement for the Tempe Depot Development:

2C. South Central/Downtown Hub Design Services Three Year – Extension

Staff recommends that the Board of Directors authorize the CEO to award a three-year extension option in accordance with AECOM's design services contract terms.

VALLEY METRO RAIL

2D.	Northwest Extension Phase II Light Rail Extension Project (NWEII) Design Services Contract Authority	2D. For action

Staff recommends that the Board of Directors authorize the CEO to increase the NWEII Light Rail Extension design contract with Jacobs Engineering Group Inc. by up to $1,100,000 to support DSDC, associated tasks, and contingency.

2E.	Northwest Extension Phase II Light Rail Extension Project (NWEII)-Construction Manager at Risk (CMAR) Contract Authority	2E. For action

Staff recommends that the Board of Directors authorize the CEO to provide additional contract authority for the NWEII CMAR contract with KMJV for an amount not to exceed $15,290,000 to complete additional construction scope on the NWEII Project.

REGULAR AGENDA

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

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

4.	Next Meeting	4. For information

The next meeting of the Board is scheduled for **Wednesday, May 19, 2022 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**

April 14, 2022

SUBJECT
Public Comment

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

COST AND BUDGET
None

RECOMMENDATION
This item is presented for information only.

BACKGROUND | DISCUSSION | CONSIDERATION
None

COMMITTEE PROCESS
None

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

ATTACHMENT
None

Minutes

April 14, 2022 **AGENDA ITEM 2A**

Board of Directors
March 24, 2022
Boardroom/Webex
11:15 a.m.

Valley Metro Rail Participants
Councilmember Francisco Heredia, City of Mesa **Chair**
Councilmember Robin Arredondo-Savage, City of Tempe **– Vice Chair**
Mayor Kevin Hartke, City of Chandler
Vice Mayor Laura Pastor, City of Phoenix

Chair Heredia called the meeting to order at 1:12 p.m. welcomed members to the Valley Metro Rail meeting.

1. Public Comment

Chair Heredia said public comment. We have Mr. Blue Crowley. Go ahead, Blue. You have three minutes.

Mr. Crowley said Well, during your study session, it had a thing in there and it says for rail only and it's item number 34. It's the streetcar operations and the paragraph is: The streetcar is scheduled to begin operations in Tempe in late 2022. As a result, full funding must be included for fiscal year 2023 budget. Next line: Blah blah blah. Just a thought, ya'll, it is an official document, and you did say that comments were in blue because I do that. Well, if you're going to be putting the comments in at least have a little more sensibility about it.

As I have stated with the rail, where are your multi-modal developments within the system? When you're building the damn thing, why don't you understand that if a bus route crosses it, you're going to need to have it blended? I mean, how hard is it? When I continually see how much funding is going to the rail and supposedly, there is not only an equal amount, but an exorbitant amount more. It's a 60/40 split. Where is that 40 -- or 60% of your funding doing the bus? Like I said, over the last how many years since Mr. Smith said that the Board and that agreed that all the planning and showing that we were going to be expanding into got flushed because there was a $2 billion shortfall. Well, continuously through that does that mean that that was status quo and that's all you're going to be doing with the bus. That you're not expanding it. You're not making it for the region. Because all I see is well, we're going to be doing this thing downtown of changing the routes around and we're going to be building out to the West Valley. Like I said on that West Valley extension, on all the extensions you're doing, why is it so that you can't conceive that it needs to be multi-modal, and that bus isn't thee abandoned stepchild.

I'll give you back 30 seconds.

Chair Heredia said thank you, Mr. Crowley.

2. Consent Agenda

Chair Heredia said the Consent Agenda presented for action. Ask any Board members if they have any questions or comments? Hearing none. Request a motion and a second to approve the Consent Agenda.

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

3. Report on Current Events and Future Agenda Items

Chair Heredia said anyone have anything? Hearing none.

4. Next Meeting

Chair Heredia said the next meeting is Thursday, April 21, 2022.

Meeting adjourned.

With no further discussion the meeting adjourned at 1:15 p.m.

