MEETINGS OF THE

Boards of Directors

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

Date:

May 18, 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

May 11, 2023

Joint Meeting Agenda
Valley Metro RPTA
And
Valley Metro Rail
Thursday, May 18, 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. Executive Session	2. For action
The Joint Boards of Directors may vote to enter Executive Session to discuss amendments to the contract for the contract for Valley Metro's Chief Executive Officer, as authorized by A.R.S. Sections 38-431.03 A(1), (3), and (4).	
3. Executive Session Action Item(s)	3. For action
The Joint Boards of Directors may vote to take action on items discussed during Executive Session.	
4. Chief Executive Officer's Report	4. For information
Jessica Mefford-Miller, CEO, will brief the Joint Boards of Directors on current issues.	
5. Audit and Finance Subcommittee Update	5. For information
Councilmember Stipp, AFS Chair, will provide an update on the discussions and actions taken at the AFS meeting.	

CONSENT AGENDA

6A. Minutes	6A. For action
Minutes from the April 20, 2023 Joint Board meeting are presented for approval.	
6B. Financial Audit Services Contract Change Order	6B. For action
Staff recommends that the Board of Directors authorize the CEO to execute a contract change order with Clifton Larson Allen, LLP. for financial audit services in an amount not to exceed $50,000 for the period ending May 15, 2024.	
6C. Payroll Organizational Assessment and Consulting Services Contract Award	6C. For action
Staff recommends that the Boards of Directors authorize the CEO to enter into a contract with Accenture to perform an organizational assessment and to provide consulting services to evaluate Valley Metro's payroll function and provide a sourcing strategy for the underlying technology. Total costs for these services will not exceed $141,000 plus a 10% contingency of $14,100, for a total not-to-exceed authorization amount of $155,100.	

REGULAR AGENDA

7. Advertising Sales Services Contract Renewal	7. For action
Staff recommends that the Boards of Directors authorize the CEO to execute the final three-year renewal option with OUTFRONT Media LLC for Advertising Sales Services through June 2026.	
8. Quarterly Reports	8. For information
Fiscal Year 2023 Quarterly Reports are presented for information.	
9. Travel, Expenditures and Solicitations	9. For information
The monthly travel, expenditures and solicitations for Valley Metro RPTA and Valley Metro Rail are presented for information.	

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

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

11. Next Meeting — 11. For information

The next meeting of the Joint Boards is scheduled for **Thursday, June 22, 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**
May 11, 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
May 11, 2023

AGENDA ITEM 2

SUBJECT
Executive Session

PURPOSE
To enter into Executive Session

RECOMMENDATION
The Joint Boards of Directors may vote to enter Executive Session to discuss amendments to the contract for the contract for Valley Metro's Chief Executive Officer, as authorized by A.R.S. Sections 38-431.03 A(1), (3), and (4).

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

ATTACHMENT
None

Information Summary

DATE
May 11, 2023

AGENDA ITEM 3

SUBJECT
Executive Session Action Item(s)

PURPOSE
To take action on items discussed during the Executive Session.

RECOMMENDATION
The Joints Boards of Directors may vote to take action on item(s) discussed during Executive Session.

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

ATTACHMENT
None

Information Summary

DATE
May 11, 2023

AGENDA ITEM 4

SUBJECT
Chief Executive Officer's Report

PURPOSE
Jessica Mefford-Miller, Chief Executive Officer, will brief the Joint Boards on current issues.

COST AND BUDGET
None

RECOMMENDATION
This item is presented for information only.

BACKGROUND | DISCUSSION | CONSIDERATION
None

COMMITTEE PROCESS
None

CONTACT
Jessica Mefford-Miller
Chief Executive Officer
602-262-7433
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ATTACHMENT
None

Information Summary

DATE
May 11, 2023

AGENDA ITEM 5

SUBJECT
Audit and Finance Subcommittee (AFS) Update

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

BACKGROUND | DISCUSSION | CONSIDERATION
The draft minutes from the May 4, 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
602-262-7433
kkessler@valleymetro.org

ATTACHMENT
Draft May 4, 2023 AFS meeting minutes

Minutes

May 11, 2022 **AGENDA ITEM 5**

Audit and Finance Subcommittee
Thursday, May 4, 2023
Via WebEx/Phone
12:00 p.m.

<u>Meeting Participants</u>
Councilmember Bill Stipp, City of Goodyear – **CHAIR**
Councilmember Clay Goodman, City of Buckeye
Vice Mayor Francisco Heredia, City of Mesa

<u>Members Not Present</u>
Mayor Brigette Peterson, Town of Gilbert
Councilmember Laura Pastor, City of Phoenix

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

Ms. Dillon said good afternoon, everyone. I'll take a quick roll call.

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

Ms. Dillon said Chair, we can proceed.

Chair Stipp said I'd like to call to order the Audit and Finance Subcommittee meeting of Thursday, May 4th.

1. <u>Public Comment</u>

Chair Stipp said and I assume we have one. Mr. Crowley, I know you asked for an additional couple minutes. I'd rather you not talk about Prop 400 with this group and keep your comments to the finance piece. Can you do that?

Mr. Crowley said what I'll start off covering today is the administrative support and the budget. That would be on Page 9 where it says transit book. And what they had budgeted was 68,000, but all you did spend was 6,000 and I'm wondering where that 6,000 when since you suspended doing the bus book.

I also look at all the percentages on here and the amount of monies that haven't been spent -- oh, the other thing I can't find in here is any bus stops or buses. So we're not doing any of that and when I look back at what was supposed to be fulfilled from the documents from 2006, I look at the part for Goodyear and if the routes that were supposed to be put in and Litchfield is one of them, you would go from having a mile and a half of bus service to six and a half miles.

When I see the amount of monies that aren't being dealt with I go okay last time, you had a $2 million pull forward. That would have covered that route in Goodyear. Why we haven't taken and gotten back to what needs to be done and addressed I don't know, but when I look and like I said, I needed the bus books out there, but it says you spent $6,000 on what because I'd like one because I need those hard copies. I have a problem dealing and getting in the system.

In this morning's paper it says why Maricopa County needs legislature's approval for transit tax. Jessica, there are laws, and it says that the supporters of this are going to be taking it to a statewide thing. Well, if any of your staff are part of those supporters and are working at putting that thing together and one cent of their salary is coming from the feds, you're in violation because you can't use any federal money to support, put forward or do any legislation. So, if they're working after hours, fine and dandy. I don't know whether the system can allow them to speak but it's one of the things that you need to be aware of on this stance that's coming forward. And if they do cut out the rail part, is that what you people are going to try to get back in? And if so, we need to bifurcate the agencies to begin with. Sorry for running over time.

Chair Stipp said thank you, Mr. Crowley. Jessica, can you just address the staff's participation in what would be forwarded or staff's not participating in any legislative action? Can you just address that?

Ms. Mefford-Miller said thank you, Mr. Chair. I'd be happy to. Valley Metro RPTA staff does not participate in any electioneering which is activities related to advancing any particular ballot or voter initiative. I can't speak directly to the article this morning as I've not yet had the opportunity to read it, but I can ensure that in the past, present, and moving forward, Valley Metro staff is not participating in electioneering.

Chair Stipp said thank you. Any other comments? No other comments cards? Okay.

2. Chief Financial Officer's Update

Mr. Kessler said thank you, Chair. So just a couple items in my update today. I did want to present for you today the year-to-date cumulative revenues for the public transportation funds. We're still around 9, 10 percent over prior year actual as well as the budget for this year, so revenue outlook continues to be positive.

The other thing I did want to mention in my comments today is I've had some discussions at Financial Working Group in the past couple months about the RPTA jurisdictional equity policy as it relates to the public transportation funds. Specifically, the policy whereby the three subregions are allowed to be plus or minus two and a half percent over or under allocated. As we need the end of Prop 400 with just over two years to go for the current sales tax, I think it's time to revise that policy so that subregions can't go in the negative meaning if they are over allocated compared to their forecasted revenues. So I just wanted to make note that Financial Working Group has been supportive of this going forward and so I'm going to begin the process over the next several months to go through the board cycle to have that policy update put before the Board for action.

And basically, it will be to change the policy to being from zero to plus two and a half percent meaning they can be under allocated up to two and a half percent and have a balance of revenues left over and not be allowed to have a balance that's in the negative meaning one subregion potentially subsidizing the other. And again, with about two years to go I think it's time this makes sense and as well all three subregions as you recall from the TLCP update we recently had the Board approve last month all three subregions are about one and a half percent in the positive, so I think that also illuminates that this is a good time to move forward with this particular policy change.

And the last comment I have is just on a couple of key recruitments in the Finance and Procurement division. The Director for Contracts and Procurement, currently, it's titled the chief procurement officer, we've been working on a recruitment for this a few months now. We've had a number of interviews with candidates. We haven't quite found a candidate yet that meets our needs so that process continues. We have a recruiting firm KL2 Connect that we're working with and we're currently working with them and our HR department to strategize on, you know, shifting our approach to how they're recruiting and marketing for individuals to bring them in for interviews.

Senior business manager for operations and maintenance is another position that is a key management position in Finance and Procurement. This position helps to manage the business of, basically, the operations and maintenance department or division and it really supports the business efforts of that particular O&M operation out there, those functions and we're currently doing interviews for that position. We have a handful of candidates that we interviewed and we're hoping to fill that here in the next month or two.

And with that, that completes my update and I'd be happy to take any questions.

Chair Stipp said thanks for the update, Ken. Councilmember Heredia, I know how hard it is so I'm just going to expect you're going to burst in if you've got a question. But does anybody else? Okay. Ken, thanks for the update.
You said you're going to take the next couple of months so I would assume we're going to see that JE policy probably in August.

Mr. Kessler said yes, that's kind of what I'm looking at.

Chair Stipp said we don't meet in July so it will be August. Thanks for that update. As you know, that had been a sore subject for me especially a 20-year-old Board policy that was just kind of made up out of the blue, so I appreciate that we're bringing that forward so thank you.

3. Minutes

The minutes from the April 6, 2023, Audit and Finance Subcommittee meeting are presented for approval.

Chair Stipp said Item 3 is approval of the minutes. Those were submitted in our packet so I will need a motion and a second to approve the minutes.

Motion by Councilmember Goodman, second by Vice Mayor Heredia.

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

IT WAS MOVED BY COUNCILMEMBER GOODMAN, SECONDED BY VICE MAYOR HEREDIA AND UNANIMOUSLY CARRIED TO APPROVE THE APRIL 6, 2023 AFS MEETING MINUTES.

4. Internal Audit Update

Ms. Beckstrom said thank you, Mr. Chair.

So we're in the process of completing our annual audit risk assessment and we plan on bringing the new year's audit plan to the AFS for review and approval most likely in August maybe September, but we're shooting for August for that.

We have completed two quarters of the credit card transaction review and we're in the process of completing third quarter now as well as the fourth quarter will be followed right behind there. We do all of those for the annual credit card review. We anticipate having two reports for your review in June, fare collections processing controls and then a reduced fare review. Both of those which were requested by various Board members. And then we're also in progress with contract authority monitoring and continuous change order reviews.

So for recommendations implemented, we have one recommendation that was implemented this month and closed out and one recommendation that's closed pending validation from the next audit that we. In the cycle, we'll go back in and verify that that has been closed. And that there are 14 recommendations that are currently still in progress. Many of those are related to the procurement manual updates, which is a little bit delayed since the director of procurement is still not with us yet.

And that is all, are there any questions?

Chair Stipp said does anybody have any questions regarding the internal audit update?

Vice Mayor Heredia said since it looks like the procurement officer is going to be delayed again, we're still looking for somebody, is it an ongoing process of trying to clear up for some of these recommendations? What's the process of not having a procurement officer and doing these recommendations that are still pending?

Ms. Beckstrom said definitely. Thank you for the questions. So the procurement team is working on editing, editing and drafting the changes to the procurement manual. We need the Chief Procurement Officer here to sign off on those changes. The large majority of the changes needed are related to the financial system of record that came online last year. The old manual doesn't reference any of those new procedures and so, those are really the big changes that need to be made in the manual to update to those current processes.

In the audit report, we didn't find any glaring issues, any severe or major risks so the manual does need to be updated, but we're seeing that the processes are still sound so.

But they still are working on updating the manual they just need that Chief Procurement Officer here to finalize those revisions.

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

Vice Mayor Heredia said yes, thank you.

Chair Stipp said if I may, we have kind of instituted those policies currently. We're just waiting for the final signature. Is that right?

Ms. Beckstrom said right. The final drafting.

Chair Stipp said Councilmember Goodman.

Councilmember Goodman said no. I had the same questions as Vice Mayor.

Chair Stipp said is that it?

5. <u>FY23 3rd Quarter Budget Review</u>

Mr. Kessler said Tyler Olson, our Manager of Budget and Financial Operation Controls is going to present this to the Subcommittee.

Mr. Olson said good afternoon, Chair Stipp, members of the Subcommittee. I'll walk you through the q3 actuals for FY23. At this point, we'd be about 75 percent spent or revenue earned if we're right on target. So I'll quickly walk you through this.

Starting with RPTA. Total sources of operating funds excluding passthroughs for VMR, they're right on target at 75 percent. Fare is trending a little higher than plan which is good to see. With passthrough of VMR which is really for reimbursements of personnel costs, we're at 73 percent.

Sources of funds for capital. Lower than planned primarily due to several deferrals of fleet really not being delivered by the end of the fiscal year so and some of those federal funds do lag since we're on a reimbursement basis after costs are incurred.

Moving on to expenses for operating. Slightly below plan, we're at 67 percent. You know, definitely some underrun in some areas. We did do a midyear adjustment to account for some of the increased billings so as those billings come in toward the end of the year we will get closer to plan. Combined operating at 66 percent.

Moving on to capital. So on the capital side of things, you can see that we're behind on fleet purchases and some of the other projects that have been deferred. Our regional fare collection system modernization project that we are really headed toward our Phase 2 now. We launched our Phase 1 mobile app in February of this year. You can see that we spent about half of what was planned so far at 48 percent there and other regional projects. So all in on uses of funds. 57 percent on capital.

So moving on to our budget notes. These can be found in the handout as well so I'm not going to go through each one of them, but, you know, the budget's just a plan. We develop the budget about nine months ahead of the fiscal year, so we do have some changes to that plan, very minor deviations, but as a whole, we're within budget within each one of these areas. For example, some software for our demand service and Regional Mobility Center a bit higher than plan once the cost came in. In general, the indirect allocation, you may see that overrunning, you know, in the handout in various areas. That's really related to the IT base adjustment that we talked about earlier this fiscal year that should have been in '23 and we've adjusted for that in our upcoming budget as Ken will present. But again, you know, good news is that we're well within plan.

On the capital side of things. Just some trailing costs for our financial system that hit in FY23. We anticipated that would be closed out in '22, so just like the operating budget, the capital program is within plan.

Any questions before I move on to Valley Metro Rail?

Chair Stipp said I have a couple, but anyone have questions in RPTA?

Chair Stipp said Tyler, there's several items within the third quarter report that are way over. For example, under planning, travel, and meetings it says 367 percent over. I understand, you know, in its totality we're well within the budget. I think it remains important for us to continue to footnote when we get something that the dollars are small. I mean, it's $8,000. When we look at the totality of this budget, it isn't great, but when you go through this and you look at we spent 367 percent of a budget item, we should probably have a footnote on that.

Regardless of the dollar amount just from a public policy kind of perspective. So that's in the planning section. There's a couple under regional services. One is 250 percent that doesn't have a footnote and again, it's small dollar amount. And then there's another that's 191 that does. So I think going forward we need to kind of reiterate the acknowledgement of those and moving forward and if it's a one-off that's great. If f we needed more travel for the planning group then we probably need to talk about that the next iteration of AFS the Committee will kind of have to look at that, but I just wanted point this out.

Mr. Olson said appreciate your comments, Chair Stipp and yes, we strive to strike that balance in between, you know, what's kind of a threshold for materiality and what's important to this Subcommittee so we'll continue to work on that and enhance that.

I can speak to the travel for planning. Since we are hosting the impact event next fiscal year which Ken will talk about as one of our initiatives, it's a new initiative actually so we won't cover it this period, we covered it last month, but as part of hosting that there's some commitments upfront and we didn't realize maybe the full level of those commitments this year and that is traveling to another agency related to impact hosting so.

Chair Stipp said get the groundwork, et cetera, and I think that's a simple thing and I think what has caused anxiety in the past has been just kind of glossing over those percentages, those large percentage increases because quote, unquote, the dollars were small. But if we're showing the footnote just calling it out, there's no harm in that at all other than the few keystrokes it takes to make a sentence or two. But I think the public impact of showing how we're aware of it and how those budget overruns are being handled or why they're happening is well worth the time of the keystrokes.

Councilmember Goodman said just a question on use of funds under capital. Can you talk a little bit about member agency disbursement? Because that shows a $3.4 million budget and we've only expended $120,000. I'm assuming it's a timing thing.

Mr. Olson said so member agency disbursements here represent the local match for the grant for fleet for other agencies. So since RPTA is the fiduciary for all public transportation funding, we program that in accordance with TLCP and policies set by the Board and essentially, there's a lag in some of those vehicles being delivered. And we do end up getting a lot of those reimbursements, City of Phoenix being our largest customer when it comes to fleet since they operate over half of the bus service in the region, we should see those towards the end of the year, but I would anticipate just like RPTA some of those vehicles would be deferred into next year based upon supply chain issues and things like that.

Councilmember Goodman said that was my assumption that it was a timing issue, but thanks for that explanation. Appreciate it.

Mr. Olson said moving on to VMR.

So sources of funds and operating. Fares doing even better on Valley Metro Rail. We've exceeded our annual budget by the end of the third quarter here so that's very good news. We're at 51 percent of sources collected so far. Some of those items tend to lag. I know there was a delay in one of the IGA's getting executed by one of our member cities so imagine those costs will catch up here by the end of year.

Moving on to capital. Sources of funds. Thirty-six percent looks low and obviously, the member city looks like it's way over, but there's a story behind that. Because of Northwest Extension and South Central typically those grants for federal money are given out in increments and the City of Phoenix floats those contributions ahead of time because we can't get reimbursed for those federal monies until after that money is spent. But the good news is Northwest Extension we can expect a grant any day now. And then South Central probably later this fiscal year and we'll be able to draw down that funding immediately and essentially, pay City of Phoenix back.

Moving on to uses of funds. Fifty-nine percent spent to date. The largest lag here really future project development. That's the pre-capital activities. Those invoices do tend to lag and some of those projects have been deferred and kind of pushed into FY24 so.

Capital. Invoices for these projects, again, generally fluctuate based on the time of the year and after very thorough review so we do expect expenditures to lag a bit right now until we approach year end. We did have a major midyear adjustment in January to increase costs for a couple of those projects, City of Phoenix related project.

Moving on to the budget notes. As we all know, fuel prices have been volatile for a while so experiencing some higher than plan trends there as well as utilities, small increments. Essentially, we also have some equipment for safety and security purchased that was budgeted to a different line item so really, it's just a net wash between those two line items better coding that way for generally accepted accounting principles. On streetcar, obviously, you know, it's a fairly new service so we do have some higher personnel effort than planned. But overall the operating budget as a whole is within plan.

Moving on to capital. South Central Extension, we still have revenue vehicle payments. That's our new Siemens fleet and those tend to be based on major milestones and kind of timing related. For systemwide improvements, we do have some trailing costs to finish up that guard shack at the OMC to make it a more secure facility, so some additional effort there. As well as the fare collection system modernization project, quite a lift on light rail stations to update the infrastructure needed to provide conduit for all the new fare readers that are out there today. But overall, the capital budget is within plan.

I'd be happy to address any questions on Valley Metro Rail.

Chair Stipp said Vice Mayor, any questions that since you're the big impact of that? I'm assuming not.

Tyler, same comments on VMR as on the RPTA side with the footnotes. I think that will be very helpful. I kind of intuitively just want to ask the question. How did we not anticipate the cost for the streetcar? I don't understand how the streetcar maintenance is something that we couldn't anticipate going forward with. We've been running a light rail system so unless those particular vehicles are really expensive to run. Did it start earlier than we thought?

Mr. Olson said no. So we planned on 12 months this fiscal year so it's our first 12 months operating it. Without having that historical knowledge, we can take a light rail vehicle and kind of the level of effort and apply that to streetcar, but, you know, really it takes getting in there and knowing it exactly to really understand that. But that's the good part about, you know, we'll have a year in the books now that we can reflect on, you know, as part of our budgeting process, we do look at historicals as well as future upcoming, you know, programs, overhauls, things like that. So, you know, the more experience we get, the better we get at that so.

Chair Stipp said got it. Thanks for the presentation.

6. FY 2024 Operating and Capital budget Information and FY 2024-2028 Preliminary Five-Year Forecast for Valley metro RPTA and Valley Metro Rail

Mr. Kessler said thanks. Mr. Chair, members of the Subcommittee. Today, I'm going to provide the details on the RPTA budget.

Going to talk about the obligations categories that are initiatives in the budget. As you recall, last month we got into the detail on the new or Valley Metro recommended initiatives and so we'll get into the obligations today and talk about those details and then after that, we'll look at the five-year forecast.

So just initially here some small adjustments from last month, last time we looked at these numbers. Minor adjustments to the FY24 fixed route operations to add in startup costs for the new East Valley bus contract that will start in January of '24.

Here's the source of funds. Again, just a small change to the sources here to reflect the additional costs that were added to the budget for the item I just mentioned.

Just a quick reminder of the breakdown of the budget, how we kind of present it and talk about it to make it more understandable than just a line-item budget. We start with our base budget and then we look at the ongoing obligations like inflation and market and ridership impacts and then continuing commitments that are basically just a continuation of board actions that are continuing into the next fiscal year and then we add the Valley Metro recommended or new initiatives to that to arrive at our '24 budget.

And again, this is very similar to last month just a slight changed I mentioned to the overall budget here. Again, obligations making up the vast majority of the changes to the budget going from FY23 into fiscal year '24.

Again, here's the budget goals we talked about last month and so, what we'll do today is we'll look at the obligations by goal and we'll run through those details and address any questions you might have.

So first, under the goal build and invest in the team to fulfill the vision. Just a couple items here. Strategic planning, this is an effort approved by the Board a few months back that will start off this fiscal year and so this is the RPTA's share of fiscal year '24's budget for this particular item. And then the second item is the full year impact of those contract adjustments the Board approved with our bus service operators to allow them to better pay those operators and mechanics and so forth to recruit and retain talent to make sure their staffed sufficiently to operate our service.

Under the goal serve the customer by improving and maintaining the system, a number of ongoing obligations here under this particular goal. I'm not going to go through and read each and every one of these, but there's a number of items here that are, you know, sort of stand out. The fare collection system modernization project, the ongoing implementation of that with the introduction of Phase 2 that will occur in January of '24 and sort of the call center, the other operations costs with that particular project ramping up in the coming fiscal year. Regional farebox maintenance, as a reminder, this does now include Phoenix fareboxes in here and Phoenix funds their share of this particular item. And then we have Phoenix regional services that includes the fixed route they operate that is funded by RPTA with public transportation funds. It's ADA service as well that Phoenix operates and funds with PTF funds and other support activities for some of the IT technology systems that really support the overall transit system for the region. And then a line item in here for new contract for the East Valley bus service coming on board, as I mentioned, in January for the anticipated increased cost with a new contract.

The next goal sustain and grow the system through fiscal stewardship. A couple items on here. There's the annual rate increases for multi-year IT contracts, things like software maintenance and those types of things that there's ongoing vendor support for those things and it's just the contractual rate increases that are included there. There are some items that have multi-year renewals that are not in this year's budget. There are a couple items that are renewed every two years because we get a discount by paying for two years upfront instead of paying annually, so this is reflected here as well to show that it's in next year's budget but this current year budget really doesn't include that level of cost. And then some accessible content services, web hosting and other IT items in terms of just their price increases from year to year in their contracts that we have there.

And then this slide here is just a recap of the previous slides showing each of those initiatives that are part of the obligations category and showing the amounts and the total there so you can see, again, the vast, vast majority of the change from fiscal year '23 to '24 are these ongoing obligations that we need to fund to continue the support and the services that we operate.

And so, I'll pause here, and I'll be happy to answer any questions about any of these items.

Chair Stipp said do you have questions?

Vice Mayor Heredia said on the fare collection system, what is the Phase 2 again?

Mr. Kessler said Chair Stipp, Member Heredia, the Phase 2, well, let me go back, Phase 1 was launching of the mobile fare and Phase 2 will include launching the smart card program so that will include implementing all the new ticket vending machines on the light rail system as well as some TVM's that are on the Arizona Avenue route today. And then rolling out smart cards to the general public so that basically, fare payment will be mostly electronic meaning the paper mag stripe passes will go away and folks will not have the ability to have accounts that they will either access using their mobile phone or a smart card that will be able to access their account and they'll be able to load value onto the account and use that value over time. And it will also introduce some changes in terms of how passes work and, you know, I believe some updates in the past we've talked about the concept of fare capping and things like that. So a lot of added convenience factors or features that will be included in Phase 2 for our customers to make fare payment easier. They won't have to outlay $64 or $104 for an express monthly pass upfront. They can basically pay for that over time and still enjoy the discount of those current passes that we have today. So it's a big project, a big change for our region and, you know, we're excited to work towards getting that Phase 2 happen.

And then after that as well, shortly after Phase 2, Phase 3 will be the launch of the new fareboxes. We'll be swiping out the current fareboxes that take this mag stripe media as well as cash and we'll be replacing them with simplified cash only fareboxes for the cash customers on bus.

Vice Mayor Heredia said thank you.

Chair Stipp said Ken, this Phase 2 also is aimed at improving our fare recovery, lost fare?

Mr. Kessler said excellent point, Chair. So part of Phase 2 with the launch of the smart cards will be the requirement that other than a one ride pass for reduced fare customers, you'll have to have a reduced fare ID or if you're using mobile fare, your mobile account will have to be flagged as eligible for reduced fare and there will be a certification process for them to go through to accomplish that. So that's one of the main, there's like four main goals of the project and sort of reining in that reduced fare revenue leakage is really one of the primary goals of implementing the system and we're looking forward to being able to kind of recapture some of those fares that we've been losing over many, many years.

Chair Stipp said and that's part of Phase 2?

Mr. Kessler said yes, it is.

Chair Stipp said any other questions before I kick into a couple of mine?

So, Ken, on this particular slide, I don't want to assume but I'm pretty sure I will. In item 20, the City of Phoenix regional service expansion, the van service rate increase and the bus service for the East Valley contracts, those three items have a corresponding increase in revenue source from either member city or van pool service users. Is that right?

Mr. Kessler said that's correct.

Chair Stipp said so we always talk about one side of the ledger or the other, I think it's important that when we talk about this with the whole board that we make either some sort of a note to say hey, you're seeing a $16 million increase, you know, in total, but of that 10 million of it or whatever is picked up by, you know, either member city or, you know, new rates or whatever.

Mr. Kessler said so those items are pretty much either funded with member city and, you know, depending on the routes and so forth that are impacted potentially PTF funds as well.

Chair Stipp said so obviously, PTF covers the rest of it, but if there is a member city component to that I think it's important for those member cities that are not part of it when they see it because we think, you know, as you know, from the municipal side, you know, we don't always talk about the revenue piece where this particular budget is very revenue centric and it comes from many different sources not just quote, unquote, general fund.

So I think just kind of calling that out may help particularly all of our new Board members really understand part of that.

Mr. Kessler said thanks for that feedback. Appreciate that.

Chair Stipp said so that's my question on that particular slide. The other one that kind of struck me that stood out and I don't recall because, as I say, I don't know about you, but I'm getting older every day, so I don't remember if last month we had anticipated under new initiatives or new obligations the response to any findings of the cyber finding or audit that we had done. Do we have monies budgeted for that, so we don't come back in July or October and go hey, we need $3 million for this new software X? Do we have that built into this budget already? Or is that going to be?

Mr. Kessler said yes. Mr. Chair, that was part of the new initiatives we addressed last month, yes.

Chair Stipp said couldn't remember so I figured I'd ask. Okay. That's all I got.

Mr. Kessler said just to go through capital. So again, our capital budget here, uses of funds regional fleet are by far the biggest piece of the capital program with some other regional projects largely the fare collection project there as well as that continues in the next fiscal year.

And then on the sources. The public transportation funds, federal funds and the carry forward and reserves of the public transportation funds being the primary funding source for the sources for the capital program.

And then just quickly highlight the passthrough funds. The passthrough funds from RPTA to VMR for most but the Arizona Lottery funds are disbursements to member cities, so these are the amounts in the budget for next year to be passed through. And then these are the sources where those funds come from for those passthroughs.

Okay. Now, we will move on to the five-year forecast. And first, we'll take a look at the operating budget and the key assumptions for the operating budget. A number of items that are important as we build out a five-year forecast specific to our different programs.

Fixed route service changes, demand service, the key forecasting items there what we're looking at for fare revenue and as well federal preventive maintenance revenue which I just want to mention there that we basically forecast that out consistent with the federal authorization which we're currently under the bipartisan infrastructure law so that kind of runs consistent with the annual year over year increases there.

And then another, not here, but important assumption as we look at a forecast that goes out through '28 is this forecast does assume Prop 400E does eventually pass before the current sales tax expires.

Just want to touch on some of the operating assumptions in terms of the numbers looking at ridership forecast from planning and then as well the demand service trips that was provided from accessible transit service from their forecast. And looking at average fare and how we forecast it to grow over time, again, some of the impacts on that will be from the fare collection system on the fixed route side. And then looking at the operating sources and uses. Again, looking at a five-year program here forecasting out each year and a five-year program of about 1.4 billion is projected.

And now moving on to the capital side, looking at the key assumptions on capital. There's a number of fleet replacements we have in the plan over the next five years real important to have that to make sure we're maintaining the fleet in a state of good repair and making sure service is reliable. Van pool fleet. This is currently in the forecast, but this is likely to come out. We've put out a RFP for a new contract.

The van pool contract ends at the end of the current calendar year and we're looking at likely changing the model of this program to the vendor providing the fleet. So if that's how this procurement turns out then the van pool fleet forecast, obviously, will change. So this is just sort of a snapshot look in time right now with the way the program is run. And, of course, we have paratransit fleet that we'll be looking at purchasing and, you know, replacement as well over the next five year. And then there's a number of facilities and equipment related items in our capital budget for the next five years.

And then here's a look at that five-year capital forecast in terms of the sources and the uses of funds at a line-item level over the next five years about a $781 million capital program planned for RPTA for the next five years.

And that brings us to the budget schedule slide. So here we are in May with AFS looking out to go to the Board with the budget details later this month and then the June cycle for adoption of the FY24 budget and acceptance of the five-year forecast.

I'd be happy to take any additional questions.

Chair Stipp said Ken, just one question on the capital stuff. Are we waiting to see the result of the strategic plan and how we want to move forward with the zero-emission bus fleet, et cetera? How does that play? Is it more strategic?

Ms. Mefford-Miller said thank you, Councilmember. So the biggest piece that we're waiting on with respect to roll out of zero emissions vehicles will be the notification from Federal Transit Administration regarding whether or not our recent application for their low/no emissions vehicle program was successful. That application request that I believe $14.2 million in federal funds to support the program. We do currently have about $2.2 million in Congressionally directed funds so that magnitude of that roll out is going to be dependent on the award of federal funds.

We are very much hoping that we receive a competitive award at the onset of the program. This is when we have those infrastructure costs and so, $10.2 million that we have now doesn't get us that far when we've got to purchase vehicles and infrastructure. I believe we'll learn about the decision on that later this summer.

Chair Stipp said and that obviously then has down range effects on our capital for engine replacements, et cetera so we'll just continue to adjust that on the fly as we go?

Mr. Kessler said yes, exactly, Chair. This is really a snapshot in time right now and as we're getting more information on that type of items, the forecast will be updated continually.

Ms. Mefford-Miller said one piece that drives our capital program, if I may, Mr. Chair, is our fleet replacement plan. So currently capital program is based on current fleet replacement plan. We're revising that now based on the results of our low or no emissions vehicle plan. We'll revise it still one way or another depending on the outcome of that federal application.

Chair Stipp said I'm keenly aware that these minutes are in the Board packet so if we could get information in it so that any of you that are reading this now that this is a way to communicate that as well. So thanks.

Mr. Kessler said now, we'll move on to VMR. If I get organized here, reorganized. So looking at the preliminary budget detail on the obligations as well here. Just quickly before we get to those details, I just want to look at the high-level numbers here. Again, just some slight changes from the last month when we took a look at this. The light rail operations, maintenance and security subtotal is down just a little bit about a million dollars adjustment on some of the assumptions for a few of the costs there that resulted in that revision.

And then the other big change from this overall slide from last month, as I mentioned, is moving future project development out of operating to capital. The future project development program really supports the capital program it's not really an operating cost and if you recall, public transportation funds are not eligible to be used for rail operations so I wanted to separate that category future development out of this sort of general operating section and put it into the capital so there's no confusion or misperception that Valley Metro Rail is using PTF funds for rail operations. And I think this is a clean break to show that those monies are supporting the capital program and not operations. So that's the big decrease there. But just a sight million dollar decrease in the overall actual O&M.

And then the sources of funds shown here. Again, just updated to reflect that moving the PTF funds out. Last month we showed the PTF funds because PTF does largely support the future project development program along with member city contributions and sometimes some capital funds, so the PTF is no longer displayed here because it's all over on the capital side.

Again, the budget goals we have. The budget goals are just the same as what we looked at on the RPTA side and here's the breakdown of the base, the obligations and the Valley Metro recommended or new initiatives. And just a slight change there, taking future project development out, but in terms of the changes from obligations in Valley Metro recommended reflecting just actual O&M.

And then, the same as we did last month, we'll look at the obligations by goal. And the first goal, build and invest in the team fulfilling regional transit service. A few items here. The security, Allied Universal, rate increase approved by the Board continue on into the new fiscal year. The Valley Metro Rail share of the strategic planning effort that we discussed on the RPTA slides and then the ACI rail operator increase approved by the Board, the full year impact of that carrying over into the next fiscal year.

And then goal to serve the customer by improving and maintaining the system. A couple initiatives here. Again, the rail vehicle and facility cleaning costs these are a contractor costs that were approved to be increased by the Board last calendar year going into the mid part of this current fiscal year, again, to help them be more competitive with retaining and recruiting staff. A couple items here that were approved by the Board to non-revenue maintenance vehicles, bucket trucks.

These two vehicles are being brought on board because there's currently just one bucket truck that really takes a heavy workload and so, these two bucket trucks will help alleviate that, make the work being done that requires the bucket trucks to be more efficient with multiple trucks out there and also, extending the useful life of just having one vehicle that gets worked very heavy, now the load is being spread over three vehicles. The life of those vehicles should be extended.

Then the next goal sustain and grow the system through fiscal stewardship. A few items here, again, these are basically the same items we had over in the RPTA side related to IT and it's just the showing here the Valley Metro Rail share of those particular items.

Then here's the summary slide showing all those obligations in a single table with the total and each item listed here.

And I'd be happy to answer any questions.

Chair Stipp said I'm pausing just to make sure Vice Mayor doesn't jump in. I don't think there are any questions here.

Mr. Kessler said I will move on to the capital program for fiscal year '24.
Again, there at the top of the slide is future project development now showing under capital as it's better place there to reflect that it supports the capital project program.

And then there's the sources of funds. Again, primary sources there being PTF, federal and member city contributions to support the Valley Metro Rail capital program.

So I'll pause there see if there's any questions on the capital program before we move on to the five-year forecast. No questions.

So looking at the five-year forecast for Valley Metro Rail. Looking at the key assumptions, obviously, there's a number of extensions that are in various phases of work right now. Northwest and South Central to be coming into revenue service here over the next year, year and a half. The Capital Extension moving into the just currently moving into project development with the Federal Transit Administration eyeing fiscal year '28 as a revenue service date.

Some of the other key assumptions around fare revenues. As Tyler mentioned, fare revenues are currently outpacing the current year budget and so forecasting some increases there over the coming years, the next couple years largely due to, you know, expected ridership increases as well as the new fare collection system and the abilities there to sort of rein in the misuse of reduced fares.

And then, of course, looking at ridership, again, as ridership continues to grow into the future with the new extensions as well as growth in the metro Phoenix area hoping to capture some of those new folks who move to town as transit riders on our system.

