MEETINGS OF THE

Boards of Directors

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

Date:

October 27, 2022

Starting Time

11:15 a.m.

Meetings to occur sequentially

Location:

Valley Metro

Boardroom/Webex

101 N. 1st Avenue, 10th Floor

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

Agenda

October 20, 2022
REVISED October 25, 2022

Joint Meeting Agenda
Valley Metro RPTA
And
Valley Metro Rail
Thursday, October 27, 2022
Valley Metro, 101 N. 1st Avenue, 10th Floor
Boardroom/Webex
11:15 a.m.

	Action Recommended
1. Executive Session	1. For action

The Boards will consider a request to recess the Regular Meeting and hold an executive session pursuant to Ariz. Rev. Stat. § 38-431.03(A)(1), (3), (4), and (9) for:

1) Discussion or consultation with the Interim General Counsel to consider change(s) to the Chief Executive Officer's Employment Agreement;

2) Discussion or consultation with the Interim General Counsel to consider contracts that are the subject of negotiations and to instruct the Interim General Counsel in such negotiations: First Transit, Total Transit, and ACI;

3) Discussion or consideration of employment, assignments, appointments, promotions, and salaries of key leadership and executive team positions; and

4) Discussion of security plans, procedures, assessments, measures or systems, relating to, or having an impact on, the security or safety of building, facilities, operations, critical infrastructure information and information technology maintained by Valley Metro.

2. Executive Session Action Item(s) — 2. For action

The Boards of Directors will vote on items discussed in Executive Session that require Board actions

3. Public Comment — 3. 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.

4. Chief Executive Officer's Report — 4. For information

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

5. Audit and Finance Subcommittee Update — 5. For information

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

CONSENT AGENDA

6A. Minutes — 6A. For action

Minutes from the September 22, 2022 Joint Board meeting are presented for approval.

6B. Telecommunications Managed Services Contract Award — 6B. For action

Staff recommends that the Boards of Directors authorize the CEO to issue a contract to Hye Tech Network & Security Solutions, LLC for Information Technology (IT) professional services to maintain Valley Metro's voice, video, and data networks. The period of authorization is 12 months starting November 2022, in an amount not to exceed $236,200 plus a 10% contingency of $23,700, for a total not-to-exceed authorization amount of $259,900.

REGULAR AGENDA

7. Audit and Finance Subcommittee Charter Amendment	7. For action

Staff recommends that the Boards of Directors amend the Audit and Finance Subcommittee Charter as indicated.

8. Insurance Renewal	8. For action

Staff recommends that the Joint Board of Directors authorize the CEO to purchase 2022-2023 renewal insurance coverage for Valley Metro in an amount not to exceed $5,846,904.

9. Travel, Expenditures and Solicitations	9. For information

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

10. Report on Current Events and Suggested Future Agenda Items	10. For information

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

11. Next Meeting	11. For information

The next meeting Joint Board meeting is scheduled for **Thursday, December 1, 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**
October 25, 2022

SUBJECT
Executive Session

PURPOSE
To enter into Executive Session.

RECOMMENDATION
The Boards will consider a request to recess the Regular Meeting and hold an executive session pursuant to Ariz. Rev. Stat. § 38-431.03(A)(1), (3), (4), and (9) for:

1) Discussion or consultation with the Interim General Counsel to consider change(s) to the Chief Executive Officer's Employment Agreement;

2) Discussion or consultation with the Interim General Counsel to consider contracts that are the subject of negotiations and to instruct the Interim General Counsel in such negotiations: First Transit, Total Transit, and ACI;

3) Discussion or consideration of employment, assignments, appointments, promotions, and salaries of key leadership and executive team positions; and

4) Discussion of security plans, procedures, assessments, measures or systems, relating to, or having an impact on, the security or safety of building, facilities, operations, critical infrastructure information and information technology maintained by Valley Metro.

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

ATTACHMENT
None

Information Summary

DATE
October 25, 2022

AGENDA ITEM 2

SUBJECT
Executive Session

RECOMMENDATION
The Boards of Directors will vote on items discussed in Executive Session.

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**
October 25, 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
October 25, 2022

AGENDA ITEM 4

SUBJECT
Chief Executive Officer's Report

PURPOSE
Jessica Mefford-Miller, Chief Executive Officer, will brief the Joint Boards of Directors 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
October 25, 2022

AGENDA ITEM 5

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 October 13, 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 October 13, 2022 AFS meeting minutes

Minutes

October 20, 2022 **AGENDA ITEM 5**

Audit and Finance Subcommittee
Thursday, October 13, 2022
Via WebEx/Phone
12:00 p.m.

Meeting Participants
Councilmember Clay Goodman, City of Buckeye (phone)
Mayor Brigette Peterson, Town of Gilbert (phone)
Vice Mayor Laura Pastor, City of Phoenix
Councilmember Francisco Heredia, City of Mesa (phone)

Chair Pastor called the meeting to order at 12:02 p.m.

Chair Pastor said good afternoon. Welcome to the Audit and Finance Subcommittee. Today is October 13, 2022. I will be calling this meeting to order. I need a roll call.

Ms. Dillon said Councilmember Clay Goodman, City of Buckeye? Present
Ms. Dillon said Councilmember Bill Stipp is absent today for the City of Goodyear.
Ms. Dillon said Mayor Brigette Peterson, Town of Gilbert? Present
Ms. Dillon said Councilmember Francisco Heredia, City of Mesa?
Ms. Dillon said Vice Mayor Laura Pastor, City of Phoenix? Present.

Ms. Dillon said we can proceed.

1. Public Comment

Chair Pastor said this is information. It's public comment.

Ms. Dillon said Mr. Crowley.

Mr. Crowley said I'd like to reiterate all my statements from last month's minutes and all the things in there that need to be addressed and such. And one of them was on the supergrid, I'd like to point out in yesterday's management meeting they were doing changes to the system starting in April and Litchfield Road wasn't on there and I've got my little document from '06 and that was one of the ones that was supposed to still be there, but appreciate that I got this from MAG to see what it was that the plan was to be and such. And I look at it and I noticed that we don't have any actual funding going to transit as in buses and infrastructure but when it comes to rail and highway that they're cutting those monies out and making sure what they are. My favorite in here is, for you guys, is the bus rapid transit. And it's identification code has it as a MAG project and the amount of money that you guys are going to do for the bus rapid transit in Phoenix and Scottsdale and

Arizona Avenue, Country Club, I believe that's multi-jurisdictional, is a billion and a half dollars.

I also look at it and see that it's got the Phoenix Light Rail Transit Capital West Phoenix for $800 million and as I've tried to get you guys to do, when are you going to make it multi-modal. The reason that rail and the bus exist is air quality and to get people from point A to point B but it's air quality. And when you're not being multi-modal and having those things connect, how are you taking care of your customers? And one of the things I mentioned from last month was customer service. The reason you guys don't have it operate the full time that both of the systems are functioning is? You save money.

I'd also like to get a -- Pat went and printed up the bus book for me but then I thought there were some to be already had. I'd also like the map showing where the routes are and such because with my document that, of course, I now can't find which part of here that I put it into, the amount of distance that the routes go that they should be shown. Is that what you were due to move with the supergrid and if not, what is it going to take for you to get up to status quo for all of that to get done?

And also, I want to know why you aren't right now as a Committee and as the Board, trying to figure out what it is that the thing got rejected on and what you can do to change it and make it right so that they would accept it? I'd love to see a special session for yours and the schools.

Ms. Dillon said Mr. Crowley, your time is up.

Mr. Crowley said thank you.

Chair Pastor said thank you, Mr. Crowley.

2. Chief Financial Officer's Update

Mr. Hillyard said thank you, Madam Chair, members of the Committee. Just one thing to update you today although unfortunately, it's making you aware of a mistake.

I think you're aware we presented the FY23 budget in nauseating detail to AFS and to the Board. A level of detail that our accounting system couldn't handle and so the way we built the budget was on a series of spreadsheets. Once the budget was adopted, we then loaded the totals into our accounting system. What we learned earlier this year in loading that budget was that there was a mistake in one of the spreadsheets that we were using.

The spreadsheet was taking FY22 funding that was approved in last year's budget and rolling it forward into the '23 budget. It had a miscalculation in it. It didn't roll forward $1.2 million from RPTA and $600,000 from Valley Metro Rail. That's pretty frustrating. We knew that we were at risk for issues and were doing a lot of cross checking but the proof's in the pudding and this was not caught.

If there's a silver lining to this cloud two things, first, it's easy to correct. We typically bring midyear adjustments to the Board in January that reflect things like October service changes that couldn't be incorporated in the budget that was passed so this year you'll simply see a line in the midyear budget adjustments that say Jim's error, $1.2 million RPTA and $600,000 VMR.

The other, I think, silver lining here is other than my appetite for crow, there's really no significant impact to correcting the oversight. You know, we're in a year where we continue to struggle with vacancy, our contractors continue to struggle with staffing and missed trips and so as a result, we can correct this error this year, you know, without having to make any changes to say the IGAs or impacting city costs in any way. So we made Mr. Stipp aware of this issue back at the beginning of September. He thought that we should bring it to your staff as part of the Financial Working Group meetings before coming to AFS, so we shared it with your staff in the September Financial Working Group meetings, you know, we're not highlighting it for you and as I said, we'll bring it back to the Board in January for correction as part of those midyear adjustments.

So were I in your shoes, I think there's two questions that I would ask. One is if you're telling me this has no impact why are we bothering in fixing it? And I think the answer to that is while it won't impact FY23 given, you know, what we're seeing in terms of vacancy and missed trips, at some point that's going to resolve itself and when it does, if it's not corrected it will be a shortfall. And so, I feel like, you know, welcoming the new CFO with a shortfall to fix that he or she didn't create would be kind of a crappy welcome and therefore, I should take ownership for now and fix it before that occurs.

The second question that probably important to answer is how will we ensure this never happens again. The short answer to that is in the next couple of weeks you'll be hiring -- I'm sorry, interviewing a new CFO's and I'm sure you'll hire someone who's much more competent than I am. The somewhat longer answer is, you know, as Mr. Stipp has said a couple of times, '23 was really a case of us building the new budget system and flying it as the same time. That's not the case for the upcoming year. So we've had a chance to really put together our templates and to test them to ensure that these kinds of mistakes don't happen so I'm confident that we won't see a repeat of this in the future.

So my apologies to the Committee and to the Board as a whole for allowing this error to happen. I think we're fortunate that it's in a year where we can fix it without causing further issues. And as I said, we're going to ensure it never occurs again so.
With that, I'd be happy to answer any questions.

Chair Pastor said do we have any questions? I don't see any. Okay.

Mr. Hillyard said thank you.

Chair Pastor said thank you. Thank you for the correction and the update.

3. Minutes

The minutes from the September 6, 2022, Audit and Finance Subcommittee meeting are presented for approval.

Chair Pastor said do I have –

Ms. Dillon said Vice Mayor, there's a date correction on that, I apologize.

Chair Pastor said okay.

Ms. Dillon said it should be September 8.

Chair Pastor said okay. So minutes from the September 8, 2022, Audit and Finance Subcommittee meeting. Do I have a motion?

Motion by Councilmember Goodman, second by Mayor Peterson.

All those in favor, please say aye. Any nays? Motion carries.

IT WAS MOVED BY COUNCILMEMBER GOODMAN, SECONDED BY MAYOR PETERSON AND UNANIMOUSLY CARRIED TO APPROVE THE SEPTEMBER 8, 2022 AFS MEETING MINUTES.

4. Chief Financial Officer (CFO) Recruitment Process Update

Ms. Mefford-Miller said thank you, Madam Chair. Good morning, Committee members. Just a brief update on our Chief Financial Officer search process. I emailed two weeks ago now with resumes for potential candidates who would be included in our first round.

We will host a final round of interviews next Thursday, October 20th with Board members and myself. On this coming Monday, October 17th, I will send you that short list of candidates along with their resumes and other information. Special thanks to member city staff who have participated in that first round interviews. We appreciate your involvement in this important process.

Any questions about the CFO process update or timeline?

Chair Pastor said any questions? None. Nobody. All right. Here we go.

5. Fiscal Year 2024 Preliminary Service Level Budget Assumptions

Mr. Olson said yes, Chair Pastor, thank you. Members of the Subcommittee. Last month we reviewed the FY24 budget development timeline which covered the overall development process which includes our operating and capital budget and five-year forecast. Today, I'm going to present our FY24 budget assumptions just for the transit service portion of our operating budget so really that focusing on the portion of the budget that funded by your cities through the annual intergovernmental agreements, you know, which capture local funds as well as public transportation funds.

Our preliminary budget starts off with service levels requested by your member city staff via the Service Planning Working Group and really we use that to determine the baseline service that we're going to operate for the year. So how many miles do we want to operate, you know, are there any new rail extensions, service changes. We also look at staffing as well as strategic initiatives and then, of course, developing what kind of risk that we have this early in the year or things potentially out of our control and develop a contingency for that.

Our goals for this budget is really, number one, to fit within your city budget process. We know that it starts early, and we know that your budget office expects some numbers and estimates early on and so with that, we also want it to be a not to exceed amount. So we'll have some additional contingency for some of these amounts that we don't know and we'll tend pull that back throughout the year as we identify more of those numbers.
Starting with RPTA. Revenue forecasts so take a look at both local as well as our regional public transportation fund. Performance has been very good. The chart at the right shows the forecast that was expected, the decrease over prior year in purple with corresponding year-over-year growth in green. So all cities performed well along with our own public transportation fund.

Taking a look a little bit more at PTF performance, a comparison of actuals in the left side of the table here year-to-year shows a 19% growth rate or 35 million higher in '22 than it performed in '21. And then table at the right shows the same actuals but in comparison to our official ADOT forecast which is what we use in our budget document each year with that growth being 11.3 million.

For federal revenues, they will be fairly flat, 1.5% growth and preventative maintenance and operating assistance and then if you remember last year the Board approved are RTPA to enter an advertising program for our bus fleet and so we're excited about that and we'll have 12 full months in FY23 of those revenues and any revenues certainly help offset local contributions that your cities fund.

Taking a look at fare revenue performance, they have certainly improved since began the return to front-door boardings back in October of FY22, calendar year '21. So on the left side of this chart, you can see each quarter the average how it performed during FY21 and then, of course, the first quarter of '22 there before we moved to front-door boardings which had a very positive impact. We're glad to see that and expect that to continue so we'll keep revenues fairly flat to what we've seen in recent months and continue to work on building a ridership base back.

So our service level assumptions for bus begin with FY23 miles so what do we plan on operating this year? In the upper part of the table, we show the three major service contracts that we include in our budget. So that's Phoenix service that's funded by PTF and then First Transit and Total Ride, those two contracts which we manage and operate. And so, you can see how many of those miles are locally funded versus PTF funded. And then taking a look at '24, again, you know, working with the estimates based upon discussions with your member city staff, we had some miles in there. So really the combined total gives us about 14.8 miles of service in FY24.

So the budget team worked very closely in conjunction with our own Service Planning Team to get the full-service mile buildup. We will send a detailed mileage assumption to each working staff member at your city in December time frame to just kind of take another detailed look at those because in essence, we use those miles to further build your intergovernmental agreements that we send out in February which contain the costs and revenues at that point.

Moving on to our contractor rate assumption -- oh, I'm sorry.

Chair Pastor said I have a question.

Mr. Olson said yes.

Chair Pastor said on that slide. Where it says mile increases above fiscal year '23. When that increases, how does that -- this is probably a naive question but how does that work? Like, do the cities pay for it or we all -- it's all part of our what we put in and then we work it all out through the budget? I guess, I get -- that's just a minor detail I don't have.

Mr. Olson said no. It's a great question. So, you know, cities have at their disposal the use of public transportation fund for certain routes. Those routes cannot be circulators because it has to be for regional routes, circulators are local. And depending on how each city is with their jurisdictional equity level, how much PTF balance that they have that would make, you know, definitely, a consideration in whether they could fund it with PTF or not. If they can it would be locally funded. Yeah. It's a very complex discussion

Chair Pastor said yeah, yeah, yeah. Thank you for that because I was just, you know, listening and reading and I was like, oh, okay, how does this all play? For being semi-new.

Mr. Olson said yup. Thank you for the question.

Chair Pastor said thank you.

Mr. Olson said so moving on to contractor rates for East Valley we are at the end of our contract period and the service will need to be re-procured. One more click, Steph, please. Thank you. So we have extended the first transit contract in our East Valley for six months. That's really to help align with the procurement process. So rates beyond that are not known so we have some inherent risk there for '24. We don't know what the market will bear at this point, you know. So we'll add some contingency for that, some risk for that.

Another issue which you're aware of is that, you know, Tempe has expressed interest in procuring their own contract for a portion of this existing service and, you know, doing so would create some administrative costs between those contracts and certainly, drive the cost per mile up in the region, that would be expected. So we'll add some additional contingency for that as well.

Chair Pastor said I have a question on that one too.

Mr. Olson said you bet.

Chair Pastor said since I'm here by myself. My question on that is what percentage rate of a contingency would you put? Like, 2%, 5%, 10%, what? Because it's really an unknown but –

Mr. Olson said right.

Chair Pastor said -- you know, there's a base.

Mr. Olson said yes. We generally have a 5% contingency on top of all numbers whether there's a re-procurement or not.

Chair Pastor said okay.

Mr. Olson said knowing that there's a re-procurement here and especially in the market that we're in I want to be very conservative and come up with something at least probably 5% maybe higher. It's just –

Chair Pastor said okay.

Mr. Olson said -- we're still kind of looking into that and, you know, we'll utilize maybe some other recent procurements, you know, that have been, you know, post-pandemic, I guess, to see what -- what's kind of driving that increase.

Chair Pastor said yeah. I'm just -- I guess, I'm more of wanting to understand what the market looks like because the market right now is up and down, up and down and especially with fuel prices and even just all the inflation that is going on how that then plays into this scenario because I know it does.

Mr. Olson said absolutely. And I'm sure you're aware we are unique in the Valley in that, you know, we have the highest CPI increase across the nation, you know, the last 12 months nationwide it's a little over 8%. Well, in Phoenix, it's over 13%. So I think we are a little unique in that and we need to be conservative and putting some estimates out there because the last thing we'd want to do is, you know, put something a little too low and come back and say, ooh, yup, we got the rates and it is higher and –

Chair Pastor said higher, yeah.

Mr. Olson said -- and you'd have to go back to council in each city to get, you know, their IGA amended, and we know that's not a fun process.

Chair Pastor said well, I'm glad this is in good hands so thank you.

Mr. Olson said so for the West Valley, we have secured rates through FY24 so not as much risk here. We will have to re-procure that service beyond that time frame so that's the good news there.

For fixed route bus beyond the contractor rate which is one of the largest expenses in that program, fuel and facilities are right behind that. Most of our fleet runs on natural gas while the rest runs on primarily diesel. Natural gas has significantly grown over the last 12 months and, you know, it has declined recently, and we'll continue to monitor that although it looks like at least at the pump for unleaded it is climbing a bit so we want to keep a close eye on that and plan accordingly.

We do operate out of two bus facilities: Tempe and Mesa. Tempe is owned by City of Tempe, and we have a lease with them. Mesa, we do own that facility and have to maintain that facility. Our West Valley contractor Total Ride owns their facility and I'll talk about that a little bit later.

So on the demand service side, Ride Choice rates are currently unknown however, we will know rates later on this year so we're re-procuring that service as well as the reservation center which essentially acts as a broker to help the customer taking the trip as well as the provider have a more efficient service and that is also under procurement.

So initiatives for '24, we continue to work on our fare collection system modernization project and we'll be bringing some information through the Committee next month on that as well, an update. We will launch mobile ticketing this current fiscal year which is our first phase in '23 so '24 what remains is the larger Phase 2 launch and that contract is being managed by City of Phoenix and is 80% federally funded. We provide and budget for the 20% local match through Prop 400.

We're also working on identifying the West Valley bus facility locations since our current contractor owns that facility and we know that we're going to re-procure that contract we need to identify a space that could be used for that contractor to provide service which gives us, you know, more flexibility and control over that facility itself as opposed to the contractor owning it.