Information Summary

DATE **AGENDA ITEM 2B**
April 14, 2022

SUBJECT
Tempe Depot Development- Design and Construction Agreement

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to execute a Design and Construction Agreement with 3rd and Ash Owner, LLC to recover the cost and expenses of Valley Metro staff time assisting the developer of this property, and its impacts on Valley Metro infrastructure necessary for development of the Tempe Depot project.

RECOMMENDATION
Staff recommends that the Board of Directors authorize the CEO to execute the Design and Construction Agreement for the Tempe Depot Development:

BACKGROUND | DISCUSSION | CONSIDERATION
3rd and Ash Owner, LLC is the owner of Tempe Depot Development located in downtown Tempe at the northwest and southwest corners of S. Ash Avenue and the W. 3rd Street. This approximate 2.5-acre development includes improvements adjacent to and over the existing Valley Metro light rail alignment.

3rd and Ash Owner, LLC is performing a commercial redevelopment project that includes a 17-story office and 18-story hotel tower with street level retail and restaurant spaces. These two commercial buildings will be connected by a shared parking structure, a portion of which is proposed to be constructed over the existing light-rail alignment. The existing overhead contact system may require modifications for continued operations. The nearest light-rail station is located at Mill/3rd Street, just over 500 feet east of the site. The Tempe Streetcar's alignment will have a station in front of the property along Ash Avenue.

Valley Metro staff will work with the developer to review proposed designs to assure safe operations as well as safeguard Valley Metro infrastructure. Unlike other projects in our recent history where Valley Metro is the project initiator/sponsor and staff time is covered within the project budget, Valley Metro staff time on this project will need to be covered by the developer. The agreement will establish the relationship between Valley Metro and the developer, as well as cover responsibilities and liabilities on the impact of the development on Valley Metro infrastructure.

3rd and Ash Owner, LLC completed the entitlement process for the project in January 2021 and are utilizing the design-build delivery method for this project. They have begun construction on the approved portions of the development.3rd and Ash Owner, LLC has now approached Valley Metro seeking to establish the necessary agreements and gain the design approvals to move forward with the construction affecting the existing light-rail alignment. 3rd and Ash Owner, LLC desires to begin this construction work in mid-2022. In order to move forward with the next phase of project construction, it is necessary for Valley Metro and 3rd and Ash Owner, LLC to formalize an agreement to proceed with project work that interfaces with Valley Metro rail infrastructure.

- Design and Construction Agreement – This agreement outlines the relationship between Valley Metro and 3rd and Ash Owner, LLC during the design and construction phases of the project. The agreement also identifies the roles and responsibilities of project staff related to design and construction support.

COST AND BUDGET
There is no direct cost to the Agency for all work identified in the Design and Construction Agreement. Any costs incurred by Valley Metro staff and Valley Metro consultants will be reimbursed by 3rd and Ash Owner, LLC.

COMMITTEE PROCESS
RTAG: March 15, 2022 for information
RMC: April 6, 2022 approved
Board of Directors: April 21, 2022 for action

CONTACT
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ATTACHMENTS
None.

A copy of the draft agreement is available upon request.

Information Summary

DATE **AGENDA ITEM 2C**
April 14, 2022

SUBJECT
South Central/Downtown Hub Design Services Three Year - Extension

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to award a three-year extension option for the South Central Light Rail Extension Design Services Contract with AECOM Technical Services, Inc. (AECOM).

RECOMMENDATION
Staff recommends that the Board of Directors authorize the CEO to award a three-year extension option in accordance with AECOM's design services contract terms.

BACKGROUND | DISCUSSION | CONSIDERATION
On May 18, 2017, the Valley Metro Board of Directors authorized the CEO to award a contract for South Central Light Rail Extension design services with AECOM for an amount not to exceed $32,383,580 plus an additional $3,238,358 contingency for unforeseen circumstances. The contract was awarded to AECOM with a base term of five years that expires June 6, 2022. The contract includes an option for an additional three year extension subject to approval by Valley Metro's Board of Directors. The maximum contract term is eight years.