And then similar to the RPTA side, looking at about a percent and a half growth in the federal preventive maintenance funding consistent with the federal authorization.

And looking at some of the numbers underlying the five-year operating assumptions, looking at ridership projections provided by planning, looking at, you know, both recovery of riders from pre-pandemic as well as growth in the region.

And then just a look at the projected ridership by city, breaking out Phoenix, Tempe and Mesa. Looking at the forecast for growing average fare, again, for a number of reasons as I previously mentioned.

And then looking at it sort of from a kind of a budget look over the next five years, the five-year forecast looking at about a $550 million program over the next five years for Valley Metro Rail operations.

And then here's a look at the forecast by segment so looking at the current light rail alignment, Northwest Phase II and South Central, the two extension that will come on board into revenue service over the life of this five-year forecast as well as looking at Tempe Streetcar and looking at a, again, about a $530 million. To note here that this slide does not include the item that was on the previous slide identified as agency operating. That's just the general operating and administrative costs to run the agency. This is specifically operations that's shown on this slide here.

And this is the schedule of all the rail projects going back from everything that was programmed in Prop 400 so alignments that have already come into service plus the alignments that are currently under either development or construction and when they are forecasted to come online into revenue service.

And looking at some of the five-year capital sources and uses here projected over the next five years through '28 about $855 million capital program here over the next five years for the various projects that are currently either underway or in various stages of planning and development.
And here's the schedule again so that concludes my presentation on the five-year forecast. I'm happy to take any questions.

Chair Stipp said as I take the trip down memory lane of my, I think it's been five years on AFS, and looking back at earlier conversations that we had. Not being a light rail city, not being that intimately familiar with it, but one of the occurring themes that had come up in the past was the trajectory that we were headed with Valley Metro Rail seemed unsustainable financially for those member cities. It appears now all these years later that we have kind of retooled that. It's a little hard to see with all the extension that we're as we continue to grow the system it's hard to keep tabs of it, it looks like we're in a much better position today than we were several years ago as far as what we've done, internal costs just becoming a little bit more conservative about our expenditures, et cetera. Do you concur with that as the new CFO, you've been here a little while, but you were that journey.

Mr. Kessler said right. And I can speak to it, right, because I was on the member city side viewing that as that was unfolding and I would say a couple things to that. From my view, I think we're on a sustainable path.

Prop 400 Extension, obviously, is a key component of that. And working with the rail member cities, you know, over recent time and especially as the whole Prop 400 Extension thing is playing out at the legislature, I have a comfort level that, you know, what we have here for a program both operating and capital is sustainable. I'll say, the numbers are big and they're probably bigger than what was projected back five years ago just because of inflation and everything that occurred in the last few years, but on the revenue side, we've seen an increase there so, you know, we've seen the numbers are bigger, but the revenues versus expenditures, you know, appear to be lined up to be sustainable in the long term. So I have great comfort that we're on a good path, you know, as we grow the system and extensions come on board.

Chair Stipp said I'm glad to hear that. That would, obviously, be my observation as well. I think it's also a testament to the staff's dedication so I look to the rest of the room, you know, thank you, but, you know, for those efforts because if you're not responding the concern and the requests that's out there we're not getting to the place that we are today. So I think as painful as these five years have been, I think collectively as an agency, we are and it's not just because of me. I mean, we've had a really dedicated group of AFS members over the years and the staff has responded to that and getting us to a point where it doesn't look like it's just a never ending, you know, bucket of money. I think staff should be very proud, and I think as we go forward, our five-year forecast looks better than it has in the past. Kudos to everybody.

Mr. Kessler said I would agree and I appreciate the leadership of AFS in guiding the Valley Metro team, you know, over the course of those years viewing that from my outside member city position as well as now being a member of the Valley Metro team and kind of seeing that move forward. And I've seen there's been a lot of progress and I think we're on a very good path going forward as well. Have to give kudos to Jessica and her leadership being on board now here for a year. I think along with the Board's leadership and AFS Subcommittee as well as the member city staff, it's been a great effort. I think great strides have been made and I think we're on a good path going forward.

Chair Stipp said anybody have anything else about the budget? Final comments on that. We're finally there, you know, kind of the collective sigh. We've got this year's budget moved forward. We'll have the presentation for the Board at the May meeting, adoption in June. Again, a lot of pain and suffering to get us to this point, but I think the combination of what we do at the city level versus what we do here that transition has been very difficult, but we now are much more conservative in our approach to budgeting. We brought this simplicity, at least for us the simplicity to the budget process, the way that we've broken it down instead of trying to drink all of the water from the fire hose, we're getting it, you know, a bottle at a time. That has been very, very helpful for us. First budget process in a number of years that we all aren't leaving here crying at 2:30 in the afternoon and so I appreciate that as well.

So I will make those same comments during my AFS report to the Board for the benefit of the new members that don't have the scars from the past. So, again, I'm very appreciative of where we've been and where we are today. So thank you.

Mr. Kessler said thank you, Chair. And I just want to invite thanking staff as well, the budget staff, staff throughout the whole agency who contribute to the process. It's a Y team effort and so, I appreciate everyone's efforts to get us where we're at.

Chair Stipp said without a doubt. So if there are no other comments.

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

Chair Stipp said Item 7 is presented for our information only. If you do have questions or concerns about any of those items, please bring them to the Valley Metro staff before the Board meeting on the 18th. I will just let you know I probably want a full presentation on Item 7A which is the advertising. That was another very painful event and I think we probably need to have that rolled into a greater presentation so rather than lumped into a mini-consent, if you will so. And we can talk about the rest of it offline.

8. Report on Current Events and Suggested Future Agenda Items

Chair Stipp said for the AFS Board members, note we owe Sebrina an evaluation next month. We will have an Executive Session next month so be prepared to spend a little bit more time. You should get information in advance of the next AFS meeting with some information. We haven't quite finalized how we're going to do this yet. I'm looking over there, but we have to do it so that we can actually have a good process. Before Vice Mayor Heredia and myself step off of AFS I think it's appropriate that we do the evaluation of Sebrina instead of a bunch of new people that go forward. So just be prepared for that. Should be fairly simple. They're not complicated, but we do owe her that. So be prepared in June. The good news is we don't have any budget stuff to talk about so we should be able to keep it short and sweet.

The meeting was adjourned.

Without further discussion, the meeting was adjourned at 1:11 p.m.

Minutes

May 11, 2023 **AGENDA ITEM 6A**

Joint Boards of Directors
Thursday, April 20, 2023
Lake Powell Conference Room/Webex
101 N. 1st Avenue, 10th Floor
11:15 a.m.

A Study Session was held prior to the start of the meeting.

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

Members Not Present
Councilmember Aldofo Gamez, City of Tolleson
Mayor Rui Pereira, Town of Wickenburg

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

Chair Pastor called the meeting to order at 12:37 p.m.

Chair Pastor said alright. Here we go. All right. I'm going to convene the meeting and welcome members to the April meeting.

Pat, will you now call the roll?

If a committee member would like to ask a question, please type your comment in the box and it will be read aloud and answered.

Ms. Dillon said yes, sir. Good morning, everyone.

City of Avondale, Councilmember Maxine White? Present.
City of Buckeye, Councilmember Clay Goodman? Present.
City of Chandler, Councilmember OD Harris? Here.
City of El Mirage, Councilmember Monica Dorsey? Here.
Town of Fountain Hills? Vice Mayor Peggy McMahon? Here.
Town of Gilbert, Mayor Brigette Peterson? I see her on the Webex.
City of Glendale, Councilmember Lauren Tolmachoff? Here.
City of Goodyear, Councilmember Bill Stipp? Present.
Maricopa County, Supervisor Jack Sellers? Here.
City of Mesa, Vice Mayor Francisco Heredia? Here.
City of Peoria, Councilmember Jon Edwards? Here.
City of Phoenix, Vice Mayor Laura Pastor? Here.
Town of Queen Creek, Vice Mayor Jeff Brown? I'm here.
City of Scottsdale, Vice Mayor Kathy Littlefield? Here.
City of Surprise, Councilmember Aly Cline? Here.
City of Tempe, Vice Mayor Jennifer Adams? For RPTA today.
And then City Manager Andrew Ching representing Valley Metro Rail? Present.
City of Tolleson, Councilmember Adolfo Gamez?
Town of Wickenburg, Mayor Rui Pereira?
Town of Youngtown, Mayor Michael LeVault? Yes, Pat, I'm here.

Ms. Dillon said great, thank you. Chair, we can proceed.

Chair Pastor said thank you, Pat. All meeting attendees please mute your computer microphone or phone.

1. Public Comment

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

Chair Pastor said Pat, do we have public comment.

Ms. Dillon said Mr. Crowley.

Mr. Crowley said I've been out on the rail and the bus and this is what I've been able to discern from that. I didn't see where this new plan addresses volume or congestion and that and I didn't hear them point out that if you are in the serious violation, they shutdown funding to -- for their roads and their freeways, so it is a part of what's supposed to be done.

And Bill, you were wrong. The original plan had circulators and connectors and it was the City of Fountain Hills who insisted on that saying that in her community they needed the connectivity of both the circulator and a main road and how long did it take for you guys to get a route? Well, you still don't have one, do you? You've got connector for the express, but you don't have a route going into Fountain Hills.

I don't see where in the upgrades of the plan and such. One of the things in there was Bell Road to the 303. So that ten miles right now from the 101 to the 303 isn't and will never get a bus, what? One of the things that they pointed out slightly was that people at the legislature don't want rail. Well, if the legislation that goes through doesn't have rail, are you planning for that, as in, is there a chance you could bifurcate the agencies now rather than in the future when it has to be done.

When I look at the amount of monies that you spend on staff, 40 percent and there are 1100 bus stops that are just a friggin' sign in your communities. How is this doing what we put on as a plan? The plan was to get as many buses out there as we could, as many routes as could be done and use the grid to maximize the citizenry. If you noticed in that thing, there was one route going though Gilbert. There are 400 square miles. Mesa, two thirds of your city has how much bus service? Zero. I don't see it being predatory in the new plan to get those routes done.

With the 1100 not having stops or the stops not having shelters and the buses, et cetera. I go 40 percent for staff. And as Mr. Stieger said a long time ago, an agency will do everything it possibly can to exist, sometimes even getting the job done. The job for you people was to get buses and bus service to the whole region. And when you look at Gilbert and it isn't just bunny rabbits and cotton fields, where's their buses and why are you planning right? Thanks.

Chair Pastor said thank you, Blue.

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

Ms. Mefford-Miller said thank you, Madam Chair, members of the Board. Good afternoon. I'm going to give you a few brief highlights on our performance metrics. I will move through them relatively quickly.

We have begun having conversations and doing deep dive performance updates with our member cities through subregional meetings. We held such a meeting on Monday afternoon with West Valley and we're continuing to seek feedback from city staff on the format and the content delivered in those forums. We're doing the same within East Valley and with our rail cities as well.

So today, I'll just focus on those performance metrics that we are expending significant effort working to improve.

The first is on-time performance with bus. Bus on-time performance has remained steady in recent months; however, it falls significantly short of our stated goal of 92 percent. We are both working with our contractors to evaluate our on-time performance. We are also conducting a systemwide running time study which is basically an evaluation of how long on every route it takes to get to end to end. from end to end on at different times of day. This has not been undertaken in a significant amount of time.

It is due. I expect adjustments to service schedules will be made following that process. On light rail, we saw a significant improvement in light rail beginning in the month of February when we created a new schedule and added end to end running time. We are a straight running system and as such our travel time on our light rail and streetcar systems is prone to change over times as do traffic patterns. We're also working with our rail member city staff to work on prioritizing improvements at some of those signals that give priority to light rail. We'll continue to evaluate this. We'll also have a new rail schedule, of course, upon the implementation of our Northwest Phase II expansion which is scheduled to open late this year or early next year.

Streetcar, on-time performance actually remains quite high as does ridership and customer satisfaction by the way.

On-time performance with paratransit has been steady. We're still a little bit short of our 95 percent goals, but we're working with our contractor Trans Dev to drive improvement in on-time performance and customer service.

With respect to our complaint rate, we constantly monitor our customer feedback. We saw a little bit of a spike in the month of February. We think that has to do with a lot of visitors to our Valley in the month of February who have questions and as I mentioned, we also implemented a new rail schedule on February 4th and that took a number of our customers off guard.

Ridership continues to hold steady. We are working to look at our sensors and our tools. We get ridership from automated passenger counters on light rail and streetcar. They're infrared sensors above the doors and on the bus, it is the farebox. We have found some issues with our ridership. I'll continue to keep this Board updated especially if we found any change in that ridership trend. It seems in recent months we should have seen some higher numbers that aren't quite materializing. I will tell you there are more customers out there every day it seems on our buses and trains just as there are drivers on our regional roads right now. So we are seeing that and we'll continue to report back.

We have been talking for almost a year now about workforce shortages. I'll give you an update on our operator vacancy rate and then I'll highlight some of the areas where we continue to struggle a little bit.

We've done quite well. We've come a long way with respect to operator vacancy rate. When we started this conversation on some of our contracts, we were missing as much as 10 percent of our scheduled service. We've not got that to inside of 2 percent because of increases in our workforce. Taking a look at that specific trend by month, I want to highlight our struggles. Namely, in December, we saw a spike in operator vacancy rate on our West Valley bus contract. We are working very closely with our contractor Total Transit at the national, regional and local level. We had an in-depth meeting with them this past Tuesday morning regarding their performance improvement plan focusing in on operator and mechanic vacancy rates. We have given them specific instructions on prioritization for service so that we can execute as much of our scheduled service in the West Valley as possible. I'll give you a preview a little bit later in the update on other specific measures we're taking on the West Valley contract.

We also just this last month saw a little bit of a spike in our rail operator vacancy with ACI, this is light rail and streetcar operators. We had a big hiring surge, and we were able to ramp up to full workforce in advance of Super Bowl. We have lost some of those brand-new team members, but we do have eight operators currently in training. I am confident we'll continue to meet our scheduled service.

With respect to vehicle maintenance, we have come a long way with our inspectors who actually work on our light rail vehicles and streetcars. Mechanic vacancies have fallen. Electromechanics, these are individuals who work on those light rail vehicles. This continues to be an area of shortage for us. These are direct Valley Metro employees not contractors. We're continuing to work with Rob Rosenberg, our Deputy Director of maintenance and state of good repair, Penny Lynch and the Human Resources team to identify and execute effective strategies for retention and recruitment for electromechanics.

On way side maintenance, these are also Valley Metro personnel who are responsible.

for maintaining the wayside rail system. That's our track, our signals and our overhead catenary system. We continue to struggle with traction power electricians. There's a theme here. We're having a hard time attracting electricians. Same is true of the building trades industries right now. We're going to continue to focus on this. Long term we collectively have to develop a better pipeline for attracting craftspeople to full-time Valley Metro roles. Business is booming in construction across the Valley. We do have a hard time competing with private sector. Many of these positions are also third shift.

We perform our maintenance out of the alignment mostly when we're not running trains. With respect to support staff, these are our cleaners, our customer service team members and our security personnel. We have come a long way since this conversation began in filling those necessary vacancies. The vehicles are cleaner, the stations are cleaner. Our customers have noticed the increased presence of field security. We're working to sustain those workforce levels, but also ensure that these relatively new teams are still providing the high level of service that we want to see. So we're going a little bit of course correction and including with our partners at Allied Universal security on the performance of our fare inspectors and guards that we have out on the system, but we are glad to have them here.

So note on accessible transportation services ridership and cost. This is paratransit and Ride Choice. Our costs have remained steady. We had a little bit of a decrease in paratransit cost in the last couple of months while Ride Choice saw a corollary increase. We continue to see a reduction in paratransit trips and an increase in Ride Choice trips reflecting consumer preference and I think just the flexibility of that Ride Choice program which can be demand responsive. We've talked about this in a couple forums in this room, but that is the direction we're heading with our paratransit services while aiming to be more responsive and giving our customers greater flexibility.

This is missed miles for bus, as I mentioned, we're right around 2 percent right now. A lot of those service miles are happening in West Valley. We have come a long way with our East Valley bus operations and maintenance contract.

Okay. Here is an update on our national express contract in West Valley. National express is currently operating under a performance improvement plan. This is in accordance with our contract. The areas that we are focusing our listed here. I want to call out in particular vehicle trip completion. This has to do with maintenance. Revenue service completed. This has to do with workforce as well as cleanliness, condition and then customer complaints which are a reflection of performance in all of these areas.

We have made great strides in cleanliness of vehicles. We're on the path when it comes to maintenance, we have just engaged in third-party contracting to bring additional operators both from other national express properties, but then also using a staffing firm to bring additional operators to this contract. We continue to meet with national express every single day, week and month at that local, regional and national level. We will see improvement in this contract or we will leverage all of our contract tools to change our outcome.

Update on East Valley. So East Valley is going very well. They are also operating under a performance improvement plan. Here, we're really focused on on-time performance, preventable accidents, still revenue service completed, though as I mentioned, we've come a long way in the workforce there we're almost fully staffed so we are having very few missed trips. We're working with them now on some of the finer but essential points of scheduling, on-time performance, early and late departures and running times. We are on track, I don't know if we're fully staffed today, if not, we are real close. Come a long way. A year ago we were missing 10 percent of these trips.

Both the East and West Valley contract performance is not long for us. Our West Valley or our West Valley contract actually expires June 30th of 2024 which is right around the corner. This Board authorized us to develop and release an RFP that is multimodal in nature that will include fixed route bus, demand responsive service including paratransit.

We are developing that right now that draws from pieces of our recent paratransit procurement as well as our recent East Valley bus operations and maintenance scope of work. Member city staff is engaged in that process. We anticipate releasing the request for proposals in September after developing the RFP and moving that through the City of Phoenix procurement process. We will come back to this Board in February of next year for a request to approve a contract. We will have selected a preferred vendor in advance of that and then on July 21st, 2024, right around the corner, service begins with our new contractor.

In East Valley, we're also in a procurement process. Proposal review is underway. We received proposals last month. We are also working with member city staff on this procurement process. We will conduct interviews with preferred firms on May 25th. We'll come back to this Board in August. We don't have a July board cycle, so we'll identify and recommend a firm to this Board. We'll issue a notice of intent to award to the firm so that we can begin having conversations and preparing for a January 1st, 2024 in service date on East Valley bus operations and maintenance. It's one of our biggest contracts.

Shifting gears from operation of service to construction of service. We are not 86 percent complete on our Northwest Phase II Extension. That is our 3-mile extension. We'll begin testing and certification later this summer, so our work with our partners at FTA and our project management oversight is already well underway. The major components that will advance our traction power substations which are near complete and our at grade and elevated stations are really coming together. When you visit those stations, it really does feel like a train is going to whiz by any moment. We are almost there.

Photo on the left is Mountain View and 25th Avenue and you can see the fantastic art. I love that. Look at that and want to make a wish. That's a depiction of both a dandelion and then a bouncing tennis ball if you see it in profile view. And then the photo on the right, that's at 25th and Dunlap. This shows the curved track work. There's a lot of really exciting track geometry if you are a transit geek like me on this Northwest Phase II. We are ending this project at the Metrocenter station on the west side of I-17. The photo on the left is some time ago. We have made significant progress. We have a 4-story parking garage constructed there. The bridge over I-17 has been constructed. We are working actually we meet on Monday with the developers of the Metrocenter Mall site so that we can ensure that we're working hand in glove with them and with the City of Phoenix to create wonderful pedestrian connections between the light rail station and the bus transit center and that new mixed-use development that they're planning. Very exciting.

On the south side, we have moved on to the southern portion of the South Central Hub and Downtown Hub project. We are 67 percent complete, so making great progress. The majority of the heavy civil work is done here in downtown, but we're continuing with station finishes, traction power substations and then on the southern part of the corridor we're continuing, these are pretty recent photos actually, with utility relocation, roadway and hard scape work.

Next, these images I think are more recent and pretty interesting. We just did a tour with our South Central construction advisory board. We have what we call construction advisory boards for the South Central project, the Northwest project, we had it for Tempe Streetcar as well. These are members of the community and local business who provide us feedback on how we're doing interfacing with that community through the construction process and on Northwest Phase II, we're advancing that conversation to how we can interface with the community as we anticipate the opening, how we can connect with businesses, employers, schools and other institutions to promote the adoption of transit along the corridor. We'll soon shift gears on the South Central corridor also.

Our Tempe streetcar, not to be forgotten, it will turn one next year. Tempe streetcar was actually recognized on April 1st with the Transportation Innovation Project of the year by Women's Transportation seminar. Congratulations to City of Tempe on that recognition. The streetcar is also being considered for Arizona Forward's Environmental Excellence award and we will find out the outcome of that nomination later this month. We'll continue to keep you posted.

We discussed air quality in this room earlier and we are currently leveraging electric trains and streetcars and mostly compressed natural gas buses across our fleet. We have begun the process of what we call fleet transition to zero tail pipe emissions vehicles. We are near the end of the development of a fleet transition plan which we developed in partnership with consulting firm WSP. This is actually now a federal requirement. It's just good business and strategy, but you also have to have a fleet replacement plan now to qualify for federal low or no emissions vehicle funding. Earlier this month, we submitted an low or no emissions vehicle funding application to the Federal Transit Administration. That grant program, if fully funded, would support 20 battery electric buses, our initial charging stations, necessary facility electrical upgrades and workforce development. The total cost of that program is about $27 million, and our federal request is $13.3 million of that. We also have about $10.2 million in congressionally directed funding focused on our fleet transition plan. Our intention through our transition plan is to invest those funds -- and I should say, the Tempe facility is the focus of the low-no grant. The congressionally directed funding would be directed to the Mesa Greenfield facility to begin the build out of the infrastructure and acquisition of the initial vehicles.

The march toward zero emissions is long. We typically keep our buses for about 12 years. We're going to have to continue to purchase some CNG buses in the near term to replace those which are due for retirement right now because there's a lead time on the battery electric bus plus, we've got to build the infrastructure, but this is all part of our long-term fleet transition plan. As we move forward and we get the results of these low-no's, we'll begin to put a horizon date on our transition plan. In addition to battery electric, I want to add that we are also looking very closely at hydrogen fuel cell. Long term I think that we have a future there. Short term right now the cost of the energy, the fuel is pretty high and so that would impact the operating costs for those vehicles which would be borne by our local cities or our regional public transportation fund. So we've determined that now's not the time to enter that market, but that might come in the near future as the -- as we increase our supply of hydrogen. And we've got two plants being constructed right now in Arizona just hasn't borne through yet.

Okay. Just a note on budget development schedule. We conducted a detailed presentation to staff earlier this week through the Financial Working Group and RTAG. I think that went very well. We've gotten positive feedback. We will have a detailed discussion, again, with the Audit Finance Subcommittee on May 4th and we will present to this Board via a study session on May 18th on our FY24 budget.

A couple of other fun highlights. Yesterday, we rose and rode. April is actually Valley Bike month. We started years ago with a bike day and then a bike week and now it is more into Valley Bike month. So several of my colleagues and I rode with 300 of our friends yesterday throughout downtown ending with a celebration near the Orpheum Theater. It was a wonderful day. It's great to see people turning out in person and really focusing on the multimodal work that Valley Metro does. A part of what we do is our van pool, our Ride Share, but also encouraging bicycle and pedestrian options for travel. So that was attended by Mayor Gallego and other dignitaries across the Valley. Great discussions about the need for safety in the provision of bike and ped options in our regional transportation plan. It's in that MAG plan too.

Shifting just a little bit. And I'll conclude with this. We're in a period of transition across our organization. We are focusing on our operational performance. We are developing the maintenance and operations programs that are going to sustain our system and our organization as we shift from just constructing and operating a smaller system to operating a bigger system and to maintaining that system in perpetuity. I've realigned our executive leadership team and in addition to the talented team members that we have today, we're introducing a couple of new positions.

The first is Chief Transportation Officer. After a nationwide search, we selected Michael Powell as our Chief Transportation Officer. Michael will be responsible for leading the delivery of all of our transportation services, that is, bus, paratransit, demand responsive service, light rail and streetcar. He comes with almost 30 years of transportation delivery experience. He spent most of his career with New York City Transit. Most recently, he is the Deputy Chief Operations Officer in -- at Minneapolis Metro where he's also leading implementation of light rail expansion and bus rapid transit introduction projects. Michael is a strong professional. He cannot wait to join us here and he will arrive on May 8th.

Our maintenance program will be reconfigured under a single team. Darren Curry will become our first Chief Maintenance Officer. I worked with Mr. Curry for many years in St. Louis. He is a fantastic industry lead. He will be tasked with building our comprehensive maintenance program for all of our transit assets that includes trains, buses, vans, stations and operating facilities. He'll work along side our existing team including our Deputy Director of state of good repair Rob Rosenberg. He will also be responsible for completing our federally required -- completing and sustaining our transit asset management program. I am delighted to have this kind of talent join our existing strong team.

We've got three more executive positions we will be filling in very short order, so stay tuned for announcements probably at the next couple of board meetings.

This concludes my report, Madam Chair. We have next just dates. Okay. A quick look ahead at the dates. I mentioned May 4th we will have Audit Finance Subcommittee. This is that in depth budget review. May 3rd, TMC, RMC. May 18th, Board of Directors. That's our deep dive budget review conversation. June 7th and 8th, TMC, RMC, AFS. June 22nd, Board of Directors meetings. This will likely be a full agenda with approvals because we will have a recess for the July cycle and reconvene in August.

Now, that concludes my report, Madam Chair, members of the Board. May I answer any questions?

Chair Pastor said any questions? I don't see any.

3. Audit and Finance Subcommittee Update

Councilmember Stipp said thank you, Madam Chair. Just as a reminder, the minutes are always included in our board packet so I will be brief.
We are in the middle of our internal audits. There's a slight pause for the month of April and May as the team concludes their work for the year getting ready to bring their final presentations for this year's audits to us.

We did spend a considerable amount of time on the FY24 operating and capital budget for Valley Metro RPTA and Valley Metro Rail. This past month we looked at new initiatives. They are few, which is good, but they're strong so we did not spend nearly the amount of time this year as we did last year on this particular component. In the month of May, we are going to look at the ongoing and inflationary adjustments for Valley Metro so that you can be assured that when you see the final budget in June that the Audit and Finance Subcommittee has really taken a very comprehensive look at this budget so if you or your staff does not have time to do as deep a dive, please know that the Audit and Finance Subcommittee has absolutely been in the deep end.
We get a little bit of update on the intergovernmental agreements and contract change orders.

Meeting was brief as my remarks, so pending any questions that ends my report.

Chair Pastor said I see no questions. Doing a great job, Stipp.

Councilmember Stipp said thanks.

4. Consent Agenda

The minutes from the March 16, 2023, Joint Board meeting are presented for approval.

Chair Pastor said the minutes from March 16, 2023, are presented for approve. Are there any questions, comments, is there a motion?

Motion by Councilmember Harris, second by Councilmember Stipp.

All those in favor, say aye. All those that are not. The ayes take it. Motion passes.

Oh, I didn't do a discussion, but I did questions and ask before that. I hope I don't get in trouble. I don't think anybody had any.

IT WAS MOVED BY COUNCILMEMBER HARRIS, SECONDED BY COUNCILMEMBER STIPP AND UNANIMOUSLY CARRIED TO APPROVE THE MARCH 16, 2023, MEETING MINUTES.

5. Fiscal Year 2022 (FY22) Transit Performance Report (TPR)

Ms. Mefford-Miller said thank you, Madam Chair, members of the Board. I'll invite Erin Kuneyl of our planning department to deliver a presentation to you. This is a performance report that is retrospective. It ends for the period ending June 30th of 2022. The data I presented to you is of the last several months and in May in next month's packet, you will receive a quarterly report that does contain more recent information. Erin.

Ms. Kuneyl said thank you, Jessica. Madam Chair, members of the Board, I am Erin Kuneyl and I am here to present the Transit Performance report for fiscal year '22. As a reminder, this is a report that includes regional data for fiscal year '22 that spans from July 1st of 2021 through June 30th of 2022.

During that time, we saw in increase of totals boardings of about 14 percent. 70 percent of those boardings were found on the bus. Valley Metro Rail sees 3.77 boardings per mile which gives it the highest of any mode. Paratransit trips have a high on-time performance of 90 percent and van pool users pay an average of $5.18 a trip giving it an 86 for farebox recovery.

After seeing a decrease in ridership, we are seeing an upwards trend from fiscal year '21 of over 4 million riders.

Operating costs continue to climb from fiscal year '21 to $8.35 due to contract changes and the overall increases such as fuel costs.

I will now speak on bus trends followed by the rail and the streetcar. Bus boardings went up year over year 2 million riders or a 10 percent increase. After losing ridership due to COVID for the last two years, we are seeing a weekly ridership have a 14 percent increase. While weekday ridership is up, we are still seeing a decrease in Saturday boardings at around 5 percent. Local service is still down while circulators are trending upwards. Sunday boardings similar to Saturday we are seeing a small decrease at around 5 percent. After reinstating front-door boardings in the early months of fiscal year '22 we are -- we saw different riders taking extra trips on Saturdays and Sundays which we see less of an impact on the weekday trips. The average fare collected per trip is up to 65 cents which is on par with fiscal year '20. Front-door boarding was reinstated on October -- in October of fiscal year '22 giving fiscal year '22 nine months of fare collection. On-time performance is down from fiscal year '22 as post-traffic COVID returns to the road. As Jessica mentioned, Valley Metro is currently conducting a runtime analysis to increase the on-time performance.

I will now speak on the rail trends followed by streetcar. Rail saw a 30 percent increase from fiscal year '21 which is the highest of any mode. The average fare collected per trip is up from fiscal year '21 to 62 cents. We saw an increase of fares purchased post-pandemic compared to the pandemic levels. On-time performance is down to 72 percent. During this time, single tracking was put into place for construction for nearly three months. Valley Metro was proactive and adjusted the schedule which is more recently reflecting higher on-time performance and operations is working with cities for signal time changes.

Streetcar started service on May 20th giving it 42 days during fiscal year '22. In that short amount of time, we saw just over 60,000 boardings with ridership growth since then.

And lastly, paratransit trends continue to see a high on-time performance sitting just over 90 percent while seeing a decrease in operating cost per revenue hour. We are seeing a higher transition towards Ride Choice because of the benefit that it provides for the rider.

And that concludes my presentation, and I will take any questions.

Councilmember Stipp said I'll be really brief. You don't have to go back, but just if board members have their packets. Slides 3 and 4, which is the ridership significant decrease and the cost per operating mile which is seeing an increase. That has been a problem for the organization for a number of years. We've been working very closely with the staff from the Audit and Finance Subcommittee perspective on how do we bring the cost per mile down while we're going through this operational period. I think just to kind of reassure everybody and hopefully, Jessica won't disagree with this statement, all of these studies that we're getting ready to do are really geared at both of these: Increasing ridership and bringing our cost per mile down. Kind of just to make sure that we are running as efficient of an operation as we possibly can and that has really been the goal of the Audit and Finance Subcommittee for the last three or four years anyway to try to bring those two pieces together so that we can be a financially sustainable model going forward. So for those of you that are new to the Board know that this is not brand new information but we've been working very hard on it. And now, as an organization, we are taking very positive steps forward with the implementation of the studies that we have previously approved going forward for this next fiscal year.

Chair Pastor said thank you for your work.

6. Travel, Expenditures, and Solicitations

Chair Pastor said Does anybody have any questions on Item number 6? It's travel, expenditures, and solicitations. It's in your packet. If not, I'm going to move it. I don't see any. Okay. Item number 6.

7. Report on Current Events and Suggested Future Agenda Items

Pastor said anyone?

8. Next Meeting

The next meeting is scheduled for Thursday, May 18, 2023, at 11:15 a.m.

Without further discussion, the meeting was adjourned at 1:19 p.m.

Information Summary

DATE **AGENDA ITEM 6B**
May 11, 2023

SUBJECT
Financial Audit Services Contract Change Order

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to execute a contract change order with Clifton Larson Allen, LLP for financial audit services in an amount not to exceed $50,000 for the period ending May 15, 2024.

RECOMMENDATION
Staff recommends that the TMC/RMC forward to the Boards of Directors authorization for the CEO to execute a contract change order with Clifton Larson Allen, LLP for financial audit services in an amount not to exceed $50,000 for the period ending May 15, 2024.

BACKGROUND | DISCUSSION | CONSIDERATION
In May 2019 the Boards of Directors authroized a contract award to Clifton Larson Allen, LLP to provide financial audit services for a five-year term for an amount not to exceed $475,173. Under the terms of the contract which commenced on May 31, 2019 financial and federal compliance audits have been performed of Valley Metro Rail Inc. (VMR) and the Regional Public Transportation Autority (RPTA) for fiscal years 2019, 2020, 2021, and 2022. Also, additional work required by the National Transit Database (NTD) was performed for RPTA for the fiscal years 2019, 2020, 2021, and 2022. The fiscal year 2023 audits will be the final audits performed as part of this contract.

Additionaly, there are two factors that were not accounted for when the contract was awarded that resulted in audit charges in excess of the contractual estimate during the fiscal year 2020 and 2022 audits. During the fiscal year 2020 audit, the Controller position responsible for financial reporting and coordinating the audit suddenly and unexpectedly became vacant, resulting in delays and additional work performed by the auditors to complete the audit and finalize the reports. Additionally, fiscal year 2022 was the first year with the new accounting system and the original contract did not include an increase for additional audit work required with the implementation of a new accounting system. The new system resulted in further unanticipated procedures performed by the auditors to gain an adequate understanding of the new system and internal controls and update audit documentation accordingly.

COST AND BUDGET
The cost of the change order to the financial audit services contract with Clifton Larson Allen, LLP over the remaining period of the contract is an amount not to exceed $50,000. The cost of the change order is included in the RPTA and VMR Adopted FY23 Operating budgets.

COMMITTEE PROCESS
RTAG: April 18, 2023 for information
TMC/RMC: April 26, 2023 for action
AFS: May 4, 2023 for information
Board of Directors: May 18, 2023 for action

CONTACT
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ATTACHMENT
None

Information Summary

DATE **AGENDA ITEM 6C**
May 11, 2023

SUBJECT
Payroll Organizational Assessment and Consulting Services Contract Award

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to enter into a contract with Accenture to perform an organizational assessment and to provide consulting services to evaluate Valley Metro's payroll function and provide a sourcing strategy for the underlying technology.

RECOMMENDATION
Staff recommends that the TMC/RMC forward to the Boards of Directors authorization for the CEO to enter into a contract with Accenture to perform an organizational assessment and to provide consulting services to evaluate Valley Metro's payroll function and provide a sourcing strategy for the underlying technology. Total costs for these services will not exceed $141,000 plus a 10% contingency of $14,100, for a total not-to-exceed authorization amount of $155,100.

BACKGROUND | DISCUSSION | CONSIDERATION
In 2021 Valley Metro implemented Oracle's Enterprise Resource Planning (ERP) system to support agency operations. A separate follow-on workstream was planned in 2022 to implement the Oracle ERP Payroll module as part of an effort to in-house the payroll process. Key staffing shortages in Finance & Procurement resulted in the workstream being paused in July of 2022 due to lack of resources.

Based on challenges identified during the initial work, prior to resuming the workstream the new leadership of the Finance & Procurement division would like to commission an external assessment of the payroll function. This assessment would ensure that in-housing the payroll function is still the appropriate path forward, and that the proposed Oracle software is able to integrate with the available personnel and processes to allow the continued uninterrupted success of the payroll function. Accenture has been selected as the partner for the assessment due to their ability to provide expertise across general payroll operations best practices, the existing technology (ADP), and the proposed technology (Oracle), as well as their availability on Arizona State Procurement Office cooperative contract.

COST AND BUDGET
The funds for the professional services outlined in this memo are already included in the

adopted RPTA and VMR FY 2023 Operating and Capital Budgets. The currently requested authorization is not to exceed $155,100. The RPTA portion is $77,550 and the VMR portion is $77,550.

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

Vendor	Cooperative Vehicle	Contract #
Accenture LLP	Arizona State Procurement Office	CTR062586

COMMITTEE ACTION
RTAG: April 19, 2023 for information
TMC/RMC: May 4, 2023 for action
Board of Directors: May 19, 2023 for action

CONTACT
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602-523-6043

ATTACHMENT
None

Information Summary

DATE **AGENDA ITEM 7**
May 11, 2023

SUBJECT
Advertising Sales Services Contract Renewal

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to execute the final three-year renewal option with OUTFRONT Media LLC for Advertising Sales Services through June 2026.