As far as risks, again, you know, inflation continues. The feds have increased the federal interest rate a few times already. We're unclear on what the long-term impact to the economy would be but we will closely watch that. And then, of course, some of the unknown rates that I mentioned in demand services as well as our East Valley bus procurement.

So just a quick update on market trends, I referenced a couple of these earlier. So U.S. wide CPI rose 8.3% year-over-year whereas the Phoenix area is at 13% so roughly 5% higher than that. Consumers are using credit cards more this last quarter which, you know, may tell you something. We also anticipate that the war in Ukraine will continue to have a negative impact on natural gas prices for sure. Good news is there's been some relief on the lead times that we've experienced the last two years in ordering goods and some of the bottlenecking that has occurred so that's started to ease up.
Any questions on RPTA before I move into VMR?

Chair Pastor said any questions? All right. Continue.

Mr. Olson said so for Valley Metro Rail, I do want to note that I did make one update to this slide deck. I added a slide in here to draw some more attention to the Northwest Phase II opening which will happen in FY24 which we're really excited about so that is not in your packet, but it is in this deck.

So same look at revenue forecast, I don't want to spend too much time here. Next slide.

So on the federal side, preventative maintenance, you know, again, relative flat. We'll have about 1.5% increase for '23 allocation. What's important for Valley Metro Rail for the first year here we do not have any COVID relief funding remaining. Our cities have requested that we draw that money down as fast as we can. It's lasted a little bit longer on Valley Metro Rail just due to our complex procurements and nature of business and doing a lot of things in house but there will not be any relief funding remaining so expect member city contributions to go back up to pre-pandemic levels less any shortfalls in fare revenues that we've experienced.

For advertising, we'll keep that relatively flat for '24, you know, the current market is challenging to predict but it was better than plan this last year. I will say that so that is good news.

On the fare revenue side of things, same view as we did on bus so we returned to the full fare inspection in late October so you can see at the far right there the big spike there up to 76 cents average fare per customer. And so, we will continue to keep that around the same level for FY24 and if we -- any shortfalls in fare revenues, your cities would have to make that up so we want to remain conservative here. I'm hopeful that our new fare inspection -- excuse me, our new mobile app will have a positive impact on this fiscal year. And then, of course, in FY24, we'll have more control over our reduced fare sales and reduce that amount of abuse that's going on in the system today, so I expect that to be even better.

Moving on to rail transportation, for light rail, we'll plan for 12-minute headways. Same with streetcar. We know that we're not operating that today due to some shortage of our last vehicle on the streetcar but that is in our plan, in our budget for '24 which will create some flexibility as we move back to the 12 minutes. For our alternative concepts contractor, there's a 7% increase in rates. For Allied Universal, 6 propulsion power is another big one instead of fuel on like on the bus side, we use electricity so 4 and 5% APS and SRP our biggest providers. And then, again, we'll add some additional contingency on top of that. As we move further into the budget process here, we will pull that number back.

And then, of course, as mentioned, our new service, Northwest Extension Phase II. First elevated station, you know, 1.6 miles, three stations, Park and Ride transit center. We expect to open that in January of '24.

So we continuously focus on having a strong transit asset management plan. Our focus for state of good repair in FY24 is for these items. Each year we look at our five years and kind of assess components, see where they're at as far as lifecycle plan and assess accordingly so really related to replacements, repainting, repairing facility asphalt, ground covers, things of that nature.

All right. So initiatives for Valley Metro Rail, we will have a streetcar study planned for the Rio, East Dobson area. Also, a transit study continuing for west Phoenix, high-capacity study. And, of course, our Capital Extension as well as our I-10 West Extension. And then, again, you know, same level of risk for Valley Metro Rail when it comes it the inflation and some of the uncertainty as those federal interest rates creep up.

And that is all I have. That's a repeat of the last one so are there any questions on Valley Metro Rail that I could answer?

Chair Pastor said I don't think there's any questions. All right.

6. Insurance Coverage Renewal: Commercial Property and Liability Workers Compensation and Employer's Liability

Mr. Wawro said so Chair, members, thank you. This item is only for discussion. We don't need to take any action today but really just letting Subcommittee know that we -- because we have changed the Board schedule to have the November meeting moved to December 1st our insurance coverages expire in November, so we need to move the discussion for action at the boards our insurance renewal to October. So that will be upcoming to the Board's meeting coming up here in October.

The changes usually what we do is we start to compile information with our broker about insurance coverage and renewal and recommendations and we run it up through the city staffs and then up through the different committees and subcommittees here until bringing that to the Board. That's going to change a little bit this month. It's not going to affect the amount of information that you're going to get. We're still going to be able to provide good information and recommendations for the Board. It's just the timing of how that process is going to happen.

So we have, in consultation with our broker, they have agreed to provide us estimates by October 25th and we will get those out to city staff and put them in board packets on that day so we're getting -- we're going to go both directions on getting this information over to our members from the bottom up and then from the top down. What that -- what that means though is that we'll have the 26th to have discussions or answer questions if there are any about those final estimate numbers. And then on the 27th, the Board will -- will be asked to take action on a not-to-exceed amount for our insurance coverage that we will then get back into the normal routine and enter into our agreements in November so that we hit those renewal dates and have insurance for the -- for the next year.

So this is the only opportunity or the last opportunity in front of this body to be able to answer any questions about insurance or renewal and I'm happy to entertain any of those questions or provide what information I can with the caveat that we -- we just don't have any estimates yet.

Chair Pastor said so thank you for the information. Does anybody have any questions? Doesn't look like it. Really appreciate it.

7. <u>Credit Card Transactions Audit</u>

Ms. Beckstrom said thank you, Madam Chair. I'm going to turn my time over to Larry Kondrat who is the Senior Auditor who performed the work the on this audit to provide a summary.

Mr. Kondrat good afternoon, Madam Chair and members of the Audit and Finance Subcommittee. I'm presenting the annual Credit Card Transactions audit for action.

Internal Audit determined that report risk was low based on the fact that Valley Metro has mostly effective controls regarding credit card transactions but there is room for enhancement. Next slide. Okay.

Findings risk rating. There were three findings along with their associated recommendations and all three findings had a low-risk rating. Next slide, please.
The objective of the audit was to determine whether the fiscal year '22 credit card activities adhere to applicable polices and if management addressed the prior audit recommendation. The scope focused on credit card activities from July the 1st, 2021 through June 30th of 2022. Auditors used various methodology including reviewing Valley

Metro policies, procedures and forms. We looked at best practices and interviewed management and staff and completed extensive test work.

Okay. Finding 1, Internal Audit determined that Valley Metro did not always have adequate reviews of credit card transactions therefore Internal Audit recommends that Valley Metro should ensure that Procurement reviews a minimum of 20% of all credit card transactions every month and Valley Metro concurs with this recommendation.
Finding 2, Valley Metro policies lack sufficient written guidance. Internal Audit recommends that Valley Metro should strengthen the credit card acceptable use policy to include guidance on the types of forms that must be used as supporting documentation. Again, Valley Metro concurs with this recommendation.

Finally, Finding 3, Internal Audit found that some credit card purchases were not in compliance with the Valley Metro policy. Internal Audit recommends that Valley Metro should ensure that the dining and food expenditures are supported by the required pre-approval forms or amended the credit card acceptable use and agency local dining and refreshments policies to explicitly state the exceptions to the pre-approval form requirement and Valley Metro concurs with this recommendation.

Are there any questions pertaining to the findings from the audit or any other questions?

Chair Pastor said doesn't look like it but I have a statement.

Mr. Kondrat said okay.

Chair Pastor said and the statement is that I appreciate this audit. At the City of Phoenix for me just to go to a conference takes me I think three months to even get approval and on top of that, if I don't meet -- if I go over my per diem then it's a whole other piece, a layer of documentation that I have to provide and then I pay for whatever is past the per diem. I also know what I'm not allowed to have on my receipts when I am dining out and -- which is usually I'm at a conference and it's very prescriptive as to what can be on that receipt so I'm hoping that these measures come of -- end up happening and are put into play.

The other dynamic is if I even have a community event and I want to just provide water that's a whole other layer of protocol just to get water so at certain point for me as I'm always at these events and everything, at a certain point, I'm just saying, forget it, I'll pay for it because it's too complicated in that sense. So I think we do need to add layers of complication so that some of these behaviors then don't happen.

Mr. Kondrat said yes.
Chair Pastor said and so that's just my comment and just hearing and watching and just me going through my procurement process and having to do that. So I get it, I understand and we're just going to tighten up on it so appreciate the audit.

Mr. Kondrat said all right. Thank you, Madam Chair.

Chair Pastor said any other questions? All right. I am going to –

Ms. Dillon said we need a motion and a second.

Chair Pastor said I need a motion. I need action. See I was getting so used to -- and I changed the agenda. Can I have a motion for this recommendation?

Motion by Mayor Peterson, second by Councilmember Goodman.

All those in favor, please say aye. I don't hear any nays. Motion carries. Thank you.

IT WAS MOVED BY MAYOR PETERSON, SECONDED BY COUNCILMEMBER GOODMAN AND UNANIMOUSLY CARRIED TO ACCEPT THE CREDIT CARD TRANSACTIONS AUDIT.

8. <u>Travel Expenses Audit</u>

Ms. Beckstrom said again, I'm going to turn my time over to the Senior Auditor who worked on this audit who will present the results and that is Jennifer Davis.

Ms. Davis said thank you, Sebrina. Good afternoon, AFS members. Appreciate your time today.

This was the second audit conducted in a series of -- oh, thank you. Thank you, Sebrina.

Good afternoon, AFS members, Madam Chair.

This is the second audit conducted in a series of semi-annual reviews and covers the 42 travel trips from January through June of 2022.

Our objective was to determine if controls over the travel processes remained effective, verify the accuracy of the travel expenses reported to the Board and conclude if changes to the process would lead to any more efficiencies. Next slide, please.

The overall report rating was a low risk based on the information that we reviewed, and we determined that travel expenses were accurately reported to the Board and a new -- the new review processes were proving effective. Next slide, please.

Our review did -- we did determine one finding with recommendation that a written process to consistently document and approve any travel policies deadline exceptions was needed as six travel authorization forms and seven travel expense reports did not always meet the filing deadlines and exceptions to those deadlines were not consistently documented within the packets. In most of the instances, the deadlines could be explained but the policy and the forms don't have a consistent guidance on the appropriate documentation so Internal Audit is recommending that we update those forms to enhance -- to be enhanced to provide a note section and a detail of the exception to include an approving signature. Management concurs and will modify the travel forms and including a reason for the exception as needed.

Staff recommends that AFS accepts the Travel Expense Audit Report and wanted to know if there were any questions that I could answer for you guys?

Chair Pastor said are there any questions? I see so much excitement. Well, there's not questions so thank you for your work.

Item 9 –

Ms. Dillon said Chair, we need a motion and a second, please.

Chair Pastor said a motion, another motion. I'm jumping ahead.

Motion by Councilmember Goodman, second by Mayor Peterson.

All those in favor, please say aye. I hear not nays. Motion carries.

Chair Pastor said Items 9 and 10 are for information so I don't know if you have any questions.

IT WAS MOVED BY COUNCILMEMBER GOODMAN, SECONDED BY MAYOR PETERSON AND UNANIMOUSLY CARRIED TO ACCEPT THE TRAVEL EXPENSES AUDIT.

9. Internal Audit Update

This item was presented for information.

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

This item was presented for information.

The next meeting of the Audit and Finance Subcommittee is scheduled for November 3, 2022 at 12:00 p.m.

The meeting was adjourned.

With no further discussion the meeting adjourned at 12:43 p.m.

Minutes

October 25, 2022 **AGENDA ITEM 6A**

Joint Boards of Directors
Thursday, September 22, 2022
Lake Powell Conference Room/Webex
101 N. 1st Avenue, 10th Floor
11:15 a.m.

RPTA Meeting Participants
Vice Mayor Laura Pastor, City of Phoenix **- Chair**
Councilmember Bill Stipp, City of Goodyear – **Vice Chair**
Mayor Kevin Hartke, City of Chandler - **Treasurer**
Councilmember Clay Goodman, City of Buckeye (phone)
Vice Mayor Monica Dorcey, City of El Mirage (phone)
Councilmember Mike Scharnow, Town of Fountain Hills
Mayor Brigette Peterson, Town of Gilbert (phone)
Supervisor Jack Sellers, Maricopa County (phone)
Councilmember Francisco Heredia, City of Mesa (phone)
Councilmember Jon Edwards, City of Peoria (phone)
Councilmember Kathy Littlefield, City of Scottsdale (phone)
Councilmember Chris Judd City of Surprise
Vice Mayor Jennifer Adams, City of Tempe
Mayor Rui Pereira, Town of Wickenburg (phone)

Members Not Present
Vice Mayor Veronica Malone, City of Avondale
Councilmember Lauren Tolmachoff, City of Glendale
Councilmember Leah Martineau, Town of Queen Creek
Councilmember Aldofo Gamez, City of Tolleson
Mayor Michael LeVault, Town of Youngtown

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

Chair Pastor called the meeting to order at 11:17 a.m. Good afternoon. I am convening the meeting and welcoming members to the September meeting. Pat, will you now call the roll.

Ms. Dillon said good morning, everyone.

City of Avondale, Vice Mayor Veronica Malone?
City of Buckeye, Councilmember Clay Goodman?
City of Chandler, Mayor Kevin Hartke?
City of El Mirage, Vice Mayor Monica Dorsey? Present.
Town of Fountain Hills, Councilmember Mike Scharnow? Present.
Town of Gilbert, Mayor Brigette Peterson?
City of Glendale, Councilmember Lauren Tolmachoff?
City of Goodyear, Councilmember Bill Stipp? Present.
Maricopa County, Supervisor Jack Sellers? Here.
City of Mesa, Councilmember Francisco Heredia? Here.
City of Peoria, Councilmember Jon Edwards? Here.
City of Phoenix, Vice Mayor Laura Pastor? Present.
Town of Queen Creek, Councilmember Leah Martineau?
City of Scottsdale, Councilmember Kathy Littlefield?
City of Surprise, Councilmember Chris Judd? Here.
City of Tempe, Vice Mayor Jennifer Adams? Here.
City of Tolleson, Councilmember Adolfo Gomez?
Town of Wickenburg, Mayor Rui Pereira? Present.
Town of Youngtown, Mayor Michael LeVault?

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

Chair Pastor said thank you. If a committee member would like to ask a question or make a comment during the meeting, please type your comment in the box and it will be read aloud and answered. All meeting attendees, please mute your computer microphone or phone.

1. Public Comment

Chair Pastor said the public will be provided with the 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 or her discretion. A total of 15 minutes for all speakers will be provided.

Do we have any public comment?

Ms. Dillon said yes. Mr. Blue Crowley.

Mr. Crowley said well, this is the Ducey letter of vetoing the Proposition that was to get to the ballot the possible funding of the Prop, I believe, it's 500. Well, I finally got a copy of it. I did mention some things at the last meeting that were parts of it that I was hoping that you guys being the opposite side of the coin might be able to change and influence.

My favorite in here and surprise, it's a surprise to me, it says that MAG is going to have the discretionary funds based on regional planning efforts for the park and ride lots.

Well, surprise, you remember how hard it was to get the State, et cetera, et cetera to help you out on that one on the 101.

And I also don't see in here where it says that you guys when you're building things need to be multi-modal with it. As in, with the Capital Extension and the five bus routes that aren't connected to the rail. Is that because the rail doesn't want to be multi-modal and those stops are going to slow it down? Or it is that you guys spent $30 million and the people that are planning it don't understand that if it's not multi-modal and not working for the citizenry, they don't need to be doing it.

I find it fascinating that with the eggs all in one basket you're looking forward to the next legislature coming to fruition and bring this to a vote. Well, I need you to make sure that in it, it also has things like the infrastructure. Industry standard is a bus stop every quarter mile. Well, for you guys to be able to do that you need to be paying for the right-of-way et cetera and working with the cities, but we need to have every single stop a covered shelter. Two -- three days ago, it finally went under 100 degrees as our average daily high temperature. Now, that's only been since May have we been in this situation but without a covered shelter, we are putting our customers at risk from May through October and that's unacceptable.

So I need you guys to get it wrote correctly, make sure that the infrastructure is a part of it and also, where it has in here now that it's going to be distance and ridership. That takes away any of the rural routes so, Rui, why they don't want you to have a bus going out to Wickenburg and coming in I don't know. And also, when you do get it wrote correctly, we need to make sure that the equipment is based in those communities to start the route not kicking it out of Phoenix three hours beforehand to start it.
Have a pleasant and I'll see you in about 20 minutes.

Chair Pastor said thank you, Blue.

2. Chief Executive Officer's Report

Ms. Mefford-Miller said yes, thank you. Good morning, Madam Chair, members of the Board and guests and staff. I've got a few items I would love to update you on this morning.

Fall is a season of recognition and award here for Valle Metro. I'm pleased to share that Valley Metro and the City of Tempe and in particular, the Streetcar project will be recognized next month by Engineering News Record as one of the 2022 Best Projects in the category of Transportation and Airports. Special thanks to our partners at Stacy and Witbeck who nominated the streetcar for this award and congratulations to our partners at City of Tempe and Valley Metro staff who have done such a great job at completing and now continuing the close out of this important project.

Not be outdone, our Operations and Maintenance Center expansion project which is now closed out was also nominated and will be recognized for Engineering News Record's Award of Merit in the category of Safety. Special thanks to all Valley Metro, City of Phoenix and Tempe staff who participated in this project and our construction partners at Hensel Phelps who applied for the nomination.

One of Valley Metro's great tasking is leading our region's clean air efforts and we do that, of course, by delivering public transit service across the Valley and we also manage our region's van pool and Commute Solutions program. We will gather later this month -- next month for the Clean Air Awards Campaign lunch and this is an annual event. You have received invitations for this event. The purpose of this luncheon is to recognize the many outstanding efforts that are being undertaken by your member cities to improve air quality across the Valley. Our keynote speaker this year is Dan Harkins from Harkins Theater. Our master of ceremonies is, again, Sean McLaughlin from AZFamily channels 3 and 5. I encourage you all to join us. You should have received an invitation and if you have questions or require additional seats, Ms. Dillon would be happy to assist you. I hope to see you there as we celebrate our 2022 theme of Be a Champion.

I'm also really excited to introduce a new project to you. In the spirit of connecting communities and enhancing lives, we are pleased to announce a new extension of Valley Metro's art program. We have an award-winning, I think really fantastic public arts program that enhances the community's (indiscernible) and also brings members of the communities in to create art that's displayed across the transit system. We've developed the South Central Extension Temporary Art grant program. This grant program has been modeled after the City of Phoenix Arts of -- Office of Arts and Culture grant programs. It's the first of its kind for Valley Metro. This will be grants of $5,000 each that are really focused on the community surrounding the South Central Extension project and it will include community-based cultural programs in two dimensions, think of items like murals or also performance art to educate and engage the community. We've allocated $90,000 from our capital art program to support this fund. I'm hopeful that our experience and the great art that emerges from this product -- project is going to help guide forthcoming art programs that really create important connections between Valley Metro and the projects that we deliver and the communities that we serve.

We will issue a call for grant applications this fall followed shortly thereafter for outreach surrounding this to encourage participation. Also, answer any questions, of course, that arise associated with it. I really look forward to seeing the creativity, the art and the community pride that is displayed through these projects and program and we will continue to keep you apprised on our progress. Special thanks to Chair Pastor for championing investments in art along the South Central Corridor. I think it's a wonderful opportunity to provide these connections and deliver something back to the community as we're moving through the disruption that's associated with construction.

All hands are on deck already to prepare for Super Bowl 57. Last week we were pleased to participate in a tabletop exercise with our partners from the City of Phoenix, the Transportation Security Administration and other regional partners to prepare for emergency management during Super Bowl 57 (sic) and the week-long festivities. Within Valley Metro, we are also working closely with our service operations teams and bus, light rail and streetcar and security to make sure that we are prepared to execute excellent service throughout the course of the week. We're also paying particular attention to the condition of our assets, that's our facilities, our vehicles and stations. My aim for us is that we will not only rise to deliver excellent service for the Super Bowl XLVII (sic) week but that we will sustain that level of service commitment and performance to the communities moving forward from that week.

