MEETINGS OF THE

Boards of Directors

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

Date:

October 19, 2023

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 12, 2023

Joint Meeting Agenda
Valley Metro RPTA
And
Valley Metro Rail
Thursday, October 19, 2023
Valley Metro, 101 N. 1st Avenue, 10th Floor
Boardroom/Webex
11:15 a.m.

	Action Recommended
1. Public Comment	1. For Information

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

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

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

3. Audit and Finance Subcommittee Update	3. For information

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

CONSENT AGENDA

4A. Minutes	4A. For action

Minutes from the August 17, 2023 Joints Boards of Directors meeting are presented for approval.

4B. <u>Authorization to Execute a Cooperative Purchase Order with OpenGov, Inc., For a Comprehensive Procurement Management System</u>	4B. For action

Staff requests that the Boards of Directors authorize the CEO to execute a contract with OpenGov for a comprehensive procurement management system for 12 months with the option to extend two additional 12-month periods for a total of 36 months in an amount not to exceed $269,366 which includes a 10% contingency of $24,488.

4C. <u>Authorization to Issue a Request for Proposal (RFP) for Annual Financial Audit Services</u>	4C. For action

Staff requests that the Boards of Directors authorize for the CEO to issue an RFP for Annual Financial Audit Services.

4D. <u>Miscellaneous Construction Services Job Order Contract Award</u>	4D. For action

Staff requests that the Boards of Directors authorize the CEO to execute a Miscellaneous Construction Services Contract with J. Banicki Construction, Inc., SDB, Inc., and Stacy and Witbeck to provide construction services for Valley Metro's transit capital and operating needs for a combined amount not to exceed $20 million for a three-year base with two one-year extension options for a total of five years.

REGULAR AGENDA

5. <u>Proposed Fare Policy Changes</u>	5. For action

Staff requests that the Boards of Directors amend the regional fare policy as reflected in the attached Proposed Fare Policy document, effective upon implementation of the new account-based, stored-value fare collection system.

6. <u>Travel, Expenditures and Solicitations</u>	6. For information

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

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

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

8.	Next Meeting	8. For information

The next meeting of the Joint Boards is scheduled for **Thursday, November 16, 2023 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 12, 2023

SUBJECT
Public Comment

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

COST AND BUDGET
None

RECOMMENDATION
This item is presented for information only.

BACKGROUND | DISCUSSION | CONSIDERATION
None

COMMITTEE PROCESS
None

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

ATTACHMENT
None

Information Summary

DATE **AGENDA ITEM 2**
September 28, 2023

SUBJECT
Chief Executive Officer's Report

PURPOSE
Jessica Mefford-Miller, Chief Executive Officer, will brief the TMC/RMC 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
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ATTACHMENT
None

Information Summary

DATE
October 12, 2023

AGENDA ITEM 3

SUBJECT
Audit and Finance Subcommittee (AFS) Update

PURPOSE
Councilmember Goodman, 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 5, 2023 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
Ken Kessler
Chief Financial Officer
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ATTACHMENT
Draft October 5, 2023 AFS meeting minutes

Minutes

October 12, 2023 **AGENDA ITEM 3**

Audit and Finance Subcommittee
Thursday, August 3, 2023
Via WebEx/Phone
12:00 p.m.

Meeting Participants
Councilmember Clay Goodman, City of Buckeye – **CHAIR**
Councilmember Max White, City of Avondale
Mayor Brigette Peterson, Town of Gilbert (phone)
Councilmember Laura Pastor, City of Phoenix
Vice Mayor Jennifer Adams, City of Tempe

Chair Goodman called the meeting to order at 12:00 p.m.

Chair Goodman said I'm going to call us to order. Welcome, everybody.

Ms. Dillon said I'll take a roll if you're ready.

Chair Goodman said yes, please. Thank you.

Ms. Dillon said City of Buckeye, Councilmember Clay Goodman? Present.
Ms. Dillon said City of Avondale, Councilmember Maxine White? Present.
Ms. Dillon said own of Gilbert, Mayor Brigette Peterson? Present.
Ms. Dillon said City of Phoenix, Councilmember Laura Pastor?
Ms. Dillon said City of Tempe, Vice Mayor Jennifer Adams? Present.

Ms. Dillon said Chair Goodman said we have a quorum. We're ready to go.

1. Public Comment

Chair Goodman said do we have any speaker requests?

Ms. Dillon said no, we do not.

Chair Goodman said oh, okay. Mr. Crowley, three minutes.

Mr. Crowley said (Indiscernible) I have some pebbles here for the Board in case you mistake them for some of the interactions I've been watching between some of the different ones but if you throw these at people, you have to throw them really hard because they're very small. But getting to what the real thing is here. I'm dealing with the agenda items and what you have done. The last time I saw you was at the retreat where you were supposedly going to be addressing especially for the bus the extended plan and what you have to do et cetera on that and all I saw was rail saying, hey, can we have twice as many security people? I found it fascinating that the amount they had mentioned at your briefing the month before came up with the exact figure that your people were going hey, this is -- (Technical difficulties - no audio)

Mr. Crowley said and to see what's being shown because I didn't want to -- I said, I'm trying to see what's on the picture since one of the -- I'm going to start it with showing Brigette our wonderful article from last week's. And where is the thing so I can see the 30.

Ms. Dillon said I'll give you a heads up. Go ahead. Just started it so start talking, please.

Mr. Crowley said alright. As I've stated about the rail parts of it, Roc Arnett in the East Valley partnership has done whatever it could and what they've said is the hindrance about what to get it's putting a second line in and then Burlington Northern and them say that will be our line. No. We put a line in, it's a shared line and it's going to be back and forth and when we're on there's no charge because they'll be on ours. No charge.

It's necessary that, as I said to the other members, that when you guys were at the retreat that instead of dealing with –

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

Mr. Crowley said thank you.

Chair Goodman said thanks, Blue.

2. Chief Financial Officer's Update

Mr. Kessler said thank you, Mr. Chair. Just a couple items for my update today. Shown here are the PTF revenues, we're showing through the month of July, I'm sorry, August. We just got the September numbers, but they weren't in time to get them into this presentation. But so far this fiscal year, we're up about 7 percent over prior year actuals and prior year actuals are very, very close to the budget amount as well so we're about 7 percent over both prior actuals and our budget for the year.

And then just wanted to give a brief update on where we're at with our mobile fares. As you're aware, we implemented mobile fare back in February. We're showing a pretty good trend here and it continues to move upward in the sales and the use of mobile fares on the system. To date we're at a total of about 700,000 uses on the system since February so I fairly good adoption rate given that we really have not had a real hard push on the mobile fares as far as marketing it as we're moving forward on implementation of the rest of the project when we'll really push the whole project and the new Copper cards as well as the new mobile fare as well. So we're pretty pleased with how this has gone so far.

Chair Goodman said before we move on. Can you just explain the difference between used and sold? I think I know the definition of the words, but I would like to hear –

Mr. Kessler said in the kind of orange line that's the number of mobile fares sold. So the mobile fares available right now are one ride full, one ride reduced and one ride rapid express as well as one day for all of those three types as well. So that's the quantity of those fares sold and then the blue line is the quantity of the number of times they've been used. Certainly, with, you know, the one-day passes, they're used multiple times per day by our riders. Obviously, the one rides there a correlation, direct correlation to sales and use, right, one sale typically equals one use as long as it's used, you know, within the time period we're looking at. Because somebody could buy a one ride today and not activate it and use it say until tomorrow or next week or next month.

Chair Goodman said So the one ride is one unit sold but then if they have transfers that's every time that gets used?

Mr. Kessler said the one ride is just good for one boarding. So, if somebody has a trip that's going to say entail a bus to rail connection, it would be more advisable to buy a one day pass because then that way with the day pass you can ride as many times, as many boardings as you want within a day. So if you have a two seat ride to get to your destination, say you're going to connect from bus to rail to get to your destination then rail back to bus back to get to your original starting point then a day pass is the most beneficial for our riders.

Chair Goodman said but that would account for the multiple uses then?

Mr. Kessler said yes, exactly.

Chair Goodman said thank you.

Mr. Kessler said certainly. So that's all I had for today's update. Happy to entertain any additional questions if there are any.

Chair Goodman said any other questions? All right. Thank you. If I had known that was your last slide, I would have asked a lot more.

3. Minutes

The minutes from the August 3, 2023, Audit and Finance Subcommittee meeting are presented for approval.

Chair Goodman said everybody's had the opportunity to review the minutes from our previous meeting. I will entertain a motion.

Motion by Councilmember White, second by Vice Mayor Adams.
All in favor? Motion carries.

IT WAS MOVED BY COUNCILMEMBER WHITE, SECONDED BY VICE MAYOR ADAMS, AND UNANIMOUSLY CARRIED TO APPROVE THE AUGUST 3, 2023 AFS MEETING MINUTES.

4. FY25 Budget Development Timeline

Mr. Olson said good afternoon, Mr. Chair, members of the Audit and Finance Subcommittee. I'm going to first take you through the budget development timeline for fiscal year '25. We're already starting that process. And then I'll follow that up with the key assumptions that we've shared with your city staff for the preliminary budget. Typically, we would bring the timeline in September to the AFS and then the key assumptions in October but due to the Board retreat, we're kind of packaging this together, so.

So for FY25, our deliverables are really the preliminary operations budget and so what that really means that's for transit services so services that we operate and sell to your cities that you fund through your annual IGAs through your council so that would include bus, paratransit, light rail and streetcar. We'll deliver the annual budgets as well as the five-year plans a little bit later in the process which I'll share with you in the coming slides.

So the purpose of the preliminary is really to define the inputs and assumptions. It's really all around the service that's programmed for FY25. That's what we do so, you know, really determining what is the level of service in each jurisdiction, the total miles, contractor rates, boardings, what are the fare revenues looking like so looking at those trends and really, we include a little bit of contingency in that number too because we're so early in the process. We don't start our new fiscal year until July 1st of 2024, so we continue to refine that number and what we share in October is really to fit within your city's budget process because we know that your budget directors are asking for inputs across the agency and transit being one of them. We really intend it as a not to exceed amount for that a refine numbers as we move forward.

So for FY25, essentially, we shared these key assumptions with your city staff with Financial Working Group in September and we're here today sharing those numbers and we will ship those preliminary transit service budgets out to your member city staff by October 31st so by the end of this month.

And then we'll come back a little bit later and work through the annual operating and capital budget so this will include other support service operations, the full capital budget and so in order to prepare for that process taking some of those key assumptions in the preliminary budget in October, we share the updated service miles with your members to ensure that any conversations between our service planning staff and your staff are aligned and essentially, move those miles forward into IGAs later.

So for January, we'll come back to the Financial Working Group provide any updates to key assumptions with those miles and assumptions. And we'll also come back to Audit and Finance Subcommittee in February and let you know if anything has changed based upon, you know, where we're at today compared to February and then we'll deliver the IGAs to cities in February as well.

And then our schedule right now is to present the annual budget through the full committee cycle for information in March and then May for action.

Mr. Kessler said and then if I could just jump in there for a moment, Tyler. One thing we did want to discuss so as we've got this laid out now bringing this through the process in March for information, providing that initial look at the budget and then May for action, I think as we experienced last year, we had adoption of the budget happen in June but I think it was mentioned by former Chair Stipp that we probably could have accomplished that in May, so. And that's helpful from a standpoint of getting the budget loaded and everything in place before the new fiscal year was a bit of a rush job the last year for Tyler and his team to get that done with third week of June adoption. So I'm thinking here maybe we start the process in March and possibly, Chair, if you're agreeable to it is bring it back again in April to get into those details like we did last year. We kind of got into the details of the initiatives to kind of talk through that and make sure everything was understood and clear and answer all those questions. So I'm thinking, you know, if we want to get the action by May that perhaps it makes sense to come March with initial budget numbers and then come back again in April, kind of get into the details especially with this group with AFS to kind of sort through all those and answer any questions and then back in May for adoption.

Chair Goodman said I think that's appropriate. I know last year might have been a bit of an anomaly with new people coming on and lots of shuffling around. So I think that's good. So thank you.

Mr. Olson said moving on to our five year process. So in March, we would present that to your city staff at Financial Working Group. That's really the operating and capital budgets so any long-term service changes as well as our full capital program over the five-year period. And then come back to this group in April and present the same information with any kind of input from cities being incorporated into that as well. And then bringing that back to the Board in May for action as well.

And the five year is really just for information. We only have authority to spend for the current fiscal year so that would be FY25.

So just a recap of those dates that I mentioned, obviously, we'll update this according to the direction we just talked about but that concludes this part of the presentation. I'd be happy to address any questions you may have.

Chair Goodman said any questions for Tyler? Online, any questions?

Mayor Peterson said no, very excited to get this process started yet again.

Chair Goodman said the gift that keeps on giving. Thank you.

5. Fiscal Year 2025 Preliminary Service Level Budget Assumptions

Mr. Olson said thank you, Chair, members of the AFS. So really just want to walk you through the key assumptions that we've included for these transit service budgets that will be coming out later this month.

And we'll start with RPTA. Just want to share some positive news. Looking at how the region has done with local member city revenues as well as Prop 400 really comparing kind of what was forecasted in '23 versus reality. So some cities has forecasted some reductions in year over year growth and you can see that everyone has exceeded the forecast for the year so it's all positive, positive news.

Taking a little deeper look into public transportation fund for FY23. We had 19.1 million in growth over the prior year FY22 so actuals to actuals so significant jump there year over year. And compared to the most recent ADOT forecast for FY23 we're just over target on that at 700,000 more.

On the federal side of things, we do receive preventative maintenance and operating assistance for bus service and some ADA service and so it looks like about a 1.5 percent increase that will be programmed for that.

The advertising program, we're still continuing to grow into that. We recently expanded that to include express fleet, so we look forward to some additional growth there in the upcoming year.

Onto fare revenues, we had budgeted around 3.8 million. Finished almost a million higher so good news on that and with our fare collection system modernization project that you've hear about I think that will really boost our fare recovery as well putting it through point-of-sale control on reduced fare passes. So I think we will monitor that and have a new kind of base for fares.

Moving onto our most important things, what are our service levels. So what we've programmed here is what we do today so the fiscal year '24 budget for service. We've broken that out by locally funded, PTF funded as well as the contractors. There is a portion of the Phoenix operated service that lives within our budget and that's really just a funding mechanism so those costs that live in our budget for Phoenix are PTF funded, you can see two million miles or so for '24 and it's really based on the TLCP and jurisdictional equity program with your cities. So for '25, we incorporate any short range transit plan assumptions that have been vetted with your cities. You can see that our miles jump from 14.7 million or so to 17.3 million. The biggest driver of that is some additional Phoenix service funding that will be in our budget so we've got a budget for those costs and revenues respectively so that will take us up to about 17.3 million miles in our budget.

Here's some of the service changes that I just mentioned as far as the short range transit program. Again, you know, we've worked with your cities on these and we'll continue to do so throughout the process, you know, a plan is just that and sometimes these things move as we get closer to presenting the budget.

One of our largest costs for each mode between contractor and fuel on the bus side of things that represents roughly about 94 percent of the total cost of the program so obviously, a big number. So we're entering our first year with Keolis coming up here on the East Valley in January so we do have rates defined for the five year window so that reduces some of the risk in that contract knowing what those rates are.

On the west side, the West Valley contract for bus we will have a new contract in place for FY25 so we're working very closely with our bus delivery team to come up with some estimated rates on what the market will bear for that and we will include that on top of that some additional contingency so that it is a not to exceed amount.

So fuel, again, the other part of bus that represents the majority of the costs. Fuel trends have been lower when looking year-over-year growth, they have been increasing over this summer, so we'll continue to monitor that. We do have for East Valley service, we do operate out of two facilities, Mesa, Mesa's a facility that RPTA owns. We also have a lease with the Tempe, City of Tempe to use a portion of their bus facility and so basically, Tempe purchases that gas, passes it along to us. It's a slightly higher rate since they have to have it delivered into the facility and converted to CNG, compressed natural gas whereas Mesa, we've got a direct pipeline for CNG.

So demand services, we do have a new contract in place for paratransit so those rates are known they're in the purple. You can see that the rates come down a little bit as we approach future years. Our ATS team is working very closely with that new contractor in planning on how to make the service more efficient so it will actually bring some of those costs down, move more people in less amount of time. And so over time, we expect that to be realized. So when it comes to Ride Choice, we do have an option to extend one more year into '25 but we will also be doing an RFP for that service so we have a little bit of risk in the outer years there for demand service.

Taking a look at current market trends. So we do have some positive indicators. CTI growth has slowed. We're up about 3.7 percent year over year which is in this county which is in line with the U.S. so that is good. Stock market has been strong, and the supply chain pressures have eased quite a bit for most things. We are being watchful of some of the parts issues and potential future supply chain problems, but we'll continue to monitor that. Although PTF has had significant growth year over year, that growth when you look in more recent months it's a little it less so something we'll want to keep an eye on. Savings rates are near record low. You know, credit cards are at an all-time high so a lot of indicators that we will continue to monitor as we move forward.

Some issues that we have on our radar today. Obviously, the strategic plan is underway being finalized here in the near future. That will essentially drive our plan for FY25 and beyond. Fare collection system modernization I mentioned. I think that will have a strong, a positive impact on our fares recovered for all of our services on fixed route.

And some of the risks. Obviously, recession always a risk but we will continue to monitor and report on any type of trends related to PTF and local sales tax.

So that concludes my update for RPTA. I'd be happy to answer any questions before I move into VMR.

Chair Goodman said do we have any questions for Tyler? I do have one. Can you go back a couple slides? You showed I think it was right there. So natural gas is down 71 percent year over year but we're seeing prices increase? Where did that come from? Where is it now? And then what are we looking at?

Mr. Olson said so looking at as far as our natural gas forecast and those metrics, we looked at the Henry Hub natural gas spot price and that growth year over year was significant, significantly down. We had a huge spike last year about halfway through the year but over summer it's actually kind of going up a bit with hopefully, it's just the summertime but don't know, you know, I think when folks start travelling prices do tend to go up, so. Does that answer your question, Councilmember?

Chair Goodman said I'm looking specifically at natural gas, so CNG. I know last winter it was at all-time highs. You know, from my experience at APS, we bought a lot of gas and it was astronomically high so I can see where it's coming down. Do we have purchase agreements for gas so we're buying gas out a year or two years or?

Mr. Kessler said for the Mesa facility, there's a pipeline into the facility that we purchase the CNG from the City of Mesa. And then for Tempe, there's a contract where we actually have LNG trucked in and then there's equipment that converts the LNG to CNG at the facility in Tempe. And that's a Tempe contract.

Mr. Olson said just to add to that the Tempe contract is based on the SoCal index, Southern California price market rate for fuel and the majority of our service is purchased out of City of Tempe, or operated out of City of Tempe.

Chair Goodman said and then forward a couple of slides, we're looking for natural gas to go back up again?

Mr. Olson said over the summer months, it was increasing on a monthly basis.

Mr. Kessler said I think the bottom line is it's obviously, it's continuously fluctuating and we're keeping a close eye on it. With the Tempe facility and the contract there, as Tyler mentioned, you know, that's indexed to the SoCal market index.

Chair Goodman said thank you. Any other questions? All right.

Mr. Olson said moving on to Valley Metro Rail. So same kind of cadence here on revenues. Advertising, we do have, I forgot to mention this on RPTA, we do have a new minimum annual guarantee so even if for some reason we underperform, we'd be guaranteed that minimum and in Valley Metro Rail's case, it's about 1.25 million. Actuals are just under 700,000 so it's going to add some money to fund operations which will further lower our member cities' contributions so money that they have to bring to continue to operate and continue to maintain the system.

On the federal side, same thing, about a 1.5 percent increase from our '24 allocation. On the fare revenue side, slightly better on Valley Metro Rail. We budgeted about $5 million for the year in '23 and finished just under 7 million so almost 2 million higher there.

On the rail transportation side, so our frequency that we're planning on at least from a budget perspective is 12 minutes on light rail and 12 minutes on streetcar. It's important to note that in FY25 with South Central Extension coming on board we will actually move to a 2-line system so true north/south and east/west system. So slight change for operations but the billing methodology will be the same and the funding.

For Alternate Concepts, they provide the operators and management oversight of the service. They've got a 7 percent increase included in their annual rates. Allied Universal provides the fare inspection and security for our system. There's a 3 percent increase in there. Propulsion power, this is something that we're keeping a close eye on. Obviously, we don't use fuel for trains, but propulsion power does have a big impact on us, the rates that are set. SRP just increased their rates by 9.6 percent that was approved. That will go into effect in November of '23. APS, from what our utility managers tell us, they're looking at a 14 percent increase. That has not been approved yet and I don't know what the final will be but we'll keep a close eye on that. And then as mentioned before, we add some contingency to our plan right now knowing that it's so far ahead of time. We'll add a 5 percent contingency on that and refine that as we move through the process.

Councilmember Pastor said I have a question. In particular, Allied Universal. There's a 3 percent increase and then in six months, is that where we're adding the new lines? I don't know what SCE and DH.

Mr. Olson said yes, Councilmember Pastor, thank you for the question. So the annual increase, I believe it's effective July 1st, would be a 3 percent increase for an Allied personnel to that contract. And then our assumption, currently, is that South Central/Downtown Hub, the South Central Extension/Downtown Hub would open up about halfway through the year in FY25 which won't affect the contract rate, it's just adding additional services. And then there's going to be some growth we're going to open up Northwest this year, right? So when you look at total cost of security on an annual to annual basis, there's going to be some continuing commitments if you remember from last year. So Northwest, right, we have half a year now. We're going to have a full year next year, so you'll see growth here. That's really just extra narrative outside of the contractual increase, so hopefully, that makes sense.

Councilmember Pastor said yes and no. My understanding is there's going to be a 3 percent increase and then plus in six months we will add the additional South Central and Downtown Hub and then in six months, the Northwest will be coming in. I guess my question is I understand the increase. Will Allied Universal increase in security? Or are we still playing with the same amount of employees?