RECOMMENDATION
Staff recommends the TMC/RMC forward to the Boards of Directors authorization for the CEO to execute the final three-year renewal option with OUTFRONT Media LLC for Advertising Sales Services through June 2026.

BACKGROUND | DISCUSSION | CONSIDERATION
Valley Metro initiated a rail advertising program in 2009 with OUTFRONT Media LLC (then CBS Outdoor). Following another competitive solicitation, OUTFRONT was selected in 2015 to continue as the Advertising Sales Services administrator for the rail program. The 2015 contract had a five-year base with two, three-year options (for up to 11 years) with a rate of $1.1 million, as the Minimum Annual Guarantee (or MAG), or 65% of net advertising revenues, whichever is greater. Pre-pandemic, the program generated at or above the MAG with FY19 revenues at $1.18 million. During the pandemic through today, the MAG was paused and the program continues to provide 65% of net revenues. Thus far, in FY23 (through March 2023), the rail program is generating $554,984.

In 2021, the Valley Metro RPTA Board of Directors was interested in exploring bus advertising on the RPTA-operated fleet. After research and discussion, the Board amended their historical “no advertising” policy and approved a bus advertising program and policy. For expediency, their on-the-ground knowledge and in concurrence with the current scope, the Board also approved utilization of the existing Advertising Sales Services contract with OUTFRONT for the bus program. The program began with its first advertisements being displayed in mid-March 2022. The program was estimated to generate between $600,000 – $700,000 in annual revenue for Valley Metro RPTA and member cities. Thus far, the program has generated $633,503 across its first year+ (March 2022 –March 2023).

The recommendation to renew the OUTFRONT contract for the final, three-year option is related to the volatility of the market (which could generate potentially lower, more risk-averse rates), experience and continuity at a time of significant change (for the agency and operating groups) and considering the contractor's strong performance on the established rail advertising program and their continued work to grow the bus program. The recommendation, and resulting negotiation with OUTFRONT, was developed in consultation with Valley Metro leadership and city staff.

For this final extension option, Valley Metro has worked with OUTFRONT to refine and add to the scope as follows:

- Return to a MAG of $1,250,000 or 65%, whichever is greater, for the rail program
- Set a MAG of $400,000 or 65%, whichever is greater, for the bus program
- Relative to the MAGs, include language about the opportunity to re-visit the MAGs across the extension period
- Per the City of Tempe, include Tempe light rail stations as advertising inventory

Across this extension period, Valley Metro will work with member city staff to develop the scope for the future transit advertising program on behalf of the region. A Request for Proposals for this service will be issued in 2025, ahead of the June 2026 expiration.

COST AND BUDGET
Across the three-year option period, OUTFRONT will provide Valley Metro Rail a MAG of $1,250,000 or 65% of the net advertising revenues, whichever is greater. For Valley Metro RPTA, OUTFRONT will provide a MAG of $400,000 or 65% of the net, whichever is greater. The MAGs were developed based on the local and national advertising trends and markets and in context of program history. Having a MAG helps to provide program revenue reliability and accountability. The 65% revenue share continues to be a strong rate and in alignment with peer transit agencies, which range between 60 – 69% in their revenue share agreements.

COMMITTEE ACTION
RTAG: April 18, 2023 for information
Member City Discussion: April 25, 2023 for information and discussion
TMC/RMC: May 3, 2023 for action
Boards of Directors: May 18, 2023 for action

CONTACT
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ATTACHMENT
Available online: Bus and Rail Advertising Program Details & Policies

1

Board Recommendation

- Execute final three-year option with OUTFRONT
  - Current contract extension expires June 2023
  - If extended, OUTFRONT would continue through June 2026
- Institute Minimum Annual Guarantees (or MAGs) for the bus and rail programs
- This action does not address advertising policies

2

2

Why Renew?

- Market volatility
  - Unsure if we would get competitive pricing
- Continuity at a time of significant change
  - Other regional priorities and shifts
  - Stability vs. program start-up
  - Continued growth of bus program
- If have a contract option, why not use it?
  - Good overall performance

3

VALLEY METRO

3

RPTA Bus Advertising Program

- Initiated in mid-March 2022
- Active in the Tempe and Mesa bus yards/fixed route fleet
  - Includes exterior advertising between wheels and tails
- Generated $633k in first year
- Seek to initiate a MAG:
  - OUTFRONT proposed MAG = $400k
  - Or 65% of net revenues, whichever is greater

4

VMR Advertising Program

- Active since 2009
- Includes rail vehicles (exterior, ceilings) and station advertising
- Generated $555k this fiscal year (through March 2023)
  - Expect $250k more in Q4
- Seek to modify contract as follows:
  - Re-establish MAG of $1.25m
    - Or 65% of net revenues
  - Add Tempe light rail stations

5

Future RFP

- Begin process in early 2025
  - Work with cities to establish scope
  - Issue in summer/fall 2025
  - 4 – 6 month transition period ahead of June 2026

6

6

7

Information Summary

DATE
May 11, 2023

AGENDA ITEM 8

SUBJECT
Quarterly Reports

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

COST AND BUDGET
None

RECOMMENDATION
This item is presented for information only.

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

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

COMMITTEE PROCESS
TMC/RMC: May 3, 2023 for information
Boards of Directors: May 18, 2023 for information

CONTACT

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Jim Hillyard
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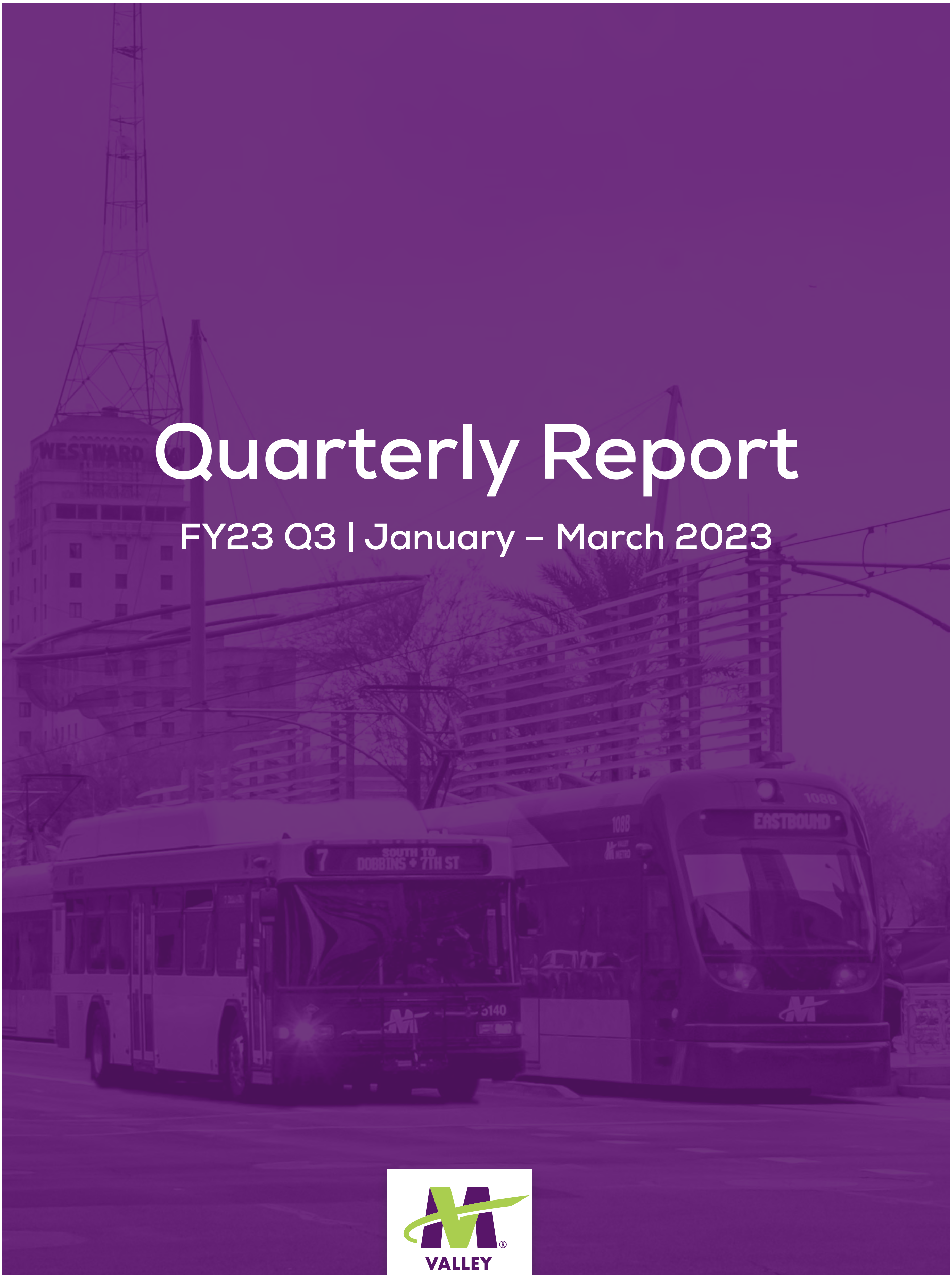


Quarterly Report

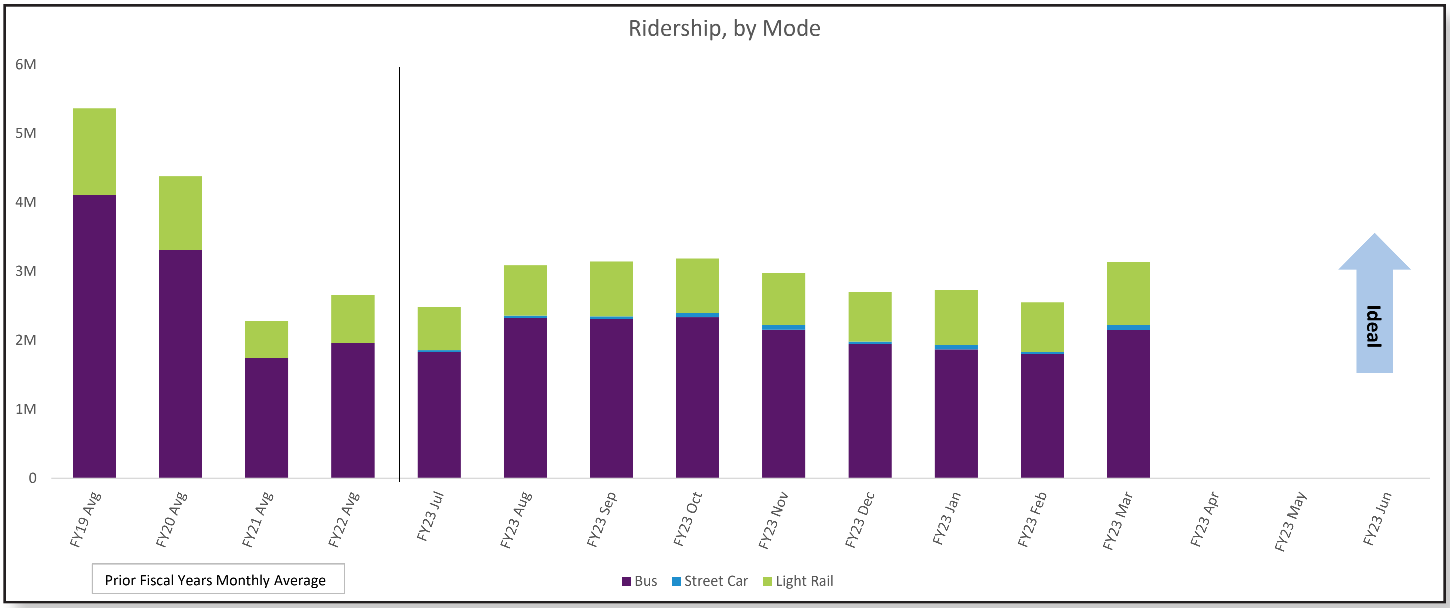
FY23 Q3 | January – March 2023

VALLEY METRO

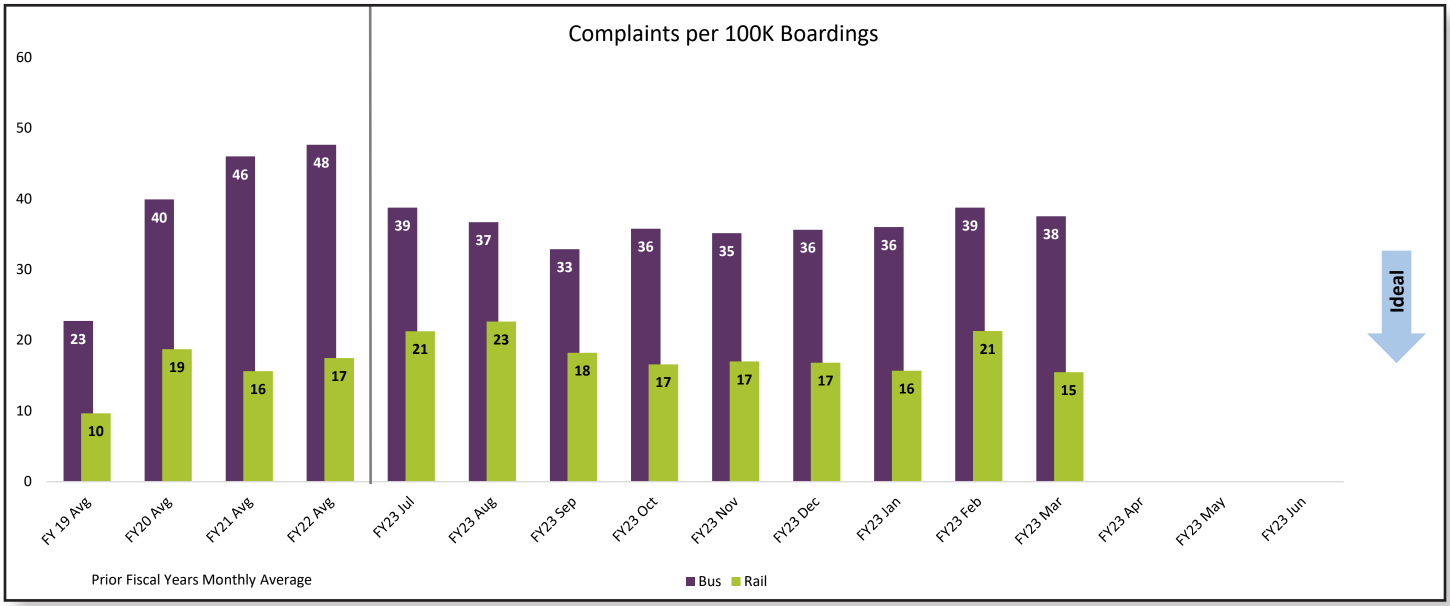
Operations & Maintenance Highlights

Through FY23 Q3 (March 2023)

Ridership, by Mode

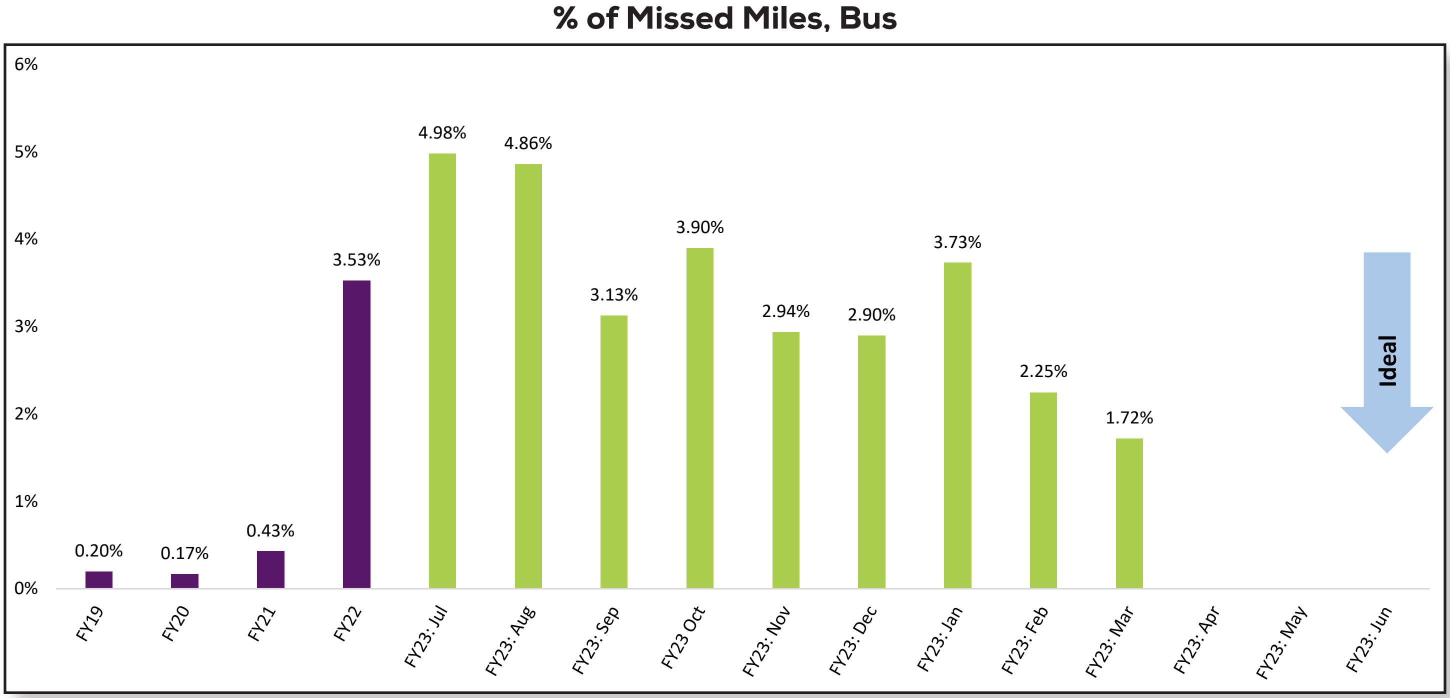


Complaint Rate



Operations & Maintenance Highlights

Through FY23 Q3 (March 2023)

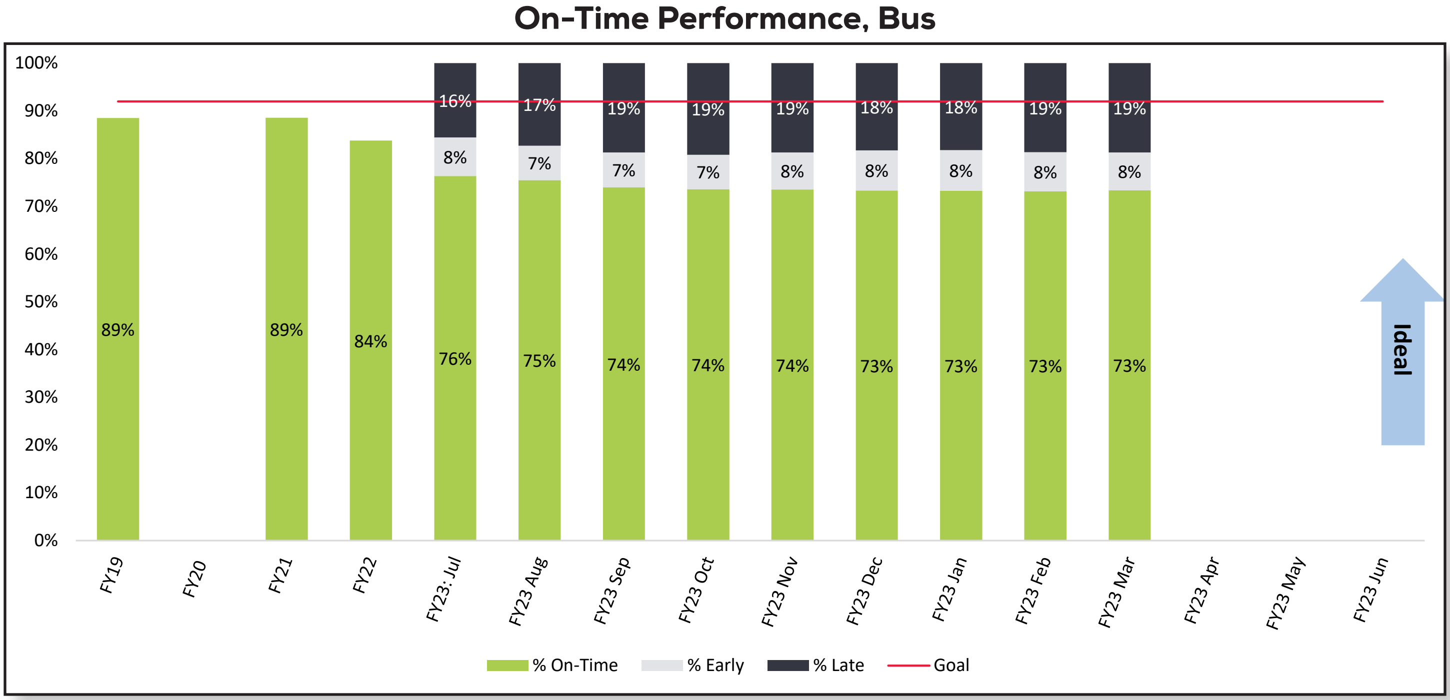


Descriptor:

- Percentage of miles missed for bus

Notes:

- Fiscal Year percentages will increase as data is currently unavailable for Ajo, Glendale, Phoenix's vendors and RTW Management



Descriptor:

- The bars represent on-time, early and late performance for bus with a goal of 92%

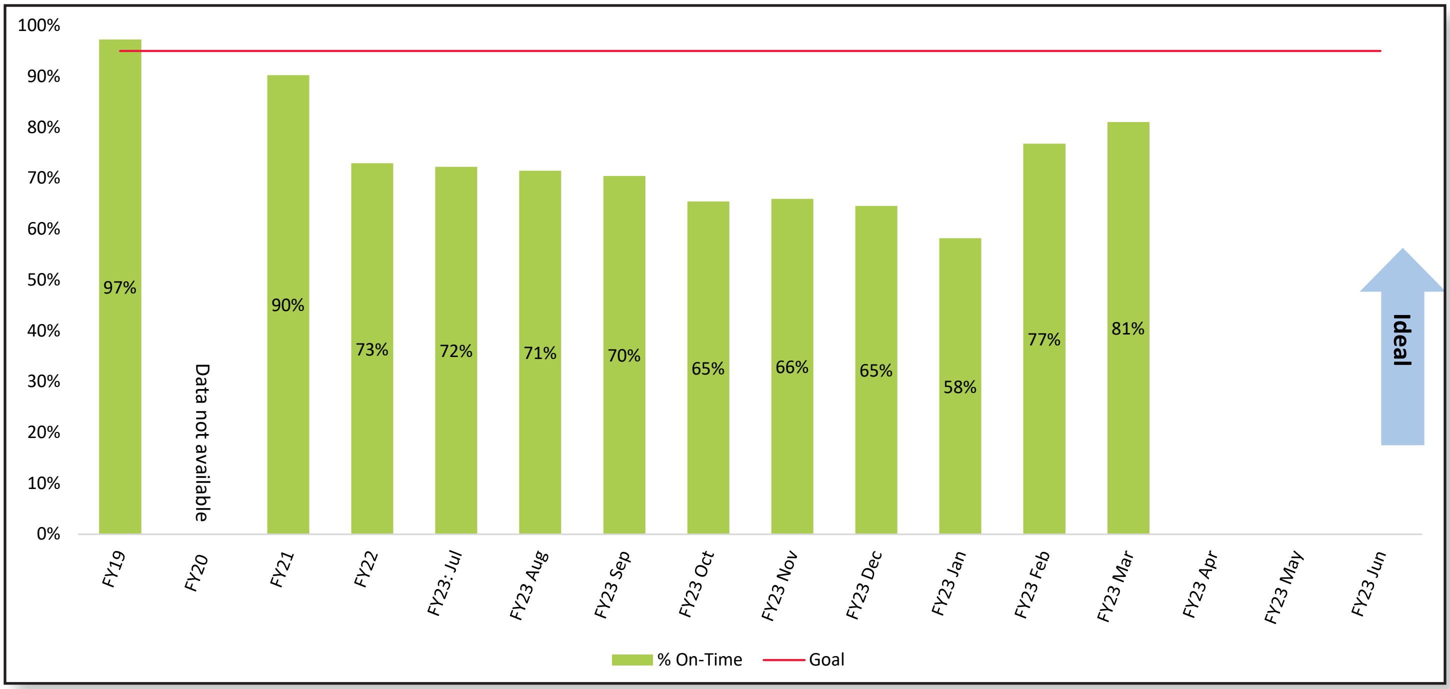
Notes:

- Fiscal Year percentages will increase as data is currently unavailable for Ajo, Glendale, Phoenix's vendors and RTW Management

Operations & Maintenance Highlights

Through FY23 Q3 (March 2023)

On-Time Performance, Light Rail



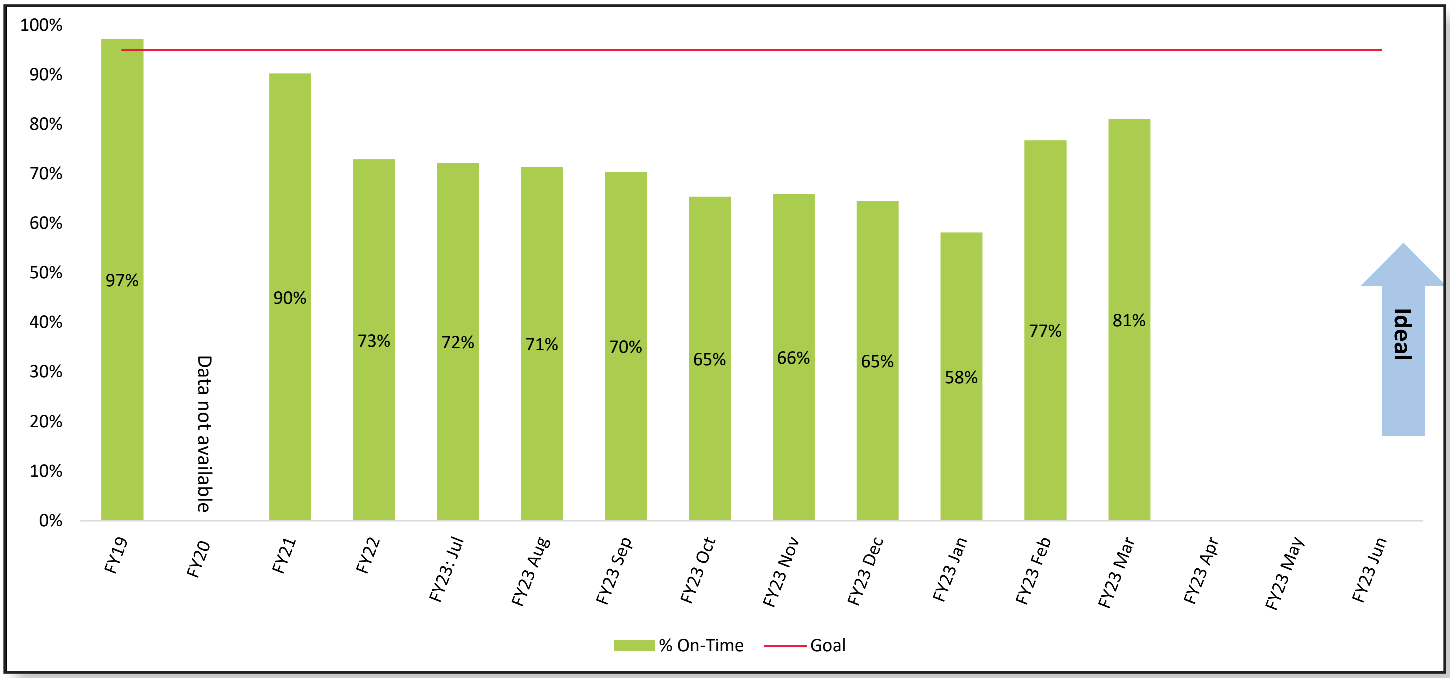
Descriptor:

- The bars represent the on-time performance for light rail with a goal of 95%

Notes:

- The categories of early and late were not tracked for Fiscal Years 19, 20, 21 and 22

On-Time Performance, Streetcar



Descriptor:

- The bars represent the on-time performance for streetcar routes with a goal of 95%

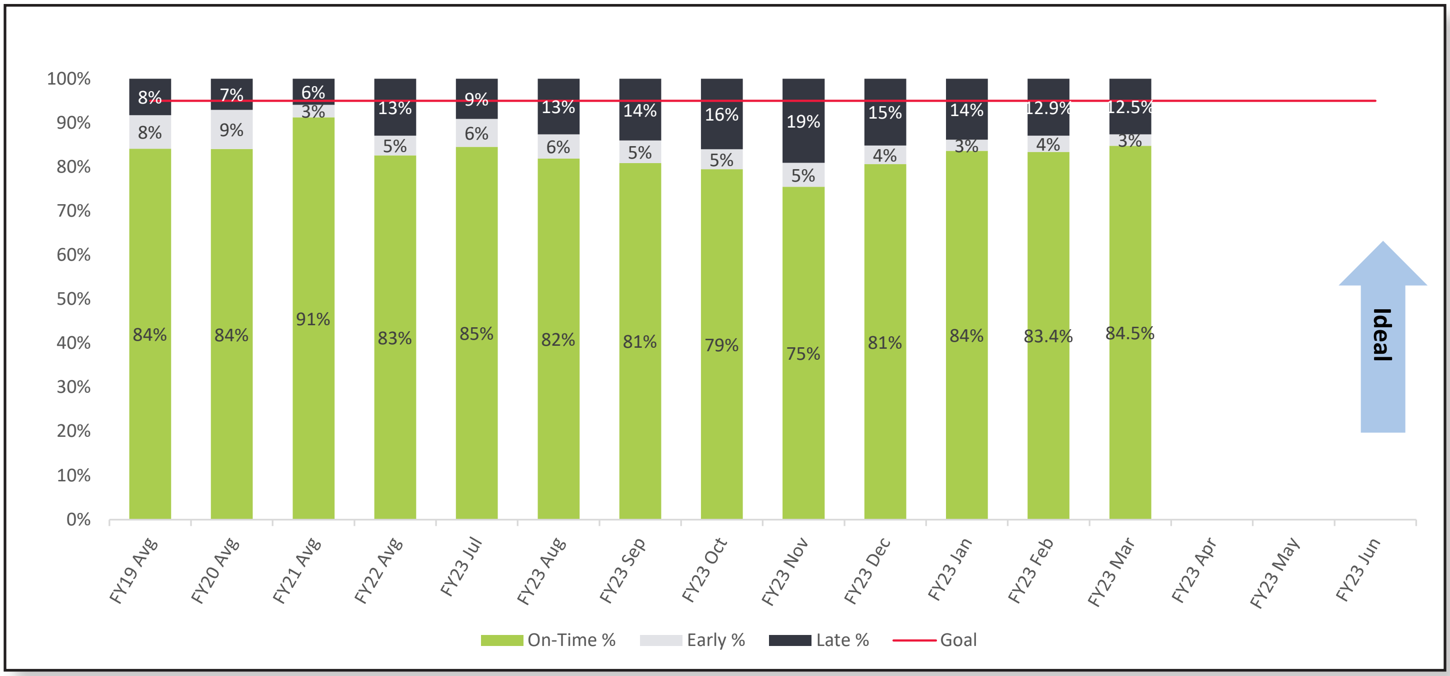
Notes:

- Data prior to FY23 is not available. The Valley Metro Streetcar began operations in May 2022

Operations & Maintenance Highlights

Through FY23 Q3 (March 2023)

On-Time Performance, Paratransit



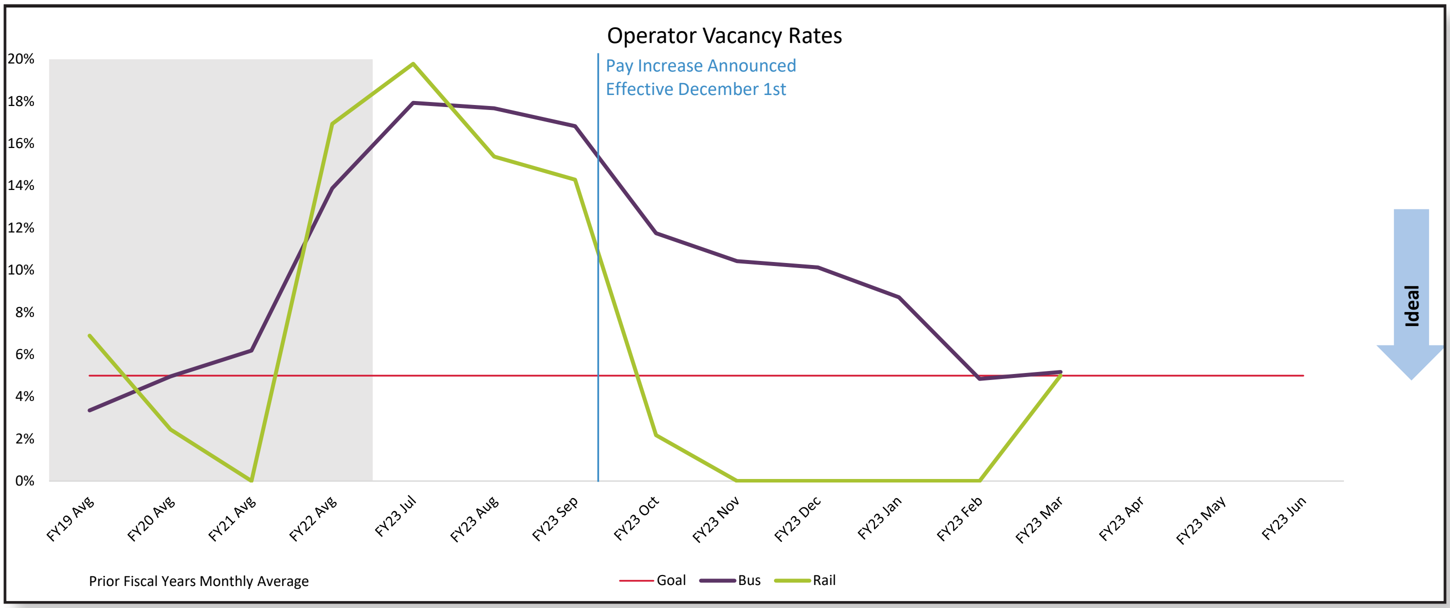
Descriptor:

- The bars represent the on-time performance for the Paratransit routes with a goal of 95% for on-time arrivals.