I want to give you an update on ridership. I'm pleased to share with you that ridership does continue to grow as we emerge from the pandemic. We've been talking over the last months about ridership trends, and we know that our best ridership has been a little bit more impacted. It is beginning to see some resurgence. Overall, right now, we are carrying about 58% of our pre-pandemic ridership on bus and light rail. We're pleased to see that growth and we'll continue, I think, to see growth albeit a little bit of slow service. Our weekend bus service, in particular, is continuing to carry more of the pre-pandemic ridership so we're at about 62% of pre-COVID ridership on weekend while on weekday, we're at 55%. And I really do believe this reflects the more sluggish return of workers to jobs like here in downtown Phoenix on a Monday through Friday basis instead being replaced by telecommuting as well as more people driving.

We're also seeing different travel patterns. You've probably noticed this out on our roads and highways. Peak times have changed a little bit, traffic patterns look different so we're working to track that so that we can be responsive to the way people travel and their expectations. As we make adjustments to our system moving forward, we'll continue to keep you engaged in a conversation about ridership performance.

Finally, I want to provide you an update by this Board last month and that's our East Valley bus maintenance and operations contract. We had a robust discussion here and we've had several meetings since including a meeting two weeks ago now with all of our East Valley city managers. With instruction from this Board and that body, we have a path forward and I'm excited about the direction that we're taking. We are working to collaborate at a regional scale to not only re-scope that bus operations and maintenance contract but work together to redefine our expectations for the performance of our bus system, its operations, its maintenance and the customer experience. We have a lot of work to do and a relatively short amount of time. We've got to have a revised scope of work one month from now.

We decided to bring on external assistance in the form of a project manager that will be part of our planning and on-call support services contract. This manager is going to work as an extension of our team to guide not only Valley Metro but also our member city staff ensuring that we are eliciting their input and we're also bringing national best practices to our thinking about how we define our service performance, our contract scope and our management of this contract. So of these actions were actually recommendations that emerged from the American Public Transit Association operations and maintenance peer review that was held that month in August.

We'll begin work with that project manager and our member city staff next week. We've got a four-month period of performance based on feedback from the RTAG group in this room earlier this week we'll also be engaging communities outside of the East Valley contract including West Valley because while we're -- one of our deliverables is going to be that East Valley scope of work we are ostensibly having a conversation about where we're going with mobility and what we expect of our performance moving forward. This work may also inform our work on forthcoming contracts including West Valley and rail operations so good solid effort and I thank you in advance and for those in the room for their participation in that scoping process.

We'll continue to keep you apprised at every turn. By the time this Board comes back together in late October, we will have delivered a technical scope and cost estimate to the City of Phoenix's procurement team for their processing. We anticipate releasing a request for proposals in November of this year. That will give us a turnaround time of receiving proposals in March and it usually takes two to three months to evaluate proposals of that scope. WE would issue a notice to proceed to a contractor in June of 2023 and immediately begin a transition process. They would begin their period of performance January 1, 2024.

We've had discussions about the regional composition of that service so that we can respect City of Tempe's aspirations to create an avenue for them to directly contract for work so together we'll be developing essentially three scopes of work. One would be East Valley regional service; another would be operating Tempe-specific service and then another East Valley service without the City of Tempe. This will give us the opportunity and the City of Tempe as well an opportunity to review proposals and weigh different options inclusive of cost in spring 2023 when we receive those proposals. It's a solid process. It's going to be a collaborative process. I look forward to it and I am optimistic that the performance that we'll elicit on the other side when this contract is performing will be improved.

Looking ahead at our October agenda, we'll be back in this room on October 27th, I anticipate that to be a meeting that's inclusive of robust discussion. We've got a few memos working their way through RTAG and our TMC/RMC this month focused on items including operator wage rates. At that meeting, we will also have a presentation to you from the APTA operations and maintenance peer review team. They'll be joining us virtually and they plan to submit their report to us in the next couple of weeks so that should be interesting and engaging for all of us. Then again, we've got a November cycle, we'll be back in this room on November 17th. I also anticipate that we would have an executive session paired against our October 27th meeting.

This Board has proposed a number of future study session items and I want to recap those for you and, certainly, invite additional requests for study session and timing and sequencing. We're thinking that we will have a paratransit/RideChoice study session this year in the month of November. Our last Board cycle saw a number of different paratransit items and I'm confident that we are poised to introduce to you some changes in our paratransit and RideChoice program including our operations, our service design, of course, there's a new change to vehicle design and now, we'll have the tools that help us facilitate that transition.

Vice Mayor Pastor requested a discussion on fare impacts. Staff is preparing for that now, so I'd like to have that study session at the beginning of the new year.

And then finally, last week we kicked off our zero-emissions fleet transition plan. We have the WSP team working onboard as an extension of Valley Metro and member city staff. In the month of February, we'll be at a point where we have content to share with this Board and also, create an opportunity for your direction and guidance. Thank you.

Chair Pastor said any questions? Councilman Stipp.

Councilmember Stipp said thanks. You have the Audit and Finance Subcommittee listed on October 13th. We all have it on our calendar for October 6th, so I just want to -- I'm not going to be here for either one of them I just --

Ms. Dillon said the actual meeting date is October 13 because of Yom Kippur this year and while it falls on the TMC/RMC meeting date, I had to move both meetings to the following week. I will send out a reminder after today.

Councilmember Stipp said yeah. To the AFS members?

Ms. Dillon said the AFS members.

Councilmember Stipp said perfect. Thank you.

Mayor Hartke said through the Chair?

Chair Pastor said yes. Go ahead.

Mayor Hartke said I don't know about the rest of this but National League of Cities is having their annual fall conference over the week of the 17th so I don't know how many members here will be in Kansas City at that week.

Ms. Dillon said Mayor, is that for November?

Mayor Hartke said correct.

Ms. Dillon said okay.

Ms. Mefford-Miller said perhaps we could do a poll and look at adjusting the meeting if that's possible for November.

Ms. Dillon said okay.

Ms. Mefford-Miller said thank you, Mayor, for that advance notice.

Chair Pastor said and I want to recognize Mayor Hartke is here present.

I also want to say that the grant is very exciting to hear about. I just happen to have a meeting yesterday with some of the people affected by light rail the downtown and the South Phoenix and we were in particularly talking about the arts and the murals that are currently there and how it brings the vibrancy of Central and the color as construction is happening. And so that's really, exciting to hear.

The other piece I wanted to know. How will people know -- what's the outreach going to look like?

Ms. Mefford-Miller said I'm looking around the room. I just met with staff about this project recently. I know that we have an outreach program planned and I would like to get back to this Board with the plan in writing, so you know what that outreach looks like.

I know the outreach is going to occur in advance of the application submittal due dates –

Chair Pastor said okay.

Ms. Mefford-Miller said -- as it should so that we can make people aware both of the program and then how they can actually apply.

Chair Pastor said okay.

Ms. Mefford-Miller said so I will follow up with that this week.

Chair Pastor said thank you. I really appreciate it. Any other questions, comments?

Thank you for the report.

3. Audit and Finance Subcommittee Update

Councilmember Stipp said thank you, Chair. We actually had a fairly brief meeting. We did welcome Mayor Peterson to the Audit and Finance Subcommittee, so we appreciate her participation.

We did have an update on the CFO recruitment process which is underway right now and the Audit and Finance Subcommittee's involvement in final interviews which will take place late October, the 20th and 21st, if they're necessary.

We had an annual review of the Internal Audit Charter which is required by auditing standards. We made no changes this year but are anticipating changes next year based on the International Audit Society's -- I didn't get that right, sorry, Sebrina. But the based on their recommended changes. We did review the 2022 Audit Report which was a summary of the fiscal year '22 audit activities. In addition to that, we had the Internal Audit Update on the current status of all of our updates. The minutes for this meeting is contained in our packet for today so if you have any questions that information is in there.

And believe it or not, we started the FY24 budget development timeline. Hard to believe that that's already started but we went through -- went through that. I believe we were out of -- we finished the meeting in about 32 minutes. So, pending any questions, that's my report.

Chair Pastor said any questions? I hear none. Thank you.

4. Consent Agenda

Chair Pastor said do I have any members that have any questions? Doesn't look like it. Can I have a motion for 4A and 4B?

Motion by Mayor Hartke, second by Councilmember Stipp.

All those in favor, please say aye. Any nays? Motion passes.

IT WAS MOVED BY MAYOR HARTKE, SECONDED BY COUNCILMEMBER STIPP AND UNANIMOUSLY CARRIED TO APPROVE CONSENT AGENDA ITEMS 4A AND 4B.

5. Allied Universal Security Services Contract Change Order – Wage Rates

Ms. Mefford-Miller said thank you, Madame Chair. I'd like Adrian Ruiz our Director of Safety and Security and Quality Assurance to provide the background on this contract change request for Allied Universal Services. I also want to recognize that national and regional leadership from Allied Universal our here with us in the room. Thank you for joining us this morning. Ms. Ruiz.

Ms. Ruiz said thank you. Good morning, Madam Chair, members of the Board. Thank you for that recognition of Tammy Nixon and Brent (indiscernible) is here as well. So we started working with Allied Universal back in October of last year and we started seeing a dip in our vacancy or increase in our vacancies, dip in our staffing so in the memo you have here it outlines the financial and contracted hours and benefits to the contract that we're asking for today. This incentive Allied has put forth since our discussions in October includes bonuses in area of $1,000 for those with guard cards, $500 for not. Also incentivizing through paying for guard cards at their expense, Allied Universal picking that up.

So in looking at everything that they have done, we asked for also a market wage kind of assessment. So San Diego Transit and LA Metrolink in the area of $17 an hour at the time of this were struggling to hire. So the -- we definitely know the dollar amount we're asking for today is going to assist us in staffing up Super Bowl, staffing our vacancies.

With that, I want to also draw attention to not only just Tammy Nixon and Brent Combs but also, Joseph -- I'm sorry, Jose Rodriguez account manager, Joseph Qasha assistant, and Anthony Heller coordinator and manager of the account and Don Schneidmiller with the manager of Security.

If you have any questions, I'd be happy to answer them.

Chair Pastor said any questions? Okay. Would you like to make the motion?

Motion by Vice Mayor Adams, second by Councilmember Edwards.

All those in favor, please say aye. Any nays? Ayes pass. Thank you.

Pat, I have one question. Do I have to read this whole motion?

Ms. Dillon said No. You do not.

Chair Pastor said okay. I just wanted to make sure.

Ms. Dillon said it's presented in the packet, and it will appear on the slides.

Chair Pastor said okay. Thank you.

Ms. Dillon said I will put it verbatim in the minutes.

Chair Pastor said okay. Thank you.

IT WAS MOVED BY VICE MAYOR ADAMS, SECONDED BY COUNCILMEMBER EDWARDS AND UNANIMOUSLY CARRIED TO AUTHORIZE THE CEO TO EXECUTE A CONTRACT CHANGE ORDER WITH ALLIED UNIVERSAL SECURITY SERVICES FOR OPERATIONS SECURITY SERVICES IN AN AMOUNT NOT TO EXCEED $2,649,391 FOR THE PERIOD OCTOBER 1, 2022, TO JUNE 30, 2026, AND RECOMMEND THE BOARDS OF DIRECTORS APPROVE THE CORRESPONDING FY 2023 MID-YEAR YEAR BUDGET ADJUSTMENT TO FUND THE IMPLEMENTATION OF THE CHANGE ORDER.

6. Community Relations Support Services On-call Contract Awards

Ms. Mefford-Miller I'd like to invite Hilary Foose Director of Marketing and Community Relations to introduce this contract and talk a little bit about our engagement process for this and the number of firms and the diversity of firms that we are proposing to you for contract award this morning. Thank you, Ms. Foose.

Ms. Foose said thank you, Jessica. Madam Chair, members of the Board, thank you for your time this morning. I'm pleased to be in front of you talking about our future support for community relations for this organization. We are recommending for award 11 different and diverse firms from multinational to very locally embedded firms to help us with our community relations needs not only for Valley Metro but also, in service of our member cities. These firms will help us build public involvement plans that are tailored to the communities that we're serving, business assistance which is critical during construction, help us conduct in person and virtual public meetings to certainly engage with the communities we're serving and certainly, important research on demographics to help us tailor our plans as well as graphics development.

We took a slightly different approach to this RFP based on some feedback from this Board and also, our interest in creating a diverse set of firms. We went through -- the way this RFP is set up is an on-call contract to create a bench of resources to really help us in a variety of scopes of work. Businesses could apply for one or all categories depending on their business interests, their business -- what fit for them as a business. And so as you see in your packet, we're recommending for award 11 different firms in a variety of categories and you'll see those bolded in your memo.

This contract will serve us well moving forward. It is valued at $6.5 million not to exceed that a little more than a $1 million a year for the next five years. And with that, I'm happy to answer any questions. Thank you.

Chair Pastor said are there any questions? I do have a question from Councilman Stipp.

Councilmember Stipp said thank you, Madam Chair. Sorry. My fingers aren't working. The -- is it your intent to use as many of these 11 different contractors,

Ms. Foose said yes. Thank you for the question, Mr. Stipp, Madam Chair. Our interest is -- the reason we have the 11 and they are very diverse is that we do have very diverse needs. And so what -- how this will really transpire in terms of the day-to-day business interaction. As we have a new need or scope of work, we'll develop that scope and then we can issue it to all or a handful depending on their skill sets and the category of work that we're looking for and get proposals back to understand who's most competitive, who's the best fit. So our interest is to use these 11 firms to support our wide needs going forward.

Councilmember Stipp said and how will be track -- how will we track that. You know, I'm looking for an accountability piece of that.

Ms. Foose said sure.

Councilmember Stipp said we have 11 at, you know, $6.5 million but we could end up using one or two for all of that 6.5 and the rest of it was just for show so how do we -- how will we know whether this effort of 11 really worked out from a, you know, came to fruition for us from an accountability perspective.

Ms. Foose said yeah. Thank you. I can tell you that the reason that we went out with this type of on-call contract where a business could apply for one or all categories is our real interest in using a diverse set of firms. Certainly, the money may not be spread evenly across all the 11 as some only applied for certain categories of work and some of those are, you know, have large magnitudes of orders and some are smaller like graphics work as an example but what my plan is to do and with my team managing this contract moving forward is that we will use the approach I just mentioned about creating that scope, issuing it broadly based on what we're looking for and letting the businesses tell us what they can or can't do and helping us make good business decisions.

We also wanted 11 because our work is very large and consuming and we need a variety of firms so if one's working on CAPEX, we might need another firm to help us with a study in the west Valley as an example. So our interest is to use as much as we can all 11 hence our effort here which really Vice Mayor Pastor was critical in helping us increase our small business outreach. It really was our goal to get a real diverse set because our needs are so diverse.

Councilmember Stipp said all right. Thank you.

Chair Pastor said do I have a motion?

Motion by Mayor Adams, second by Councilmember Judd.

Now, I will remember this. Discussion, do we have a discussion? Nobody.

I do want to say one thing. I appreciate the CEO's and Hillary's willingness to redo this procurement to ensure that Valley Metro clearly communicated that this was an on-call list of multiple contractors that are available and selected based on how their expertise and skill sets best apply to each task. The revised process allowed a variety of businesses to participate including local, small and minority businesses that are important to our community. So that is one of the reasons why I'm supporting this item. I think it's critical that we have a diversity and that it goes from small to large and their expertise is completely different in many different ways on how they communicate to the community. So really appreciate the change.

All those in favor, please say aye. Any nays? No nays. The ayes take it. Thank you.

IT WAS MOVED BY VICE MAYOR ADAMS, SECONDED BY COUNCILMEMBER JUDD AND UNANIMOUSLY CARRIED TO AUTHORIZE THE CEO TO EXECUTE THREE-YEAR CONTRACTS WITH TWO, ONE-YEAR EXTENSIONS WITH 11 FIRMS FOR ON-CALL SERVICES THAT PROVIDE COMMUNITY RELATIONS SUPPORT SERVICES, INCLUDING COMMUNITY RELATIONS COORDINATION, BUSINESS ASSISTANCE PROGRAM DEVELOPMENT AND SUPPORT, SPECIAL EVENT PLANNING, CRISIS COMMUNICATIONS AND OTHER RELATED SERVICES IN AN AMOUNT NOT TO EXCEED $6.5 MILLION OVER THE UP TO FIVE-YEAR PERIOD.

7. Travel, Expenditures and Solicitations

Chair Pastor said it's information only. Is there any questions? There's no actions here. Anybody have any questions? Doesn't seem like it.

8. Report on Current Events and Suggested Future Agenda Items

Chair Pastor said Item 8 is for information. Anybody have anything? Councilman Stipp.

Councilmember Stipp said yeah. Madam Chair, thank you. I would like to request a future agenda item. As I discussed during AFS briefing, we talked about the CFO, recruitment, and I would like to request that we have an item on the October agenda to consider changing the Board policy that has the CFO reporting to the Board and return that employment reporting back to under the CEO. I'd like to also as part of that process understand what Valley Metro has done over the past seven or eight years that initially -- we were initially forced into making this change. What have we done in the last seven or eight years? And basically, how are we different today than we were then as part of that? But I think it's time for us as we're getting ready to hire the CFO to consider changing the reporting structure and putting the CFO back under the CEO.

Chair Pastor said got that. And, Mike, I don't know if this is appropriate but maybe we also look at some of the other language that's in there. Because it's not just the CFO there's other language in there.

Mr. Wawro said that's correct, and it's contained in a few different documents and it would be appropriate to talk about any or all of those documents that the Board wishes to address. Some of those can also be addressed in executive session.

Chair Pastor said okay.

Mr. Wawro said if the Board wishes to set an e-session on those items and start the discussion there.

Chair Pastor said so I would like to set an e-session discussion.

Mr. Wawro said we have an e-session going on the agenda for October so next month we'll have an e-session.

Chair Pastor said okay. Councilman Stipp.

Councilmember Stipp said I guess, I'm just -- I'm moving at the speed for the CFO recruitment that I don't want these other things to slow that down because by the time we have this meeting on the 27th, we will have already had kind of final interviews, so to speak, so perhaps this second phase is something that we do afterward.

Chair Pastor said okay.

Councilmember Stipp said I don't want to -- I don't want to bog down the CFO recruitment with all the other things that are probably going to take a month or longer where we focus just on the CFO. Because that's just a Board policy. The rest of it is really, I think, even some potential even administrative code changes and that is going to take some time. So I don't know how we can diverge those two to move at the speed at which we need to for the CFO recruitment?

Mr. Wawro said Board member, we can absolutely make that happen in that order and work towards progress with an eye towards the CFO first.

Councilmember Stipp said okay.

Chair Pastor said thank you.

9. Next Meeting

The next meeting of the Joint Boards is scheduled for Thursday, October 27, 2022, at 11:15 a.m.

The meeting was adjourned.

With no further discussion the meeting adjourned at 11:53 a.m.

Information Summary

DATE **AGENDA ITEM 6B**
October 25, 2022

SUBJECT
Telecommunications Managed Services Contract Award

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to issue a contract to Hye Tech Network & Security Solutions, LLC for Information Technology (IT) professional services to maintain Valley Metro's voice, video, and data networks.

RECOMMENDATION
Staff recommends that the Boards of Directors authorize for the CEO to issue a contract to Hye Tech Network & Security Solutions, LLC for Information Technology (IT) professional services to maintain Valley Metro's voice, video, and data networks. The period of authorization is 12 months starting November 2022, in an amount not to exceed $236,200 plus a 10% contingency of $23,700, for a total not-to-exceed authorization amount of $259,900.

BACKGROUND | DISCUSSION | CONSIDERATION
Valley Metro's IT department operates a distributed telecommunications network spanning the Phoenix metropolitan area. This network provides voice, video, and data services interconnecting all VM facilities throughout the valley, including the regional call center, the Operations & Maintenance Center (OMC) rail yard, the various bus depots, and third parties like the City of Phoenix's Public Transit Department (service scheduling, bus fleet computer aided dispatch & automatic vehicle location, etc.). Since 2020 the network has grown to include expansions at the OMC and Mobility Center, two new field offices, several hundred remote workspaces, and the City of Tempe Transportation Division for streetcar stop video feeds.