Mr. Olson said no, we'll absolutely engage additional resources from Allied to cover those extensions when they come on board. So we're not going to keep the same level of security today, for example.

Councilmember Pastor said right. Okay. Because in my head, we're doing a three percent increase in rates plus we're adding three more lines, I guess, or two more lines and in adding those additional miles, there has to be more security.

Mr. Olson said that's with the future. We'll add resources as those lines come on. You are correct.

Ms. Mefford-Miller said if I may clarify. So in the FY24 and our current budget year, we're budgeted to add those Allied Universal additional personnel as well as additional personnel for Alternate Concepts our rail operations firm coming in in January and this is for FY25 budget year and so we'll have Northwest Phase II operating the whole FY25. And then we're budgeting midway through '25 to bring South Central Extension and Downtown Hub on line. So we've got two different increases happening, one is the rate. And then one is the service level. So they're going to appear as two different line items in the budget moving forward.

Councilmember Pastor said okay. Got it.

Mr. Olson said any other questions before I move on from this slide?

So state of good repair. Here's a snapshot from our last five-year plan as to some of the locally funded major items and primarily, PTF funded and member city funded but a lot going on there. We update that each year with our state of good repair team as well as the maintenance team and we'll update the five-year plan accordingly.

Vice Mayor Adams said thank you very much. I have a question. Are we looking at real time, the real time cameras? I believe that's what it's called and are those included in any of the budget yet?

Ms. Mefford-Miller said Tyler, I'll take this. So we do have some funds programmed currently for FY25 for state of good repair for camera system. However, we are contemplating a camera system upgrade project that would likely includes cameras, fiber. We just had a meeting on this yesterday and associated equipment. So I would expect to see in our FY25 capital program, a camera system upgrade effort. We already have some of those funds available and that's what's referenced in that second to last bullet point there.

But the equipment we have and we'll talk about this more but just a little bit of foreshadowing. The equipment we have has reached the end of useful life and the available technology has changed dramatically so a couple of things are happening with cameras. Number one, we're going to be designing a camera system upgrade project. And then number two, we're actually working with our rail cities, I believe the City of Mesa first, to share our camera feed because we do have a live camera feed and what we would like to do is to share that feed of our platforms with our law enforcement partners in their real time crime or dispatch centers. It doesn't happen yet, but I expect that to actually happen this year.

And then the upgrades will come, we'll get better resolution and then that real time and feed. And we currently don't have a real time feed on our light rail vehicles. So we have a feed but we have pull the tape, if you will, physically to retrieve that video footage. Part of a camera system upgrade could include the bandwidth such that we could pull a live feed.

Vice Mayor Adams said because it might help us with costs as far as having more officers on the trains.

Ms. Mefford-Miller said and certainly, improve response time, because the camera system, especially when you have real time camera system, it really does act as a force multiplier.

Vice Mayor Adams said absolutely. And Tempe is working on getting that up and running in Tempe also. So we'll have the same as Mesa.

Ms. Mefford-Miller said we are eager to share that feed and I know our member cities in past years have requested it and disposition of Valley Metro has changed, I am very willing to share that feed.

Vice Mayor Adams said and also, I mean, if anybody wants to see what it's like you can go to Mesa. They'll give you a tour of it and it's very impressive.

Ms. Mefford-Miller said our team has done that and so that's why Mesa's going to be our initial real time feed partner.

Vice Mayor Adams said okay. Well, Tempe's coming up fast on it.

Councilmember White said thank you so much. A question in regard to replacing the visual message boards on the platform. Are those standing messages? And will there be an audio aspect to it as well for our impaired passengers?

Ms. Mefford-Miller said the visual or variable messaging signs exist on the platform and they all give you information on things like next arrival, but we also have an audible message. So when we are messaging, we have visual and audible so that we're serving the general public as well as sight impaired or hearing impaired customers.

Councilmember Pastor said I have a question about the security cameras. As Mesa will be the first to really look at the live feed and then it sounds like Tempe and Phoenix. Will you be speaking with those cities on what type of security cameras that then all three can or will be able to see the live feed? Or what they use? Because I'm assuming all three of our cities use different ways of looking at feed and…

Ms. Mefford-Miller said and that's okay. So they, our camera systems, don't have to be common for them to receive and display our feed. Now, they're not going to be controlling the cameras and actually, I don't even know that our cameras have pan, tilt and zoom remote control capabilities because the system, again, is a little bit antiquated. But they'll just be able to view that feed in real time which is incredibly helpful. If they're retrieving feed from past that probably still needs to go through Valley Metro so that we can pull historical tape.

Councilmember Pastor said because I know definition is key to being able to recognize somebody. Or identifying somebody.

Ms. Mefford-Miller said it is and this is a good first step. I don't want to overstate the resolution of the feed of the current camera systems because I know we just had a meeting actually with Phoenix police earlier this week and we talked about camera system and some of the concern with actually being able to complete a positive ID from the camera system but future camera system I think that positive ID is possible. But now, just to be able to watch the camera and see, you know, there's something going on there and have law enforcement in addition to our own operations control center which you got to see some of you on the retreat. Having those eyes on the feed is going to be helpful.

Councilmember Pastor said and then I'm assuming so that each city then will identify within their law enforcement who is going to manage that, and they will take on the cost.

Ms. Mefford-Miller said the cost really would be associated with whether or not they're going to have that displaying on their screen and that will be up to the individual city departments. But the costs to get the feed physically to them would not be something that would be borne by the city. I think that infrastructure already –

Councilmember Pastor said I'm trying to figure out what will end up being the cost for the city.

Ms. Mefford-Miller said and I don't know if there's a cost. If there is I'm not sure what that is. Depends on how they manage that and what resources they choose to devote.

Councilmember Pastor said okay. Thank you.

Chair Goodman said I feel obligated to ask a question but I'm not going to this time, so. Any other questions?

Mr. Olson said moving on to initiatives and risks. So a little bit of overlap here, obviously, the strategic plan is a, you know, a joint agency effort and will drive the VMR budget as well as the fare collection modernization but there are a couple other studies that we're working on related to streetcar and the west Phoenix high capacity corridor and some of our extensions.

So that is my last slide. I'd be happy to address any additional questions that you may have.

Chair Goodman said do we have any final questions for Mr. Olson? Online, any questions? Very good. Thank you much.

6. Annual Review of the Internal Audit Charter

Ms. Beckstrom said tThank you, Mr. Chair, members of the Committee. I have conducted an annual review of our Internal Audit Charter as required by the International Professional Practices framework. I reviewed our charter against the 2017 version and find that we do not need any substantial changes to the charter. I will have a caveat that the standards are changing and there should be hopefully 2024 version of the International Professional Practices framework issues by the Institute of Internal Auditors. I'll be one of the first people to find out when the change is going into effect as I'm the president elect of the Phoenix chapter of the Institute, so we'll have firsthand knowledge of when that's going in. It's been a little bit delayed.

And then the only other thing that I have suggested is that this charter was officially adopted in 2020 and so all of the signatures on it are of people that are no longer here so I have suggested that we all update our signatures on the charter.

Are there any questions?

Chair Goodman said any questions? This item is for action.

Motion by Councilmember Pastor, second by Vice Mayor Adams.

All in favor? Any opposed. Okay. Thank you.

IT WAS MOVED BY COUNCILMEMBER PASTOR, SECONDED BY VICE MAYOR ADAMS, AND UNANIMOUSLY CARRIED TO ACCEPT THE ANNUAL REVIEW OF THE INTERNAL AUDIT CHARTER WITH UPDATED SIGNATURES ONLY.

7. Proposed Fare Policy Changes

Mr. Kessler said this item is in here just for information. I'm not going to run through the presentation. This is just a preview of what's coming to the Board later this month.

I do want to note that this is the presentation we provided to the management committees yesterday and based on some questions and feedback we got, there will be some changes to the presentation and the information that's presented just to kind of clarify some things that came up yesterday. So just note that what you'll see in the Board packet later this month will look a little different than what's in the AFS packet today.

But with that, I'm happy to answer any questions on this item.

Chair Goodman said Councilmember White, you have a question.

Councilmember White said thank you so much. I was taking a look at the express rapid monthly max for charge, and it seems that there might be discounted rate for the full fare and reduced fare but when it goes to the rapid express, there's no discount and it seems like there should be some opportunity to maybe buffer that monthly maximum and drop it below $104. I'm just thinking about the folks who use it out in the neck of the woods where I am in Avondale those are probably people who need it most and would like a discounted express bus ride if they're going to, you know, pay for a monthly pass.

Mr. Kessler said I believe it follows the same multiplier as the others. Let me just verify that.

Councilmember White said when I was looking at it, I noticed the multiplier is probably 32 rides.

Mr. Kessler said yes, 32. And that's what was adopted the last time we did a significant fare change back in 2013.

Ms. Mefford-Miller said while Ken is checking that and I'll tell you just a little bit of background on what reduced fare is. Reduced fare is 50 percent of the base fare. We are required by Federal Transit Administration on a one ride fare to offer a 50 percent reduced fare. The specific requirement is that it be off peak, but we don't distinguish between peak and off-peak periods and that that elderly and disabled individuals with certain qualifications be offered that fare. We also offer reduced fare for youth ages 6 to 18, I know my kids are in the zone, ages 6 to 18. So that's what reduced fare is children, elderly and our differently able neighbors.

And do you know the answer for whether we do reduced fare for express?

Mr. Kessler said no, reduced fare is not required for express because it's considered a premium service so that's why our region and typically, you'll find across most transit agencies across the country that for a commuter express type of service that its typically, reduced fares are not offered for that.

Councilmember White said I do appreciate the premium service coming out to Avondale. I guess I'll go back and ask a question about reduced fare.

I'll just make another comment. What is the application process look like for folks to be qualified for reduced fare? I believe maybe I saw like a Medicaid card or something like that would be one of those eligible criteria but when I think about it that might be a hurdle for entry.

Mr. Kessler said currently, to apply for a reduced fare ID folks go to the Mobility Center, there's an application process. They fill out an application and depending on the reason that they're eligible for a reduced fare, they have to provide certain documentation. So if it's age-based, they're youth or whatever they provide a, you know, some kind of identification. Typically, the age-based individuals today don't obtain the ID because they can show their ID if an operator asks them or whatever or a fare enforcement officer. The IDs are currently mostly used by individuals that are eligible through having a disability and so there's an application they fill out and certain forms that they have to provide to the Mobility Center to verify that.

In the future in the new system, we're going to require reduced fare IDs or a reduced fare account, if you're a mobile ticket user, to access multi-ride similar to the passes we have today for like all day, 7-day monthly passes, right? In order to access that, they'll have to have either their account if they're a mobile fare user identified as eligible, or they'll get an actual reduced fare card and it's a new card that they'll get and that will also operate when we launch the full system. That card will not only be their ID that they're eligible for reduced fare but it will also be their fare instrument so they'll tap that on the system when they board so that will make it more convenient for them.

One of the reasons we're moving forward with a more sort of a firmer requirement on the reduced fare IDs than we currently have is we have experienced a substantial amount of, I'll call it, abuse over the years. Our origins and destination studies plus other surveys we do that can identify some demographics with our ridership in terms of their maybe their age or, you know, being a person of disability shows that about 25 or so percent of our ridership actually identifies as being eligible for reduced fare, but we find that nearly 50 percent of our ridership is actually using reduced fare. So certainly, there's a tremendous amount of revenue leakage and that with the new system the technology will allow us to be able to sort of rein that in where, you know, you have to have either reduced fare ID that you're using as your card to tap on the system or you have a reduce fare account for a mobile ticket if you're using mobile.

And we're going to be launching a website that will help us with the application process, so folks won't have to physically come down to the Mobility Center in order to do that application process. They'll be able to do it online, submit the necessary documents online and then our staff will do the certification process that way.

Councilmember White said I appreciate that clarity. I think the comment I just had to follow up is I see the gap. There's not available express rapid, you know, for the weekly maximum space but I think if we look at the percentage of people in Maricopa County that use public transportation having a premium express service in an area where we're trying to just get folks more mobile then that's something that's questionable for us and we want to have something that more elite but we really want transportation to provide access. And possibly looking at something where okay maybe we can't not make it a little bit more of a premium service but dropping that price point down below $100 for a premium service might help somebody out in West Valley get downtown quicker because they're probably the ones who need it who may not have it.

Mr. Kessler said good point and just a reminder, you know, we're currently undergoing a comprehensive fare study so what we're taking to the Board with this item is really specifically related to the implementation of this new technology. And so that's sort of a more narrower look at things because we're introducing the concept of fare capping when we launch the next phase and then the requirement for the reduced fare ID is a new requirement that's not in the fare policy today and we want to implement those now in the short term in order to be able to implement these pieces of the technology that are coming forward, right? But the fare study itself will look at things exactly like what you're talking about: Price points, programs, maybe different programs we could offer to make it more affordable for certain folks. So that certainly will be contemplated as part of that broader comprehensive fare study.

Councilmember White said I appreciate the technology advancement. Thank you.

Chair Goodman said Any other questions? Nothing. Continue.

8. <u>Internal Audit Fiscal Year 2023 Annual Report</u>

Ms. Beckstrom said thank you, Mr. Chair. In your packet, you have the 2023 annual report that I've provided for review. The report includes background on internal auditing, the annual attestation of statements of independence and ethics that are required by our standards and a summary of our fiscal year '23 work completed. In the background section, we have our definition of auditing, who was on the audit committee last year, the composition of our department, the types of audits we do, things like that. I'm happy to answer any questions that you might have.

Councilmember White said thank you so much for such a comprehensive compilation. I noticed your using the Red Book standards for moving through this process. When is Valley Metro up for peer review and have you recently participated in a peer review so when reciprocity comes they won't feel that bad coming in?

Ms. Beckstrom said we have not. I came to Valley Metro in 2021 so that was the first year of the clock ticking on the peer review because we implemented the new standards right about the same time. So we will be up for peer review in fiscal year '25. We are doing a self-review this year in anticipation for that so I'll conduct that to make sure that our documents that we have so far from 2021 are ready for review.

We'll likely use the Association of Local Government Auditors and so I haven't done one yet for them, but I plan on it to do the reciprocity because using them you only have to pay for travel for the peer reviewers, you don't have to pay a lump sum fee. So that's nice. And we have some cities in the area that are not members of our Board so there won't be the conflict of interests so we'll probably, hopefully, we'll be able to find some local Arizona peer reviewers or at least, you know, Southern California so it keeps their travel costs low.

Councilmember White said thank you so much, Sebrina. Thank you.

Chair Goodman said Any other questions? All right. Thank you. And again, great report. Very well done.

9. Internal Audit Update

Ms. Beckstrom said I'd like to call Larry Kondrat to the podium to provide this update.

Mr. Kondrat said thank you, Mr. Chair and members of the Audit and Finance Subcommittee. First, I want to introduce our new auditor, Stacy Cunningham. She started about a month and a half ago and she's hit the ground running so far. Doing a lot of work.

The update on FY24 audits. We have six audits in progress right now. We're concluding the test work on the quarter 3 and quarter 4 credit card transactions review and also the annual travel expense and reimbursement audit. We're going to begin drafting a report next week on that and so we should be able to report out at the next month's AFS meeting.

Also, contract change orders, we're doing preliminary work on that right now.

We have three internal safety and security audits going on right now. Audit number 16 has to do with training and certification and number 20 has to do with drug and alcohol policy and program. We've completed test work on Valley Metro's drug and alcohol program, and we haven't noted any issues. And so we're working on scheduling with ACI, our rail provider, operators, and we're going to review both of their training and certification and their drug and alcohol records at the same time. And hopefully, knock that out in time for the next AFS meeting.

And then audit recommendations update. There are 15 outstanding recommendations in progress right now. We pushed back some of the dates on those, especially the ones pertaining to the drug and alcohol and training because we're going to combine the follow up with our internal safety and security audits. And then we met with IT last week and they came with a good plan moving forward to address their one outstanding recommendation.

And that's all I have. Are there any questions pertaining to the audit updates?

Chair Goodman said I do have a question. And it's related to audits in general. Every time I read something in the newspaper about 400 E it always says that there will be a fare box audit so I'm assuming that's an audit that we already do so how is this different or is it the same? Why are you moving away, Sebrina? Is it really that bad?

Ms. Mefford-Miller said the enabling legislation that hasn't become law yet but will become law later this month and then will become effective if the voters pass the continuation of Proposition 400 does require for a fare box audit. The language is fairly high level but what we expect, and it calls for that to be jointly undertake by MAG, Maricopa Association of Governments and Valley Metro and presented to the Valley Metro board of directors as well as the MAG, I think it's their regional council on MAG, I might be wrong on that.

But that will be a calculation of passenger revenue against operating costs. Do we have an annual fare box recovery audit today, no. Do we do monthly reporting and calculation of operating costs and passenger revenue, yes. So it just adds a independent process. So we'll be coming to you every year with a report on fare box recovery. So the additional work load is quite minimal and to the extent that there are goals for fare box recovery within our organization they will have to mirror that proposed legislation from Prop 400 Extension or Senate Bill 1102, I should say.

Mr. Kessler said just to clarify and that takes effect with FY27 for the legislation.

Chair Goodman said never gives a date in the article.

Ms. Mefford-Miller said yes, fiscal year 2027. And then the targets do change three times over the course of that 20-year bill.

Chair Goodman said thank you very much.

Ms. Mefford-Miller said we're ready.

Chair Goodman said thank you. Any other questions? All right. Thank you.

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

Chair Goodman said any of the members of AFS have questions, please see Valley Metro staff.

11. Report on Current Events and Suggested Future Agenda Items

Chair Goodman said we're silent. Mayor Peterson, you got anything to share?

Mayor Peterson said I do not. Thank you.

Chair Goodman said alright.

The next meeting of the Audit and Finance Subcommittee is scheduled for November 2, 2023, at 12:00 p.m.

The meeting was adjourned.

Without further discussion, the meeting was adjourned at 1:05 p.m.

Minutes

October 12, 2023 **AGENDA ITEM 4A**

Joint Boards of Directors
Thursday, August 17, 2023
Lake Powell Conference Room/Webex
101 N. 1st Avenue, 10th Floor
11:15 a.m.

RPTA Meeting Participants
Councilmember Bill Stipp, City of Goodyear – **Chair**
Councilmember O.D. Harris, City of Chandler – **Vice Chair**
Councilmember Max White, City of Avondale
Councilmember Clay Goodman, City of Buckeye (phone)
Vice Mayor Peggy McMahon, Town of Fountain Hills
Mayor Brigette Peterson, Town of Gilbert
Councilmember Lauren Tolmachoff, City of Glendale (phone)
Supervisor Jack Sellers, Maricopa County
Councilmember Francisco Heredia, City of Mesa
Councilmember Jon Edwards, City of Peoria (phone)
Vice Mayor Jeff Brown, Town of Queen Creek (phone)
Councilmember Kathy Littlefield, City of Scottsdale (phone)
Councilmember Aly Cline, City of Surprise (phone)
Vice Mayor Jennifer Adams, City of Tempe
Mayor Michael LeVault, Town of Youngtown (phone)
Mayor Rui Pereira, Town of Wickenburg (phone)

Members Not Present
Councilmember Monica Dorcey, City of El Mirage
Councilmember Laura Pastor, City of Phoenix
Vice Mayor Lupe Bandin, City of Tolleson

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

Chair Stipp called the meeting to order at 11:18 a.m.

Chair Stipp said we'll go ahead and call the Joint Meeting of RPTA and Valley Metro Rail. We'll start the meeting with Public Comment.

Ms. Dillon said we got to do a roll call first.

Chair Stipp said oh, I'm sorry. You got to do roll call. You know I said don't give me a script. I can handle this. Clearly, I can't.

Ms. Dillon said this is where I shine, so.

Chair Stipp said alright, Pat. Shine away.

Ms. Dillon said City of Avondale, Councilmember Maxine White? Present.
Ms. Dillon said City of Buckeye, Councilmember Clay Goodman? Present.
Ms. Dillon said City of Chandler, Councilmember OD Harris? Here.
Ms. Dillon said City of El Mirage, Councilmember Monica Dorsey?
Ms. Dillon said Town of Fountain Hills, Vice Mayor Peggy McMahon? Here.
Ms. Dillon said Town of Gilbert, Mayor Brigette Peterson? Present
Ms. Dillon said City of Glendale, Councilmember Lauren Tolmachoff? Here.
Ms. Dillon said City of Goodyear, Councilmember Bill Stipp? Present.
Ms. Dillon said Maricopa County, Supervisor Jack Sellers? Here.
Ms. Dillon said City of Mesa, Vice Mayor Francisco Heredia? Here.
Ms. Dillon said City of Peoria, Councilmember Jon Edwards? Here.
Ms. Dillon said City of Phoenix, representing for Valley Metro Rail, Mario Paniagua?
Ms. Dillon said Town of Queen Creek, Vice Mayor Jeff Brown? Here
Ms. Dillon said City of Scottsdale, Vice Mayor Kathy Littlefield? Here.
Ms. Dillon said City of Surprise, Councilmember Aly Cline? I'm here.
Ms. Dillon said City of Tempe, Vice Mayor Jennifer Adams? Present.
Ms. Dillon said City of Tolleson, Vice Mayor Lupe Bandin?
Ms. Dillon said Town of Wickenburg, Mayor Rui Pereira? Here.
Ms. Dillon said Town of Youngtown, Mayor Michael LeVault? Yes, Pat, I'm here.

Ms. Dillon said Chair, we're ready to proceed.

Chair Stipp said so with that, we will now go ahead and do Public Comment.

1. Public Comment

Chair Stipp said I assume we have at least one.

Ms. Dillon said Mr. Crowley.