On October 19, 2017, the Valley Metro Board of Directors authorized the CEO to approve contract amendments to facilitate downtown changes that would provide a two-line system configuration. The contract amendments included additional contract authority for AECOM in the amount of $2,487,000 with an additional $248,700 in contingency.

On May 16, 2019, the Valley Metro Board of Directors authorized the CEO to increase the South Central/Downtown Hub Light Rail Extension Design Services contract with AECOM by $13,253,749 and add Design Services During Construction (DSDC).

During the design process, several additional work efforts (included in the May 9, 2019 Information Summary) extended the duration of the design phase and affected the start of construction. These additional work efforts, the need to retain AECOM for Design Services During Construction, and the total construction duration will extend beyond AECOM's base term of five years, which expires June 6, 2022. However, construction is scheduled to continue through the end of 2024.

For these reasons, this request is to approve the additional three-year extension to AECOM's design services contract. This will extend the contract term through June 6, 2025 to cover the full construction duration and allow for contract closeout.

COST AND BUDGET
AECOM's current total design contract authority is $51,611,387. This request does not modify AECOM's total design contract authority.

This project is funded by the City of Phoenix, the regional Public Transportation Fund (PTF) and the Federal Transit Administration. Funding is included in the Valley Metro Rail adopted FY22 Operating and Capital Budget. Contract obligations beyond FY22 are incorporated into the Five-Year Operating Forecast and Capital Program (FY23 thru FY27).

This action will have neutral budget impact. It does not modify AECOM's total design contract authority.

COMMITTEE PROCESS
RTAG: March 15, 2022 for information
RMC: April 6, 2022 approved
Board of Directors: April 21, 2022 for action

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ATTACHMENTS
None

Information Summary

DATE **AGENDA ITEM 2D**

April 14, 2022

SUBJECT

Northwest Extension Phase II Light Rail Extension Project (NWEII) Design Services Contract Authority

PURPOSE

To request authorization for the Chief Executive Officer (CEO) to provide additional contract authority for the NWEII project design services contract with Jacobs Engineering Group, Inc. and to add up to $1,100,000 for Design Services During Construction (DSDC).

RECOMMENDATION

Staff recommends that the Board of Directors authorize the CEO to increase the NWEII Light Rail Extension design contract with Jacobs Engineering Group Inc. by up to $1,100,000 to support DSDC, associated tasks, and contingency.

BACKGROUND | DISCUSSION | CONSIDERATION

To date, the Board has authorized $20,886,700 in contract authority for the NWEII project design services contract with Jacobs Engineering Group, Inc. A total of $20,361,171 in contract commitments leaves a balance of $525,529 before additional funds are needed. Existing change orders and future known potential change orders are projected to exceed the remaining Board Authorization funding of $525,529 in August 2022.

The previous actions of the Board related to this contract are summarized below:

Design Current Contract Authority				
Date	**Action**	**Cost**	**Contingency**	**Total Authority**
June 2018	Board Award for Design Services	$14,800,000	$1,500,000	$16,300,000
May 2020	Board Action for Design Services During Construction			$4,586,700
Total				**$20,886,700**

COST AND BUDGET

NWEII project is funded by the Federal Transit Administration (FTA), the City of Phoenix T2050, and regional Public Transportation Funds (PTF). The total authorization established for Jacobs Engineering Group's design contract authority is $20,886,700, which includes $4,586,700 for DSDC. Staff recommends that an additional $1,100,000 be allocated to the Jacobs contract, for additional funds to complete DSDC services for a total authorization of $21,986,700. The initial DSDC services cost authorization did not account for unforeseen conditions:

- Major redesign efforts after 100% design documents for the following scopes work:
    - Drainage, sanitary sewer, water, traffic signals, architectural, general civil, electrical, and plumbing.
- CNPA 48-inch new waterline updates after 100% design documents due to additional review comments, cathodic protection system for the waterline pipe and material changes to the waterline pipe.
- Secure building permits for the site facilities such as stations, traction power substations, signal building, and Rose Mofford Park.

