MEETINGS OF THE

Boards of Directors

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

Date:

June 22, 2023

Starting Time

11:15 a.m.
(Directly following the Board Study Session)

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

June 15, 2023

Joint Meeting Agenda
Valley Metro RPTA
And
Valley Metro Rail
Thursday, June 22, 2023
Valley Metro, 101 N. 1st Avenue, 10th Floor
Boardroom/Webex
11:15 a.m.
(Directly following the Study Session)

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 item(s) discussed during Executive Session.

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

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

5. Legislative Update — 5. For information

Staff will provide a State legislative update.

6. Audit and Finance Subcommittee Update | 6. For information

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

CONSENT AGENDA

7A. Minutes | 7A. For action

Minutes from the May 18, 2023 Joint Board meeting are presented for approval.

7B. Fiscal Year 2024 (FY24) Intergovernmental Agreements (IGA) | 7B. For action

Staff recommends that the Boards of Directors authorize the CEO to execute the FY24 IGAs and IGA amendments as listed and for the periods of performance.

7C. Authorization to Continue the Purchase of IT Hardware and Maintenance Agreements for FY 2024 | 7C. For action

Staff recommends that the Boards of Directors authorize the CEO to continue procuring necessary IT hardware and maintenance agreements. The period of authorization will cover FY 2024 in an amount not to exceed $742,100, plus a 15% contingency of $111,400, for a total not-to-exceed authorization amount of $853,500.

7D. Authorization to Continue the Purchase of IT Professional Services for FY 2024 | 7D. For action

Staff recommends that the Boards of Directors authorize the CEO to continue procuring necessary IT professional services. The period of authorization will cover FY 2024 in an amount not to exceed $2,014,100, plus a 15% contingency of $302,200, for a total not-to-exceed authorization amount of $2,316,300.

7E.	<u>Authorization to Continue the Purchase of Software Subscriptions and Maintenance Agreements in FY 2024</u>	7E. For action

Staff recommends that the Boards of Directors authorize the CEO to continue procuring necessary software subscriptions and maintenance agreements. The period of authorization will cover FY 2024 – FY 2026 in an amount not to exceed $1,747,580, plus a 15% contingency of $262,140, for a total not-to-exceed authorization amount of $2,009,720.

REGULAR AGENDA

8.	<u>Proposed Fare Policy Changes</u>	8. For information

Staff will review the proposed fare policy changes in advance of fare collection system modernization improvements.

9.	<u>Travel, Expenditures and Solicitations</u>	9. For information

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

10.	<u>Report on Current Events and Suggested Future Agenda Items</u>	10. For information

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

11.	<u>Next Meeting</u>	11. For information

The next meeting of the is scheduled for **Thursday, August 17, 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**
June 15, 2023

SUBJECT
Public Comment

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

COST AND BUDGET
None

RECOMMENDATION
This item is presented for information only.

BACKGROUND | DISCUSSION | CONSIDERATION
None

COMMITTEE PROCESS
None

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

ATTACHMENT
None

Information Summary

DATE **AGENDA ITEM 2**
June 15, 2023

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
June 15, 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 **AGENDA ITEM 2**
June 15, 2023

SUBJECT
Chief Executive Officer’s Report

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

COST AND BUDGET
None

RECOMMENDATION
This item is presented for information only.

BACKGROUND | DISCUSSION | CONSIDERATION
None

COMMITTEE PROCESS
None

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

ATTACHMENT
None

Information Summary

DATE **AGENDA ITEM 5**
June 15, 2023

SUBJECT
Legislative Update

PURPOSE
To provide the Joint Boards of Directors with a State Legislative Update.

COST AND BUDGET
None

RECOMMENDATION
This item is presented for information only.

BACKGROUND | DISCUSSION | CONSIDERATION
None

COMMITTEE PROCESS
None

CONTACT
Alexis Tameron Kinsey
Director, Government Relations
atameronkinsey@valleymetro.org

ATTACHMENT
None

Information Summary

DATE **AGENDA ITEM 6**
June 15, 2023

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 June 8, 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 June 8, 2023 AFS meeting minutes

Minutes

June 15, 2023 **AGENDA ITEM 3**

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

Meeting Participants
Councilmember Bill Stipp, City of Goodyear – **CHAIR**
Councilmember Clay Goodman, City of Buckeye
Mayor Brigette Peterson, Town of Gilbert (phone)
Vice Mayor Francisco Heredia, City of Mesa (phone)

Members Not Present
Vice Mayor Laura Pastor, City of Phoenix

Chair Stipp called the meeting to order at 12:04 p.m.

Chair Stipp said good afternoon. I will call to order the Audit and Finance Subcommittee meeting of Thursday, June 8th. I see Mayor Peterson online. Thank you for joining us. Do we have Councilmember Heredia online?

Ms. Dillon said Councilmember Heredia, are you calling user 2? No, he's not on the line.

Chair Stipp said I guess not then we're missing Councilmember Heredia and Councilwoman Pastor, but we do have a quorum.

(Councilmember Heredia joined the meeting)

1. Public Comment

Chair Stipp said do we have?

Ms. Dillon said Mr. Crowley.

Chair Stipp said Mr. Crowley, you have three minutes.

Mr. Crowley said good morning and how are we all -- or no, good afternoon since it's after noon.

The document that you have here and in reviewing the short range and also the budget. Got to start over? I'd like those five seconds of interruption back at the end.

The thing I find most abhorrent about it is the amount of budgeting you've done in there for buses, infrastructure, but you are budgeting in there 60 more employees. Could somebody tell me how that works in getting me any buses out there? And them being a part of the whole equation. I've asked and put in a request for her new contract and the old one and what you guys agree to and et cetera and I'm still waiting on it. And since there is a precedent for me getting those, I find it fascinating since all of that information was there when I requested it why I haven't gotten it. But I digress.

Back to what you guys have done and what you're doing. Litchfield is one of the roads that was supposed to this year get done. Is that in the budget? Do you have anything there on it? Do you have any buses? Do you have any infrastructure? I know that in your town it's got zero. Litchfield has zero. Thank goodness that they did make a deal with these guys to have a Dial A Ride now. But when we wrote Prop 400 and tried to make it multimodal as possible, I'm using your paraphernalia I wish that you people had that same feeling.

But you're also the ones that have ticket checkers and the individuals with Ruiz's group there. She calls it a security force and they're ticket checkers and making sure people aren't trespassing. That's their job. So security force and managers, they said we need to expand this a whole, whole bunch, but all we need is money. Couldn't you spend that money on the bus and your routes? Thank you.

Chair Stipp said thank you, Mr. Crowley. Any other comment? Okay.

2. Executive Session

Chair Stipp said the Audit and Finance Subcommittee may vote to enter an Executive Session to evaluate the annual performance and proposed work plan for Valley Metro's Chief Auditor as authorized by Arizona Revised Statute Section 38-4 31.03(a)(1). So may I have a motion to go into Executive Session.

Motion by Councilmember Goodman, second by Mayor Peterson. Any discussion? Oh, and by the way, I do see Councilmember -- or I'm sorry, Vice Mayor Heredia on the -- on the Webex.

Vice Mayor Heredia said I'm sorry for being late.

Chair Stipp said No, no worries. Thank you for being here.

All in favor, say aye. Any opposed? The ayes have it. Pat, will you give them the instruction?

IT WAS MOVED BY COUNCILMEMBER GOODMAN, SECONDED BY MAYOR PETERSON AND UNANIMOUSLY CARRIED TO ENTER INTO EXECUTIVE SESSION.

Meeting adjourned at 12:10 p.m.

Executive session began at 12:10 p.m.

Chair Stipp said I'm going to reconvene the Audit and Finance Subcommittee meeting.

Meeting reconvened at 12:43 p.m.

3. Chief Financial Officer's Update

Mr. Kessler said thank you, Mr. Chair. Members of the Subcommittee, so just a few items to update. Just wanted to show where we're at year to date with PTF revenues. You can see here we're still trending quite a bit over budget and prior year actual, however it is worth noting the last couple of months the year over year growth in the PTF sales tax revenues has begun to shrink quite a bit. In April, it was between 4 and 5 percent and for May, it was just over 1 percent increase over prior year. So we are seeing, to me, what looks to be a trend in slowing down in the sales tax growth so we'll definitely keep a close eye on that and see where things move here in coming months.

Just want to share that on the 16th of last month, we had our Financial Working Group meeting. With the Financial Working Group staff, we reviewed the monthly budget versus actual, we tackled about the annual IGA's, the discussion there centered around really everybody working to be more timely. There has been some slippage in the timing of getting IGA's executed and that then impacts our ability to bill member cities for services, so we had that discussion. I committed to help work on our side, on the Valley Metro part of the process, to improve that and so our procurement and contracts team is working on shoring up that process to be more efficient and collaborating and coordinating that with the budget team as well. So we're working our end to make those improvements and got commitments from the member city staff that they would work on their end to make improvements as well.

Tyler provided a presentation on the billing methodology that will be used for the future East Valley bus contract. The East Valley bus contract is up for renewal. We're in the process of evaluating the proposals right now. The contract will start in January of '24 and it's a little different basis for the contractor billing than traditional. Traditionally, we've been a cost per revenue mile. This one is a little different at the suggestion of some of the East Valley members and folks just wanted to understand how we would be in turn billing them and so Tyler presented that billing methodology to the East Valley folks, in particular, were comfortable with how that was going to be billed to them in the future with that contract.

And then just this week on Monday, we had a meeting of the Fare Policy Working Group. This working group is more of an ad hoc group in terms of meeting cadence. It's not a monthly or a routine. Basically, we get together with this group on an as-needed basis as fare policy items need to be talked about or discussed amongst the group in terms of making decisions or sharing proposals. And so, this one focused really around the fare collection modernization project and some of the upcoming needed changes as a result of the new system. So, you know, we gave a brief overview, basically, it would be a similar presentation that you'll see here later today on the agenda item, I think, it's agenda item 4 or 5. So we talked about the fare capping which we had talked to them about in the past, but we just felt that as we're moving closer to the launch of the new system here in early '24 I kind of wanted to refresh memories on some of these things that have been talked about quite a bit back in the past on a few occasions.

And one of the key things here is really moving towards updating the fare policy for the future fare capping as well as the reduced fare ID or reduced fare account requirement for folks that are going to use multi-ride reduced fares. So that's necessary sooner rather than later because we're going to be moving forward with the process in the fall to get those new reduced fare ID's and register reduced fare accounts set up for folks so that when we launch Phase 2 with the smart card program that reduced fare ID's will already be in folks' hands. So we just wanted to get this in place early here in the summer and fall so that as we move towards launching the new system that folks that need those ID's or those reduced fare accounts, they're in place.

And so part of that is the outreach and public participation for these changes. Hillary and her team will be leading that effort here in August and September, so this is really going through for information right now to this body as well as it went to the management committees yesterday, it will go to the Board later this month just as information that, you know, we're moving forward with this and we're doing the outreach and public participation and we'll be coming back later for action.

So that is my updates on the CFO report.

Chair Stipp said awesome. Thank you.

4. <u>Minutes</u>

The minutes from the May 4, 2023, Audit and Finance Subcommittee meeting are presented for approval.

Chair Stipp said the minutes were sent out. Do need a motion for approval of the minutes.

Motion by Councilmember Goodman, seconded by Mayor Peterson. Any discussion? All in favor, say aye. Oh, Vice Mayor, sorry, didn't see you on the screen. The motion passes.

IT WAS MOVED BY COUNCILMEMBER GOODMAN, SECONDED BY MAYOR PETERSON AND UNANIMOUSLY CARRIED TO APPROVE THE MAY 4, 2023 AFS MEETING MINUTES.

5. Proposed Fare Policy Changes

Mr. Kessler said thank you, Mr. Chair. Yeah, so as I talked through that update on the Fare Policy Working Group, I realized I probably gave like 75 percent of my presentation, so I'll run through the slides quickly.

Just as a reminder, I believe this information has been presented here before. The project and the regional collaborative approach working together with Phoenix, our private sector partners Vix and InComm as well as FTA our major funding partner. And just wanted to highlight here with these project goals, the reduced fare, number 3 there, the control over that being kind of the highlight and the sense of urgency and moving forward with a fare policy update sooner rather than later.

And just to highlight what's accomplished so far in coming ahead on the project. We had the expedited mobile app providing enhanced planning abilities as well as real time information for vehicle locations back in July '21. Of course, the mobile fare launch recently here back in February. This summer we're looking at launching a reduced fare web application site, so basically, this will provide -- enhance our process for getting the reduced fare cards and reduced fare accounts set up by allowing folks to apply online and not everybody having to go to the Mobility Center. So we're looking to launch this here in the coming months to help with that process and make it more convenient.

And then, of course, in '24, the reloadable fare cards will be launched.

And so here's a recap, but, you know, the launch of Phase 2 will include not just for the reduced fare ID, but a account-based fare website where folks can go and manage their accounts on the web. Of course, the new smart cards. They'll be new fare vending machines at all the light rail platforms and a few along Arizona Avenue. Introducing the concept of fare capping and then a new retail network where folks will be able to go buy just like gift cards, they're transit passes off a so called like J-hook at a retail outlet and be able to load value there at the merchant. And then following that will be swapping out the fare boxes with new cash only fareboxes in the first to second quarter of next calendar.

And then just want to talk briefly about the policy changes and the outreach and public participation plan. So as a result of this new system and the new approach to -- with fare capping, you know, with Phase 2 launch, we need to update the policy to reflect that because right now, basically, the policy includes the pass types and the prices and so we need to update that to include how fare capping works and just to touch on there.

You know, there's no change to the base fare keeping that at $2 or $1 for reduced and it's just a matter of introducing the concept of fare capping and how that works and the requirement for reduced fare accounts for folks who will do multi-ride reduced fares.

And this is just a visual graphic of how the fare capping works. For example, over the course of a month, for folks who, you know, couldn't afford the $64 up front for a local monthly pass perhaps using a day pass each day. If they rode every day for a month, they're incurring $124 cost to use transit. In the future, that will cap at the $64 rate which is the current rate for a monthly pass. And so, basically, after Day 16, they ride for free.

And this is just a table summarizing those fare caps for the various fare types for local full fare, reduced as well as Express Rapid.

And then just want to highlight, you know, the reduced fare account is really how the control over the multi-ride reduced fares will work. Today, anybody can go to a retail outlet and buy a reduced fare pass, a day pass, a 7-day pass, a monthly pass. Essentially, depending on whether the retailing enforces, you know, having folks provide proof of eligibility which we know there's a mixed bag out there in terms of that. There's a lot of turnover in those clerical positions that are selling those passes and so, you know, we're seeing a lot of reduced fare use out there disproportionate with the percentage of folks who are really eligible. So we're looking forward to the launch of the new system to help kind of rein that in.

Just a visual of what the new cards will look like. Hillary and her team did a extensive outreach and worked with focus groups to come up with the concept of the Copper card. So on the left, an actual copper color is the full fare card. On the right, is going to be the reduced fare ID which will also act as the fare media so basically, they'll have one card, it will be their ID as well as it will be the token that accesses their account on the backend of the system to use as their fare media.

And then the bottom is just a refresh of the current Platinum program. This is just refreshing the look of the Platinum care that's in place today mostly for employers to bring it sort of in line with the look of the Copper card.

And here's just some high-level information about the different elements of the public participation and outreach plan that Hillary's team will be deploying here in August and September time frame.

So as I mentioned, so we're going through the June cycle for information, August to September will be the actually outreach and public participation. We'll be going through the various working groups in September and then back in October for action on updating the fare policy through the Board process in October.

That concludes my presentation, happy to answer any questions.

Chair Stipp said any questions? Are there any questions for Ken online? Seeing none.

Thank you, Ken.

6. Fare Administration Audit

Ms. Beckstrom said thank you, Mr. Chair. I'd like to invite Larry Kondrat to present on this report.

Mr. Kondrat said good afternoon, Mr. Chair, the members of the Audit and Finance Subcommittee. I'm here to present the results of the far administration audit that was part of the fiscal year 2023 Audit Plan.

During the audit, we reviewed fare enforcement, cash accounting, fare revenue, deposits and reconciliations, fare revenue accounting and the physical safeguarding of fare passes. The report risk was determined to be low as Valley Metro has strong fare administration controls in place.

There was one finding that had a very low risk rating attached to it. Valley Metro has strong processes in place for requesting and purchasing passes from the City of Phoenix and the rare occasions that they're needed for events and also for the physical safeguarding of fare passes. There's a very limited number of fare passes that are stored in a safe at Valley Metro's administrative offices.

However, the processes weren't supported by any written policies or procedures, so Internal Audit recommends that Valley Metro developed written processes and procedures regarding the safekeeping of fare passes and also the process for purchasing passes from City of Phoenix.

So that concludes my presentation. I try to keep it short. And I'd be happy to answer any questions related to the audit.

Chair Stipp said great. Thanks, Larry. Does anybody have any questions on this?

Online any questions?

So I do need to have motion to accept the fare administration audit.

Motion by Councilmember Goodman, second by Vice Mayor Heredia. Any discussion? All in favor, say aye. Any opposed? The ayes have it. Thank you, Larry.

IT WAS MOVED BY COUNCILMEMBER GOODMAN, SECONDED BY VICE MAYOR HEREDIA AND UNANIMOUSLY CARRIED TO ACCEPT THE FARE ADMINISTRATION AUDIT.

7. Reduced Fare Review

Chair Stipp said this item is being presented for our information only which is the reduced fare review memo. Larry doing that too? All right.

Mr. Kondrat said like the fare administration audit, the reduced fare administration review was part of the 2023 Audit Plan.

The purpose of the review was to examine the administration of the reduced fare program such as reduced fare structure, purchasing, applying for reduced fares and eligibility and to note any impending improvements such as a future impact of the Fare System Modernization Project.

This is for information only. Are there any questions pertaining to the review?

Chair Stipp said anyone online have questions? None? None in the room? Thank you.

8. Internal Audit Update

Ms. Beckstrom said thank you, Mr. Chair. So Internal Audit did not have any recommendations from prior audits to report out on this month, but we have begun follow-up work on the three labor and certification audits conducted earlier this year and we will report out on those in August.

We also have the travel, the second change order travel reviews and contract authority audits in process and we're finishing those up and we'll bring those to you for review and approval in August as well.

That concludes my updates for today. If you have any questions, happy to answer those.

Chair Stipp said brevity is the key for today. All right. Anybody have any questions on what is going to happen in the future? What future reports we are going to receive? Or I should say you all are going to receive? All right. Seeing none.

9. Fiscal Year 2024 Valley Metro RPTA and Valley Metro Rail Proposed Operating and Capital Budgets and Five-Year Operating Forecast and Capital Program (FY24-28)

Mr. Kessler said thank you, Mr. Chair. Yeah, I'll keep it real brief. I think we've been through this quite a bit. Just want to thank this body for your leadership and guidance while we've gone through the process here over the last four or five months of developing the FY24 budget.