Mr. Crowley said (No audible sound) -- your responsibilities are going to be on it and then also three of the agenda items. The first of which would be in your mix where you're going to be extending the amendment into 2006 or '26 and according to the Prop 400 document, money can't go to rail other than for maintenance. It also has in the Prop 400 that farebox recovery has to be at '26 and '27 at 10 percent, '28 and '29 it's up to 15 and then '31, '32 and on it's at 20 percent. What is the amount, Bill, that we get right now in farebox recovery? And with what the State is asking for, Jack, does this mean all of that, the 40 percent of the monies that you've spent not on buses or infrastructure or getting people from point A to point B but for them people, is that going to be part of what the State is demanding that you show a profit on?

Now, the reason that you exist is air quality because with bad air quality, they cut monies from the freeways and the roads. So you have to show them that you're doing something to make that happen right. So as I said, with them making both of the -- the buses responsible for their existence that they are in the Prop 400 what's happening with rail. So I believe that you have such good rail qualities and that and you've been guiding that that we need to bifurcate the agencies. You go with the rail part, and we get somebody new that is going to be the advocate for the bus because when I look at the plan, how much did you guys input to show where this supergrid is supposed to go because I don't see anything except for it saying we're going to support what we've got. That's what we're going to use the money for.

When I hear that you can't do circulators, do you know why that is Phoenix? With a weighted vote, eliminated that from the abilities. So when I hear that you guys want to have circulators and connectors and doing that it's real easy, change the rules and make it happen.

And with your changes, where are the ones that I have shown over and over again in the West Valley, Avondale, Goodyear should have gotten some. Where is that? And how are you saying that you're getting the job done if you can't get done what was there.

Chair Stipp said any others, Pat?

Ms. Dillon said Mr. Beane.

Mr. Beane said good morning and thanks for allowing me three minutes. My name is Bob Beane. I'm the President, business agent of AT Local 1433. We represent all the bus drivers in Arizona that are unionized as long as they're light rail operators and I'm here today and I could not be happier.

We have Keolis coming into the East Valley. Ten years ago today, basically, we were standing here trying to stop what happened with First Transit and now I'm standing here actually saying I am looking so forward to Keolis coming in. We have worked with Mark Perla, his GM Dave Todd, his maintenance manager Grant Hanson. I've worked with them basically on and off for the last 18 years. Mark started in the West Valley, went to the East Valley and we've got a great working relationship with Mark and his team and

I'm just looking very forward to being able to start transitioning with Keolis to make this a very smooth and easy transition for our operators in the East Valley.

Our operators are also elated with the change that's coming. The morale has boosted by at least 60 percent since they first heard that Keolis is coming in to run the East Valley buses, so Mark, look forward to it. And the sooner we can get started making a transition with Keolis, the easier it's going to be on our operators. Thank you.

Ms. Dillon said Ms. Kraiza. Kraiza, I'm sorry.

Ms. Kraiza said I am Dana Kraiza. I am the Vice President of ATU. I have been doing this since 2005. I came to the Valley in 2002. I was working for Laidlaw. Laidlaw made a transition into First Transit is when I first met Mark. Mark is an outstanding general manager at the time. I've been working with Grant since Laidlaw. I worked with Dave Todd since he was a scheduler. He got a good team put together there. I'm looking forward to dealing with Keolis as a breath of fresh air in this Valley because it's been really hard right now with whose there now.

So I'm glad that this is the choice that you have made. Hopefully, it will be final real quick and we can get the ball moving because we need to keep this transit moving in the right direction and that's what me and Bob and Duane and Frank are trying to do is have a working relationship with our people that we need to be working with. This is like a marriage. I've this Mark many years ago. It's like our second marriage. We have to be able to work together to keep this transit moving and to keep our operators happy, so they want to come to work and not call off every day because they're dreading going into work. So that's my little rant for the moment. Jessica knows me and Mark knows me, so that's all I have to say for now and look forward to working with Keolis.

Chair Stipp said thank you everybody.

2. Chief Executive Officer's Report

Special Presentation

Ms. Mefford-Miller said good morning and welcome to your first meeting as chair, Mr. Chair. Good morning members of the Board. It's wonderful to see you all today. We actually have a special presentation to begin, and I would like to welcome our special guest from the Mesa Fire Department. We have Assistant Chief James Johnson and Assistant Chief Forrest Smith. They are here today to recognize our ACI light rail supervisor Sharon Ninehauser and Sharon's actions recently to ensure the safety of our riders and fire crews as they responded to a fire near our tracks at Dobson and Main on this past July 21st. Ms. Ninehauser. Come on. Come on.

Ms. Ninehauser said hi, guys.

Assistant Chief Johnson said we're going to read a little thing and then say a couple words if that's okay.

With me is Assistance Chief Forrest Smith. It takes two of us to come to represent Chief Mary Comeli. She unfortunately couldn't make it today, so we're here in place of her, so. We'll read this real quick.

On July 21st, 2023, at approximately 6 a.m., Mesa Fire crews responded to a first alarm fire near Main Street and Dobson. Because of our crews and apparatus were very near the tracks Fire command initially had the light rail shutdown for the scene safety. Once fire was controlled, Valley Metro supervisor Sharon Ninehauser approached command to see if it was possible to get the trains moving. Captain Smith explained that she recommended that she would slow the trains down and walk personally with the trains as they passed by. They had never seen this before. She talked with each of the trains conductor and did this in a safe way. She allowed them -- she slowed them down to a walking pace and she literally walked with the crews and the apparatus to ensure their safety.

Sharon, your problem-solving actions that day were very commendable. We offer a huge thank you for keeping our crews safe. And just on a personal note, as we are in te field we really thrive on relationships and actions like this are outstanding and to keep our crews and the public safe working together is just priceless. So thank you for your actions on behalf of us and we really truly appreciate that and all of your employees in Valley Metro. We have a great relationship with them, and we hope to always have that.

Ms. Ninehauser said great. Thank you for serving.

Ms. Mefford-Miller said moving on. We have talked so much about the extension of Proposition 400 E in this room. We'll continue to talk about that extension but in the meantime, I think that we need to take a moment to celebrate last week on August 10th, leaders and elected officials from across the Valley joined the Governor to witness the signing, the ceremony of signing of Senate Bill 1102. Without the leadership and support of this Board and elected officials and leaders from across the Valley including Governor Hobbs herself, we would not have gotten this enabling legislation across the finish line.

This enabling legislation gives us the opportunity to go to voters to continue operating, maintaining, building, designing our regional transportation system. I especially want to thank the board members that were able to join us on rather short notice including Councilmember John Edwards, Councilmember Aly Cline, Councilmember Maxine White, Supervisor Jack Sellers, Councilmember Laura Pastor and Vice Mayor Jeff Brown.

Now, we've been focusing a lot on the enabling legislation itself, but I want to take just a mission moment and think about the people that we serve for whom we plan, design, build, operate and maintain the service as well as the people here at Valley Metro who actually deliver the service. We've been working on a messaging campaign focused around the value of transit, the important service that we deliver to communities and the impact that has on individuals, their families and the communities themselves. Got a couple of quick videos I would love to share with you. Hopefully, this works. We have been sharing these videos through our social media channels. I pushed some of this out via email to our board members and some of this content is on our website.

Kudos for the marketing team for producing this content. We'll continue to produce additional content and messaging throughout FY24, but I want to especially thank the thousands of Valley Metro team members and contractors who deliver safe service to hundreds of thousands of customers across the Valley every day.

Go back one slide. Thank you. I want to give you a brief update. We have talked about increasing security across the system and I want to give you a bus security update. Our public safety team, led by Director Adrian Ruiz who's with us today, has been conducting increased Operation Blue Ride outreach. The photos here show our team working alongside police officers in the cities of Mesa and Chandler. We are working with our law enforcement colleagues so that they understand and are equipped to respond and also proactively patrol on buses across the Valley. We will continue to keep this Board aware and also engaged in conversations when it comes to forming those relationships and creating those proactive patrols through Operation Blue Ride.

Vice Mayor Adams said can you tell me why Tempe's not involved in that?

Ms. Mefford-Miller said Adrian, could you come to the table, please.

Ms. Ruiz said members of the Board, Chair. Thank you for the question. Yes, Tempe is involved. Sgt. Trent Luko works with us, and we work on identifying officers in the one hundred group so those are officers that are working in overtime capacity. They can spend some time on the rail (indiscernible) so just briefly so we (Indiscernible) currently we do have in Tempe, Mesa and Phoenix, we did an extensive one in Mesa.

We'll try and move through it.

On another high note, we notified that we would receive an award this summer from Federal Transit Administration's Low or No Emissions. Valley Metro will receive a $3.3 million grant which will be matched 20 percent by local revenues from Proposition 400.

This program will support the purchase of 20 battery electric buses plus charging infrastructure to support 12 buses initially at the Tempe bus operations and maintenance facility. We also have congressionally dedicated funding that we have reserved for this purpose. We've been gathering it for some years until we were prepared to launch our zero emissions program and that point is now. We have been working with the firm WSP and now, we are working to incorporate battery electric vehicles into our fleet replacement plan. To our members cities in the East Valley, we're working to schedule a meeting with East Valley staff next month to review our fleet replacement strategy including the incorporation of battery electric vehicles over time. It is hot in the Valley in August and we and our partners have extensive heat relief programs. Like something to note, I think, especially as a relative newcomer to the Valley, I admire the durability and resiliency of our system that includes our team members who are equipped and prepared, we are adjusting schedules, we are preparing them with water backpacks out in the field. But we are also reaching out to our customers and while our system is designed for heat and our vehicles have some of the largest AC units in the industry, our riders are not resilient to heat, we're all people.

And so, in addition to staff out providing resources, we're providing water. Our road supervisors and customer experience coordinators and community relation outreach team members are distributing cold water and shade products at light rail stations and bus stops. We also have pop-up events along the construction of the South-Central Extension in South Phoenix. To date, we've conducted more than 45 events of this type over the course of the summer.

I want to give you a quick update on our capital projects. On the Northwest Extension, which is scheduled to open in early 2024, we have reached what we call substantial completion with the Federal Transit Administration. We're currently at about 91 percent complete.

We have now begun the testing and safety and security work along this three-mile corridor, or 1.7 mile, 3 station corridor. We've completed the artwork. This is actually the terminal station at Metro Parkway. There's artwork on the platform, artwork on the concrete pylons. It is something to behold and there is also artwork at the other stations which have already been constructed.

This is a photo of the at-grade stations. They look just about ready for service and later this fall we'll begin what we call our pre-revenue service testing. We'll also host a series of events for our partners and members of the public to experience this project including the elevated bridge over I-17 before we begin service in 2024.

Meanwhile down south, work on the South-Central Extension is now, next slide, 70 percent complete. This is a photo of work back in the winter as we were placing track on South Avenue but most of the work now has shifted further south of downtown. Next photo shows Lincoln and 1st Avenue looking south so now we are into the heavy site work at this location. We are laying track, conducting electrical work. This is a period of significant impact to the community on the South-Central corridor. We are working very closely with the City of Phoenix, our contract partners and our community members to try and mitigate some of the impacts of this construction work in advance of our opening.

I am delighted to give you an update on the evolution of the Valley Metro leadership team, and I am pleased to welcome Jonathan Thacker, our Director of Contracts and Procurement. Jonathan, if you could give a wave. We won't make you tell them our origin story. Jonathan works under the leadership of Ken Kessler, Chief Financial Officer, who joined us late last year.

Tom Young, who is no stranger to Valley Metro, is previously a director of accessible transportation services has been promoted to Deputy Chief of Bus and Paratransit Operations. Tom has done a marvelous job in his role in accessible transportation services. You'll hear from him on the East Valley contract because while he was leading paratransit, he also played a leading role in the scoping of our East Valley bus operations contract. Tom, congratulations.

Last month, we also welcomed Darren Curry, our Chief Maintenance Officer. Darren and his team are responsible for maintaining all of our transit assets. That's vehicles, stations, operating facilities, track and all of our rail systems. Darren and I worked together for years, and we are off to the races.

Quick look ahead. Our September Board meeting cycle has been cancelled. We will in lieu of our Board meeting day on September 21st conduct a Board of Directors retreat to be held at our Operations and Maintenance Center. You'll receive more information from Ms. Dillon on that in advance of that date. I strongly encourage in-person participation. I think we'll get a lot done on that day. This is also an opportunity for you to visit with us in our native environment at one of our operating facilities. It'll be good.

And then we will resume our regular calendar of meetings in October with Transportation and Rail Management committees October 4th, Audit and Finance Subcommittee on October 5th and our Board of Directors on October 19th.

Mr. Chair, that concludes my update.

Chair Stipp said thank you. Any other questions? Seeing and hearing none.

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

Councilmember Goodman said so as you can quite imagine, big shoes to fill, literally and figuratively.

We had my first AFS meeting and just to give you a brief update. Chief Financial Officer's update, Mr. Olson provided that update. Gave us an overview of revenues and fare policy as well as outreach.

It was also the Mr. Olson show. The Transit Lifecycle Program gave us an update, presentation regarding the suggested change to the Transit Life Cycle Program. Guiding principle 6, this item is on today's agenda. The Board will be receiving the same presentation.

We also received a report out for FY23 4th quarter overall budgets for RPTA and Valley Metro Rail are within plan.

And then finally, Sebrina Beckstrom provided a review of the FY24 Internal Audit Plan which includes operational and performance reviews, an IT audit as well as consultant services.

Mr. Chair, that concludes my report.

Chair Stipp said thank you. Any questions for Councilmember Goodman?

Seeing none.

4. Executive Session

Chair Stipp said the Joint Boards will consider a request to adjourn the regular meeting and hold an Executive Session. Pursuant to Arizona Revised Statute 38-431.03a3 and a4 for a discussion with the Chief Legal Officer regarding legal advice and to instruct the legal officer on possible litigation.

With that, may I have a motion to go into Executive Session.

Motion by Vice Mayor Adams, second by Councilmember Harris.

Are you going to do a roll call or voice vote okay?
All in favor, say aye. Any opposed? The ayes have it. Pat has information for those of you on the Webex.

IT WAS MOVED BY VICE MAYOR ADAMS, SECONDED BY COUNCILMEMBER HARRIS AND UNINAMOUSLY CARRIED TO ENTER INTO EXECUTIVE SESSION.

Regular meeting reconvened at 12:25 p.m.

5. Executive Session Action Items

Chair Stipp said we will go ahead and reconvene the Joint RPTA, Valley Metro Rail meeting.

Chair Stipp said may I have a motion, please, on the Executive Session item.

Motion by Unidentified Speaker, second by Unidentified Speaker.

Any discussion? Seeing none.

All in favor, say aye. Any opposed? Nay, Glendale. One nay. Item passes.

IT WAS MOVED BY ???, SECONDED BY ???, AND UNANIMOUSLY CARRIED TO PROCEED WITH POSSIBLE LITIGATION WITHIN THE PARMETERS SET DURING EXECUTIVE SESSION.

6. Consent Agenda

Chair Stipp said We have Items 6A through 6D. Does anybody wish to pull any of those items or have questions? Seeing none. May I have a motion to approve the Consent Agenda as presented?

Motion by Vice Mayor Adams, second by Councilmember Goodman

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

IT WAS MOVED BY VICE MAYOR ADAMS, SECONDED BY COUNCILMEMBER GOODMAN, AND UNANIMOUSLY CARRIED TO APPROVE THE CONSENT AGENDA, ITEMS 6A-6D.

7. Travel, Expenditures, and Solicitations

Chair Stipp said This is presented for you information. The information was included in our packet. Does anybody have any questions regarding that item? Seeing none.

8. Report on Current Events and Suggested Future Agenda Items

Chair Stipp said any suggestions? Seeing none.

9. Next Meeting

The next meeting of the Joint Boards is scheduled for Thursday, September 21, 2023, at 11:15 a.m.

Chair Stipp said I'm sorry. Well, it is a joint meeting, but it will not be a Board meeting. It is a work session, essentially. A Retreat.

With no further discussion the meeting adjourned at 12:27 p.m.

Information Summary

DATE **AGENDA ITEM 4B**
October 12, 2023

SUBJECT
Authorization to execute a cooperative purchase order with OpenGov, Inc., for a comprehensive procurement management system.

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to execute a cooperative agreement purchase order with OpenGov, Inc. ("OpenGov"), for a comprehensive procurement management system for 12 months with the option to extend two additional 12-month periods for a total of 3 years in an amount not to exceed $269,366 which includes a 10% contingency of $24,488.

RECOMMENDATION
Staff recommends that the Boards of Directors authorize the CEO to execute a contract with OpenGov for a comprehensive procurement management system for 12 months with the option to extend two additional 12-month periods for a total of 36 months in an amount not to exceed $269,366 which includes a 10% contingency of $24,488.

BACKGROUND | DISCUSSION | CONSIDERATION
Valley Metro currently has multiple procurement systems that are not integrated and/or unable to integrate. Valley Metro Procurement department utilizes Procureware through Bentley Systems for issuing and evaluating solicitations and supplier registration, but that subscription is ending in December of 2023. It was originally planned to implement the Procurement module within CORE, Valley Metro's current Enterprise Resource Planning (ERP) system, but an implementation plan has not been completed. Additionally, Bentley Systems is unwilling to do a short-term extension which would allow the time needed to adopt the procurement solution within CORE. With the end of the Procureware subscription quickly approaching, Valley Metro began exploring other options for e-procurement software solutions.

In August 2023, Procurement requested a demonstration of the OpenGov Procurement module which manages the entire procurement lifecycle, including initial request and approval, solicitation development, advertising and response dates, evaluation committee review, and contract award and execution. The goal of the demonstration was to ensure that the commercial off-the-shelf (COTS) cloud software solution would meet the current procurement requirements to provide a robust solution that will allow the Procurement department to leverage the functionality it offers without a long development and implementation timeframe. The OpenGov Procurement solution provides end-to-end automation across solicitation development, proposal evaluations, and supplier interactions.

The selection of OpenGov provides Valley Metro several key advantages. Some of these include: 1) increased visibility and marketing of solicitations to a vendor list encompassing all 1,600+ agencies and governments using the service, 2) alignment with e-procurement technology selected by the City of Phoenix, City of Avondale, City of Tucson, and many local affiliated agencies, 3) enhanced ability to target and market to the DBE supplier community across the state, 4) streamlined access to cooperative contracts nationally throughout the OpenGov customer base, and 5) access to a national and local database of scopes of work to improve solicitation quality.

The OpenGov Procurement solution will be procured from OpenGov Procurement utilizing a competitively awarded cooperative contract 21-203-PCN by the Purchasing Solutions Alliance (PSA). Purchasing under a cooperative contract saves Valley Metro resources due to the simplified acquisition process, the cooperative purchasing power of multiple agencies, and the use of terms and conditions that have previously been negotiated.

COST AND BUDGET

The procurement suite will include unlimited support and management for the entire procurement lifecycle, with costs totaling $244,878, plus a 10% contingency of $24,488 The pricing model consists of a fixed fee annual subscription for the software and a one-time cost for the professional services component. The Professional Services cost includes all phases of implementation: Initiation, Best Practices, Configuration, Validation, Deployment, and Project Completion. OpenGov offers unlimited users and an unlimited usage pricing model, meaning Valley Metro is not limited to the number of users, logins, dashboards, reports, or data usage.

Contract obligations for FY24 have been included in the Valley Metro FY24 Operating and Capital Budgets. Contract obligations beyond FY24 are incorporated into the Valley Metro Five-Year Operating Forecast and Capital Program (FY2024 through FY2028). The cost of this contract will be allocated equally to the Regional Public Transportation Authority (RPTA) and Valley Metro Rail (VMR). Sources of funds for RPTA include Prop 400 and Member City Contributions. Sources of funds for VMR include Member City Contributions.

Agency	FY24 (*)	FY25	FY26
RPTA	$49,080	$35,785	$37,574
VMR	$49,080	$35,785	$37,574
Total	**$98,160**	**$71,570**	**$75,148**

Contingency not included.

(*) Year 1 includes software and professional services for implementation.

COMMITTEE ACTION
RTAG: September 19, 2023 for information
TMC/RMC: October 4, 2023 approved
Boards of Directors: October 19, 2023 for action

CONTACT
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ATTACHMENT
None

Information Summary

DATE **AGENDA ITEM 4C**
October 12, 2023

SUBJECT
Authorization to Issue a Request for Proposal (RFP) for Annual Financial Audit Services

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to issue an RFP for Annual Financial Audit Services. The services will cover the fiscal years ending June 30, 2024, 2025, and 2026, with an additional two-year renewal option.

RECOMMENDATION
Staff recommends that the Boards of Directors authorize the CEO to issue an RFP for Annual Financial Audit Services.

BACKGROUND | DISCUSSION | CONSIDERATION
In May 2019, the Valley Metro Board awarded a three-year contract to CliftonLarsonAllen LLP (CLA) to audit RPTA and VMR financial statements and Schedule of Expenditure of Federal Awards for the fiscal years ending June 30, 2019, 2020 and 2021, with an additional two-year renewal option. These audits were performed in accordance with auditing standards generally accepted in the United States of America, the standards set forth for financial audits in the Government Auditing Standards, issued by the Comptroller General of the United States, and Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Further, the scope of the audit for RPTA included additional work required by the National Transit Database (NTD).

As the contract will soon expire, Valley Metro seeks authorization to issue an RFP for the Annual Financial Audit Services to cover the fiscal years ending June 30, 2024, 2025, and 2026 with an additional two-year renewal option.

The anticipated timeline for the RFP is as follows:

- September 2023 – October 2023: develop the RFP
- November 2023: release the RFP
- March 2024: Board approval to award
- May 2024: Services begin under the new contract

COST AND BUDGET
The cost for the annual financial statement audits would be funded by RPTA and VMR in proportion to the level of effort for each.

COMMITTEE ACTION
RTAG: September 19, 2023, for information
TMC/RMC: October 4, 2023, approved
Boards of Directors: October 19, 2023, for action

CONTACT
Ken Kessler
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ATTACHMENT
None

Information Summary

DATE
October 12, 2023

AGENDA ITEM 4D

SUBJECT
Miscellaneous Construction Services Job Order Contract Award

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to execute Miscellaneous Construction Services Contracts with J. Banicki Construction, Inc., SDB, Inc., and Stacy and Witbeck, Inc. to provide construction services for Valley Metro's transit capital and operating needs for a combined amount not to exceed $20 million for a three-year base term with two one-year extension options for a total of five years.