Notes:

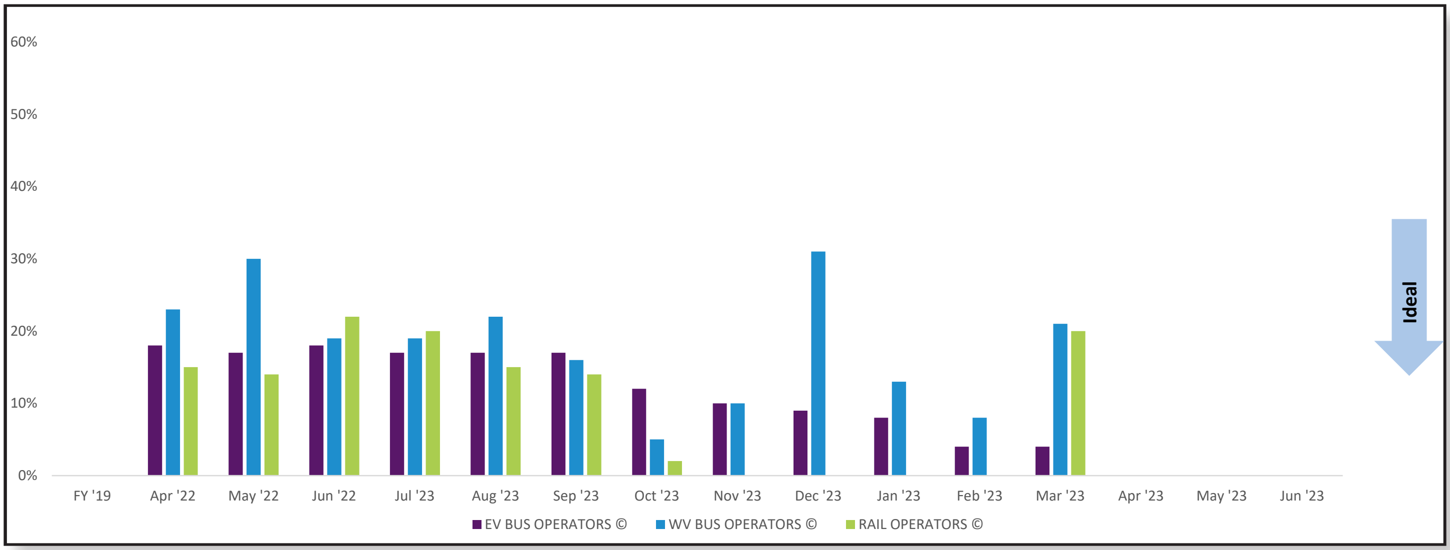
- Fiscal Year FY19 is only representative of January 2019 - June 2019 due to inaccurate Trapeze data
- This chart will be updated to include RideChoice once the data is made available
- OTP on a per trip basis

Operator Vacancy Rate

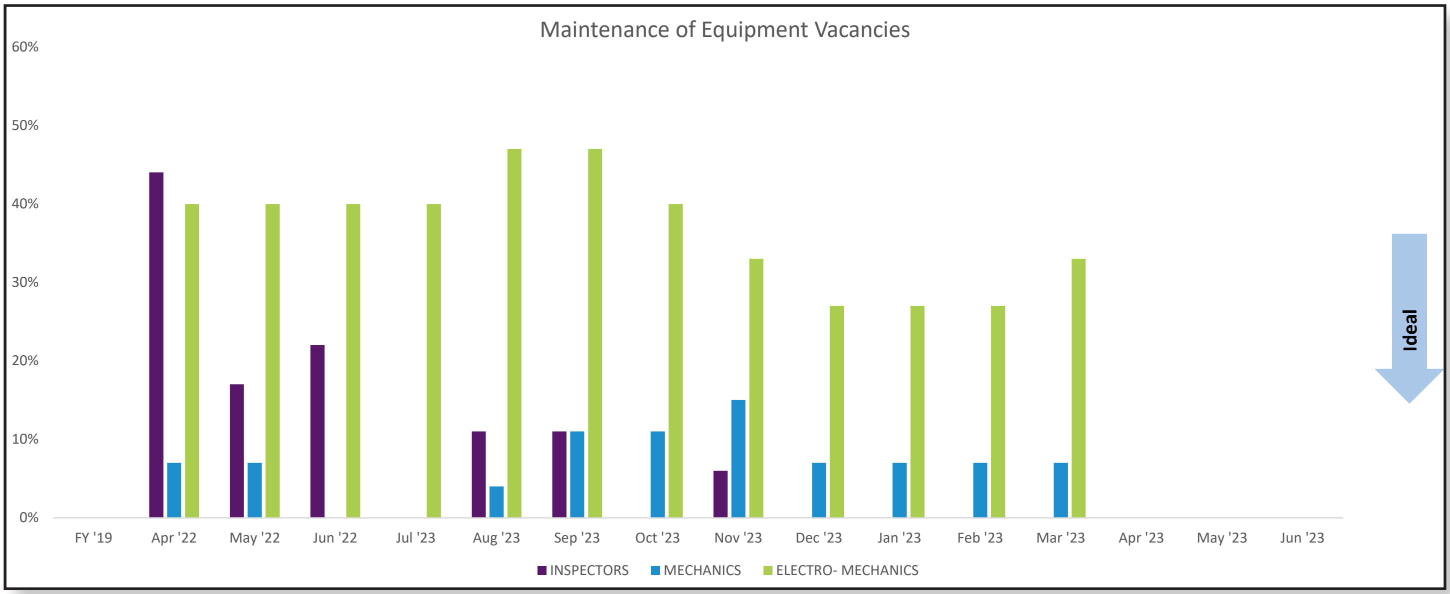


Operations & Maintenance Highlights
Through FY23 Q3 (March 2023)

Workforce Vacancies, Operators
Consolidated data available from April 2022 forward



Workforce Vacancies, Vehicle Maintenance
Consolidated data available from April 2022 forward

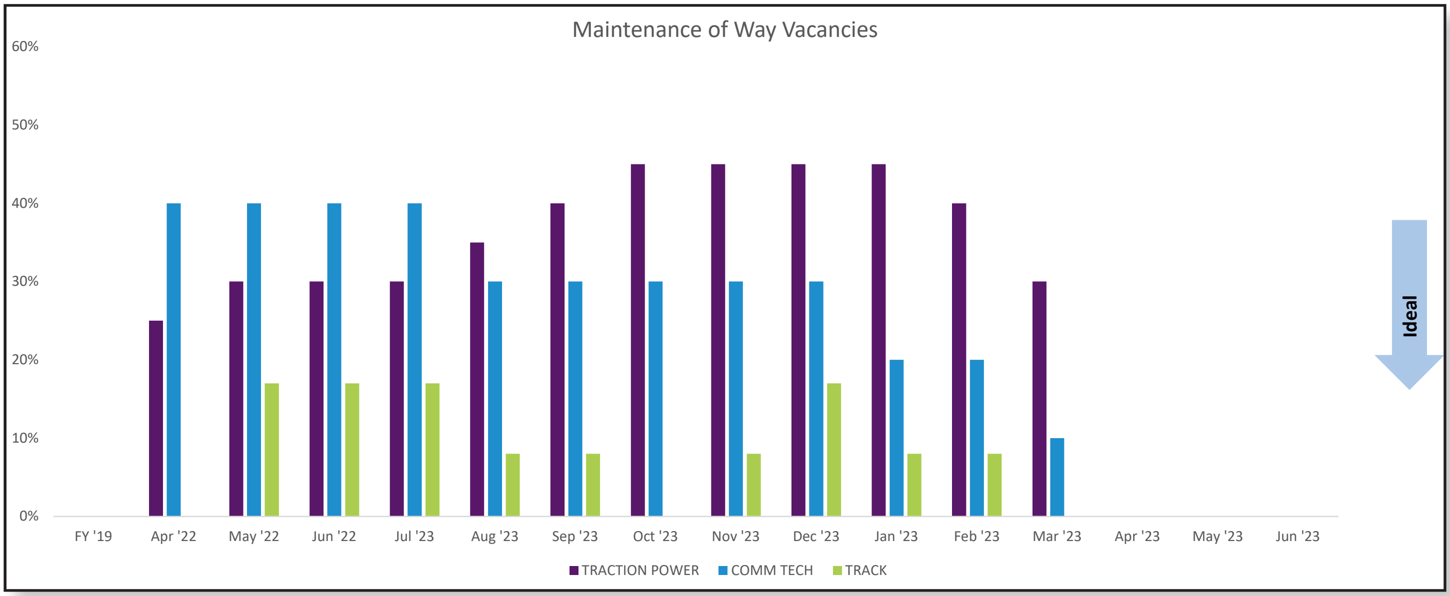


Operations & Maintenance Highlights

Through FY23 Q3 (March 2023)

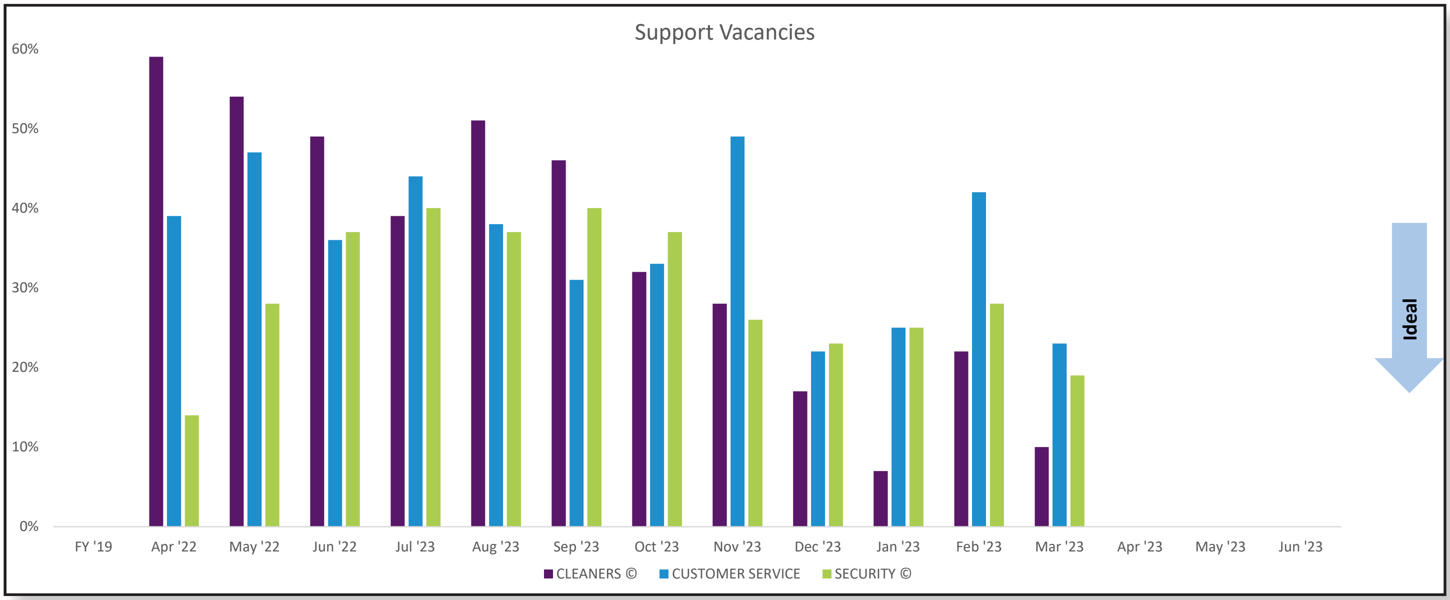
Workforce Vacancies, Wayside Maintenance

Consolidated data available from April 2022 forward



Workforce Vacancies, Support Staff

Consolidated data available from April 2022 forward



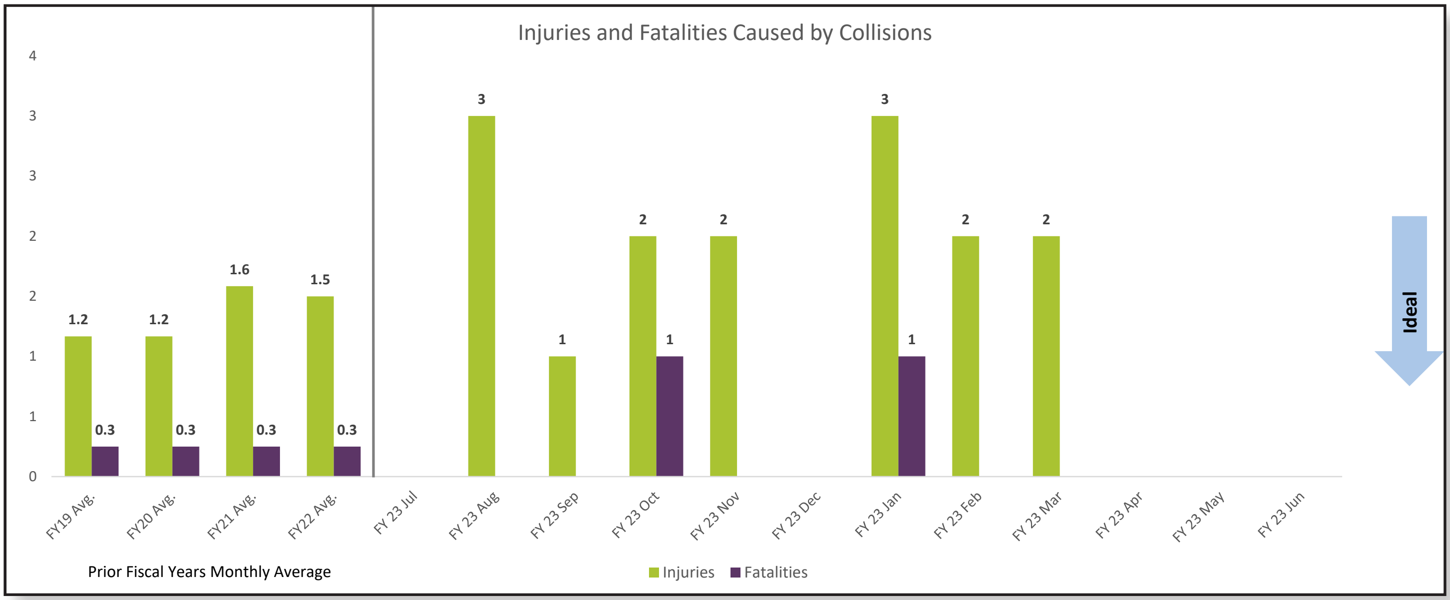
© signifies contractor

Safety & Security Highlights

Through FY23 Q3 (March 2023)

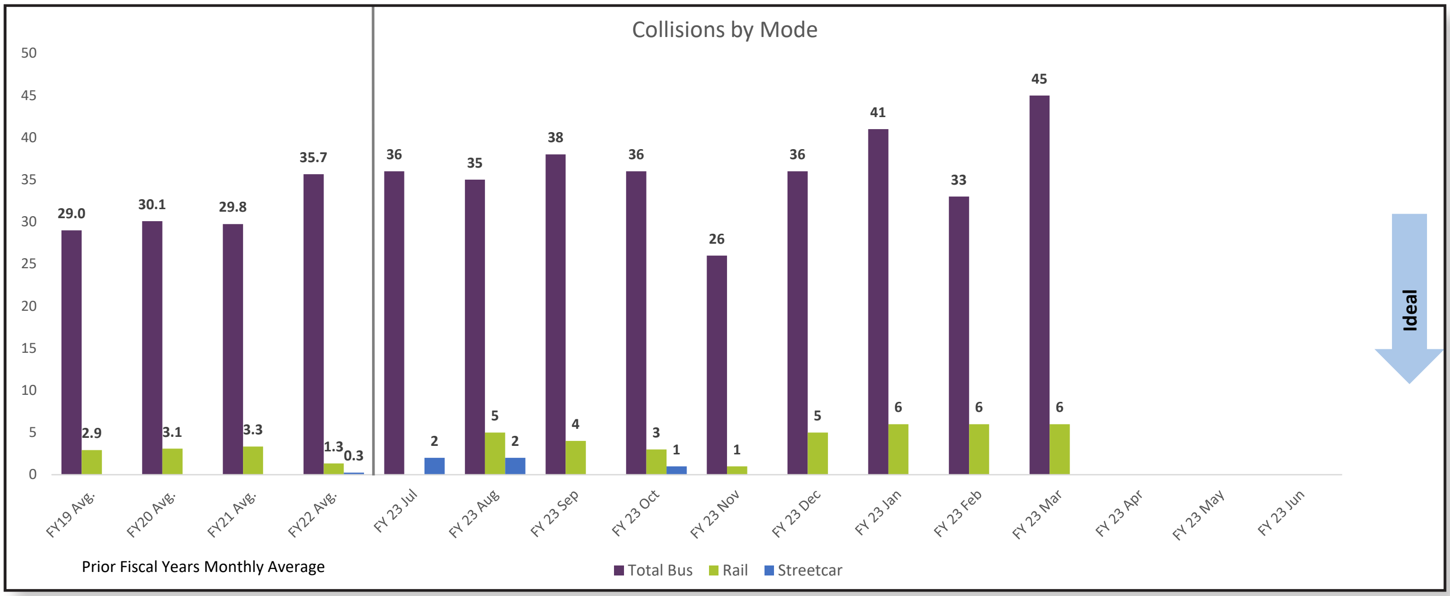
Injuries & Fatalities

RPTA & VMR Operated Vehicles Only



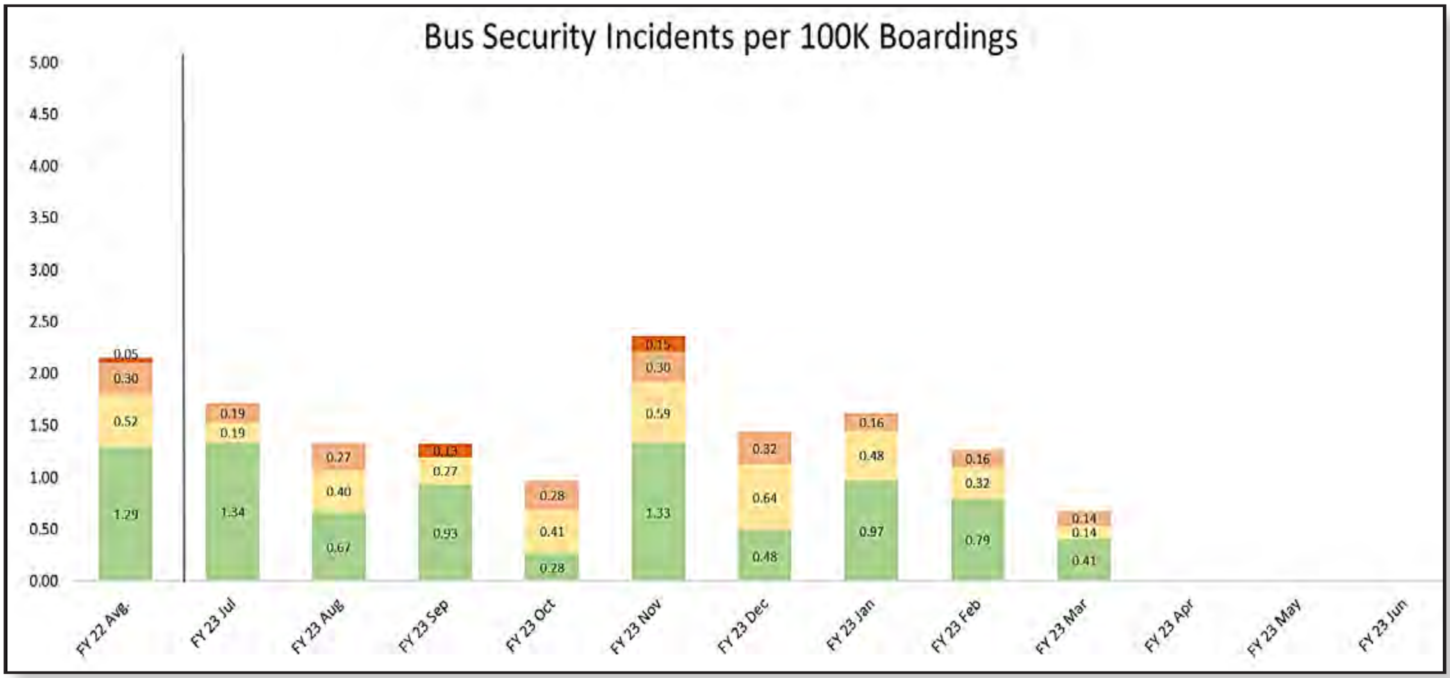
Collision by Mode

RPTA & VMR Operated Vehicles Only



Safety & Security Highlights
Through FY23 Q3 (March 2023)

Security Incidents, Bus



Descriptor:
- Rate of security incidents by type per 100K mi for bus

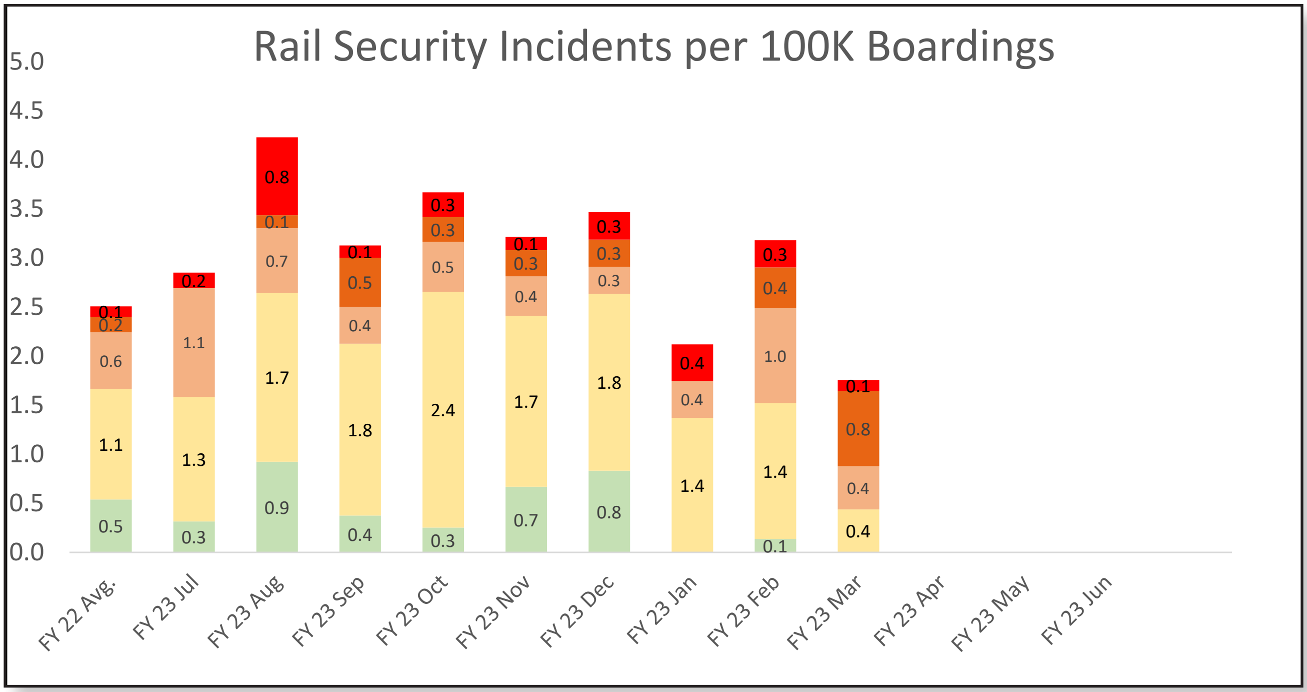
Notes:
- Incidents occurring at bus PNR's and stops are not included in bus incident data
- Bus security information includes only RPTA operated bus service and incident rates are calculated using only ridership RPTA operated bus routes
- Felony Assaults noted here are detailed below:
  - FY22 - Sexual assault, Sept 2021
  - FY22 - Gun pulled on operator, March 2022
  - FY22 - Knife pulled on operator June 2022
  - September 2022 - Knife pulled on operator
  - November 2022 - Knife pulled on operator in Tempe

Incident Totals	FY 22	FY 23 Jul	FY 23 Aug	FY 23 Sep	FY 23 Oct	FY 23 Nov	FY 23 Dec	FY 23 Jan	FY 23 Feb	FY 23 Mar
Property Crime	82	7	5	7	2	9	3	6	5	3
Misdemeanor Assault on Passengers	33	1	3	2	3	4	4	3	2	1
Misdemeanor Assault on Operators	19	1	2	0	2	2	2	1	1	1
Felony Assault	3	0	0	1	0	1	0	0	0	0
Aggravated Assault/Robbery	0	0	0	0	0	0	0	0	0	0

Safety & Security Highlights

Through FY23 Q3 (March 2023)

Security Incidents, Rail



Descriptor:

- Rate of security incidents by type per 100K boardings for light rail

Notes:

- Bus figures collected from operator reports to contractor. Light rail figures are collected by onboard security staff.
  This difference in collection practice and dedicated staff contributes to more active reporting on light rail.
- Security incidents occurring at the 10 PNRs along the light rail alignment and at rail stations included in light rail incident data. Bus includes no data from stops or PNRs.
- Bus fare collection at boarding creates a barrier to entry on most bus lines not seen on the light rail system. This may prevent/deter individuals from boarding who do not observe code of conduct and other rules.

Incident Totals	FY 22	FY 23 Jul	FY 23 Aug	FY 23 Sep	FY 23 Oct	FY 23 Nov	FY 23 Dec	FY 23 Jan	FY 23 Feb	FY 23 Mar
Property Crime	45	2	7	3	2	5	6	0	1	4
Misdemeanor Assault on Passenger	94	8	13	14	19	13	13	11	10	9
Misdemeanor Assault on Security	48	7	5	3	4	3	2	3	7	4
Felony Assault	13	0	1	4	2	2	2	0	3	7
Aggravated Assault/Robbery	9	1	6	1	2	1	2	3	2	1

Streetcar data is not included in this chart. Since it began in May 2022 there was one misdemeanor assault in December 2022.

	Incident Type					
Month	Stabbing	Shooting	Robbery	Rape	Homicide	Totals
July	1					1
Aug	2	1	3			6
Sept			1			1
Oct		1	1			2
Nov	1					1
Dec	1		1			2
Jan	1		1			2
Feb	1		1			2
Mar	1					1

Safety & Security Highlights

Through FY23 Q3 (March 2023)

(RPTA) Bus Safety Performance Targets CY2023

- **Fatalities:** 1
- **Injuries:** 5 passengers were injured and transported away from the scene. (NTD SS-50)
- **Safety Events:** 10 safety events occurred. (reportable collisions) (NTD SS-40)
- **Major Mechanical Failures:** 53,030 miles between major mechanical failures
- **Rear-Ending Collisions:** 2
- **Passenger Falls on Revenue Service Vehicles:** 12 passenger falls
- **Pedestrian Strikes:** 3

Public Transportation Safety Plan Performance Targets

Category	Fatalities (total)	Injuries (total)	Safety Events (total)	System Reliability (Number of miles between major mechanical failures)
Actual	1	5	10	53,030

Agency Elected Safety Performance Targets

Category	Rear-Ending Collisions	Passenger Falls on Revenue Service Vehicles	Pedestrian Strikes
Actual	2	12	3

Safety & Security Highlights

Through FY23 Q3 (March 2023)

(VMR) Rail Safety Performance Targets CY2023

- **Fatalities:** 0
- **Injuries:** 4
- **Safety Events:** 18
- **System Reliability:** 50 major mechanical failures
- **VM employee injury rate:** Remains below industry standard
- **Red Signal Overruns:** 8

Public Transportation Safety Plan Performance Targets

Category	Fatalities (total)	Injuries (total)	Safety Events (total)	System Reliability (Number of major mechanical failures)
Target	1 or Fewer	<13	<41	<205
Actual	0	4	18	50

Agency Elected Safety Performance Targets

Category	Employee Injuries	Unauthorized Red Signal Overrun
Target	<6.70	<23
Actual	0.33	8

Capital & Planning Project Highlights

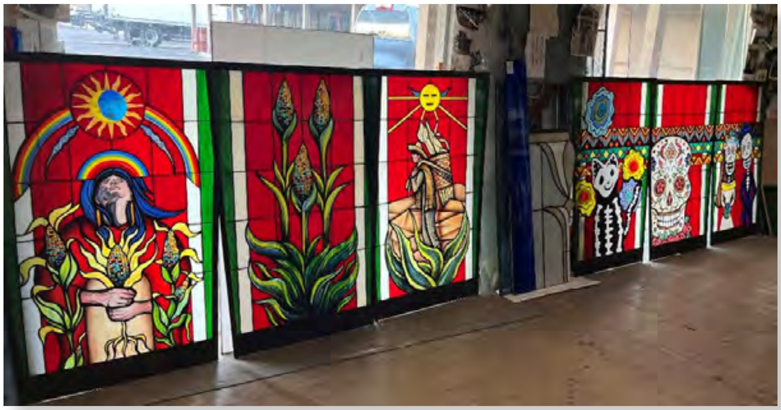
Through FY23 Q3 (March 2023)

Northwest Extension Phase II:

- Continued progress at Metro Parkway transit center, elevated station and parking garage
- Completed more than 90% of embedded track installation; now working on asphalt concrete paving
- Completed installation of several public art pieces with all artwork being installed by mid-summer 2023

South Central Extension/Downtown Hub:

- Continued work on downtown stations installation, including the 3rd Ave. platform
- Continued work on south Central Ave. related to final utilities, roadway/trackway build-out and Salt River Bridge reinforcements
- Completed 99% of real estate acquisition
- Fabricating and installing Downtown Hub artwork



Active Design and Planning Projects:

- Avondale Transit Center
- Zero Emission Fleet Transition Plan
- Transit Performance Report
- Light Rail Station Safety Railing

Finance & Administration Highlights

Through FY23 Q3 (March 2023)

Valley Metro RPTA Operating Results - Q3

RPTA Budget vs. Actual Report

For the quarter ending March 31, 2023 — $ Millions

Operations Expenditures	3rd Quarter Budget	3rd Quarter Actual	3rd Quarter Remaining (Unfav.)	Year to Date Budget	Year to Date Actual	Year to Date Remaining (Unfav.)
Fixed Route Bus	30.2	29.2	1.0	90.6	82.9	7.7
Paratransit	11.5	12.4	(0.9)	34.5	32.0	2.5
Vanpool	0.2	0.2	0.0	0.7	0.6	0.1
Regional Services	4.9	4.0	0.9	14.8	11.6	3.2
Planning	0.9	0.6	0.3	2.8	1.9	0.9
Administration	1.1	0.8	0.3	3.2	2.6	0.6
METRO Rail (Salary, Fringe, OH)	8.8	7.2	1.6	26.5	21.8	4.7
Total Operations Expenditures	**57.6**	**54.4**	**3.2**	**173.1**	**153.4**	**19.7**

Valley Metro Rail Operating Results - Q3

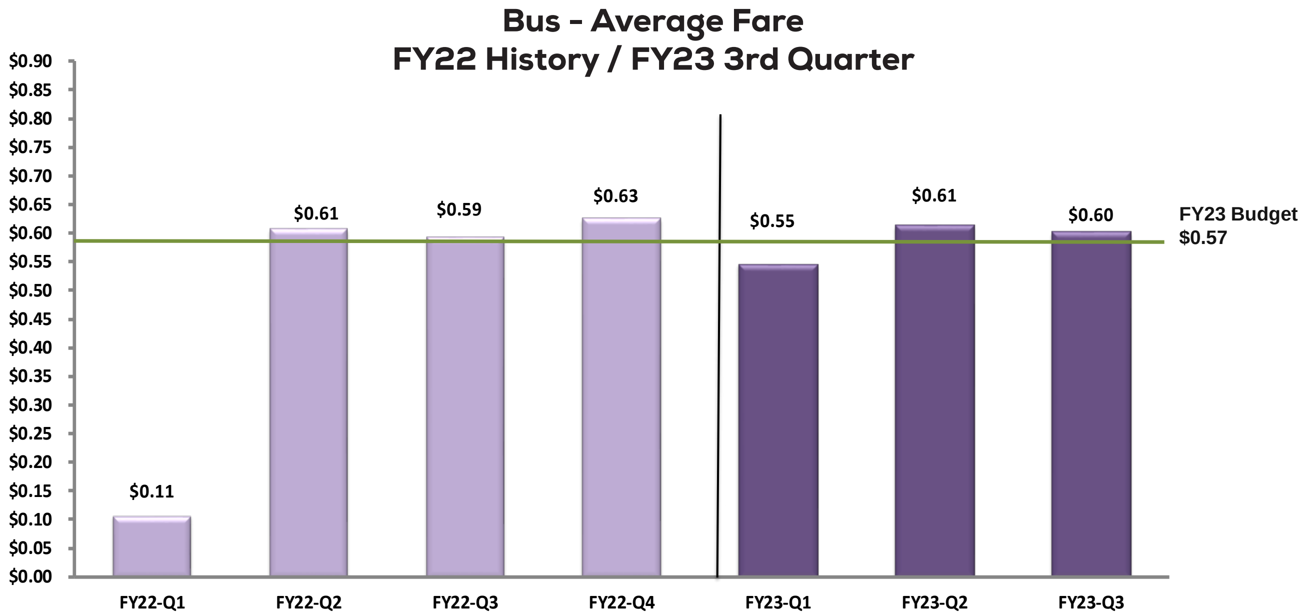
VMR Budget vs. Actual Report

For the quarter ending March 31, 2023 — $ Millions

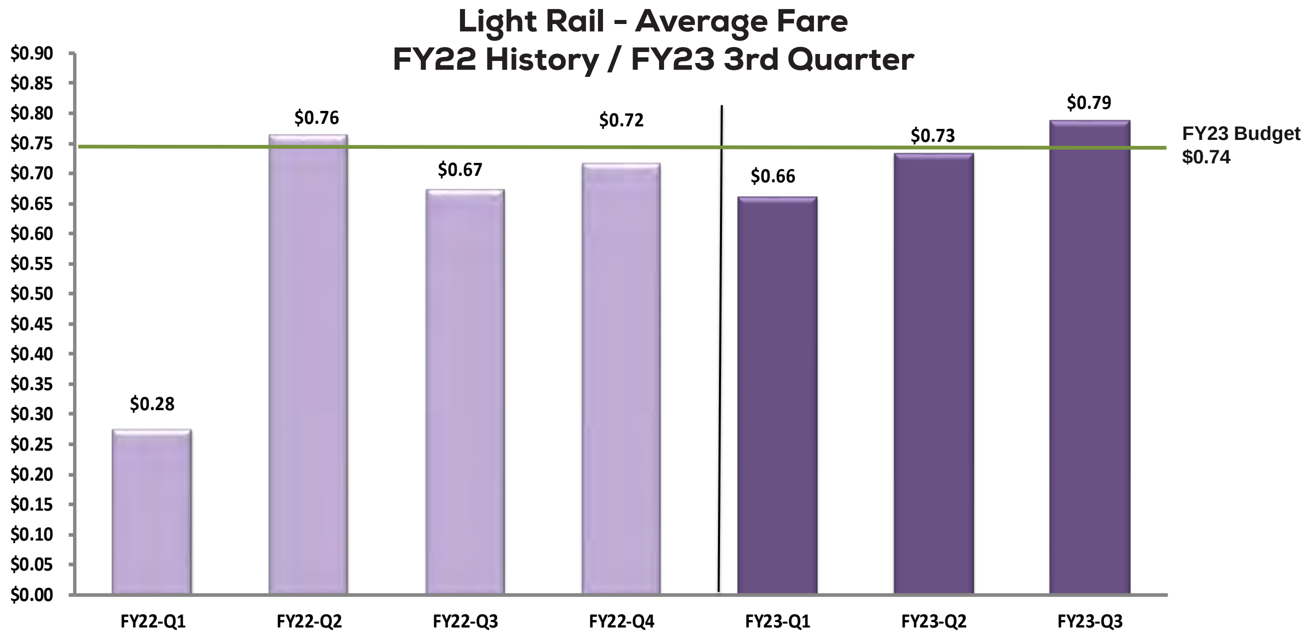
Operations Expenditures	3rd Quarter Budget	3rd Quarter Actual	3rd Quarter Remaining (Unfav.)	Year to Date Budget	Year to Date Actual	Year to Date Remaining (Unfav.)
Light Rail Operations/Security	17.5	16.9	0.6	52.6	45.1	7.5
Streetcar Operations/Security	1.7	1.3	0.4	5.1	4.0	1.1
Future Project Development	3.8	2.1	1.7	11.3	5.2	6.1
Agency Operating	0.6	0.6	0.0	1.7	1.5	0.2
Total Operating Activities	**23.6**	**20.9**	**2.7**	**70.7**	**55.8**	**14.9**

Finance & Administration Highlights

Through FY23 Q3 (March 2023)



	Q3		Q3
Fare Revenue Budget	$965,250	Fare Recovery Budget	3.9%
Fare Revenue Collected	$1,134,985	Fare Recovery Actual	4.5%
Variance	$169,735		



	Q3		Q3
Fare Revenue Budget	$1,250,000	Fare Recovery Budget	7.1%
Fare Revenue Collected	$2,039,264	Fare Recovery Actual	11.2%
Variance	$789,264		

Finance & Administration Highlights
April 26, 2023

Quarterly Contract Authority Monitoring Report - April 26, 2023			
Category - Likely to prematurely exhuast its contract authority			
Cause	**Actions to Mitigate**	**Increase to Contract Authority**	**Actions and Implemented Date**
Additional work required by the National Transit Database caused an increase to the overall contract amount which was not anticipated at the time of award in 2019.	Present request for additional funding as contract authority likely to be exhausted before contract end date of May 2024.	$50,000	Board Memo presented at April RTAG meeting for June Board cycle.

Information Summary

DATE
May 11, 2023

AGENDA ITEM 9

SUBJECT
Travel, Expenditures and Solicitations

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

RECOMMENDATION
This item is presented for information only.