Just do want to note, here's the use of funds on operating, no changes from last month. Same with the source of funds. Capital unchanged since last month, so all the budget numbers are the same as we go forward for the approval from the Board here later this month.

And just want to review the five-year forecast here briefly. So the five-year operating sources and uses about a $1.4 billion operating program for RPTA and the capital plan for the next five years just under $800 million for RPTA.

And now, on the VMR side. I'll stop there. Any questions on RPTA?

Chair Stipp said anybody have questions on the RPTA budget that is unchanged from last month? Okay. Seeing none. Keep going.

Mr. Kessler said all right. Moving through for Valley Metro Rail. Again, same here, no changes from the last month's review of the budget so all the numbers are the same. And then the five-year forecast just some of the key assumptions for the five-year forecast. Obviously, on the operating side, we have some extensions underway that we'll be moving into revenue service during the five-year period, some high-level assumptions on fare revenues and recovery of the average fare as well as ridership increases expected with the new services and ridership growth going into the future. And then federal monies for preventive maintenance revenue that is presumed to grow at the same rate as the federal authorization (Indiscernible) FTA funds.

And here's the five-year operating plan here a little over half a billion dollars for the next five years for Valley Metro Rail and on the capital side here, we have between 8 and 900 million in the plan for the capital for Valley Metro Rail.

And that concludes my presentation.

Chair Stipp said awesome. Any questions on this unchanged budget? All right. Seeing none. Look forward to the final presentation at the Board. Again, reiterate the comments that I made at the Board meeting last month. You know, obviously, the process has really materialized into something that everybody has gotten behind and I think just based on the sheer lack of questions compared to last year tells us where we've really come, so I again reiterate my appreciation for Tyler and the entire budget team, Ken for your leadership, Jessica obviously bringing this forward. What a tremendous change and I think the cities, the member cities are much more comfortable this year than they were in previous years and that is kudos to everybody, so congratulations.

Mr. Kessler said yes, thank you. Appreciate that.

10. <u>Intergovernmental Agreements, Contract Change Orders, Amendments and Awards</u>

Chair Stipp said this is presented for AFS quick look if you will. Please direct any questions that you have before the Board meeting to the appropriate Valley Metro staff.

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

I would like to note that this is Vice Mayor Heredia's last AFS meeting. He and I both term out this year. Vice Mayor, I wish you were here I could shake your hand and tell you how much I appreciated the last couple of years' worth of work. I know you and I both have been through some long pulls, I think we see the fruits of our labor have come forward, so I just want to extend my appreciation and congratulations for your time well spent her on AFS.

Ms. Mefford-Miller said if I may, Mr. Chair. For those of us who remain in the physical and the virtual rooms. Councilmember Stipp, we would like to recognize you and thank you for your service on the Audit Finance Subcommittee these past four years and for your leadership as our Chair the past two years. You have seen us through a great many challenges, we have emerged a stronger more transparent organization, our relationships with our member cities have improved tremendously and will continue to improve and grow. I think this most recent budget process is a testament to your leadership in this committee and your pushing and pulling sometimes of our team and our organization we are so much better for it. Thank you for your leadership.

Chair Stipp said thank you.

Ms. Mefford-Miller said we also have a small token for you Councilmember Stipp. It is a photo, a montage really of all four budget covers including our new and improved FY24 budget cover. Mr. Crowley, we hear you and it is indeed a multi-modal budget cover. Thank you.

The meeting was adjourned.

Without further discussion, the meeting was adjourned at 1:08 p.m.

Minutes

June 15, 2023 **AGENDA ITEM 7A**

Joint Boards of Directors
Thursday, May 18, 2023
Lake Powell Conference Room/Webex
101 N. 1st Avenue, 10th Floor
11:15 a.m.

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 (phone)
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 Kathy Littlefield, City of Scottsdale (phone)
Councilmember Aly Cline, City of Surprise (phone)
Vice Mayor Jennifer Adams, City of Tempe
Mayor Michael LeVault, Town of Youngtown (phone)
Mayor Rui Pereira, Town of Wickenburg (phone)

Members Not Present
Councilmember Jon Edwards, City of Peoria
Vice Mayor Jeff Brown, Town of Queen Creek
Councilmember Aldofo Gamez, City of Tolleson

Valley Metro Rail Participants
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 (phone)

Chair Pastor called the meeting to order at 11:20 a.m.

Chair Pastor said I am convening the meeting and welcome members to the May meeting.

Pat, will you now call the roll?

Ms. Dillon said yes, ma'am. Good morning, everyone.

City of Avondale, Councilmember Maxine White?
City of Buckeye, Councilmember Clay Goodman?
City of Chandler, Councilmember OD Harris? Chair, I received a message that he is on his way.
City of El Mirage, Councilmember Monica Dorsey? Present.
Town of Fountain Hills? Vice Mayor Peggy McMahon? Here.
Town of Gilbert, Mayor Brigette Peterson? Here.
Swift City, Councilmember Lauren Tolmachoff? Here.
City of Goodyear, Councilmember Bill Stipp? Present.
Maricopa County, Supervisor Jack Sellers? Here.
City of Mesa, Vice Mayor Francisco Heredia?
City of Peoria, Councilmember Jon Edwards?
City of Phoenix, Vice Mayor Laura Pastor? Present.
Town of Queen Creek, Vice Mayor Jeff Brown?
City of Scottsdale, Vice Mayor Kathy Littlefield?
City of Surprise, Councilmember Aly Cline? Here.
City of Tempe, Vice Mayor Jennifer Adams? Present.
City of Tolleson, Councilmember Adolfo Gamez?
Town of Wickenburg, Mayor Rui Pereira? Here.
Town of Youngtown, Mayor Michael LeVault? Yes, Pat, I'm here.

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

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

1. Public Comment

Chair Pastor said the public will be provided with 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 I believe we have public comment.

Ms. Dillon said Mr. Crowley.

Mr. Crowley said Valley Metro, that's the RPTA, right, that's the bus. So when I see the Valley Metro budget and the picture on the front of it is rail, I go what's important to this Committee and that budget. And when I look in that budget -- you know, you guys are the first line of defense on the air quality, right? And do you know that we have a serious violation today I believe they're saying until 9:00. Oh, for the west Valley is where the major concentration is where all of those roads that were supposed to get transit on them, don't. Like the one that is supposed to be implemented this year, Litchfield Road. So when I see Avondale, there are four roads that were supposed to be extended and that weren't. And where is that air quality situation the max right now, right there. But when we go and look in the budget, what do I see? Well, 40 percent of what you do is spend it on staff and you want 60 more staff. Do I see it going for more buses to increase frequency to help the air quality situation? No. Do I see where you're going for any of the infrastructure? No. What I see is that you want 60 more staff and its rail.

With this week's politics unplugged, hoping that all of you got to see it, the Queen Creek representative kind of told it exactly how he's going to make things happen. And when I see that they don't want to fund the rail, are you guys thinking of bifurcating the agencies so that the bus isn't the mother's milk that they're getting and get it off that teat and have those two organizations separate so that with the rail all that we have to do on funding for that is operations and that's all that's different cities already. So when I see which -- what you do and what you haven't done, I go, where are the buses in this budget? Where are the more buses? Where are the bus stops?

Now, you are going to do a Park and Ride in Avondale, good thing. And do you know that each one of those stops, you know, for a vehicle costs the same amount as one bus stop? Wouldn't it be nice when they increase service that you would get that same amount of bus stops in Avondale.

Thank you and I did to zero.

Chair Pastor said thank you, Blue.

2. Executive Session

Chair Pastor said request a motion to enter into Executive Session according to the A.R.S. Sections 38431.03a1, 3 and 4. May I have a motion?

Motion by Councilmember Tolmachoff, second by Vice Mayor Adams.

Discussion? All those in favor. Any nays? Motion carries.
We are now in Executive Session.

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

3. Executive Session Action Items

Chair Pastor said may I have a motion and a second to approve action items discussed in Executive Session.

Councilmember Stipp said I'd like to make a motion to authorize the Interim General Counsel to execute an amendment to the employment agreement for the Chief Executive Officer, Jessica Mefford-Miller, that reflect the results of the Chief Executive Officer's annual performance evaluation completed by Joint Board Subcommittee.

Motion by Councilmember Stipp, second by Vice Mayor Adams.

Chair Pastor said is there any discussion? I'd just like to thank Jessica for all her work and her team because you can't do it by yourself. So I'd like to thank the team also.

No discussion. All right. All those in favor. Any nays? Hear no nays. Motion carries.

IT WAS MOVED BY COUNCILMEMBER STIPP, SECONDED BY VICE MAYOR ADAMS, AND UNANIMOUSLY CARRIED TO EXECUTE AN AMENDMENT TO THE EMPLOYMENT AGREEMENT FOR THE CHIEF EXECUTIVE OFFICER THAT REFLECT THE RESULTS OF THE CHIEF EXECUTIVE OFFICER’S ANNUAL PERFORMANCE EVALUATION COMPLETED BY JOINT BOARD SUBCOMMITTEE.

4. Chief Executive Officer’s Report

Ms. Mefford-Miller said thank you, Madam Chair, member of the Board. Regarding the last item, I do want to thank the Board on behalf of both me and the Valley Metro team for your endorsement and enthusiasm in the important work that we're doing here.

I do have a few updates for you this morning. I want to provide you as we are every month right now an update on Proposition 400 E. As you know, the legislature finalized, and the Governor signed the State of Arizona $17.8 billion budget last Friday. The work of Proposition 400 was not tied to the budget as we hoped it might be, but we do continue to work daily with our partners at MAG and at the state legislature to advance enabling legislation that would allow us to implement the Momentum Plan, the people's plan. Our member cities are working also with us. We're hoping to find a path before the legislature adjourns. As you're aware, they are currently on a four-week recess that ends June 12th. During that time though, there will be conversations and meetings held related to high stakes items including and especially Proposition 400 E. When the legislature does reconvene next month, we do hope that we will have enabling legislation that allows us to implement that plan that will be accepted by the voters and the Governor.

There's been a lot of media coverage, as there should be, on this very important topic. I'll send an email out later today with links to the latest. Most of the coverage though, it really does focus on the stakes and the stakes, of course, are very high. The more time we lose the more expensive projects become if we are unable to act on our capital plans. If we do not produce enabling legislation that is going to meet with the approval of voters so have components that exist for every single member city, whether that's rail here in the core of the Valley and bus service and paratransit service throughout the Valley plus highways, arterials, we still won't find ourselves with renewal of 400 E.

While the expiration date is December 31st, 2024, it's really coming up very quickly. It is imperative that we advance enabling legislation during this legislative session to put on off puts the funding of our capital projects and programs in greater peril. We've have some discussion about our applications for federal funding which are always forward looking and right now, we've been able to avail ourselves. And right now, in our recent past of federal funding for all of our capital program. As we move closer to that expiration date, we will increasingly be unable to substantiate our ability of support the local match for our federal funding programs. As we advance closer to the date also, we would need to make contingency plans for the reduction of transit service including bus service and paratransit or the replacement of that regional transportation sales tax which would put a heavy, heavy burden on our member cities to try to sustain that.

The stakes are high, but nonetheless, I am optimistic that we will work together with the cities with MAG that our legislators are aware of what is at stake and what needs to be accomplished. We'll continue to keep your apprised. The situation does change by the day sometimes within the day. I'll continue to provide updates for you and as ever, please don't hesitate to reach out to discuss or if you have a question.

Chair Pastor said we have a question.

Councilmember Dorcey said what is the Governor doing to help us with Proposition 400?

Ms. Mefford-Miller said I can't speak for the Governor. What I can tell you is that I know the Governor and her administration has been and continues to have meetings with interested stakeholders. I've been pleased to participate in such meetings and she's also having meetings with her colleagues in the legislature to advance this important matter. So she is engaged, she is aware, she is supportive. She's also been very clear that the legislature must present her with a bill that she'll sign and that bill must include a significant investment in transit. So we appreciate that support.

Moving on. An update on our capital programs. Our capital extension, which is the next phase of light rail to be envisioned after the opening of Northwest Phase II and the South-Central Extension. This is also the last phase of light rail construction that's programmed within 400, our existing transportation sales tax. We have successfully entered what the Federal Transit Administration calls project development. Project development is a 24-month window in which we need to complete preliminary design and environmental analysis. We're working with consultant partners. In that, we've got proposals due in June for that next phase of design. We'll be bringing this item to our Board in September for that 30 percent design and environmental review.

We conducted public meetings just this past weekend with good turnout focused on Capital Extension. We presented our public partners with a 15 percent design and sought feedback. In addition to public meetings, we're also having meetings with key stakeholders within the corridor and soliciting that feedback that's going to inform the next phase of design. The public comment window ends this month. You can find out more at valleymetro.org/capex.

Another exciting news is we are pleased to host the Mpact conference here in November. We actually have the local host committee for Mpact here in town right now. Mpact is a conference formerly known as Railvolution. This isn't a transit conference. It is about transit and community building and economic development and land use, and it attracts a really broad spectrum of professionals, practitioners, community members and public officials from across the United States. We've been wanting to host it for a long time and this is our year. The Mpact conference will be here November 5th through 8th and one of the things I like about the conference is there are a number of local host city tracks that are really intended to bring together professionals, elected officials and community members to focus on some of the really challenging topics facing us: sustainability, housing affordability, transportation and accessibility. You'll hear more about this coming up and no that we've engaged member city staff in the planning of that conference. So stay tuned for more on Mpact coming up this fall.

Last week we had a chance to celebrate what has become a favorite of mine, the design a transit wrap contest. This is a contest for high school students across the Valley. They submit original artwork that celebrates and really embolizes Valley Metro and the services we provide. This year our winner was from Pinnacle High School. Ilana had a hand drawn and watercolor piece of artwork here that you see. You see this here with Ilana. She's a freshman at Pinnacle High School. This is going to be featured on a bus and also on a train wrap over the course of the year. And her theme was let your success ride with us. Really beautiful artwork. Yeah.

And then finally, just looking ahead. June, we'll have a very active month. At our June 7th meeting, our Board of Directors meets here on June 22nd, we'll be presenting the budget to you and requesting your approval of the FY24 budget at that time. We'll also have a study session as I mentioned earlier on security. We look forward to that. That will be held beginning at the 11:15 time frame. Then we have June 7th TMC, RMC and June 8th Audit and Finance Subcommittee. There will not be a board cycle in July.

That concludes my report. Any questions?

Chair Pastor said the happy dance will happen in June. Thank you.

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

Councilmember Stipp said thank you, Madam Chair. I will try to be brief. The minutes from that meeting are included in our packet. I did want to highlight a couple of items on the Internal Audit Update. We did receive our monthly Internal Audit Update. I did want to point out that we did have a brief discussion regarding the procurement policies that need to be revised. We're awaiting the new Chief Procurement Officer hire. It's one of the key hires that's Jessica has been talking about over the past several months. These will have little effect on the organizational operation, but we cannot close out those audits until we actually have the Chief Procurement Officer sign off on them, but the change to the operation has been implemented.

We had third quarter budget review, talked about where we stand in this current fiscal year. We also discussed the FY24 operating capital budget that we are going to approve here next month. I wanted to congratulate Ken Kessler, Tyler Olson and everybody on the Financial team. This year's budget really focused on kind of simplicity and taking a very conservative approach to our budgeting as we went forward. For the first time in as long as anyone can remember we have not dragged the budget process through the swampy waters and we are ready probably could have pulled it off in presenting it today, but we are ready to bring you a very solid budget for the month of June. So, please reach out to the staff if you have any questions. We will also be, just for the Board's information, conducting our Chief Auditor's performance evaluation that is done by the Audit and Finance Subcommittee, Sebrina Beckstrom's evaluation. In the month of June, we'll be completing that, but so far Sebrina has been doing a great job.

And with that, pending questions, that ends my report.

Chair Pastor said are there any questions? Doesn't look like it.

6. Consent Agenda

Chair Pastor said the Consent Agenda is presented for action. Do I have any questions on any items on the Consent Agenda? If not, I need a motion and a second.

Motion by Councilmember Stipp, second by Councilmember Tolmachoff.

Any discussion? All those in favor, please say aye. Are there any nays? The ayes pass. Motion carries.

IT WAS MOVED BY COUNCILMEMBER STIPP, SECONDED BY COUNCILMEMBER TOLMACHOFF AND UNANIMOUSLY CARRIED TO APPROVE THE CONSENT AGENDA, ITEMS 6A-6C.

7. Advertising Sales Services Contract Renewal

Ms. Mefford-Miller said I ask Hillary Foose our Director of Communications and Strategic Initiatives to provide a presentation on this item.

Ms. Foose said good afternoon, Madam Chair, members of Board. Thank you for your time this morning and happy to give a little context to the item in front of you.

So advertising sales services we have it active on our bus and rail system. The item in front of you is related to our contract with Outfront Media, who is our current advertising administrator. Our current agreement ends June of this year, June of 2023. We do have a three-year extension option available within the contract that was executed originally in 2015. That three-year option would, obviously, take us through June of 2026. That's the action before you today.

Within this action, we also want to make some adjustments to the contract itself by instituting and re-instituting a minimum annual guarantee or a MAG as I'll be referring to it moving forward for both our bus and rail programs. To be clear, this action is not related to the advertising policy. If that's something the Board would like to look at in the future, we obviously can. The policy really guides the products that are available within the advertising programs as well as the content that's allowed on the systems.

So in talking with Valley Metro leadership and our member cities, we really debated about whether or not we wanted to re-procure or use the three year option that was before us. We really went through a variety of scenarios. I think based on what you see in front of you these concerns we really thought it was the most advantageous for our cities and our agency to move forward with the three year extension. I think there was some concerns about the market and potential recessions and that we could get a more conservative proposal that is less risk averse and therefore affecting our overall pricing and the revenue generated by the program.

We are also experiencing a time of significant change. Obviously, Jessica addressed some of it ahead in her CEO report, but also, we have a lot related to our operations contracts. We have an RFP that's being evaluated now for our East Valley bus service, similarly for our West Valley service so would stability at this time in this program helps us in this time of change. And also, Outfront is performing very well. With them performing as well as they are, you know, we thought it was a viable option to use the extension in front of us.

Just a couple things on the actual programs themselves. This Board executed advertising on the RPTA operative fleet. The program has been active a year, but this Board adopted it in November of '21, so the program is relatively new and getting going. Again, it's been active about a year, and it's generated a little more than $600,000 for the agency. The program is active in our Tempe and Mesa bus yards where our fixed route fleet is housed. That the products allowed within our bus advertising program are largely contained between the wheels and also the tails of the vehicles. In this action today and also within the contract we would execute, we'd like to execute a minimum annual guarantee of $400,000 or 65 percent of the net. So the more they sell, the more we ultimately generate within the program.