RECOMMENDATION
Staff recommends that the TMC/RMC forward to the Boards of Directors authorization for the CEO to execute a Miscellaneous Construction Services Contract with J. Banicki Construction, Inc., SDB, Inc., and Stacy and Witbeck to provide construction services for Valley Metro's transit capital and operating needs for a combined amount not to exceed $20 million for a three-year base with two one-year extension options for a total of five years.

BACKGROUND | DISCUSSION | CONSIDERATION
Valley Metro is in need of construction teams to engage in a wide range of small and emergency construction services for bus and rail facilities for a three-year period (see Attachment 1 for a list of examples projects). J. Banicki Construction, Inc. and Builders Guild, Inc. have been Valley Metro's Miscellaneous Construction Services contractors, also known as Job Order Contractors (JOC), since January 2020. The three-year base term, with a one-year option executed, of the current contract ends in December 2023.

Task orders for specific projects will be negotiated and assigned to the contractors over the duration of the contract. Individual project task orders will not exceed $2.5 million, with most task orders being significantly smaller than this amount. The prime contractors will be required to self-perform at least 30% of the work over the duration of the contract, and sub-contractors may be utilized to assist as needed.

The JOC's fee (profit) rates have been negotiated and agreed to with the contractors pending the award of this contract. The rates were defined based upon project size. They also vary depending upon whether work occurs during normal work hours or after hours (e.g. evenings and weekends). This cost component was included in the evaluation process because federal funds may be used for some of the construction work. In order to be federally compliant, cost had to be a factor in the evaluation.

As individual projects are identified, the following steps will be used to execute a task order:

1. Valley Metro will match specific task orders with the appropriate JOC based on specific expertise, workload, and availability.
2. Valley Metro and the individual JOC will meet to define the scope.
3. Valley Metro will prepare a scope of work and issue a task order request.
4. The JOC will prepare a task order proposal and cost.
5. Valley Metro will prepare an independent cost estimate prior to approval and execution of individual task orders.
6. Final negotiations occur and the task order is executed.
7. If price negotiations are not successful, then Valley Metro reserves the right to solicit one of the other JOC's or advertise via open competition. In the case of open competition, all JOC's will be afforded the opportunity to submit a proposal along with the rest of the contracting community.

In February 2023, the Joint Boards of Directors authorized the CEO to issue a solicitation to hire multiple contracts to provide miscellaneous construction services. A Request for Qualifications (RFQ) compliant with FTA Circular C4220.1F and A.R.S Title 34-603 requirements was issued on June 27, 2023. The RFQ published evaluation criteria and corresponding point values as follows:

Evaluation Criteria	Total Point Value
Offeror's Experience and Reliability	400 Points
Offeror's Demonstrated Expertise	425 Points
Method of Approach	175 Points

Statements of Qualifications were received on August 3, 2023. A total of five offers were received and deemed responsive from the following firms:

1. Builders Guild, Inc.
2. J. Banicki Construction, Inc.
3. SDB, Inc.
4. Stacy and Witbeck, Inc.
5. Sun Eagle Corporation

The selection committee made up of four Valley Metro employees and one Valley Metro contract employee evaluated the five responsive offers. The selection committee prepared their final scoring and ranking results as reflected below.

Offeror	Ranking
J. Banicki Construction	1st
Stacy and Witbeck, Inc.	2nd
SDB, Inc.	3rd
Sun Eagle Corporation	4th
Builders Guild, Inc.	5th

Based on the selection committee's initial scoring, it was determined that three of the five firms would be shortlisted and invited to participate in negotiations. These three firms were J. Banicki Construction, Inc., SDB, Inc., and Stacy and Witbeck, Inc. Upon completion of negotiations, Valley Metro reached consensus with all three short-listed firms on contract terms and fees.

COST AND BUDGET

The combined contract authority requested for the new contracts with J. Banicki Construction, Inc., SDB, Inc., and Stacy and Witbeck, Inc. is $20 million over the three-year base term, with two one-year extension options for a total of five years. It is estimated that 30% of the work will be attributed to RPTA and 70% to VMR.

The JOC contracts are task order based. The source of funding will be determined on an individual task order basis specific to a project. Typical sources of funding for the projects will be from the regional Public Transportation Fund (PTF), federal funding, and/or Member cities.

Prior to any task orders being issued, funding sources are verified and will be accounted for in the appropriate VMR and/or RPTA budgets.

COMMITTEE ACTION

RTAG: September 19, 2023 for information
TMC/RMC: October 4, 2023 approved
Board of Directors: October 19, 2023 for action

CONTACT

Trevor Collon, PE
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ATTACHMENT 1

Examples of Miscellaneous Construction Projects

ATTACHMENT 1

EXAMPLES OF MISCELLANEOUS CONSTRUCTION PROJECTS

1) Light Rail improvements:
   a) Repainting light rail station facilities
   b) Replace light rail station platform pavers with concrete surface
   c) Repair or replace landscaping systems
   d) Installation or repair of fencing and/or railing
   e) Remove, repair and/or replacement of rail switches
   f) Remove and replace existing bridge joints
   g) Replace or upgrade existing security cameras
   h) Repair or replace ADA tactile pavers
   i) Repair property damage to bus and rail facilities due to incident/accidents
   j) Emergency service for track repair, switch replacement, traction power, communication or other assistance to rail operations
2) Bus and Rail Operations and Maintenance Facility improvements:
   a) Removal and replacement of pavement surface and subsurface restoration
   b) Installation of support infrastructure equipment for electric bus fleet
   c) Replacement and rehabilitation of HVAC systems and other mechanical/plumbing equipment
   d) Replacement of existing lighting with LED lighting
3) Bus Stop improvements:
   a) Installation of bus bays and shelters
   b) Repair or replacement of expanded bus shelter pads
4) Park-and-Ride and Transit Center improvements:
   a) Replace or upgrade existing security cameras
   b) Repainting parking canopies
   c) Repair, reseal, and restripe asphalt surfaces

Information Summary

DATE
October 12, 2023

AGENDA ITEM 5

SUBJECT
Proposed Fare Policy Changes

PURPOSE
To request authorization to amend the regional fare policy to include changes that will be phased in with the fare collection system modernization improvements.

RECOMMENDATION
Staff recommends that the TMC/RMC forward to Boards of Directors authorization to amend to the regional fare policy as reflected in the attached Proposed Fare Policy document, effective upon implementation of the new account-based, stored-value fare collection system.

BACKGROUND | DISCUSSION | CONSIDERATION
The current regional fare structure was adopted by the Valley Metro Board and City of Phoenix City Council in 2007. The structure took advantage of functionality with the fare collection system (FCS) being implemented at that time, as purchased from Scheidt & Bachmann (S&B), a transit fare collection system vendor. The base fare and associated pass pricing have been increased twice since the current FCS was implemented, in 2009 and 2013, to stay current with the value and cost of services. Two minor updates to the policy have been made since then: In March 2021 to update the requirements for the Platinum Pass Program; and in March 2022 to introduce streetcar fare.

The S&B system is currently being replaced by a more modern, open architecure system provided by Vix Technologies. The project is being managed by the City of Phoenix, in collaboration with Valley Metro. The new system will be open and flexible to easily allow changes to incorporate innovative technologies. As is being done in other transit agencies across the county, the Vix system will provide greater control of fare media and usage through account-based technology and more flexibility and options for riders. The system provides mobile ticketing and will soon provide access to stored value smartcards (Copper cards) and a web-based management tool for riders to manage their accounts. The region launched mobile fare in February 2023 with greater mobile fare features to be introduced with the smartcards in early 2024.

The new system allows Valley Metro to introduce Smart Fare (fare capping) as a more equitable means to providing transit service for those most frequent riders who can reach daily/weekly/monthly maximum fares charged. With Smart Fare, riders load value to their accounts and fares are then deducted for each boarding up to a daily, weekly and monthly maximum. The value can be loaded incrementally as needed by the rider, eliminating the need to pay for a multi-day pass up front.

In addition, the account-based system allows Valley Metro to manage which accounts are eligible for reduced fares. Mobile fare or stored value smartcards will be associated with accounts that have been verified as reduced fare-eligible in order to benefit from reduced fare rates. Valley Metro and Vix Technologies, through the seperately awarded fare collection customer service contract, will manage the reduced fare eligibility process to ensure that only qualified, reduced fare-eligible riders will benefit and be able to use reduced fare.

Proposed Policy Changes
Valley Metro staff has worked with member cities to develop fare policy changes that take advantage of the new technology and provide an enhanced customer experience. Proposed changes would go into effect in early 2024 with the launch of the next phase of the new fare collection system. These changes are summarized below and include Smart Fare and the requirement for a reduced fare account and/or ID.

Overall, staff is not proposing changing the base fare for any service types. The local bus/light rail base fare will remain at $2.00, or $1.00 for reduced fare-eligible customers. Streetcar fare will remain at $1.00, or $0.50 for reduced fare-eligible customers. Express/RAPID fare will remain at $3.25.

With the new system, paper, magnetic stripe passes will no longer be needed by the riding public. Instead, customers will have transit fare accounts, either through the mobile app/fare or a long-life (extended use) reloadable smart card (called the Copper card). The accounts will be stored value, much like gift cards, and the base fare will be deducted from the stored value until certain Smart Fare maximums are reached. With the implementation of this new technology, staff proposes setting three periods set at the same amounts as paper passes in use today.

	Full Fare Local Bus/Light Rail/Streetcar	Reduced Fare Local Bus/Light Rail/Streetcar	Express/RAPID
Daily Maximum	$4.00	$2.00	$6.50
Weekly Maximum (Mon-Sun)	$20.00	$10.00	N/A
Monthly Maximum (Calendar Month)	$64.00	$32.00	$104.00

The fare maximums work in coordination. All fares paid will contribute to all three periods. For instance, a rider who makes two $2.00 local boardings in a day will reach the daily maximum at $4.00, with all additional boardings on local bus/light rail/streetcar service being free for the day. That same $4.00 will contribute to the $20.00 weekly maximum as well as the $64.00 monthly maximum. For ease of understanding and using Smart Fare in the future, the current 7-day pass will become a fixed Monday through Sunday period and the current 31-day pass a calendar month (e.g., January, February). There is currently a 15-day pass which will be eliminated due to its lack of utilization in the region. Platinum Pass and other similar, institution-based programs will continue using new smartcard fare media.

In order to further protect the reduced fare for those who are eligible, customers will be required to apply for a reduced fare account. Once approved, the reduced fare status can be applied to a customer's mobile fare or smartcard account. Without a reduced fare account in the new system, customers will only be able to receive reduced one-ride fares at a farebox (cash only) or rail fare vending machines (FVMs).

Public Outreach Process

Staff conducted public outreach this summer into early fall to gather feedback on the proposed fare policy changes related to Smart Fare (or fare capping) and the reduced fare ID requirement. The public outreach period was July 17 – August 18. With assistance from WestGroup Research, survey responses were collected via direct outreach by phone, email and in-person outreach along higher volume bus routes, light rail and streetcar across the Valley. The survey was also advertised through social media posts from Valley Metro and member cities, A-frame signage, on-board bus flyers, bus and platform announcements and a pop-up in the Valley Metro app. The survey sought feedback on three main questions: (1) How likely are you to benefit from the Smart Fare (fare capping) feature; (2) How likely are you to purchase a Copper card; and (3) If or when eligible, how likely are you to register for a reduced fare account. Below is a recap of the survey results:

- 2,745 total survey responses
- 70.2% answered very or somewhat likely to benefit from Smart Fare
- 61.2% answered very or somewhat likely to purchase and use a Copper card
- 73.7% answered very or somewhat likely to register for a reduced fare account if and when they qualify
- 60.9% responded 'Yes' when asked if they would ride transit more often knowing they will pay as they go and their fares would be capped

In addition, a hybrid public hearing was held on August 2 with two in-person and 11 virtual attendees, which provided a more in-depth explanation of the proposed changes and answered the many questions of our attendees. Overall, public responses have been positive and provided insight for additional outreach and public education opportunities ahead of launching the new fare collection system.

COST AND BUDGET
There is no cost to update or implement the policy.

COMMITTEE PROCESS
Service Planning Working Group: September 5, 2023 for information
Fare Policy Working Group: September 14, 2023 for information
RTAG: September 19, 2023 for information
TMC/RMC: October 4, 2023 for action
Boards of Directors: October 19, 2023 for action

CONTACT
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ATTACHMENT
PROPOSED Fare Policy

VALLEY METRO REGIONAL PUBLIC TRANSPORTATION AUTORITY
PUBLIC TRANSIT FARE POLICY AND UNIFORM FARE STRUCTURE

FARE STRUCTURE

Effective Upon Launch of new Fare Collection System (2024).

With the new fare collection system, paper media for passes are replaced by smartcards and mobile fare. Cash fares continue to be available through the purchase of a single ride on board buses via the farebox and through fare vending machines.

Multi-ride passes are earned through the deduction of value from a smartcard or mobile fare application for each boarding, up to a daily, weekly (Monday through Sunday) and monthly (e.g., January, February, etc.) maximum per below. 1-Day, 7-Day and 31-Day passes loaded onto smartcards or mobile fare applications remain available for select fare programs.

Full Fare

Fare Type	Fare Structure	Fare Policy Rules/Multiples
LOCAL BUS and LIGHT RAIL		
1-Ride	$2.00	Base 1-Ride fare for Bus or Light Rail
1-Day*	$4.00	2 x base fare
Weekly (Monday-Sunday)*	$20.00	5 x 1-Day
7-Day**	$20.00	5 x 1-Day
15-Day	Discontinued	
Monthly (Calendar)*	$64.00	32 x local base fare
31-Day**	$64.00	32 x local base fare
EXPRESS/RAPID		
1-Ride	$3.25	Base 1-Ride fare for Express/RAPID
1-Day*	$6.50	2 x Express/RAPID 1-ride fare
Monthly (Calendar)*	$104.00	32 x Express/RAPID 1-ride fare

31-Day**	$104.00	32 x Express/RAPID 1-ride fare
STREETCAR		
1-Ride	$1.00	Base 1-Ride fare for Streetcar

Reduced Fare

Fare Type	Fare Structure	Fare Policy Rules/Multiples
REDUCED– LOCAL BUS AND LIGHT RAIL		
1-Ride	$1.00	0.5 x base fare, rounded down to nearest $0.05
1-Day*	$2.00	0.5 x local 1-Day, rounded down to nearest $0.05
Weekly (Monday-Sunday)*	$10.00	0.5 x 7-Day rounded down to nearest $0.25
7-Day**	$10.00	0.5 x 7-Day rounded down to nearest $0.25
15-Day	Discontinued	
Monthly (Calendar)*	$32.00	0.5 x local 31-Day, rounded down to nearest $0.25
31-Day**	$32.00	0.5 x local 31-Day, rounded down to nearest $0.25
REDUCED STREETCAR		
1-Ride	$0.50	0.5 x streetcar 1-ride rounded down to the nearest $0.05

* These maximum fares charged will be provided through Smart Fare. The 1-Day passes may also be issued to Corporate/special programs.

** For Corporate/special programs only.

Local maximums/passes are valid on local services (Bus and Light Rail) and Streetcar. Express/RAPID maximums/passes are valid on all services.

Tap/scan of smartcard/mobile fare application is required prior to each boarding even if a maximum has been met or a pass product is used. Each tap/scan is valid for a single boarding in a single direction of travel for a limited period of time, consistent with the operational end to end time of the service being used.

To earn multi-ride passes via Smart Fare, customers are required to use a Valley Metro Copper card, subject to applicable one-time card issuance charge, or the Valley Metro app.

Smart Fare

With Smart Fare, customers pay a fare (Full Fare or Reduced) per boarding until they have reached the maximum fare for the day, calendar week and calendar month. For example, a customer earns a Local daily maximum once $4.00 in fares have been paid for the day. After $4.00 has been deducted from the customer's stored value balance, every subsequent boarding on eligible service until 3am the following day is free of charge. Customers are still required to tap/scan prior to each boarding even if a maximum has been earned.

	Full Fare Local Bus/Light Rail/Streetcar	Reduced Fare Local Bus/Light Rail/Streetcar	Express/RAPID
Daily Maximum	$4.00	$2.00	$6.50
Weekly Maximum (Mon-Sun)	$20.00	$10.00	N/A
Monthly Maximum (calendar month)	$64.00	$32.00	$104.00

Local and Streetcar fares contribute to the Local and Express/RAPID maximums. Express/RAPID fares contribute to the Express/RAPID maximum only. The Local maximum, when reached, allows free travel on Local and Streetcar services for the remainder of the Smart Fare period. The Express/RAPID maximum, when reached, allows free travel on Local, Streetcar and Express/RAPID services for the remainder of the Smart Fare period. There are no Streetcar fare maximums but Streetcar fares will contribute to and benefit from Local and Express/RAPID Smart Fare maximums.

Reduced Fares

Youth ages six to 18, seniors aged 65 and over, persons with disabilities and people who have been issued a Medicare card by the Social Security Administration are eligible for reduced fares. Customers eligible for reduced fares can purchase a one-ride from fare vending machines or pay cash for a one-ride fare on bus but are required to have in their possession proof of reduced fare eligibility. To earn multi-ride passes via Smart Fare, reduced fare customers are required to use a Valley Metro reduced fare Copper card, subject to applicable one-time card issuance charge, or a mobile fare account to which the reduced fare eligibility has been assigned.

No reduced fare is offered on Express/RAPID.

Rural Route Fare

Rural Route fares are based on distance travelled. 1-Way travel within the same city is $2.00; 1-Way travel within multiple cities is $4.00. Reduced fare is available to passengers meeting the reduced fare criteria. Rural route fares are payable in cash or pre-purchased coupons only.

Free Fare

Children five years of age or younger are not charged a fare for local bus/rail, Express/RAPID or streetcar service when accompanied by a responsible, fare-paying adult. Free fares do not apply to Dial-a-Ride service. Free fares are also provided via the Group Field Trip Program (see below) for preschool through elementary school classes using local bus/rail service during non-peak hours of service. Neighborhood circulators are also free to ride.

Changes in Fare Structure

For each fare change, the federally required Title VI analysis evaluates the proposal for equity among ridership demographics. The analysis ensures that any fare change is administered in an equitable manner among all riders.

Proposed changes to fare structure are implemented to equitably support the cost of transit operations. The current regional fare recovery target is 25 percent, which is the ratio of fares collected for regional fixed route services divided by the operating cost of fixed route services. Locally funded circulator services that do not charge a fare are not included in the fare recovery calculation.

The Valley Metro RPTA Board of Directors must approve changes to regional fare structure and programs. The Valley Metro Rail Board of Directors can approve or be presented with information regarding changes relevant to the rail/high-capacity transit program, however, it is not required.

PROGRAMS

Semester Passes – Regional Local Bus and Light Rail

Semester Passes can be purchased by high schools for students at no cost to students and by full-time students enrolled in high schools, technical, trade, college or graduate courses at participating schools. Passes are good for unlimited rides on fixed route services for the designated semester.

Fare Type	Fare Structure	Fare Policy Rules/Multiples *Fare calculations are rounded to nearest dollar*
SEMESTER PASS		
Spring/Fall	$230.00	Local 31-Day pass x 4.5 months less 20% discount
Reduced Spring/Fall	$115.00	0.5 x Spring/Fall Semester pass
Summer	$154.00	Local 31-Day pass x 3.0 months less 20% discount
Reduced Summer	$77.00	0.5 x Summer Semester pass

Platinum Program

Platinum cards are available to companies, agencies or organizations for their employees, students, tenants, residents or other individuals permitted to participate by the company, agency or organization. The card is charged the appropriate fare for each boarding on Local and Express/RAPID bus and rail service including streetcar. After the end of each month, an invoice issued for each boarding up to the monthly maximum per card, either Local or Express/RAPID, depending on the service type for which the card was used. An itemized statement is provided with the invoice and a more detailed report of actual boardings charged each month can be purchased for an additional cost. The company, agency or organization is solely responsible for the cost of the program.

Homeless Provider Program

Homeless service providers are eligible to receive Full Fare passes at half price. An agency or organization must be a homeless service provider with IRS 501I(3) status or a governmental agency that provides community or social service assistance to homeless persons. Clients must meet the definition of "homeless" or "homeless individual or homeless person" as set forth in Title 42, Chapter 119, Subchapter I and Section 11302 of the United States Code.

Arizona State University (ASU) U-Pass Program

The U-Pass is provided to ASU students by ASU. ASU pays a fixed rate per boarding which is subject to adjustment annually.

Ticket Partnership Program

With the Ticket Partnership Program, patrons possessing tickets or identifiable media issued by event officials from a participating event will be able to ride Valley Metro Rail on the day of the event at no additional charge. Event tickets will be honored as valid Valley Metro Rail fare for a pre-determined time in advance of the event and through the end of the transit day. Participating event venues/events pay an amount per attendee commensurate with the current average fare to support regional fare recovery goals. A qualifying event generates a minimum of 5,000 attendees; similarly, for a venue, a single event at this facility must generate a minimum of 5,000 attendees. This program can be extended to bus route(s) if the aforementioned criteria is maintained, and the service can be supported by operations. Valley Metro must receive notice of interest in the Ticket Partnership Program from event organizers at least four months in advance of the event and agreements must be completed by 60 days prior to the event.

Group Field Trip Program

Free fares are provided via the Group Field Trip Program for preschool through elementary school classes using local bus/rail service during non-peak hours of service (8:30 a.m. – 2:30 p.m.). The card allows for up to 35 students and adults to travel on regional bus, light rail or streetcar Monday – Friday for field trips. Trip planning and program administration occurs through Valley Metro Customer Service.