The IT department currently employs two staff with network abilities, one network administrator and one manager. These two staff are unable to meet Valley Metro's current network monitoring and maintenance requirements. This deficit was highlighted in January 2022 when a CenturyLink network failure caused the rail system's ticket vending machines (TVMs) to lose connectivity to the payment processing vendor for 29 hours costing the agency an estimated $19,000 in fare revenue. Valley Metro had previously configured a back-up circuit for TVMs which should have prevented the outage, but staff doesn't have capacity to regularly test that back-up and therefore didn't realize changes by the payment processing vendor had rendered it inoperable.

Staff proposes solving the issue of depth of bench and available skillsets by retaining Hye Tech Network & Security Solutions, LLC to provide managed networking services. This approach is preferable to adding IT staff as it provides greater support and skill set availability at a lower cost. Hye Tech provides a team of experts with wide range of skill set 24 hours per day, 365 days a year including proactive monitoring and alerting. Achieving a comparable scope of coverage with internal staff would require multiple FTE's. In addition, this contract will shift Valley Metro's existing Managed Telephony service to Hye Tech to provide a single vendor for all network support.

Item	**Frequency**	**Amount**
On-boarding Fee	One-Time	$25,000
Network & Collaboration **Managed Services**	Monthly	$17,600
First Year Total		**$236,200**

COST AND BUDGET

The funds for the professional services outlined in this memo are already included in the adopted RPTA and VMR FY 2022 Operating and Capital Budgets. The current requested authorization is not to exceed $259,900 over the 12 months starting November 2022. The RPTA portion is $129,950 and the VMR portion is $129,950.

This contract's initial and ongoing costs will be funded using savings created by the recent replacement of Valley Metro's security automation software with a more cost-effective solution, in concert with the reassignment of existing managed telephony services funding. In future years, continuation of this contract will be included as part of the annual IT professional services authorization memos brought to the Board toward the end of each fiscal year.

The contract will be procured through an Arizona State Procurement Office cooperative contract to ensure a competitively negotiated price and leverage the better volume discounts available through the contract.

Vendor	**Cooperative Vehicle**	**Contract #**
HyeTech	Arizona State Procurement Office	CTR059868

COMMITTEE ACTION

RTAG: September 13, 2022 for information
TMC/RMC: October 12, 2022 approved
Boards of Directors: October 27, 2022 for action

CONTACT

Phil Ozlin
Chief Information Officer
pozlin@valleymetro.org

Information Summary

DATE **AGENDA ITEM 7**
October 25, 2022

SUBJECT
Audit and Finance Subcommittee Charter Amendment

PURPOSE
To propose an amendment to the Audit and Finance Subcommittee (AFS) Charter for the Boards of Directors approval and adoption.

COST AND BUDGET
None

RECOMMENDATION
Staff recommends that the Boards of Directors amend the Audit and Finance Subcommittee Charter as indicated.

BACKGROUND/DISCUSSION/CONSIDERATION
The Chair of the Audit and Finance Subcommittee (AFS) requested that Valley Metro consider amending the policy regarding supervision of the Chief Financial Officer from dual reporting (Boards & CEO) to single reporting (CEO only).

The Valley Metro Board of Directors have ultimate legislative, budget, and policy making authority governing the affairs of Valley Metro, as prescribed by state law, which they utilize at their discretion. No changes are being proposed to limit or change Board authority. As adopted by the Board in November 2013, Valley Metro's Administrative Code concurrently provides for a Chief Executive Officer, whose responsibilities include, "The hiring, discharge, salary determination, and general supervision and direction of all employees of the Authority which shall be based on their respective qualification and capabilities in accordance with state and federal affirmative action policies." These powers, as granted by the Boards, are complimentary in nature.

Prior discussions addressed scenarios regarding the authority and role of the Board of Directors in the hiring and supervision of the Chief Financial Officer, including a dual reporting structure for the CFO to the Board and the CEO. The opinion of the General Counsel's Office is that while dual reporting is a viable practice, dual reporting of the CFO is not clearly formalized in any of Valley Metro's governing documents or policies.

The purpose of the AFS is to "provide policy oversight of the financial activities and internal audit functions of the RPTA and VMR." One of the ways AFS provides this oversight is “[t]o obtain reasonable assurance with respect to [the] work of the CFO…in coordination with the CEO.” In fulfilling this function, the AFS Charter currently directs the AFS to “***Oversee***, provide input and ***approve*** on the annual performance evaluation of the CFO.” (Emphasis added)

Members of the AFS and the CEO have coordinated their efforts to hire a new CFO. However, it is important to provide a clear reporting structure and chain of authority for the incoming CFO to maximize their potential for success and reaffirm the Boards’ support and expectations for the CEO to effectively accomplish their shared goals for the organization.

Therefore, to provide clarity and to avoid confusion between the Administrative Code and AFS Charter, staff proposes an amendment to the AFS Charter as attached to affirm that the Chief Financial Officer, as an employee of Valley Metro, reports to the Chief Executive Officer. No other changes are intended or implied.

COMMITTEE ACTION
Boards of Directors: October 27, 2022 for action

CONTACT
Michael Wawro
Interim General Counsel
mwawro@valleymetro.org

ATTACHMENT
Audit and Finance Subcommittee Charter, as amended

Audit and Finance Subcommittee Charter

Background
The Audit and Finance Subcommittee (“AFS”) was originally formed by Valley Metro Regional Public Transportation Authority (RPTA) Board of Directors (Board) as the Budget and Finance Subcommittee (BFS) in 2006 after the passage of Proposition 400 to provide policy oversight of the expanded financial activities of the RPTA. The RPTA and Valley Metro Rail (VMR) Boards renamed the Subcommittee to the AFS in 2016 and expanded the scope of the AFS to add oversight of internal audit functions and to oversee financial and audit functions of VMR.

This charter, which governs the work of the subcommittee, was established and approved by the RPTA and VMR Boards of Directors on September 17, 2020.

Purpose
The purpose of the AFS is to provide policy oversight of the financial activities and internal audit functions of the RPTA and VMR. The subcommittee assists the Boards and senior management by providing advice and guidance on:

1. Annual operating and capital budget process of the agency
2. Preparation of budget inputs and assumptions
3. Oversight of the compilation of financial reports for the Boards and member agency review
4. Preparation of the annual Transit Life Cycle Program and its financial model
5. Development of the five-year operating and capital plan
6. Oversight and review of internal and external audit activity

In broad terms, the AFS reviews each of the items noted above and provides the Boards with independent advice on the adequacy and effectiveness of management’s practices. Advice and guidance also may include suggestions and recommendations to strengthen these processes.

Mandate
The mandate for the establishment of the AFS was derived from a vote from the RPTA and VMR Boards of Directors on March 17, 2016.

Authority
The authority of the AFS to perform its work is established within the scope of its charter. In discharging its responsibilities, the AFS shall have unrestricted access to members of management, employees, and relevant information it considers necessary to discharge its duties.

The subcommittee is entitled to receive explanations from management and staff of the organization that it deems necessary to discharge its responsibilities. The AFS may engage independent counsel and/or other advisers as it deems necessary to carry out its duties.

Composition of the Audit and Finance Subcommittee

The AFS will consist of up to five (5) members. A member's financial background will be considered, along with geographic representation. One of the five members will always be the elected official representing the City of Phoenix**.** Two (2) of the members will represent both RPTA and VMR (with the aforementioned Phoenix member retaining one of the two VMR positions). No more than two members of the AFS will be from the VMR Board due to quorum requirements.

The Chair of the Audit and Finance Subcommittee

The Chair of the AFS will be appointed by the Chairs of the RPTA and VMR Boards.

Terms of Office

Terms of membership are for two years, with the ability to be re-elected by each Board**.** No member shall serve more than four years, except the elected official representing the City of Phoenix**.** Membership is structured so that two members are elected in even numbered years and two members elected in odd numbered years**.** Elections will occur at the last meeting of the fiscal year with membership to begin at the beginning of the following fiscal year**.**

In the event a vacancy occurs on the AFS, the Board(s) will conduct an election to fill the vacant seat as soon as practicable.

Quorum

The quorum for the AFS is defined as a majority of the total authorized membership of the AFS.

Operational Principles

Values and Ethics

The AFS will conduct itself in accordance with the Valley Metro's core values and ethics policy [Policy I.D.: LGL – 01.02]. The AFS expects that management and staff of the organization will adhere to these requirements.

Communications

The AFS expects that communications with senior management and staff of the organization as well as with any external assurance providers will be direct, open, and complete.

Work plan

The AFS chair, in collaboration with the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and Chief Auditor, will establish a work plan, in addition to a risk-based audit plan, to ensure that the responsibilities of the AFS are scheduled and will be carried out.

Meeting Agenda

The chair shall establish meeting agendas in consultation with AFS members, CFO, and the Chief Auditor.

Information Requirements

The AFS shall establish and communicate its information requirements. This shall include the nature, extent, and timing of such information requirements. Information shall be provided to the AFS at least one week prior to the meeting.

Executive Sessions

Executive sessions of the AFS may be held for purposes of discussing/considering personnel issues; non-public records; legal advice; the Board's position on contract negotiations, litigation or claim settlement; and any other purpose authorized by A.R.S. Title 38, Chapter 3, Article 3.1. The AFS may schedule, and hold if necessary, a private session with the CEO, the CFO, the Chief Auditor, external assurance providers, and with any other officials that the AFS may deem appropriate at each of its meetings.

Preparation and Attendance

AFS members have an obligation to prepare for and participate in committee meetings.

Conflict(s) of Interest

Members of the AFS and all employees and agents of the Regional Public Transportation Authority shall comply with the State Conflict of Interest Law, A. R. S. Sections 38-501, *et seq.*

Orientation and Training

AFS members should receive formal orientation training on the purpose and mandate of the committee and on the organization's objectives. A process of continuing education may be established at the discretion and under the direction of the AFS.

Operational Procedures

Meetings

The AFS shall meet no less than once each calendar quarter or as frequently as the committee deems necessary.

Minutes

The AFS shall comply with the State Open Meeting Law, shall keep regular meeting minutes of the proceedings, and shall report their proceedings to the Boards.

Required Attendance

The CFO and the Chief Auditor are required to attend all committee meetings.

Chair Responsibilities

The responsibilities of the AFS Chair include the following:

- Chair the meetings of the AFS
- Review agency expenses related to credit cards, travel and entertainment, specifically:
    - Approve credit card expenditures for the CEO
    - Approve travel expense reports for CEO
    - Review monthly expenditure activity for Agency credit cards
    - Review a summary of Local Dining and Refreshments expenditures incurred by the Agency on a quarterly basis
    - Review, approve and sign any Relocation over $25,000 prior to offer letter being sent to Candidate
        - AFS Chair, at their discretion, may defer to the AFS members for decision
- Provide general guidance to CFO and Chief Auditor

Organizational Governance[1]

To obtain reasonable assurance with respect to the RPTA and VMR governance[2], the AFS, in collaboration with the CEO, may review and provide advice on the processes and structures implemented by the Boards to inform, direct, manage, and monitor the financial activities and internal audit functions of the organization toward the achievement of their objectives.

Risk Management

To obtain reasonable assurance with respect to the organization's risk management arrangements, the AFS, in consultation with the CEO and CFO, shall:

- Provide oversight on significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the Boards.
- Review and provide advice on the risk management arrangements established and maintained by management and the procedures in place to ensure that they are operating as intended.
- Annually review the organization's risk profile.
- Obtain from the Chief Auditor an annual report on management's implementation and maintenance of an appropriate integrated risk management process.

Fraud

To obtain reasonable assurance with respect to the organization's procedures for the prevention and detection of fraud, the AFS, in consultation with the CEO and CFO, shall:

- Take an active role in the prevention and deterrence of fraud.
- Challenge management and the auditors to ensure that the entity has appropriate antifraud programs and controls in place to identify potential fraud and ensure that investigations are undertaken if fraud is detected.
- Ensure that appropriate action is taken against known perpetrators of fraud.

Oversight of Internal and External Audit and Other Assurance Providers

Internal Audit Activity

To obtain reasonable assurance with respect to work of the audit activity, the AFS, in coordination with the CEO, should:

- Review and approve the internal audit charter at least annually. The charter should be reviewed to ensure that it is consistent with changes in the financial, risk management, and governance arrangements of the organization and reflects developments in internal audit professional practices.
- Review and approve proposed risk-based internal annual audit plan and make recommendations concerning internal audit projects.
- Review and approve the internal audit plan and engagement work program, including reviewing internal audit resources necessary to achieve the plan.

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[1] See *The Institute of Internal Auditors*' October 2014 "Assessing Organizational Governance in the Public Sector" for insight and definition of key concepts; 2017 IPPF IG2110 Governance Implementation and 2110 Governance Standard.

[2] See: Valley Metro Governance and Policy Structure (organization chart)

- Review and approve specific audits or engagements to be performed in addition to those outlined in the internal audit plan at the request of or proposed by a member of the AFS, CEO or Chief Auditor.
- Review and provide input on the budget, expertise, and staffing levels, including the use of consultants, of the internal audit program. Review internal audit reports and other communications to management.
- Review and advise management on the results of any special investigations.
- Inquire of the Chief Auditor whether any evidence of fraud has been identified during internal audits and further action to be taken.
- Review and track management's action plans to address internal audit recommendations.
- Inquire of the Chief Auditor whether any internal audit engagements or tasks have been carried out that did not result in a report to the committee. If there have been, inquire as to the matters of significance, if any, arising from such work.
- Perform and approve the annual performance evaluation of the Chief Auditor.
- Review and provide input on internal audit's strategic plan, program goals, performance measures, and outcomes.
- Review the internal audit activity's performance relative to its audit plan.
- Inquire of the Chief Auditor about steps taken to ensure that the audit activity is consistent with The IIA's *International Standards for the Professional Practice of Internal Auditing (Standards).*
- Ensure that the internal audit function has an external quality assurance (peer) review every five years or more often if deemed necessary.
- Review the results of the independent external quality assurance (peer) review and monitor the implementation of the action plans to address recommendations raised.
- Advise the Board of any recommendations concerning the continuous improvement of the audit activity.

External Audit

To obtain reasonable assurance with respect to work of the external assurance providers, the AFS, in consultation with CEO, shall evaluate the performance of the external audit firm and recommend to the Boards the appointment of the audit firm. AFS members, the CEO and senior management, may also meet with the external assurance providers during the planning phase of the audit, the presentation of the audited financial statements, and the discussion of the results and recommendations to management.

Follow Up on Management Action Plans

To obtain reasonable assurance that management has acted on the observations and recommendations from internal and external audit, the AFS may review regular reports on the progress of implementing agreed upon management action plans and audit recommendations included in completed audits.

~~Oversight of~~ Chief Financial Officer

To obtain reasonable assurance with respect to work of the CFO, the AFS, in coordination with the CEO, should:

- Provide oversight over annual operating and capital budget process of the agency.
- Review budget inputs and assumptions.
- Provide oversight of the compilation of financial reports for the Boards and member agency review.
- Review the annual Transit Life Cycle Program and its financial model.

- Review the five-year operating and capital plan.
- ~~Oversee, p~~Provide input ~~and approve~~ on the annual performance evaluation of the CFO.
- Review and provide input on budget, contracts and procurement management goals, performance measures, and outcomes.

Financial Statements and Public Accountability Reporting

The AFS is responsible for oversight of the independent audit of the government entity's financial statements, including but not limited to overseeing the resolution of audit findings in areas such as internal control, legal, regulatory compliance, and ethics.

Other Responsibilities

In addition, the AFS, in coordination with the CEO, where appropriate, may:

- Perform other activities related to this charter as requested by the Boards.
- Institute and oversee special investigations as needed.
- Regularly evaluate its performance and that of its individual members.

Reporting on Audit and Finance Subcommittee Performance

The AFS should:

- Report periodically to the Boards summarizing the subcommittee's activities and recommendations or less frequently as the committee deems necessary. The report should be delivered at the regularly scheduled joint meeting of the Boards.
- The report may include:
    - A summary of the work the subcommittee performed to fully discharge its responsibilities.
    - A summary of management units' progress in addressing corrective actions on the findings and recommendations made in internal and external audit reports.
    - An overall assessment of the management units' risk, control, and compliance processes, including details of any significant emerging risks or legislative changes impacting the Boards.
    - Details of meetings, including the number of meetings held during the relevant period and the number of meetings each member attended. The subcommittee may, at any time, report to the Boards any other matter it deems of sufficient importance.

Approval/Signatures

______________________________	________________
RPTA Board Chair	Date
______________________________	________________
VMR Board Chair	Date
______________________________	________________
Audit and Finance Subcommittee Chair	Date
______________________________	________________
CEO	Date

Information Summary

DATE **AGENDA ITEM 8**
October 25, 2022

SUBJECT
Insurance Renewal

PURPOSE
Request authorization for the Chief Executive Officer ("CEO") to purchase renewal coverage for Valley Metro's annual insurance needs, including Property, Liability, and Worker's Compensation policies.

RECOMMENDATION
Staff recommends that the Joint Board of Directors authorize the CEO to purchase 2022-2023 renewal insurance coverage for Valley Metro in an amount not to exceed $5,846,904.

BACKGROUND | DISCUSSION | CONSIDERATION
RPTA and VMR jointly purchase insurance on an annual basis to cover losses related to Valley Metro-owned property and to ensure that Valley Metro's operations are adequately secured against claims and catastrophic loss.

Valley Metro's insurance broker, Alliant Insurance Services, Inc. ("Alliant"), is responsible for obtaining the best available premium quotes and coverages from insurance carriers for each line of insurance to meet Valley Metro's annual insurance program needs.

Information detailing renewal options for each line of coverage were distributed to: city risk managers and staff; RTAG; TMC/RMC; AFS; and the Boards on October 24, 2022. There are no significant changes proposed to the insurance program and recommendations are to continue with the incumbent insurers.

More detail can be found in Exhibit A – Valley Metro 2022-2023 Insurance Renewal Breakdown.

COST AND BUDGET
This year's total premium increase is 3%, compared to the 74% price hike experienced last year.

RPTA: Current excess liability limits are $50M (shared with VMR), with a self-insured retention ("SIR") limit of $750k. RPTA's renewal premium share is $418,217.

VMR: Current excess liability limits are $100M, with a SIR limit of $750k. RPTA and VMR share the first $50M of excess liability limits, with the second $50M allocated to VMR. VMR's renewal premium share is $5,428,687.

Cost allocation between RPTA and VMR budgets for annual premiums has historically averaged 11% to RPTA budget and 89% to VMR budget based on annual review of the value of assets and financial exposures. This year, the allocation is roughly 7% RPTA and 93% VMR. The percentage split varies by line of coverage and some rail-only coverages are allocated entirely to VMR.

For the December 1, 2022 – November 30, 2023 term, RPTA's contract obligation is $418,217. FY 2023 costs are fully funded within the RPTA Adopted FY 2023 Operating Budget. Contract Obligations beyond FY 2023 are incorporated into the RPTA Five – Year Operating Forecast and Capital Program (FY 2022 – FY 2026).

For the December 1, 2022 – November 30, 2023 term, VMR's contract obligation is $5,428,687. FY 2023 costs are fully funded within the VMR Adopted FY 2023 Operating and Capital Budget. Contract Obligations beyond FY 2023 are incorporated into the VMR Five – Year Operating Forecast and Capital Program (FY 2022 – FY 2026).

In line with standard insurance conditions, policy premiums may be subject to audit of payroll, revenues, and insured property values, including railcars. If the audited exposure differs from the estimated exposure, there may be a nominal premium adjustment. Valley Metro will allocate any premium adjustment to RPTA and VMR budgets as necessary and appropriate.

ACTION
Board of Directors: October 27, 2022 for action

CONTACT
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Legal Division
(602) 744-5571
mwawro@valleymetro.org

ATTACHMENT
(1) Valley Metro 2022-2023 Insurance Renewal Breakdown

Valley Metro Insurance Renewal

2022-2023

VALLEY METRO

FOREWARD | ACKNOWLEDGEMENTS

Each year, Valley Metro purchases multiple lines of insurance to protect its property and business activities. Last year, we experienced a highwater mark for insurance costs based on multiple factors, including COVID-19, market changes, global financial instability, and several liability exposures from light rail.