The Valley Metro Rail advertising program has been around quite a bit longer. We started the program in 2009. It contains rail exterior wraps and a variety of size within that exterior wrap inventory as well as ceilings inside the vehicles and advertising at light rail stations. So far the program in this fiscal year has generated a little more than $500,000 with more expected as we continue through quarter 4. Based on Outfront's feedback, we would like to re-establish a MAG. I say re-establish as during the pandemic the MAG was paused during a time of a lot of chaos and those advertising dollars weren't being generated as they are now. So they have recommended a MAG of 1.25 million based on the rail program or 65 percent of the net.

Again, the more they sell, the more we benefit.

Also based on working with our colleagues in the City of Tempe, historically, the City of Tempe has not advertised at their light rail stations, they would like to include that as part of the inventory, and we will make that change.

With this Board's approval today, we would execute the change order and the extension with Outfront Media and if so, we would begin to build and work towards a future RFP working with our member cities to really understand how we could be helpful with transit advertising in the region.

We would begin that work really in 2025 for execution in 2026.

With that, Madam Chair, I'm happy to answer any questions.

Councilmember Stipp said thank you for the presentation. I know I had requested this during AFS. Understanding that we are just doing contract renewal. One of the things you talked about in this contract is about products on the RPTA side. So does this contract then stipulate what parts of the bus can be advertised in or on.

Ms. Foose said Madam Chair, Councilmember, happy to explain that note. What's in the contract says they much abide by the current advertising policies, so whatever is within those policies and, again, we have two policies. We have one for Valley Metro Rail and another for Valley Metro RPTA. So it doesn't specify the products in the like their contract. The contract says you abide by the policy that's approved by the Board.

So if there are product changes that the Board would like to make that would be bringing back the policy to you all for your discussion and consideration.

Councilmember Stipp said so if we a month from now, six months from now, we make a change, there's no effect on this contract.

Ms. Foose said in the contract it says we can revisit the MAG. We may want to do that depending on what changes the Board might want to make to the policy. So we could see additional revenue generated if the policy is opened up further and that is allowed for in the contract. Otherwise, there is contract language that would allow us to change the policy and also change any revenue sharing models as well if that's where the policy ends up going.

Councilmember Stipp said I really appreciate all that.

Madam Chair, I will ask for a future agenda item when it's appropriate on the agenda. For the Board's reference, this was a very contentious item that was discussed back in 2021, 2021, executed in 2022, 2019, and blah blah blah. It has a deep history, let me just say that. So I will ask that we have a future agenda item to discuss that policy, but I appreciate this update.

Chair Pastor said my question is regarding the policy. If the policy is changed then this contractor and I'm about making more money, so I want to change the policy so that it opens up so that then the contractor can generate more money and it's better for us. So if a policy is changed then it just opens up, they follow the policy, we change the policy and then it opens it up and then they are able then to execute whatever the policy says. That's my question.

Ms. Foose said Madam Chair, that's correct.

Chair Pastor said I know we're not in future agenda items, but I would like to bring the policy back in June and see if we can get a discussion and a motion and make it happen. All right. Any other questions? Thank you.

Ms. Dillon said I'm sorry, Chair. We need a motion.

Chair Pastor said a motion. I'm sorry. I thought we were done.

Motion by Councilmember Tolmachoff, second by Vice Mayor Adams.

Any discussion? All right. All those in favor? Any nays? Ayes carry. The motion passes.

IT WAS MOVED BY COUNCILMEMBER TOLMACHOFF, SECONDED BY VICE MAYOR ADAMS AND UNANIMOUSLY CARRIED TO AUTHORIZE THE CEO TO EXECUTE THE FINAL THREE-YEAR RENEWAL OPTION WITH OUTFRONT MEDIA LLC FOR ADVERTSING SALES SERVICES THROUGH JUNE 2026.

8. Quarterly Reports

Chair Pastor said this is for information only. Does anybody want a report? Doesn't look like it.

9. Travel, Expenditures and Solicitations

Chair Pastor said this is for information only.

10. Report on Current Events and Suggested Future Agenda Items

Chair Pastor said Anybody have anything? Councilmember Stipp.

Councilmember Stipp said Madam Chair, I would ask that we have a future agenda item to review the Board policy on advertising. I know you'd like to see it in June. I'm going to look to our CEO and say is that possible? Or do you guys need more time?

Ms. Mefford-Miller said I would prefer having more time and looking ahead at June as we're trying to complete items before the fiscal year closes like the budget and we have the security study session. We might want to push that forward to the next meeting which would be August. If that meets with the Board's approval.

Councilmember Stipp said since I'm making the request, I just want to make sure that the Chair is okay with August.

Councilmember Tolmachoff said Madam Chair, perhaps maybe a conversation to scope it in June, then move it forward and not actual deliverables in June. That would that help.

Councilmember Stipp said works for me.

Ms. Mefford-Miller said I want to clarify; it would be a discussion item in June and then there would be potentially an action item at a later Board meeting.

Chair Pastor said yes, that works. I believe we probably and the reason why I'm saying June, we've had a lot of discussion on this, and we could probably get our new members up to speed as to what the past was and what we wanted and so that's why I'm saying we could probably get our new members up to speed on exactly why we're pushing. It's really for a full wrap to be able then to advertise more and generate more money. There are some elements and pieces that we did hear on safety. We could work those items out, but that's really why we're speaking the way we're speaking so June will be great and then August we can go.

11. Next Meeting

The next meeting is scheduled for Thursday, June 22, 2023, at 11:15 a.m.

Without further discussion, the meeting was adjourned at 12:32 p.m.

Information Summary

DATE **AGENDA ITEM 7B**
June 15, 2023

SUBJECT
Fiscal Year 2024 (FY24) Intergovernmental Agreements (IGA)

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to execute FY24 IGAs and IGA amendments for projects in the approved Valley Metro RPTA FY24 Operating and Capital Budget.

RECOMMENDATION
Staff recommends that the TMC/RMC forward to the Boards of Directors authorization for the CEO to execute the FY24 IGAs and IGA amendments as listed and for the periods of performance.

BACKGROUND | DISCUSSION | CONSIDERATION
There are a number of IGAs and IGA amendments that require Board approval prior to the start of FY24. The attachment provides a list of the FY24 RPTA required IGAs and renewals.

The IGAs are based on the latest estimates of costs and services funded by each member. IGA changes that are required as a result of service changes in October 2023 and April 2024 will be brought to the Board for approval after the final list of service changes is determined.

COST AND BUDGET
Please see the attached spreadsheet.

COMMITTEE ACTION
RTAG: May 16, 2023 for information
TMC/RMC: June 7, 2023 approved
Boards of Directors: June 22, 2023 for action

CONTACT
Ken Kessler
Chief Financial Officer
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ATTACHMENT
Attachment 1 - List of FY24 IGAs

Expense/ Revenue	Member Agency/Jurisdiction Intergovernmental Agreement No.	Brief Description	FY 2023 Amount	FY 2024 Amount	Change from FY 2023 to FY 2024
PTF Reimbursement	City of Avondale 106-75-2024	ADA Allocations	$297,000	$311,850	$14,850
PTF Reimbursement	City of Avondale 106-75-2024	Fixed Route Transit Services	$791,833	$907,212	$115,379
PTF Reimbursement	City of Avondale 106-75-2024	RideChoice	$0	$65,778	$65,778
PTF Reimbursement	City of Avondale 106-75-2024	Paratransit	$297,000	$246,072	($50,928)
Revenue	City of Avondale 106-75-2024	RideChoice	$53,619	$29,328	($24,291)
Revenue	City of Avondale 106-75-2024	Paratransit	$78,024	$0	($78,024)
Revenue	City of Avondale 106-75-2024	Fixed Route Transit Services	$1,512,906	$646,626	($866,280)
PTF Reimbursement	City of Buckeye 166-75-2024	Fixed Route Transit Services	$0	$12,627	$12,627
Revenue	City of Buckeye 166-75-2024	Fixed Route Transit Services	$41,092	$54,663	$13,571
PTF Reimbursement	City of Chandler 118-75-2024	ADA Allocations	$1,949,629	$2,402,110	$452,481
PTF Reimbursement	City of Chandler 118-75-2024	Fixed Route Transit Services	$7,568,362	$10,905,986	$3,337,624
PTF Reimbursement	City of Chandler 118-75-2024	Paratransit	$1,949,629	$2,078,217	$128,588
Revenue	City of Chandler 118-75-2024	Paratransit	$29,161	$0	($29,161)
Revenue	City of Chandler 118-75-2024	Fixed Route Transit Services	$1,884,605	$63,422	($1,821,183)
Revenue	City of Chandler 118-75-2024	RideChoice	$367,606	$465,573	$97,967
PTF Reimbursement	City of El Mirage 121-48-2024	ADA Allocations	$29,100	$30,555	$1,455
PTF Reimbursement	City of El Mirage 121-48-2024	Paratransit	$29,100	$10,952	($18,148)
Revenue	City of El Mirage 121-48-2024	Paratransit	$54,358	$0	($54,358)
PTF Reimbursement	City of Glendale 133-75-2024	ADA Allocations	$835,084	$876,838	$41,754

Expense/ Revenue	Member Agency/Jurisdiction Intergovernmental Agreement No.	Brief Description	FY 2023 Amount	FY 2024 Amount	Change from FY 2023 to FY 2024
PTF Reimbursement	City of Glendale 133-75-2024	Fixed Route Transit Services	$5,685,248	$6,224,100	$538,852
Revenue	City of Glendale 133-75-2024	Paratransit	$1,875,502	$1,875,502	$0
PTF Reimbursement	City of Goodyear 136-75-2024	ADA Allocations	$15,700	$16,485	$785
PTF Reimbursement	City of Goodyear 136-75-2024	Paratransit	$15,700	$16,485	$785
PTF Reimbursement	City of Goodyear 136-75-2024	Fixed Route Transit Services	$474,139	$288,021	($186,118)
Revenue	City of Goodyear 136-75-2024	Fixed Route Transit Services	$71,391	$0	($71,391)
Revenue	City of Goodyear 136-75-2024	Paratransit	$140,148	$69,466	($70,682)
Revenue	City of Goodyear 136-75-2024	RideChoice	$147,941	$202,393	$54,452
PTF Reimbursement	City of Litchfield Park 142-75-2024	RideChoice	$0	$0	$0
Revenue	City of Litchfield Park 142-75-2024	RideChoice	$0	$23,002	$23,002
Revenue	City of Mesa 145-75-2024	Paratransit	0	$0	$0
PTF Reimbursement	City of Mesa 145-75-2024	ADA Allocations	$4,198,900	$5,700,330	$1,501,430
PTF Reimbursement	City of Mesa 145-75-2024	Fixed Route Transit Services	$18,137,487	$23,403,705	$5,266,218
PTF Reimbursement	City of Mesa 145-75-2024	Paratransit	$2,728,747	$3,802,691	$1,073,944
PTF Reimbursement	City of Mesa 145-75-2024	RideChoice	$1,079,315	$1,369,977	$290,662
Revenue	City of Mesa 145-75-2024	Fixed Route Transit Services	$5,423,349	$4,048,060	($1,375,289)
Revenue	City of Mesa 145-75-2024	RideChoice	$0	$0	$0
PTF Reimbursement	City of Peoria 151-75-2024	ADA Allocations	$267,700	$281,085	$13,385
PTF Reimbursement	City of Peoria 151-75-2024	Fixed Route Transit Services	$3,119,935	$3,299,887	$179,952
PTF Reimbursement	City of Peoria 151-75-2024	Paratransit	$0	$0	$0

Expense/ Revenue	Member Agency/Jurisdiction Intergovernmental Agreement No.	Brief Description	FY 2023 Amount	FY 2024 Amount	Change from FY 2023 to FY 2024
Revenue	City of Peoria 151-75-2024	Paratransit	$903,153	$856,625	($46,528)
Revenue	City of Peoria 151-75-2024	Fixed Route Transit Services	$1,493,449	$743,190	($750,259)
Expense	City of Phoenix 150638-2024	Fixed Route Transit Services - RPTA Buys	$15,421,986	$17,208,578	$1,786,592
PTF Reimbursement	City of Phoenix 143071-2024	Fixed Route Transit Services	$3,257,815	$2,706,773	($551,042)
PTF Reimbursement	City of Phoenix 143071-2024	Paratransit	$7,498,649	$7,674,610	$175,961
PTF Reimbursement	City of Phoenix 143071-2024	ADA Allocations	$22,185,000	$20,792,366	($1,392,634)
Revenue	City of Phoenix 143071-2024	Paratransit	$0	$0	$0
Revenue	City of Phoenix 143071-2024	Fixed Route Transit Services - Phx Buys	$10,567,317	$11,327,970	$760,653
Revenue	City of Phoenix 154-55-2024	AZ-2022-003 -RPTA	$17,942,207	$0	($17,942,207)
Revenue	City of Phoenix 154-55-2024	AZ-2022-003-VMR	$2,228,934	$0	($2,228,934)
Expense	City of Phoenix 155-67-2024 132482-4	Safety and Security	$0	$0	$0
PTF Reimbursement	City of Scottsdale 160-75-2024	ADA Allocations	$1,530,200	$1,812,658	$282,458
PTF Reimbursement	City of Scottsdale 160-75-2024	Fixed Route Transit Services	$9,951,432	$11,342,537	$1,391,105
PTF Reimbursement	City of Scottsdale 160-75-2024	Paratransit	$1,032,111	$1,382,225	$350,114
Revenue	City of Scottsdale 160-75-2024	Paratransit	$0	$0	$0
Revenue	City of Scottsdale 160-75-2024	RideChoice	$0	$0	$0
PTF Reimbursement	City of Scottsdale 160-75-2024	RideChoice	$186,890	$430,433	$243,543
PTF Reimbursement	City of Surprise 166-75-2024	ADA Allocations	$57,200	$60,060	$2,860
PTF Reimbursement	City of Surprise 166-75-2024	Paratransit	$57,200	$60,060	$2,860

Expense/ Revenue	Member Agency/Jurisdiction Intergovernmental Agreement No.	Brief Description	FY 2023 Amount	FY 2024 Amount	Change from FY 2023 to FY 2024
PTF Reimbursement	City of Surprise 166-75-2024	Fixed Route Transit Services	$360,588	$277,140	($83,448)
Revenue	City of Surprise 166-75-2024	Fixed Route Transit Services	$371,297	$485,362	$114,065
Revenue	City of Surprise 166-75-2024	RideChoice	$408,193	$911,609	$503,416
Revenue	City of Surprise 166-75-2024	Paratransit	$291,745	$287,364	($4,381)
Expense	City of Tempe 169-75-2024	EVBOM	$7,241,618	$8,654,578	$1,412,960
Revenue	City of Tempe 169-31-2024	Paratransit	$311,680	$11,279	($300,401)
Revenue	City of Tempe 169-31-2024	RideChoice	$341,593	$803,145	$461,552
PTF Reimbursement	City of Tempe 169-31-2024	Fixed Route Transit Services	$7,540,005	$11,831,079	$4,291,074
Revenue	City of Tempe 169-31-2024	Fixed Route Transit Services	$21,128,714	$23,290,846	$2,162,132
PTF Reimbursement	City of Tempe 169-31-2024	ADA Allocations	$1,250,600	$1,313,130	$62,530
PTF Reimbursement	City of Tempe 169-31-2024	RideChoice	$0	$0	$0
PTF Reimbursement	City of Tempe 169-31-2024	Paratransit	$1,250,600	$1,313,130	$62,530
PTF Reimbursement	City of Tolleson 172-75-2024	ADA Allocations	$12,500	$13,125	$625
PTF Reimbursement	City of Tolleson 172-75-2024	Fixed Route Transit Services	$410,124	$460,805	$50,681
PTF Reimbursement	City of Tolleson 172-75-2024	Paratransit	$12,500	$13,125	$625
PTF Reimbursement	City of Tolleson 172-75-2024	RideChoice	$0	$0	$0
Revenue	City of Tolleson 172-75-2024	Paratransit	$87,687	$79,028	($8,659)
Revenue	City of Tolleson 172-75-2024	Fixed Route Transit Services	$255,095	$0	($255,095)
Revenue	City of Tolleson 172-75-2024	RideChoice	$14,790	$25,267	$10,477

Expense/ Revenue	Member Agency/Jurisdiction Intergovernmental Agreement No.	Brief Description	FY 2023 Amount	FY 2024 Amount	Change from FY 2023 to FY 2024
Revenue	Gila River Indian Community 128-75-2024	Fixed Route Transit Services	$148,322	$175,708	$27,386
Revenue	Maricopa Association of Governments (MAG) #1199-2024	Transit Planning Services	$724,720	$724,720	$0
Revenue	Maricopa Association of Governments (MAG) #1025-2024 AMD 4	Regional Rideshare/Telework	$594,000	$594,000	$0
Revenue	Maricopa Association of Governments (MAG) #1204-2024-ODS-MAG	Origin and Destination Study	$200,000	$200,000	$0
PTF Reimbursement	Maricopa County 215-75-2019-05	Paratransit	$143,640	$163,065	$19,425
Revenue	Maricopa County 215-75-2019-05	RideChoice	$768,825	$1,318,500	$549,675
Revenue	Maricopa County 215-75-2019-05	Paratransit	$565,353	$0	($565,353)
PTF Reimbursement	Maricopa County 215-75-2019-05	ADA Allocations	$143,640	$163,065	$19,425
Revenue	Maricopa County 215-15-2024	Trip Reduction Expansion	$356,000	$356,000	$0
Revenue	Maricopa County 215-14-2024	Trip Reduction	$200,000	$200,000	$0
PTF Reimbursement	Town of Fountain Hills 124-75-2024	ADA Allocations	$0	$17,115	$17,115
PTF Reimbursement	Town of Fountain Hills 124-75-2024	Fixed Route Transit Services	$0	$65,039	$65,039
PTF Reimbursement	Town of Fountain Hills 124-75-2024	RideChoice	$0	$17,115	$17,115
Revenue	Town of Fountain Hills 124-75-2024	RideChoice	$18,756	$18,994	$238
Revenue	Town of Fountain Hills 124-75-2024	Fixed Route Transit Services	$93,088	$67,355	($25,733)
PTF Reimbursement	Town of Gilbert 130-75-2024	Fixed Route Transit Services	$4,656,026	$5,523,325	$867,299
PTF Reimbursement	Town of Gilbert 130-75-2024	Paratransit	$1,440,600	$1,717,630	$277,030
PTF Reimbursement	Town of Gilbert 130-75-2024	ADA Allocations	$1,440,600	$1,717,630	$277,030
Revenue	Town of Gilbert 130-75-2024	Paratransit	$570,475	$405,380	($165,095)

Expense/ Revenue	Member Agency/Jurisdiction Intergovernmental Agreement No.	Brief Description	FY 2023 Amount	FY 2024 Amount	Change from FY 2023 to FY 2024
Revenue	Town of Gilbert 130-75-2024	RideChoice	$372,365	$642,076	$269,711
PTF Reimbursement	Town of Youngtown 172-75-2024	Paratransit	$1,800	$1,890	$90
PTF Reimbursement	Town of Youngtown 172-75-2024	ADA Allocations	$1,800	$1,890	$90
Revenue	Town of Youngtown 172-75-2024	Paratransit	$114,642	$128,775	$14,133

Information Summary

DATE
June 15, 2023

AGENDA ITEM 7C

SUBJECT
Authorization to Continue the Purchase of IT Hardware and Maintenance Agreements for FY 2024

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

RECOMMENDATION
Staff recommends that the TMC/RMC forward to the Boards of Directors authorize the CEO to continue procuring necessary IT hardware and maintenance agreements. The period of authorization will cover FY 2024 in an amount not to exceed $742,100, plus a 15% contingency of $111,400, for a total not-to-exceed authorization amount of $853,500.