Tempe Youth Transit Pass Program (administered by City of Tempe)

The Tempe Youth Transit Pass allows youth ages six to 18 residing in the City of Tempe to ride fixed route services for free. The card issued is a Platinum card effective for 12 months and subsidized by the City of Tempe. Application requirements and authorized distribution points are established by the City of Tempe.

Special Event Card Program

The Special Event Card Program supports major, special events and conventions in Maricopa County interested in sponsoring public transportation travel for their attendees. This program is available to events of two or more days in length and 100 or more participants (or cards). Operating similar to the Platinum card, the event sponsor is charged an up-front cost for the cards; customization of the card's exterior graphics is available with adequate lead time as determined by card volume and customization requirements. Post-event, the event sponsor is charged for actual rides taken via these passes, up to a maximum price of $4.00/day. For events of four or more days, the daily cap adjusts to a lower rate consistent with average daily pricing of other pass types (see table below). Interested event sponsors must complete an application and an agreement to take part in this program.

Special Event Duration	Daily Maximum Price (and Regional Fare Equivalent)
2 – 3 days	$4.00 (1-Day pass price)
4 – 15 days	$2.85 (7-Day pass price per day)
16 or more days	$2.00 (31-Day pass price per day)

Corporate Program

Corporate Program participants are able to sell or offer fare media to their employees, students or clients. Participating organizations are provided with marketing materials to help promote the sale of cards.

REFUNDS

No refunds are given for any fare media products or unused stored value. If a customer has registered an account, any remaining stored value will be transferred to a new card, should the customer's card become lost, stolen or damaged. In such a case, customer should notify the Fare Support Call Center immediately or use their valleymetrofares.org account to deactivate the lost, stolen or damaged card.

VALLEY METRO PARATRANSIT (DIAL-A-RIDE)

Fare Type	Fare Structure	Fare Policy Rules/Multiples
Paratransit		
1-Ride	See base fares	2 x base fare of comparable transit service

ADA Paratransit (Dial-a-Ride)

There are several ADA Dial-a-Ride providers serving the Maricopa County region. ADA certified passengers pay a flat-rate fare for ADA trips to the Dial-a-Ride provider serving the area where their trip begins. ADA trip rates vary by provider.

ADA Platinum Program

Valley Metro offers the free use of local and Express/RAPID bus and rail service including streetcar to individuals certified as ADA eligible under this program. ADA Platinum program participants receive a photo ID card. A Personal Care Attendant (PCA) may also ride for free when accompanying the ADA Platinum cardholder. The card itself is initially free, but there is a charge to replace a lost or stolen card.

City of Phoenix Monthly Dial-a-Ride Pass

City of Phoenix Dial-a-Ride customers with a monthly Dial-A-Ride pass may use local and Express/RAPID bus and rail service including streetcar for free.

Non-ADA Paratransit (Dial-a-Ride)

A number of cities offer additional Dial-a-Ride services for seniors, persons with disabilities and other residents over and above ADA-required Dial-a-Ride. Non-ADA Dial-a-Ride is funded locally by the cities who offer it. Eligibility for service, service hours, service area(s), fares and other policies do vary.

Fare Collection System Modernization Project

Fare Policy Update & Public Participation Results

October 2023

1

FCSM Project Background

VALLEY METRO RAIL | VALLEY METRO

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Fare Collection System Modernization

- Regional Approach
- Project Goals
  1. Improved Fare Payment Options for Customers
  2. Improved Data Collection and Ridership/Revenue Reconciliation
  3. Increased Control Over Media Distribution and Reduced Fare Programs
  4. Explore Longer Term Alternatives with Phased Implementation

incomm VIX VALLEY METRO City of Phoenix PUBLIC TRANSIT DEPARTMENT Federal Transit Administration

VALLEY METRO

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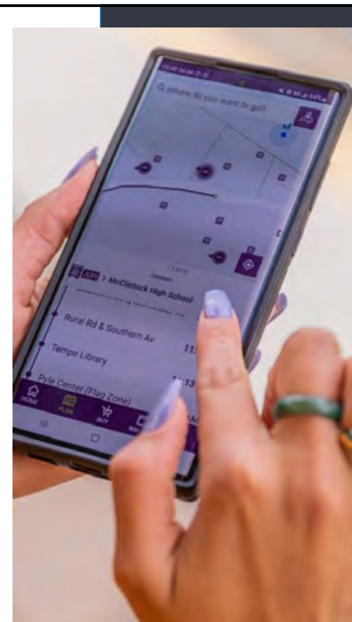
Key Project Milestones

- **July 2021:** Expedited mobile app
- **February 2023:** Mobile fare (Phase I)
- **Fall 2023:** Reduced fare web application (Phase I.5)
- **2024:** Phase II and Phase III



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VALLEY METRO

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What’s Coming in 2024

- Phase II
  - Account-based fare website
  - Stored value accounts and Smart Fare
  - Reloadable fare cards
  - Updated retail network
  - New fare vending machines
- Phase III
  - New fareboxes on buses

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Also Underway: Fare Study

- Comprehensive regional study to evaluate:
  - Current fare policy
  - Fares, passes & programs
  - Opportunities to better achieve agency goals:
    - Growing ridership
    - Reducing barriers/creating accessibility
    - Creating balance between revenue and affordability to riders
    - Reducing costs of overall fare collection
- Recommendations expected in mid-2024

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Fare Policy Changes

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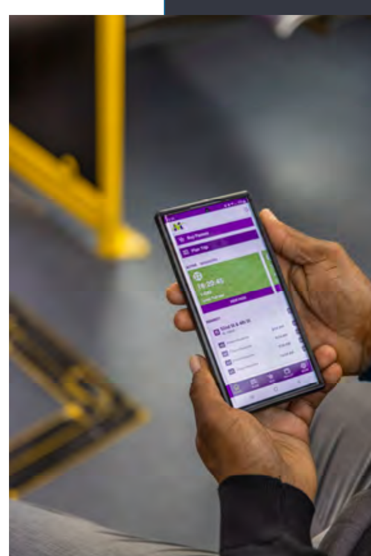
Fare Policy Changes

- New FCS requires an update to policy
- Effective with Phase II launch, including:
    - Smart Fare (fare capping)
        - Encourages ridership
        - Creates more equitable fare payment
    - Reduced fare ID/account requirement
        - Protects RF for those who are eligible
        - Curbs RF abuse/fare loss
    - One-time Copper card issuance charge
- Base fare – **no change**



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SMART
FARE

- Instead of buying passes, riders load funds to their account
- Tap Copper card or scan VM app every ride to pay as you go
- Account balance can be added over time
- Reduced Smart Fare – account required
- **Full fare riders will never pay more than:**
  - $4 in a transit day (3 a.m. – 2:59 a.m.)
  - $20 in a week (Mon. – Sun.)
  - $64 in a calendar month

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VALLEY METRO

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Fare Equity

1-Day Pass X 31 days = $124 in day passes

SMART
FARE

$60 in Savings to Rider

Smart Fare
Monthly Maximum = $64

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10

Proposed Smart Fare Maximums

- Maximum fare charged matches pass price points in effect today
- Smart Fare periods become calendar-based:
  - 7-Day --> Monday-Sunday
  - 31-Day --> January, February, etc.
  - 15-Day is eliminated

	Full Fare Local Bus/Light Rail/Streetcar	Reduced Fare Local Bus/Light Rail/Streetcar	Express/RAPID
Daily Maximum	$4.00	$2.00	$6.50
Weekly Maximum (Mon-Sun)	$20.00	$10.00	N/A
Monthly Maximum (calendar month)	$64.00	$32.00	$104.00

11 *Copper cards will have a charge assessed to encourage account registration, retention of the card and reduce waste/costs for the region.*

VALLEY METRO 11

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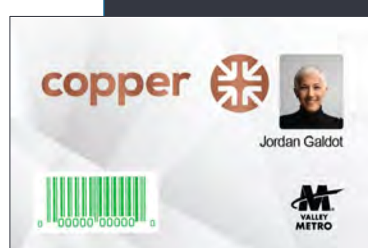
Reduced Fare ID/Account

- Provides true point of sale control over reduced fare purchases
  - Requires application and approval by Valley Metro
- Required for Phase II and onward
- Applicable to mobile fare and Copper card



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VALLEY METRO 12

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Public Participation

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Fare Policy Public Outreach

Outreach activity took place in Jul. – Aug.

Required Elements:

- Hybrid public hearing (Aug. 2)
- 30-day comment period

Audiences:

- Regional riders
- Reduced fare customers

Additional Tactics:

- Survey feedback
  - Phone, email, intercept
- In-person outreach
- Digital communications
- On-board announcements
- Signage

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Survey Background and Methodology

- 2,745 total responses
- Margin of error +/-1.8% at 95% confidence interval
- 1,428 Males; 1,138 Females; 179 other
- Responses collected regionwide between July 14 – August 21, 2023

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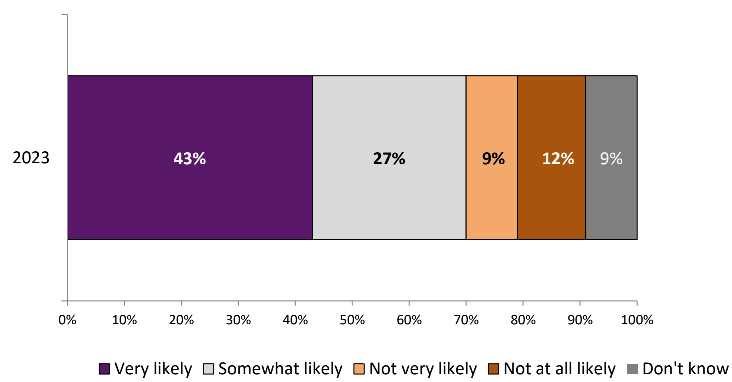
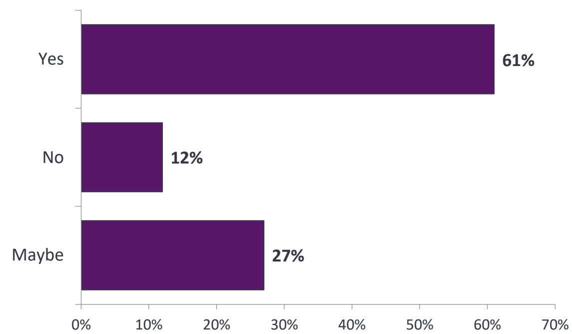
Likelihood of Benefiting from Smart Fare



16 *Q4A. How likely do you think you are to benefit from the Smart Fare feature? Are you very likely, somewhat likely, not very likely, or not at all likely? n=2745*

16

More Likely to Ride Transit More Frequently Due to Smart Fare Feature



Q4C: Do you think you would ride transit more often knowing you will pay as you go and never spend more than $64 per calendar month for local bus and light rail or $104 per calendar month for Express and Rapid service?
n=1927

17 VALLEY METRO

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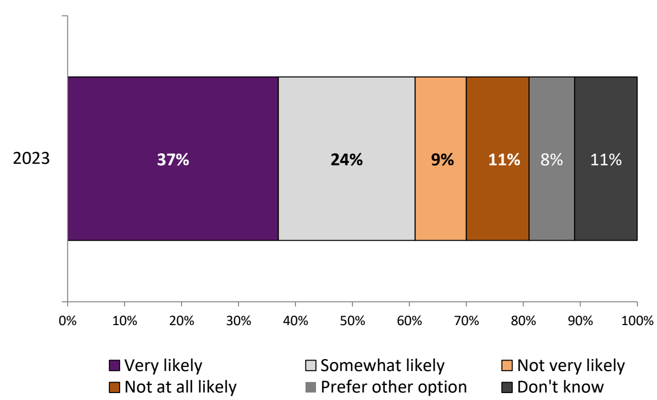
Likelihood of Purchasing and Using Copper Card



Q5A. How likely are you to purchase and use the reloadable Copper card? Would you say you are very likely, somewhat likely, not very likely, not at all likely, or would you prefer a different payment option?
n=2745

18 VALLEY METRO

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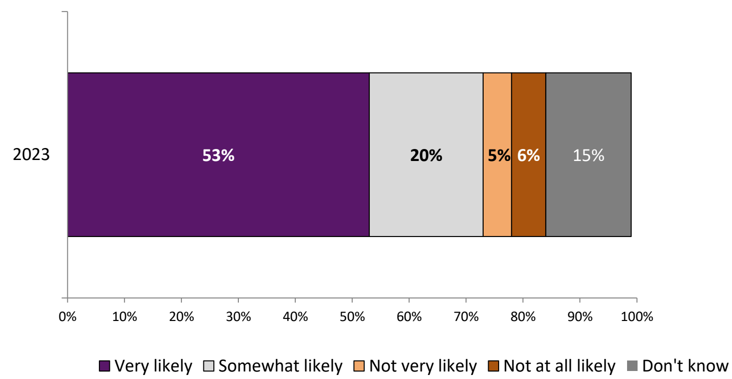
Likelihood of Registering for Reduced Fare Account



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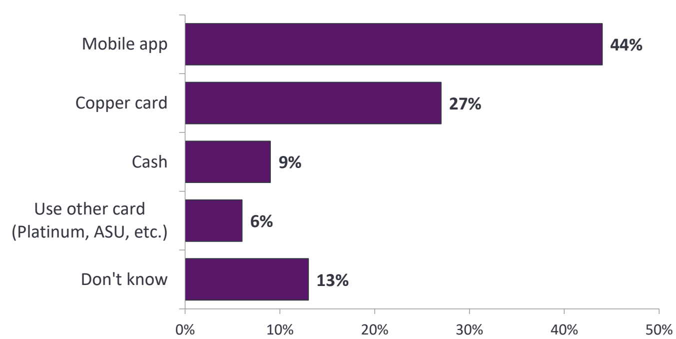
Q7B. If you qualify for a reduced fare now, or in the future, how likely are you to register for a reduced fare account?
n=2745

19

Preferred Payment Method



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Q8: Once the updated fare policy is in place, riders will have the option of using a Copper card (regular or reduced fare), the mobile app (regular or reduced fare) or cash. Cash purchases will be limited to a 1-ride only and will not benefit from the Smart Fare program. Based on this information, are you more likely to purchase a Copper card, use the mobile app or pay with cash? Please select one.
n=2745

20

Status & Next Steps

September Working Groups

- ✓Service Planning Working Group – 9/5
- ✓Fare Policy Working Group – 9/14
- ✓Regional Transit Advisory Group – 9/19
- ✓Accessibility Advisory Group – 9/28

October Committees and Boards

- ✓TMC/RMC – 10/4
- ✓Audit and Finance Subcommittee – 10/5
- Joint Boards of Directors

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Recommendation

Staff seeks the Board of Directors authorization to amend the regional fare policy as reflected in the Proposed Fare Policy document attached to the Board memo, effective upon implementation of the new account-based, stored-value fare system.

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VALLEY METRO 22

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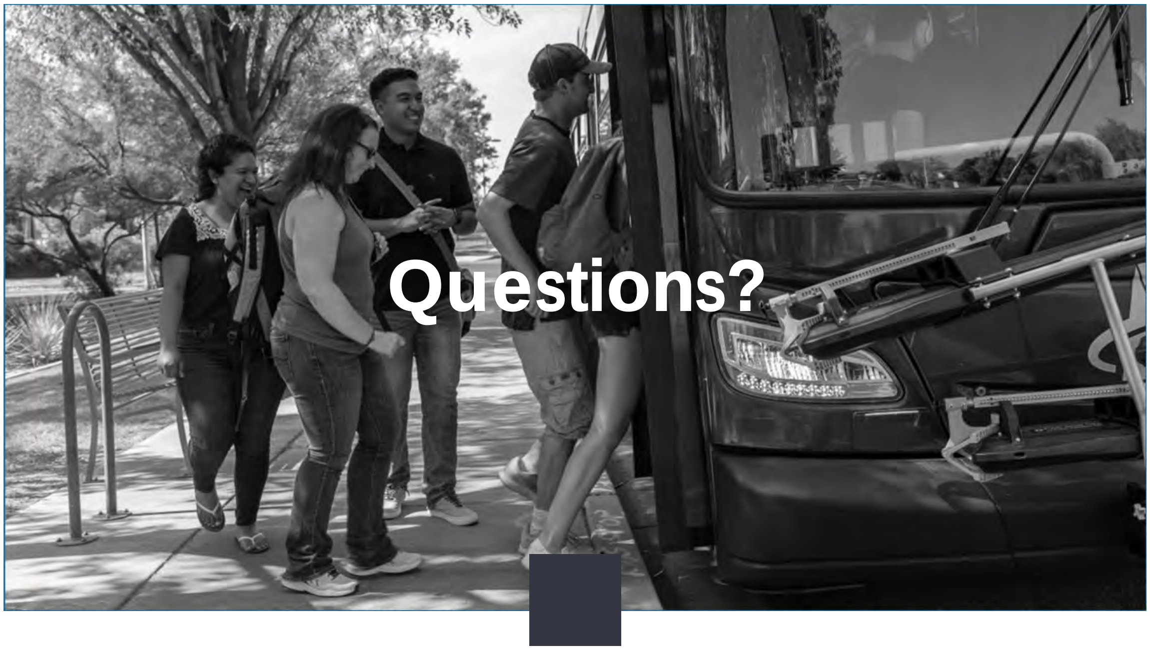

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Information Summary

DATE **AGENDA ITEM 6**
October 12, 2023

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
Ken Kessler
Chief Financial Officer
Kkessler@valleymetro.org

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

Valley Metro
Travel Reimbursement Report
For Travel Processed in July 2023

Job Title	Purpose of Travel	Location	Dates Traveled	Total Travel Cost	Airfare	Other Transport	Lodging	Meals	Misc.
Chief Customer Service Officer	Interviewee Candidate	Phoenix, AZ	6/18/23-6/20/23	$1,162.89	$735.97		$254.42	$172.50	
Accountant II	APTA Tech 2023 Conference	Anaheim, CA	7/29/23-8/2/23	$1,673.36	$267.79	$78.05	$1,030.52	$297.00	
Information Security Lead Eng	APTA Tech 2023 Conference	Anaheim, CA	7/29/23-8/2/23	$2,109.61	$432.06	$165.35	$1,241.45	$270.75	
Transit Safety Specialist	TSI Bus Transit Safety Course	Col. Springs, CA	7/17/23-7/21/23	$1,835.35	$305.96	$169.14	$980.75	$379.50	
Manager, IT Service Operations	APTA Tech 2023 Conference	Anaheim, CA	7/29/23-8/2/23	$1,744.61	$365.79		$1,108.07	$270.75	
Manager, IT Service Development	APTA Tech 2023 Conference	Anaheim, CA	7/29/23-8/2/23	$1,744.61	$365.79		$1,108.07	$270.75	
Planner III	APTA Tech 2023 Conference	Anaheim, CA	7/29/23-8/2/23	$1,490.73	$209.96		$1,030.52	$250.25	

Total this reporting period	$11,761.16
Year to Date	**$11,761.16**

Report reflects Out of State (AZ) Travel

Valley Metro Regional Public Transportation Authority
Monthly AP Payments over $25,000
July 2023

Payment Number	Date	Supplier or Party Name	Transaction Description	Amount
10001567	7/14/2023	City of Phoenix	RTP Reimbursemet	1,733,089.69
10001585	7/21/2023	Transdev Services Inc	General Paratransit Service	1,336,206.77
90000200	7/28/2023	ADP LLC	PPE 7/23/2023 Payroll Liabilities	1,234,000.98
90000190	7/14/2023	ADP LLC	PPE 7/09/2023 Payroll Liabilities	1,117,004.01
1001694	7/14/2023	City of Glendale	Regional ADA Paratransit	835,084.00
10001543	7/7/2023	National Express Transit Corporation	Monthly West Valley Contracted Fixed Route and Maintenance	827,253.82
10001556	7/14/2023	Creative Software Solutions LLC	Ridechoice Management Services	723,930.00
90000199	7/28/2023	Cigna Health and Life Insurance Company	Health Insurance Premiums	547,202.37
10001555	7/14/2023	CDW Government LLC	Microsoft EA Renewal + 16 additional cores (SQL)	518,775.83
10001595	7/21/2023	National Express Transit Corporation	Monthly West Valley Contracted Fixed Route and Maintenance	429,810.67
10001572	7/14/2023	National Express Transit Corporation	Monthly West Valley Contracted Fixed Route and Maintenance	411,077.89
10001557	7/14/2023	DMS Facility Services Inc	Facilities Maintenance Services	400,487.81
10001535	7/7/2023	Scheidt & Bachmann USA Inc	Hardware and Software Maintenance Support	384,703.38
10001551	7/12/2023	Scheidt & Bachmann USA Inc	Hardware and Software Maintenance Support	373,920.98
90000198	7/28/2023	ASRS	PPE 7/23/23 ASRS Contributions & LTD	320,774.13
90000189	7/14/2023	ASRS	PPE 7/09/23 ASRS Contributions & LTD	299,107.65
1001733	7/28/2023	QCM Technologies Inc	Communications Support - Kudelski Security/LogRhythm Support	255,722.50
10001533	7/7/2023	ETC Institute	2023 Origin and Destination Study	213,364.38
90000203	7/31/2023	Surepays	RPTA Monthly Utilities	205,646.45
10001546	7/12/2023	101 North First Ave LLC	101 Building Rent	187,713.64
10001596	7/28/2023	101 North First Ave LLC	101 Building Rent	187,713.64
10001580	7/21/2023	Creative Software Solutions LLC	Ridechoice Management Services	151,383.05
10001536	7/7/2023	Second Generation Inc, dba Ajo Transpor	Monthly Rural Connector Services	133,404.47
10001602	7/28/2023	DLT Solutions LLC	Human Resources Information System-HCM Implementaion	122,485.29
1001663	7/7/2023	Schetky Northwest Sales Inc	Diamond Coach VIP 2200	120,731.56
1001716	7/21/2023	Schetky Northwest Sales Inc	Diamond Coach VIP 2200	120,731.56
1001704	7/21/2023	QCM Technologies Inc	Consulting - Workflow Concepts	112,883.40
1001693	7/14/2023	Accenture LLP	Payroll Organizational Assessment and Consultiing Services	100,000.00