We continue to see several factors challenging the insurance market and economy, including high fuel prices and inflation. Fortunately, over the past few months Valley Metro has successfully addressed all outstanding light rail litigation matters without any new significant claims. While we may never see a return to pre-pandemic premiums, our rate of increase (3%) is much more in line with earlier trends.

In past years, Valley Metro and our broker, Alliant, have participated in presentations and round table groups to present our renewal options prior to asking for Board approval, especially in times of marked change. This year, due to Board scheduling, the relatively modest premium increase, and the lack of changes to our coverage, Valley Metro provided this information packet to staff, RTAG, TMC/RMC, AFS and the Boards for comments and questions simultaneously prior to the October 27, 2022 Joint Boards Meeting.

The information provided in this packet was supplied by Alliant and is based on industry sources. Alliant will continue to negotiate with our potential insurance providers up until our renewal deadline. Therefore, the amounts requested by Valley Metro for insurance renewal are subject to change and are being presented as “not to exceed”. We would like to thank our partners at Alliant, especially Rex Jorgensen, for their assistance with this renewal and this presentation.

BACKGROUND | OVERVIEW

Last year, Valley Metro experienced an unprecedented **74%** increase in insurance premiums. This year, the total increase is **3%**.

Years	RPTA Premium	VMR Premium
2018-2019	$207,552	$1,758,577
2019-2020	$249,881	$2,030,146
2020-2021	$424,971	$3,084,138
2021-2022	$407,348	$5,264,549
2022-2023	$418,217	$5,428,687

The following charts show insurance coverage pricing, per agency. All premiums are presented in "not to exceed" amounts.

2022-2023 | RPTA PRICING

Line of Coverage	Policy Limit-Renewal	Renewal Premium	Policy Limit-Expiring	Expiring Premium
Property	Blanket Limit	$21,224	Blanket Limit	$23,850
Crime	$2,000,000	$3,232	$2,000,000	$3,232
Auto Liability & Physical Damage	$750,000	$49,597	$750,000	$41,661
Primary Excess Liability 1st layer $10M	$10,000,000	$24,479	$10,000,000	$33,025
Excess Liability - multiple layers to reach $40M x$10M*	$40,000,000	$204,245	$40,000,000	$219,111
Stand-Alone Terrorism	$50,000,000	$1,077	$50,000,000	$1,258
Cyber/Privacy	$2,000,000	$51,696	$2,000,000	$29,540
Workers Compensation	$1,000,000	$62,667	$1,000,000	$55,671
Grand Total		**$418,217**		**$407,348**

2022-2023 | VMR PRICING

Coverage Type	Policy Limit- Renewal	Renewal Premium	Policy Limit – Expiring	Expiring Premium
Property	$757,263,489	$568,343	$737,145,739	$478,150
Inland Marine - Rolling Stock	$100,000,000	$2,167,925	$100,000,000	$2,464,615
Inland Marine - Bridges	$60,629,795	$142,935	$49,008,699	$111,274
Crime	$2,000,000	$3,232	$2,000,000	$3,232
Auto Liability & Physical Damage	$750,000	$180,020	$750,000	$153,016
Primary Excess Liability - 1st layer $10M	$10,000,000	$655,505	$10,000,000	$590,096
Excess Liability multiple layers to reach $90Mx$10M	$90,000,000	$1,510,320	$90,000,000	$1,284,472
Stand Alone Terrorism	$50,000,000	$28,851	$50,000,000	$22,478
Cyber / Privacy	$2,000,000	$51,696	$2,000,000	$29,540
Pollution Legal Liability	$5,000,000	$0	$5,000,000	$24,799
Aircraft (Drone)	$1,000,000	$6,000	$1,000,000	$1,285
Workers Compensation	$1,000,000	$113,860	$1,000,000	$101,592
Grand Total		**$5,428,687**		**$5,264,549**

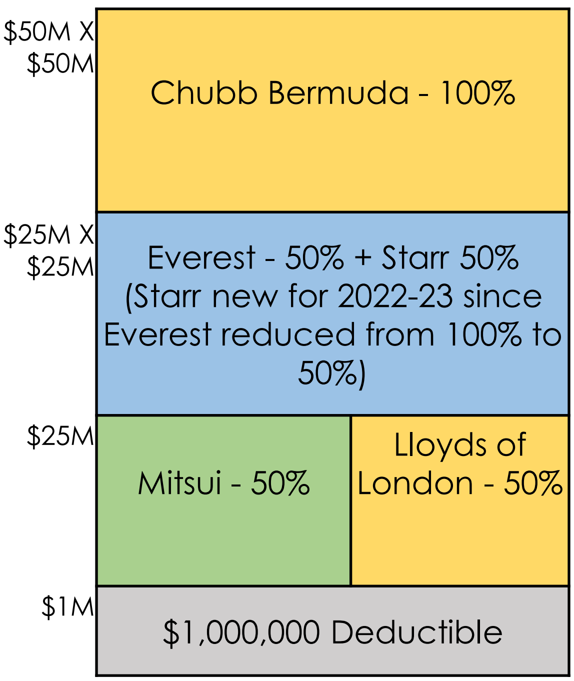
* Renewal premium shown includes estimated prorated premium for the four additional new LRVs and one streetcar expected to be added at various dates during the policy term.

** Pollution Legal Liability is a three-year insurance policy last renewed on December 1, 2021 for $24,799 term premium.

INLAND MARINE | ROLLING STOCK

For this renewal, VMR will carry five (5) lines of coverage for its inland marine rolling stock to reach $100M in coverage. In 2023, Valley Metro will engage actuarial services to determine funding levels associated with establishing sufficient reserves to consider self insuring our rolling stock and excess liability.

The first chart displays the lines of coverage, while the second provides additional details for the inland marine coverage.



	Item	Expiring	Renewal	Δ %
Exposure	Rolling Stock Values	$151,465,207	$200,533,108	32%
Exposure	# of LRVs	50	56	12%
Exposure	# of Streetcars	0	5	N/A
Cover Terms	Rate per $100	1.18	1.01	-15%
Cover Terms	Carrier	Mitsui+Lloyds of London+Everest	Mitsui+Lloyds of London+ Everest	-
Cover Terms	Premium	$1,791,351	$2,020,789	13%
Cover Terms	Limit - Each Occurrence	$100,000,000	$100,000,000	
Cover Terms	Limit - Flood/ Earth Movement	$5,000,000	$5,000,000	-
Cover Terms	Deductible	$1,000,000	$1,000,000	-

Notes

*New LRVs can be added at the policy rate and premium will be prorated.

**One streetcar and four LRVs are expected to be added within the next 12 months.

INLAND MARINE | BRIDGES

VMR carries insurance on several bridges used by light rail. As part of the renewal process, a bridge was discovered that was not previously covered by Valley Metro and may be self insured or not have any coverage at all. For the upcoming year and until proper ownership is established, Valley Metro proposes carrying coverage on the bridge located at Apache Boulevard and crossing the Tempe Canal bridge to protect its interests while using the bridge. Alliant is awaiting actual quotes from the incumbent carrier, the amounts given her are indicated/estimated rates.

Name	Value 21-22	Value 22-23	Notes (Change %)
OMC Yard Bridge	$ 7,000,000	$ 7,560,000	8%
SR101/Price Freeway Bridge	$ 11,480,000	$ 12,398,400	8%
Apache Blvd. over Tempe Canal Bridge[1]	$ -	$ 7,700,400	new for 2022-23
Tempe Town Lake Bridge	$ 30,528,699	$ 32,970,995	8%
Subtotal	$ 49,008,699	$ 60,629,795	24%
Rate	$ 0.00227050	$ 0.00249755	10%
Subtotal Premium	$ 111,274	$ 151,426	36%

[1] Still pending determination if VMR has insurance responsibility

EXCESS LIABILITY | LAYERS

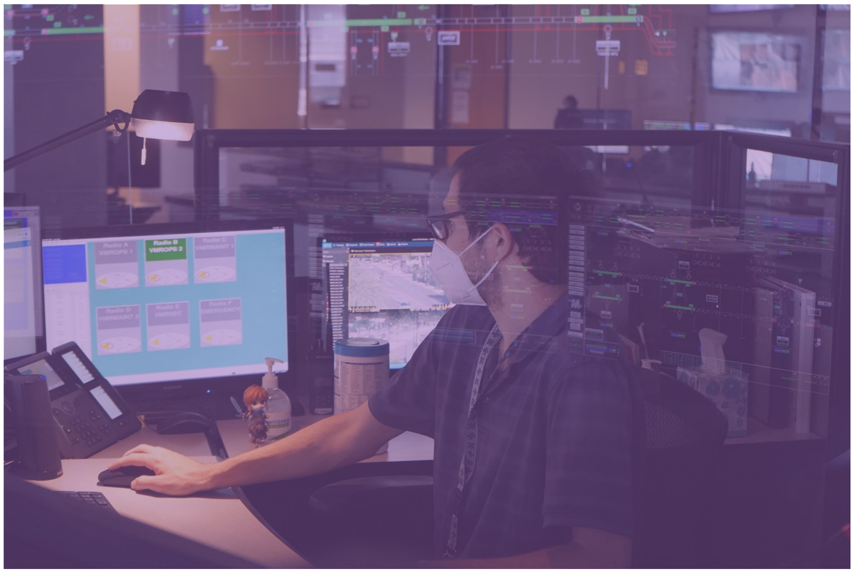
Alliant was able to negotiate a single digit increase with Munich, our lead/level 1 carrier. Munich also indicated a 25% ($165k) premium savings to increase the SIR from $750k (current) to $2M. Because the premium reduction would impose $1.25M in additional risk in Valley Metro's first layer of excess liability insurance, we do not recommend any changes in coverage.

		Expiring	Renewal	Unit Δ	Δ %	Limit applies to:
	Ridership	27,337,550	31,854,221	4,516,671	16.5%	
	Payroll	25,530,679	29,943,042	4,412,363	17.3%	
LAYER 1	Carrier	Munich Re	Munich Re	n/a	n/a	
	Premium	603,800	658,900	55,100	9%	
	Limit	10,000,000	10,000,000	-	-	Rail & RPTA
	Aggregate	20,000,000	20,000,000	-	-	
	SIR	750,000	750,000	-	-	
LAYER 2	Carrier	AWAC	AWAC	n/a	n/a	
	Premium	265,000	310,050	45,050	17%	
	Limit	10,000,000	10,000,000	-	-	Rail & RPTA
	Aggregate	10,000,000	10,000,000	-	-	
LAYER 3	Carrier	London	London	n/a	n/a	
	Premium	630,000	737,100	107,100	17%	
	Limit	30,000,000	30,000,000	-	-	Rail only
	Aggregate	30,000,000	30,000,000	-	-	
LAYER 4	Carrier	London	London	n/a	n/a	
	Premium	525,000	614,250	89,250	17%	
	Limit	50,000,000	50,000,000	-	-	Rail only
	Aggregate	50,000,000	50,000,000	-	-	
	Total Premium	2,023,800	2,320,300	296,500	15%	
	Total Limit	100,000,000	100,000,000			

WORKERS' COMPENSATION | EMPLOYER LIABILITY

CopperPoint continues to provide an excellent rate without any increase to its average rate per $100 of payroll.

	Item	Expiring	Renewal	
			Amount	Δ %
Exposure	Est. Payroll	25,530,679	29,943,042	17.3%
	No. of Employees	413	450	9.0%
Cover Terms	Carrier	CopperPoint	CopperPoint	-
	Premium	151,730	176,527	16%
	Avg. Rate Per $100 Payroll	0.5943	0.5895	-1%
	Limit - Any One Accident	750,000	750,000	-
	Auto Medical Payments	5,000	5,000	-
	Deductible: Comp./Coll.	5,000	5,000	-



Information Summary

DATE **AGENDA ITEM 9**
October 25, 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
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Acting Chief Financial Officer
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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
8/1/22 through 8/31/22

Job Title	Purpose of Travel	Location	Dates Traveled	Total Travel Cost	Airfare	Other Transport	Lodging	Meals	Misc.
Project Manager	EnoMAX Port Authority	Seattle, WA	8/06/22 - 8/12/22	$2,459.44	$457.20	$52.72	$1,634.52	$315.00	$0.00
Engineering Technician	ESRI GIS Convention	San Diego, CA	7/10/22 - 7/15/22	$2,302.20	$0.00	$436.30	$1,458.90	$407.00	$0.00
Commute Solutions Coordinator	ACT National Conference	Chicago, IL	7/31/22 - 8/3/22	$1,652.00	$365.00	$110.00	$777.00	$276.00	$124.00

Total this reporting period	$6,413.64
Year to Date	**$12,940.35**

Report reflects Out of State (AZ) Travel

Valley Metro
Travel Reimbursement Report
For Travel Completion Dates
8/1/22 through 8/31/22

Job Title	Purpose of Travel	Location	Dates Traveled	Total Travel Cost	Airfare	Other Transport	Lodging	Meals	Misc.
Project Manager	EnoMAX Port Authority	Seattle, WA	8/06/22 - 8/12/22	$2,459.44	$457.20	$52.72	$1,634.52	$315.00	$0.00
Engineering Technician	ESRI GIS Convention	San Diego, CA	7/10/22 - 7/15/22	$2,302.20	$0.00	$436.30	$1,458.90	$407.00	$0.00
Commute Solutions Coordinator	ACT National Conference	Chicago, IL	7/31/22 - 8/3/22	$1,652.00	$365.00	$110.00	$777.00	$276.00	$124.00

Total this reporting period $6,413.64

Year to Date **$12,940.35**

Report reflects Out of State (AZ) Travel

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

Payment Number	Date	Supplier or Party Name	Transaction Description	Amount
10000781	8/12/2022	City of Tempe	EVBOM lease agmnt "O&M" and "Fuel" April-June 2022	2,207,841.00
10000802	8/25/2022	Motor Coach Industries Inc	Over the Road Transit Coach	1,399,121.16
10000767	8/5/2022	Transdev Services Inc	June 2022 General Paratransit Service	1,325,044.49
90000102	8/25/2022	ADP LLC	PPE 08/21/2022 Payroll Liabilities	1,074,725.47
90000100	8/12/2022	ADP LLC	PPE 08/07/2022 Payroll Liabilities	1,042,364.77
10000774	8/12/2022	Hill International Inc	May 2022 PMCM Services	927,570.50
1000841	8/5/2022	City of Glendale	PTF Expenditure Reimbursement	780,383.00
90000099	8/12/2022	Cigna Health and Life Insurance Company	Health Insurance Premiums	520,920.29
10000789	8/25/2022	DMS Facility Services Inc	VMR - Facilities Maintenance Services	290,987.92
90000101	8/25/2022	ASRS	PPE 08/21/22 ASRS Contributions & LTD	284,184.31
10000788	8/25/2022	Creative Software Solutions LLC	Ridechoice Mgmt Svcs + EZT SetupImplementation Fee	282,450.63
90000098	8/12/2022	ASRS	PPE 08/07/22 ASRS Contributions & LTD	279,144.98
1000859	8/12/2022	City of Peoria	PTF Expenditure Reimbursement	247,665.00
1000880	8/25/2022	Hye Tech Network & Security Solutions L	Cisco SmartNet	205,134.92
10000771	8/12/2022	ARCADIS	Consulting Support Services	188,625.25
10000786	8/25/2022	101 North First Ave LLC	Sept 2022 Rent	183,791.01
1000884	8/25/2022	QCM Technologies Inc	Security Operations Center as a Services (SOCaaS)	180,419.81
10000780	8/12/2022	Senergy Petroleum LLC	Bulk Fuel	174,559.92
10000768	8/5/2022	City of Phoenix	PTF Expenditure Reimbursement	174,121.65
10000797	8/25/2022	Trapeze Software Group	Paratransit Eligibility Scheduling Dispatch Software	107,833.85
10000758	8/5/2022	CDW Government LLC	FY23 Tableau, VMWare, Software Value Added Reseller (SVAR)	103,987.44
10000769	8/5/2022	Senergy Petroleum LLC	Bulk Fuel	102,369.29
90000105	8/31/2022	Surepays	RPTA July 2022 Utilities	98,652.23
10000776	8/12/2022	Second Generation Inc, dba Ajo Transpor	July 2022 Rural Connector Services	90,093.74
10000772	8/12/2022	Creative Software Solutions LLC	Ridechoice Mgmt Svcs + EZT SetupImplementation Fee	88,387.47
1000889	8/25/2022	American Public Transportation Associat	Membership - APTA	76,500.00
1000878	8/25/2022	CopperPoint Insurance Company	Sept 2022 Rent	72,403.77
10000800	8/25/2022	Senergy Petroleum LLC	Bulk Fuel	71,115.58
10000764	8/5/2022	Northwind Technologies	IT Software and Subscriptions	69,660.42
10000760	8/5/2022	Guidesoft Inc	Managed Services Provider	60,995.06
1000855	8/12/2022	SHI International Corp	Software Value Added Reseller	58,025.34

10000757	8/5/2022	Alesig Consulting LLC	IT Equipment, Software and Services	57,914.00
1000856	8/12/2022	WEX Bank	Fleet Card Services	56,398.84
1000854	8/12/2022	QCM Technologies Inc	Information Security Program Support	52,832.81
90000103	8/25/2022	Wells Fargo Bank	July 2022 Credit Card Charges	51,969.09
10000795	8/25/2022	URW LLC	Landscape Maintenance Services	47,783.87
1000839	8/5/2022	City of Scottsdale	ADA Services Reimbursement	34,025.43
1000843	8/5/2022	ACRO Service Corporation	Staffing Services and Related Solutions-IT Project Management Services	29,544.00
				13,099,548.31

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

Payment Number	Date	Supplier or Party Name	Transaction Description	Amount
50000643	8/5/2022	Kiewit Infrastructure West Company	Jun 2022 CMAR Services for South Central-Downtown Hub	13,692,986.41
50000659	8/12/2022	Kiewit-McCarthy, a Joint Venture	June 2022 CMAR Services for Northwest Phase II	5,877,835.17
50000650	8/5/2022	Siemens Mobility	Light Rail Vehicles	4,042,346.34
50000673	8/22/2022	SRP	Relocating utilities for SCE	946,919.26
50000648	8/5/2022	City of Phoenix	PTF Expenditure Reimbursement	787,103.20
90000014	8/31/2022	Surepays	VMR July 2022 Utilities	451,413.97
50000658	8/12/2022	Jacobs Engineering	May-June 2022 Design Services for Northwest Phase II	342,307.66
50000644	8/5/2022	Leach International Corp	Relays	173,145.00
50000639	8/5/2022	Builders Guild Inc	JOC Services	140,943.00
5000982	8/5/2022	SEFAC USA, Inc.	Portable Lift System	133,059.68
50000661	8/12/2022	Westinghouse Air Brake Technologies Cor	Relays	130,323.90
50000679	8/25/2022	Leach International Corp	Relays	120,886.25
50000642	8/5/2022	J Banicki Construction Inc	JOC Services	119,322.87
50000637	8/5/2022	101 North First Ave LLC	CAM and RE Tax Adj for 2021 and through July 2022	104,300.24
50000681	8/25/2022	TDG Transit Design Group Inc	Headlight Retrofit Kits	84,700.80
50000660	8/12/2022	PGH Wong Engineering Inc	System Design Services	78,531.89
50000668	8/22/2022	PGH Wong Engineering Inc	System Design Services	73,063.08
5001033	8/25/2022	Tactical & Survival Specialties LLC	ELERTS Transit Edge	64,062.44
5000987	8/5/2022	APS	APS Third Party Utility Invoices	61,051.74
5000988	8/5/2022	Smith-Emery Laboratories Inc	Rail Testing Services	52,500.00
5001012	8/22/2022	NASG Holdings LLC	LRV Windshield Glass	49,080.40
50000645	8/5/2022	Siemens Mobility	Processor and Circuit Boards	41,859.48
50000640	8/5/2022	Cuervo Studios LLC	SCE - Public Art Services-Fabrication / Install	40,000.00
50000653	8/12/2022	Award Winning Restorations	Light Rail Vehicle Painting	39,405.55
50000676	8/25/2022	Alliant Insurance Services Inc	#3 Brookline Modern Streetcars	38,350.04
5001029	8/25/2022	LCPtracker Inc	FY23 - LCPtracker Software Licenses	36,220.80
50000663	8/22/2022	Award Winning Restorations	Light Rail Vehicle Painting	35,040.00
5001030	8/25/2022	Sanderson Ford Inc	Vehicles, New Purchase	33,763.12
50000678	8/25/2022	Brookville Equipment Corp	Street Car Vehicle Additional Items	30,313.92
5000979	8/5/2022	IFE North America LLC	LRV Modular Door Control Unit Upgrade	28,950.00
				27,849,786.21