BACKGROUND | DISCUSSION | CONSIDERATION
None

COST AND BUDGET
None

COMMITTEE PROCESS
None

CONTACT
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Chief Financial Officer
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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 Completion Dates
3/1/23 through 3/31/23

Job Title	Purpose of Travel	Location	Dates Traveled	Total Travel Cost	Airfare	Other Transport	Lodging	Meals	Misc.
Chief Executive Officer	Washington, DC Congressional Meeting	Washington, DC	3/12/23-3/14/23	$1,953.03	$905.81	$71.88	$813.84	$161.50	$0.00
Public Information Specialist	APTA '23 Marketing & Comm. Workshop	Las Vegas, NV	2/26/23-3/1/23	$1,048.94	$184.97	$33.43	$585.04	$245.50	$0.00
Marketing Program Coordinator	APTA '23 Marketing & Comm. Workshop	Las Vegas, NV	2/26/23-3/1/23	$1,098.21	$170.80	$96.86	$585.05	$245.50	$0.00

Total this reporting period $4,100.18

Year to Date **$82,476.78**

Report reflects Out of State (AZ) Travel

** Misc*

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

Payment Number	Date	Supplier or Party Name	Transaction Description	Amount
10001232	3/10/2023	First Transit Inc	Monthly Transit Services	6,441,346.85
10001275	3/24/2023	City of Phoenix	FR Bus Service	3,062,315.06
10001237	3/10/2023	Transdev Services Inc	General Paratransit Service	1,326,142.93
90000153	3/10/2023	ADP LLC	PPE 3/5/2023 Payroll Liabilities	1,159,018.52
90000157	3/24/2023	ADP LLC	PPE 3/19/2023 Payroll Liabilities	1,024,907.93
10001279	3/24/2023	Motor Coach Industries Inc	Over the Road Transit Coaches	699,560.58
90000154	3/17/2023	Cigna Health and Life Insurance Company	Health Insurance Premiums	486,246.73
10001286	3/30/2023	DMS Facility Services Inc	Facilities Maintenance Services	439,984.68
10001220	3/3/2023	Total Transit Enterprises LLC	Monthly West Valley Contracted Fixed Route	432,233.35
10001233	3/10/2023	HDR Engineering Inc	Planning and Community Relations Support Services	418,471.62
10001293	3/30/2023	Total Transit Enterprises LLC	Monthly West Valley Contracted Fixed Route	418,250.14
10001268	3/24/2023	Creative Software Solutions LLC	Ridechoice Management Services	415,020.04
10001229	3/10/2023	Creative Software Solutions LLC	Ridechoice Management Services	343,734.12
1001433	3/30/2023	City of Scottsdale, Remittance Processi	PTF Reimbursement	321,294.30
90000152	3/10/2023	ASRS	PPE 3/5/23 ASRS Contributions & LTD	286,693.50
90000156	3/24/2023	ASRS	PPE 3/19/23 ASRS Contributions & LTD	274,262.05
10001254	3/17/2023	DMS Facility Services Inc	Facilities Maintenance Services	242,071.56
90000160	3/31/2023	Surepays	RPTA Monthly Utilities	205,054.37
10001263	3/24/2023	101 North First Ave LLC	101 Building Rent	185,266.59
10001252	3/17/2023	Creative Software Solutions LLC	Ridechoice Management Services	169,416.69
10001230	3/10/2023	DMS Facility Services Inc	Facilities Maintenance Services	158,214.76
10001282	3/30/2023	ACRO Service Corporation	Staffing Services and Related Solutions-IT Project Management Services	153,641.10
90000155	3/17/2023	ADP LLC	Q3 2022 - Q1 2023 Processing and eTime Fees	124,232.04
10001245	3/10/2023	MTM Transit LLC	Jan 2023 Assessment Services	102,867.77
10001301	3/30/2023	MTM Transit LLC	Feb 2023 Assessment Services	100,978.08
10001262	3/17/2023	WSP USA Inc	Project Development - Zero Emissions Transition Plan	94,182.02
10001242	3/10/2023	Senergy Petroleum LLC	Bulk Fuel	87,394.59
1001416	3/24/2023	QCM Technologies Inc	Information Security Program Support	68,398.01
10001260	3/17/2023	Senergy Petroleum LLC	Bulk Fuel	66,071.07
1001389	3/10/2023	CopperPoint Insurance Company	Mar 2023 Rent and CAM Charges	65,452.16
1001407	3/24/2023	CopperPoint Insurance Company	Apr 2023 Rent and CAM Charges	65,452.16

90000159	3/31/2023	Wells Fargo Bank	Monthly Credit Card Charges	63,990.25
10001267	3/24/2023	Creative Bus Sales Inc	Paratransit Van	63,831.00
10001236	3/10/2023	Rail-Volution	Membership and Host Contributions	55,000.00
10001298	3/30/2023	Senergy Petroleum LLC	Bulk Fuel	54,915.15
10001251	3/17/2023	CDW Government LLC	Software Value Added Reseller	49,285.37
10001253	3/17/2023	DLT Solutions LLC	Q4 2022 Subscription Costs - ERP Cloud Fusion	45,026.94
10001285	3/30/2023	DLT Solutions LLC	Q1 2023 Subscription Costs - ERP Cloud Fusion	45,026.94
10001226	3/9/2023	QuikTrip Corporation	Operator Appreciation Event	39,675.00
10001255	3/17/2023	Enterprise Rideshare	Van Pool Services	36,557.26
1001406	3/24/2023	Clifton Larson Allen LLP	CAFR Audit	33,789.52
1001381	3/10/2023	Data Processing Air Corp	HVAC Unit Replacement	32,839.00
10001250	3/17/2023	ACRO Service Corporation	Staffing Services and Related Solutions-IT Project Management Services	31,476.00
10001248	3/10/2023	WEX Bank	Fleet Card Services - Fuel Cards	26,259.52
10001297	3/30/2023	Krauthamer & Associates LLC	Recruitment Services	25,000.00
				20,040,847.32

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

Payment Number	Date	Supplier or Party Name	Transaction Description	Amount
50001081	3/17/2023	Kiewit-McCarthy, a Joint Venture	CMAR Services for South Central-Downtown Hub	9,478,158.69
50001049	3/3/2023	Kiewit Infrastructure West Co.	CMAR Services for Northwest Phase II	8,103,683.37
50001107	3/24/2023	Siemens Mobility	Light Rail Vehicles	4,042,346.34
50001067	3/10/2023	Siemens Mobility	Light Rail Vehicles	2,549,734.95
50001054	3/3/2023	SRP	Third Party Utility for Construction	1,767,115.39
50001046	3/3/2023	Hill International Inc	PMCM Services	1,619,794.91
50001074	3/17/2023	Alternate Concepts Inc	Transportation Services	1,588,020.74
50001037	3/3/2023	Allied Universal Security Services	Fare Inspection and Security Services	758,592.29
50001073	3/17/2023	Allied Universal Security Services	Fare Inspection and Security Services	675,556.16
90000021	3/31/2023	Surepays	VMR Monthly Utilities	342,302.29
50001055	3/10/2023	AECOM Technical Services Inc	Design Services for South Central-Downtown Hub	263,706.15
50001112	3/30/2023	AECOM Technical Services Inc	Design Services for South Central-Downtown Hub	209,538.74
50001083	3/17/2023	Penn Machine Company LLC	Axle Assembly	206,320.00
50001118	3/30/2023	PGH Wong Engineering Inc	System Design Services	168,149.50
50001045	3/3/2023	HDR Engineering Inc	Engineering Support Services	166,011.99
50001120	3/30/2023	Siemens Mobility	Light Rail Vehicles-Spare Parts	144,023.00
50001101	3/24/2023	Stacy and Witbeck Inc	CMAR Services for Tempe Street Car	113,944.81
50001084	3/17/2023	PGH Wong Engineering Inc	System Design Services	102,824.42
5001517	3/3/2023	Susan Zoccola LLC	NEW II - Public Art Services-Fabrication / Install	95,000.00
5001581	3/30/2023	Susan Zoccola LLC	NEW II - Public Art Services-Fabrication / Install	95,000.00
50001123	3/30/2023	Siemens Mobility	Light Rail Vehicles-Spare Parts	87,462.49
50001051	3/3/2023	Siemens Mobility	Light Rail Vehicles-Spare Parts	82,299.00
50001060	3/10/2023	PGH Wong Engineering Inc	System Design Services	82,012.39
5001588	3/30/2023	B & C Transit Inc	Support Services	80,000.00
50001089	3/17/2023	Siemens Mobility	Light Rail Vehicles-Seat Inserts	75,279.56
50001068	3/10/2023	Anixter Inc	Emergency Phone and Tower Mounts	71,689.86
50001124	3/30/2023	Integrated Power Services LLC	Traction Motor Repair	71,160.00
50001059	3/10/2023	HDR Engineering Inc	Project Development Service-EA Services	70,693.08
50001104	3/24/2023	WILLCO Art & Design Inc	NEW II - Public Art Services-Fabrication / Install	68,850.00
50001061	3/10/2023	Scheidt & Bachmann USA Inc	Repairs to ticketing Unit	58,907.46
5001559	3/24/2023	NASG Holdings LLC	Custom Glass Windows	54,847.92

50001039	3/3/2023	ARCADIS	Consulting Support Services	49,128.38
50001105	3/24/2023	City of Phoenix	Fare Handling Fee	47,552.00
50001066	3/10/2023	Dell Marketing LP	Computer hardware and equipment	47,177.51
50001090	3/17/2023	Anixter Inc	Emergency Phone and Tower Mounts	42,156.89
50001079	3/17/2023	HDR Engineering Inc	Engineering Support Services	41,096.83
5001541	3/17/2023	Riddle Painting & Coatings Company	Paint Safety Stripe	37,700.00
50001072	3/17/2023	AECOM Technical Services Inc	Design Services for South Central-Downtown Hub	35,818.81
50001082	3/17/2023	National Corrosion	Corrosion control services	34,590.00
50001076	3/17/2023	Brookville Equipment Corp	Scheduled Maintence Plan	30,313.92
50001092	3/24/2023	Alliant Insurance Services Inc	Insurance Brokerage Services	28,125.00
50001094	3/24/2023	Award Winning Restorations	Light Rail Vehicle Restoration	27,419.40
5001556	3/24/2023	Magnetry LLC	Marketing and Advertising Services	26,732.79
50001052	3/3/2023	Traction Systems Inc	Non Drive End Shield	26,143.04
50001102	3/24/2023	TransTech of South Carolina Inc	Upper Arm Assembly	26,067.36
50001085	3/17/2023	Scheidt & Bachmann USA Inc	Repairs to ticketing Unit	25,075.31
				33,818,122.74

Procurement Report
for May Board Month

Contract Administrator	Agency	Procurement Type	Procurement Title	FTA Funding	Release Date	Proposal Due Date	Targeted Board Award Date	Estimated Contract Value	Term of Contract	Comments
RECENTLY COMPLETED PROCUREMENTS										
Christian J	RPTA	RFP	Administrative Broker Services (Demand Response)	Yes	September 2022	November 2022	March 2023	$118,444,593.00	5 years + 3 options	Routed for Signature
Christian J	RPTA	RFP	Regional ADA Paratransit Services Operations & Maintenance	Yes	September 2022	October 2022	March 2023	$145,551,351.00	3 years + 3 options	Routed for Signature
Lori N	Joint	RFP	Strategic Planning Development	No	January 2023	February 2023	March 2023	$410,000.00	1 year + 4 options	Executed
Chris B	VMR	COOP	Aerial Device/Bucket Trucks	No	January 2023	January 2023	February 2023	$970,271.00	TBD	Initiating Documents
ACTIVE PROCUREMENTS										
Contract Administrator	**Agency**	**Procurement Type**	**Procurement Title**	**FTA Funding**	**Release Date**	**Proposal Due Date**	**Targeted Board Award Date**	**Estimated Contract Value**	**Term of Contract**	**Comments**
Christian J	RPTA	RFP	Vanpool Services	Yes	May 2023	TBD	TBD	TBD	5 years	SOW Development
Rick W	RPTA	RFP	East Valley Fixed Route Bus Services	Yes	November 2022	March 9, 2023	August 2023	$400,000,000.00	3 yrs + 4yr+3yr opt	In Evaluation
Edwin N	VMR	RFQ	Capitol Extension Design	Yes	April 2023	TBD	August 2023	TBD	5 years + 3 options	Pending City of Phoenix Approval
Jennifer H	Joint	RFQ	Job Order Contracting (JOC) - Miscellaneous Construction Services	Yes	May 2023	TBD	September 2023	$20,000,000.00	3 years + 2 options	SOW Development
Jennifer H	RPTA	RFP	Autonomous Vehicle Research	No	May 2023	TBD	TBD	$250,000.00	5 years	SOW Development
Christian J	VMR	Sole Source	Rubber block/tire kits and steel tires	No	March 2023	March 2023	May 2023	$1,800,000.00	5 years	Pending Board Approval
Chris B	Joint	RFP	Facilities Maintenance Services	No	April 2023	TBD	TBD	TBD	TBD	SOW Development
Chris B	VMR	Sole Source	LRV Hoist Repairs	No	April 2023	April 2023	May 2023	$183,000.00	1 year	SOW Development
Chris B	VMR	Sole Source	LRV Truck Rebuild	Yes	N/A	N/A	TBD	$414,289.00	TBD	SOW Development
FUTURE PROCUREMENTS										
Contract Administrator	**Agency**	**Procurement Type**	**Procurement Title**	**FTA Funding**	**Release Date**	**Proposal Due Date**	**Targeted Board Award Date**	**Estimated Contract Value**	**Term of Contract**	**Comments**
Chris B	VMR	RFP	LRV Electronic Repairs	Yes	TBD	TBD	TBD	$210,000.00	3 years + 1 option	SOW Development
Chris B	RPTA	RFP	West Valley Fxed Route and Maintenance Services	Yes	TBD	TBD	TBD	TBD	TBD	SOW Development
Chris B	VMR	Sole Source	SCV Sole Source Parts	Yes	TBD	N/A	TBD	$1,000,000.00	5 Years	SOW Development
Chris B	VMR	Sole Source	LRV Air Compressors	Yes	TBD	N/A	TBD	TBD	TBD	SOW Development
Jennifer H	VMR	RFP	Capitol Extension CMAR 2-Step	Yes	TBD	TBD	TBD	TBD	5 years	SOW Development
Edwin N	VMR	RFQ	Capital Extension - Public Art	No	TBD	TBD	TBD	TBD	5 years	SOW Development
Edwin N	Joint	RFP	Classification and Total Compensation Study	No	TBD	TBD	TBD	$332,000.00	5 years	SOW Development
Edwin N	Joint	RFQ	General Consulting Support Services	No	TBD	TBD	TBD	TBD	5 years + 3 options	SOW Development

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

Information Summary

DATE **AGENDA ITEM 10**
May 11, 2023

SUBJECT
Report on Current Events and Suggested Future Agenda Items

PURPOSE
Chair Paniagua 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
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ATTACHMENT
None.

Pending Items Request

Item Requested	Date Requested	Planned Follow-up Date

Agenda

May 11, 2023

Valley Metro RPTA
Thursday, May 18, 2023
Boardroom/Webex
Valley Metro, 101 N. 1st Avenue, 10th Floor
11:15 a.m.

Action Recommended

CONSENT AGENDA

1A. Minutes — 1A. For action

Minutes from the April 20, 2023 Board meeting are presented for approval.

1B. City of Phoenix and RPTA Intergovernmental Agreement (IGA) - Regional Transit Support Services - Amendment Two — 1B. For action

Staff recommends that the Board of Directors authorize the CEO to execute IGA amendment two with the City of Phoenix.

1C. Valley Metro RPTA Public Transportation Agency Safety Plan (PTASP) (Non-Rail) Annual Review — 1C. For action

Staff recommends that the Board of Directors approve the RPTA Public Transportation Agency Safety Plan (PTASP) (Non-Rail) Annual Review.

1D. Town of Gilbert Intergovernmental Agreement (IGA) Amendment: Gilbert Park-and-Ride Relocation Study — 1D. For action

Staff recommends that the Board of Directors authorize the CEO to execute the IGA amendment to conduct a Park and Ride Relocation Study, with a not to exceed budget of $200,000.

REGULAR AGENDA		
2.	Valley Metro RPTA Fiscal Year 2024 (FY24) Preliminary Operating and Capital Budget	2. For information

Staff will provide budget details for the FY24 Preliminary Operating and Capital Budget.

(The question log and budget initiatives follow the memo and presentation)

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

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

4.	Next Meeting	4. For information

The next Board meeting is scheduled for **Thursday, June 22, 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

May 11, 2023 **AGENDA ITEM 1A**

Valley Metro RPTA
Thursday, April 20, 2023
Lake Powell Conference Room/Webex
101 N. 1st Avenue, 10th Floor
11:15 a.m.

A Study Session was held prior to the start of the meeting.

RPTA Meeting Participants
Councilmember Laura Pastor, City of Phoenix **- Chair** (phone)
Councilmember Bill Stipp, City of Goodyear – **Vice Chair**
Councilmember Max White, City of Avondale
Councilmember Clay Goodman, City of Buckeye
Councilmember O.D. Harris, City of Chandler
Councilmember Monica Dorcey, City of El Mirage
Vice Mayor Peggy McMahon, Town of Fountain Hills
Mayor Brigette Peterson, Town of Gilbert (phone)
Councilmember Lauren Tolmachoff, City of Glendale
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
Vice Mayor Jennifer Adams, City of Tempe
Mayor Michael LeVault, Town of Youngtown

Members Not Present
Councilmember Aldofo Gamez, City of Tolleson
Mayor Rui Pereira, Town of Wickenburg

Chair Pastor called the meeting to order at 1:20 p.m.

Chair Pastor said I'm going to convene the meeting and welcome the members to April meeting. Pat, I don't need to do a roll call I can keep going. Okay.

Ms. Dillon said Mr. Crowley, I have those comments and I will address them. We need to keep moving.

Recorded Comment by Blue Crowley

Mr. Crowley said I'm calling about the Valley Metro RPTA, Valley Metro Rail meeting for April the 20th and it's for agenda items 3 and 4 on the Valley Metro agenda and that is the, well, 2, 3 and 4, the proposed October service changes. Why aren't we doing a better outreach to the whole community and find out where it is that they want things done?

On to the Short Range Transit Program, I don't see that you guys are even considering what's the proper and functional of what you should be doing. The plan that we put in your current Short Range Transit plan doesn't even finish what we started. I understand that CEO believes that it's a obsolete plan from 20 years ago, but in actuality, it was in the 80's that we wrote it and the plan was sufficient as a base and you all should be working off of it. So would you please with your changes to the Transit Lifecycle update, the Short Range plan and the proposed service changes that at the minimum you could please get all the parts that you didn't do before such as Queen Creek, all the west side and all the northwest side routes.

Thank you and have a pleasant day.

1. Consent Agenda

Chair Pastor said the Consent Agenda is presented for action. Anybody have any questions? If not, can I have a motion.

Motion by Councilmember Tolmachoff, second by Councilmember White.

Any discussion? I did it. No discussion.

All those in favor, say aye. Those not. The ayes take it. Motion passes.

IT WAS MOVED BY COUNCILMEMBER TOLMACHOFF, SECONDED BY COUNCILMEMBER WHITE AND UNANIMOUSLY CARRIED TO APPROVE THE CONSENT AGENDA, ITEMS 1A-1B.

2. Proposed October 2023 Service Changes

Ms. Mefford-Miller said thank you, Madam Chair, members of the Board. The details of the proposed October 2023 service changes which will undergo a public process are included in your packet under Item number 2. If there any questions from the Board, I would ask Joe Gregory our manager of service planning to address those questions.

Chair Pastor said are there any questions? Joe, you got off easy. Item 2 is for information only. If we do, we'll send them to you.

3. FY24-28 Short Range Transit Program

Ms. Mefford-Miller said thank you, Madam Chair, members of the Board. This item is a summary of planned changes to our Short-Range Transportation Program for fiscal year 2024 through 2028. They are also enumerated in your packet under agenda item number 3. No presentation is available today. We would again be able to answer questions. So Joe, I hope you didn't go far.

Any questions?

Chair Pastor said Joe, second time around. Good job. Doing well. I request a motion to accept the FY24 - 28 Short Range Transit Program report and direct the CEO to share it with MAG in support of the transportation improvement program process.

Motion by Mayor Peterson, second by Vice Mayor McMahon.

All those in favor, please say aye. Any nays? Motion carries. The ayes take it.

IT WAS MOVED BY MAYOR PETERSON, SECONDED BY VICE MAYOR MCMAHON AND UNANIMOUSLY CARRIED TO ACCEPT AND DIRECT THE CEO TO SHARE IT WITH MAG IN SUPPORT OF THE TRANPORTATION IMPROVEMENT PROGRAM PROCESS.

4. 2023 Transit Life Cycle Program – Bus Update

Ms. Mefford-Miller said thank you, Madam Chair. At our last monthly Board meeting, Ken Kessler, our Chief Financial Officer provided a detailed presentation on our Transit Lifecycle Program and the specific updates proposed here. The last update to the Transit Lifecycle Program and Board action associated with that was in 2019. It is not time to update the TLCP once again and some of that relates to the implementation of our Short-Range Transportation Program. Mr. Kessler's available to make a brief presentation if any Board members wish to hear that.

Chair Pastor said any questions? You got it. I request a motion and second to approve the TLCP update.

Motion by Councilmember Harris, second by Councilmember Tolmachoff.
All those in favor, please say aye. Any nays? I hear no nays. Motion carries.

IT WAS MOVED BY COUNCILMEMBER HARRIS, SECONDED BY COUNCILMEMBER TOLMACHOFF AND UNANIMOUSLY CARRIED TO APPROVE THE TRANSIT LIFE CYCLE PROGRAM UPDATE.

5. Report on Current Events and Suggested Future Agenda Items

Pastor said I don't hear any. Thank you.

Pat, can I make a suggestion? If somebody submits some questions regarding the RPTA or any of the other ones, could we just have the questions, or can they be read?

Ms. Dillon said are you talking about from board members?

Chair Pastor said public comment.

Ms. Dillon said public comment. Yes.

Chair Pastor said so we at least have it on record. I mean, I know it's on record, but we can hear it.

Ms. Dillon said yes, I will do that.

Chair Pastor said thank you.

6. Next Meeting

The next Board meeting is scheduled for Thursday, May 18, 2023 at 11:15 a.m.

The meeting was adjourned.

With no further discussion the meeting adjourned at 1:24 p.m.

Information Summary

DATE **AGENDA ITEM 1B**
May 11, 2023

SUBJECT
City of Phoenix and RPTA Intergovernmental Agreement (IGA) - Regional Transit Support Services - Amendment Two

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to execute an IGA amendment with City of Phoenix extending the term of services.

RECOMMENDATION
Staff recommends that the TMC forward to the Board of Directors authorization for the CEO to execute IGA amendment two with the City of Phoenix.

BACKGROUND | DISCUSSION | CONSIDERATION
On April 6, 2017, the City of Phoenix and RPTA established IGA 144790 providing for the city to perform support services work for RPTA's regional transit operations, including regional fare media, revenue distribution and fixed-route operations support services (comprised of fare collection system maintenance and support, bus stop manager maintenance, vehicle management system maintenance and support, and service scheduling system maintenance and support.)

On November 19, 2021, the City of Phoenix and RPTA agreed upon the first amendment to the IGA, which provided for the city to assist RPTA's regional transit operations by receiving collected on-board fare revenues from RPTA's armored car contractor, counting those revenues using City of Phoenix staff and resources, and securely depositing those revenues on behalf of RPTA using the City's own armored car contractor.

The second amendment (144790-2) for this IGA between the City of Phoenix and RPTA updates several sections of the IGA and modifies the term of the IGA. The IGA term commenced July 1, 2016 with no expiration date, and this amendment modifies the term of the IGA to expire June 30, 2041.

COST AND BUDGET
No changes in cost and budget.

COMMITTEE PROCESS
RTAG: April 18, 2023 for information
TMC: May 3, 2023, approved
AFS: May 4, 2023, for information
Board of Directors: May 18, 2023, for action

CONTACT
Ken Kessler
Chief Financial Officer
602-523-6043
kkessler@valleymetro.org

ATTACHMENTS
None

Information Summary

DATE **AGENDA ITEM 1C**
May 11, 2023

SUBJECT
Valley Metro RPTA Public Transportation Agency Safety Plan (PTASP) (Non-Rail) Annual Review

PURPOSE
Provide information regarding the federal requirement to conduct an annual review and approval of the RPTA PTASP (non-rail).

RECOMMENDATION
Staff recommends that the Board of Directors approve the RPTA PTASP (non-rail) Annual Review.

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

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

Updates to the Non- Rail ASP for CY2023 include:

- Safety Performance Targets
- Bipartisan Infrastructure Law Requirements
- Updated Organization Charts

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

COST AND BUDGET
NONE

COMMITTEE ACTION
RTAG – April 18, 2023 - for information
TMC – May 3, 2023 - approved
Boards of Directors – May 18, 2023 – for action

CONTACT
Adrian Ruiz
Director Safety, Security and Quality Assurance
602-523-6054
aruiz@valleymetro.org

ATTACHMENT
Summary of Changes – Valley Metro Non - Rail Agency Safety Plan
Valley Metro/RPTA Non – Rail Agency Safety Plan

101 N. 1st Ave. Suite 1400
Phoenix, AZ 85003
valleymetro.org
602.253.5000

Summary of Changes
Valley Metro Non - Rail Agency Safety Plan
Revision 3

- Updated *Approval/Signature* Page to reflect addition of Bus Safety Committee Chair and change to RPTA Board Chair.
- **Section 4.0** Safety Performance Targets
    - Established Bus Performance Targets for CY2023.
- **Section 11.0**
    - Modified section to describe the VMR Joint labor-management Safety Committee as required by the Bipartisan Infrastructure Law.
- **Appendix B: Organizational Charts**
- **Appendix C: SMS Implementation Plan**
    - Updated Implementation activity dates & responsibilities where applicable.

Information Summary

DATE **AGENDA ITEM 1D**
May 11, 2023

SUBJECT
Town of Gilbert Intergovernmental Agreement (IGA) Amendment: Gilbert Park-and-Ride Relocation Study

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to execute an Amendment to the Town of Gilbert IGA for RPTA to conduct a Park-and Ride-Relocation Study. The Town has agreed to expend an additional total sum not to exceed $200,000 Dollars of Public Transportation Funds (PTF); $25,000 in FY23, and $175,000 Dollars in FY24.

RECOMMENDATION
Staff recommends that the Board of Directors authorize the CEO to execute the IGA amendment to conduct a Park and Ride Relocation Study, with a not to exceed budget of $200,000.

BACKGROUND | DISCUSSION | CONSIDERATION
Currently, The Town of Gilbert (Gilbert) town-owned park-and-ride (PNR) facility features 250 parking stalls, bike lockers, restrooms, shade canopies, and other amenities. Valley Metro Express Route 531 is the only bus that stops at the PNR facility. The current location of the PNR facility is within the existing downtown Gilbert Heritage District. Gilbert has multiple Capital Improvement Projects programmed in the Heritage District to redevelop the downtown, resulting on impacts and encroachments to the existing PNR property. Gilbert transportation staff have requested RPTA's assistance to analyze potential viable PNR locations within Gilbert. This study will:

- Conduct public outreach
- Conduct express service market analysis and service planning scenarios
- Identify facility needs
- Select a preferred site
- Develop conceptual design of selected site
- Conduct a Title VI analysis
- Prepare a capital cost estimate for the design and construction of a new facility

COST AND BUDGET
The project budget to conduct the Town of Gilbert Park and Ride Relocation Study is not to exceed $200,000 dollars. This includes Valley Metro agency and consultant costs. The study will be funded with Gilbert's regional funding allocation and is included in the Transit Life Cycle Program.

COMMITTEE ACTION
RTAG: April 18, 2023, for information
TMC/RMC: May 3, 2023, approved
Board of Directors: May 18, 2023, for action

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

ATTACHMENT
Amended IGA – Gilbert Park and Ride Study IGA is available upon request.

Information Summary

DATE **AGENDA ITEM 2**

May 11, 2023

SUBJECT

Valley Metro RPTA Fiscal Year 2024 (FY24) Preliminary Operating and Capital Budget

PURPOSE

To provide budget details for the FY24 Preliminary Operating and Capital Budget.

RECOMMENDATION

This item is presented for information and discussion.

BACKGROUND/DISCUSSION/CONSIDERATION

The Valley Metro Regional Public Transportation Authority (RPTA) FY24 proposed combined operating and capital budget (the budget) is $475.5 million and includes $70.4 million of expenses for light rail/high-capacity transit capital. The proposed FY24 budget has been prepared with the goal of delivering a fiscally prudent, balanced budget. The budget was developed in compliance with Board of Directors' adopted budget, financial and Transit Life Cycle Program (TLCP) policies.

Valley Metro began the FY24 budget process by carefully reviewing its operations to identify efficiencies and other potential reductions to the FY24 base operating budget. This resulted in a proactive reduction of the RPTA base operating budget of $0.5 million; however, incorporating $1.3 million of information technology costs that were inadvertently excluded from the FY23 budget into the FY24 base resulted in a net increase of $0.8 million to the base budget.

From this starting point, ridership, economic factors outside the agency's control, contractual commitments, and the continued implementation of previously approved Board actions must be incorporated. For FY24, these non-discretionary items total $33.4 million, comprising 92% of the total increase, excluding base change, in the FY24 operating budget. Of this amount, six issues – contract rate increases (including Board-approved contract adjustments), City of Phoenix's regional service costs, bus fuel costs, new demand services contracts, new East Valley bus service contract, and implementation of the new fare collection system – comprise 96% of the total non-discretionary increase.

Additionally, Valley Metro recommends the Board adopt $2.2 million of increased spending for new initiatives in FY24. This includes funding for nine initiatives, listed below.

FY24 Valley Metro Staff Recommended Initiatives

Initiative#	Description	Amount
1	Mpact Conference Hosting (funded by sponsors/fundraising)	$ 182,000
2	Valley Metro Staff Merit & Labor Market Adjustment	$ 1,204,300
3	Operational Cybersecurity Follow-up Audit	$ 5,000
5	Operational Technology Risk Mitigation	$ 125,000
6	Bus System Comprehensive Operational Analysis	$ 200,000
13	Road Vehicle Fleet Manager	$ 171,800
14	Governance, Compliance, and Risk Mgmt Software	$ 87,500
15	Fare Collection System Accounting	$ 116,800
16	Comprehensive Fare Study	$ 100,000
Total		**$ 2,192,400**

*Initiative numbers are not sequential as some initiatives pertain to RPTA only, some VMR only, and some both RPTA and VMR. Initiatives listed here are those pertaining to RPTA only and the RPTA portion of those pertaining to both RPTA and VMR.

COMMITTEE PROCESS
Preliminary Budget Review:
Financial Working Group: February 21, 2023 for information
All Committees: March Cycle
Financial Working Group: March 21, 2023 for information
RTAG: March 21, 2023 for information
AFS: April 6, 2023 for information
Financial Working Group: April 18, 2023 for information
All Committees: May Cycle

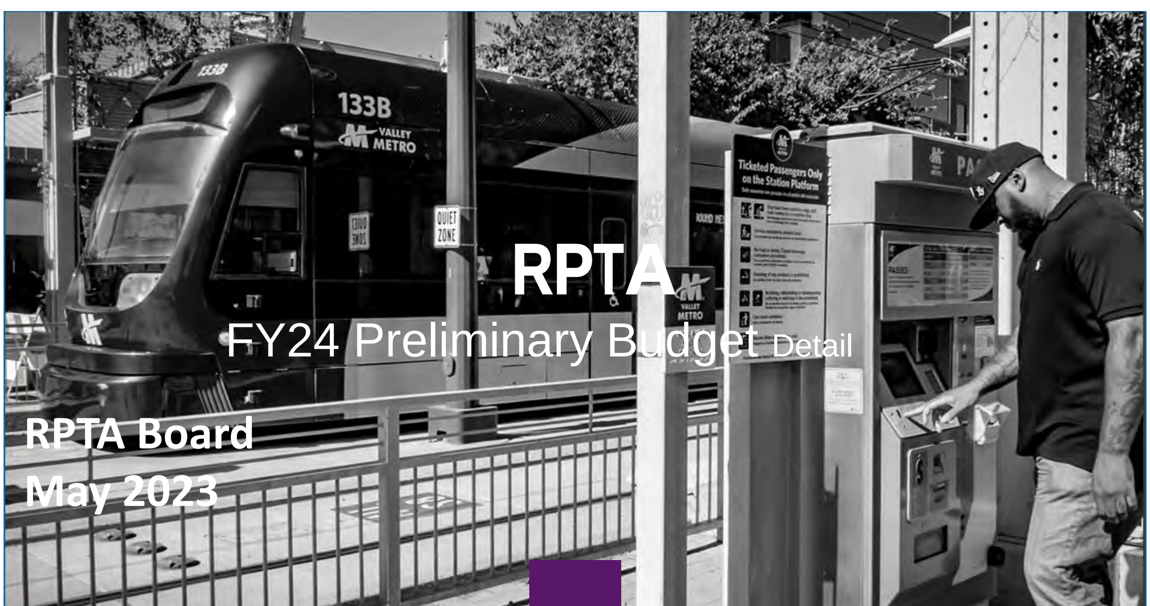
Proposed Budget Adoption:
AFS: June 1, 2023 for action
TMC: June 7, 2023 for action
Board of Directors: June 22, 2023 for action

CONTACT
Ken Kessler
Chief Financial Officer
602-523-6043
kkessler@valleymetro.org

ATTACHMENT
None

Valley Metro RPTA Fiscal Year 2024 (FY24) Preliminary Operating and Capital Budget

1



RPTA

FY24 Preliminary Budget Detail

RPTA Board
May 2023

2

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

Uses of Funds	FY23	FY24	Change $	Change %
Fixed Route Operations	$120.8	$143.4	$22.6	19%
Demand Service Operations	46.0	53.8	7.8	17%
Vanpool Operations	1.0	1.2	0.2	19%
Planning	3.7	4.4	0.7	19%
Commute Solutions	1.4	1.5	0.1	9%
Administration and Finance	4.2	5.4	1.1	27%
Regional Services	18.3	22.1	3.8	20%
RPTA Operating	**$195.5**	**$231.8**	**$36.4**	**19%**

3

VALLEY METRO 3

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

Source of Funds	FY23	FY24	Change $	Change %
Public Transportation Funds	$118.0	$150.6	$32.6	28%
Regional Area Road Funds	5.6	5.1	(0.5)	-9%
Member City Contributions	50.2	54.7	4.5	9%
Bus Advertising	0.6	0.8	0.2	25%
Federal Funds	11.9	12.6	0.7	6%
Federal Funds - COVID Relief	0.5	0.9	0.3	63%
Fares	5.9	7.0	1.1	19%
MAG Funds	0.6	0.2	(0.4)	-65%
Other	0.2	0.1	(0.1)	-60%
Carry Forward & Reserves	2.0	0.0	(2.0)	-100%
RPTA Operating	**$195.5**	**$231.8**	**$36.4**	**19%**

4

VALLEY METRO 4

4

FY24 Operating Budget Format

Base Budget – FY 2023's approved services less efficiencies identified by Valley Metro.

Obligations

- Inflation/Market & Ridership – price, wage, and ridership changes.
- Continuing Commitments – continued implementation of actions or contractual terms previously approved by the Board.