10001592	7/21/2023	MTM Transit LLC	Paratransit Eligibility Assessment	95,910.26
10001578	7/21/2023	CDW Government LLC	Google Maps Platform	93,597.39
10001571	7/14/2023	Vix Technology USA Inc	Customer Service Network	90,158.00
1001705	7/21/2023	SHI International Corp	Demisto Enterprise Base Platform	89,740.26
10001609	7/28/2023	Dell Marketing LP	Computer hardware and equipment	87,104.14
1001717	7/21/2023	American Public Transportation Associat	Membership Fees	76,500.00
1001674	7/12/2023	City of Scottsdale, Remittance Processi	ADA Service Reimbursement	73,277.81
10001550	7/12/2023	Northwind Technologies	IT Software and Subscriptions	71,690.58
1001701	7/21/2023	CopperPoint Insurance Company	Aug 2023 Rent and CAM Charges	65,564.66
1001668	7/12/2023	CopperPoint Insurance Company	Jul 2023 Rent and CAM Charges	65,452.16
10001574	7/21/2023	AECOM Technical Services Inc	Service Planning Support	64,709.52
10001570	7/14/2023	WSP USA Inc	Project Development Support	64,039.16
1001656	7/7/2023	Hye Tech Network & Security Solutions L	Technology and Audio /Visual Solutions	56,729.16
10001603	7/28/2023	ETC Institute	2023 Origin and Destination Study	56,148.49
10001611	7/28/2023	Senergy Petroleum LLC	Bulk Fuel	52,813.48
10001528	7/7/2023	ACRO Service Corporation	Staffing Services	52,688.35
1001660	7/7/2023	SHI International Corp	Workiva Financial Reporting Software	50,117.08
10001547	7/12/2023	ACRO Service Corporation	Staffing Services	47,840.00
10001532	7/7/2023	CDW Government LLC	VMWare Renewal	45,850.92
10001601	7/28/2023	CDW Government LLC	Veeam Renewal	45,773.82
10001564	7/14/2023	URW LLC	Landscape Maintenance Services	43,141.14
1001661	7/7/2023	Accenture LLP	Payroll Organizational Assessment and Consultiing Services	41,000.00
10001539	7/7/2023	Trapeze Software Group	Paratransit Eligibility Scheduling Dispatch Software-Subscription Costs	40,530.40
10001549	7/12/2023	Enterprise Rideshare	Van Pool Services	36,607.45
10001573	7/21/2023	ACRO Service Corporation	Staffing Services	34,033.00
10001554	7/14/2023	ACRO Service Corporation	Staffing Services	33,273.35
10001568	7/14/2023	Senergy Petroleum LLC	Bulk Fuel	32,747.43
10001545	7/7/2023	WEX Bank	Fleet Card Services - Fuel Cards	31,833.87
				15,043,081.80

Valley Metro Rail, Inc
Monthly AP Payments over $25,000
July 2023

Payment Number	Date	Supplier or Party Name	Transaction Description	Amount
50001409	7/21/2023	Kiewit Infrastructure West Co.	CMAR Services for South Central-Downtown Hub	8,874,082.20
50001395	7/14/2023	Kiewit-McCarthy, a Joint Venture	CMAR Services for Northwest Phase II	8,856,064.65
50001437	7/28/2023	Siemens Mobility	Light Rail Vehicles - Item C Carshell	2,021,173.17
50001417	7/28/2023	Alternate Concepts Inc	Transportation Services	1,148,208.38
50001425	7/28/2023	Hill International Inc	PMCM Services	911,923.67
50001362	7/7/2023	Hill International Inc	PMCM Services	867,294.39
50001391	7/14/2023	Hill International Inc	PMCM Services	848,970.48
50001416	7/28/2023	Allied Universal Security Services	Fare Inspection and Security Services	764,703.49
50001361	7/7/2023	HDR Engineering Inc	Community Relations Support	578,612.74
5001922	7/28/2023	APS	APS Third Party Utility for NWEII project	507,461.54
90000025	7/31/2023	Surepays	VMR Monthly Utilities	441,413.64
50001393	7/14/2023	J Banicki Construction Inc	Construction Services - JOC	405,332.88
50001394	7/14/2023	Jacobs Engineering	Design Services for Northwest Phase II	340,023.08
5001890	7/14/2023	Sunland Asphalt & Construction LLC	Asphalt, Concrete and Related Ancillary Services	321,186.32
5001859	7/7/2023	Jenco Inc	Fare Inspection and Security Services	298,491.31
50001411	7/21/2023	PGH Wong Engineering Inc	System Design Services	291,863.46
50001440	7/28/2023	SRP	SRP Third Party Utility for SCE	290,494.25
50001415	7/28/2023	AECOM Technical Services Inc	Design Services	265,157.10
50001404	7/21/2023	AECOM Technical Services Inc	Design Services	251,426.00
50001408	7/21/2023	HDR Engineering Inc	Project Development Support	230,134.54
50001424	7/28/2023	HDR Engineering Inc	Project Development Support	219,108.74
50001418	7/28/2023	ARCADIS	Consulting Support Services	197,214.15
50001357	7/7/2023	AECOM Technical Services Inc	Design Services	173,081.36
50001433	7/28/2023	City of Phoenix	Regional Wireless Billing/Fare Handling Fee/Qtr Advertising Revenue	143,981.14
50001397	7/14/2023	Penn Machine Company LLC	Tires and Tire Kits	106,280.00
50001412	7/21/2023	SDB Contracting Services	Service to Repair	104,510.53
50001385	7/14/2023	ARCADIS	Consulting Support Services	98,379.65
50001429	7/28/2023	PGH Wong Engineering Inc	System Design Services	82,335.68
50001359	7/7/2023	Builders Guild Inc	Construction Services - JOC	61,508.67
50001380	7/12/2023	Prestamos CDFI LLC	Small Business Financial Assistance Program	59,802.34
50001387	7/14/2023	Builders Guild Inc	Construction Services - JOC	57,963.50

50001413	7/21/2023	Prestamos CDFI LLC	Small Business Financial Assistance Program	48,458.83
5001898	7/21/2023	SHI International Corp	Information Technology Solutions - Trackforce Valiant Renewal	47,867.93
50001398	7/14/2023	PGH Wong Engineering Inc	System Design Services	45,478.21
50001379	7/12/2023	TEPCON Construction Inc	OMC Office Buildout	44,368.00
50001381	7/12/2023	Integrated Power Services LLC	REPAIR TRACTION MOTOR	43,175.00
50001438	7/28/2023	Centurylink	Third Party Utility Construction	42,991.19
50001358	7/7/2023	Award Winning Restorations	Light Rail Vehicle Painting	35,040.00
5001858	7/7/2023	Mary K Lucking	NWEII - Public Art-Fabrication / Install	31,250.00
50001374	7/12/2023	Grainger	Facilities Maintenance Parts & Supplies	29,163.63
50001427	7/28/2023	OH Partners	Community Relations Support Services On-Call for SCC	25,000.00
				30,210,975.84

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.
Small Business Outreach Admin	2023 Nat'l Mtg & Training Conference	Los Angeles, CA	7/7/23-7/12/23	$2,004.71	$196.96	$0.00	$1,504.75	$303.00	
Manager, TDM	ACT Int'l Conference 2023	Seattle, WA	7/30/23-8/2/23	$1,718.32	$416.80	$134.12	$980.40	$187.00	
Coordinator, Vanpool Program	ACT Int'l Conference 2023	Seattle, WA	7/30/23-8/2/23	$1,860.56	$614.95	$78.21	$980.40	$187.00	
Chief Financial Officer	APTA Tech 2023 Conference	Anaheim, CA	7/30/23-8/2/23	$1,407.54	$337.81	$73.84	$772.89	$223.00	
Administrator, Senior Contracts	NIGP Forum 2023	Louisville, KY	8/19/23-8/23/23	$1,670.96	$460.40	$22.20	$930.36	$258.00	
Procurement Manager	NIGP Forum 2023	Louisville, KY	8/19/23-8/24/23	$2,100.01	$458.90	$48.11	$1,271.00	$322.00	
Deputy Chief, Rail Operations	Interviewee Candidate	Phoenix, AZ	9/5/23-9/6/23	$530.69	$277.96	$4.00	$169.98	$78.75	

Total this reporting period	$11,292.79
Year to Date	**$23,053.95**

Report reflects Out of State (AZ) Travel

Valley Metro Regional Public Transportation Authority
Monthly AP Payments over $25,000
August 2023

Payment Number	Date	Supplier or Party Name	Transaction Description	Amount
10001636	8/18/2023	City of Phoenix	Fixed Route Bus Service	5,412,142.89
10001626	8/10/2023	City of Tempe	FY22 EVBOM charges-Fuel, LNG, Utilities, Staffing, O&M	3,661,029.35
1001772	8/18/2023	Schetky Northwest Sales Inc	Diamond Coach VIP 2200	1,569,510.28
90000211	8/25/2023	ADP LLC	PPE 8/20/2023 Payroll Liabilities	1,296,848.04
90000202	8/10/2023	ADP LLC	PPE 8/06/2023 Payroll Liabilities	1,174,043.85
90000207	8/25/2023	Cigna Health and Life Insurance Company	Health Insurance Premiums	539,401.51
10001646	8/25/2023	Creative Software Solutions LLC	Ridechoice Management Services	504,863.09
90000206	8/25/2023	ASRS	PPE 8/20/23 ASRS Contributions & LTD	348,345.45
90000201	8/10/2023	ASRS	PPE 8/06/23 ASRS Contributions & LTD	318,083.13
1001791	8/25/2023	Schetky Northwest Sales Inc	Diamond Coach VIP 2200	241,463.12
10001640	8/25/2023	101 North First Ave LLC	101 Building Rent	187,713.64
10001659	8/25/2023	Vix Technology USA Inc	Customer Service Network Monthly Fee	180,316.00
1001781	8/25/2023	Hye Tech Network & Security Solutions L	Technology and Audio /Visual Solutions-Eleveo	156,978.48
10001631	8/18/2023	Creative Software Solutions LLC	Ridechoice Management Services	148,252.74
90000212	8/31/2023	Surepays	RPTA Monthly Utilities	142,168.27
10001618	8/4/2023	Second Generation Inc, dba Ajo Transpor	Monthly Rural Connector Services	132,182.11
10001634	8/18/2023	Second Generation Inc, dba Ajo Transpor	Monthly Rural Connector Services	123,590.98
10001658	8/25/2023	MTM Transit LLC	Paratransit Eligibility Assessment/Travel Training Services	95,101.37
10001622	8/10/2023	First Transit Inc	Fixed Route Bus Operations/Maintenance-Enigine	93,293.25
90000208	8/25/2023	Wells Fargo Bank	Monthly Credit Card Charges	77,349.33
1001780	8/25/2023	CopperPoint Insurance Company	Sept 2023 Rent and CAM Charges	65,524.19
10001625	8/10/2023	Senergy Petroleum LLC	Bulk Fuel	63,172.13
10001654	8/25/2023	Senergy Petroleum LLC	Bulk Fuel	62,480.05
1001758	8/18/2023	AzTA (Arizona Transit Association)	Annual Membership Dues	48,800.00
10001641	8/25/2023	ACRO Service Corporation	Staffing Services	48,379.35
10001632	8/18/2023	Immedia LLC	Audio-Visual Equipment and Services	42,285.87
10001629	8/18/2023	ACRO Service Corporation	Staffing Services	36,040.00
10001624	8/10/2023	WEX Health Inc	Medical FSA Carryover-July 2023	28,352.03
				16,797,710.50

Valley Metro Rail, Inc
Monthly AP Payments over $25,000
August 2023

Payment Number	Date	Supplier or Party Name	Transaction Description	Amount
50001459	8/14/2023	Kiewit Infrastructure West Co.	CMAR Services for South Central-Downtown Hub	7,796,345.90
50001446	8/4/2023	Kiewit-McCarthy, a Joint Venture	CMAR Services for Northwest Phase II	7,118,847.16
50001452	8/10/2023	Centurylink	Third Party Utility Construction	1,477,498.96
90000026	8/31/2023	Surepays	VMR Monthly Utilities	481,123.48
50001451	8/10/2023	SRP	SRP Third Party Utility for SCE	346,072.98
50001474	8/18/2023	Brookville Equipment Corp	Street Car Spare Parts	229,345.26
50001460	8/14/2023	Centurylink	Third Party Utility Construction	198,798.91
50001441	8/4/2023	AECOM Technical Services Inc	Design Services for South Central Downtown Hub	167,287.03
50001442	8/4/2023	ARCADIS	Consulting Support Services	90,124.40
50001475	8/18/2023	CDW Government LLC	Software-Borealis Renewal	76,144.89
50001461	8/14/2023	SRP	SRP Third Party Utility for SCE	53,787.38
50001488	8/25/2023	Jacobs Engineering	Design Services for Northwest Phase II	51,691.60
50001477	8/18/2023	Cuervo Studios LLC	SCE - Public Art-Fabrication / Install	50,000.00
50001491	8/25/2023	Voestalpine Nortrak Inc	Transfer Parts-Arms for Switch	40,280.87
5001956	8/18/2023	Susan Zoccola LLC	NWEII - Public Art-Fabrication / Install	40,000.00
50001489	8/25/2023	Scheidt & Bachmann USA Inc	Ticket Issuing Unit	38,946.57
50001492	8/25/2023	City of Phoenix	Fare Handling Fee	37,230.00
50001457	8/10/2023	WEX Bank	Fleet Card Services	33,383.72
50001449	8/10/2023	Voestalpine Nortrak Inc	Hydraulic Unit/Pump Head	32,680.00
50001483	8/25/2023	Award Winning Restorations	Light Rail Vehicle Restoration	32,053.18
50001471	8/18/2023	Alliant Insurance Services Inc	Risk Management Consulting Services	28,125.00
50001480	8/18/2023	Kiewit Infrastructure West Co.	SCE/DH Construction Advisory Board North Incentive Disbursement	26,691.00
				18,446,458.29

Information Summary

DATE **AGENDA ITEM 7**

October 12, 2023

SUBJECT

Report on Current Events and Suggested Future Agenda Items

PURPOSE

Chair Stipp 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
jmeffordmiller@valleymetro.org

ATTACHMENT

None.

Pending Items Request

Item Requested	Date Requested	Planned Follow-up Date

Agenda

October 12, 2023

Valley Metro RPTA
Thursday, October 19, 2023
Boardroom/Webex
Valley Metro, 101 N. 1st Avenue, 10th Floor
11:15 a.m.

	Action Recommended
1. Minutes	1. For action
Minutes from the August 17, 2023 Board meeting are presented for approval.	
2. Vanpool Services Contract Award	2. For action
Staff recommends that the Board of Directors authorize the CEO to execute a contract with Commute with Enterprise for a three-year base and two, one-year options for an amount not to exceed $34,576,000 for Vanpool Services over the five-year period.	
3. Proposed April 2024 Service Changes	3. For information
Staff will provide an update on the proposed April 2024 transit service changes and community outreach plan.	
4. Report on Current Events and Suggested Future Agenda Items	4. For information
Chair Stipp will provide members the opportunity to report on current events and suggest future agenda items for consideration.	
5. Next Meeting	5. For information
The next Board meeting is scheduled for **Thursday, November 16, 2023 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

Minutes

October 12, 2023 **AGENDA ITEM 1**

Valley Metro RPTA
Thursday, August 17, 2023
Lake Powell Conference Room/Webex
101 N. 1st Avenue, 10th Floor
11:15 a.m.

RPTA Meeting Participants
Councilmember Bill Stipp, City of Goodyear – **Chair**
Councilmember O.D. Harris, City of Chandler – **Vice Chair**
Councilmember Max White, City of Avondale
Councilmember Clay Goodman, City of Buckeye (phone)
Vice Mayor Peggy McMahon, Town of Fountain Hills
Mayor Brigette Peterson, Town of Gilbert
Councilmember Lauren Tolmachoff, City of Glendale (phone)
Supervisor Jack Sellers, Maricopa County
Councilmember Francisco Heredia, City of Mesa
Councilmember Jon Edwards, City of Peoria (phone)
Vice Mayor Jeff Brown, Town of Queen Creek
Councilmember Kathy Littlefield, City of Scottsdale (phone)
Councilmember Aly Cline, City of Surprise (phone)
Vice Mayor Jennifer Adams, City of Tempe
Mayor Michael LeVault, Town of Youngtown (phone)
Mayor Rui Pereira, Town of Wickenburg (phone)

Members Not Present
Councilmember Monica Dorcey, City of El Mirage
Councilmember Laura Pastor, City of Phoenix
Vice Mayor Lupe Bandin, City of Tolleson

Chair Stipp called the meeting to order at 12:27 p.m.

1. Consent Agenda

Chair Stipp said items 1A through 1D. Are there any questions on this? Would anyone like anything pulled? Seeing none. May I have a motion to approve the Consent Agenda?

Motion by Vice Mayor McMahon, second by Councilmember White.

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

IT WAS MOVED BY VICE MAYOR MCMAHON, SECONDED BY COUNCILMEMBER WHITE AND UNANIMOUSLY CARRIED TO APPROVE THE CONSENT AGENDA, ITEMS 1A-1D.

2. Transit Life Cycle Program (TLCP) Policy Change Recommendation

Ms. Mefford-Miller said thank you, Mr. Chair. I'd like to invite Ken Kessler, Chief Financial Officer, to provide an update to recommended changes to the Transit Lifecycle Program policy.

Mr. Kessler said thank you, Jessica. Mr. Chair, members of the Board. I'm going to be discussing a recommended change to the Transit Lifecycle Program policy, specifically as it relates to the jurisdictional equity guiding principle.

So there will be a number of things to go over here in terms of some overview and background on the TLCP and jurisdictional equity and then go through the process and discussions that have had leading up to this point of looking to make this change to the TLCP policy.

So first, just want to touch on the TLCP in terms of the guiding principles. Originally, approved by the RPTA board of directors in 2005. Just noting there at the bottom, number 6, jurisdictional equity. That originally was the term monitored not maintained, originally. A change was made after the Great Recession around 2010 to change that to maintaining jurisdictional equity making it the highest sort of priority guiding principle for the program.

So just getting into the JE issue a little bit. As a result of the Great Recession, we lost about 40 percent of the revenues forecasted for the 20-year program and working group was formed to address how to rebalance the program. So that working group came back with the recommendation basically to establish parameters making jurisdictional equity the priority and providing parameters around subregions, the East Valley, the West Valley and the Central subregion, which is essentially Phoenix and Maricopa County, county islands within Phoenix. To establish a plus or minus 2.5 percent within the allocated sales tax revenues. Meaning a subregion could be within 2.5 percent either over allocated or under allocated in relation to the sales tax revenues. So that policy has sort of guided the programming of the TLCP since that point in time.

So in recent years as we've approached the end of the current Prop 400 sales tax program, there's been discussions about whether or not that policy to have those parameters as is makes sense and specifically, as it relates to, you know, allowing the subregion to go negative. So the concerns around that if, you know, one or two subregions were negative perhaps that would be still within the parameters of the 2.5

percent, perhaps that brings the total forecasted balance of the program into a negative situation which is a situation that we really couldn't accommodate. We'd have to make some changes to adjust for that.

So also, recently, we did an update to the financial model of the TLCP and along with that was included in the action a clarification basically on the parameters and guidelines on how any remaining balances at the end of Prop 400, essentially the end of calendar year 2025, how any of those balances would be spent going forward because the new MAG regional transportation plan for the extension kind of changed the approach to that basically eliminating the concept of jurisdictional equity and making it more of a performance-based program on the transit side in terms of how transit funds are programmed and allocated to different projects and services.

So with that, it kind of put us in a position now, okay, we're looking at the updated numbers here where each of the subregions were balanced with about a 1.5 percent balance at the end of the program and so previous to that, we did have a subregion that was over allocated, in the red if you will, and so the -- there was no action taken previously because that would have forced that subregion to make adjustments, cutting service or projects in order to come within the recommended new policy. So, we're currently balanced and even with the East Valley bus contract that we're going to hear a little later in this agenda and the impact of costs related to the services going forward, the preliminary estimates for the forecast at the end of the program show that each subregion is balanced at about 1 percent. So looking at a balanced program going forward, so we think it makes sense to revise the policy at this point to ensure that none of the subregions goes into an over allocated status.

So here's the existing policy at the top and the primary change here with the new policy is going forward, if the Board approves, not allowing a subregion to be over allocated, meaning they have more expenditures through the 20-year life of the program than they do have revenues. So here's the recommendation. I'll spare reading this very wordy recommendation. I'm sure you've either read it or you could read it. Basically, the main change, as I just mentioned, is changing that threshold from allowing subregions to go negative up to 2.5 percent to basically going into a position where they're under allocated by 2.5 percent meaning they have excess balances up to 2.5 percent but setting the floor at zero so they can't be over allocated to any degree.

And with that, I'd be happy to take any questions.

Chair Stipp said great. Anybody have questions for Mr. Kessler? Councilmember Tolmachoff.

Councilmember Tolmachoff said thank you, Mr. Chair. Ken, so I just want to make sure I totally understand because there are some cities that have a, you know, they have funding sitting and I get confused on the under, over allocated. I mean, I know some, you know, I mean, I know that we have both. But what happens to the funds? Let's just pick a number. Say a city has $3 million sitting there but they you know, they don't have anything left in Prop 400. And I know there are some cities in that situation. What happens to the money? Is there going to be a carryover to 400E or what happens to any unused funds? Is it going to be used to even things out for ones that are, you know, overspent?

Mr. Kessler said so Mr. Chair, members of the Board, Councilmember Tolmachoff. So basically, the action that was taken in April as part of the TLCP update approved the policy clarification whereby any balances at the end of Prop 400 will be spent based on the concept of jurisdictional equity and the policies basically surrounded at the subregional level and you're correct, there are some cities that may be in the red and many in the black at the end as we forecast it now.