VALLEY METRO

Procurement Report
for October 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										
Rick W	RPTA	RFP	Rural Connector Service	Yes	January 2022	February 2022	June 2022	$9,000,000.00	5 years + 3 options	Executed
Christian J	RPTA	COOP	Paratransit cutaway Vans - QTY: 54	Yes	N/A	N/A	August 2022	$6,519,505.00	1 time purchase	Executed
Christian J	RPTA	RFP	RideChoice Management Services	Yes	March 2022	April 2022	August 2022	$10,804,731.00	1 year + 1 option	Routed for Signature
Christian J	Joint	RFP	Non-Revenue Fleet Maintenance Services	No	March 2022	April 2022	August 2022	$700,000.00	5 years	Executed
ACTIVE PROCUREMENTS										
Susanna H	Joint	RFP	Community Relations Support Services	Yes	January 2022	June 2022	September 2022	$6,500,000.00	3 years + 2 options	Pending Board Approval
Christian J	RPTA	RFP	ATS BraunAbility Vans - QTY: 26, replacing Ford E-350 order	Yes	N/A	N/A	September 2022	$1,701,730.00	1 time purchase	Pending Board Approval
Christian J	Joint	Sole Source	ADP Payroll Services for FY 23 - FFY24	No	N/A	N/A	November 2022	$302,500.00	1 year + 1 option	Pending Board Approval
Jennifer H	RPTA	RFP	2023 Origin and Destination Survey	No	August 2022	September 2022	November 2022	$800,000.00	2 years	Solicitation Issued
Christian J	RPTA	RFP	Administrative Call and Control Center	Yes	September 2022	November 2022	February 2023	$39,213,600.00	5 years + 3 options	Solicitation Issued
Christian J	RPTA	RFP	Regional ADA Paratransit Services Operations & Maintenance	Yes	September 2022	October 2022	February 2023	$94,235,746.00	3 years + 3 options	Solicitation Issued
Lori N	Joint	RFP	Federal Legislative Consulting Services	No	September 2022	October 2022	November 2022	$1,200,000.00	2 years + 3 options	Solicitation Issued
Lori N	Joint	RFP	State Legislative Consulting Services	No	September 2022	October 2022	November 2022	$450,000.00	2 years + 3 options	Solicitation Issued
FUTURE PROCUREMENTS										
Rick W	VMR	RFP	East Valley Fixed Route Bus Services	Yes	TBD	TBD	TBD	$400,000,000.00	5 yrs + 3yr/2yr opt	SOW Development
Rick W	Joint	RFP	Facilities Maintenance Services	No	February 2023	TBD	TBD	TBD	TBD	Initiating Documents
Chris B	VMR	RFP	LRV Electronic Repairs	Yes	July 2022	TBD	September 2022	$210,000.00	3 years + 1 option	Initiating Documents
Chris B	VMR	Sole Source	SCV Sole Source Parts	Yes	TBD	N/A	TBD	TBD	TBD	Initiating Documents
Chris B	VMR	Sole Source	Railpod Equipment	Yes	TBD	N/A	TBD	$575,000.00	TBD	Initiating Documents
Chris B	VMR	Sole Source	LRV Air Compressors	Yes	TBD	N/A	TBD	$700,000.00	TBD	SOW Development
Jennifer H	RPTA	RFP	Autonomous Vehicle Research	Yes	TBD	TBD	TBD	$250,000.00	5 years	SOW Development
Christian J	RPTA	COOP	Electric Vehicles - Vans	No	TBD	TBD	TBD	TBD	N/A	Evaluating the potential use of a co-operative contract
Christian J	RPTA	COOP	Vanpool Vans Services	No	February 2023	TBD	TBD	TBD	8 years	SOW Development

IFB - Invitation For Bids

RFP - Request for Proposals

RFQ - Request for Qualifications

COOP - Cooperative Contract

TBD - To Be Determined

Information Summary

DATE **AGENDA ITEM 10**
October 25, 2022

SUBJECT
Report on Current Events and Suggested Future Agenda Items

PURPOSE
Chair Pastor 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

October 20, 2022

Valley Metro RPTA
Thursday, October 27, 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.

2. Minutes	2. For action

Minutes from the September 22, 2022 Board meeting are presented for approval.

3. West Valley Fixed Route Bus Service Contract Change Order – Wage Rates	3. For action

Staff recommends the Board of Directors authorize the CEO to execute a contract change order with Total Ride to address wage rate challenges in the regional labor market for bus operators and maintenance technicians in an amount not to exceed $539,200 for the period December 1, 2022 to June 30, 2024 including a corresponding FY 2023 mid-year budget adjustment of $183,800 to fund the implementation of the change order.

4. East Valley Fixed Route Bus Service Contract Change Order – Wage Rates	4. For action

Staff recommends that the Board of Directors authorize the CEO to execute a contract change order with First Transit to address wage rate challenges in the regional labor market for bus operators in an amount not to exceed $2,910,900 for the period December 1, 2022 to June 30, 2023 including a corresponding FY 2023 mid-year budget adjustment to fund the implementation of the change order.

5. Proposed April 2023 Service Changes	5. For information

Staff will provide an update on the proposed April 2023 transit service changes and community outreach plan.

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

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

7. Next Meeting	7. For information

The next Board meeting is scheduled for **Thursday, December 1, 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
October 5, 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
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ATTACHMENT
None

Minutes

October 20, 2022 **AGENDA ITEM 2**

Board of Directors
September 22, 2022
Boardroom/Webex
11:15 a.m.

RPTA Meeting Participants
Vice Mayor Laura Pastor, City of Phoenix **- Chair**
Councilmember Bill Stipp, City of Goodyear – **Vice Chair**
Mayor Kevin Hartke, City of Chandler - **Treasurer**
Councilmember Clay Goodman, City of Buckeye (phone)
Vice Mayor Monica Dorcey, City of El Mirage (phone)
Councilmember Mike Scharnow, Town of Fountain Hills
Mayor Brigette Peterson, Town of Gilbert (phone)
Supervisor Jack Sellers, Maricopa County (phone)
Councilmember Francisco Heredia, City of Mesa (phone)
Councilmember Jon Edwards, City of Peoria (phone)
Councilmember Kathy Littlefield, City of Scottsdale (phone)
Councilmember Chris Judd City of Surprise
Vice Mayor Jennifer Adams, City of Tempe
Mayor Rui Pereira, Town of Wickenburg (phone)

Members Not Present
Vice Mayor Veronica Malone, City of Avondale
Councilmember Lauren Tolmachoff, City of Glendale
Councilmember Leah Martineau, Town of Queen Creek
Councilmember Aldofo Gamez, City of Tolleson
Mayor Michael LeVault, Town of Youngtown

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

Chair Pastor said I'm now convening the second meeting. Welcome members to the September meeting.

1. Public Comment

Chair Pastor said 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 discretion. A total of 15 minutes for all speakers will be provided. Pat.

Ms. Dillon said Mr. Crowley is here this afternoon.

Chair Pastor said thank you.

Mr. Crowley said I have the Governor's veto letter here and part of it is -- states that he doesn't see enough clarity and that and also some stuff by Senator Rita -- sorry, I need to take this mask off so they can hear me better. And we know that with that rejection, you guys are in such a quagmire. Well, are you doing anything today to get into compliance on what the Governor wanted? I don't think so.

And when I look and see what you do have, I'm still amazed at this document about how one of the things in here is the bus rapid transit that doesn't exist is getting major funding. And then it says but the Phoenix part of it won't be getting that funding. It also says that they're basing a bunch of this on the supergrid. Well, on the supergrid, you notice this thing isn't going down any but I'll keep on talking. That with the supergrid you're supposed to be doing Litchfield Road for 2023. When I saw service changes this last time, did you have that in there? No. So being that that is one of the ones that has made it through that wasn't one of the ones that you knocked away, what are you doing about it?

So when the Governor says I don't see the transparency and that you're not working well together I've got to agree with it. And I look at the last month's minutes and where I brought up you're giving these people $30 million in planning for the rail and $600,000 of that to be also supplementing the bus and then you put five routes in there that aren't intermodal. Now, I know that you're supposed to be looking at it again coming up but do it right in the first place. Every single bus route that crossing the rail needs to have connectivity because that way you're doing it for the citizenry. But when you put in the rail line and say, well, we're not going to have a stop there because the rail feels it can go faster without stopping but what is that other than moving the rail from point A to point B, it's not moving the citizenry.

So what are you doing to get the document a little bit better written by MAG to reflect what it is you need to have done. As in what I pointed out before, the way this thing is wrote, you have no rural routes. The reason we put the rural routes in there is to put the system to the fullest expanse of it so people have only been paying taxes, oh, since '85, what do they have to show for it? Now, it might be a smaller community but when you consider from '85 to 2022 is what, 37 years. Why don't they have anything to show for it.

Now, I know that they'll be getting the Interstate 11 coming up but we need to have buses to all the communities. We need to have circulators and connectors and you need to be a little bit more transparent and we need to be getting this back on the ballot sooner than later. Now, they need to take care of the children in the schools. Maybe if they have a special session if you guys would put something together, they could also be looking at that at the same time and then you won't be as stressed.
See you at the rail.

Chair Pastor said appreciate your comments.

2. Minutes

Chair Pastor said the minutes from the August 18, 2022, Board meeting are presented for approval.

Are there any concerns or can I get a motion?

Motion by Vice Mayor Adams, second by Councilmember Stipp.

Any discussion?

All those in favor, please say aye. Any nays? The ayes carry. Thank you.

IT WAS MOVED BY VICE MAYOR ADAMS, SECONDED BY COUNCILMEMBER STIPP AND UNANIMOUSLY CARRIED TO APPROVE THE AUGUST 18, 2022 BOARD MEETING MINUTES.

3. Regional Paratransit Service Replacement Vehicles Purchase

Ms. Mefford-Miller said thank you, Madam Chair. I'd like to invite Tom Young our Director of Accessible Transit Services to the podium to give you background on items 3 and 4. The items before you today and really the focus of our action items for the RPTA meeting today are paratransit and RideChoice services.

We are proposing the introduction of new technology and also, vehicles that will help us make a pivot in the provision of accessible mobility specifically demand responsive accessible mobility across the Valley and agenda item 3 is actually in response to a direction given by Councilmember Heredia at this Board meeting in recent past. And this is also a nice prelude to the paratransit/RideChoice conversation that we'll have in the November study session so Mr. Young, please.

Mr. Young said thank you, Jessica. Vice Mayor Pastor, members of the Board, as Jessica said, I'm here today requesting another change to the chassis for the ADA paratransit vehicles, this change is actually to replace the Ford E350 cutaway vehicles that were ordered all the way back in March of 2021 that we've yet to have chassis assigned to them in a build schedule.

So after the discussion on smaller vehicles last month, I did reach out to several paratransit companies, sales companies and re-asked the question about smaller vehicles. Creative Bus Sales did reach out to other manufacturers, and they found 26 Chrysler chassis that fully met Buy America and all other AD -- or FTA requirements so this request today is to take the original 26 Ford paratransit chassis we ordered over 18 months ago and replace that order with 26 Braunability vehicles from Creative Buses state contract at a total cost not to exceed $1,701,730.

If I can answer any questions at this time.

Chair Pastor said are there any questions? I don't see any. None on the Zoom. May I have a motion?

Motion by Councilmember Edwards, second by Councilmember Stipp.

Any discussion?

All those in favor, please say aye. Any nays? Here no nays. The ayes pass. Motion passes. Thank you.

IT WAS MOVED BY COUNCILMEMBER EDWARDS, SECONDED BY COUNCILMEMBER STIPP AND UNANIMOUSLY CARRIED TO AUTHORIZE THE CEO TO PURCHASE UP TO 26 BRAUNABILITY VANS FROM CREATIVE BUS SALES UNDER THE ARIZONA DEPARTMENT OF ADMINISTRATION (ADOA) CONTRACT AT A COMBINED FEDERAL AND LOCAL COST NOT TO EXCEED $1,701,730.

4. Trapeze Pass Additional Modules – Accessible Transit

Chair Pastor said Mr. Young you have the next item.

Mr. Young said thank you, Vice Mayor Pastor. Members of the Board, switching gears real quick over to software modules. Valley Metro currently uses Trapeze for our scheduling and dispatch system for the ADA regional paratransit. The action in front of you is to add modules to the Trapeze system that will enhance our customer facing on the system.

So specifically, we're looking at adding a notification system to replace the current one TransDev used. The notification system actually calls the customer automatically the night before to remind them they have a trip scheduled. It gives them the option to cancel by the phone or accept the trip and it also calls the customers the day of service prior to the vehicle arrival so they're prepared for the pickup.

In addition, we're proposing modules calls PASS-App and PASS-Web. What these two modules will allow is customers actual access the system either by their smartphone or online on the computer to schedule their trips and check and verify trips scheduled or the status of their bus that's supposed to be picking them up. All of this will help customers access the ADA paratransit system without having to call and make an actual reservation. They'll be able to do it online.

And the final module we're proposing is called EZ Wallet. This will allow paratransit customers to actually have a fund set up that pays their fare, so they don't have to have the cash as they get on the bus.

So the addition of these modules not only will help the customer facing to access the paratransit system but as we move forward to the combined administration of both the

RideChoice and paratransit program, this will ensure that RideChoice customers will continue to have the same service they have today as far as access to the system plus a few enhancements.

So, this action is to authorize the CEO to procure the additional modules in an amount not to exceed $724,000 for both the modules and the services. I can answer questions at this time.

Vice Mayor Adams said yes. Thank you for your presentation. So if someone was riding the bus then with this new -- these new changes we wouldn't have to have -- they wouldn't have to have any cash with them then, correct?

Mr. Young said that's correct. If they set up the account as soon as the trip is ordered and they're picked up, it will automatically draw from that account.

Vice Mayor Adams said so that's really good. I'm familiar with one situation where a young gentleman is (indiscernible) and his family like the homeless and things and he was getting on the bus and then homeless would ask him for money and he would give all the money away. So, you know, not knowing any better he thought he was, you know, doing the right thing. So anyway, this will really really help with those that are challenged with, you know, money and all of that so thank you for bringing this forward. I will be supporting this today.

Mr. Young said thank you.

Chair Pastor said and this is for paratransit only?

Mr. Young said for paratransit initially but as we move the RideChoice program in December of 2023 that will also be included in it.

Chair Pastor said Okay. That's exciting. And I think -- well, he was helping the community.

Vice Mayor Adams said he was.

Chair Pastor said he just didn't realize that he needed money to get on the bus -- on the paratransit and other will come a need to help him. But this will provide a great service to our customers.

Any other questions? Councilman Stipp.

Councilmember Stipp said this is very exciting, so I really appreciate this coming forward to the point that is there any way to expedite this on RideChoice side of the house before a year from now?

Mr. Young said unfortunately, the contracts that we have in place and the procurements that we have in place doesn't allow us to actually combine the two programs together until December 1st of 2023. However, our current contractor on the RideChoice program is working to get some smartphone enhancements to trip scheduling right now so it may come a little earlier through our current contractor, but these pieces will be at the contract change in December.

Councilmember Stipp said at the risk of sounding whiny and crabby, we make all these contract adjustments because our contractors can't keep up. Now, we want one of our contractors to keep up and we should probably be trying to push for a expedite on their end if we can. I think when we look at what's happening in society if I can just grab my phone and I can call a ride share immediately from an app, et cetera and we're -- we're forcing our customers into an antiquated kind of system, I think we need -- and I think you know this so I'm preaching to the choir but we need to -- we need to get this as quickly as we can. But thank you so much for your effort on it.

Mr. Young said and thank you for your comments, Councilmember Stipp. If I can take one more second to go further and you'll hear more about this in November, us putting all of these pieces together eventually will allow us to manage all demand response type services to include the new buzzword of microtransits. So it fits completely into our overarching goal for demand response services.

Ms. Mefford-Miller said if I may, I want to add that in parallel on the fixed route side Valley Metro's working closely with our regional partners especially City of Phoenix on the fare collection modernization project. And so that is updating fare collection for all of our bus, streetcar and light rail customers and we will be pleased to roll out our first mobile ticketing application that will be integrated with our trip planning application in the beginning of calendar year 2023 in advance of an event we've got coming to town in February of 2023.

And we're working very closely with City of Phoenix staff and their vendors to push for the execution of that so that we've got all of our testing done and our public launch done well in advance of that mid-February date. So we're getting there.

Chair Pastor said we're getting there. Thank for your advocacy.

Councilmember Stipp said awesome.

Chair Pastor said we will push as fast as we can. Do I have a motion?

Motion by Councilmember Judd, second by Councilmember Stipp.
Discussion?

All those in favor, please say aye. Any nays? The ayes have it. Motion passes. Thank you.

IT WAS MOVED BY COUNCILMEMBER JUDD, SECONDED BY MAYOR HARTKE AND UNANIMOUSLY CARRIED TO AUTHORIZE THE CEO TO PROCURE ADDITIONAL SOFTWARE MODULES AND PROFESSIONAL SERVICES FOR TRAPEZE. THE PERIOD OF AUTHORIZATION IS FY 2023 – FY 2025, IN AN AMOUNT NOT TO EXCEED $689,000 PLUS A 5% CONTINGENCY OF $35,000, FOR A TOTAL NOT-TO-EXCEED AUTHORIZATION AMOUNT OF $724,000.

5. Report on Current Events and Suggested Future Agenda Items

Chair Pastor said is for information. Anybody have any current events or suggested future agenda items?

Supervisor Sellers said Madam Chair?

Chair Pastor said yes.

Supervisor Sellers said yeah. I just want to let this group know that as the current Chair of the MAG Transportation Policy Committee that that is my -- extension of Prop 400 is my number one priority. We had a meeting at the MAG Transportation Policy Committee yesterday and just so this group knows, you already know this, but it's being discussed at MAG as well that transit plays an extremely important role in us meeting our clean air requirements. We are currently a non-attainment area and if we don't get something done with Prop 400 Extension as soon as possible, it could have devastating effects on our economy in general. Thank you.

Chair Pastor said thank you, Supervise Sellers, for doing that great work and advocating for us and being -- sitting on Valley Metro and MAG. Really appreciate it.

6. Next Meeting

The next Board meeting is scheduled for Thursday, October 27, 2022 at 11:15 a.m.

With no further discussion the meeting adjourned at 12:11 p.m.

Information Summary

DATE **AGENDA ITEM 3**
October 20, 2022

SUBJECT
West Valley Fixed Route Bus Service Contract Change Order – Wage Rates

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to execute a contract change order with National Express (dba Total Ride) to address wage rate challenges in the regional labor market for bus operators and maintenance technicians and a corresponding FY 2023 mid-year budget adjustment to fund the implementation of the change order.

RECOMMENDATION
Staff recommends the Board of Directors authorize the CEO to execute a contract change order with Total Ride through the end of their 5-year base period to address wage rate challenges in the regional labor market for bus operators and maintenance technicians in an amount not to exceed $539,200 for the period December 1, 2022 to June 30, 2024 including a corresponding FY 2023 mid-year budget adjustment of $183,800 to fund the implementation of the change order.

BACKGROUND | DISCUSSION | CONSIDERATION
West Valley fixed route service is currently provided to Valley Metro under an eight-year contract with Total Ride. The current 5-Year base contract expires in June 2024.

The West Valley fixed route bus service contractor provides circulator and express fixed route bus services in the Northwest and Southwest portions of the valley serving the communities of:

- Avondale
- Buckeye
- Glendale
- Goodyear
- Maricopa County
- Peoria
- Phoenix
- Surprise

The contractor is responsible for all facets of service provision including selection and hiring of personnel qualified for the operation and maintenance of equipment and services. The contractor is responsible for providing maintenance and storage facilities that best meet the operational needs of the service and which minimize deadhead miles traveled. The facility is the site for bus storage and service vehicle maintenance, fueling and washing, and administration of operations.