BACKGROUND | DISCUSSION | CONSIDERATION
Historically, the IT department has presented to the Board with individual memos for IT hardware and maintenance agreements throughout the year when contractual authorization was needed. Three shortcomings of this approach have become apparent. First, it fails to provide the Board with a holistic view of the IT Department's use of professional services. Secondly, it makes it difficult for the Board to differentiate new services from continuing operations. Finally, it takes up valuable time on Board agendas. Based on the success of issuing two consolidated annual memos in FY 2022, one for professional services and a second for software licensing and maintenance, staff is issuing a third in FY 2023 for hardware and maintenance agreements as there are three items up for re-authorization this upcoming fiscal year.

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

Single-Year Authorization Request	FY 2022 Actuals	FY 2023 Est.[1]	FY 2024 Budget
Cisco SmartNET	$114,933	*$205,135*	$204,300
Cohesity Maintenance	$0	*$31,600*	$33,300
End User Computer Equipment	$261,900	*$342,406*	$454,300
Nimble Maintenance	$0	*$43,224*	$50,200
Single-Year Subtotal	**$376,833**	***$622,365***	**$742,100**

Existing Authorization	FY 2022 Actuals	FY 2023 Est.[1]	FY 2024	FY 2025	FY 2026
Telecommunications & Networking Equipment	$28,700	*$60,800*	$60,800	$60,800	*Re-auth*
Existing Subtotal	**$28,700**	***$60,800***	**$60,800**	**$60,800**	**$0**

	FY 2024	FY 2025	FY 2026
Authorization Requested	**$742,100**	**$0**	**$0**
Combined Total Authorization	*$802,900*	*$60,800*	*$0*

Single-Year Authorization

Cisco SmartNET
Cisco's SmartNET provides ongoing operating and security updates for Valley Metro's network and telephone equipment, next-business-day hardware replacement if a component or device fails, 24x7x365 access to the engineers in Cisco's Technical Assistance Center (TAC), and access to the extensive Cisco.com online knowledgebase, resources, and tools. SmartNET equipment maintenance plans have covered Valley Metro's routers, switches, firewalls, video conferencing equipment, and telephony equipment for over a decade. SmartNET is renewed annually through HyeTech Network and Security Solutions, LLC. and is anticipated to remain roughly flat in FY 2024.

Cohesity Maintenance
This maintenance agreement covers ongoing operating and security updates, next-business-day hardware replacement for failed equipment, and 24x7x365 access to technical support engineers for Valley Metro's secondary data storage. These storage devices are used to hold data for systems that are used regularly but where responsiveness is less of a factor such as vehicle incident videos, service planning modelling data, and information security logs. In FY 2023 the maintenance renewal shifted from a triennial to an annual schedule through Transource Services Corp., with the cost expected to increase 5% in FY 2024.

[1] Items in italics are actuals for FY 2023 Q1 – Q3 plus estimates for Q4

End User Computer Equipment
Valley Metro's IT department purchases most end-user equipment through Dell, Inc. This includes desktops, laptops, tablets, docking stations, monitors, keyboards and mice, headsets, and web cameras. The end user equipment will be purchased annually from Dell directly. A 33% increase is projected for FY 2024 to accommodate the security and operations staff additions for the North-West Phase II extension coming online, an increase in rugged field-capable devices for operations and maintenance staff, and replacement devices for equipment purchased in FY 2020 that is reaching the end of its useful life.

Nimble Maintenance
This maintenance agreement covers ongoing operating and security updates, next-business-day hardware replacement for failed equipment, and 24x7x365 access to technical support engineers for Valley Metro's primary data storage. The initial purchase included five years of maintenance & support coverage, and the time has come to extend those agreements. The maintenance is renewed annually through Hewlett Packard Enterprise with the cost expected to increase 16% as additional components reach the expiration of their initial five-year maintenance & support coverage.

Existing Authorization

Telecommunications & Networking Equipment[2]
This authorizes funds for the purchase, maintenance, support, and software licensing for VoIP phones and minor networking equipment, due primarily to headcount increases and end-of-life replacement.

COST AND BUDGET
The funds for the professional services outlined in this memo are already included in the RPTA and VMR FY 2024 Operating and Capital Budget requests. The currently requested authorization is not to exceed $853,500 in FY 2024. The RPTA portion is $426,750 and the VMR portion is $426,750.

The hardware and maintenance agreements will be procured through various cooperative contracts to ensure a competitively negotiated price and leverage the better volume discounts available through the contracts. If a different vendor on the below list, or a different Procurement-approved cooperative vehicle provided by one of the vendors listed below offers a more advantageous price, that vendor/cooperative vehicle combination may be used to realize those savings.

[2] March 2021 Joint agenda item #04A, updated June 2022 Joint agenda item #04C

Vendor	Cooperative Vehicle	Contract #
Dell	Arizona State Procurement Office	CTR030308-3
Hewlett Packard Enterprise (HPE)	General Services Administration (GSA)	GS-35F-025DA
HyeTech	1 Government Procurement Alliance	22-02PV-08
Transource Services Corp.	Arizona State Procurement Office	CTR030311-2
WorldWide Technologies (WWT)	Arizona State Procurement Office	CTR031229-9

COMMITTEE ACTION
RTAG: May 16, 2023 for information
TMC/RMC: June 7, 2023 approved
Board of Directors: June 22, 2023 for action

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ATTACHMENT
None

Information Summary

DATE
June 15, 2023

AGENDA ITEM 7D

SUBJECT
Authorization to Continue the Purchase of IT Professional Services for FY 2024

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

RECOMMENDATION
Staff recommends that the TMC/RMC forward to the Boards of Directors authorization for the CEO to continue procuring necessary IT professional services. The period of authorization will cover FY 2024 in an amount not to exceed $2,014,100, plus a 15% contingency of $302,200, for a total not-to-exceed authorization amount of $2,316,300.

BACKGROUND | DISCUSSION | CONSIDERATION
In FY 2022 the IT department began presenting all on-going professional services contracts that require authorization in a single annual memo. This approach frees up valuable time on Board agendas, allows the Board to easily differentiate new services from continuing operations, and provides the Board with a holistic view of the Valley Metro IT Department's use of professional services. New initiatives involving professional services requiring authorization continue to be brought to the board individually.

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

Single-Year Authorization Request	FY 2022 Actuals	FY 2023 Est.[1]	FY 2024 Budget
Development Services	$354,350	*$285,100*	$307,600
Digital Accessibility Auditing Services	---	*$28,470*	$30,000
Information Security Program Support	$489,990	*$484,000*	$640,000
Managed Audio/Visual Services	$32,450	*$134,960*	$172,800
Managed Print Services	$101,230	*$95,800*	$95,800
Short-Term Vacancy Mitigation[2]	$196,410	*$545,900*	$545,900
Telecommunications Managed Services	---	*$235,450*	$222,000
Single-Year Subtotal	**$1,174,430**	**$1,809,680**	**$2,014,100**

Existing Authorization	FY 2022 Actuals	FY 2023 Est.[1]	FY 2024	FY 2025	FY 2026
Service Desk, NOC, and Data Center Colocation	$881,180	*$981,200*	$986,700	$1,036,100	$1,043,800
SOC and IR Services	$231,490	*$298,800*	$297,700	$297,700	$297,700
Existing Subtotal	**$1,112,670**	***$1,280,000***	**$1,284,400**	**$1,333,800**	**$1,341,500**

	FY 2023
Requested Authorization	**$2,014,100**
Combined Total Authorization	*$3,298,500*

Information Technology uses professional services in three circumstances:

- When specific technical skills are needed on a less than a full-time basis
- When the service required benefits from economies of scale and can therefore be provided more cost effectively by a larger firm than in-house
- When the need for a service is expected to vary and the use of a contract enables the Valley Metro to match the supply to the demand.

Single-Year Authorization

Development Services

This service allows Valley Metro to optimize costs for web and application development by maintaining a single internal application developer augmented by development services as needed. These services are currently procured through QCM Technologies,

[1] Actuals in this instance includes fiscal year Q1 – Q3 actual spend, but estimated spend for Q4

[2] The Short-Term Vacancy Mitigation was significantly defrayed by $467,670 (86%) in vacancy savings through April

with an anticipated 8% increase in usage from FY 2023 anticipated to provide additional and improved functionality requested by regional stakeholders.

Information Security Program Support
Valley Metro contracts with New Genesis Solutions to provide highly specialized IT security architecture, assessment, and higher-tier support services, allowing the agency to mature our Information Security Program to meet evolving federal cybersecurity compliance requirements tied to FTA funding grants. These services include National Institute of Standards and Technology Cybersecurity Framework (NIST-CSF)[3] alignment assessment and road mapping, supporting the identification and mitigation of organizational risks, and penetration testing and security assessments (network access, cloud services, web applications, etc.). These services are procured annually through QCM Technologies with rates increasing 31% for additional services identified in the FY 2024 Operating & Capital Budget Initiatives.

Digital Accessibility Auditing Services
Valley Metro contracted with Deque in FY 2018 and again in FY 2023 to review the accessibility of the mobile app and website platforms against the Web Content Accessibility Guidelines standard. Further reviews will be required in FY 2024 as new features are added to both the mobile app and website to ensure their accessibility to riders with disabilities, which would exceed the $50,000 over a two-year period authorization threshold. These services are procured through SHI International Corp. with rates anticipated to remain flat through FY 2024.

Managed Audio/Visual Services
Immedia provides design, sourcing and installation services for agency A/V equipment, along with monitoring, proactive maintenance, and priority repair services with a guaranteed two-hour response time. Valley Metro has contracted with Immedia Integrated Technologies for support of the agency's audio/visual systems for the better part of a decade. FY 2023 was the beginning of a two-year refresh cycle, which has proven to be more expensive than anticipated back in FY 2019 due to the economic disruption of the pandemic and the desire for enhanced functionality in those conference spaces. This authorization would replace the final year of the original five-year authorization[4] and this item would then be reauthorized annually going forward. These services are procured directly from Immedia.

Managed Print Services
Valley Metro contracts with Imagine Technologies for maintenance and repair services, parts, and supplies needed to operate the Agency's fleet of printers and copiers. Valley Metro also procures new units through this partnership, along with installation and

[3] In 2020 alignment to the NIST-CSF standard became a federal requirement for agencies that wish to receive federal monies from the Federal Transit Administration (FTA).
[4] August 2019 Joint agenda item #04A

configuration services for large multi-function printers. With the initial five-year contract[5] ending in FY 2023, this has shifted to an annual renewal. These services are procured directly from Imagine Technologies with rates anticipated to remain flat next year.

Short-Term Vacancy Mitigation
IT continues to be a hot job market and competes directly with the private sector. As a result, some turn-over is inevitable. In FY 2023 the IT department experienced a 22% turnover rate, an average time-to-fill of a little under 6 months, and an average vacancy rate over the period of 16%[6], resulting in vacancy savings of $476,670 through April which has covered 86% of the cost of backfilling roles with contractors. When a vacancy occurs in a key technical role, Valley Metro's small IT team frequently lacks the depth to cover for that vacancy internally. As a result, a contractor must be engaged to maintain operations while a replacement is recruited and hired. This item would allow Valley Metro to cover up to two high- and three low-level vacancies for six months in FY 2024. These services would be procured as needed through existing cooperative contracts with QCM Technologies or Acro Service Corporation.

Telecommunications Managed Services[7]
Valley Metro contracts with Hye Tech Network & Security Solutions, LLC to provide managed networking and telephony services. Hye Tech provides a team of experts with a wide range of skills available 24x7x365 including proactive monitoring and alerting. This approach is preferable to achieving the same scope of coverage by adding multiple staff FTEs as it provides greater support and skill set availability at a lower cost. These services are procured directly from Hye Tech and are anticipated to be about 5% lower after the initial year of onboarding.

<u>Existing Authorization</u>

Service Desk, Network Operations Center (NOC), and Data Center Colocation[8]
The Service Desk provides the primary point of contact for all IT incidents and service requests for more than 520 users and 2,000 devices at 11 sites across the valley. This service currently includes 24x7x365 on-call service with a one-hour response time guarantee, remote status monitoring and alerting for servers and end-user devices, a suite of tools for remote access and diagnostics for all end user devices, and server space at the Aligned Energy data center in north Phoenix.

Security Operations Center (SOC) and Incident Response (IR) Services[9]
Valley Metro contracts with Avertium to provide 24x7x365 cybersecurity monitoring, alerting, and first-tier incident response for the agency's IT systems.

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[5] May 2018 Joint agenda item #06
[6] Figures determined using calculations drawn from the Society for Human Resource Management website
[7] Originally authorized by October 2022 Joint agenda item #06B
[8] May 2021 Joint agenda item #06
[9] March 2021 Joint agenda item #04C

COST AND BUDGET
The funds for the professional services outlined in this memo are already included in the RPTA and VMR FY 2024 Operating and Capital Budget requests and the accompanying five-year budget projections (FY 2025 – FY 2028). The currently requested authorization is not to exceed $2,316,300 over the next five years. A larger than usual 15% contingency has been included due to the volatile nature of inflation and the current job market. The RPTA portion is $1,158,150 and the VMR portion is $1,158,150.

The professional services will be procured through various cooperative contracts to ensure a competitively negotiated price and leverage the better volume discounts available through the contracts. If a different combination of vendor and Procurement-approved cooperative contract vehicle is identified that offers more advantageous pricing or better performance, that vendor/cooperative vehicle combination may be used in place of those listed below in order to realize that value.

Vendor	Cooperative Vehicle	Contract #
Acro Service Corporation	Arizona State Procurement Office	CTR060284
Hye Tech	Arizona State Procurement Office	CTR059868
Imagine Technologies	Arizona State Procurement Office	ADSPO18-216034
Immedia	Arizona State Procurement Office	ADSPO17-184595
QCM Technologies	Mohave Education Service Cooperative	18N-QCM-0130
SHI	Omnia Partners	2018011-02

COMMITTEE ACTION
RTAG: May 16, 2023 for information
TMC/RMC: June 7, 2023 approved
Board of Directors: June 22, 2022 for action

CONTACT
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ATTACHMENT
None

Information Summary

DATE **AGENDA ITEM 7E**
June 15, 2023

SUBJECT
Authorization to Continue the Purchase of Software Subscriptions and Maintenance Agreements in FY 2024

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

RECOMMENDATION
Staff recommends that the TMC/RMC forward to the Boards of Directors authorization for the CEO to continue procuring necessary software subscriptions and maintenance agreements. The period of authorization will cover FY 2024 – FY 2026 in an amount not to exceed $1,747,580, plus a 15% contingency of $262,140, for a total not-to-exceed authorization amount of $2,009,720.

BACKGROUND | DISCUSSION | CONSIDERATION
In FY 2023 the IT department began presenting all on-going software subscriptions and maintenance agreements that require authorization in a single annual memo. This approach frees up valuable time on Board agendas, allows the Board to easily differentiate new services from continuing operations, and provides the Board with a holistic view of Valley Metro's use of software. New initiatives involving software subscriptions or software maintenance agreements requiring authorization continue to be brought to the board individually.

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

Single-Year Authorization Request	FY 2022 Actuals	FY 2023 Est.[1]	FY 2024 Budget
Adobe Suite	$56,192	*$46,353*	$47,700
Asana	$26,794	*$28,535*	$30,200
Automated Speech Recognition[RPTA]	$43,915	*$48,447*	$51,000
Customer Assistance System[RPTA]	$51,583	*$52,164*	$51,600
Demisto	$0	*$0*	$78,000
Google Maps APIs[RPTA]	$55,204	*$44,951*	$87,000
Keboola	$49,148	*$49,285*	$59,780
LastPass	$30,944	*$19,277*	$31,900
Manage Engine	$44,008	*$69,660*	$73,400
NextRide[RPTA]	$63,600	*$63,600*	$63,600
Oracle Aconex[VMR]	$309,224	*$393,892*	$435,800
Oracle Primavera[VMR]	$32,514	*$33,427*	$32,800
Procureware	$42,029	*$30,973*	$30,500
Tableau	$43,292	*$46,486*	$58,400
Tenable.io	$43,165	*$43,165*	$58,700
Trapeze ATIS[RPTA]	$114,695	*$120,659*	$200,000
Veeam	$39,130	*$37,585*	$40,400
VMware	$38,059	*$23,908*	$39,600
Workfront[RPTA]	$24,312	*$24,312*	$25,800
Workiva	$36,900	*$38,749*	$40,800
Single-Year Subtotal	**$1,144,708**	***$1,215,428***	**$1,536,980**

Multi-Year Authorization Request	FY 2022 Actuals	FY 2023 Est.[1]	FY 2024 Budget	FY 2025 Request	FY 2026 Request
Remix	$62,110	*$62,112*	$70,200	$70,200	$70,200
Multi-Year Subtotal	**$62,110**	**$62,112**	**$70,200**	**$70,200**	**$70,200**

Existing Authorization	FY 2022 Actuals	FY 2023 Est.[1]	FY 2024	FY 2025	FY 2026
Eleveo[RPTA]	$0	*$159,590*	$0	$0	*Re-auth*
Cisco Collab. Flex Plan	$0	*$144,617*	$0	$0	*Re-auth*
Cisco Security EA	$229,425	*$229,425*	$250,700	$258,300	*Re-auth*
Esri GIS EA	$82,338	*$103,170*	$102,900	*Re-auth*	
Microsoft EA	$272,394	*$430,471*	$490,800	$515,400	*Re-auth*
Oracle ERP	$228,541	*$314,030*	$303,600	*Re-auth*	
Trapeze EAM[VMR]	$308,294	*$331,183*	$322,600	*Re-auth*	
Trapeze PASS[RPTA]	$129,100	*$402,100*	$256,700	*Re-auth*	

[1] The “FY23 Actuals” column is Q1 – Q3 actuals plus Q4 estimates

Twilio SMS Short Code[RPTA]	$32,537	*$28,872*	$125,200	*Re-auth*	
Existing Subtotal	**$1,282,629**	**$2,143,458**	**$1,852,500**	**$773,700**	**$0**

Total Resulting Authorization	FY 2024	FY 2025	FY 2026
FY 2024 Authorization Request	**$1,607,180**	**$70,200**	**$70,200**
Pre-existing Authorization	*$1,852,500*	*$773,700*	*$0*
Resulting Combined Total Authorization	***$3,459,680***	***$843,900***	***$70,200***

Single-Year Authorization

Adobe Suited
The Adobe Suite is a collection of 20+ applications and services used by staff in various departments[2] to create print and digital media (photos, videos, digital documents, web content, social media content, brochures, posters, signage, advertising, etc.). One component, Adobe Document Cloud, is used agency-wide for creating and editing PDF files, publishing digital forms, and signing documents electronically. The Adobe Suite is procured annually through SHI International Corp., with costs anticipated to increase 3% in FY 2024.