And really it's up to each subregion to work to determine who those funds be programmed. So Glendale may, and this is a hypothetical, Glendale may have an under allocation of a million dollars and there may be other West Valley cities that may be over allocated already like Buckeye, as an example. They were over allocated at the very get go of the Great Recession because they had one capital project. It was done and there was no taking that back. So the West Valley subregion would have to work together to agree on how the subregional balance would be spent. You know, how much may be spent for Glendale service, how much may be spent for Goodyear, et cetera, et cetera. Does that make sense?

Councilmember Tolmachoff said yes, it does. Thank you, Ken.

Chair Stipp said any other questions? Seeing none then I'll entertain a motion to approve the policy change to the TLCP guiding principle number 6 which is jurisdictional equity so that no subregions transportation excise tax revenues may be over allocated while maintaining the other jurisdictional equity thresholds allowing subregions to be under allocated up to 2.5 percent and limiting an individual's jurisdictions under allocation to a maximum of 7.5 million without those jurisdictions express consent.

Do I have a motion?

Motion by Vice Mayor McMahon, second by Councilmember Harris.

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

IT WAS MOVED BY VICE MAYOR MCMAHON, SECONDED BY COUNCILMEMBER HARRIS, AND UNANIMOUSLY CARRIED TO APPROVE A POLICY CHANGE TO THE TLCP GUIDING PRINCIPLE 6 – JURISDICTIONAL EQUITY SO THAT NO SUB-REGION'S TRANSPORTATION EXCISE TAX REVENUES MAY BE OVER ALLOCATED WHILE MAINTAINING THE

OTHER JURISDICTIONAL EQUITY THRESHOLDS ALLOWING SUB-REGIONS TO BE UNDER ALLOCATED UP TO 2.5% AND LIMITING AN INDIVIDUAL JURISDICTION'S UNDER ALLOCATION TO A MAXIMUM OF $7.5 MILLION WITHOUT THAT JURISDICTION'S EXPRESSED CONSENT.

3. <u>Valley Metro RPTA Bus Advertising Policy Change</u>

Ms. Mefford-Miller said thank you, Mr. Chair, members of the Board. This is an item being considered by the Board today. I think it would be helpful to have a presentation from Hillary Foose, our Director of Communications and Strategic Initiatives. Ms. Foose will walk us through our existing advertising policy. I think it's also important to have visuals so that we can understand the impact of different levels of advertising onboard buses and this is specific to bus. Hillary.

Ms. Foose said Mr. Chair, members of the Board. It's my pleasure to be with you this afternoon to talk about bus advertising. If you may recall this item is on the agenda here. It was tabled from our June discussion. The reason we're back at it is if you may recall in May we extended our advertising administration with Outfront Media. At the time, there was a discussion about the policy. So at this presentation, I'm going to talk to you about what's contained within our current advertising policy and also give a bit of history about advertising in the region, the benefits and some of the challenges of transit advertising, some of which we've discussed with this Board in the past. Again, what our current policy includes and if expanded, what we could see in potential revenue, additional revenue.

So this is a brief summary of bus advertising history in our region. The RPTA particularly in the early '90's took very strong stances on no advertising as a Board. In November of 2021, this Board made a decision to change that policy and adopted an advertising policy at that time. It is worth noting that since the mid-90's the City of Phoenix has been advertising on its buses and its bus furniture and so, there has been advertising in and around this community for some time. Again, most recently, as I just mentioned, just earlier this year the Board's approved a contract renewal with our advertising administrator Outfront Media to continue to serve as our advertising sales administrator through June of 2026. And, again, just to note, when we change our policy and that affects any revenue implications that we will also do a contract change order with Outfront accordingly if the Board makes any changes today.

A little bit about benefits and challenges. Again, some of this has been greatly discussed with this Board. Advertising is also pretty subjective. We all have our own personal views on advertising but generally, the benefits are around revenue. We get outside the farebox revenue with advertising. It also allows us to preserve service. The more revenue we generate as an organization, the more service we can keep on the street. But certainly, there are challenges. There are maintenance challenges scheduling of having those that advertising displayed on our buses. Certainly, there are concerns that have been expressed around overall rider experience and visibility inside and outside of buses that also tends to lean into overall public safety concerns. And certainly, branding of our fleet impacted by the displays of bus advertising and generally, there's always this debate about using a public asset for a commercial use. And so, some of this, again, has been discussed at this board level and certainly, these are discussions that happen amongst our peers in the industry and so, some of our peers, many of our peers have adopted bus advertising programs and some of them also do it a bit differently based on their unique community needs.

Let me talk to you a little bit about what our current policy includes. Again, the policy does two things. It really outlines the products that Outfront is available to sell. I'll go into that in a little bit. It also has standards. What I, as somebody who reviews all the advertising that gets put, we go through a review process through myself, what the guiding standards for what we accept on the outside of our buses. So, again, the policy today is exterior bus advertising only. That advertising is limited to between the wheels so basically, the center of the buses and on the tails. The reason that the board at the time made that decision is that they still wanted the logo and some of the branding of the buses to remain visible. So with that that advertising in the center of the bus it allows some of that branding to remain.

Currently, the fleet that's available for advertising is just our local fixed route buses operated by Valley Metro and select circulator services as determined by the circulator cities. Express buses currently are not part of the program. And, again, as I mentioned, advertising standards guide the content that we approve and that's also part of the policy. And those standards, I should mention are also consistent with the City of Phoenix. So collectively as a region, we are approving the same content across our different advertising media.

This just gives you a sense of the different products that are currently available as part of our policy and program. And, again, as I mentioned, it's largely centralized between the wheel. Naturally, that blue area is the advertising space I'm referring to. So, again, that center space and also on the tails.

So based on this Board's discussion and feedback from the June meeting, there was interest in the potential of expanding to potential new product maybe expanding to the fleet overall. Allowing Outfront to have full rein of all advertising products and types and having full access to the fleet. So the potential expansion areas are really the opportunities to do full wraps. Today, our policy doesn't allow for those as well as the express bus fleet. As I mentioned, currently, express buses are not part of the program.

As you can see on the two images on your right, there are a couple ways some of our peers have done full wraps. Full wraps, like the City of Phoenix does is really that bottom picture is really fully wrapped across the whole side of the vehicle. Certainly, Outfront loves that option as it allows advertisers to have the full display. The top one is an example from our peers in Portland where they wrap and it's still a full wrap, but it's on the perimeter leaving those windows open.

These options, just note, are completely arbitrary. I essentially created these just to create some discussion. These options were developed with Outfront just to give this Board a sense of some of the options if we opened up the policy further what could the revenue potential be. So the first option is really if we allowed Outfront to have access to some full wraps and I arbitrarily picked 25 percent. You can see really that second bullet there the MAG MAG just to remind you is the minimum annual guarantee. It's really what we can generally commit to getting each year. Certainly, we get 65 percent of the net so at minimum we'll get that MAG but certainly, if they sell more than that at the 65 percent, we'll generate more. So you can see that first option gets us up to 600,000.

The second option is unrestrained. They could put any type of product from those center section king and queens to full wraps on the local fixed route service, on the current fleet that's available today and you can see that MAG is up to $700,000.
And option three is really the fully unrestrained model which would also include our express fleet essentially, so again, they could advertise any product type all the way from those centers and tails all the way to the full wraps across our entire fleet from local to express buses. And you can see that MAG goes up to $750,000.

And, again, just to remind you as I mentioned, if they sell more than that, if it's a really great time for marketing and advertising which we're getting back after the pandemic, we generally, we get 65 percent, the net. So the MAG is our foundation and certainly, we hope Outfront and so does Outfront that they will sell more than that and we get 65 percent of that.

So with that, again, these are just options. We're happy to hear your feedback and, again, based on the Board's feedback in June, we did have this for action based on option three and I'm happy to answer any questions.

Chair Stipp said I was going to say thank you for the brief presentation, but you were able to jam in a lot of information.

Chair Stipp said does anybody have questions?

Vice Mayor Adams said I really like option three. We're always under the gun financially. That we can make it look very classy. But let's take advantage of this great opportunity to generate revenue. Great presentation.

Councilmember White said Chair, thank you so much. Wonderful presentation. I just wondered if there's any legal or logistical reason why we would not do option three. Because I drive past the express bus leaving the Avondale hub by the Boulevard right around like 6:50 in the morning and it's just great, and so to be able to have more revenues out in the different municipalities that are supporting the buses I think that gives us increased revenue and we need all the money that we can get to show our voters that we're going to be taking Prop 400 E to that we want to actually contribute some funds and generate some of these dollars on our own. So I think that I just wanted to know if there is any of those concerns.

Ms. Foose said Mr. Chair, Councilmember. No, I'll let our legal counsel correct me if I'm wrong, but there are not legal concerns. Many of our peers and certainly, our partners at the City of Phoenix do very much a very similar program. So there aren't any legal concerns.

Chair Stipp said so we're going to go with Councilmember Littlefield first.

Councilmember Littlefield said I had a question about the bus that was 100 percent covered with the balls or balloons. What is the visibility of the riders inside that bus?

Ms. Foose said Chair Stipp, Councilmember. The windows are covered. They are covered in a perforated vinyl. So it is perforated but it is covered. So the visibility both for looking inside and outside the vehicle is impacted. But certainly, that's part of the cost benefit analysis of the opportunities to generate revenue and some of the concerns as I mentioned before about the potential impact to rider experience. We don't get a lot of, I would say, customer service calls complaining about wraps but certainly, the windows are, in fact, covered and so it does provide an impact.

Councilmember Tolmachoff said I just want to say I'm happy we're finally going to be able to vote on this. This conversation's been rolling around for, I don't know, well before COVID, even so, I’m just happy we're finally here. I think especially now that the farebox recovery aspect of 400E we have to take advantage of every opportunity to generate revenue, so I'm just thrilled that we finally are here. Thank you.

Chair Stipp said any other questions? Seeing none. Then I will entertain a motion that the Board of Directors amend the Valley Metro RPTA advertising policy to fully maximize revenue which is the presented item option three.

Motion by Councilmember Harris, second by Vice Mayor Adams.

Any other discussion? Seeing none. All in favor, say aye. Any opposed? The ayes have it.

IT WAS MOVED BY COUNCILMEMBER HARRIS, SECONDED BY VICE MAYOR ADAMS, AND UNANIMOUSLY CARRIED TO AMEND THE VALLEY METRO RPTA ADVERTISING POLICY TO FULLY MAXIMIZE REVENUE (OPTION 3).

4. East Valley Fixed Route Services Contract Award

Ms. Mefford-Miller said thank you, Mr. Chair. Members of the Board. We are here today to request that the board of directors authorize me to execute a contract with Keolis Services. This would be a three-year base contract at a cost of $316,462,317 inclusive of a five percent contingency. Upon board approval, this contract would include options for four-year extension and another option for an additional three-year extension.

As a matter of background on this process, we've discussed this forthcoming contract for a long time. Right here in this room, we did extend the contract held by First Transit now by Trans Dev for a period of six months to allow for re-scoping of that request for proposals. In that time, Valley Metro staff worked very closely with our contractor to improve our performance and we have gone from missing around the 9 percent of trips in the East Valley to now missing less than 1 percent of trips in the East Valley due in large part to wage rate increases authorized by this board late last year. And also, by increased and improved contract management practices.

In the last several months, we have created a contract and oversight joint management program. If you would like to read about it, a summary of the program is in your packet behind this tab. This program really outlines in great detail what we haven't had before and what we desperately needed which is a clear program for managing not just this, our largest operations and maintenance contract, but our other operations and maintenance contracts as well. It outlines the daily, weekly, monthly, quarterly, annually, et cetera parameters that we are monitoring. Within our organization, we've identified clear lines of responsibility and accountability for each of those items. We have reorganized our team to create procurement team members who are embedded within operations under the leadership of Jonathan Thacker working very closely with Michael Powell and Darren Curry and their teams to ensure that we are a eliciting very strong performance from our contracts and that we are leveraging our contract tools when and if necessary and the results are good.

We also engaged with the member cities in the RFP development or scope development process. Staff from East Valley cities participated not just in scope creation, which was facilitated by an external consultant, WSP, but they also participated in the evaluation of proposals. We ran a strong process. I'm confident in the recommendation we are bringing to you today and I am even more confident in the capacity and ability of this team to lead strong contracts moving forward.

I'd like to invite Mr. Tom Young, our new Deputy Chief of Bus and Paratransit Operations to provide you with an overview of this contract. And, again, I want to commend Tom for stepping outside of his then scope of work in paratransit to help lead our team through this period of transition. Tom, very well done. Thank you.

Mr. Young said thank you, Jessica. Chair Stipp, members of the Board. I'm going to do my best to talk as fast as Hillary did, but I can't promise that I can do that.

So this afternoon I'm planning on giving you a high level review of the project, the process we used to develop the request for proposal documents as well as the driving principles behind that. I'm going to talk a little about the evaluation committee involvement, the evaluation criteria, the service options that all proposers were required to submit to us, the proposal evaluation itself and then finally, the recommendation that Jessica just talked about.

So this contract award recommendation is for the operations and maintenance of the East Valley fixed route bus contract which includes the operation of 21 local fixed routes, 8 express routes, 9 circulator routes and 4 school trippers using 231 buses at peak times.

During the month of October 2022, Valley Metro hosted a series of five meetings with member cities and town staff to review the development of the scope of work. This effort was facilitated by Valley Metro's consultant, WSP. There were five driving principles or pillars used in the development of the process. The very first was the price structure. We wanted to create a pricing tool that allowed contractors to propose two models and I'll review those models in a minute. Performance standards, we identified areas of the service that had traditionally underperformed and built the requirements for improvement as we go forward. Personnel, we focused on the key personnel in the positions that we required, but we let the proposers identify the staffing that they felt necessary to meet the requirements of the proposal that we developed. Operator training, we focused on outcomes for service improvement and customer service and once again, let the proposers tell us how they were going to meet the qualifications and service criteria that we put in the RFP document. And then the fifth pillar, which Jessica just talked about, was contract oversight. So through the process the WSP staff identified several best practices that they experienced at other peer agencies. And several were incorporated into the scope of work. In addition, the evaluation criteria and scoring weights were also a topic of discussion with the jurisdictions.

So during the scope of work development process, we identified five areas for evaluating the technical capacity of each proposer. Service quality and high focus on customer service was the driving factor in the assignment of the weights for each category. The technical evaluation accounted for 80 percent of the overall score. I'll get into the actual proposal evaluation in a few minutes. But I wanted to emphasize the fact that the evaluation committee looked at all the technical specifications absent of the cost proposals. It wasn't until we established the final scoring of the technical that the cost proposals were actually opened and evaluated.

Starting in the process after the RFP was developed in November of '22, the full RFP hit the street. Valley Metro hosted a pre-proposal conference which included a tour of both the Mesa facility and the Tempe faculty to ensure proposers had the full information they needed to properly respond. The evaluation committee was finalized and non-disclosure agreements signed which included one Valley Metro employee and one each representative from the City of Chandler, Mesa, Tempe and the Town of Gilbert. Other Valley Metro subject matter experts included representatives from procurement, finance, operations and maintenance staff, however they were not members of the actual scoring evaluation team.

So as referenced a little bit earlier, one of the pillars was develop a pricing tool that allowed for contractors to propose two different service options. Option A was the unified service, which is combined East Valley service as operated today under the oversight and management of Valley Metro. The second option was the separation of operations and management between the Mesa facility and the Tempe facility and the responsibility to manage those contracts.

So I'll review the evaluation process and outcome in just a minute, but I wanted to show the difference in the costing of the service options that I just discussed. Overall, the unified service and management option provided for an average cost savings about 9.4 percent. With the following decision to maintain the current unified approach to the service delivery and management.

So the process and outcome. All proposers were required to submit on all service options. We received proposals from six firms. After the acquisition of First Transit by Trans Dev was completed, Trans Dev chose to withdraw their proposal and keep the proposal of the incumbent provider First Transit. One proposal was determined to be non-responsive leaving four proposals for scoring. Proposers were instructed to submit their proposal in two separate filings, one for the technical proposal and one for the cost proposal. The evaluation committee members evaluated technical proposals to determine the overall qualifications of the proposers and we looked at the service delivery and where we felt the most comfortable on meeting the increased service requirements that we had specified.

After we finished scoring of the technical proposals, the cost proposals were opened and evaluated by the Finance Department and then provided to the evaluation committee to add into the final look. The overall score of the technical and cost proposal ranked Keolis as the best value proposal for the operation and maintenance of the East Valley service.

So for a review of the proposal term and cost of the service, the three base term comes to a cost of $316,462,317. There are two options to extend the base term which includes a four-year extension followed by a three-year extension in a not to exceed 10-year contract.

If I can I'm not going to read the entire recommendation at this point, but staff is recommending the board of directors' approval to authorize the CEO to execute a contract with Keolis Transit Services, LLC. And I'm going to right now say the Valley Metro team is ready to answer any questions you may have.

Chair Stipp said thanks, Tom. Anybody have questions? That would be Mayor Peterson.

Mayor Peterson said not a question but a comment. I've been here on this board since 2016 with a short time off when I ran for mayor. I have never had a situation that we have had people come to speak at the start of a meeting to praise a company that we were going to consider to vote on today. I have never seen that happen before. That is just phenomenal to be sitting in this seat at this moment as we're reviewing everything that you just told us, Tom, and the process that you went through to get to Keolis. But Keolis sounds like they were the best choice from the beginning so I'm really glad to be able to sit here today. Thank you for all you're doing with your company. Thank you to the folks that came and spoke today because, again, I've never seen that in the years that I've been here on this board. So we appreciate having the feedback from the community, especially when it's positive, folks, especially when it's positive. We love that feedback, right everybody? We love the positive feedback. So thank you, thank you for the great presentation. Thank you, Chair for allowing me the two seconds to say something.

Vice Mayor Heredia said same thing. I think I wanted to thank all the staff and the committee. You know, it wasn't an easy process doing these options but I think having a unified option makes sense. I think now just I know the comments around the contract management piece is going to be the importance as we move forward. How do we make sure that, you know, Keolis and company, you know, says what they promise in the contract and that we do our due diligence at Valley Metro to make sure we hold them to the fire when issues come up because I think, as we know, when you're hiring so many people and, you know, you're dealing with the public, there's going to be issues that arise every time. So is ensuring that we work together and ensure that we identify trends of issues that might come up and look at those in more detail now with the systems that have been in place as we move forward. Because this is probably the biggest contract that we'll be awarding here at Valley Metro, at least in my time over the last four years and maybe in the rest of the time here. And so I think we owe that to our residents that we make sure that our contract management from now when they start, you know, we ensure that we get the best quality service moving forward. For the workers, but also our residents here. So thank you.

Councilmember White said even though I'm from the West Valley, my background in HR wouldn't leave me without acknowledging the fact that when labor comes in to talk about management and their pleasure with that it's always just a really awesome thing to see. I think that hearing the potential for morale to continue to be boost is important and as we see, the dollars here, no, getting cheaper service doesn't mean you're going to get a better outcome and I think sometimes you get what you pay for. And to me, to see our organized workers who are out there saying we believe in this, I'm grateful for that. Thank you for being here today that takes time away from you working. But Chair I would like to say that I want to support moving forward because this just looks like just the best option and thank you for putting a good package together. And the evaluation criterion, you did an awesome job by having meaningful points to evaluate to make sure we make the best decision. So I just want to acknowledge the leadership here at Valley Metro, Jessica and your entire team. You always do a great job and I'm looking forward to this. Chair Stipp, thank you.

Councilmember Harris said yes, thank you so much, Chair. Just thinking about, you know, being an elected official and seeing a contract come across this page just to echo Mayor Brigette this is my first time that I've ever seen something like this in my whole entire life of being an elected official. I mean, we can't even get a city budget passed without. So it just says a lot about where we are with this company and the vetting that staff took to make sure. As Vice Mayor stated holding companies accountable to what the contract will be the thing we'll do but it sounds like, you know, and it appears that they're willing to step up to the plate like that and they're nodding their head and shaking so where's the cameras, make sure we get the nodding and shaking heads. The first time someone comes and is upset I don't want to see no, I can't. I want to see you like yes, bring it, come on. So I just wanted to add those comments. And, you know, I'm just as excited as positive as those that are here on the ground. This really does mean a lot and I just want to see us do well and it seems like the community is on board with it and I'm on board with the community so I'm on board with the decision. So thank you.

Vice Mayor Adams said well, the City of Tempe was, when I first was on Valley Metro, we were really thinking about going on our own because the customer service was so poor. And I'm just really pleased that we have brought in a new company that appears to be highly recommended. I know our city staff really appreciated being included in the process and so I commend the CEO and you for doing that and having a very inclusive process. And I look forward to and really appreciate the union coming forward also and showing their support. Now, in the City of Tempe, we have a really good relationship with our unions, so we don't always have bad things from the unions, a lot of times we have positive interactions just hint, hint to the other cities but –

Mayor Peterson said we don't have any unions in Gilbert.

Vice Mayor Adams said well, this isn't the first time I'm seeing union support so I appreciate and I'm really looking forward to moving forward and having excellent customer service. So I'm counting on you to make sure that we are going to get that done. All right? Thank you very much.

Ms. Mefford-Miller said If I may, Mr. Chair. Members of the board, while this does represent a new contract with Keolis. I do want to recognize that while the management company is changing it is our great hope that the men and women who are out there performing under the current Trans Dev contract in East Valley will stay with us. They are valued. They are our most important team members at Valley Metro, and we will be moving through a transition and a communication process with them.

Chair Stipp said seeing no other comments. I will entertain a motion that we authorize the CEO to execute a contract with Keolis Transit Services, LLC for the East Valley fixed route operations and maintenance services. The contract will be awarded for an initial three-year base term at a cost of $316,462,317 with a contingency amount of 5 percent for the three-year base term with a four-year option followed by a three year option. Do I have a motion?