Recent changes in the labor market have made it difficult for many industries to hire and retain workers. This workforce shortage is especially acute for the transit industry. In February 2022, the American Public Transportation Association (APTA) conducted a survey of its member transit agencies. Key takeaways from that survey include:

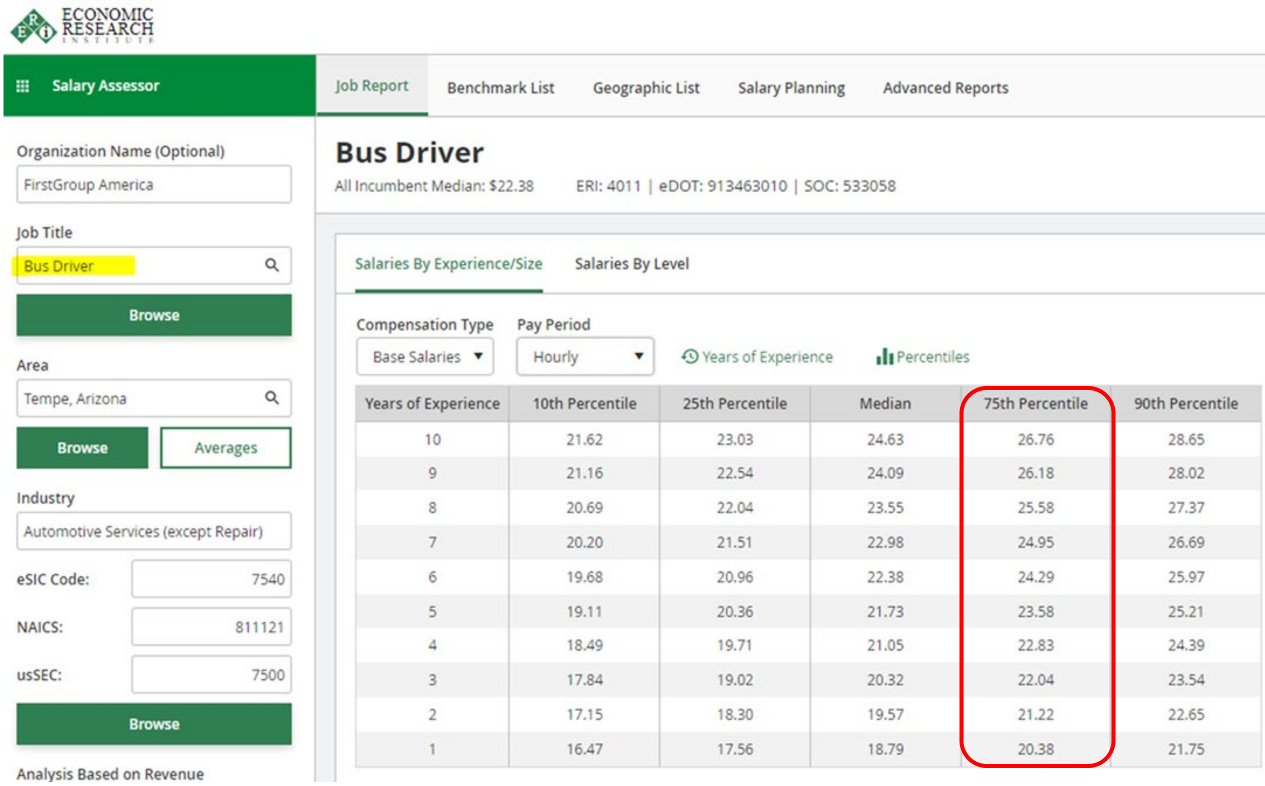
1. More than nine in ten public transit agencies (92 percent) stated that they are having difficulty hiring new employees. Bus operations positions are the most difficult to fill.
2. Almost two-thirds of transit agencies (66 percent) indicated that they are having difficulty retaining employees.
3. Nearly three-in-four transit agencies (71 percent) said that they have either had to cut service or delay service increases because of worker shortage issues.
4. One-half of transit agencies (52 percent) have increased their starting pay in response to worker shortage issues.
5. More than one-third of agencies (38 percent) have implemented sign-on bonuses, 39 percent have implemented referral bonuses, and 17 percent have implemented retention bonuses.

Market pressure in the past year has made Valley Metro's contractors' wage rates uncompetitive. Since fall 2021, Valley Metro's contractors have experienced significant difficulty attracting and retaining operators.

The contract calls for a total of 51 bus operators. As of August, Total Ride had 40 total operators on staff (22% vacancy). The contractor has deployed several strategies to improve recruitment and retention outcomes, including:

1. Pay increases in July 2021 and January 2022 totaling $2.50 per hour
2. Allowed hourly employees to carry over earned PTO from the prior year
3. Offering bonuses for operating service on uncovered shifts
4. Implemented an Employee Engagement Committee, consisting of Managers, Dispatchers, Bus Operators, Road Supervisors and Mechanics
5. $0.50 per hour split differential– On any working day in which the split period between shifts is 5 hours or more
6. $0.50 per hour attendance incentive for operators with - 100% on-time and no call-offs during the pay period
7. $0.25 per hour safe driving incentive for employees with no at fault/chargeable accident to company vehicle or equipment
8. $0.25 per hour Customer Service Incentive for every hour worked for operators with no chargeable or valid complaints during any two weeks

Despite the strategies above, the labor market continues to make the contractor's operator labor rates uncompetitive. An Economic Research Institute wage analysis performed for the Operator position in the Phoenix area illustrates wage rates using different percentiles. Due to the critical nature of the Operator position it is recommended that we target ranges within the 75th percentile.



Years of Experience	10th Percentile	25th Percentile	Median	75th Percentile	90th Percentile
10	21.62	23.03	24.63	26.76	28.65
9	21.16	22.54	24.09	26.18	28.02
8	20.69	22.04	23.55	25.58	27.37
7	20.20	21.51	22.98	24.95	26.69
6	19.68	20.96	22.38	24.29	25.97
5	19.11	20.36	21.73	23.58	25.21
4	18.49	19.71	21.05	22.83	24.39
3	17.84	19.02	20.32	22.04	23.54
2	17.15	18.30	19.57	21.22	22.65
1	16.47	17.56	18.79	20.38	21.75

A review of current Phoenix area job posting for operators with commercial driver's licenses on local (as opposed to long-haul) routes supports the need to adjust wages:

Local CDL Postings	Advertised Starting Wage	Note
Jet Pipe Delivery Driver	$22.00	Health & dental benefits
Southern Glazers Wine Delivery	$25.50	Health & dental benefits
Arrowhead Water Delivery	$26.36	
Centerline Local Truck Driver	$25-$27	Starting pay range
US Foods Delivery Driver	up to $29.50	$2,500 Bonus, health & dental
Republic Services	$33.65	Garbage truck driver

Total Ride has been unable to maintain the required operator staffing levels and their performance reflects the operator shortage. Currently there are 51 operator positions needed and only 40 of those positions are filled (22% vacancy rate). Additionally, Total Ride missed 168 trips (5%) in August. The impact of missed trips is significant in the West Valley due to low service frequency. Total Ride has communicated their efforts to hire staff but have been unsuccessful in doing so with the current contract wage levels. Those efforts have included:

- Offering a $5,000 sign on bonus with CDL
- Offering a $5,000 sign on bonus for maintenance technicians
- Offering a $2,500 sign on bonus without CDL

- Offering $2,000 referral bonus
- Will train and pay for CDL
- Raised operator wages to $18.00 starting pay
- Added spend for online advertising and job fairs

COST AND BUDGET
The estimated increase in the cost per mile of the change order is approximately $0.47 per mile for FY23 and an average of $0.54/mile for FY24 across all modes of the fixed route service. Chart below illustrates the current cost per mile by mode and the estimated increase:

	FY 2023		FY 2024	
Mode	**Current**	**Proposed**	**Current**	**Proposed**
Express	$7.48	$7.95	$7.70	$8.26
Grand Ave. Limited	$7.48	$7.95	$7.70	$8.26
Zoom Circulator	$10.69	$11.16	$11.04	$11.47
POGO Circulator	$6.03	$6.50	$6.21	$6.81

The cost of the change order to the West Valley Fixed Route Bus Service Contract with Total Ride over the remaining period of the 5-Year base period is an amount not to exceed $539,200.

For FY23, the contract change order obligation is $183,800 and a mid-year budget adjustment in this amount is needed to allow Valley Metro to implement the contract change. Since contingency was not included in the annual member city transit service IGAs, they will need to be increased by a corresponding amount for FY23. Of this amount, $118,500 will be funded by member cities and $65,300 by PTF. This represents a 5% increase in the FY 23 IGA totals. It will be offset by savings associated with missed trips which averaged 5% in the first two months of the fiscal year. Actual costs will vary and may be lower depending on when negotiated wage increase(s) take effect.

COMMITTEE ACTION
RTAG: September 20, 2022, for information
TMC/RMC: October 12, 2022, approved
Boards of Directors: October 27, 2022, for action

CONTACT
Dan Filippino
Deputy Director - Transportation and Project Integration
dfilippino@valleymetro.org

ATTACHMENT
None

Information Summary

DATE **AGENDA ITEM 4**
October 20, 2022

SUBJECT
East Valley Fixed Route Bus Service Contract Change Order – Wage Rates

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to execute a contract change order with First Transit to address wage rate challenges in the regional labor market for bus operators, supervisors and utility workers in an amount not to exceed to $2,910,900 for the period December 1, 2022 to June 30, 2023 including a corresponding FY 2023 mid-year budget adjustment to fund the implementation of the change order.

RECOMMENDATION
Staff recommends that the TMC forward to the Board of Directors authorization for the CEO to execute a contract change order with First Transit to address wage rate challenges in the regional labor market for bus operators, supervisors and utility workers in an amount not to exceed $2,910,900 for the period December 1, 2022 to June 30, 2023 including a corresponding FY 2023 mid-year budget adjustment to fund the implementation of the change order.

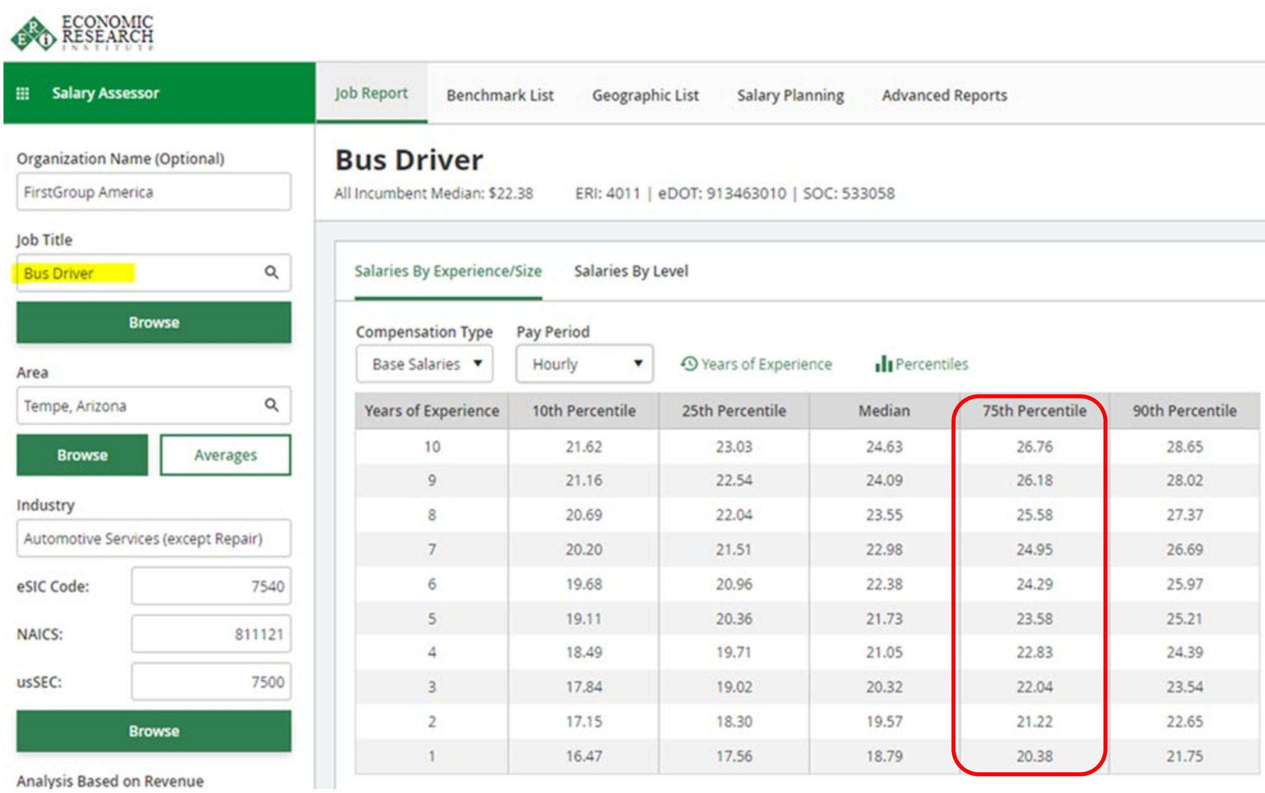
BACKGROUND/DISCUSSION/CONSIDERATION
In January 2013, Valley Metro awarded the East Valley bus fixed route contract to First Transit. The contract term is for a 3-year base with one 3-year option and one 4-year option for a total of 10 years. The final option period expires June 30, 2023. In August 2022, the Board approved a six-month extension for the period July 1, 2023, to December 31, 2023. The proposed wage rate increase does not increase the amount the Board approved for the six-month extension.

Contactor provides local, circulator, and express fixed route bus services in the Eastern and Southeastern areas of the Phoenix Metropolitan Area. The contractor is responsible for all facets of service provision including selection and hiring of personnel qualified for the operation and maintenance of equipment and services.

Recent changes in the labor market have made it difficult for many industries to hire and retain workers. This workforce shortage is especially acute for the transit industry. In February 2022, the American Public Transportation Association (APTA) conducted a survey of its member transit agencies. Key takeaways from that survey include:

1. More than nine in ten public transit agencies (92 percent) stated that they are having difficulty hiring new employees. Bus operations positions are the most difficult to fill.
2. Almost two-thirds of transit agencies (66 percent) indicated that they are having difficulty retaining employees.
3. Nearly three-in-four transit agencies (71 percent) said that they have either had to cut service or delay service increases because of worker shortage issues.
4. One-half of transit agencies (52 percent) have increased their starting pay in response to worker shortage issues.
5. More than one-third of agencies (38 percent) have implemented sign-on bonuses, 39 percent have implemented referral bonuses, and 17 percent have implemented retention bonuses.

Market pressure in the past year has made Valley Metro's contractors' wage rates uncompetitive. Since fall 2021, Valley Metro's contractors have experienced significant difficulty attracting and retaining operators. An Economic Research Institute wage analysis performed for the Operator position in the Phoenix area illustrates wage rates using different percentiles. Due to the critical nature of the Operator position it is recommended that we target ranges within the 75th percentile.


ECONOMIC RESEARCH INSTITUTE

Salary Assessor | Job Report | Benchmark List | Geographic List | Salary Planning | Advanced Reports

Organization Name (Optional): FirstGroup America

Job Title: Bus Driver

Area: Tempe, Arizona

Industry: Automotive Services (except Repair)

eSIC Code: 7540

NAICS: 811121

usSEC: 7500

Analysis Based on Revenue

Bus Driver

All Incumbent Median: $22.38 ERI: 4011 | eDOT: 913463010 | SOC: 533058

Salaries By Experience/Size | Salaries By Level

Compensation Type: Base Salaries | Pay Period: Hourly | Years of Experience | Percentiles

Years of Experience	10th Percentile	25th Percentile	Median	75th Percentile	90th Percentile
10	21.62	23.03	24.63	26.76	28.65
9	21.16	22.54	24.09	26.18	28.02
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A review of current Phoenix area job posting for operators with commercial driver's licenses on local (as opposed to long-haul) routes supports the need to adjust wages:

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Arrowhead Water Delivery	$26.36	
Centerline Local Truck Driver	$25-$27	Starting pay range
US Foods Delivery Driver	up to $29.50	$2,500 Bonus, health & dental
Republic Services	$33.65	Garbage truck driver

First Transit has been unable to maintain the required operator staffing levels and their performance reflects the operator shortage. Currently there are 648 operator positions needed and only 537 of those positions are filled (17% vacancy rate). Additionally, First Transit missed 4,228 trips (5%) in August. The impact of missed trips is significant in the East Valley due to the frequency between schedules. First Transit has increased their level of effort to hire staff but have been unsuccessful in doing so with the current contract wage levels. Those efforts include:

1. Increased starting wage in the last year from $15.05 in November of 2021 to $16.25 on December 12, 2021, to $18.11 effective July 1, 2022.
2. Eliminated the student wage rate, with all starting operators beginning at $18.11.
3. Negotiated a new CBA with added Attendance and Safety Incentives.
4. Increased the senior operator wages by 4.5% effective July 1, 2022.
5. Improved other benefits to help retain employees including improving the company's contribution to the medical plan and increasing company contribution to the 401k retirement plan.
6. Implemented $5,000 hiring and referral bonuses to attract qualified drivers.
7. Hired a local Phoenix area recruitment company to help with grass roots recruiting efforts and community engagement.
8. Instituted weekly job fairs.
9. Added perfect attendance bonus of $200/month for all employees and another $200 for the quarter to minimize service disruptions and improve service quality.
10. Provided Million Mile Driving Awards to engage employees and recognize operators for their dedication to safety.
11. Consistently reviewing customer comments to effectively train operators and improve interactions with passengers coming out of the pandemic.
12. All-hands-on-deck approach to minimize service disruptions with managers helping in dispatch and trained supervisors working as vehicle operators as needed.
13. Added an employee dedicated recruiter position at Tempe solely for the Phoenix market.

The above efforts have helped First Transit recruit some additional operators, however the contract remains significantly under resourced. First Transit has requested a contract change order to bring wages in line with the market. A summary of those costs is outlined below.

COST AND BUDGET
The estimated increase in the cost per mile of the change order is approximately $0.437 per mile across all modes of the fixed route service. Chart below illustrates the current cost per mile by mode and the estimated increase:

	Current – FY23		Proposed – FY23	
Mode	**Annual Fixed Costs**	**Variable Cost per mile**	**Annual Fixed Costs**	**Variable Cost per mile**
Express	$380,528	$5.98	$380,528	$6.41
Local	$6,159,049	$5.69	$6,159,049	$6.13
Circulator	$992,420	$5.58	$992,420	$6.01

For FY23, the contract change order obligation is $2,910,900 as the final option period of the contract expires June 30, 2023. While this amount exceeds the total contingency included in the annual member city transit service IGAs, savings due to missed trips in the first two months of the fiscal year, which have averaged 6%, have already exceeded the additional IGA costs associated with this change order. As a result, no IGA adjustments will be needed for this change order. Actual costs will vary, may be lower and depend on when negotiated wage increase(s) take effect. Contract Obligations beyond FY 2023 will be incorporated into the RPTA Five-Year Operating Forecast and Capital Program (FY 2023 thru FY 2027).

COMMITTEE PROCESS
RTAG: September 20, 2022, for information
TMC/RMC: October 12, 2022, approved
Boards of Directors: October 27, 2022, for action

CONTACT
Dan Filippino
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ATTACHMENT
None

Information Summary

DATE **AGENDA ITEM 5**

October 20, 2022

SUBJECT

Proposed April 2023 Service Changes

PURPOSE

To provide an update on the proposed April 2023 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. More information about the potential route change will be provided on the Valley Metro website throughout the public outreach process. The proposed changes are route extensions and a modification. 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.

<u>Proposed Route and Schedule Changes:</u>

- Route 36—New Route: New Route operating from Metrocenter Transit Center to Dove Valley Road via 35th Ave, Norterra Pkwy and North Valley Pkwy. Route 35 service north of Metrocenter TC will replaced by Route 36.
- Route 35—35th Ave: Service would operate between Metrocenter Transit Center and 27th Ave. and Baseline Rd. Riders can transfer to Route 36 for service north of Metrocenter Transit Center.
- Route 28—Lower Buckeye Rd: Extend 28 from 75th Ave to 99th Ave.
- Route 61—Southern Ave: Extend route to 51st Ave.