Alesig Customer Assistance System (CAS)
Valley Metro's Customer Service team uses Alesig's CAS software to record, track, share, process, and report on customer complaints. CAS is shifting from an existing three-year contract ending in FY 2023 to an annual renewal, and is purchased directly from Alesig Consulting, LLC with costs expected to remain roughly flat in FY 2024.

Asana
Asana is used by staff in various departments[3] to assign, track, and manage tasks and projects. Asana is procured annually through SHI International Corp., with a 6% anticipated cost increase in FY 2024.

Automated Speech Recognition (ASR)[4]
Google's ASR services allow the Regional Customer Service Call Center to handle 40% of basic customer inquiries directly without requiring the involvement of a Customer Service Representative (CSR), saving man-hours equivalent to just under 9 FTE annually over the last three years on average. Google's ASR services and support by Workflow Concepts is procured through SHI International Corp, with costs anticipated to increase 5% in FY 2024.

[2] Marketing, Communications, Community Relations, and Graphic Design
[3] IT, Administrative Support Services & Project Management, Human Resources, Community Relations, and the Transit Asset Management group in Operations among others
[4] Initially approved as January 2023 RPTA agenda item #01C

Demisto
Valley Metro's Information Security team uses Demisto as their ticketing system to track incident and investigation status. Demisto also allows the automation of various tasks such as threat intelligence lookup that significantly reduce the man-hours required each month for certain repetitive processes such as reviewing and assessing reported phishing emails. Demisto was originally procured for a three-year period through CDW-G and is now shifting to an annual renewal schedule.

Google Maps APIs
Google Maps APIs are the core technology behind the trip planning features of our website. This service is shifting from an existing five-year contract to an annual renewal schedule. API access is procured through CDW-G and usage has the potential to almost double in FY 2024 as riders return and new online features and fares are introduced, driving more traffic to the website. While usage credits are purchased up front, any credits not used in FY 2024 will roll over into FY 2025.

Keboola
Valley Metro's Business Intelligence team uses Keboola to identify, locate, and pull together all data relevant to the agency's business from both Valley Metro and third-party sources, manage the data load and organize it into a standard structure, and then push that data into the agency's data warehouse. This software is shifting from an existing three-year contract to an annual renewal schedule. Keboola is procured through CDW-G with costs anticipated to grow 21% in FY 2024 due to changes in the pricing model combined with accelerating growth in the use of the data warehouse.

LastPass
Valley Metro's enterprise password manager, staff use LastPass to create, store, and organize their logins to websites, applications, and services that do not support single-sign-on with their Valley Metro credentials. This solution also allows IT to monitor password policy compliance, reset and update third-party passwords, and manage shared accounts that have multiple users in support of maintaining compliance with the FTA-mandated NIST-CSF[5] Access Management standards. LastPass is procured annually through SHI International Corp., and FY 2024 renewal costs potentially increasing up to 65% as adoption spreads and new staff are onboarded.

Manage Engine
ManageEngine is a suite of tools used by IT for various service management tasks including to assign and track service requests, trouble tickets, and changes, identify underlying problems driving multiple tickets, manage assets, mobile devices, user accounts, and user access, monitor networks, deploy and update software automatically and remotely, secure third-party browsers like Chrome and Firefox, and perform security auditing. ManageEngine is procured annually through Northwind Ventures, Inc., with FY 2024 costs anticipated to be 5% higher.

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

NextRide
The NextRide platform provides customers with real-time next arrival times for any selected station via SMS text, phone (IVR), and the website. Nextride is shifting from an existing three-year contract ending in FY 2023 to an annual renewal, and is purchased directly from Alesig Consulting, LLC with cost expected to remain roughly flat in FY 2024.

Oracle Aconex
Capital Development uses Aconex as their project control, process control, document management, and backup solution for Valley Metro's capital projects. Oracle Aconex is shifting from an existing seven-year contract ending in December 2023 to an annual renewal, and is purchased through DLT Solutions, LLC. Renewal costs are expected to increase 11% in FY 2024 due to ongoing capital projects continuing to generate new documentation requiring additional storage.

Oracle Primavera
Capital Development uses Oracle's P6 Enterprise and Primavera Cloud solutions' project management, scheduling, risk analysis, resource management and program management capabilities to manage Valley Metro's portfolio of capital projects. Oracle Primavera is procured annually through Mythics, an Oracle Platinum Partner, with FY 2024 renewal costs anticipated to be roughly flat.

Procureware
Procureware is the legacy procurement and contract management system pre-dating the Oracle ERP system. Contracts & Procurement requires continued access to certain components of the legacy system until some outstanding extensions to and integrations with the Oracle ERP system can be completed. Procureware is purchased directly from Bentley Systems, Inc. and retaining only the necessary parts has reduced the cost 30%.

Tableau
Tableau is a reporting and analytics platform used by Valley Metro's Business Intelligence team to produce custom reports, dashboards, and data visualizations, and share those with external partner agency staff. Tableau is procured through CDW-G with costs anticipated to grow 25% in FY 2024 due to accelerating growth in the usage of reports and dashboards across the organization.

Tenable.io
Valley Metro's Information Security team has used Tenable products to detect, track, and confirm remediation of vulnerabilities across Valley Metro's information systems since 2019. Tenable.io is procured annually through CDW-G, with FY 2024 renewal costs anticipated to increase as much as 36% due to a combination of price increases and the need to expand coverage to additional systems, potentially including Operational Technology (OT) systems in support of Maintenance of Way.

Trapeze Automated Transit Information System (ATIS)
Customer Service utilizes ATIS to provide over-the-phone trip planning and information services to customers. ATIS reached the end of a ten-year contract in FY 2023 and is shifting to an annual renewal schedule pending sourcing a replacement. ATIS is procured directly from Trapeze as a sole source, proprietary solution. The 66% increase in FY 2024 is to allow for costs associated with selection and implementation of a replacement solution.

Veeam
Veeam is Valley Metro's backup and disaster recovery solution. Veeam is procured annually through CDW-G, with FY 2024 renewal costs anticipated to increase by 7% as the number of systems and amount of data being backed up continues to grow.

VMware
VMware is Valley Metro's server virtualization platform, allowing the IT department to run 206 virtual servers and appliances while only needing to procure and maintain 14 physical machines. VMware is procured annually through CDW-G, with costs in FY 2024 expected to be 65% higher due to an extended lease period intended to co-term multiple subscriptions coming up for regular annual renewal going forward.

Workfront
Workfront is the job management software used by Valley Metro's Marketing team to intake, track, assign, collaboratively proof, and measure the cycle time of its production tasks and campaigns. Workfront is procured annually through SHI International Corp., with renewal costs anticipated to increase 6%.

Workiva
Finance uses this software to produce the Comprehensive Annual Financial Reports (CAFR) for both RPTA and VMR. Workiva is procured annually through SHI International Corp, with renewal costs anticipated to increase 5% in FY 2024.

<u>Multi-Year Authorization</u>

Remix
Remix allows Service Planning to perform on-the-fly route design as well as the modification of existing transit routes in order to create complex service planning scenarios and communicate those scenarios visually, quickly, and simply to elected officials, member agency staff, stakeholders, and the public. Remix is procured triennially and paid for annually, and renewal costs for the next three-year period are anticipated to increase 13% due to inflation.

Existing Authorization

Cisco Collaboration Flex Plan[6]
Cisco's Collaboration Flex Plan covers the licensing for Valley Metro's phone system, Webex Meetings teleconferencing platform, and the Webex Teams instant messaging and collaboration platform. The Cisco Flex Plan is procured triennially.

Cisco Security Enterprise Agreement[7] *(EA)*
Valley Metro uses the following Cisco products as part of its "defense in depth" cybersecurity stance: firewalls, advanced endpoint detection and response, virtual private network, multi-factor authentication, network access policy enforcement, enterprise network security for remote users and sites, web security and content management, email security and malware threat defense, and threat intelligence and analysis.

Eleveo[6]
Valley Metro's Customer Service team uses Eleveo in the regional call center for agent scheduling, quality assurance, and performance reporting. Several other groups[8] also make use of Eleveo for quality assurance and call recording in situations where the conversation may become relevant in law enforcement or legal actions. Eleveo is procured and paid triennially, and replaced the former solution, Calabrio, in FY 2023.

Esri Geographical Information Systems (GIS) Enterprise Agreement[9]
GIS is a suite of software programs for organizing and displaying information on maps. Valley Metro uses GIS throughout its processes from planning and design through survey and construction management to operations and maintenance to facilitate greater efficiency and informed decision making. GIS is used to inform, monitor, and manage transportation planning. It aids in determining capacity enhancements, operational improvements, and identifying strategic investments to keep the transit system running optimally. In addition, essential economic, demographic, and cost estimate data can be quickly provided and analyzed for planning new routes or analyzing existing routes.

Microsoft Enterprise Agreement (EA)[6]
This three-year software agreement provides Valley Metro with office productivity software (Microsoft Office), project management software, flowcharting and diagramming software, email and calendaring software, database system software, online document collaboration, secure file sharing, secure public-facing application publishing, application single-sign-on, long-term off-site backup storage, and desktop and server operating systems. The Microsoft EA is procured triennially but paid annually.

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[6] May 2023 Joint agenda item #04E
[7] October 2020 Joint agenda item #06B
[8] Accessible Transit Services, Transit Security, and the Bus Operations Control Centers at EVBOM and MTF
[9] May 2021 Joint agenda item #05

Oracle Enterprise Resource Planning (ERP)[10]
Oracle ERP is Valley Metro's tool for managing day-to-day business activities including accounting, budget, capital project management, human resources, learning management, payroll, and procurement.

Trapeze Enterprise Asset Management (EAM)[10]
Trapeze EAM is Valley Metro's tool for managing the maintenance of the agency's physical assets (e.g., buses, light rail vehicles, facilities, track, etc.) throughout each asset's lifecycle.

Trapeze PASS[11]
PASS is used by Accessible Transit Services to manage Paratransit eligibility certification, as well as the scheduling and dispatch of trips. Functionality was added in FY 2023 to allow for automatic notification and reminders to passengers for scheduled trips, as well as online and mobile scheduling and payments.

Twilio[12]
Twilio's cloud communications platform-as-a-service provides valley metro with a 5-digit short code through which Valley Metro may communicate with the ridership using SMS messaging. This functionality enables customers who can't or won't install Valley Metro's mobile apps to communicate with the NextRide and AlertVM platforms using SMS text messaging, as well as to receive notifications and route alerts from the RideText SMS alert system.

COST AND BUDGET
The funds for the software licensing and support outlined in this memo are already included in the RPTA and VMR FY 2024 Operating and Capital Budget requests and are included in the accompanying five-year budget projections (FY 2025 – FY 2028). A 15% contingency is included due to the unusually high rate of inflation over the past year, as most of the quotes this memo is based will no longer be valid when the renewals occur. The currently requested authorization is not to exceed $2,009,720 over the next three years. The RPTA portion is $1,010,840 and the VMR portion is $998,880.

The software subscriptions and maintenance agreements will be procured through the vendors and cooperative contracts listed below to ensure a competitively negotiated price and leverage the better volume discounts available through the contracts. If a different vendor on the below list, or a different Procurement-approved cooperative vehicle provided by one of the vendors listed below offers a more advantageous price, that vendor/cooperative vehicle combination may be used to realize those savings.

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[10] October 2018 RPTA agenda item #03B (HRIS) & June 2020 Joint agenda item #09 (ERP, EAM)
[11] May 2020 RPTA agenda item #03C, funding for additional modules added in September 2022 RPTA agenda item #04 and February 2023 RPTA agenda item #01C
[12] May 2019 Joint agenda item #04E

Vendor	Cooperative Vehicle	Contract #
Alesig Consulting, LLC	GSA Schedule 70	GS-35F-0576W
Bently Systems, Inc.	GSA Schedule 70	GS-35F-0119Y
CDW-G	Arizona State Procurement Office	CTR031739-2
DLT Solutions, LLC	US Communities	180233
HyeTech	1 Government Procurement Alliance	22-02PV-08
Northwind Ventures, Inc.	GSA Schedule 70	47QTCA19D009H
Oracle Corporation	Arizona State Procurement Office	CTR031342-5
SHI International Corp.	Arizona State Procurement Office	CTR046099
SHI International Corp.	OMNIA Partners	2018011-02

COMMITTEE ACTION
RTAG: May 16, 2023 for information
TMC/RMC: June 7, 2023 approved
Board of Directors: June 22, 2023 for action

CONTACT
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ATTACHMENT
None

Information Summary

DATE **AGENDA ITEM 8**
June 15, 2023

SUBJECT
Proposed Fare Policy Changes

PURPOSE
To review proposed fare policy changes in advance of fare collection system modernization improvements.

RECOMMENDATION
This item is presented for information only.

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

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

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

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

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

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

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

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

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

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

Public Outreach Process
Staff will conduct public outreach this summer and early fall to gather feedback on the proposed fare policy changes related to fare capping and the reduced fare ID requirement. The public outreach process will include a public hearing, stakeholder outreach, surveying and digital marketing. Concurrently, staff will also be soliciting input for the Comprehensive Fare Study requested by the Board in February 2023. In addition, staff is finalizing a Title VI Fare Equity analysis to determine whether any of the January 2024 proposed fare policy changes have a disparate impact on low income or minority populations. The results of the Title VI Fare Equity analysis, along with public feedback, will be brought to the Board in late fall with a request for formal action on the fare policy changes.

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

COMMITTEE PROCESS
Fare Policy Working Group: June 5, 2023 for information
TMC/RMC: June 7, 2023 for information
Boards of Directors: June 22, 2023 for information

CONTACT
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ATTACHMENT
PROPOSED Fare Policy

VALLEY METRO REGIONAL PUBLIC TRANSIT FARE POLICY AND UNIFORM FARE STRUCTURE

FARE STRUCTURE

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

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

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

Full Fare

Fare Type	Fare Structure	Fare Policy Rules/Multiples
LOCAL - BUS and LIGHT RAIL		
1-Ride	$2.00	Base 1-Ride fare for Bus or Light Rail
1-Day*	$4.00	2 x base fare
Weekly (Monday-Sunday)*	$20.00	5 x 1-Day
7-Day**	$20.00	5 x 1-Day
15-Day	Discontinued	
Monthly (Calendar)*	$64.00	32 x local base fare
31-Day**	$64.00	32 x local base fare
EXPRESS/RAPID		
1-Ride	$3.25	Base 1-Ride fare for Express/RAPID
1-Day*	$6.50	2 x Express/RAPID 1-ride fare
Monthly (Calendar)*	$104.00	32 x Express/RAPID 1-ride fare
31-Day**	$104.00	32 x Express/RAPID 1-ride fare
STREETCAR		
1-Ride	$1.00	Base 1-Ride fare for Streetcar

Reduced Fare

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

* These multi-ride passes will be provided through fare capping. The 1-Day passes may also be issued to Corporate/special programs.
** For Corporate/special programs only.

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

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

To earn multi-ride passes via fare capping, customers are required to use a Valley Metro Copper card, subject to applicable one-time card issuance charge, or mobile fare.

Fare Capping

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

	Full Fare Local Bus/Light Rail/Streetcar	Reduced Fare Local Bus/Light Rail/Streetcar	Express/RAPID
Daily Cap	$4.00	$2.00	$6.50
Weekly Cap (Mon-Sun)	$20.00	$10.00	N/A

Monthly Cap (calendar month)	$64.00	$32.00	$104.00

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

Reduced Fares

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

No Reduced Fare is offered on Express/RAPID.

Free Fare

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

Changes in Fare Structure

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

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

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

PROGRAMS

Semester Passes – Regional Local Bus and Light Rail

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

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

Platinum Pass Program

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

Homeless Provider Program

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

Arizona State University (ASU) U-Pass Program

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

Ticket Partnership Program

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

Group Field Trip Program

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

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

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

Rural Route Fare

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

Special Event Pass Program

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

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

Private Outlets

Private Sales Outlets are able to sell or offer fare media to their employees, students or clients. Private Outlets are provided with Transit Books and other marketing materials to help promote the sale of passes.

REFUNDS

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

VALLEY METRO PARATRANSIT (DIAL-A-RIDE)

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

ADA Paratransit (Dial-a-Ride)

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

ADA Platinum Pass Program

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

City of Phoenix Monthly Dial-a-Ride Pass

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

Non-ADA Paratransit (Dial-a-Ride)

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

Fare Collection System Modernization Project Fare Policy Update & Public Participation Plan

June 2023

1

FCSM Project Background

VALLEY METRO RAIL
VALLEY METRO

2

2

Fare Collection System Modernization

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

incomm

VIX

VALLEY METRO

City of Phoenix
PUBLIC TRANSIT DEPARTMENT

Federal Transit Administration

VALLEY METRO

3

Key Project Milestones

- **July 2021:** Expedited mobile app
- **February 2023:** Mobile fare (Phase I)
- **Mid 2023:** Reduced fare web application (Phase I.5)
- **Early 2024:** Reloadable fare cards (Phase II)

4

VALLEY METRO

4

What's Coming in 2024

- Account-based fare website
- Reloadable fare cards
- New fare vending machines
- Fare capping
- Updated retail network
- New fareboxes on buses

5

Fare Policy
Outreach & Public Participation

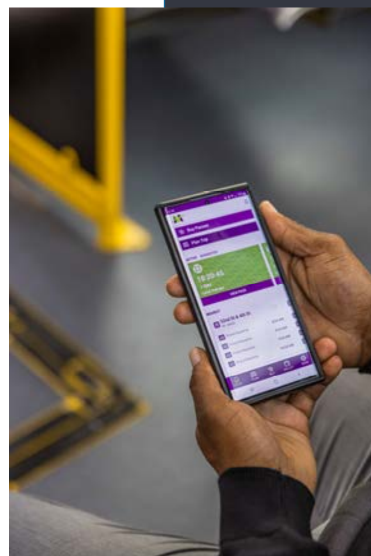
VALLEY METRO RAIL | VALLEY METRO

6

6

Fare Policy Changes

- Effective with Phase II launch
- New FCS requires an update of the fare policy:
  - Fare capping
  - Reduced fare account requirement
  - Base fare – **no change**



7

VALLEY METRO 7

7

Fare Capping – How Does It Work?