Motion by Vice Mayor Adams, second by Mayor Peterson.

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

IT WAS MOVED BY VICE MAYOR ADAMS, SECONDED BY MAYOR PETERSON, AND UNANIMOUSLY CARRIED TO AUTHORIZE THE CEO TO EXECUTE A CONTRACT WITH KEOLIS TRANSIT SERVICES, LLC FOR EAST VALLEY FIXED ROUTE OPERATIONS AND MAINTENANCE SERVICES. CONTRACT TO BE AWARDED FOR AN INITIAL THREE-YEAR BASE TERM AT A COST OF $316,462,317 WITH A CONTINGENCY AMOUNT OF 5% OF THE THREE-YEAR BASE TERM $15,824,000. UPON BOARD APPROVAL, THE CONTRACT WILL INCLUDE AN OPTION FOR A FOUR-YEAR EXTENSION AT A PROJECTED COST OF $484,183,108 AND AN OPTION FOR AN ADDITIONAL THREEYEAR EXTENSION AT A COST OF $413,504,277.

5. Report on Current Events and Suggested Future Agenda Items

Chair Stipp said If you've got any new current events or suggested future items. Seeing none.

Councilmember White said I've got to bring up a lot of information here. I have a lot of gratitude I'd like to share from the West Valley. First of all, we talked about how service is going to be changing so I want to just stop and thank Jessica and show appreciation of Valley Metro for their efforts of allowing our city to advertise our new WeRide and having WeRide ambassadors in the city of Avondale on our current Valley Metro operated Zoom service. This is helping the transition because our Zoom service will be ending at the top of October, so we are promoting and expanding our service to the south part of Avondale starting on October 2nd. WeRide will be free in the entirety of the Avondale zone from October, the top of October through mid-November for

Avondale residents to try the expanded service and to celebrate our one year anniversary of WeRide in Avondale.

Not only do we have appreciation for our WeRide but we have some great partners and one of those great partner cities is Chair Stipp's home, Goodyear. And so just to ensure we share some of those statistics. Goodyear has an average ridership of 67 passengers per day. Avondale, we're coming in at 72 passengers per day but then Surprise, what a surprise you gave us. You guys are getting 121 riders per day, Vice Mayor Cline. So I just think that's important information that we want to share with microtransit. It's a way for us to protect the environment, focus on the rides that we need to have in our communities and this neat semester starting in the fall for like our Estrella Mountain Community College students out in Avondale they are continuing to get decreased fare.

I believe it's one dollar per ride. And the neat thing I believe Matt had the opportunity, Matt Dudley, from the City of Avondale had the opportunity to be interviewed by AXIOS Media to talk a little bit about this microtransit. So we just wanted to share our gratitude to Valley Metro, the member cities. We're expanding and to ensure that all of the additional board members know how it's going. Thank you so much, Chair Stipp.

Chair Stipp said you are very welcome. Anybody else dare? No.

6. <u>Next Meeting</u>

The next Board meeting is scheduled for Thursday, September 21, 2023, at 11:15 a.m.

The meeting was adjourned.

With no further discussion the meeting adjourned at 1:14 p.m.

Information Summary

DATE **AGENDA ITEM 2**
September 28, 2023

SUBJECT
Vanpool Services Contract Award

PURPOSE
To request Board authorization for the Chief Executive Officer (CEO) to execute a contract with Commute with Enterprise for a three-year base and two, one-year options for an amount not to exceed $34,576,000 for Vanpool Services over the five-year period. The current contract expires December 31, 2023.

RECOMMENDATION
Staff recommends that the TMC forward to the Board of Directors authorization for the CEO to execute a contract with Commute with Enterprise for a three-year base and two, one-year options for an amount not to exceed $34,576,000 for Vanpool Services over the five-year period.

BACKGROUND | DISCUSSION | CONSIDERATION
On January 1, 2014, Valley Metro entered into a contract for Vanpool Services with vRide. In April 2017, vRide was acquired by Commute with Enterprise, thus Enterprise assumed the contract and became the current vanpool contractor. The current contract is a 10-year, fixed-term agreement that expires December 31, 2023. It is important to note there have not been any fare increases during this 10-year period.

The new contract model will offer vendor-owned vehicles, the flexibility of expanding and contracting with the market and the ability to innovate more quickly to new fleet models. Valley Metro will transition their current vehicles out over the next 12 – 24 months and dispose of vehicles following the appropriate Federal Transit Administration (FTA) regulations. This new program model is the industry standard and allows customers the ability to choose from a variety of 8 – 15 passenger vans, hybrid models, and electric vehicles, when available. It provides for a variety of more fuel-efficient vehicles thereby providing additional savings for the riders as well as having a positive environmental impact on the region. It will also provide for quicker adoption of an all hybrid or electric fleet.

The recommended contractor, Commute with Enterprise, is required to offer the following services: Provision of staff to administer and market the program; a variety of vehicles including hybrid and/or electric; vehicle insurance and indemnification; vehicle maintenance; roadside assistance; rider invoices; National Transit Database reporting;

additional monthly reporting; website updates; conducting formation meetings and driver orientations; conducting MVD checks; and more.

The Valley Metro vanpool program will continue to offer a convenient, stress-free, environmentally-friendly alternative to driving alone to work. A group ranging from six to 15 people (who live and work near each other) will comprise each group. Two people volunteer to serve as the drivers. Riders pay a monthly fare that covers all operational costs, at an amount set by Valley Metro. The vanpool riders split the cost of fuel.

Today, nearly 1,200 Valley residents commute daily via Valley Metro's vanpool program. With an average commute distance of more than 40 miles one way, this program is taking thousands of vehicles off our roads during rush hour traffic. The 224 active vanpools typically travel to and from locations where fixed-route bus and light rail are not as available. Valley Metro currently owns all vanpool vans and maintains and disposes of vehicles according to FTA regulations.

Vanpool continues to see returns following the pandemic. There has been a steady increase of vanpool groups returning to the office and new groups joining the program. The number of active vanpool groups has grown by 12% over the past 12 months and continued growth is anticipated.

In December 2022, the Board of Directors authorized the CEO to issue a competitive solicitation for Vanpool Services. Valley Metro issued a request for proposals (RFP) for Vanpool Services on May 15, 2023. Extensive outreach was conducted to promote competition including advertisements in several industry print and online publications. Multiple firms were made aware of this RFP.

A Pre-Proposal Conference was held on June 6, 2023 and the RFP closed on July 13, 2023. A single response was received from a qualified Offeror. A Selection Committee, consisting of two Valley Metro staff and a representative from City of Phoenix Public Transit Department, a MAG Transportation Planner and a Project Management Coordinator from the City of Goodyear were appointed to evaluate the responsive proposal. At the conclusion of the evaluation process, the Selection Committee found the single proposal received to be qualified and the proposal advantageous to Valley Metro.

The single proposal received was from Commute with Enterprise who is the incumbent for the current Vanpool Program contract and a primary contractor for this type of program across the country. The proposal was evaluated on the following criteria:

A. Qualification and Experience of the Firm
B. Understanding / Approach to the Scope of Service
C. Pricing

A cost/price analysis was performed and the Offeror's rate structure has been deemed to be fair and reasonable.

The committee recommended moving ahead with Commute with Enterprise given that the qualification statement was responsive, the negotiated costs were deemed fair and reasonable and the Offeror has demonstrated expertise and familiarity with vanpool programs of a similar size and nature as that proposed by Valley Metro.

COST AND BUDGET
The total anticipated cost for the vanpool contract for FY24 is $2,671,100 and is included in the Board adopted FY24 RPTA Operating and Capital Budget. The total costs, inclusive of all option years, for the contract is not to exceed $34,576,000, inclusive of vendor operational and capital costs. The riders pay separately for fuel.

	3-Year Base	Year 1 Option	Year 2 Option	Total
Total	$18,950,500	$7,541,400	$8,084,100	$34,576,000

Contract obligations beyond FY24 are included in the RPTA Five-Year Operating Forecast and Capital Program (FY2025 thru FY2029).

Sources of funds are federal funds (for capital) and fare revenues (for operations). There are no local or Public Transportation Funds used for this program.

COMMITTEE PROCESS
RTAG: September 19, 2023 for information
TMC: October 4, 2023 for action
Board of Directors: October 19, 2023 for action

CONTACTS
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ATTACHMENT
None

Request for Board Authorization
Vanpool Contract

Board of Directors Meeting – October 19, 2023

VALLEY METRO

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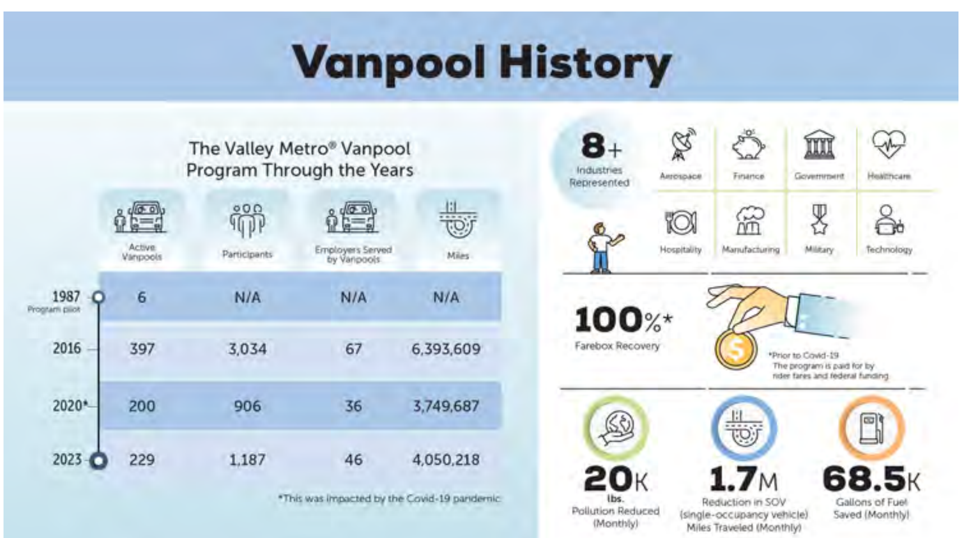

	Active Vanpools	Participants	Employers Served by Vanpools	Miles
1987 Program pilot	6	N/A	N/A	N/A
2016	397	3,034	67	6,393,609
2020*	200	906	36	3,749,687
2023	229	1,187	46	4,050,218

*This was impacted by the Covid-19 pandemic

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VALLEY METRO

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Background/Research

- Conducted research via internal workshops and meetings to assess various options including
  - In-house vanpool program
  - Current vanpool program
  - Turn-key vendor-owned vanpool program
- Interviewed variety of vanpool program managers/agencies across U.S. to determine best practices
- Hosted Member city roundtables for input

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VALLEY METRO

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Current 10-year contract

Vendor responsibilities

- All legal, risk & liability
- Incident & accident management
- Billing, payments, collections
- Fleet management
- Insurance, maintenance, roadside assistance
- Safety & security of all vehicles
- Fleet storage (OOS vehicles)
- Vanpool group agreement/paperwork
- Day-to-day operations

Valley Metro responsibilities

- Contract management
- Own all vehicles
- Secure STPBG federal funding
- Registration & inspection of new vehicles
- Send vans to auction when retired
- Order expansion or replacement vans
- Determine pricing
- All marketing & outreach
- Employer liaison
- Monthly & annual NTD reporting
- Driver complaints

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Proposed Program

- Contractor owns the vehicles /provides choice of multiple fleet options (including mini vans, hybrid and EV when available)
- Increase vehicle selection provides greater fuel efficiency/cost savings for riders
- Address market fluctuation/eliminates out of service costs/more agile
- Inclusive monthly pricing covers all cost for each in-service van
- Contractor runs daily operations/conducts transition program
- Valley Metro continues to set monthly fares for customers
- Program adopts industry standards/best practices
- Increase employer and customer service focus and outreach
- Smaller carbon footprint
- Continues to be funded by rider fares and federal funds

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VALLEY METRO

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Vanpool Contract Cost Comparison

Sources		FY 19		Avg Yr. 1-3*
Fares	$	2,277,700	$	3,392,845
Federal Funds		2,250,000	$	2,928,563
Total	$	4,527,700	$	6,321,408
Uses				
Contract Operations	$	713,111		
Maintenance & Indirect		587,200		
Insurance		596,000		
Subtotal Operations		1,896,311		
Capital - Van Purchases		2,249,000		
Total Costs	$	4,145,311	$	6,321,408

* Estimates pending final contract negotiations.

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VALLEY METRO

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Recommendation

- Recommendation for Board authorization for the Chief Executive Officer (CEO) to execute a contract with Commute with Enterprise for a three-year base and two, one-year options for an amount not to exceed $34,576,000 for Vanpool Services over the five-year period.

7

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Thank You

Contact:

Angie Wilkie, Vanpool Program Coordinator, awilkie@valleymetro.org

Abby Cooksey-Williams, TDM Manager, acwilliams@valleymetro.org

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Information Summary

DATE
October 12, 2023

AGENDA ITEM 3

SUBJECT
Proposed April 2024 Service Changes

PURPOSE
To provide an update on the proposed April 2024 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>

- Tempe FLASH—Eliminate Route

<u>Public Outreach</u>
Valley Metro is conducting community outreach beginning in November to notify the public and solicit input on the proposed service changes. Comments will be accepted

from 11/6/2023-12/8/2023. Customers can provide feedback through the following channels:

- On-site region-wide information sessions (based on service change impacts)
- Webinar/Public Hearing (November 15, 2023)
- Social media
- Via email at input@valleymetro.org

Valley Metro communicates these input opportunities through 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 19, 2023 for information
TMC: October 4, 2023 for information
Board of Directors: October 19, 2023 for information

ATTACHMENT
None

CONTACT
Carol Ketcherside
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Information Summary

DATE **AGENDA ITEM 4**
October 12, 2023

SUBJECT
Report on Current Events and Suggested Future Agenda Items

PURPOSE
Chair Stipp 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
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ATTACHMENT
None

Pending Items Request

Item Requested	Date Requested	Planned Follow-up Date

Agenda

October 12, 2023

Valley Metro Rail Board of Directors
Thursday, October 19, 2023
Boardroom/Webex
Valley Metro, 101 N. 1st Avenue, 10th Floor
11:15 a.m.

Action Recommended

CONSENT AGENDA

1A.	Minutes Minutes from the August 17, 2023 Board meeting are presented for approval.	1A. For action
1B.	Federal Transit Administration Grant Pass-Through Agreement for South Central Extension/Downtown Hub (SCE/DH) Project Concurrent Non-Project Activity (CNPA) Staff recommends that the Board of Directors authorize the CEO to execute IGAs with the City of Phoenix for the listed grant.	1B. For action
1C.	Non-Revenue Vehicle Purchases Staff recommends that the Board of Directors authorize the Chief Executive Officer (CEO) to purchase expansion and replacement non-revenue vehicles (NRV) from Sanderson Ford in an amount not to exceed $378,190 and from Peoria Ford in an amount not to exceed $305,402.	1C. For action

REGULAR AGENDA

2.	Report on Current Events and Suggested Future Agenda Items Chair Pastor will provide members the opportunity to report on current events and suggest future agenda items for consideration.	2. For information

3. Next Meeting — 3. For information

The next meeting of the Board is scheduled for **Thursday, November 16, 2023 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

Minutes

October 12, 2023 **AGENDA ITEM XX**

Valley Metro Rail
Thursday, August 17, 2023
Lake Powell Conference Room/Webex
101 N. 1st Avenue, 10th Floor
11:15 a.m.

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

Chair Heredia called the meeting to order at 1:17 p.m.

Chair Heredia said All right. We'll get started with VMR meeting. Can we start?

We convene and welcome to the August meeting.

1. Consent Agenda

Chair Heredia said the Consent Agenda is presented for action. Is there any questions or comments from the Committee? Hearing none. Request a motion and a second to approve the Consent Agenda.

Motion by Councilmember Harris, second by Vice Mayor Adams.

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

IT WAS MOVED BY COUNCILMEMBER HARRIS, SECONDED BY VICE MAYOR ADAMS AND UNANIMOUSLY CARRIED TO APPROVE CONSENT AGENDA ITEMS 1A-1H.

2. Report on Current Events and Suggested Future Agenda Items

Chair Heredia said Any current events, comments from Committee members? Hearing none.

3. Next Meeting

The next Board meeting is scheduled for Thursday, September 21, 2023 at 11:15 a.m.

With no further discussion, the meeting was adjourned at 1:18 p.m.

Information Summary

DATE **AGENDA ITEM 1B**
October 12, 2023

SUBJECT
Federal Transit Administration Grant Pass-Through Agreement for South Central Extension/Downtown Hub (SCE/DH) Project Concurrent Non-Project Activity (CNPA)

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to execute an Intergovernmental Agreement (IGAs) with the City of Phoenix to allow Valley Metro to be reimbursed for eligible activities.

RECOMMENDATION
Staff recommends that the Board of Directors authorize the CEO to execute IGAs with the City of Phoenix for the listed grant.

BACKGROUND | DISCUSSION | CONSIDERATION
Valley Metro is being provided Congestion Mitigation and Air Quality Program (CMAQ) Federal Transit Administration (FTA) funding through the City of Phoenix. The table below summarizes the funding available:

Grant	FTA Program	Federal share	Regional Share	Total
TBD	CMAQ	$2,600,000	$400,000	$3,000,000
Total		**$2,600,000**	**$400,000**	**$3,000,000**

The funding will be awarded for reimbursement of South Central Extension/Downtown Hub (SCE/DH) additional fiber infrastructure capacity project. The additional fiber infrastructure capacity project will bolster the fiber network backbone from the downtown Phoenix area to the Operations and Maintenance Center at 48th Street and Washington. The project would include the procurement of 72-strand fiber cable and the installation, splicing, termination, and testing of the fiber. The project is outside the scope and budget of the FTA Capital Investment Grant Program project and is a Concurrent Non-Project Activity (CNPA).

In August 2023 the Board approved additional contract authority for the Kiewit Infrastructure West Co. SCE/DH CMAR contract that included additional costs associated with the additional fiber infrastructure capacity project (CNPA). This agenda item enables Valley Metro to receive funding necessary to fund the additional costs.

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

COST AND BUDGET
All expenses are in the approved FY24 Adopted Operating and Capital Budget and 5-Year Capital Program. The grant funds will offset expenses, reducing the net cost to the Public Transportation Funds.

COMMITTEE PROCESS
RTAG: September 19, 2023 for information
RMC: October 4, 2023 approved
Board of Directors: October 19, 2023 for action

CONTACT
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ATTACHMENT
None

Information Summary

DATE **AGENDA ITEM 1C**
October 12, 2023

SUBJECT
Non-Revenue Vehicle Purchases

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to purchase expansion and replacement non-revenue vehicles (NRV) from Sanderson Ford in an amount not to exceed $378,190 and from Peoria Ford in an amount not to exceed $305,402.

RECOMMENDATION
Staff recommends that the Board of Directors authorize the Chief Executive Officer (CEO) to purchase expansion and replacement non-revenue vehicles (NRV) from Sanderson Ford in an amount not to exceed $378,190 and from Peoria Ford in an amount not to exceed $305,402.

BACKGROUND | DISCUSSION | CONSIDERATION
Valley Metro's non-revenue vehicles are used to support operations & maintenance activities for the 28-mile light rail alignment and the three-mile streetcar alignment. Additionally, vehicles will be used to support the new Northwest Extension II (NWEII) project. Valley Metro is in need of vehicles that will provide for efficient use of resources to perform operations and maintenance activities on the alignments.

In FY2022 two F250 Trucks were approved for purchase. During 2022 Ford had some challenges and decided they were not proceeding with new 2022 trucks. These vehicles had already been ordered and we have been waiting for them to arrive. They are now arriving in FY2024 as 2023 vehicles with an increased cost of $46,230. Details are below.

	Qty.	Reason	Approved Value in FY22	Approval Shortage	Total Cost
Ford F250 Trucks **(vehicles approved & ordered in FY22)**	2	Replacements	$111,500	$ 46,230	$157,730

We are asking for approval of the shortage of $46,230 for an overall total of $157,730. The funds will be from the Capital State of Good Repair (SOGR) budget and include member cities and PTF funds.

FY24 New				
	Qty.	Reason	Funding Source	Total Cost
Ford Escapes	3	Replacements	SOGR	$102,450
Ford Escapes	3	New Expansion	NWEII project	$102,450
Ford F150 Trucks	1	New Expansion	Operating	$ 50,251
Ford F250 Trucks	2	New Expansion	Operating	$165,980
Ford F150 Trucks	1	New Expansion	NWEII project	$ 50,251
Ford F250 Trucks	2	New Expansion	NWEII project	$165,980
TOTAL	12			$637,362

The vehicles will be added to the operations fleet pool for support along the alignments. The vehicles will be used for support of system operations that includes ACI support for field supervisors on the Northwest Extension II alignment and support staff at the OMC.

Both Sanderson Ford and Peoria Ford are vendors on the State of Arizona Cooperative Contracts. Cooperative Agreements are competitive contracts solicited and awarded by other public entities and whose cooperative language allows Valley Metro to utilize these contracts for its requirements.

COST AND BUDGET
The purchase of the vehicles will be a not to exceed amount of $683,592. The cost includes extended warranties, upfits, and sales taxes. All vehicles are included in the Valley Metro Rail Adopted FY24 Operating and Capital Budget. Funding Sources is a combination of Federal, PTF, and member cities.

COMMITTEE PROCESS
RTAG: September 19, 2023, for information
RMC: October 4, 2023, approved
Board of Directors: October 19, 2023, for action

CONTACT
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ATTACHMENTS
None

Information Summary

DATE **AGENDA ITEM 2**
October 12, 2023

SUBJECT
Report on Current Events and Suggested Future Agenda Items

PURPOSE
Chair Pator 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
Jessica Mefford-Miller
Chief Executive Officer
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ATTACHMENT
None

Pending Items Request

Item Requested	Date Requested	Planned Follow-up Date