As a result of these scope updates and coordination efforts, Jacobs has provided three addendums to date after the 100% design documents were issued. This additional authority includes $100,000 for use as a contingency. This contract authority includes DSDC, CNPA, and contingency, as shown in the table below.

Items for Authorization	Cost
Existing Contract Authority	$20,886,700
Additional Authorization Requested	$1,000,000
10% Contingency	$100,000
TOTAL	**$21,986,700**

DSDC scope of services includes review of contractor submittals, responses to requests for information, design changes, final as-builts, and performance of all special inspections during project construction. DSDC was included in the initial advertisement for this contract. Due to three unforeseen addendums after the established DSDC authorization costs these additional funds will allow Jacobs to complete DSDC services initially expected.

The additional base amount needed for Jacob's design services is $1,000,000. An additional 10% contingency, to be held by staff, in the amount of $100,000 is also needed to address unforeseen changes and circumstances that may arise during construction and project closeout. The additional expenditure authorization requested herein is for $1,100,000.

The total expenditure authorization requested for the CMAR contract, including previous Board authorizations, will be $21,986,700. This action will increase the total budget for the NWEII project design services contract with Jacobs Engineering Group, Inc. from $20,886,700 to $21,986,700.

This project is funded by the City of Phoenix, the regional Public Transportation Fund (PTF) and the Federal Transit Administration. Funding is included in the Valley Metro Rail adopted FY22 Operating and Capital Budget. Contract obligations beyond FY22 are incorporated into the Five-Year Operating Forecast and Capital Program (FY23 thru FY27).

Board authorization is required to increase funding for Jacobs to allow them to continue with services needed during the construction period.

COMMITTEE PROCESS
RTAG: March 15, 2022 for information
RMC: April 6, 2022 approved
Board of Directors: April 21, 2022 for action

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ATTACHMENTS
None

Information Summary

DATE **AGENDA ITEM 2E**
April 14, 2022

SUBJECT
Northwest Extension Phase II Light Rail Extension Project (NWEII)-Construction Manager at Risk (CMAR) Contract Authority

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to provide additional contract authority for the NWEII CMAR contract with Kiewit-McCarthy, A Joint Venture (KMJV), for an amount not to exceed $15,290,000 to complete additional construction scope on the NWEII project.

RECOMMENDATION
Staff recommends that the Board of Directors authorize the CEO to provide additional contract authority for the NWEII CMAR contract with KMJV for an amount not to exceed $15,290,000 to complete additional construction scope on the NWEII Project.

BACKGROUND/DISCUSSION/CONSIDERATION
The Northwest Extension Phase II project is approximately 1.6 miles in length and includes light rail construction within Phoenix and extends northwesterly from 19th Avenue and Dunlap to Metrocenter.

In September 2017, the Valley Metro Rail Board of Directors (Board) authorized the CEO to award a CMAR contract to KMJV for an amount not to exceed $1,760,000 for pre-construction services. Pre-construction services occurred parallel to the project's design process and allowed KMJV to participate in the project during design development by providing input on matters including constructability and value and engineering.

In May 2019, the Board authorized the CEO to increase the KMJV contract authority by up to $1,659,708 to further augment the pre-construction services effort. This included additional potholing to verify the location of existing utilities and overall additional work required in the pre-construction phase.

In July 2020, when the project was ready to enter the construction phase, the Board authorized the CEO to execute a contract amendment with KMJV to construct the project for an amount not to exceed $257,302,932. KMJV bid the project scope and developed a Guaranteed Maximum Price (GMP) proposal based on 90%-level design documents. This contract authorization included Concurrent Non-Project Activities

(CNPA) costs as follows:

- Art: $407,336 (to be funded by regional Public Transportation Funds)
- City of Phoenix Water: $4,933,208 (to be funded by the City of Phoenix)

To date, the Board has authorized $260,722,640 in CMAR authority for NWEII preconstruction and construction services activities as summarized below.