Monthly Pass - $64
Unlimited rides for month

$60 Savings to Rider

Day Pass - $4
Unlimited rides for day
$124 in day passes for same period

Monthly Cap Met
16 Day Pass x $4 = $64

8

VALLEY METRO

8

Proposed Fare Caps

- Capping price points match pass price points in effect today
- Pass periods become calendar-based:
  - 7-Day --> Monday-Sunday
  - 31-Day --> January, February, etc.
  - 15-Day is eliminated

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

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

VALLEY METRO 9

9

Reduced Fare Account

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

10

VALLEY METRO 10

10

New Fare Cards

Copper Card

Reduced Fare Copper Card

Platinum Card

11

VALLEY METRO 11

11

Fare Policy Public Participation Plan

Outreach activity to take place in Aug. – Sept.

Required Elements:
- Public hearing
- 30-day comment period

Audiences:
- Regional riders
- Reduced fare customers

Additional Tactics:
- Virtual/call-in meetings
- Survey feedback
- Email outreach
- Social media targeting
- Key stakeholder groups

12

VALLEY METRO

12

Status & Next Steps

June – for information

August – Early September – outreach period

September Working Groups

- Fare Policy Working Group
- Valley Metro Accessible Advisory Group
- Service Planning Working Group
- Regional Transit Advisory Group

October Committee and Boards

- TMC/RMC
- Audit and Finance Subcommittee
- Joint Boards

13

13

14

Information Summary

DATE **AGENDA ITEM 9**
June 15, 2023

SUBJECT
Travel, Expenditures and Solicitations

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

RECOMMENDATION
This item is presented for information only.

BACKGROUND | DISCUSSION | CONSIDERATION
None

COST AND BUDGET
None

COMMITTEE PROCESS
None

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

Valley Metro
Travel Reimbursement Report
For Travel Completion Dates
4/1/23 through 4/30/23

Job Title	Purpose of Travel	Location	Dates Traveled	Total Travel Cost	Airfare	Other Transport	Lodging	Meals	Misc.
Deputy Director Maintenance	Community Streetcar Coalition Summit	Oklahoma City, OK	4/2/23-4/5/23	$1,449.17	$505.81	$98.00	$681.36	$164.00	
Superintendent LRV Maintenance	Community Streetcar Coalition Summit	Oklahoma City, OK	4/2/23-4/5/23	$1,411.17	$505.81		$681.36	$164.00	$60.00 [1]
Transit Asset Mgmt Coordinator	Think Transit - Trapeze Conference	Nashville, TN	4/2/23-4/6/23	$2,225.46	$596.80		$1,250.08	$241.50	$137.08 [2]
Director, Capital Development	Community Streetcar Coalition Summit	Oklahoma City, OK	4/1/23-4/5/23	$1,392.07	$405.80	$76.96	$697.31	$212.00	
Deputy Director, Service Planning	Mpact Steering Committee Qtrly Mtg	Oakland, CA	2/5/23-2/8/23	$1,165.59	$317.45	$25.53	$563.61	$259.00	

Total this reporting period $7,643.46

Year to Date **$90,120.24**

Report reflects Out of State (AZ) Travel

** Misc*
[1] Taxi
[2] Uber

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

Payment Number	Date	Supplier or Party Name	Transaction Description	Amount
10001331	4/13/2023	First Transit Inc	Monthly Transit Services	5,958,751.63
10001367	4/28/2023	City of Phoenix	Fixed Route Bus Service	3,062,315.06
10001317	4/7/2023	Transdev Services Inc	General Paratransit Service	1,265,313.79
90000165	4/20/2023	ADP LLC	PPE 4/16/2023 Payroll Liabilities	1,075,362.01
90000162	4/7/2023	ADP LLC	PPE 4/02/2023 Payroll Liabilities	1,023,631.96
1001490	4/20/2023	Schetky Northwest Sales Inc	Diamond Coach VIP 2000	724,389.36
10001361	4/28/2023	ETC Institute	2023 Origin and Destination Study	544,493.08
10001359	4/28/2023	Creative Software Solutions LLC	Ridechoice Management Services	507,974.92
90000164	4/20/2023	Cigna Health and Life Insurance Company	Health Insurance Premiums	471,309.09
90000163	4/20/2023	ASRS	PPE 4/16/23 ASRS Contributions & LTD	274,912.30
90000161	4/7/2023	ASRS	PPE 4/02/23 ASRS Contributions & LTD	274,020.80
10001315	4/7/2023	Scheidt & Bachmann USA Inc	Hardware and Software Maintenance Support	189,681.09
10001341	4/20/2023	101 North First Ave LLC	101 Building Rent	185,266.59
90000172	4/30/2023	Surepays	RPTA Monthly Utilities	167,258.32
10001306	4/7/2023	Creative Software Solutions LLC	Ridechoice Management Services	164,619.39
1001445	4/7/2023	Hye Tech Network & Security Solutions L	Technology and Audio/Visual Solutions	144,616.69
10001356	4/28/2023	MTM Transit LLC	Paratransit Eligibility Assessment	141,136.09
10001345	4/20/2023	Second Generation Inc	Monthly Rural Connector Services	138,765.59
10001343	4/20/2023	HDR Engineering Inc	Planning and Community Relations Support Services	123,042.67
10001316	4/7/2023	Second Generation Inc	Monthly Rural Connector Services	121,688.20
10001352	4/28/2023	ACRO Service Corporation	Staffing Services	108,873.65
10001346	4/20/2023	URW LLC	Landscape Maintenance Services	107,395.63
1001487	4/20/2023	QCM Technologies Inc	Information Security Program Support	102,844.09
10001350	4/20/2023	WSP USA Inc	Project Development Support	98,152.29
10001326	4/13/2023	ACRO Service Corporation	Staffing Services	92,932.95
10001338	4/13/2023	Senergy Petroleum LLC	Bulk Fuel	77,735.15
90000166	4/28/2023	Wells Fargo Bank	Monthly Credit Card Charges	76,025.07
1001476	4/13/2023	Entertainment Solutions of Arizona Inc	Special Events Management Services	39,833.25

10001334	4/13/2023	Immedia LLC	Audio-Visual Equipment and Services	39,766.35
10001309	4/7/2023	Enterprise Rideshare	Van Pool Services	36,201.62
1001459	4/7/2023	True North Consulting Group LLC	Cybersecurity Products and Services	35,150.00
1001463	4/13/2023	Hye Tech Network & Security Solutions L	Technology and Audio/Visual Solutions	35,074.00
1001505	4/28/2023	Sanderson Ford Inc	Non-Revenue Vehicle for Bus Safety	33,061.25
10001322	4/7/2023	Senergy Petroleum LLC	Bulk Fuel	28,861.57
10001319	4/7/2023	Dell Marketing LP	Computer hardware and equipment	27,853.09
10001302	4/7/2023	ACRO Service Corporation	Staffing Services	26,180.00
				17,524,488.59

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

Payment Number	Date	Supplier or Party Name	Transaction Description	Amount
50001144	4/7/2023	Kiewit Infrastructure West Co.	CMAR Services for South Central-Downtown Hub	15,704,543.04
50001196	4/28/2023	Kiewit Infrastructure West Co.	CMAR Services for South Central-Downtown Hub	11,002,686.45
50001157	4/13/2023	Kiewit-McCarthy, a Joint Venture	CMAR Services for Northwest Phase II	9,189,011.97
50001162	4/13/2023	Siemens Mobility	Light Rail Vehicles	2,021,173.17
50001135	4/7/2023	Alternate Concepts Inc	Transportation Services	1,275,482.41
50001187	4/28/2023	Allied Universal Security Services	Fare Inspection and Security Services	739,174.30
50001203	4/28/2023	Siemens Mobility	Light Rail Vehicles	528,561.78
50001140	4/7/2023	Builders Guild Inc	Construction Services - JOC	358,525.23
90000022	4/30/2023	Surepays	VMR Monthly Utilities	349,988.78
50001185	4/28/2023	AECOM Technical Services Inc	Design Services for South Central-Downtown Hub	265,258.21
50001194	4/28/2023	HDR Engineering Inc	Project Development Support	212,910.20
50001160	4/13/2023	Prestamos CDFI LLC	Small Business Financial Assistance Program	204,590.12
50001143	4/7/2023	HDR Engineering Inc	Project Development Support	117,565.35
50001188	4/28/2023	ARCADIS	Consulting Support Services	94,520.43
50001186	4/28/2023	Alliant Insurance Services Inc	Insurance premium for new LRVs	88,746.30
50001190	4/28/2023	Brookville Equipment Corp	Streetcar Vehicle	84,695.16
50001152	4/13/2023	DLT Solutions LLC	Aconex Project Control System	77,306.10
5001668	4/28/2023	Susan Zoccola LLC	NWEII - Public Art-Fabrication / Install	75,000.00
50001202	4/28/2023	City of Phoenix	Quarterly Wireless Billing	64,890.04
5001602	4/7/2023	Peter Goldlust	NWEII - Public Art-Fabrication / Install	64,473.00
50001138	4/7/2023	ARCADIS	Consulting Support Services	62,351.31
50001178	4/20/2023	Prestamos CDFI LLC	Small Business Financial Assistance Program	61,360.12
5001629	4/13/2023	Mary K Lucking	NWEII - Public Art-Fabrication / Install	60,000.00
5001658	4/28/2023	Aphidoidea LLC	Downtown Transfer Hub - Public Art-Fabrication / Install	58,352.00
50001174	4/20/2023	George Bates Studio	SCE - Public Art-Fabrication / Install	58,324.00
5001670	4/28/2023	Smith-Emery Laboratories Inc	Rail Testing	52,500.00
50001179	4/20/2023	City of Phoenix	Fare Handling Fee	47,552.00
50001149	4/13/2023	Award Winning Restorations	Light Rail Vehicle Painting	46,510.24
50001172	4/20/2023	Builders Guild Inc	Construction Services - JOC	40,815.03
50001150	4/13/2023	Brookville Equipment Corp	Streetcar Vehicle	40,223.55
50001163	4/13/2023	Integrated Power Services LLC	Repair Traction Motor	34,680.72

50001176	4/20/2023	Siemens Mobility	Light Rail Vehicles-Software	33,669.06
50001134	4/7/2023	AECOM Technical Services Inc	Project Development Support	32,888.09
5001604	4/7/2023	Riddle Painting & Coatings Company	Paint Safety Stripe	30,160.00
5001634	4/20/2023	Aphidoidea LLC	Downtown Transfer Hub - Public Art-Fabrication / Install	25,650.00
				43,204,138.16

Procurement Report
for June 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										
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**
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**
Lori N	RPTA	RFP	Vanpool Services	Yes	May 2023	TBD	TBD	TBD	5 years	Pending City of Phoenix Approval
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	Solicitation Issued
Jennifer H	Joint	RFQ	Job Order Contracting (JOC) - Miscellaneous Construction Services	Yes	May 2023	June 2023	September 2023	$20,000,000.00	3 years + 2 options	SOW Development
Jennifer H	RPTA	RFP	Autonomous Vehicle Research Services	No	May 2023	June 2023	September 2023	$250,000.00	2 years + 3 options	Solicitation Issued
Chris B	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	Pending Board Approval
Chris B	VMR	Sole Source	LRV Truck Rebuild	Yes	N/A	N/A	TBD	$414,289.00	TBD	SOW Development
Chris B	VMR	RFP	LRV Air Compressors	No	June 2023	TBD	TBD	TBD	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 Fixed 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
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**
June 22, 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

COMMITTEE PROCESS
None

CONTACT
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Chief Executive Officer
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ATTACHMENT
None.

Pending Items Request

Item Requested	Date Requested	Planned Follow-up Date

Agenda

June 15, 2023

Valley Metro RPTA
Thursday, June 22, 2023
Boardroom/Webex
Valley Metro, 101 N. 1st Avenue, 10th Floor
11:15 a.m.
(Directly following the Board Study Session)

Action Recommended

CONSENT AGENDA

1A.	Minutes	1A.	For action

Minutes from the May 18, 2023 Board meeting are presented for approval.

1B.	Authorization to Issue a Request for Proposals (RFP) for Paratransit Eligibility Assessment and Fixed Route Travel Training Services	1B.	For action

Staff recommends that the Board of Directors authorize the CEO to issue a federally compliant Request for Proposals (RFP) to perform Paratransit Eligibility Assessment and Fixed Route Travel Training Services for a five-year base period with five one-year options for a total of 10 Years.

1C.	Authorization to Issue a Federally Compliant Request for Proposal (RFP) for a Comprehensive Operational Analysis	1C.	For action

Staff recommends that the Board of Directors authorize the CEO to issue a federally compliant RFP for a Comprehensive Operational Analysis.

REGULAR AGENDA

2.	Valley Metro RPTA Fiscal Year 2024 (FY24) Proposed Operating and Capital Budget and Five-Year Operating Forecast and Capital Program (FY24 through FY28)	2.	For action

Staff recommends that the Board of Directors approve the Valley Metro RPTA FY24 Proposed Operating and Capital Budget, and acceptance of the Five-Year Operating Forecast and Capital Program (FY 2024 thru 2028).

3.	Valley Metro RPTA Bus Advertising Policy Discussion	3.	For information

Staff will provide an informational overview of the Valley Metro RPTA bus advertising program, history and current and possible future policy.

4.	Fiscal Year 2024 (FY24) Election of Valley Metro RPTA Board Officers and Subcommittee Positions	4.	For action

The Board will vote to elect Board officers and Board subcommittee positions for FY 2023.

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

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

6.	Next Meeting	6.	For information

The next TMC meeting is scheduled for **Thursday, August 17, 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

June 15, 2023 **AGENDA ITEM 1A**

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

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 (phone)
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 Kathy Littlefield, City of Scottsdale (phone)
Councilmember Aly Cline, City of Surprise (phone)
Vice Mayor Jennifer Adams, City of Tempe
Mayor Michael LeVault, Town of Youngtown (phone)
Mayor Rui Pereira, Town of Wickenburg (phone)

Members Not Present
Councilmember Jon Edwards, City of Peoria
Vice Mayor Jeff Brown, Town of Queen Creek
Councilmember Aldofo Gamez, City of Tolleson

Chair Pastor called the meeting to order at 12:32 p.m.

Chair Pastor said now, I'm going to convene the meeting and welcome members to the May meeting of RPTA.

1. Consent Agenda

Chair Pastor said does anybody need a presentation on the Consent Agenda? No. Can I have a motion and a second on the Consent Agenda?

Motion by Mayor Peterson, second by Councilmember Tolmachoff.

Any discussion? There is no discussion. All those in favor, please say aye. Any nays? Ayes carry it. Motion passes.

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

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

Ms. Mefford-Miller said thank you, Madam Chair, members of the Board. I'll Ken Kessler, our Chief Financial Officer, to provide a presentation with budget details. We also have the executive leadership team in the room. They will be able to answer any specific questions you have about any of the budget items. Thank you. Mr. Kessler.

Mr. Kessler said thank you, Jessica. Madam Chair, members of the Board. Just want to start by saying great thanks to your staff. We introduced this budget to the Board back in March, high level overview of the budget. Since then, we've had some meetings with Financial Working Group, RTAG as well as the Audit and Finance Subcommittee.

Appreciate all the input from staff. We do have a few revisions from the last time the full Board saw the budget and going to go through some of the details in this presentation and kind of highlight some of those changes.

So first, just at a high level, the operating budget at the service type or function level. This does represent about at $3 million change from the last time this Board saw the budget from some updates to numbers primarily due to East Valley bus start-up costs for the new contract that will commence in the middle of the next fiscal year as well as some updates to some fuel cost estimates.

And then on the sources side of the RPTA operating budget, primarily made up of public transportation funds and member city contributions that fund the vast majority of the operating budget.

And now, just want to give sort of a high-level overview of how the budget is broken down in terms of the details. We'll present the base budget. Basically, it's the FY23 budget starting as the baseline adding in obligations those are sort of the inflationary items and continuing commitments of items the Board has already approved going forward and then lastly, we add in the Valley Metro recommended initiatives or new initiatives in arriving at the total proposed budget for FY24.

So here's what that looks like in terms of the numbers. So you see the base budget there, the obligations, the continuing commitments, inflation and ridership and market type impact items and you see here in the little, I guess, I'll call it the donut chart here. The vast majority of the changes to the budget from FY23 to FY24 are made up of those ongoing obligations and a small portion are some of those new things recommended by the Valley Metro team.

And for discussion and presentation purposes, we've established budget goals for FY24 and we're going to present the initiatives in terms of the obligations as well as the new items broken down by each of these budget goals. We'll start with the category of Valley Metro recommended or new initiatives and then we'll move through the obligations.

So under the first goal: Build and invest in the team fulfilling regional transit service. A couple of initiatives here. The Mpact conference that Jessica talked about in her CEO report. Do want to mention here the cost of this is covered by Valley Metro, but there are sponsorships and fund raising that is done to cover the full cost of that so that will not come out of PTF or member city contributions.

The second item here. Valley Metro's staff merit and labor market adjustment. We've proposed a 5 percent COLA and 3 percent merit for FY24. To enhance our recruitment and retention abilities in order to maintain the staffing levels for Valley Metro.

Moving onto the next goal: Ensure the safety and security of our riders. A couple of IT items here. This is really about cybersecurity in sort of working to identify some of those vulnerabilities. There was an audit that's just wrapping up or just wrapped up with some recommendations and this is really sort of to provide funding to respond to that and sort of rectify some of those items. And then operational technology risk mitigation, again, there is funding here that really is work towards additional capacity and expertise to address our vulnerabilities and make sure our operational technology systems are safe.

Under the next goal: Serve the customer by improving and maintaining the system. A couple items here. A comprehensive operational analysis for the bus system. I do want to note that we'll be conducting this in close coordination with the City of Phoenix as well as MAG. To really look at the bus system and identify, you know, do we have the right modes of service in the right places, the right levels of service. So this is the first comprehensive look at the overall bus operations across the region in many, many years and this is an endeavor we think will really help improve our efficiencies.

And the second item here Road Vehicle Fleet Manager. This is really about having a dedicated manager position to oversee I call it our rubber tire fleet. This is the buses, the paratransit vehicles, the van pool vans as well as our non-revenue fleet. And this is a fleet that's comprised of about $150 million in total value, and we think it's worth the investment of this manager position to really have a close coordination and oversight of that fleet in terms of maintenance and replacement schedules and things like that.

So under the goal: Sustain and grow the system through fiscal stewardship. A few items here. This first item is really about software to help assist the General Counsel, Internal Audit, and our Safety Security and quality Assurance functions to better monitor, manage and address risks for the agency.