Valley Metro Recommendations – changes Valley Metro recommends the Board make for FY 2024

FY 2024 Total Operating Budget

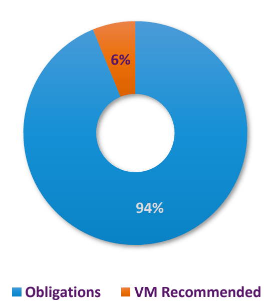
5

5

5

Operating Budget Overview ($ millions)

RPTA	FY 2023 Budget	FY 2024 Base	Change v FY23	Obligations: Cont Commit	Obligations: Inflation & Ridership	Total Obligations	VM Recommend	FY 2024 Budget	Total Change
Total	$ 195.5	$ 196.3	$ 0.8	$ 16.6	$ 16.8	$ 33.4	$ 2.2	$ 231.9	$ 36.4



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FY24 Budget Goals

- Build and Invest in the Team Fulfilling Regional Transit Service
- Ensure the Safety and Security of our Riders
- Serve the Customer By Improving and Maintaining the System
- Sustain and Grow the System Through Fiscal Stewardship

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Build and Invest in the Team Fulfilling Regional Transit Service

VM Recommended

Initiative #	Name	VM Recommended
1	Mpact Conference Hosting (*)	$ 182,000
2	Valley Metro Staff Merit & Labor Market Adjustment	$ 1,204,300
Category Total		**$ 1,386,300**

** Mpact conference hosting is fully funded by sponsors and fundraising efforts.*

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Ensure the Safety and Security of our Riders
VM Recommended

Initiative #	Name	VM Recommended
3	Operational Cybersecurity Follow-up Audit	$ 5,000
5	Operational Technology Risk Mitigation	$ 125,000
Category Total		**$ 130,000**

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Serve the Customer By Improving and Maintaining the System
VM Recommended

Initiative #	Name	VM Recommended
6	Bus System Comprehensive Operational Analysis	$ 200,000
13	Road Vehicle Fleet Manager	$ 171,800
Category Total		**$ 371,800**

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Sustain and Grow the System Through Fiscal Stewardship

VM Recommended

Initiative #	Name	VM Recommended
14	Governance, Compliance, and Risk Mgmt Software	$ 87,500
15	Fare Collection System Accounting	$ 116,800
16	Comprehensive Fare Study	$ 100,000
Category Total		**$ 304,300**

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Build and Invest in the Team Fulfilling Regional Transit Service

Obligations

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
17	Strategic Planning	$ 142,500	$ -	$ 142,500
	Bus Service and Rate Increase	$ 11,154,800	$ -	$ 11,154,800
Category Total		**$ 11,297,300**	**$ -**	**$ 11,297,300**

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Serve the Customer By Improving and Maintaining the System

Obligations

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
18	ATS Reservation Call Center and Fleet Support	$ 140,200	$ -	$ 140,200
	Fare Collection System Implementation	$ 1,754,000	$ -	$ 1,754,000
	Multi-Use Facility Study	$ 500,000	$ -	$ 500,000
	Regional Farebox Maintenance	$ 2,576,000	$ -	$ 2,576,000
	Fleet Replacement Planning	$ 200,000	$ -	$ 200,000
20	City of Phoenix Regional Service	$ -	$ 5,414,000	$ 5,414,000
	ADA Ridership Growth	$ -	$ 5,133,600	$ 5,133,600
	Vanpool Service Rate Increase	$ -	$ 156,300	$ 156,300
	Bus Service Future East Valley Contract	$ -	$ 5,035,000	$ 5,035,000
	Bus Fuel	$ -	$ 854,500	$ 854,500
Category Total		**$ 5,170,200**	**$ 16,593,400**	**$ 21,763,600**

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Sustain and Grow the System Through Fiscal Stewardship

Obligations

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
19	IT Contract Rate Annualization Increases	$ 188,600	$ -	$ 188,600
21	IT Price Increases Due to Increased Usage	$ -	$ 79,700	$ 79,700
	Accessibility & Technology Usage and Price Increases	$ -	$ 130,000	$ 130,000
Category Total		**$ 188,600**	**$ 209,700**	**$ 398,300**

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Obligations

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
17	Strategic Planning	$ 142,500	$ -	$ 142,500
	Bus Service and Rate Increase	$ 11,154,800	$ -	$ 11,154,800
18	ATS Reservation Call Center and Fleet Support	$ 140,200	$ -	$ 140,200
	Fare Collection System Implementation	$ 1,754,000	$ -	$ 1,754,000
	Multi-Use Facility Study	$ 500,000	$ -	$ 500,000
	Regional Farebox Maintenance	$ 2,576,000	$ -	$ 2,576,000
	Fleet Replacement Planning	$ 200,000	$ -	$ 200,000
19	IT Contract Rate Annualization Increases	$ 188,600	$ -	$ 188,600
20	City of Phoenix Regional Service	$ -	$ 5,414,000	$ 5,414,000
	ADA Ridership Growth	$ -	$ 5,133,600	$ 5,133,600
	Vanpool Service Rate Increase	$ -	$ 156,300	$ 156,300
	Bus Service Future East Valley Contract	$ -	$ 5,035,000	$ 5,035,000
	Bus Fuel	$ -	$ 854,500	$ 854,500
21	IT Price Increases Due to Increased Usage	$ -	$ 79,700	$ 79,700
	Accessibility & Technology Usage and Price Increases	$ -	$ 130,000	$ 130,000
Category Total		$ 16,656,100	$ 16,803,100	$ 33,459,200
Category % of Total		*50%*	*50%*	

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

Uses of Funds	FY23	FY24	Change $	Change %
Regional Fleet	$48.5	$64.1	$15.6	32%
Regional Facilities	2.8	1.4	(1.4)	-51%
Other Regional Projects	16.4	5.5	(10.9)	-67%
Member Agency Disbursements	8.0	9.7	1.7	21%
Debt Service	22.3	22.9	0.5	2%
RPTA Capital	$98.0	$103.5	$5.5	6%

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VALLEY METRO 16

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

Source of Funds	FY23	FY24	Change $	Change %
Public Transportation Funds	$28.1	$8.2	($19.8)	-71%
Carry Forward & Reserves	12.6	35.5	22.9	182%
Member City Contributions	0.2	0.0	(0.2)	-1
Federal Funds	56.9	59.6	2.7	5%
Other	0.3	0.2	(0.1)	-41%
RPTA Capital	**$98.0**	**$103.5**	**$5.5**	**6%**

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

Uses of Funds	FY23	FY24	Change $	Change %
VMR RARF Disbursements	$0.5	$0.5	$0.0	0%
AZ Lottery Funds Disbursements	11.2	11.2	0.0	0%
VMR Personnel	34.9	40.0	5.1	15%
VMR PTF Capital Funding	112.8	70.4	(42.3)	-38%
VMR PTF Capital Reserve for Future Use	0.0	18.0	18.0	0%
RPTA Pass-Thru	**$159.3**	**$140.1**	**($19.2)**	**-12%**

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

Source of Funds	FY23	FY24	Change $	Change %
AZ Lottery Funds	$11.2	$11.2	$0.0	0%
Regional Area Road Funds	0.5	0.5	0.0	0%
VMR Personnel Reimbursements	34.9	40.0	5.1	15%
VMR PTF Capital Funding Allocation	112.8	88.5	(24.3)	-22%
RPTA Pass-Thru	**$159.3**	**$140.1**	**($19.2)**	**-12%**

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Budget Schedule Dates

Committee/Boards/FWG	
February 21, 2023	Present High Level Budget to City Staff (FWG)
March	Present High Level Budget to Committees & Boards - for Information
March 21, 2023	Detailed Initiative Discussion with City Staff (FWG)
April 6, 2023	Detailed Initiative Discussion with AFS
April 18, 2023	Detailed Initiative Discussion & Present 5-Year Plans to City Staff (FWG)
May 3, 2023	Present Initiative Details to TMC/RMC
May 4, 2023	Detailed Initiative Discussion & Present 5-Year Plans to AFS
May 18, 2023	Present Initiative Details to Board - for Information
June	Present Annual Budget and 5-Year Plans to Committees/Boards - for Action

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VALLEY METRO

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Valley Metro® Budget Goals

FISCAL YEAR 2024

VALLEY METRO

Serve the Customer

BY IMPROVING AND MAINTAINING THE SYSTEM

Valley Metro® and our partners are committed to delivering excellent customer experiences across the system now and into the future. This commitment is kept in two ways: by improving the system to meet the growing the changing needs of the region and by maintaining the existing rail system as it transitions from a young to more mature system, now entering its 15th year of operations. Ensuring high-quality, reliable service requires careful, deliberate transit asset management (TAM). TAM is a federally-required management program that prioritizes capital and operations funding based on asset condition and performance. Continued investment in TAM and state of good repair is being recommended across FY24:

Improving the system

- **Northwest Extension II operations** (#7) will commence in January 2024, requiring funding for operators, station cleaners, propulsion power, insurance and maintenance staffing.

- **South Central Extension/Downtown Hub staffing** (#11) is needed in FY24 in order to support the testing of vehicles and integrated systems. All costs incurred ahead of revenue operations will be funded through the capital project until revenue service begins in FY25.

- As our region grows, the mobility needs of communities change. As a result, Valley Metro must ensure its services keep pace with both changing needs and technologies. A **bus system comprehensive operational analysis** (#6) will provide the Board with an assessment of how to best serve each community.

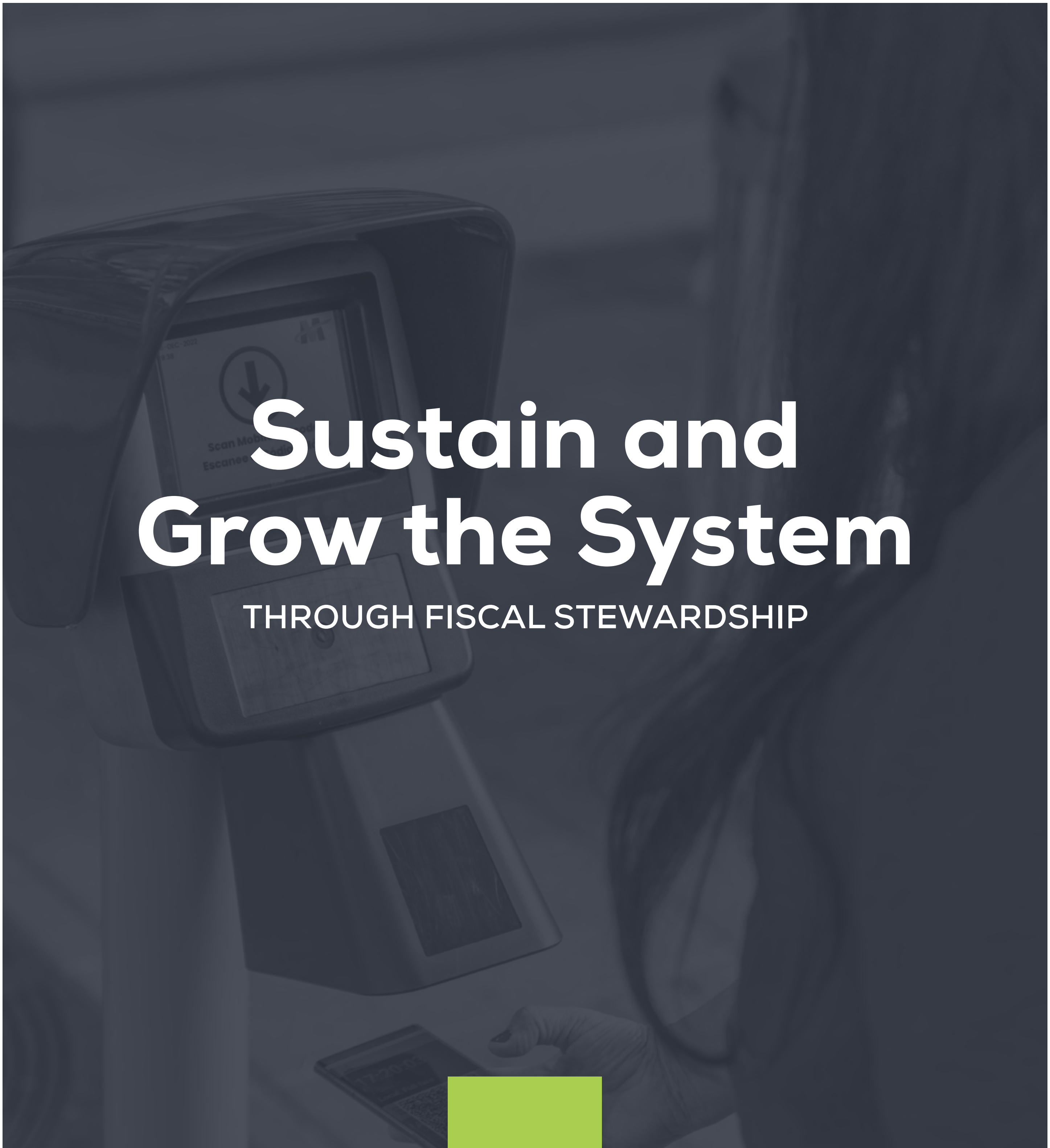
- While Valley Metro's outsourced model for bus operations helps minimize operating costs, it creates a barrier to proactive and holistic management of the rubber-wheeled fleet. Valley Metro recommends addressing this shortcoming through the addition of the **Road Vehicle Fleet Manager** (#13).

Transit Asset Management

- As the required rail system maintenance grows, Valley Metro is striving to increase the efficiency and effectiveness of its maintenance operations.
  - The development of a **rail system maintenance planning** (#9) will enable longer range planning and the most efficient use of maintenance resources.
  - Providing **field maintenance staff with mobile technology** (#10) will allow them to spend more time in the field and less time on office data entry.
  - The purchase of **non-revenue maintenance vehicles** (#8) will increase maintenance efficiency by allowing three existing staff to cover more ground and by replacing more costly vehicle miles with less expensive miles through the use of smaller trucks.
- The increased tempo of maintenance operations requires the addition of a **Materials Handler** (#12) to the maintenance stockroom to provide timely parts and materials to technicians.

Serve the Customer by Improving and Maintaining the System

TIER	RECOMMENDATIONS	RPTA	VMR
1	Northwest Extension II Operations (#7)	$ -	$ 1,366,700
1	South Central Extension/Downtown Hub Staffing (#11)	$ -	$ 0
2	Bus System Comprehensive Operational Analysis (#6)	$ 200,000	$ -
2	Road Vehicle Fleet Manager (#13)	$ 171,800	$ 31,000
2	Rail System Maintenance Planning (#9)	$ -	$ 700,000
3	Field Maintenance Mobile Technology (#10)	$ -	$ 264,300
3	Non-Revenue Maintenance Vehicles (#8)	$ -	$ 147,000
3	Materials Handler (#12)	$ -	$ 64,700
	TOTAL	**$ 371,800**	**$ 2,573,700**



Sustain and Grow the System

THROUGH FISCAL STEWARDSHIP

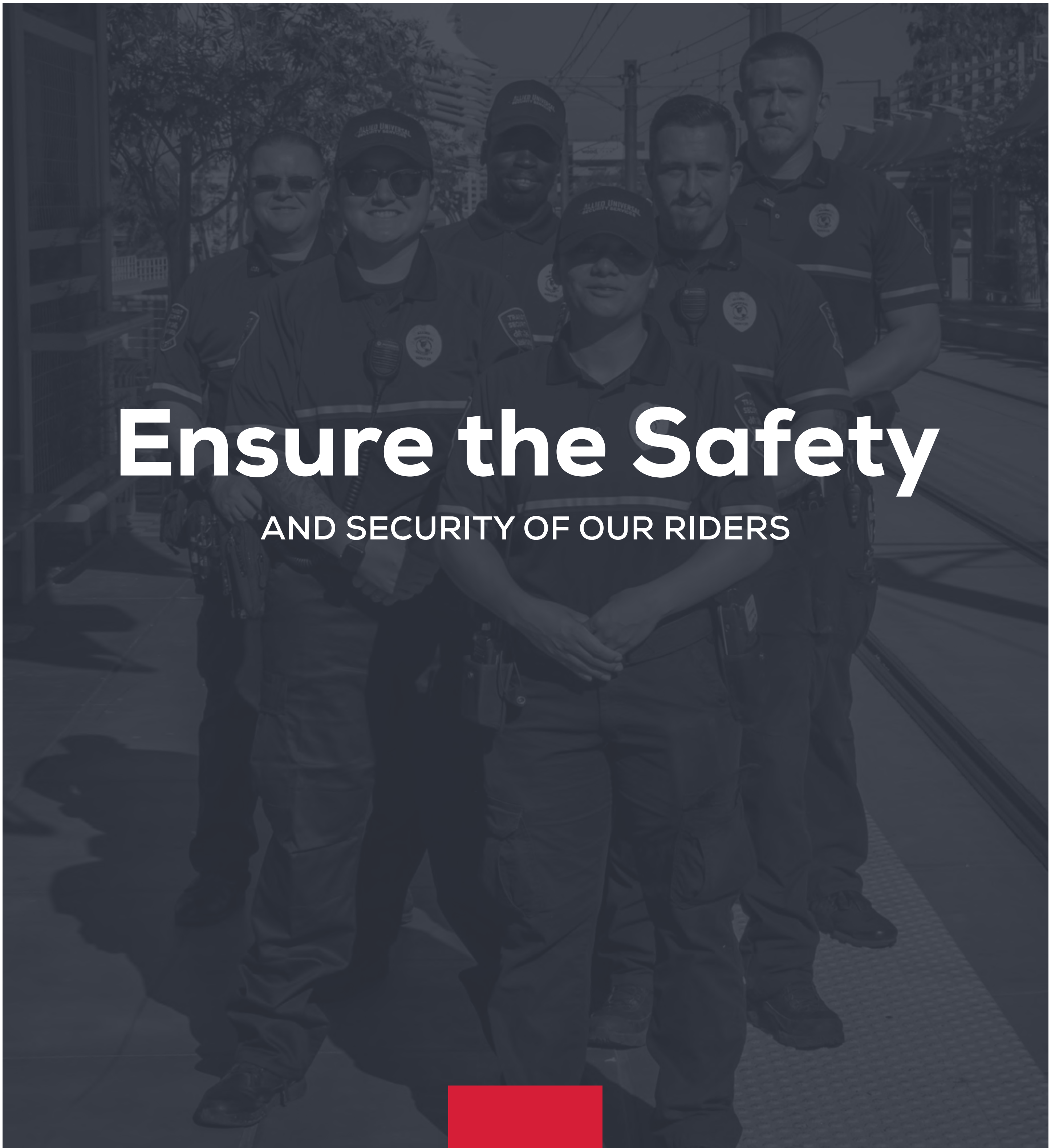
Valley Metro strives to identify ways to increase efficiency and ensure the effectiveness of its efforts.

- In FY23, changes in insurance and risk management costs had a significant impact on Valley Metro's budget. As a result, the agency seeks to procure **governance, compliance and risk management software** (#14) that will assist the General Counsel, Internal Audit and Safety Security and Quality Assurance Divisions in identifying and better managing risks.

- With the implementation of the new fare collection system, the management of fare revenue will shift from the City of Phoenix to Valley Metro. To ensure the appropriate tracking and reconciliation of these revenues, Valley Metro seeks one new Accountant for **new fare collection system accounting** (#15).

- At the February 16, 2023 Board Study Session, the Board directed Valley Metro staff to perform a **comprehensive fare system study** (#16). The study will evaluate the current regional fare and explore potential new and alternative fare programs that may benefit Valley Metro and its riders.

Sustain and Grow the System Through Fiscal Stewardship			
TIER	**RECOMMENDATIONS**	**RPTA**	**VMR**
2	Governance, Compliance, and Risk Management Software (#14)	$ 87,500	$ 100,700
3	New Fare Collection System Accounting (#15)	$ 116,800	$ -
3	Comprehensive Fare System Study (#16)	$ 100,000	$ 100,000
	TOTAL	**$ 304,300**	**$ 200,700**



Ensure the Safety

AND SECURITY OF OUR RIDERS

The safety of our riders is Valley Metro's most fundamental responsibility. The perception of safety is also a key factor in rider satisfaction and the decision to continue to use transit. As a result, Valley Metro must constantly reassess its efforts to keep riders safe. In FY24, Valley Metro has identified three recommendations:

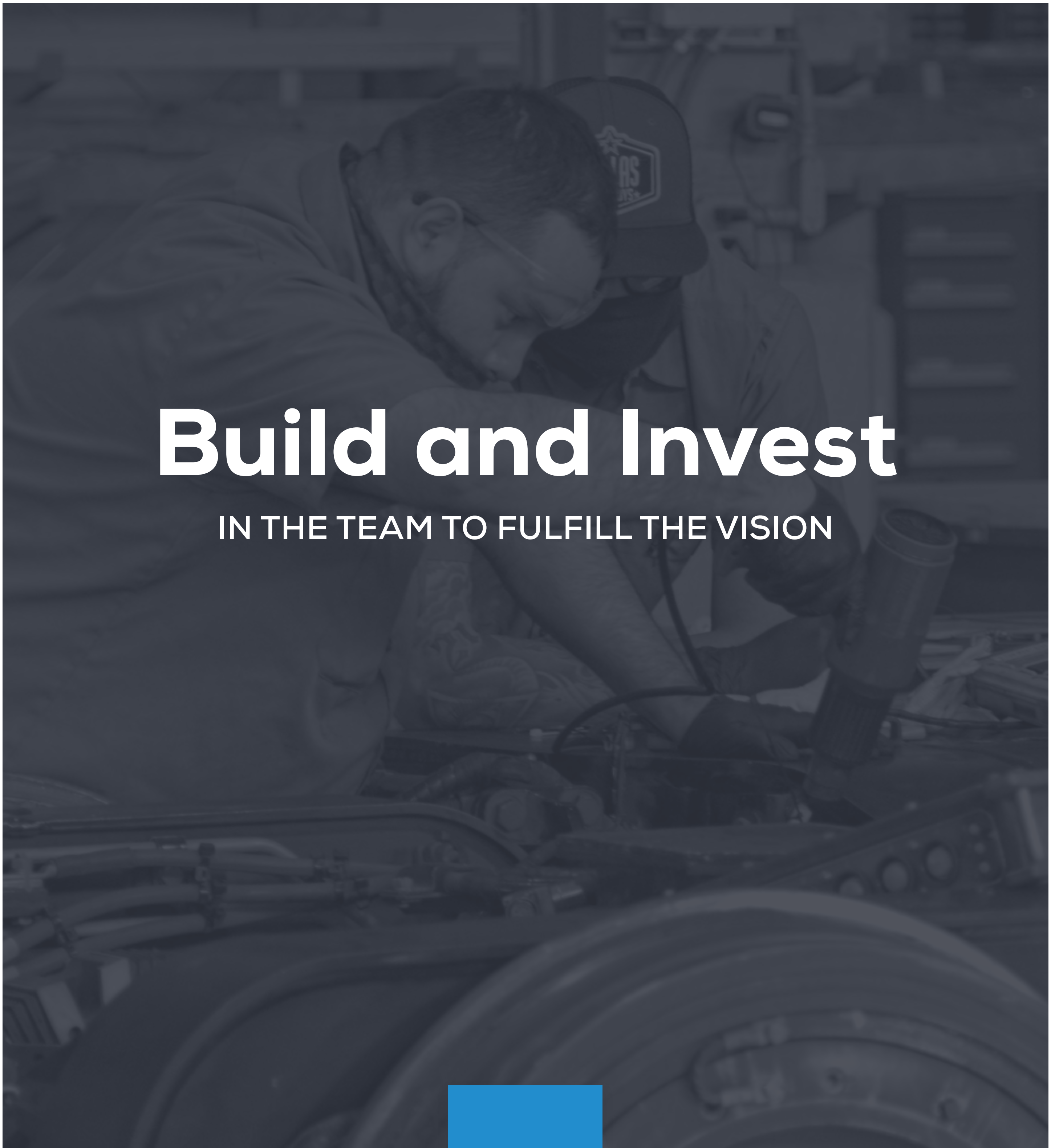
- With the start of revenue service in January 2024, Valley Metro will need to fund an increase in its contract with Allied Universal for **security for the Northwest Extension II** (#4) to maintain current security staffing levels across the system.

- In 2022, Valley Metro's operations were reviewed by a panel of experts from peer systems through the American Public Transportation Association (APTA). This review recommended Valley Metro conduct a cybersecurity audit of its light rail operations technology (OT) (e.g. switching, train control systems, etc.). This audit, which includes penetration testing, is in process and will be completed in FY23. To address anticipated findings, Valley Metro will need to contract for:

  - **Operational cybersecurity risk mitigation** (#5), which includes both additional expertise and software to monitor OT systems.

  - An **operational cybersecurity follow-up audit** (#3) to validate the resolution of issues and identify additional improvement opportunities.

Ensure the Safety and Security of Our Riders			
TIER	**RECOMMENDATIONS**	**RPTA**	**VMR**
1	Northwest Extension II Security (#4)	$ -	$ 573,900
2	Operational Cybersecurity Risk Mitigation (#5)	$ 125,000	$ 72,500
3	Operational Cybersecurity Follow-up Audit (#3)	$ 5,000	$ 75,000
	TOTAL	**$ 130,000**	**$ 721,400**



Build and Invest

IN THE TEAM TO FULFILL THE VISION

Valley Metro's team of employees and contractors is the organization's most valuable asset. Valley Metro, like employers across the U.S., is rapidly developing strategies to keep pace with the changing labor market, hire and retain quality talent and quickly fill gaps. In FY24, Valley Metro recommends two investments in our team:

- While inflation in the economy has somewhat slowed, declining 0.7% in December, metro Phoenix prices remain 9.5% higher than one year ago. In addition, the labor market remains tight with an unemployment rate of 3.3% for metro Phoenix. Similarly, Valley Metro's annualized turn-over rate has declined from a high of 30% in June 2022 to 22% in January 2023 but continues to create operational challenges and increase training and overtime costs. As a result, Valley Metro recommends an **employee market adjustment** (#2) comprised of a 5% cost of living adjustment and 3% merit award.

- In FY23, Valley Metro has been selected to host the **Mpact Conference** (#1). Previously known as "Rail~Volution," it is the premiere mobility conference in North America. As a result, it provides an excellent professional development opportunity to Valley Metro and city transit staff.

Build and Invest in the Team to Fulfill the Vision			
TIER	**RECOMMENDATIONS**	**RPTA**	**VMR**
1	Employee Market Adjustment (#2)	$ 1,204,300	$ 1,899,100
3	Mpact Conference Hosting (#1)	$ 182,000	$ -
	TOTAL	**$ 1,386,300**	**$ 1,899,100**

Appendix A

Total Costs by Goal

	RPTA	VMR
Build and Invest in the Team to Fulfill the Vision	$ 1,386,300	$ 1,899,100
Ensure the Safety and Security of our Riders	$ 130,000	$ 721,400
Serve the Customer by Improving and Maintaining the System	$ 371,800	$ 2,573,700
Sustain and Grow the System Through Fiscal Stewardship	$ 304,300	$ 200,700
TOTAL	**$ 2,192,400**	**$ 5,394,900**

1	Mpact Conference Hosting Build and Invest in the Team to Fulfill the Vision	
	RPTA	**VM Recommended**

Description

Each year, Mpact (formerly Rail~Volution) brings their conference to cities around North America that are making great strides with their public transportation systems and in building livable communities. The Mpact Transit + Communities conference is four days of energizing events that connect citizen activists, developers, nonprofit and business leaders, planners, local elected officials, community and housing advocates, transportation system operators and government officials from around the country. Valley Metro has been selected to host for the November of 2023 conference. Much of the associated cost will be reimbursed through local sponsorships.

This is an opportunity for Valley Metro and our member cities/agencies to showcase the innovative approach we take in the southwest to building communities and partnerships in the region, and to learn about innovative approaches taken by other communities. Other benefits include:

- Rejuvenate support for and generate new advocacy for in transit investment in our region
- Highlight the newly opened Tempe Streetcar and the economic development along the light rail line
- Excellent forum for educating elected officials and community organizations and facilitating dialog at many levels.
- Substantial business for downtown hotels, restaurants, and other businesses during construction

Item	RPTA	VMR	Note
Planning / Program Support	$182,000	$0	
Total	**$182,000**	**$0**	

2	Valley Metro Staff Market Build and Invest in the Team to Fulfill the Vision	
	Combined	**VM Recommended**

Description

Inflation levels in the Phoenix Metropolitan Area remain the highest in the country. Inflation reached 13.0% in the Valley in August 2022 and gradually decreased to 8.5% in February 2023. From December 2020 to February 2023, inflation increased by 21.6% in aggregate while wages for Valley Metro staff significantly lagged. Inflation levels are not expected to normalize for quite some time. In addition, the labor market in the Valley remains tight, with near record lows occurring in January 2023 with an unemployment rate of 2.9%.

Valley Metro's workforce has improved over the first six months of the year but continues to face challenges. Valley Metro's annualized 90-day average turn-over rate has declined from a high of 30% in June 2022 to 22% in January 2023 but the current 65 vacant positions continue to create operational challenges and increased over-time costs. Additionally, Valley Metro has surveyed local cities/agencies, and many of those agencies have indicated wage adjustments are planned for FY24 in order to enhance employee recruitment and retention competitiveness. As a result, Valley Metro recommends an employee market adjustment comprised of a 5% cost of living adjustment and 3% merit award.

Item	RPTA	VMR	Note
3% Merit Increase	$451,600	$712,200	
5% COLA Increase	$752,700	$1,186,900	
Total	**$1,204,300**	**$1,899,100**	

3	Operational Cybersecurity Follow-up Audit Ensure the Safety and Security of our Riders	
	Combined	**VM Recommended**

Description

In 2022, Valley Metro's operations were reviewed by a panel of experts from peer systems through the American Public Transportation Association (APTA). This review recommended Valley Metro conduct a cybersecurity audit of its light rail operations technology (OT, e.g., switching, train control systems, etc.). This audit, which includes penetration testing, is in progress and will be completed in FY 23. Recommendation 5 seeks resources to address the audits anticipated findings and potential audit efforts for the new Fare Collection System Modernization (FCSM) project. This recommendation seeks funding to have OT systems rechecked on an annual basis to ensure prior findings have been addressed and that new vulnerabilities are identified. As the fare revenue administration responsibility transfers from the City of Phoenix to RPTA as part of the FCSM project, it is anticipated that there may be some consultative services acquired to provide expertise in an audit of the financial processes and technologies associated with this transition, which would include RPTA funds.

Item	RPTA	VMR	Note
Cybersecurity Audits	$5,000	$75,000	Continual Annual SCADA and IT/OT assessments
Total	**$5,000**	**$75,000**	

4	Light Rail Northwest Extension II Security Ensure the Safety and Security of our Riders	
	VMR	**VM Recommended**

Description

The Northwest Extension Phase II project will connect Valley Metro's light rail system from 19th and Dunlap avenues and extend it 1.6 miles to the former Metrocenter Mall area in Phoenix. The project also includes 3 new stations, including the system's first elevated station, and a new park-and-ride. Northwest Extension Phase II will transition from the construction phase to revenue operations in January of 2024. NWEII will need to be funded for a partial year in FY24 and need to be annualized for a full year in FY25. The funding will allow Allied to staff 10 FTE for 28 weeks in FY24.The funding will ensure Allied provides required service for the new Extension and help ensure a safe transit Rail system.

Item	RPTA	VMR	Note
Security Services		$535,600	Additional staff for new service
Equipment		$38,300	Additional equipment for field security
Total		**$573,900**	

5	Operational Technology Risk Mitigation Ensure the Safety and Security of our Riders	
	Combined	**VM Recommended**

Description

In 2022, Valley Metro's operations were reviewed by a panel of experts from peer systems through the American Public Transportation Association (APTA). This review recommended Valley Metro conduct a cybersecurity audit of its light rail operations technology (OT, e.g., switching, train control systems, etc.). This audit, which includes penetration testing, is in progress and will be completed in FY 23. To address anticipated findings Valley Metro will need to contract for operational cybersecurity support. Previously, OT was not under the purview of Valley Metro's IT cybersecurity program. As a result, additional licenses are needed for security software to monitor OT assets and additional capacity and expertise are needed to address OT systems vulnerabilities. Since most basic IT assets (firewalls, routers, servers, etc) are maintained by RPTA to serve all modes, both RPTA and VMR costs are anticipated.

Item	RPTA	VMR	Note
Cybersecurity Program Support	$125,000	$72,500	Additional capacity and expertise to address OT systems vulnerabilities
Total	**$125,000**	**$72,500**	

6	Bus System Comprehensive Operational Analysis (COA) Serve the Customer by Improving and Maintaining the System	
	RPTA	**VM Recommended**

Description

Valley Metro service operations have been basically in their current form for decades Changes to the system, and therefore its evolution, have been incremental over these years. Changing travel and commute patterns, the establishment of a significant light rail corridor, and regional growth and development warrant an overall fresh look at optimizing the bus system. This is particularly true as we emerge from the pandemic. A Bus System Comprehensive Operational Analysis (COA) will provide a thorough look at how existing resources can be optimized to serve the travel needs of the region today and into the future.

This COA will help ensure that appropriate levels and modes of service are provided in the right places at the right times. Valley Metro will be conducting an origin and destination survey in Spring 2023. This fresh post-pandemic data makes FY24 an ideal time to perform a COA. This effort will enable Valley Metro to provide the most efficient and effective service with available resources.

Item	RPTA	VMR	Note
Bus System COA	$200,000	$0	The amount is based on a general understanding of what other regions have paid for similar studies. The intent is to issue a competitive RFP to identify a consultant to do this work.
Total	**$200,000**	**$0**	

7	Light Rail Northwest Extension II Operations Serve the Customer by Improving and Maintaining the System	
	VMR	**VM Recommended**

Description

The Light Rail Northwest Extension Phase II project will connect Valley Metro's light rail system from 19th and Dunlap avenues and extend it 1.6 miles to the former Metrocenter Mall area in Phoenix. The project also includes 3 new stations, including the system's first elevated station, and a new park-and-ride. Northwest Extension Phase II will transition from the construction phase to revenue operations in January of 2024. The major expense activities have been included below. Staffing will be hired ahead of revenue operations to support the testing and startup activities required for this extension. All costs incurred ahead of revenue operations will be funded through the capital project. Costs incurred beginning with revenue operations will be funded by City of Phoenix. Service levels will match the 12-minute weekday frequencies assumed in FY24 for Light Rail services.

NWEII - Operations & Maintenance Staffing

Position	Qty	Salary + Fringe	Equipment	Total Cost
Assistant Superintendent	2	$ 157,300	$ 19,600	$ 176,900
Communications Systems Technician	1	$ 43,800	$ 3,800	$ 47,600
Customer Experience Coordinator	2	$ 88,500	$ 7,600	$ 96,100
Rail Vehicle Engineer	1	$ 156,800	$ 9,800	$ 166,600
Signal Systems Technician	1	$ 43,800	$ 3,800	$ 47,600
Signals Engineer	1	$ 156,800	$ 9,800	$ 166,600
Supervisor, Maintenance of Way	2	$ 176,600	$ 19,600	$ 196,200
Traction Power Engineer	1	$ 156,800	$ 9,800	$ 166,600
Traction Power Systems Technician	2	$ 104,400	$ 7,600	$ 112,000
Grand Total	**13**	**$ 1,084,800**	**$ 91,400**	**$ 1,176,200**
		Less Capital Allocation		$ (555,100)
		Total Operating Cost		**$ 621,100**

Item	RPTA	VMR	Note
ACI Operations		$611,000	New Light Rail extension opening January 2024.
Facility and Station Cleaning		$4,000	
Utilities		$27,200	
Propulsion Power		$31,000	
Insurance coverage		$72,400	
Salary and Benefits		$1,084,800	Staffing details in table above.
Equipment		$91,400	
Less Capital		($555,100)	Capital Allocation
Total	**$0**	**$1,366,700**	

8	Non-Revenue Maintenance Vehicles Serve the Customer by Improving and Maintaining the System	
	VMR	**VM Recommended**

Description

Valley metro recommends purchasing three new non-revenue vehicles to fill operational, maintenance, and administrative roles. These vehicles are requested based on usage by existing FTE positions. and

These vehicles will provide for more efficient and effective maintenance of critical equipment and operational support, increasing service reliability. Long-term benefits would be maintaining on-time service and avoiding excessive corrective maintenance costs because of performing on-time inspections and preventive and corrective maintenance on systems and equipment.

Item	RPTA	VMR	Note
Ford-250 SLT SuperCabs (2)		$112,000	Signal, Track & Vehicle engineers, Rail Operations Program Coordinator
Ford F150 XLT Extended Cab (1)		$35,000	Track department is currently short one truck due to vehicle needs during shift change
Total	**$0**	**$147,000**	

9	Rail System Maintenance Planning Serve the Customer by Improving and Maintaining the System	
	VMR	**VM Recommended**

Description

In FY22 and FY23, as part of its Enterprise Resource Planning system, Valley Metro implemented an Enterprise Asset Management data system that captures all transit assets and their associated maintenance. This system provides the foundation of Transit Asset Management (TAM) for Valley Metro. The next step is to use that foundation to build a Rail System Maintenance Plan that establishes a detailed, long-term, maintenance plan for all rollingstock, alignment assets, and equipment. This plan will continuously be informed by the actual maintenance needs and costs for each asset allowing Valley Metro to optimize the efficiency of asset maintenance and replacement. In addition, the plan will inform Valley Metro's operations and capital budgets.