CMAR Current Contract Authority				
Date	**Action**	**Cost**	**Contingency**	**Total Authority**
Sep-2017	Preconstruction Services	$1,600,000	$160,000	$1,760,000
May-2019	Preconstruction Services Amendment	$1,508,825	$150,883	$1,659,708
July-2020	CMAR Guaranteed Maximum Price (GMP)	$233,911,756	$23,391,176	$257,302,932
Total		**$237,020,581**	**$23,702,059**	**$260,722,640**

COST AND BUDGET

The NWEII project is funded by the Federal Transit Administration (FTA), the City of Phoenix T2050, and regional Public Transportation Funds (PTF). The initial authorization established for KMJV will be exceeded due to increased scope added to the project after establishment of the GMP including quantity adjustments associated with the issuance of the final construction drawings and addenda, unknown conflicts, necessary field adjustments, and changes due to permit review comments. Major design changes made to the scopes of work from the 90% design to final design and subsequent design addenda include but are not limited to the following:

- Two new escalators at the EOL elevated station with weathering protection screening
- Change from guardrail fence to stainless steel cable railing for MSE Wall and elevated track
- Design modifications to the I-17 bridge/elevated track lighting package
- Additional drainage work including storm drain mainline and laterals
- Modifications made to retaining walls on 25th Avenue
- Various concrete flatwork, asphalt, and roadway improvement modifications/additions
- Additional traffic control allowances including off duty officers
- Allowance for third party utility pole bracing
- Systems Scope Modifications including bridge intrusion detection system, additional cameras for the parking garage, modifications for TPSS, modifications for OCS, modifications for train controls, and communications at existing 19th Avenue/Dunlap Avenue station

- Permit review design modifications
- Field conflict resolutions
- City of Phoenix 48” Waterline CNPA expanded scope
- Parking garage shade canopies

As noted in the list above, this additional contract authority request includes Concurrent Non-Project Activities (CNPA) costs as follows:

  - City of Phoenix Water: Additional $1,978,070 (funded by City of Phoenix) bringing the total for the City of Phoenix 48-inch waterline CNPA project to $6,911,278 for the KMJV contract, as summarized below.

City of Phoenix Water CNPA Work	Cost
City of Phoenix Water (included in July 2020 GMP authorization)	$4,933,208
City of Phoenix Water (This authorization request)	$1,978,070
TOTAL	**$6,911,278**

The additional base amount needed for KMJV’s construction services is $13,900,000. An additional 10% contingency, to be held by staff, in the amount of $1,390,000 is also needed to address unforeseen changes and circumstances that may arise during construction and project closeout. The additional expenditure authorization requested herein, including contingency, is for $15,290,000.

The total expenditure authorization requested for the CMAR contract, including previous Board authorizations, will be $276,012,640, as summarized below.

Items for Authorization	Cost
Existing Contract Authority	$260,722,640
Additional Authorization Requested	$13,900,000
10% Contingency	$1,390,000
TOTAL	**$276,012,640**

This Board authorization request is for additional contract authority necessary to finalize construction change orders for scope adjustments outlined above, increases to the CNPA scope of work, and unforeseen future change orders during the construction phase.

All costs identified herein are within the NWEII project cost forecast and expenses expected within FY22 are included in the Valley Metro Rail Adopted FY22 Operating and Capital Budget. Contract obligations beyond FY22 are incorporated into the Five-Year Operating Forecast and Capital Program (FY23 thru FY27).

This action will increase the total budget for the CMAR contract from $260,722,640 to $276,012,640. The additional contract authority is within the NWEII project budget forecast.

COMMITTEE PROCESS
RTAG: March 15, 2022 for information
RMC: April 6, 2022 approved
Board of Directors: April 21, 2022 for action

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ATTACHMENT
None

Information Summary

DATE **AGENDA ITEM 3**
April 14, 2022

SUBJECT
Report on Current Events and Suggested Future Agenda Items

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

COST AND BUDGET
None

RECOMMENDATION
This item is presented for information only.

BACKGROUND/DISCUSSION/CONSIDERATION
None

COMMITTEE ACTION
None

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ATTACHMENT
None

Pending Items Request

Item Requested	Date Requested	Planned Follow-up Date