And then we have fare collection system accounting item here that as we move to implement the new fare collection system, the regional fare administration is going to transition from the City of Phoenix to Valley Metro and this is about providing the resources to be able to do that here within at Valley Metro.

And then the last item here, the comprehensive fare study. As you recall at the February Board study session, the Board had directed the Valley Metro team to do a comprehensive fare study, so this is just putting that into the budget for next year. As we go forward, we're getting ready here to issue a task order to get that work started. Now, moving on to the ongoing obligations items within the budget.

Under the first goal here, strategic planning. This is an effort that the Board approved the consultant for a couple months back. That work has commenced, and this is the RPTA's share for FY24 going forward.

And then the second item here is really the ongoing full year impact of contract rate increases for our bus service operators to help them be able to recruit and retain staff to service our operations.

The goals to serve the customer by improving and maintaining the system. A number of ongoing obligations included in here. Of note, regional farebox maintenance, that does include bringing maintenance of Phoenix fareboxes within the Valley Metro budget to more regionalize the fare collection and fare administration efforts regionally within Valley Metro. As well as, in here, we have transit service and other support services provided by the City of Phoenix. There's new contracts for ADA paratransit and RideChoice as well as the new bus service contract for the East Valley based on the independent cost estimate for that contract commencing in the middle of next fiscal year.

Next under the goal: Sustain and grow the system through fiscal stewardship. A couple items here. This is generally about annualization of some rate increases on some IT contracts and just some increase usage like out ERP system as we add users and licenses some of those cost increases. And then some additional costs for our accessibility items that relate to the website, so we have the new call center as well coming that's on board for the new fare system and annualizing some of those costs as well.

And here's just a summary of those ongoing obligations showing the total impact to the FY24 budget for those items that are ongoing.

And then moving from the operating budget into the capital budget. Just want to note here that when this capital budget was shown to the full Board back in March some slight adjustments here totally about $4.4 million increase. And, again, regional fleet and member agency disbursements for capital projects they're undertaking with public transportation funds with local match those being the biggest categories as well as debt service in the capital program.

And then sources of funds for capital. Very largely public transportation funds and the reserves and carry forward monies of PTF funds included as well and then, of course, federal funds are a big part of our capital program.

And lastly, want to touch on the passthrough funds. These are mostly funds passed through from RPTA, so they're shown expended in RPTA budget as being passed through to VMR as well as Arizona Lottery funds that are distributed to our members.

And then the sources of those passthrough funds, largely, again, payments from VMR for personnel and -- and the capital funding allocation that goes to VMR for the major capital projects. There's a little bit of regional area road funds that come to Valley Metro that are included as well and, of course, the Arizona Lottery funds coming from the lottery being disbursed to the members each year.

So this is just a recap of the schedule and kind of where we're at here today with the blue arrow going through the budget process here in the spring, a lot of good discussion, looking forward to the June cycle for the adoption of the FY24 budget. And that's my presentation, I'd be happy to address any questions.

Councilmember Stipp said I just I want to kind of want to reiterate to you and Tyler and the entire staff what a tremendous difference this year's budget was compared to last. We had less than ten comments recorded in our comment tracking sheet and I'm going to look at Jim, what did we have 80 last year? Maybe 100. So when we talk about simplicity and being conservative, I think that really shows the difference in the number of comments that came from the member cities and how we moved forward, and as much as I want to give Ken all the credit, he hasn't been here the whole time so I have to look around to everybody else in the room and say thank you for being tolerant. But we are in a much better financial position this year. I think everyone in member cities are feeling more confident about going forward with where we've been in what can be termed as very uncertain financial times. So that's a huge credit to everybody. I hope that the Board would feel comfortable with a somewhat abbreviated now presentation in June.

Mr. Kessler said very much abbreviated.

Councilmember Stipp said very much abbreviated. I don't want to say Consent Agenda, but a very much abbreviated budget process. You know, this has been generally a long battle that we had to go through and actually iron out the last of the details. I don't think there's any ironing left so we should have a pretty expedient process in the month of June and again, I just want to congratulate everybody on the Valley Metro staff for really coming together and producing a really good budget for us going forward.

Mr. Kessler said thank you, Councilmember Stipp. And I do want to add thanks to you as chair of the AFS, the Audit and Finance Subcommittee, I appreciate all your input and feedback and direction as we've gone through the process it's been very helpful.

And I do very sincerely want to thank Jim. I mean, he's sort of the inventor of this process that kind of made it simplified, made it more of a narrative so folks could understand it as opposed to GL level line items that are, you know, very, very tough to understand and create those hundreds of questions, right, so, you know, I think it's a great process. Appreciate Jim's efforts last year to kind put this together on the fly as the budget process was unfolding. I, you know, appreciate Tyler as we kind of work to refine things. It's not easy to do this, it takes a lot of work and I appreciate my staff's work. I appreciate your city staff for their input and, you know, more than the seven or so questions that were recorded, those were sort of the email questions, but we had a lot of good discussion with the combined Financial Working Group and RTAG meeting and it went very well and appreciate all the input.

Councilmember Tolmachoff said I'd like to thank you and your staff. And Jim, I don't know, I heard you were retiring, I don't know if that's even true.

I mean, this has been an incredible breath of fresh air. Somebody who served a few terms on the AFS and if we'd have had our way, you would have been here sooner so I'm glad you're here now. I have a ton of confidence in the leadership team here and the way the budget is being procured and what's being presented to us and it's a really good feeling so thank you all for your hard work.

Chair Pastor said that’s the best praise you can get right there from Councilmember Tolmachoff.

Mr. Kessler said thank you. I appreciate that.

Chair Pastor said I just want to remind everybody, Phoenix born, Phoenix led. Thank you. Any other questions?

3. Report on Current Events and Suggested Future Agenda Items

Chair Pastor said I overlooked an item and so I'm going to have Jessica Mefford-Miller speak on this time.

Ms. Mefford-Miller said thank you, Madam Chair, members of the Board. I want to ride on that wave of appreciation for the Valley Metro leadership team and welcome two new team members to our organization. You did receive this content in email, but I want to introduce you in person to our new Chief Transportation Officer Michael Pal.

Michael joined us just last week. Michael spent most of his career at New York City Transit and most recently was in Minneapolis Transit. Michael will be leading or is leading now our transportation division. So that is the delivery of our bus, paratransit, light rail, Streetcar, and demand responsive services. Welcome, Mike.

I also want to introduce Melissa Boyles. Melissa is our Chief of Staff. Melissa also joined us last week. She and Mike are moving through a whirlwind of cross training. Melissa has spent more than 20 years working in transportation in the Valley and actually, early in her career she worked for RPTA. So we're welcoming her back home where she will be working alongside me and the executive leadership team to advance a number of initiatives including our big strategic plans moving forward. Welcome Michael and Melissa.

Chair Pastor said thank you. Welcome to the family. Any comments? No. Okay.

6. Next Meeting

The next Board meeting is scheduled for Thursday, June 22, 2023 at 11:15 a.m.

Chair Pastor said at the June RPTA Board meeting, board officer, AFS and the joint board subcommittee elections will be held. Pat will be distributing a memo with the details and deadlines for letters of interested submittals. Please submit your name. We need you.

The meeting was adjourned.

With no further discussion the meeting adjourned at 12:51 p.m.

Information Summary

DATE **AGENDA ITEM 1B**
June 15, 2023

SUBJECT
Authorization to Issue a Request for Proposals (RFP) for Paratransit Eligibility Assessment and Fixed Route Travel Training Services

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to issue a Request for Proposals (RFP) to perform Paratransit Eligibility Assessment and Fixed Route Travel Training Services for a five-year base period with five one-year options for a total of 10 Years.

RECOMMENDATION
Staff recommends that the Board of Directors authorize the CEO to issue a federally compliant Request for Proposals (RFP) to perform Paratransit Eligibility Assessment and Fixed Route Travel Training Services for a five-year base period with five one-year options for a total of 10 Years.

BACKGROUND/DISCUSSION/CONSIDERATION
Valley Metro provides in-person eligibility assessments for individuals applying for ADA paratransit services operated by Valley Metro and the Dial-a-Ride services operated by the Cities of Phoenix, Glendale, and Peoria. Valley Metro also provides fixed-route travel training for individuals with disabilities and seniors who wish to use bus or light rail service to meet at least some of their transportation needs.

In January 2018, Valley Metro issued a federally compliant RFP for eligibility certification and travel training services. On June 14, 2018, Valley Metro RPTA Board of Directors awarded a three-year base contract with one three-year option to Medical Transportation Management Transit (MTM). The current three-year base and three-year option contract for ADA Paratransit Eligibility and Fixed-Route Travel Training Services expires on June 30, 2024.

Public entities that operate non-commuter fixed route bus or rail services are required to provide complementary paratransit services. The services provided under this contract ensures Valley Metro RPTA and the Cities of Phoenix, Glendale, and Peoria properly assess each individuals' abilities to use fixed route when determining eligibility for ADA paratransit and Dial-A-Ride services.

COST AND BUDGET
The cost to Valley Metro RPTA for the first year of the contract is estimated to be $1,500,000. Funds are accounted for annually in the agency's operating budget.

COMMITTEE PROCESS
RTAG: May 16, 2023, for information
TMC: June 7, 2023, approved
Board of Directors: June 22, 2023, for action

CONTACT
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Accessible Transit Services Manager
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ATTACHMENT
None

Information Summary

DATE **AGENDA ITEM 1C**
June 15, 2023

SUBJECT
Authorization to Issue a Federally Compliant Request for Proposal (RFP) for a Comprehensive Operational Analysis

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to issue a federally compliant RFP for a Comprehensive Operational Analysis of all Valley Metro operated bus routes.

RECOMMENDATION
Staff recommends that the Board of Directors authorize the CEO to issue a federally compliant RFP for a Comprehensive Operational Analysis.

BACKGROUND | DISCUSSION | CONSIDERATION
Although Valley Metro uses many tools to maximize effectiveness and efficiency in the transit system it operates, it has never engaged in a Comprehensive Operational Analysis (COA). A COA is primarily a data-driven analysis of the existing network that also incorporate input from riders, staff, and stakeholders. It will focus on identifying service modifications to improve productivity and efficiency of operations that will have the most impact. The work is based on data analysis of the existing system's characteristics in the context of new development patterns and growth in the region, as well as access and equity factors.

Typical high-level tasks of a COA include:

- Data Collection, Public Engagement and Market Assessment
- Route-by-Route Analysis and Route Profiles
- Service Plan Development

COST AND BUDGET
The estimated budget for this project is $600,000. The proposed FY 2024 RPTA budget includes $200,000 for the cost of this effort.

COMMITTEE PROCESS
RTAG: May 18, 2023 for information
TMC: June 7, 2023 approved
Board of Directors: June 22, 2023 for action

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

ATTACHMENT
None

Information Summary

DATE **AGENDA ITEM 2**

June 15, 2023

SUBJECT

Valley Metro RPTA Fiscal Year 2024 (FY24) Proposed Operating and Capital Budget and Five-Year Operating Forecast and Capital Program (FY24 through FY28)

PURPOSE

To request approval of the FY24 Proposed Operating and Capital Budget and acceptance of the Five-Year Operating Forecast and Capital Program (FY24 thru FY28).

RECOMMENDATION

Staff recommends that TMC forward to the Board of Directors approval of the Valley Metro RPTA FY24 Proposed Operating and Capital Budget, and acceptance of the Five-Year Operating Forecast and Capital Program (FY 2024 thru 2028).

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 for information

Proposed Budget Adoption:
TMC: June 7, 2023 approved
AFS: June 8, 2023 for information
Board of Directors: June 22, 2023 for action

CONTACT
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Chief Financial Officer
kkessler@valleymetro.org

ATTACHMENT
None

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

1

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

3

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.

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Obligations

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

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

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FY 2024 Total Operating Budget

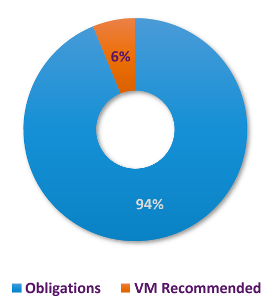
5

VALLEY METRO 5

5

Operating Budget Overview ($ millions)

RPTA				Obligations					
	FY 2023 Budget	FY 2024 Base	Change v FY23	Cont Commit	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



6

VALLEY METRO 6

6

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

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.*

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**

9

9

9

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**

10

10

10

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**

11

VALLEY METRO 11

11

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**

12

VALLEY METRO 12

12

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**

13

VALLEY METRO 13

13

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**

14

VALLEY METRO 14

14

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%***	

15

VALLEY METRO 15

15

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%**

16

VALLEY METRO 16

16

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%**

17

VALLEY METRO 17

17

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%**

18

VALLEY METRO 18

18

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%**

19

VALLEY METRO 19

19

20

5-Year Operating Assumptions

Fixed Route Service Changes
- FY24-28 SRTP Changes as of February 2023

Demand Service
- Paratransit trips forecasted to increase 2% annually from FY24-28
- RideChoice trips forecasted to increase 3% annually from FY24-28

Fare Revenue
- FY24 average fare forecasted at $0.63, with 5% increase in FY25 and FY26 and slight increases in FY27 and FY 28.
- Ridership increases 15% per year to return to pre-COVID level in FY28.

Federal PM revenue
- FY25-28 increases 1.5% each year

VALLEY METRO 21

5-Year Operating Assumptions:

	FY24	FY25	FY26	FY27	FY28
Ridership (,000)					
RPTA Fixed Route Service	7,470	9,160	10,488	12,009	13,750
Avg Fare - RPTA	$ 0.63	$ 0.66	$ 0.69	$ 0.72	$ 0.74

	FY24	FY25	FY26	FY27	FY28
Trips (,000)					
Demand Service	542,000	555,000	569,000	582,000	596,000
Avg Fare - Demand Service	$ 3.65	$ 3.65	$ 3.64	$ 3.65	$ 3.65

VALLEY METRO 22

5-Year Operating Sources and Uses

	FY24	FY25	FY26	FY27	FY28	Total
Operating ($,000)						
Sources of Funds						
Advertising	$ 750	$ 825	$ 908	$ 999	$ 1,100	$ 4,582
Public Transportation Funds	150,634	148,665	146,842	146,086	148,221	740,446
Regional Area Road Funds	5,563	5,139	5,216	5,294	5,374	26,586
Member City Contributions	54,692	49,746	54,908	61,076	63,163	283,585
VMR Reimbursements	39,956	35,614	38,265	40,597	44,255	198,689
AZ Lottery Funds	11,200	11,200	11,200	11,200	11,200	56,000
Federal Funds	12,554	12,793	13,036	13,283	13,536	65,201
Federal Funds - COVID Relief	857	-	-	-	-	857
Fares	6,980	8,453	9,838	11,262	12,927	49,460
MAG Funds	200	200	200	200	200	1,000
Other	80	1,133	2,207	3,303	4,421	11,144
Total Sources of Funds	**283,466**	**273,767**	**282,620**	**293,301**	**304,395**	**1,437,550**
Uses of Funds						
Fixed Route Operations	143,426	140,073	144,983	151,284	156,601	736,367
Demand Service Operations	53,829	52,932	53,586	54,982	56,435	271,763
Vanpool Operations	1,152	1,187	1,222	1,259	1,297	6,116
Planning	4,426	4,515	4,605	4,697	4,791	23,033
Commute Solutions	1,539	1,570	1,601	1,633	1,666	8,009
Regional Services and Administration	22,069	21,221	21,613	22,013	22,422	109,338
Adminstration and Finance	4,869	4,456	4,546	4,636	4,729	23,236
Operating Contingency	500	500	500	500	500	2,500
Pass-through Disbursements	51,656	47,314	49,965	52,297	55,955	257,187
Total Uses of Funds	**$ 283,466**	**$ 273,767**	**$ 282,620**	**$ 293,301**	**$ 304,395**	**$ 1,437,550**

23

23

23

5-Year Capital Assumptions:

- **Bus Fleet - $133.0 Million**
  - 429 replacement units; 11 expansion units, 85% Federal /15% PTF
  - Regional fleet replacements – Local match PTF
- **Vanpool Fleet - $20.7 Million**
  - 387 replacement units; 125 expansion units 100% Federal STP
- **Paratransit Fleet - $14.7 Million**
  - Agency owned replacement fleet- 85% Federal / 15% PTF
  - Regional fleet replacements – Local match PTF
- **Facilities and Equipment - $28.3 Million**
  - PnR (Avondale, Glendale, Gilbert) Local match PTF
  - Bus Stops (Scottsdale, Gilbert) – Local match PTF
  - Fare Collection System Upgrade- Local match PTF
  - Mesa Bus Facility Upgrades- 100% PTF
  - Mid-Life Bus Engine Rebuilds (268 units) - 95% Federal / 5% PTF
  - IT Infrastructure Upgrades - 100% PTF

24

24

24

5-Year Capital Sources and Uses

Capital ($,000)	FY24	FY25	FY26	FY27	FY28	Total
Sources of Funds						
Public Transportation Funds	$ 8,248	$ 20,450	$ 31,707	$ 7,579	$ 6,343	$ 74,327
Federal Funds	59,561	17,869	37,826	8,006	8,348	131,610
Other	182	139	243	104	67	735
Carry Forward & Reserves	35,527	15,720	5,671	576	-	57,494
VMR Public Transportation Funds Program	88,471	94,264	100,136	114,471	119,857	517,199
Total Sources of Funds	**191,988**	**148,442**	**175,583**	**130,736**	**134,615**	**781,364**
Uses of Funds						
Regional Fleet	64,064	17,005	43,558	8,096	8,194	140,917
Regional Facilities	1,380	643	699	708	766	4,196
Other Regional Projects	5,474	1,282	1,150	1,150	1,370	10,426
Member Agency Disbursements	9,746	12,964	7,796	6,311	4,428	41,245
Debt Service	22,854	22,284	22,244	-	-	67,382
Rail Program Disbursements	70,440	65,415	61,259	9,489	9,264	215,867
VMR Reserve for Future Use	18,031	28,849	38,877	104,982	110,593	301,332
Total Uses of Funds	**$ 191,988**	**$ 148,442**	**$ 175,583**	**$ 130,736**	**$ 134,615**	**$ 781,364**

25

VALLEY METRO 25

25

Recommendation

Staff recommends that TMC forward to the Board of Directors approval of the Valley Metro RPTA FY24 Proposed Operating and Capital Budget, and acceptance of the Five-Year Operating Forecast and Capital Program (FY 2024 thru 2028).

26

VALLEY METRO

26

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.