- Route 96—Dobson Rd: Eliminate service south of Pecos Road.
- Route 533—Mesa Express: Suspend route for one year.
- Route 571—Surprise Express: Modify routing to travel on I-10/101 in both directions.
- Route 573—West Glendale Express: Eliminate north portion of route overlapping with Route 575, start and end route at Glendale PnR.
- Avondale ZOOM: In Avondale, extend route to Avondale Park and Ride.

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 11/7/2022-12/9/2022. Customers can provide feedback through the following channels:

- On-site region-wide information sessions (based on service change impacts)
- Webinar/Public Hearing (November 16, 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: September 20, 2022 for information
TMC: October 12, 2022 for information
Board of Directors: October 27, 2022 for information

ATTACHMENT

None

CONTACT

Henry Ikwut-Ukwa
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Information Summary

DATE **AGENDA ITEM 6**
October 20, 2022

SUBJECT
Report on Current Events and Suggested Future Agenda Items

PURPOSE
Chair Pastor 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
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ATTACHMENT
None

Pending Items Request

Item Requested	Date Requested	Planned Follow-up Date

Agenda

October 20, 2022

Valley Metro Rail
Thursday, October 27, 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.

2. Minutes	2. For action

Minutes from the September 22, 2022 Board meeting are presented for approval.

3. Rail Transportation Services Contract Change Order – Wage Rates	3. For action

Staff recommends that the Board of Directors authorize the CEO to execute a contract change order with Alternate Concepts, Inc. (ACI) to address wage rate challenges in the regional labor market for rail operators in an amount not to exceed $1,383,300 for the period December 1, 2022 to June 30, 2025 including a corresponding FY 2023 mid-year budget adjustment of $321,800 to fund the implementation of the change order.

4. Settlement of Claim(s), Bufanda v. Valley Metro, Pindea v. Valley Metro, Smith v. Valley Metro, Torres v. Valley Metro, and Salazar v. Valley Metro — 4. For action

Staff recommends that the Board of Directors approve and authorize the CEO to execute settlement agreements approved by the Interim General Counsel and authorize the Interim General Counsel to issue settlements to Regina Bufanda, Adrian and Jovany Pineda, Brad Smith, Carlos Torres, and Maria Salazar in an aggregate amount not to exceed $326,000.

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

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

6. Next Meeting — 6. For information

The next meeting of the Board is scheduled for **Thursday, December 1, 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**
October 20, 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
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ATTACHMENT
None

Minutes

October 20, 2022 **AGENDA ITEM 2**

Board of Directors
September 22, 2022
Boardroom/Webex
11:15 a.m.

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

Chair Adams called the meeting to order at 12:13 p.m.

Chair Adams said all right. Let's get started.

1. Public Comment

Chair Adams said 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 her discretion. A total of 15 minutes for all speakers will be provided.

Ms. Dillon said Mr. Crowley.

Chair Adams said thank you.

Mr. Crowley said everything that I said before that applies to rail still does. And, Kevin, you remember when the Feds came out and discussed doing real rail for the Valley and such and one of the things that was pointed out there was that there was no infrastructure of supporting bus, et cetera. Hopefully, your city has upgraded that but part of that is the future of our transportation and as the Rail Committee, is there anything you guys are doing about that heavy rail and discussing it, et cetera? I don't think so. And why is that?

But then when it comes to the actual rail, I love that extension Tempe wants to do into Mesa. Isn't that a nice one going to their facility, and such but wouldn't you think that they would need to have a bus route there now? You know. It's amazing to me that -- what the -- what the rail does as in that extension going to the Capital that the way you plan it is for the rail not for the system or for the citizenry because five stops. Five of them.

How are you being multi-modal, rail? You know, you got all these funds and that. And as in for future planning, when are you going to start considering that 28 of the 28 cities and the MAG region have rail going through them from out past Wickenburg there's a line that comes into -- the Southern Pacific line to all of that in through the city. Hell, Glendale has a transit stop or a rail stop right there at 58th and Glendale. We've got one on 5th. Why aren't you guys doing any of that planning and making it all multi-modal.

Part of what you need to be doing is that plan and if you don't have in that plan, we need to look at the rail, it don't get looked at. So as you guys are putting together a new document to pass onto them, hopefully, with the stuff that the Governor has asked for et cetera and done more clarity and make it more multi-modal. They'll also be asking about how do we get the heavy rail put in.

Thanks for your time.

Chair Adams said thank you.

2. Minutes

The minutes from the August 18, 2022, Board meeting are presented for approval.

Chair Adams said are there any questions regarding the minutes from last month?

Motion by Vice Mayor Pastor, second by Mayor Hartke.

Any discussion? All right.

All those in favor? Any opposed? Motion carries.

IT WAS MOVED BY VICE MAYOR PASTOR, SECONDED BY MAYOR HARTKE AND UNANIMOUSLY CARRIED TO APPROVE THE AUGUST 18, 2022 BOARD MEETING.

3. Settlement of Claim(s), Jackson v. Hinson, et al.

Mr. Wawro said I'll take this one.

Chair Adams said okay. Thank you, Michael.

Mr. Wawro said thank you, Chair. So based on the Board's direction and thank you for your input at the executive session, this is the case that we discussed. We took this into a mediation, had a successful mediation at that case actually more successful than we initially anticipated so thank you for the ability to get this done. We have reached a settlement in the case and so now, we're asking the Board to authorize the settlement entering into a settlement on this case up to and not to exceed $200,000.

Chair Adams said okay. Do I have a motion to approve?

Motion by Councilmember Stipp, second by Vice Mayor Pastor.

Is there any discussion?

All those in favor? Any opposed? Motion carries.

IT WAS MOVED BY MAYOR HARTKE, SECONDED BY VICE MAYOR PASTOR AND UNANIMOUSLY CARRIED TO APPROVE AND AUTHORIZE THE INTERIM GENERAL COUNSEL TO ISSUE SETTLEMENT TO ALFRETTA JACKSON NOT TO EXCEED $200,000 AND AUTHORIZE THE CEO TO EXECUTE A SETTLEMENT AGREEMENT APPROVED BY THE INTERIM GENERAL COUNSEL.

4. Report on Current Events and Suggested Future Agenda Items

Chair Adams said are there any reports or current events that we want to have on the agenda items for our future meetings? Hearing none.

5. Next Meeting

The next meeting of the Board is scheduled for Thursday, October 27, 2022 at 11:15 a.m.

With no further discussion the meeting adjourned at 12:18 p.m.

Information Summary

DATE **AGENDA ITEM 3**
October 20, 2022

SUBJECT
Rail Transportation Services Contract Change Order – Wage Rates

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to execute a contract change order with Alternate Concepts, Inc. (ACI) through the end of the current 3-year option period to address wage rate challenges in the regional labor market for rail operators, supervisors, and line controllers in an amount not to exceed $1,383,300 for the period December 1, 2022 to June 30, 2025 including a corresponding FY 2023 mid-year budget adjustment of $321,800 to fund the implementation of the change order.

RECOMMENDATION
Staff recommends that the Board of Directors authorize the CEO to execute a contract change order with Alternate Concepts, Inc. (ACI) through the end of the current 3-year option period to address wage rate challenges in the regional labor market for rail operators, supervisors and line controllers in an amount not to exceed $1,383,300 for the period December 1, 2022 to June 30, 2025 including a corresponding FY 2023 mid-year budget adjustment of $321,800 to fund the implementation of the change order.

BACKGROUND | DISCUSSION | CONSIDERATION
Rail Transportation Services are currently provided to Valley Metro under a 5-year base contract plus one 3-year option and one 2-year option with ACI. In March 2017, the Board of Directors authorized the CEO to execute a contract with ACI to provide rail transportation services from July 1, 2017 to June 30, 2022. The award amount was $56,140,384 for the 5-year base term of the contract. The contract includes rail transportation services for the original 20-mile rail alignment, Central Mesa Extension, and the Northwest Extension.

In February 2022, the Board of Directors authorized the CEO to execute a change order to the contract to exercise the 3-year option period beginning July 1, 2022 to June 30, 2025. The change order included costs to operate the current 28-mile rail alignment and the street car alignment. The cost of the change order with ACI over the 3-year option period of the contract was for an amount not to exceed $48,318,335.

ACI manages, coordinates and controls all activities necessary for light rail and streetcar operations. Work being performed under this contract includes: providing qualified light rail vehicle (LRV) and streetcar operators, managers, supervisors, administrative and support staff, and Operations Control Center (OCC) staffing. Other activities under the contract include initial and continual training for personnel; assisting Valley Metro with start-up and light rail extension activities; coordination of special events and activities along the light rail and streetcar alignments; management and mitigation of any situation impacting light rail and streetcar operations; and accident investigation and reporting.

Recent changes in the labor market have made it difficult for many industries to hire and retain workers. This workforce shortage is especially acute for the transit industry. In February 2022, the American Public Transportation Association (APTA) conducted a survey of its member transit agencies. Key takeaways from that survey include:

1. More than nine in ten public transit agencies (92 percent) stated that they are having difficulty hiring new employees. Bus operations positions are the most difficult to fill.
2. Almost two-thirds of transit agencies (66 percent) indicated that they are having difficulty retaining employees.
3. Nearly three-in-four transit agencies (71 percent) said that they have either had to cut service or delay service increases because of worker shortage issues.
4. One-half of transit agencies (52 percent) have increased their starting pay in response to worker shortage issues.
5. More than one-third of agencies (38 percent) have implemented sign-on bonuses, 39 percent have implemented referral bonuses, and 17 percent have implemented retention bonuses.

Market pressure in the past year has made Valley Metro's contractors' wage rates uncompetitive. Since fall 2021, Valley Metro's contractors have experienced significant difficulty attracting and retaining operators. As part of their effort to fully staff the contract, ACI has broadened its recruitment and retention efforts, to include:

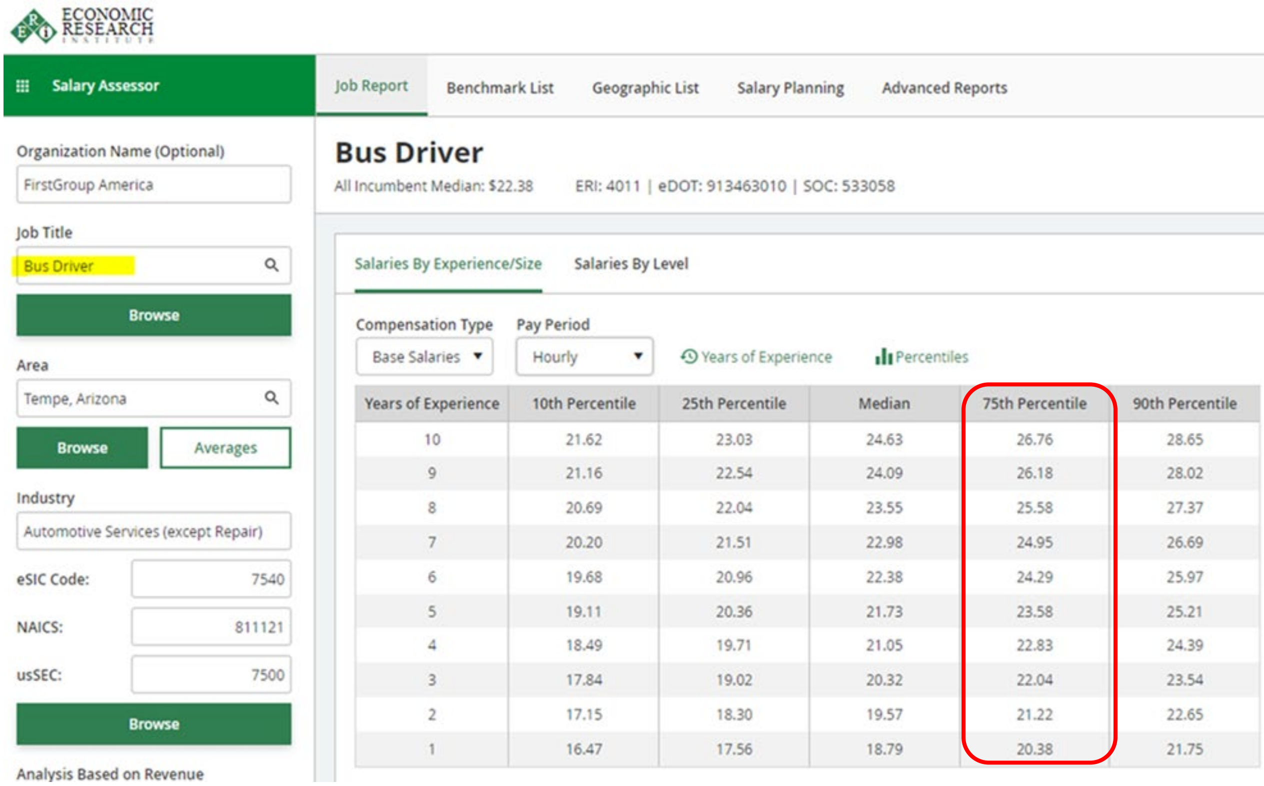
1. Hosted a job fair in 2021 supported by a broad advertising campaign including print and radio media
2. Hired a temporary recruiter in 2021/2022 to focus on the Tempe Streetcar recruitment efforts
3. Recruited through ZipRecruiter (2021)
4. Maintain an active advertisement on Indeed
5. Posted positions internally, as often applicants are referred by a staff member
6. Partnered with the ATU Local 1433 to identify potential candidates
7. Participated in the Valley Metro sponsored job fair in 2022
8. Worked with Valley Metro to streamline hiring requirements and operator qualifications, as formalized in Change Order 7, effective August 3, 2022.
9. Develop a jobs page and online application on the ACI website
10. Participating in/planning future job fairs
11. Expanded online, print and radio advertisement

12. Increased Community Engagement by seeking opportunities to partner with agencies that offer workforce development services in the Valley.

The above efforts, along with strategie to improve coaching, recognition, and opportunities for professional advancement have helped ACI recruit some additional operators, however the contract remains significantly under resourced. The rail operator workforce shortage is especially acute because Valley Metro requires an increase in the operator workforce. The current contract calls for 91 light rail and streetcar operators. As of August 30, 2022 the ACI team projects that their current headcount for September 26, 2022, inclusive of operators in training, will be 74 (18.7% vacancy rate). ACI anticipates certifying an additional five operators by October 17, 2022. Valley Metro's rail operator requirements will increase in the near future, creating greater urgency to address the rail operator shortage:

1. In support of Superbowl LVII scheduled and special operations the rail operator requirement will grow to 100 by December 31, 2022. To meet this target, ACI must hire, train, and certify an additional 26 operators in 2022, eight to nine per month in October, November, and December.
2. In support of scheduled operations and the opening of the Northwest II extension, the operarator requirement will grow to 105 by July 31, 2023. Operator requirement dates precede the opening of extensions to support tetsting, commissioning, and operational readiness. To meet this target, ACI must hire, train, and certify an additional 26 operators in 2022, eight to nine per month in October, November, and December.
3. In support of scheduled operations and the opening of the South Central Extension, the rail operator requirement will grow to 111 by August 1, 2023, and four additional supervisory positions will be required by the same date. An additional twenty operators will be required to support revenue operations by July 1, 2024, bringing the total operator headcount to 131. To meet this target, ACI will hire, train, and certify an additional 27 operators, including a minimum of two to three operators per month. The operator requirements expressed here account for attrition, inclusive of voluntary and involuntary separation and supervisor promotion backfills.

In response to the growing workforce shortage, staff performed a wage analysis for the Operator position in the Phoenix area through the Economic Research Institute. Below, the analysis illustrates wage rates using different percentiles. Due to the critical nature of the Operator position it is recommended that we target ranges within the 75th percentile.



Years of Experience	10th Percentile	25th Percentile	Median	75th Percentile	90th Percentile
10	21.62	23.03	24.63	26.76	28.65
9	21.16	22.54	24.09	26.18	28.02
8	20.69	22.04	23.55	25.58	27.37
7	20.20	21.51	22.98	24.95	26.69
6	19.68	20.96	22.38	24.29	25.97
5	19.11	20.36	21.73	23.58	25.21
4	18.49	19.71	21.05	22.83	24.39
3	17.84	19.02	20.32	22.04	23.54
2	17.15	18.30	19.57	21.22	22.65
1	16.47	17.56	18.79	20.38	21.75

A review of current Phoenix area job posting for operators with commercial driver's licenses on local (as opposed to long-haul) routes supports the need to adjust wages:

Local CDL Postings	Advertised Starting Wage	Note
Jet Pipe Delivery Driver	$22.00	Health & dental benefits
Southern Glazers Wine Delivery	$25.50	Health & dental benefits
Arrowhead Water Delivery	$26.36	
Centerline Local Truck Driver	$25-$27	Starting pay range
US Foods Delivery Driver	up to $29.50	$2,500 Bonus, health & dental
Republic Services	$33.65	Garbage truck driver

ACI has not been able to maintain the required operator staffing levels to support scheduled operations. In the interim, field supervisors have been operating the rail vehicles daily. Additionally, the ongoing operator shortage will prohibit Valley Metro's ability to return to a 12-minute service frequency.

COST AND BUDGET

For FY2023, the contract change order obligation is $321,800 and is a not to exceed amount. An FY 2023 mid-year budget adjustment in this amount is needed to allow Valley Metro to implement the contract change. The FY 2023 transit service IGAs provided to cities include funding sufficient to cover this adjustment. Actual costs will vary, may be lower and will depend on when negotiated wage increase(s) take effect. Contract Obligations beyond FY 2023 will be incorporated into the VMR Five-Year Operating Forecast and Capital Program (FY 2023 thru FY 2027).

COMMITTEE PROCESS
RTAG: September 20, 2022, for information
TMC/RMC: October 12, 2022, approved
Boards of Directors: October 27, 2022, for action

CONTACT
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ATTACHMENTS
None

Information Summary

DATE **AGENDA ITEM 4**
October 20, 2022

SUBJECT
Settlement of Claim(s), *Bufanda v. Valley Metro, Pindea v. Valley Metro, Smith v. Valley Metro, Torres v. Valley Metro, and Salazar v. Valley Metro*

PURPOSE
To request authorization for Valley Metro Rail, Inc. ("VMR") to settle all complaints stemming from the March 14, 2021, derailment incident, for an aggregate amount not to exceed $326,000 and authorize the CEO to execute settlement agreements approved by the Interim General Counsel.

RECOMMENDATION
Staff recommends that the Board of Directors approve and authorize the CEO to execute settlement agreements approved by the Interim General Counsel and authorize the Interim General Counsel to issue settlements to Regina Bufanda, Adrian and Jovany Pineda, Brad Smith, Carlos Torres, and Maria Salazar in an aggregate amount not to exceed $326,000.

BACKGROUND/DISCUSSION/CONSIDERATION
On March 14, 2021, a Valley Metro light rail train operated by ACI derailed, resulting in several passenger injuries. Following several notices of claims, five lawsuits were filed in the Maricopa County Superior Court. Early mediation was scheduled and occurred on September 23, 2022. The VMR Board met in executive session for the purposes of discussing the litigation on August 18^{th} and gave VMR's attorney direction regarding the case.

Mediation was successful and all the cases have conditionally settled. If the Board approves and authorizes settlement, VMR will immediately proceed with executing settlement documents and making payment.

COST AND BUDGET
For FY 2023, this change will cost no more than $326,000.00 to VMR. This expense was not anticipated when the budget was developed. Therefore, a mid-year budget adjustment up to the amount of $326,000 will be needed to allow Valley Metro Rail to process the settlement amounts which will be funded from local member city contributions.

COMMITTEE PROCESS
Board of Directors: Executive Session August 18, 2022
Board of Directors October 27, 2022 for action

CONTACT
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Information Summary

DATE **AGENDA ITEM 5**
October 20, 2022

SUBJECT
Report on Current Events and Suggested Future Agenda Items

PURPOSE
Chair Adams 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

CONTACT
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ATTACHMENT
None

Pending Items Request

Item Requested	Date Requested	Planned Follow-up Date