The requested funding would be used to engage expert consulting to build out that plan and establish the procedures for it to be continuously updated by Valley Metro staff using ongoing maintenance data and costs. FTA requires all transit agencies maintain a detail TAM plan. This initiative is needed to comply with that requirement.

Rail System Maintenance Planning		$700,000	
Total	**$0**	**$700,000**	

10	**Field Maintenance Mobile Technology** Serve the Customer by Improving and Maintaining the System	
	VMR	**VM Recommended**

Description

Accurate record keeping and documentation are critical to the effectiveness of Valley Metro's maintenance operations. Today, however, field maintenance staff must use printouts of workorder and handwritten notes that are then transcribed into Valley Metro's data systems upon return to the OMC – wasting time and creating data entry errors. LRV Maintenance and Maintenance of Way are seeking to equip additional personnel with field-survivable mobile devices so that they can address workorders in the field.

In addition, laptops are used to interface with and download data from LRVs (referred to as Portal Terminal Units or PTUs). These machines have reached the end of their useful life, increasing both cybersecurity risk and the risk of availability of replacement parts for repair. As a result, this recommendation replaces 12 laptops used as PTUs.

Item	RPTA	VMR	Note
Mobile Data plans		$89,100	Mobile data plans for routers aboard light rail and streetcar vehicles for telemetry and status along with in-field deployed tablets
Rail Yard Management System		$75,000	Mobile accessible application to track yard location and maintenance status (through integration with EAM) to aid with dispatching and storage
Rugged Laptops (PTUs)		$49,200	12 rugged laptops for LRV Maintenance, 5 rugged laptops for Maintenance of Way
Rugged Tablets		$51,000	20 rugged tablets for field use
Total	**$0**	**$264,300**	

11	Light Rail South Central Extension Vehicle Maintenance Staffing Serve the Customer by Improving and Maintaining the System	
	VMR	**VM Recommended**

Description

The 5.5-mile South Central Extension/Downtown Hub will connect with the current light rail system in downtown Phoenix and operate south to Baseline Road. The project also includes a hub in downtown Phoenix, 8 new stations and 2 park-and-rides.

The South Central Extension won't transition from the construction phase to revenue operations until December of 2024. Vehicle Maintenance staffing will be hired in FY24 to support the testing for vehicles and integrated systems. All costs incurred ahead of revenue operations will be funded through the capital project. Since the extension won't open until FY25, there are no operating costs associated with these positions in FY24. Costs incurred beginning with revenue operations will be funded by City of Phoenix.

SCE- Vehicle Maintenance Staffing

Position	Qty	Salary + Fringe	Equipment	Total Cost
Cleaner	1	$ 26,900	$ 3,800	$ 30,700
LRV Lead Inspector/Cleaner	1	$ 40,100	$ 3,800	$ 43,900
LRV Inspector	4	$ 119,100	$ 15,200	$ 134,300
Rail Vehicle Mechanic	3	$ 120,300	$ 11,400	$ 131,700
Electro-Mechanical Technician	3	$ 140,000	$ 11,400	$ 151,400
Grand Total	**12**	**$ 446,400**	**$ 45,600**	**$ 492,000**
		Less Capital Allocation		$ (492,000)
		Total Operating Cost		-

Item	RPTA	VMR	Note
Salary and Benefits		$446,400	Staffing details in table below.
Equipment		$45,600	
Less Capital		($492,000)	Capital Allocation
Total	**$0**	**$0**	

12	Materials Handler Serve the Customer by Improving and Maintaining the System	
	VMR	**VM Recommended**

Description

Staffing an additional Materials Handler will allow us to expand our controlled coverage of the Maintenance of Way (MOW) stock room. Currently there is not complete coverage on PM shifts, and this position will provide an additional resource for MOW supervisors and field technicians during off hours to ensure quick and accurate parts locating.

Without this position there will continue to be insufficient coverage on PM shifts and inadequate parts inventory control. The long-term benefit of this position is better controls over assets and more efficient maintenance efforts.

	RPTA	VMR	Note
Salary and Benefits		$60,900	
Equipment		$3,800	Workspace, Laptop, monitor, keyboard, etc.
Total	**$0**	**$64,700**	

13	Road Vehicle Fleet Manager Serve the Customer by Improving and Maintaining the System	
	VMR	**VM Recommended**

Description

Valley Metro has not historically had a focused effort for managing rubber-tire fleet – buses, paratransit vehicles, non-revenue fleet – within Operations and Maintenance. This has been an effort spread across multiple divisions and several staff. A new Road Vehicle Fleet Manager position within Operations and Maintenance is recommended to provide a more comprehensive approach to managing the bus, paratransit, and non-revenue vehicle fleets. This position will manage and coordinate all planning, purchasing, and maintenance for approximately 650 rubber-tire fleet vehicles, which has a total asset value of approximately $150 Million.

	RPTA	VMR	Note
Salary and Benefits	$163,500	$29,500	
Equipment	$8,300	$1,500	Workspace, Laptop, monitor, keyboard, etc.
Total	**$171,800**	**$31,000**	

14	Governance, Compliance, and Risk Management Software Sustain and Grow the System Through Fiscal Stewardship	
	Combined	**VM Recommended**

Description

Valley Metro's insurance costs increased in FY 23 due to a combination of light rail incidents and the exit of insurers from the transit insurance market. As a result, the agency seeks to procure Governance, Compliance, and Risk Management software to assist the General Council, Internal Audit, and Safety Security and Quality Assurance divisions in tracking incidents, identifying potential risks, and documenting the actions and compensating controls taken to mitigate them.

Using this software, Valley Metro expects to both reduce future incidents and to be able to better articulate to potential insurers how the Agency manages risks, reducing the potential for future liability costs increases.

Item	RPTA	VMR	Note
Audit, Compliance, and Risk Management software	$87,500	$100,700	
Total	**$87,500**	**$100,700**	

15	Fare Collection System Accounting Sustain and Grow the System Through Fiscal Stewardship	
	RPTA	**VM Recommended**

Description

With the implementation of the Fare Collection System Modernization project the regional fare revenue administration responsibility will transition from the City of Phoenix to Valley Metro. There are not enough existing resources within Finance to support this new responsibility, so an additional position is needed to support this effort. It is recommended to add one Accountant II to support this ongoing responsibility.

There will be an up-front investment in developing and documenting necessary processes, and developing sound financial controls, as well as ongoing efforts to ensure fare revenue accounting and distribution for the region is accurate and timely. Since the City of Phoenix is the current regional fare revenue administrator, there will be a cost offset from Phoenix for regional services.

Item	RPTA	VMR	
Salary and Benefits	$107,000		
Equipment	$9,800		Workspace, Laptop, monitor, keyboard, etc.
Total	**$116,800**	**$0**	

16	Comprehensive Fare System Study Sustain and Grow the System Through Fiscal Stewardship	
	Combined	**VM Recommended**

Description

At the February 16, 2023, Board Study Session the Board directed Valley Metro staff to perform a Comprehensive Fare System Study. The study will evaluate the current regional fare policy, structure, and programs, assess peer agencies fare policies and programs, and explore potential new and alternative fare programs that may benefit Valley Metro and its riders.

Item	RPTA	VMR	Note
Fare System Study Consultant	$100,000	$100,000	
Total	**$100,000**	**$100,000**	

17	**Continuing Commitments** Build and Invest in the Team to Fulfill the Vision	
	Combined	**Continuing Commitment**

Description

Bus Service and Rate Increase
Valley Metro contracts its bus service out to three different providers: First Transit, National Express, and Second Generation. During FY23, the board approved labor market rate increases to address retention and improve the ability to hire and retain operations staff. These rates are now annualized into FY24, combined with annual escalation rates defined in the existing contracts, and finally service mile adjustments based on service changes anticipated to take place in FY24.

- East Valley (First Transit), $10.283M
- West Valley (National Express), $0.640M
- Ajo Rural Route (Second Generation), $0.232M

Rail Operator Rate Increase
In its June 2022 meeting, the Board authorized Valley Metro to work with ACI to implement a contract change order to increase wages to address the dramatic shift in the labor market. This change had the desired effect: in June 2022, ACI had an operator vacancy rate of 22%. In December 2022, ACI's operator vacancy rate is zero. This proved critical to Valley Metro's ability to effectively meet the demands of Superbowl LVIII. As the wage increases were implemented December 1, 2022, and therefore only funded for seven months in FY 23, a budget increase is needed to fund the full year in FY 24. In addition, the ACI contract includes a standard annual wage increase effective July 1, 2023.

Strategic Planning
In its November 2022 meeting, the joint Boards approved the issuance of a RFP for the development of a strategic plan to help prioritize the policy, service, infrastructure, personnel and financial needs for the regional public transportation system for the 5-year period from FY2024 - FY2028. This work would be guided by a Strategic Planning Team, comprised of Valley Metro leadership, Board Members, and key partners. This effort will begin in FY23 and continue through the first quarter of FY24.

Security Services Contract Wage Rates Annualization
In September 2022, the Board approved a contractual increase to Allied Universal to address recent changes in the labor market. This Initiative annualizes the approved increase for a full year in FY24. This change had the desired effect: In October 2022, Allied Universal had a Field Security Officer vacancy rate of 41%. In December 2022, ACI's Field Security Officer vacancy rate 25%, with that expected to be down to 11% upon completion of current training for new staff This proved critical to Valley Metro's ability to effectively meet the demands of Superbowl LVIII. As the wage increases were implemented November 1, 2022, and therefore only funded for eight months in FY 23, a budget increase is needed to fund the full year in FY 24.

In addition, because of Allied Universal's inability to hire field security staff in FY 22, Valley Metro assumed vacancy savings in FY 23. As noted above, since the implementation of the wage adjustment, Allied Universal's vacancy rate has dropped significantly. As a result, these vacancy savings should be eliminated for the FY 24 budget.

Item	RPTA	VMR	Note
Bus Service Rate Increase	$11,154,800		East Valley, West Valley, Ajo
Rail Operator Rate Increase		$931,800	Labor market adjustments annualized, annual escalation.
Strategic Planning	$142,500	$142,500	FY24 share of cost.
Security contractor rate increase		$1,797,100	Labor market adjustments annualized, annual escalation, removal of unfilled credit.
Total	**$11,297,300**	**$2,871,400**	

18	Continuing Commitments Serve the Customer by Improving and Maintaining the System	
	Combined	**Continuing Commitment**

Description

Fare Collection System Implementation
The regional Fare Collection System Modernization (FCSM) project will enter Phase II, near January of 2024, in which reloadable account-based smartcards and other features will be available to the general public. Valley Metro has existing contracts in place with Vix (to provide customer service) and InComm (retail network and fare media supplier). Vix will bring on additional contracted staff to support the additional sales channels and InComm will provide fare media to retail networks ahead of the launch, therefore requiring additional funding for the year.

Multi-Use Facility Study
Valley Metro is in search of a multi-modal facility in the West Valley to operate and maintain fleet for fixed route, demand response, and vanpool services. Valley Metro will use existing contract services to complete a study and deliver a concept design that will assist in determining the appropriate size and related infrastructure needed for this use.

Rail Vehicle and Facility Cleaning Costs
In its June 2022 meeting, the Board authorized Valley Metro to work with DMS to implement a contract change order to increase wages to address the dramatic shift in the labor market. This change had the desired effect: in May 2022, DMS had a cleaner vacancy rate of 59%. In January 2023, DMS' cleaner vacancy rate is 7%. This proved critical to Valley Metro's ability to effectively meet the demands of Superbowl LVIII. As the wage increases were implemented September 1, 2022, and therefore only funded for ten months in FY 23, a budget increase is needed to fund the full year in FY 24.

Regional Farebox Maintenance
In December of 2022, the board approved RPTA to enter a contract with Scheidt & Bachmann to provide farebox maintenance in the form of preventive, remedial, and lifecycle maintenance to all buses within the region. Bus fleet is currently operated by Valley Metro and City of Phoenix. City of Phoenix will fully reimburse RPTA for its share of farebox maintenance expenses during the life of this contract.

- Valley Metro, $1.445M
- City of Phoenix, $1.827M

Fleet Replacement Planning
Valley Metro will utilize existing contract services to prepare a fleet replacement plan that will address transitioning to zero emissions vehicles over time, changing travel patterns, post-pandemic use of transit, and emergence of micro-transit technology in order to provide the most efficient and cost-effective fleet plan. Purchasing buses that are not needed is a waste of resources. Failing to replace buses in a timely manner forces Valley Metro to operate older buses beyond their useful life. This causes unreliable service and higher maintenance costs. Missing opportunities to advance transition to zero-emission propulsion systems when possible, causes our community to miss out on the benefits those systems have to offer.

Accessible Transit Reservation Call Center and Fleet Support
The forecasted facilities and equipment needed for the ADA Paratransit and RideChoice joint administration contract were included in the FY 23 budget. The final contract approved by the Board in March 2023 includes six more staff than anticipated. This recommendation adds equipment for those staff in addition to shared equipment (e.g., a multi-function printer/copier).

In addition, this function will modernize the dispatch of paratransit vehicles using in-vehicle tablets for scheduling and route-findings. This request adds funding for those 109 tablets and their associated data plans as approved by the Board at its March 2023 meeting.

Non-Revenue Maintenance Vehicles (Bucket Trucks)
Two Ford F-450 Bucket Trucks ($170,000 each with warranty) are required to lessen usage of oversized International trucks. This will extend the useful life of existing International trucks.

Item	RPTA	VMR	Note
Fare Collection System Implementation	$1,754,000		Vix Customer Service and InComm Retail Network
Multi-Use Facility Study	$500,000		West Valley facility concept.
Rail Vehicle and Facility Cleaning Costs		$111,900	Labor market adjustments annualized, annual escalation.
Regional Farebox Maintenance	$2,576,000		
Fleet Replacement Planning	$200,000		
Accessible Transit Reservation Call Center and Fleet Support	$140,200		
Ford F-450 Bucket Trucks (2)		$340,000	To lessen usage of oversized International trucks. This will extend the useful life of existing International trucks
Total	**$5,170,200**	**$451,900**	

19	Continuing Commitments Sustain and Grow the System Through Fiscal Stewardship	
	Combined	Continuing Commitment

Description

Information Technology Contract Rate Increases and Annualizations
Valley Metro uses a range of software and services in its daily operations. All of the software and services listed below reflect the continued use of products previously approved by the Board. Their FY 24 costs are increasing for several reasons:

- Annual rate increases included in multi-year contracts (e.g., AccountabilIT, Cisco, Microsoft)
- Annualization of partial year increases in FY 23 (e.g., HyeTech, Trapeze EAM)
- Inflationary rate increases for FY 24 renewals (e.g., developer, Manage Engine, Remix, Tableau)
- Increased usage (Oracle ERP, Manage Engine).

Information Technology Multi-Year Renewals
In FY 22, Valley Metro began bringing all on-going IT software contract renewals to the Board in a single memo in June. To provide the Board a complete picture of software usage, that memo includes both software requiring new authorizations for the new fiscal year and software previously authorized for more than one year. A few of the products authorized for multiple years offer discounts for a single up-front payment. In FY 24 two products used by Valley Metro for several years require renewal on a biennial basis with the licensing cost for both years paid at the time of renewal. As they were last renewed in FY 22 funding is needed for the FY 24 renewals.

Item	RPTA	VMR	Note
IT Contract Rates and Annualization	$188,600	$106,400	
IT Multi-Year Renewals	$0	$23,000	BathPach – managed computer patching. Tubronomic – manages virtual server compute and storage usage.
Total	**$188,600**	**$129,400**	

20	Inflationary/Market & Ridership Serve the Customer by Improving and Maintaining the System	
	Combined	**Inflationary/Market & Ridership**

Description

ADA Contract and Ridership

Paratransit

With the implementation of the new contracts on October 1, 2023, the contractor's paratransit rate per trip is expected to increase 15%, increasing total program costs $2.3 million. In addition, the first year of the new contract includes $2.8 million of start-up costs. Fortunately, those costs are partially offset by lower than anticipated ridership in FY 23. From FY 21 to FY 22, Paratransit ridership increased 19%. For FY 23, Valley Metro anticipated a return to pre-pandemic levels, resulting in an even greater increase. Instead, in the first six months of FY 23, the region is seeing a shift in ridership to Ride Choice with Paratransit ridership essentially unchanged from the same period in FY 22. These trip savings and their associated fuel savings partially off-set the new contract start-up costs and rate increase resulting in a net increase of $1.2 million.

RideChoice

Over the past year, RideChoice providers have been submitting rate increases to the broker due to wage and fuel price increases combined with a significant tightening in the third-party transportation sector, the average FY 24 net RideChoice contractor cost per trip will be $32.74, increasing the program's year over year costs by $2.71 million. Start-up costs for new contracts, however, are modest -- $0.3 million. Finally, as noted above, RideChoice Ridership has increased significantly. Between FY 21 and FY 22, RideChoice ridership increased 27%. In the first six months of FY 23, RideChoice ridership has increased 16% over the same period in FY 22. As a result, Valley Metro anticipates FY 24 RideChoice ridership will be 16% above the forecasted FY 23 ridership which is 26% above the ridership budgeted for FY 23 resulting in a FY 24 increase of $0.92 million in net provider costs.

Bus Service Future East Valley Contract

The current East Valley Fixed Route Bus service contract, operated by First Transit, is set to expire on 12/31/23. In January of 2022, the Board authorized RPTA to issue a competitive solicitation for East Valley Fixed Route bus service. Once a vendor has been selected and award issued, then exact rates for the second half of fiscal year 2024 will be known, likely sometime in June or July of 2023. An independent cost estimate was used to estimate the potential rates and start-up costs for the second half of the fiscal year, which has been included in this item.

Vanpool Service Future Contract

The current Vanpool Service contract, operated by Enterprise, is set to expire on 12/31/23. In November of 2022, the Board authorized RPTA to issue a Request for Proposals (RFP) for vanpool services. Once a vendor has been selected and award issued, then exact rates for the second half of fiscal year 2024 will be known, likely sometime in June or July of 2023. An independent cost estimate was used to estimate the potential rates for the second half of the fiscal year, which has been included in this item.

City of Phoenix Regional Service

RPTA acts as a fiduciary for regional Prop 400 Public Transportation Funds. Through the Transit Life Cycle Program, service that is eligible for PTF funding is identified and programmed based on collaborative discussions with member cities and is managed through Board Policy. This initiative will cover the increased costs of Phoenix operated fixed route bus and ADA service based on inflationary contractual expenses and additional miles of service provided. City of Phoenix also provide regional services for fixed route operations through contracts that they have, seeking reimbursement from other transit agencies for their relative share of these services. These services include but are not limited to scheduling services and related software, CLEVER vehicle location management services, fare revenue administration, etc.

East Valley Bus Fuel
Fuel costs are outside Valley Metro's control. Tempe fuel (diesel and natural gas) prices have dramatically increased in recent months compared to FY23 budgeted rates. The Tempe facility, owned by the city, provides approximately 200,000 gallons of Diesel and unleaded fuel, and 2.4M gallons of natural gas (LNG & CNG, which is trucked to the facility). The Mesa facility, owned by RPTA, uses approximately 180,000 gallons of Diesel fuel and 1.2M gallons of natural gas (CNG – directly piped to the Mesa facility.) Prices at the Mesa Facility have remained relatively stable.

Item	RPTA	VMR	Note
ADA Ridership Growth	$5,133,600		
Bus Service Future East Valley Contract	$5,035 ,000		
Vanpool Service Rate Increase	$156,300		
Fixed Route Bus	$2,228,000		Phoenix operated bus service
ADA Dial-a-Ride	$2,080,000		Phoenix operated ADA service
Other Regional Services	$1,106,000	$83,500	Phoenix FCSM, HASTUS, fare revenue administration, CLEVER, etc.
Bus Fuel	$854,500		Tempe bus facility fuel
Total	**$16,593,400**	**$83,500**	

21	Inflationary/Market & Ridership Sustain and Grow the System Through Fiscal Stewardship	
	Combined	**Inflationary/Market & Ridership**

Description

Accessible Content Services Increased Usage and Inflation

Valley Metro must ensure that online and printed content meets accessibility requirements. The launch of the new reduced fare ID and fare collection system requires the development of many new web pages, communications, materials, and guides. As a result, a greater than usual number of accessibility assessments will be required in FY24 to ensure that we are in compliance with ADA and the WCAG 2.1 standards. Printing is critical to Valley Metro as we continue to produce a significant number of maps, flyers, posters, signs, etc. to communicate service changes or adjustments with our diverse customer base. The cost and timing of printing, like many other industries, have increased, including the cost of the actual materials/supplies (paper, ink, labor) and the duration to get those materials ordered and available for our print products.

Information Technology Increased Usage and Inflation

Usage of existing software and services has increased due to the returning of ridership, increased metrics tracking, combined with inflationary price increases. Examples include:

- Increased web hosting costs for the new website and mobile app.
- Increased call center traffic associated with the launch of the new fare collection system.
- Increases in server and storage maintenance costs post warranty expiration.
- Increased Linux license fee.

Item	RPTA	VMR	Note
Accessible Content Services Increased Usage and Inflation	$130,000		
Information Technology Increased Usage and Inflation	$79,700	$28,400	
Total	**$209,700**	**$28,400**	

Questions Asked
Fiscal Year 2024 RPTA Preliminary Budget

VM Recommended Items

April 13, 2023

Questions Asked
Fiscal Year 2024 RPTA Preliminary Budget
VM Recommended Items

1. **Item #5 – Operational Technology Risk Mitigation: (Goodyear, 3/20)** Why is there RPTA funding in this?

   Operational technology systems apply to both agencies. For RPTA, some of the most basic IT assets (firewalls, routers, servers, etc.) are maintained by RPTA to serve all modes, therefore some RPTA costs are anticipated.

2. **Item #14 – Governance, Compliance, and Risk Mgmt. Software: (Goodyear, 3/20)** There are three divisions noted. Does this cost include the cost of licenses and upgrades?

   This item will be a software as a service solution (SaaS), so this would include implementation, along with year 1 licensing and maintenance. SaaS products include upgrade costs in their annual licensing.

Continuing Commitments, Inflation/Market & Ridership Items

1. **Item #20 - Serve the Customer by Improving and Maintaining the System: (Goodyear, 3/20)** Ridechoice - Under RideChoice, last sentence, is this a typo? resulting in a FY 24 increase of $0.91,4 million in net provider costs.

   Thank you for bringing this to our attention, yes this is a typo, and it will be corrected in the next version.

2. **Item #20 - Serve the Customer by Improving and Maintaining the System: (Goodyear, 3/20)** City of Phoenix Regional Service - Can you break out these charges in this initiative so we can better understand the cost to provide these services to the region?

   The Initiative amount for Other Regional Services (provided by City of Phoenix) breaks down as follows:

Item	***RPTA***	***VMR***
Fare Collection System	*$ 238,800*	*$ 83,500*
HASTUS Scheduling Services	*$ 88,800*	*$*
Clever vehicle management system services	*$ 778,400*	*$*
	$1,106,000	***$ 83,500***

3. **Item #20 - Serve the Customer by Improving and Maintaining the System: (Mesa, 3/21)** Bus Service Future East Valley Contract - Are any start-up costs included in the Independent Cost Estimate (ICE)?

   Startup were not included in the ICE. We will work on the estimated start-up/implementation costs and include in the next budget version.

4. **Item #21 - Sustain and Grow the System Through Fiscal Stewardship: (Goodyear, 3/20)** IT Increased Usage and Inflation - Please provide percentage increases and effective dates for each of the bullets that start with "Increased" or "Increases."

   First bullet – Web services. There is not necessarily a percentage increase nor effective date. This has been consistently increasing year over year as we add new services (real-time, automatic processing of missed trips, digitization of the route book, the new website backend, etc.). The main driver of next year's increase is a combination of price increases for existing services, additional infrastructure needed for increased usage resulting from the new fare system.

   Second bullet - 63% increase effective January 2023, as approved in RPTA January 2023 Board agenda item 1C.

   Third bullet - new server and storage maintenance costs post warranty expiration. (A percentage increase isn't applicable here as this reflects products purchased five years prior that had maintenance coverage through their factory warranties and now require standard subscription maintenance)

   Fourth bullet - New Linux license fee. There is not necessarily a percentage increase nor effective date. Valley Metro previously used a free version of LINUX, however, it has been discontinued. Therefore, we must switch to a commercial version (Red Hat Enterprise) at an estimated annual cost of $45,600.)

   And please explain the statements in the Notes section.

   These were internal VM staff notes as we were preparing the documents and they were erroneously left in when we finalized the documents for the packet. That has been removed for the next version. Thanks for pointing that out.

5. **Item #18 - Serve the Customer by Improving and Maintaining the System: (Phoenix, 3/21)** Multi-Use Facility Study - This initiative seems high… what types of activities are included? Can you provide additional detail (parcels, design, etc.) as to what makes up this number?

Please see attachment below (Multi-Use Facility Study Detail)

General Budget Questions

1. Anywhere there is a request for staffing, please include the org chart with the requested position in dashed box, grayed out so we can see the overall picture (Goodyear, 3/20).

   Please see attachment below (Organizational Charts)

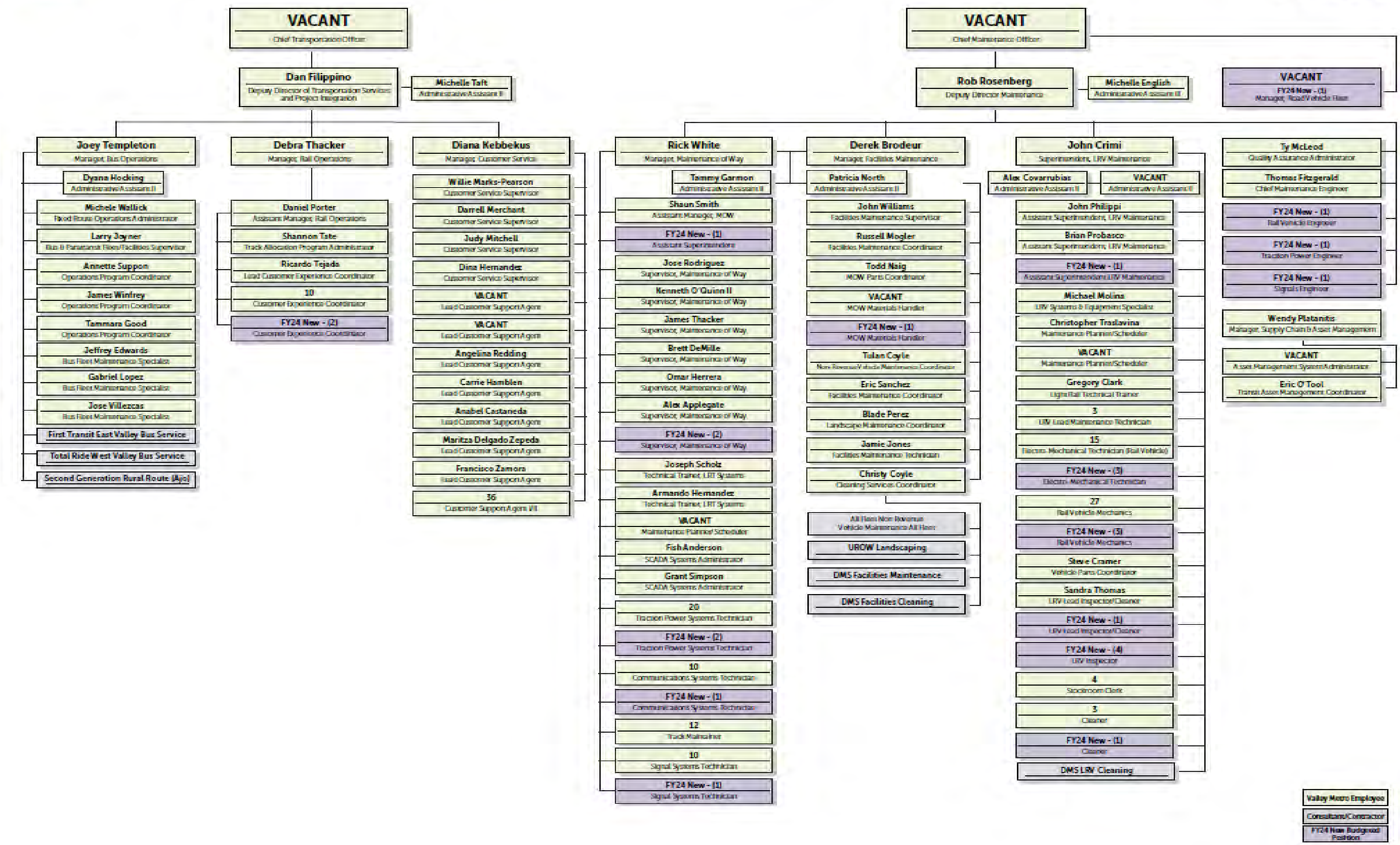
   Attachments

   Organizational Charts

   Attached.

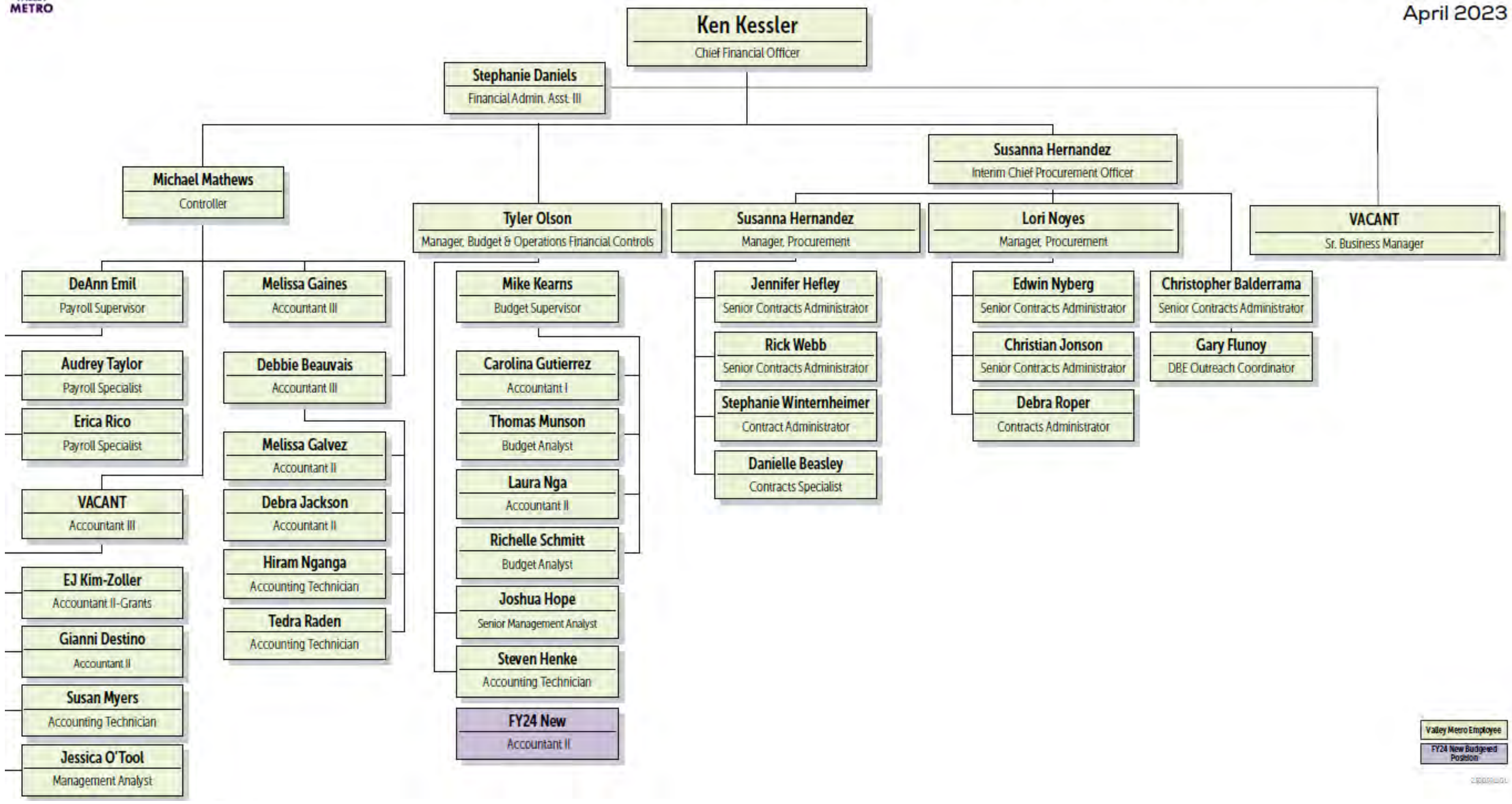
OPERATIONS AND MAINTENANCE DIVISION

April 2023



FINANCE AND PROCUREMENT DIVISION

April 2023



Question 5 Item #18 - Multi-Use Facility Study Detail

Description	Hours	Cost
Project Deliverables:		
Civil Sheets	454	$ 76,070
Vertical Construction Sheets		
Administration/Operations Building	372	$ 60,400
Maintenance Facility	412	$ 69,200
Wash Facility	256	$ 44,600
Meetings & Coordination	64	$ 14,300
Project Narrative	204	$ 41,540
Preliminary Structural Calculations	28	$ 6,400
Prelimimary Thermal Load Calculations	32	$ 6,280
Preliminary Electrical Load Calculations	32	$ 6,280
Industrial Equipment List w/cut sheets	32	$ 6,760
Furniture List w/cut sheets	30	$ 5,780
Cost Estimate	42	$ 7,500
Total Direct Consulting Cost		$ 250,270
Other Direct Costs - 5%		$ 12,514
Total Direct Costs		$ 262,784
Profit - 10%		$ 27,530
Gross Receipt Tax - 5.59%		$ 16,229
Subtotal of Consulting Costs		$ 306,542
Escalation @ 10%		$ 30,654
Contingency @ 10%		$ 33,720
Total cost of project		**$ 370,915**

Description	Hours	Cost
Optional Services - With Site Selection - Per Site		
Site Investigation	112	$ 22,200
Preliminary Geotech	100	$ 18,260
Total Direct Consulting Cost		$ 40,460
Other Direct Costs - 5%		$ 2,023
Total Direct Costs		$ 42,483
Profit - 10%		$ 4,248
Gross Receipt Tax - 5.59%		$ 2,612
Subtotal of Consulting Costs		$ 49,344
Escalation @ 10%		$ 4,934
Contingency @ 10%		$ 5,428
Total cost of optional services per site		**$ 59,706**
Combined Total (Project + 3 Sites)		**$ 550,033**

Information Summary

DATE **AGENDA ITEM 3**
May 11, 2023

SUBJECT
Report on Current Events and Suggested Future Agenda Items

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

COST AND BUDGET
None

RECOMMENDATION
This item is presented for information only.

BACKGROUND | DISCUSSION | CONSIDERATION
None

STRATEGIC PLAN ALIGNMENT
None

COMMITTEE PROCESS
None

CONTACT
Jessica Mefford-Miller
Chief Executive Officer
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ATTACHMENT
None

Pending Items Request

Item Requested	Date Requested	Planned Follow-up Date

Agenda

May 11, 2023

Valley Metro Rail
Thursday, May 18, 2023
Boardroom/Webex
Valley Metro, 101 N. 1st Avenue, 10th Floor
11:15 a.m.

Action Recommended

CONSENT AGENDA

1A. Minutes — 1A. For action

Minutes from the April 20, 2023 Board meeting are presented for approval.

1B. Repair of Light Rail Vehicle (LRV) Hoist Contract Award — 1B. For action

Staff recommends that the Board of Directors authorize the CEO to execute a contract with Whiting Services, Inc. for one year to repair three LRV hoists in an amount not to exceed $165,659, plus a contingency of $16,500 for a total of $182,159.

1C. LRV Brake/Door Parts Supply Agreement– Additional Funds - Contract Change Order — 1C. For action

Staff recommends that the Board of Directors authorize the CEO to execute a contract change order with Knorr / IFE to allow for additional purchases, and account for price increases since the contract's implementation in October of 2020, in an amount of $245,000 with a contract value not to exceed $505,000.

1D. Light Rail Vehicle (LRV) Steel Tires and Tire Block Kits Five-Year Supply Contract Award — 1D. For action

Staff recommends that the Board of Directors authorize CEO to add an additional $301,000 to the five-year supply contract for LRV steel tires and tire block kits with Penn Machine Company increasing the total amount of the contract to $2,081,000 and a contingency of $20,000 for a not to exceed $2,101,000.

1E. Traction Systems Parts Supply Agreement Contract Change Order - Additional Funds Staff recommends that the Board of Directors authorize the CEO to execute a contract change order with Traction Systems Inc. to add two additional years to the current contract and increase the value of the contract by $345,000 with a total contract value not to exceed $395,000.	1E. For action
1F. Valley Metro Rail Public Transportation Safety Agency Plan (PTSAP) Annual Review Staff recommends that the Board of Directors approve the Valley Metro Rail Public Transportation Safety Agency Plan (PTSAP) Annual Review.	1F. For action

REGULAR AGENDA

2. Valley Metro Rail, Inc. Fiscal Year 2024 (FY24) Preliminary Operating and Capital Budget Staff will provide budget details for the FY24 Preliminary Operating and Capital Budget. *(The question log and budget initiatives follow the RPTA memo and presentation)*	2. For information
3. Report on Current Events and Suggested Future Agenda Items Chair Adams will provide members the opportunity to report on current events and suggest future agenda items for consideration.	3. For information
4. Next Meeting The next meeting of the RMC is scheduled for **Thursday, June 22, 2023 at 11:15 a.m.**	4. For information

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

May 11, 2023 **AGENDA ITEM 1A**

Valley Metro Rail
Thursday, April 20, 2022
Lake Powell Conference Room/Webex
101 N. 1st Avenue, 10th Floor
11:15 a.m.

A Study Session was held prior to the start of the meeting.

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

Chair Heredia called the meeting to order at 1:26 p.m.

Chair Heredia said we'll get started with the Valley Metro Rail meeting. Convene this meeting and welcome all members to this meeting.

Recorded Comments from Blue Crowley
Mr. Crowley said this is Blue Crowley and I'm trying to input into the Transit Life cycle bus program that you have (inaudible) totally inadequate. The part I find the most abhorrent is when it says operations expenditures. Is that staff again? And how come with what we are doing it takes 40 percent of your money to operate this system? I believe it should be self-sustaining and it ain't that hard. Well, have a pleasant and we'll talk to you later.

1. Consent Agenda

Chair Heredia said consent agenda is presented for action. Any questions from Committee members?

Chair Pastor said could I have a presentation? No, I'm just kidding.

Chair Heredia said request a motion and a second to approve the Consent Agenda.

Motion by Councilmember Pastor, second by Councilmember Harris.

All those in favor, please say aye. Any nays? No nays. Ayes have it.

IT WAS MOVED BY COUNCILMEMBER PASTOR, SECONDED BY COUNCILMEMBER HARRIS AND UNANIMOUSLY CARRIED TO APPROVE CONSENT AGENDA ITEMS 1A-1D.

2. <u>2023 Transit Life Cycle Program – Rail Update</u>

Ms. Mefford-Miller said much like the RPTA conversation, we did do a deep dive on the Transit Lifecycle Update with the VMR board last month. If there are any questions, Ken Kessler can review this presentation.

Chair Heredia said any questions? Comments?

Chair Heredia said no questions. Request a motion and a second to forward to the directors' approval.

Motion by Councilmember Harris, second by Councilmember Pastor.

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

IT WAS MOVED BY COUNCILMEMBER HARRIS, SECONDED BY COUNCILMEMBER PASTOR AND UNANIMOUSLY CARRIED TO APPROVE THE TRANSIT LIFE CYCLE PROGRAM – RAIL UPDATE.

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

Chair Heredia said Any current events or reports? Hearing none.

4. <u>Next Meeting</u>

The next Board meeting is scheduled for Thursday, May 18, 2023 at 11:15 p.m.

Without further discussion, the meeting was adjourned at 1:27 p.m.

Information Summary

DATE **AGENDA ITEM 1B**
May 11, 2023

SUBJECT
Repair of Light Rail Vehicle (LRV) Hoist Contract Award

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to execute a contract with Whiting Services, Inc. for one year to repair three LRV hoists in an amount not to exceed $165,659, plus a contingency of $16,500 for a total of $182,159.

RECOMMENDATION
Staff recommends that the Board of Directors authorize the CEO to execute a contract with Whiting Services, Inc. for one year to repair three LRV hoists in an amount not to exceed $165,659, plus a contingency of $16,500 for a total of $182,159.

BACKGROUND | DISCUSSION | CONSIDERATION
There are currently three LRV hoists located at the Operations & Maintenance Center (OMC) in need of repairs. Two are Whiting 8-ton truck hoist and the other is an 8-ton drop table hoist. The current age of the LRV hoists is approximately 15 years and they are due for replacement of the jack nuts to keep them in a good state of repair. The truck hoists raise the wheel sets to a convenient height for worker to perform maintenance. The drop table is used to raise and lower equipment to and from the shop floor into the basement for storage. The repairs performed by the vendor will provide a complete change out procedure of the LRV hoist lifting nuts, perform horizontal alignment setting of nuts, and upon completion, perform live load lifting for review and verification of completion of procedure. Whiting Services, Inc, does not provide any service life information due to the number of variables in trying to determine this figure. Valley Metro has an expectation that this equipment will be serviceable for 50 years so long as the preventative maintenance is completed, and the wear items are replaced in a timely manner.

The recommended award of the contract to Whiting Services, Inc. is a non-competitive procurement due to the company being the original equipment manufacturer (OEM). They are the only supplier of the hoist lifting nuts that need replacement. They will not sell the hoist lifting nuts to another vendor to perform the services.

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

COST AND BUDGET
The cost for the repairs over the one-year contract is an amount not to exceed $182,159. The cost for the Repairs of the LRV Hoists are included in the Valley Metro Rail Proposed FY2023 Operating and Capital Budget. Contract obligations beyond FY2023 are incorporated into the Valley Metro Rail Five-Year Operating Forecast and Capital Program (FY2023 thru FY2027).

The source of funding is from Member Cities.

COMMITTEE PROCESS
RTAG: April 18, 2023, for information
RMC: May 3, 2023, approved
Board of Directors: May 18, 2023, for action

CONTACT
Rob Rosenberg
Deputy Director of Rail Maintenance and State of Good Repair
602-652-5081
rrosenberg@valleymetro.org

ATTACHMENT
None

Information Summary

DATE **AGENDA ITEM 1C**
May 11, 2023

SUBJECT
LRV Brake/Door Parts Supply Agreement– Additional Funds - Contract Change Order

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to execute a contract change order with Knorr / IFE to allow for additional purchases, and account for price increases since the contract's implementation in October of 2020, in an amount of $245,000 with a contract value not to exceed $505,000.

RECOMMENDATION
Staff recommends that the Board of Directors authorize the CEO to execute a contract change order with Knorr / IFE to allow for additional purchases, and account for price increases since the contract's implementation in October of 2020, in an amount of $245,000 with a contract value not to exceed $505,000.

BACKGROUND | DISCUSSION | CONSIDERATION
On September 17, 2020, the Board of Directors authorized the CEO to execute a contract with Knorr Brake Company, LLC to supply light rail vehicle door and brake components in an amount not to exceed $260,000 over the 5-year term of the contract. The supply agreement is for light rail inventory replenishments. This contract allows for annual price increases. The spend on the contract has been greater than anticipated (approximently $230,000 spent in two and one-half years) and additional funds are needed.

The recommended award of the contract to Knorr / IFE is a non-competitive procurement due to the company being the original equipment manufacturer (OEM). The contractor provides the supply of light rail vehicle door and brake components over the 5-year contract period. This is a inventory replenishment contract.

As Knorr / IFE is the Original Equipment Manufacturer (OEM) and provider of the brake and door components, they are also the OEM/supplier of related spare parts needed for continued operation. The design of the vehicles and related parts are proprietary to Knorr / IFE. In order to keep the light rail vehicles in a good state of repair Knorr / IFE parts are used for inventory replenishments.

An independent cost estimate and a non-competitive procurement justification including a cost comparison and price analysis have been completed. The price increases have stayed at three percent per year per contract language. The increase was considered along with average annual spend to arrive at the change order value. The proposed price has been deemed fair and reasonable based on the price analysis.

COST AND BUDGET
The contract change order cost for the light rail vehicle parts being purchased from Knorr / IFE is an amount of $245,000 with a contract value not to exceed $505,000. The cost for the purchase of the light rail vehicle parts is included in the Valley Metro Rail Adopted FY 2023 Operating and Capital Budget. Contract obligations beyond FY 2023 are incorporated into the Valley Metro Rail Five-Year Operating Forecast and Capital Program (FY2023 thru FY2027).

COMMITTEE PROCESS
RTAG: April 18, 2023, for information
RMC: May 3, 2023, approved
Board of Directors: May 18, 2023, for action

CONTACT
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ATTACHMENT
None

Information Summary

DATE **AGENDA ITEM 1D**
May 11, 2023

SUBJECT
Light Rail Vehicle (LRV) Steel Tires and Tire Block Kits Five-Year Supply Contract Award

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to add an additional $301,000 to the five-year supply contract for LRV steel tires and tire block kits with Penn Machine Company increasing the total amount of the contract to $2,081,000 and a contingency of $20,000 for a not to exceed $2,101,000.

RECOMMENDATION
Staff recommends that the Board of Directors authorize the CEO to add an additional $301,000 to the five-year supply contract for LRV steel tires and tire block kits with Penn Machine Company increasing the total amount of the contract to $2,081,000 and a contingency of $20,000 for a not to exceed $2,101,000.

BACKGROUND | DISCUSSION | CONSIDERATION
In March of this year the Board approved the five-year contract supply for LRV steel tires and tire block kits. After further review, it was determined that $301,000, which is one year of costs, was not included in the caluclation. After reviewing the approved costs it was determined that that the award was $301,000 less than needed. This requested increase will fully fund the five-year contract in an amount not to exceed $2,101,000.

The lifecycle of a light rail vehicle is approximately 30 years. There are currently 49 Kinkisharyo light rail vehicles (LRVs) in the total fleet which have been in revenue service for 15 years

LRV wheels are manufactured by Penn Machine Company. The wheel consists of a steel hub, steel tire and rubber blocks. The design of the wheel allows for the removal and replacement of the steel tire without having to replace the entire wheel assembly. The tires are designed with steel that is softer than the tracks to minimize track wear. The LRV wheels are a normal wear component based on mileage and wear patterns.

The contractor will provide 160 LRV steel tires and tire block kits per year over the 5-year contract period. This is a materials/parts only requirements contract. All labor will be done in house by Valley Metro Rail staff.

The recommended vendor to purchase the tires from is Penn Machine Company and is a non-competitive procurement due to the company being the original equipment manufacturer (OEM). Valley Metro light rail vehicles are using Bochum tires which is a German design and Penn Machine Company is the only company in the US licensed to make and sell the Bochum products. The Bochum tires are manufactured in such a way that the entire tire is not of the same hardness and is designed around safety, ride quality and wear. This construction in combination with the type of rails that Valley Metro is running on with flange lubrication is what is giving Valley Metro the above average wear in the industry.They are also the only company with the knowledge and technical drawings to manufacture tires with the Valley Metro Rail tire profile.

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

COST AND BUDGET

The cost for the LRV steel tires and tire block kits being purchased from Penn Machine Company is an amount not to exceed $2,101,000 over the 5-year term of the contract. The cost for the purchase of the tires and tire block kits is included in the Valley Metro Rail Adopted FY 2023 Operating and Capital Budget. Contract obligations beyond FY 2023 are incorporated into the Valley Metro Rail Five-Year Operating Forecast and Capital Program (FY2023 thru FY2027).

COMMITTEE PROCESS

RTAG: April 18, 2023 for information
RMC: May 3, 2023 approved
Board of Directors: May 18, 2023 for action

CONTACT

Rob Rosenberg
Deputy Director of Rail Maintenance and State of Good Repair
602-652-5081
rrosenberg@valleymetro.org

ATTACHMENT

None

Information Summary

DATE **AGENDA ITEM 1E**
May 11, 2023

SUBJECT
Traction Systems Parts Supply Agreement Contract Change Order - Additional Funds

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to execute a contract change order with Traction Systems Inc. to allow for two additional years and additional purchases in an amount of $345,000 with a contract value not to exceed $395,000.

RECOMMENDATION
Staff recommends that the Board of Directors authorize the CEO to execute a contract change order with Traction Systems Inc. to add two additional years to the current contract and increase the value of the contract by $345,000 with a total contract value not to exceed $395,000.

BACKGROUND | DISCUSSION | CONSIDERATION
On June 17, 2021, the Board of Directors authorized the CEO to execute a contract with Traction System Inc. to supply light rail vehicle traction motors and components in an amount not to exceed $50,000 over a three-year contract term. The supply agreement is for light rail part replenishments. The spend on the contract has been greater than anticipated and the $50,000 contract value has been expended. The lead times on many of these parts is in excess of one year. The traction motors are experiencing a higher than anticipated failure rate due to a grease that is not perfoming in our climate. We have identified and found a solution to this problem but it will take a significant amount of time to completely resolve. Valley Metro currenlty has a need for $200,000 in parts. Adding two additional years to the current contract and increasing the value of the contract by $345,000 will allow the traction motors to be in a good state of repair. The current contract expires in August 2024.

The recommended award of the contract to Traction Systems Inc. is a non-competitive procurement due to the company being the original equipment manufacturer (OEM). The contractor provides the supply of light rail vehicle traction motor components.

As Traction Systems Inc. is the Original Equipment Manufacturer (OEM) and provider of the traction motor components, they are also the OEM/supplier of related spare parts needed for continued operation. The design of the vehicles and related parts are proprietary to Traction Systems Inc. In order to keep the light rail vehicles in a good state of repair Traction Systems Inc. parts are used for inventory replenishments.

An independent cost estimate and a non-competitive procurement justification including a cost comparison and price analysis have been completed. The increase of current prices is at 35% above the start of this contract. Prices have been checked against the current CPI index and are aligned. The proposed price has been deemed fair and reasonable.

COST AND BUDGET
The contract change order cost for the light rail vehicle parts being purchased from Traction Systems Inc. is an amount of $345,000 with a contract value not to exceed $395,000. The cost for the purchase of the light rail vehicle parts is included in the Valley Metro Rail Adopted FY 2024 Operating and Capital Budget. Contract obligations beyond FY 2024 are incorporated into the Valley Metro Rail Five-Year Operating Forecast and Capital Program (FY2024 thru FY2028).

The source of funding is from Member Cities.

COMMITTEE PROCESS
RMC: May 3, 2023, approved
Board of Directors: May 18, 2023, for action

CONTACT
Rob Rosenberg
Deputy Director of Rail Maintenance and State of Good Repair
602-652-5081
rrosenberg@valleymetro.org

ATTACHMENT
None

Information Summary

DATE **AGENDA ITEM 1F**
May 11, 2023

SUBJECT
Valley Metro Rail Public Transportation Agency Safety Plan (PTASP) Annual Review

PURPOSE
Provide information regarding the federal requirement to conduct an annual review and approval of the PTASP.

RECOMMENDATION
Staff recommends that the Board of Directors approve the Valley Metro Rail PTASP Annual Review.

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

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

Updates to the ASP for CY2023 include:

- Safety Performance Targets
- Addition of Appendix H – Comprehensive Training Plan
- Bipartisan Infrastructure Law Requirements
- Updated Organization Charts

Staff is providing this information to inform and prepare the Board for the requirement to review and approve updates to the ASP.

COST AND BUDGET
None.

COMMITTEE ACTION
RTAG – April 18, 2023 for information
RMC – May 3, 2023 approved
Board of Directors – May 18, 2023 for action

CONTACT
Adrian Ruiz
Director Safety, Security and Quality Assurance
602-523-6054
aruiz@valleymetro.org

ATTACHMENT
Summary of Changes – Valley Metro Rail Agency Safety Plan
Valley Metro Rail Agency Safety Plan

101 N. 1st Ave. Suite 1400
Phoenix, AZ 85003
valleymetro.org
602.253.5000

Summary of Changes
Valley Metro Rail Agency Safety Plan
Revision 3

- Updated *Approval/Signature* Page to reflect addition of Rail Safety Committee Chair and change to VMR Board Chair.
- **Section 1.0**
  - Transit Agency Information modified to reflect Tempe Streetcar in revenue service.
- **Section 4.0** Safety Performance Targets
  - Established Rail Performance Targets for CY2023.
- **Section 6.2.27**
  - Modified section to describe the VMR Joint labor-management Safety Committee as required by the Bipartisan Infrastructure Law.
- **Appendix A: SSO Event Notification Thresholds & Reporting Timeframes**
  - Section modified to be compliant and consistent with revision #7 of the ADOT Program Standard.
- **Appendix B: SSO Notification Procedures**
  - Section modified to be compliant and consistent with revision #7 of the ADOT Program Standard.
- **Appendix C: NTSB Event Notification Thresholds and Reporting Timeframes**
  - Section modified to be compliant and consistent with revision #7 of the ADOT Program Standard.
- **Appendix E: Organizational Charts**
- **Appendix F: SMS Implementation Plan**
  - Updated Implementation activity dates & responsibilities where applicable.
- **Appendix H:** Added comprehensive Safety Training Program Plan to the ASP.

Information Summary

DATE **AGENDA ITEM 2**
May 11, 2023

SUBJECT
Valley Metro Rail, Inc. Fiscal Year 2024 (FY24) Preliminary Operating and Capital Budget

PURPOSE
To provide budget details for the FY24 Preliminary Operating and Capital Budget.

RECOMMENDATION
This item is presented for information.

BACKGROUND | DISCUSSION | CONSIDERATION
The Valley Metro Rail, Inc. (VMR) FY24 combined operating and capital budget (the budget) is $429.1 million. The preliminary FY24 budget has been prepared with the goal of delivering a fiscally prudent, balanced budget. The budget was developed in compliance with Board of Directors' adopted budget, financial and Transit Life Cycle Program (TLCP) policies.

Valley Metro began the FY24 budget process by carefully reviewing its operations to identify efficiencies and other potential reductions to the FY24 base operating budget. This resulted in a proactive reduction of the VMR base operating budget of $0.6 million; however, incorporating $1.4 million of information technology costs that were inadvertently excluded from the FY23 budget into the FY24 base resulted in a net increase of $0.8 million to the base budget.

From this starting point, ridership, economic factors outside the agency's control, contractual commitments, and the continued implementation of previously approved Board actions must be incorporated. For FY24, these non-discretionary items total $3.6 million, comprising 36% of the total increase, excluding base change, in the FY24 operating budget. Of this amount, two issues – contract rate increases (including Board-approved contract adjustments) and non-revenue maintenance vehicles – comprise 89% of the total non-discretionary increase.

Additionally, Valley Metro recommends the Board adopt $5.4 million of increased spending for new initiatives in FY24. This includes funding for twelve initiatives, listed below.

FY24 Valley Metro Staff Recommended Initiatives

Initiative#	Description	Amount
2	Valley Metro Staff Merit & Labor Market Adjustment	$ 1,899,100
3	Operational Cybersecurity Follow-up Audit	$ 75,000
4	Light Rail NWEII Security	$ 573,900
5	Operational Technology Risk Mitigation	$ 72,500
7	Light Rail NWEII Operations	$ 1,366,700
8	Non-Revenue Maintenance Vehicles	$ 147,000
9	Rail System Maintenance Planning	$ 700,000
10	Rail Operations Field Capability Expansion	$ 264,300
12	Materials Handler	$ 64,700
13	Road Vehicle Fleet Manager	$ 31,000
14	Governance, Compliance, and Risk Mgmt Software	$ 100,700
16	Comprehensive Fare Study	$ 100,000
Total		**$ 5,394,900**

*Initiative numbers are not sequential as some initiatives pertain to RPTA only, some VMR only, and some both RPTA and VMR. Initiatives listed here are those pertaining to RPTA only and the RPTA portion of those pertaining to both RPTA and VMR.

COMMITTEE PROCESS
Preliminary Budget Review:
Financial Working Group: February 21, 2023 for information
All Committees: March Cycle
Financial Working Group: March 21, 2023 for information
RTAG: March 21, 2023 for information
AFS: April 6, 2023 for information
Financial Working Group: April 18, 2023 for information
All Committees: May Cycle

Proposed Budget Adoption:
AFS: June 1, 2023 for action
RMC: June 7, 2023 for action
Board of Directors: June 22, 2023 for action

CONTACT
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ATTACHMENT
None

VMR

FY24 Preliminary Budget Detail

RTAG
April 2023

1

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

Uses of Funds	FY23	FY24	Change $	Change %
Light Rail Operations & Maintenance	$60.8	$66.2	$5.4	9%
Light Rail Security	9.3	12.2	2.9	31%
Subtotal Light Rail	*70.1*	*78.5*	*8.3*	*12%*
Streetcar Operations & Maintenance	5.8	6.3	0.5	8%
Streetcar Security	1.0	1.0	0.0	4%
Subtotal Streetcar	*6.8*	*7.3*	*0.5*	*7%*
Agency Operating	2.2	3.3	1.1	48%
Total Operating Uses	**$79.2**	**$89.0**	**$9.9**	**12%**

2

2

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

Sources of Funds	FY23	FY24	Change $	Change %
Advertising	$0.4	$0.9	$0.4	93%
Fares	5.0	6.0	1.0	19%
Federal Funds	1.6	1.6	0.0	2%
Federal Funds - Covid Relief	33.0	0.0	(33.0)	-100%
Member City Contributions	39.0	80.4	41.5	106%
Other	0.1	0.1	0.0	0%
Total Operating Sources	**$79.2**	**$89.0**	**$9.9**	**12%**

3

3

FY24 Operating Budget Format

Base Budget – FY 2023's approved services less efficiencies identified by Valley Metro.

+

Obligations

- **Inflation/Market & Ridership** – price, wage, and ridership changes.
- **Continuing Commitments** – continued implementation of actions or contractual terms previously approved by the Board.

+

Valley Metro Recommendations – changes Valley Metro recommends the Board make for FY 2024

=

FY 2024 Total Operating Budget

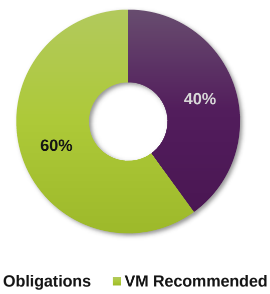
4

4

Operating Budget Overview ($ millions)

VMR

	FY 2023 Budget	FY 2024 Base	Change v FY23	Obligations: Cont Commit	Obligations: Inflation & Ridership	Total Obligations	VM Recommend	FY 2024 Budget	Total Change
Total	$ 79.2	$ 80.0	$ 0.8	$ 3.5	$ 0.1	$ 3.6	$ 5.4	$ 89.0	$ 9.9



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5

FY24 Budget Goals

- Build and Invest in the Team Fulfilling Regional Transit Service
- Ensure the Safety and Security of our Riders
- Serve the Customer By Improving and Maintaining the System
- Sustain and Grow the System Through Fiscal Stewardship

6

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Build and Invest in the Team Fulfilling Regional Transit Service

VM Recommended

Initiative #	Name	VM Recommended
2	Valley Metro Staff Merit & Labor Market Adjustment	$ 1,899,100
Category Total		**$ 1,899,100**

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Ensure the Safety and Security of our Riders

VM Recommended

Initiative #	Name	VM Recommended
3	Operational Cybersecurity Follow-up Audit	$ 75,000
4	Light Rail NWEII Security	$ 573,900
5	Operational Technology Risk Mitigation	$ 72,500
Category Total		**$ 721,400**

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Serve the Customer By Improving and Maintaining the System

VM Recommended

Initiative #	Name	VM Recommended
7	Light Rail NWEII Operations	$ 1,366,700
8	Non-Revenue Maintenance Vehicles	$ 147,000
9	Rail System Maintenance Planning	$ 700,000
10	Rail Operations Field Capability Expansion	$ 264,300
12	Materials Handler	$ 64,700
13	Road Vehicle Fleet Manager	$ 31,000
Category Total		**$ 2,573,700**

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Sustain and Grow the System Through Fiscal Stewardship

VM Recommended

Initiative #	Name	VM Recommended
14	Governance, Compliance, and Risk Mgmt Software	$ 100,700
16	Comprehensive Fare Study	$ 100,000
Category Total		**$ 200,700**

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Build and Invest in the Team Fulfilling Regional Transit Service

Obligations

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
17	Security Contract Rate Increase	$ 1,797,100	$ -	$ 1,797,100
	Strategic Planning	$ 142,500	$ -	$ 142,500
	Rail Operator Rate Increase	$ 931,800	$ -	$ 931,800
Category Total		**$ 2,871,400**	**$ -**	**$ 2,871,400**

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Serve the Customer By Improving and Maintaining the System

Obligations

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
18	Rail Vehicle and Facility Cleaning Costs	$ 111,900	$ -	$ 111,900
	Non-Revenue Maintenance Vehicles (Bucket Trucks)	$ 340,000	$ -	$ 340,000
20	City of Phoenix Regional Service	$ -	$ 83,500	$ 83,500
Category Total		**$ 451,900**	**$ 83,500**	**$ 535,400**

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Sustain and Grow the System Through Fiscal Stewardship

Obligations

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
19	IT Multi-Year Renewals	$ 23,000	$ -	$ 23,000
	IT Contract Rate Annualization Increases	$ 106,400	$ -	$ 106,400
21	IT Price Increases Due to Increased Usage	$ -	$ 28,400	$ 28,400
Category Total		**$ 129,400**	**$ 28,400**	**$ 157,800**

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Obligations

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
17	Security Contract Rate Increase	$ 1,797,100	$ -	$ 1,797,100
	Strategic Planning	$ 142,500	$ -	$ 142,500
	Rail Operator Rate Increase	$ 931,800	$ -	$ 931,800
18	Rail Vehicle and Facility Cleaning Costs	$ 111,900	$ -	$ 111,900
	Non-Revenue Maintenance Vehicles (Bucket Trucks)	$ 340,000	$ -	$ 340,000
19	IT Multi-Year Renewals	$ 23,000	$ -	$ 23,000
	IT Contract Rate Annualization Increases	$ 106,400	$ -	$ 106,400
20	City of Phoenix Regional Service	$ -	$ 83,500	$ 83,500
21	IT Price Increases Due to Increased Usage	$ -	$ 28,400	$ 28,400
Category Total		**$ 3,452,700**	**$ 111,900**	**$ 3,564,600**
Category % of Total		***97%***	***3%***	

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

Uses of Funds	FY23	FY24	Change $	Change %
Future Project Development	$15.1	$19.1	$4.0	26%
South Central/Downtown Hub	$313.3	$224.1	($89.1)	-28%
Northwest Phase II	153.5	55.9	(97.6)	-64%
Tempe Streetcar	10.6	0.1	(10.5)	-99%
Capitol Extension	0.0	12.9	12.9	-
Gilbert Road Extension	2.0	1.3	(0.7)	-35%
OMC Expansion	1.1	0.0	(1.1)	-100%
Systemwide Improvements	12.9	9.4	(3.5)	-27%
State of Good Repair	15.1	17.2	2.1	14%
Total Capital Uses	**$523.5**	**$340.0**	**($183.5)**	**-35%**

15

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

Sources of Funds	FY23	FY24	Change $	Change %
Federal Funds	311.2	121.3	(189.9)	-61%
MAG Funds	0.5	0.5	0.0	0%
Member City Contributions	75.5	147.3	71.8	95%
Public Transportation Funds	135.9	70.4	(65.4)	-48%
Regional Area Road Funds	0.5	0.5	0.0	0%
Total Capital Sources	**$523.5**	**$340.0**	**($183.5)**	**-35%**

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Budget Schedule Dates

Committee/Boards/FWG	
February 21, 2023	Present High Level Budget to City Staff (FWG)
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May 4, 2023	Detailed Initiative Discussion & Present 5-Year Plans to AFS
May 18, 2023	Present Initiative Details to Board - RPTA Study Session, VMR Agenda Item
June	Present Annual Budget and 5-Year Plans to Committees/Boards - for Action

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Thank You

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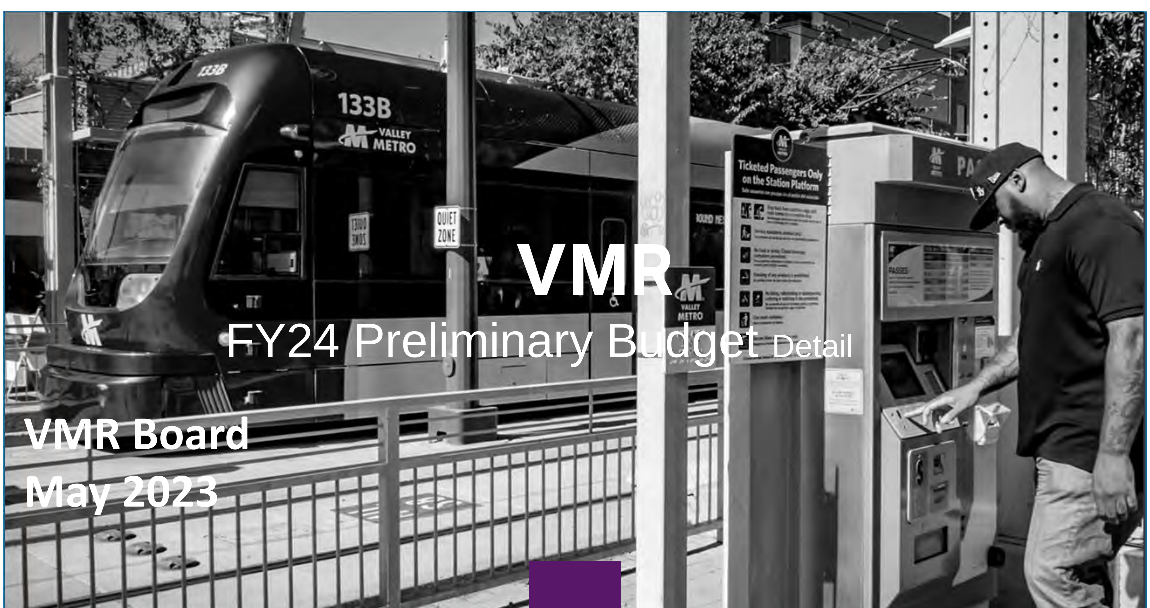
Valley Metro VMR Fiscal Year 2024 (FY24) Preliminary Operating and Capital Budget

1



VMR
FY24 Preliminary Budget Detail

VMR Board
May 2023

2

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

Uses of Funds	FY23	FY24	Change $	Change %
Light Rail Operations & Maintenance	$60.8	$66.2	$5.4	9%
Light Rail Security	9.3	12.2	2.9	31%
Subtotal Light Rail	*70.1*	*78.5*	*8.3*	*12%*
Streetcar Operations & Maintenance	5.8	6.3	0.5	8%
Streetcar Security	1.0	1.0	0.0	4%
Subtotal Streetcar	*6.8*	*7.3*	*0.5*	*7%*
Agency Operating	2.2	3.3	1.1	48%
Total Operating Uses	**$79.2**	**$89.0**	**$9.9**	**12%**

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

Sources of Funds	FY23	FY24	Change $	Change %
Advertising	$0.4	$0.9	$0.4	93%
Fares	5.0	6.0	1.0	19%
Federal Funds	1.6	1.6	0.0	2%
Federal Funds - Covid Relief	33.0	0.0	(33.0)	-100%
Member City Contributions	39.0	80.4	41.5	106%
Other	0.1	0.1	0.0	0%
Total Operating Sources	**$79.2**	**$89.0**	**$9.9**	**12%**

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FY24 Operating Budget Format

Base Budget – FY 2023's approved services less efficiencies identified by Valley Metro.

Obligations
- Inflation/Market & Ridership – price, wage, and ridership changes.
- Continuing Commitments – continued implementation of actions or contractual terms previously approved by the Board.

Valley Metro Recommendations – changes Valley Metro recommends the Board make for FY 2024

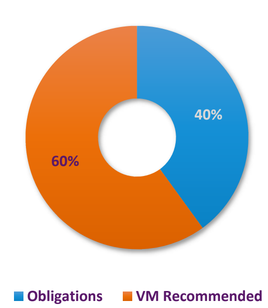
FY 2024 Total Operating Budget

5 5

5

Operating Budget Overview ($ millions)

VMR				Obligations					
	FY 2023 Budget	FY 2024 Base	Change v FY23	Cont Commit	Inflation & Ridership	Total Obligations	VM Recommend	FY 2024 Budget	Total Change
Total	$ 79.2	$ 80.0	$ 0.8	$ 3.5	$ 0.1	$ 3.6	$ 5.4	$ 89.0	$ 9.9



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FY24 Budget Goals

- Build and Invest in the Team Fulfilling Regional Transit Service
- Ensure the Safety and Security of our Riders
- Serve the Customer By Improving and Maintaining the System
- Sustain and Grow the System Through Fiscal Stewardship

7

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Build and Invest in the Team Fulfilling Regional Transit Service

VM Recommended

Initiative #	Name	VM Recommended
2	Valley Metro Staff Merit & Labor Market Adjustment	$ 1,899,100
Category Total		**$ 1,899,100**

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Ensure the Safety and Security of our Riders
VM Recommended

Initiative #	Name	VM Recommended
3	Operational Cybersecurity Follow-up Audit	$ 75,000
4	Light Rail NWEII Security	$ 573,900
5	Operational Technology Risk Mitigation	$ 72,500
Category Total		**$ 721,400**

Serve the Customer By Improving and Maintaining the System
VM Recommended

Initiative #	Name	VM Recommended
7	Light Rail NWEII Operations	$ 1,366,700
8	Non-Revenue Maintenance Vehicles	$ 147,000
9	Rail System Maintenance Planning	$ 700,000
10	Rail Operations Field Capability Expansion	$ 264,300
12	Materials Handler	$ 64,700
13	Road Vehicle Fleet Manager	$ 31,000
Category Total		**$ 2,573,700**

Sustain and Grow the System Through Fiscal Stewardship
VM Recommended

Initiative #	Name	VM Recommended
14	Governance, Compliance, and Risk Mgmt Software	$ 100,700
16	Comprehensive Fare Study	$ 100,000
Category Total		**$ 200,700**

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Build and Invest in the Team Fulfilling Regional Transit Service
Obligations

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
17	Security Contract Rate Increase	$ 1,797,100	$ -	$ 1,797,100
	Strategic Planning	$ 142,500	$ -	$ 142,500
	Rail Operator Rate Increase	$ 931,800	$ -	$ 931,800
Category Total		**$ 2,871,400**	**$ -**	**$ 2,871,400**

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Serve the Customer By Improving and Maintaining the System

Obligations

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
18	Rail Vehicle and Facility Cleaning Costs	$ 111,900	$ -	$ 111,900
	Non-Revenue Maintenance Vehicles (Bucket Trucks)	$ 340,000	$ -	$ 340,000
20	City of Phoenix Regional Service	$ -	$ 83,500	$ 83,500
Category Total		**$ 451,900**	**$ 83,500**	**$ 535,400**

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Sustain and Grow the System Through Fiscal Stewardship

Obligations

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
19	IT Multi-Year Renewals	$ 23,000	$ -	$ 23,000
	IT Contract Rate Annualization Increases	$ 106,400	$ -	$ 106,400
21	IT Price Increases Due to Increased Usage	$ -	$ 28,400	$ 28,400
Category Total		**$ 129,400**	**$ 28,400**	**$ 157,800**

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Obligations

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
17	Security Contract Rate Increase	$ 1,797,100	$ -	$ 1,797,100
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19	IT Multi-Year Renewals	$ 23,000	$ -	$ 23,000
	IT Contract Rate Annualization Increases	$ 106,400	$ -	$ 106,400
20	City of Phoenix Regional Service	$ -	$ 83,500	$ 83,500
21	IT Price Increases Due to Increased Usage	$ -	$ 28,400	$ 28,400
Category Total		**$ 3,452,700**	**$ 111,900**	**$ 3,564,600**
Category % of Total		***97%***	***3%***	

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VALLEY METRO

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Information Summary

DATE **AGENDA ITEM 3**
May 11, 2023

SUBJECT
Report on Current Events and Suggested Future Agenda Items

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

COST AND BUDGET
None

RECOMMENDATION
This item is presented for information only.

BACKGROUND/DISCUSSION/CONSIDERATION
None

COMMITTEE ACTION
None

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

ATTACHMENT
None

Pending Items Request

Item Requested	Date Requested	Planned Follow-up Date