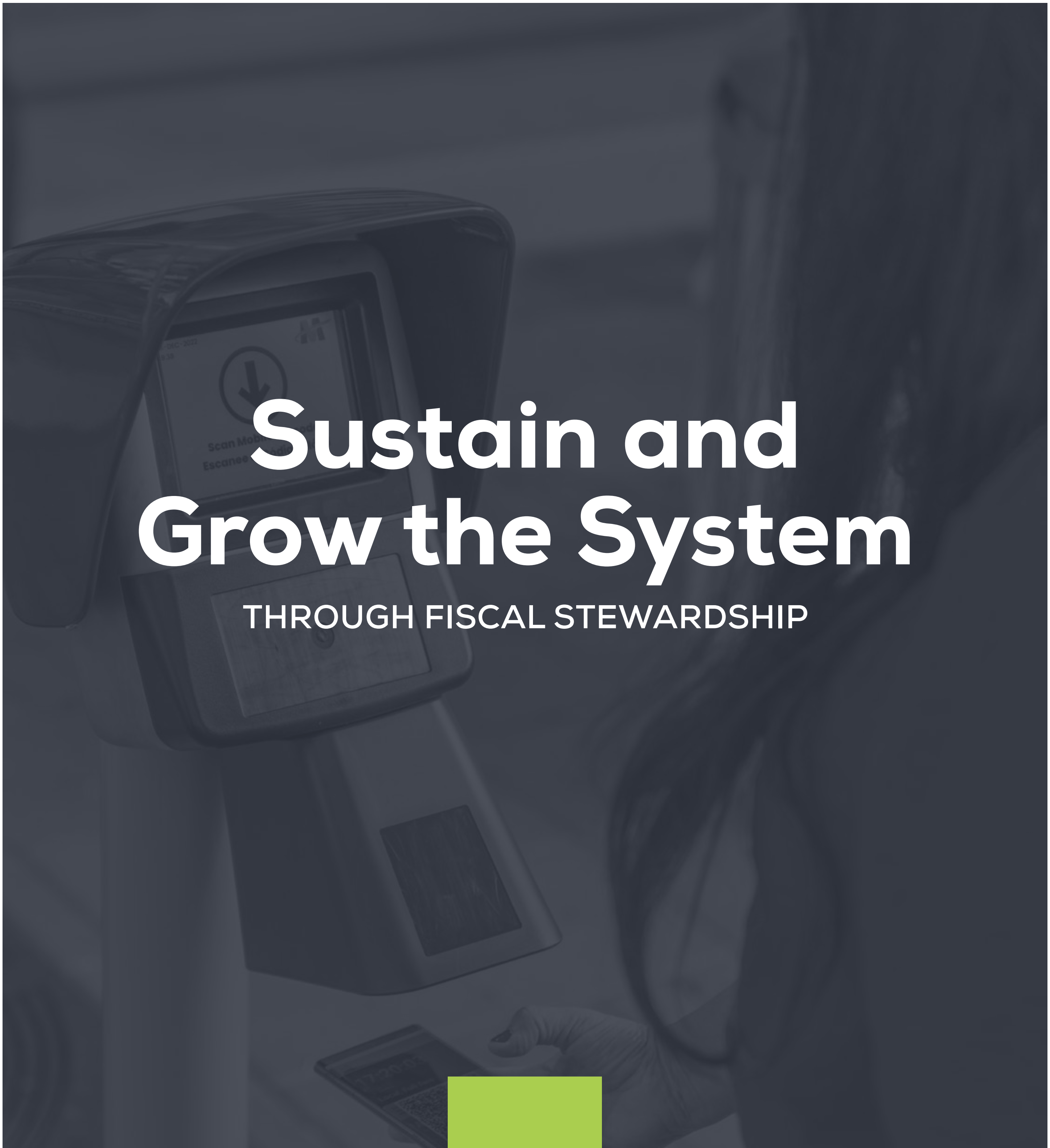
- As our region grows, the mobility needs of communities change. As a result, Valley Metro must ensure its services keep pace with both changing needs and technologies. A **bus system comprehensive operational analysis** (#6) will provide the Board with an assessment of how to best serve each community.

- 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.

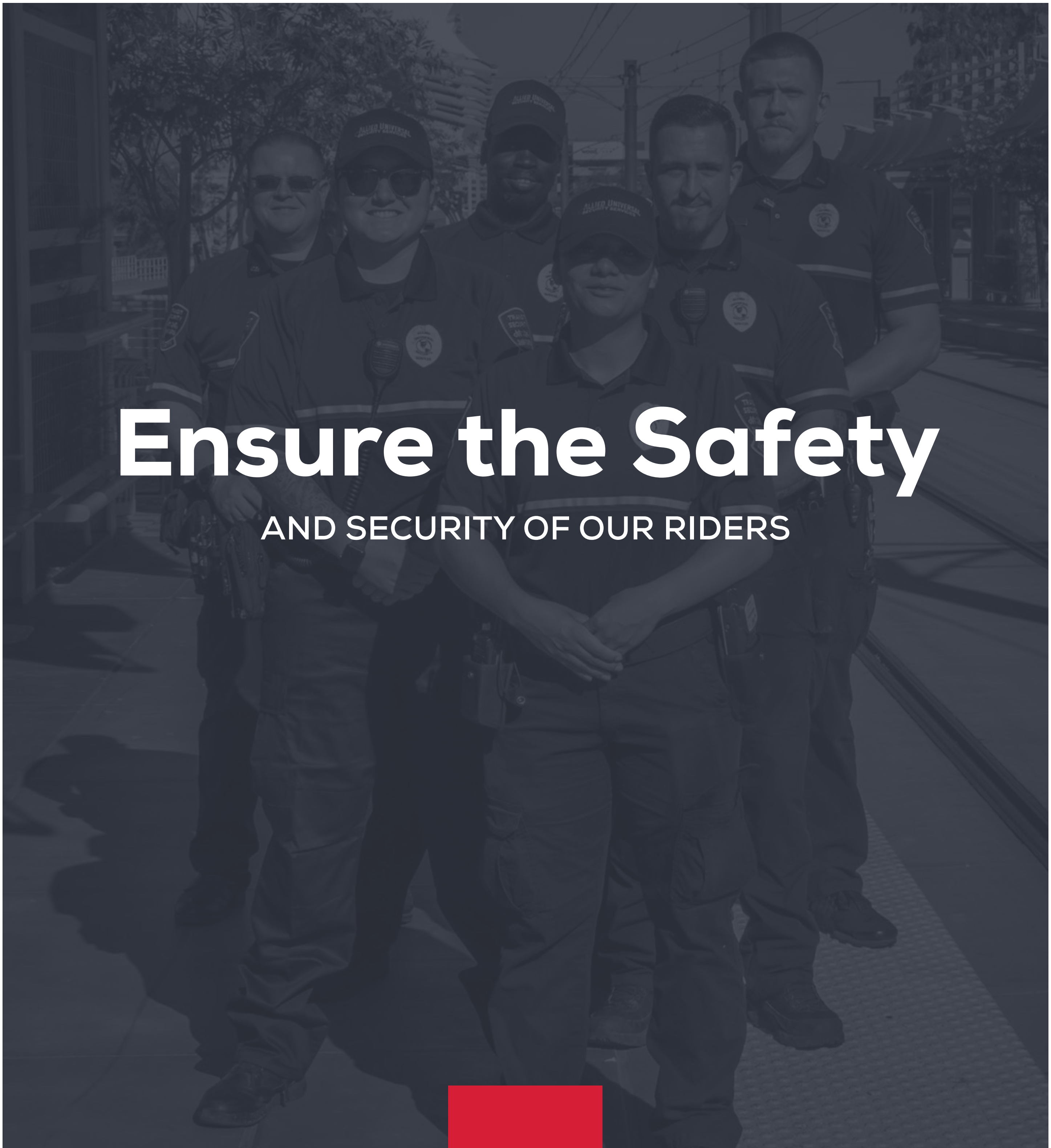
- In FY23, changes in insurance and risk management costs had a significant impact on Valley Metro's budget. As a result, the agency seeks to procure **governance, compliance and risk management software** (#14) that will assist the General Counsel, Internal Audit and Safety Security and Quality Assurance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

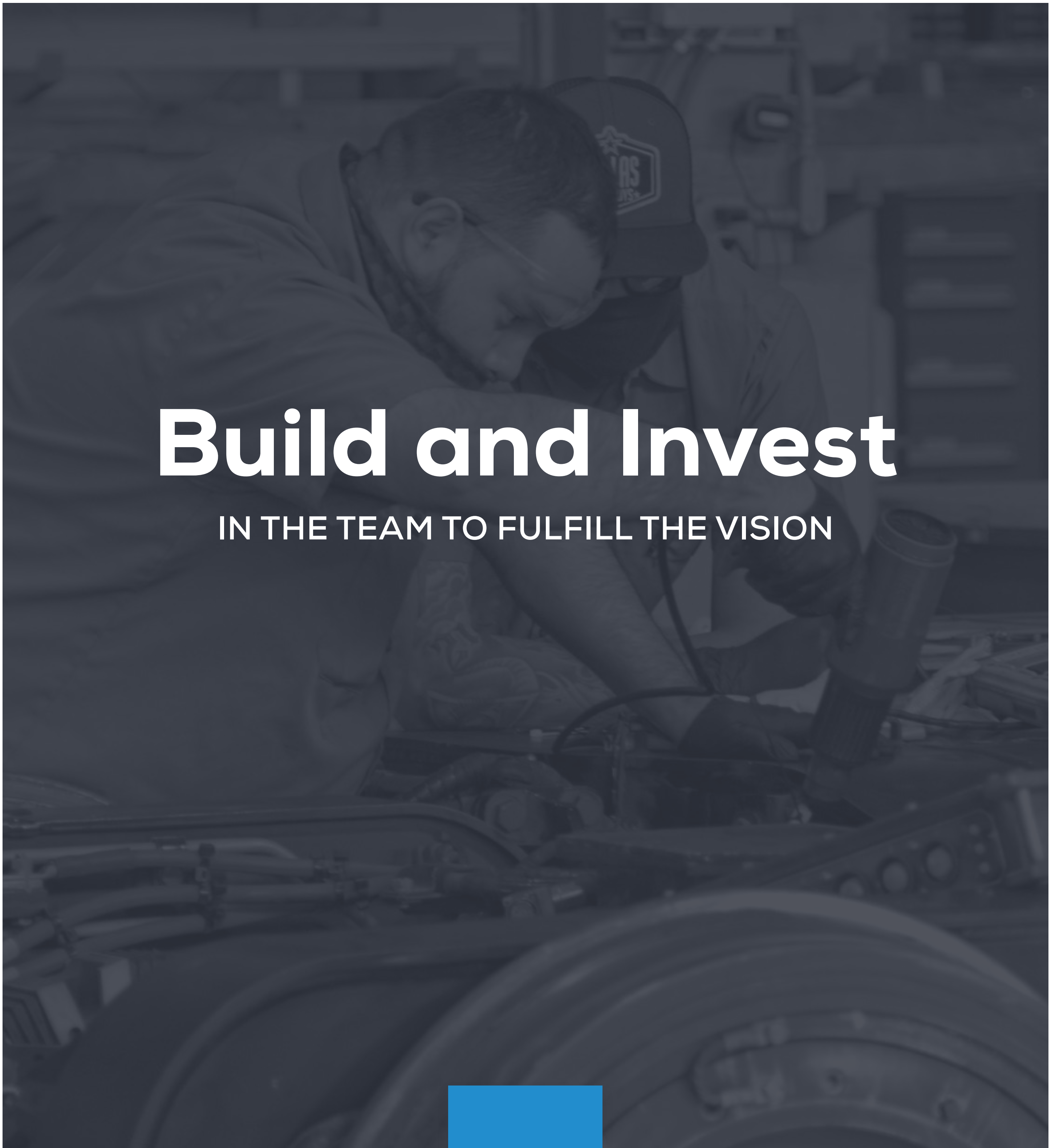
AND SECURITY OF OUR RIDERS

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. **<u>Item #5 – Operational Technology Risk Mitigation: (Goodyear, 3/20)</u>** 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. **<u>Item #14 – Governance, Compliance, and Risk Mgmt. Software</u>: <u>(Goodyear, 3/20)</u>** 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. **<u>Item #20 - Serve the Customer by Improving and Maintaining the System: (Goodyear, 3/20)</u>** 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. **<u>Item #20 - Serve the Customer by Improving and Maintaining the System: (Goodyear, 3/20)</u>** 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. **<u>Item #20 - Serve the Customer by Improving and Maintaining the System: (Mesa, 3/21)</u>** 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. **<u>Item #21 - Sustain and Grow the System Through Fiscal Stewardship: (Goodyear, 3/20)</u>** 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.

VALLEY METRO

OPERATIONS AND MAINTENANCE DIVISION

April 2023

- **VACANT** – Chief Transportation Officer
  - **Dan Filippino** – Deputy Director of Transportation Services and Project Integration
    - **Michelle Taft** – Administrative Assistant II
    - **Joey Templeton** – Manager, Bus Operations
      - **Dyana Hocking** – Administrative Assistant II
      - **Michele Wallick** – Fixed Route Operations Administrator
      - **Larry Joyner** – Bus & Paratransit Fleet/Facilities Supervisor
      - **Annette Suppon** – Operations Program Coordinator
      - **James Winfrey** – Operations Program Coordinator
      - **Tammara Good** – Operations Program Coordinator
      - **Jeffrey Edwards** – Bus Fleet Maintenance Specialist
      - **Gabriel Lopez** – Bus Fleet Maintenance Specialist
      - **Jose Villezcas** – Bus Fleet Maintenance Specialist
      - **First Transit East Valley Bus Service**
      - **Total Ride West Valley Bus Service**
      - **Second Generation Rural Route (Ajo)**
    - **Debra Thacker** – Manager, Rail Operations
      - **Daniel Porter** – Assistant Manager, Rail Operations
      - **Shannon Tate** – Track Allocation Program Administrator
      - **Ricardo Tejada** – Lead Customer Experience Coordinator
      - **10** – Customer Experience Coordinator
      - **FY24 New - (2)** – Customer Experience Coordinator
    - **Diana Kebbekus** – Manager, Customer Service
      - **Willie Marks-Pearson** – Customer Service Supervisor
      - **Darrell Merchant** – Customer Service Supervisor
      - **Judy Mitchell** – Customer Service Supervisor
      - **Dina Hernandez** – Customer Service Supervisor
      - **VACANT** – Lead Customer Support Agent
      - **VACANT** – Lead Customer Support Agent
      - **Angelina Redding** – Lead Customer Support Agent
      - **Carrie Hamblen** – Lead Customer Support Agent
      - **Anabel Castaneda** – Lead Customer Support Agent
      - **Maritza Delgado Zepeda** – Lead Customer Support Agent
      - **Francisco Zamora** – Lead Customer Support Agent
      - **36** – Customer Support Agent I/II

- **VACANT** – Chief Maintenance Officer
  - **VACANT** – FY24 New - (1) – Manager, Road Vehicle Fleet
  - **Rob Rosenberg** – Deputy Director Maintenance
    - **Michelle English** – Administrative Assistant III
    - **Rick White** – Manager, Maintenance of Way
      - **Tammy Garnon** – Administrative Assistant II
      - **Shaun Smith** – Assistant Manager, MOW
      - **FY24 New - (1)** – Assistant Superintendent
      - **Jose Rodriguez** – Supervisor, Maintenance of Way
      - **Kenneth O'Quinn II** – Supervisor, Maintenance of Way
      - **James Thacker** – Supervisor, Maintenance of Way
      - **Brett DeMille** – Supervisor, Maintenance of Way
      - **Omar Herrera** – Supervisor, Maintenance of Way
      - **Alex Applegate** – Supervisor, Maintenance of Way
      - **FY24 New - (2)** – Supervisor, Maintenance of Way
      - **Joseph Scholz** – Technical Trainer, LRT Systems
      - **Armando Hernandez** – Technical Trainer, LRT Systems
      - **VACANT** – Maintenance Planner/ Scheduler
      - **Fish Anderson** – SCADA Systems Administrator
      - **Grant Simpson** – SCADA Systems Administrator
      - **20** – Traction Power Systems Technician
      - **FY24 New - (2)** – Traction Power Systems Technician
      - **10** – Communications Systems Technician
      - **FY24 New - (1)** – Communications Systems Technician
      - **12** – Track Maintainer
      - **10** – Signal Systems Technician
      - **FY24 New - (1)** – Signal Systems Technician
    - **Derek Brodeur** – Manager, Facilities Maintenance
      - **Patricia North** – Administrative Assistant II
      - **John Williams** – Facilities Maintenance Supervisor
      - **Russell Mogler** – Facilities Maintenance Coordinator
      - **Todd Naig** – MOW Parts Coordinator
      - **VACANT** – MOW Materials Handler
      - **FY24 New - (1)** – MOW Materials Handler
      - **Tulan Coyle** – Non-Revenue Vehicle Maintenance Coordinator
      - **Eric Sanchez** – Facilities Maintenance Coordinator
      - **Blade Perez** – Landscape Maintenance Coordinator
      - **Jamie Jones** – Facilities Maintenance Technician
      - **Christy Coyle** – Cleaning Services Coordinator
        - **All Fleet Non Revenue Vehicle Maintenance All Fleet**
        - **UROW Landscaping**
        - **DMS Facilities Maintenance**
        - **DMS Facilities Cleaning**
    - **John Crimi** – Superintendent, LRV Maintenance
      - **Alex Covarrubias** – Administrative Assistant II
      - **VACANT** – Administrative Assistant II
      - **John Philippi** – Assistant Superintendent, LRV Maintenance
      - **Brian Probasco** – Assistant Superintendent, LRV Maintenance
      - **FY24 New - (1)** – Assistant Superintendent LRV Maintenance
      - **Michael Molina** – LRV Systems & Equipment Specialist
      - **Christopher Traslavina** – Maintenance Planner/Scheduler
      - **VACANT** – Maintenance Planner/Scheduler
      - **Gregory Clark** – Light Rail Technical Trainer
      - **3** – LRV Lead Maintenance Technician
      - **15** – Electro-Mechanical Technician (Rail Vehicle)
      - **FY24 New - (3)** – Electro-Mechanical Technician
      - **27** – Rail Vehicle Mechanics
      - **FY24 New - (3)** – Rail Vehicle Mechanics
      - **Steve Cramer** – Vehicle Parts Coordinator
      - **Sandra Thomas** – LRV Lead Inspector/Cleaner
      - **FY24 New - (1)** – LRV Lead Inspector/Cleaner
      - **FY24 New - (4)** – LRV Inspector
      - **4** – Stockroom Clerk
      - **3** – Cleaner
      - **FY24 New - (1)** – Cleaner
      - **DMS LRV Cleaning**
    - **Ty McLeod** – Quality Assurance Administrator
    - **Thomas Fitzgerald** – Chief Maintenance Engineer
    - **FY24 New - (1)** – Rail Vehicle Engineer
    - **FY24 New - (1)** – Traction Power Engineer
    - **FY24 New - (1)** – Signals Engineer
    - **Wendy Platanitis** – Manager, Supply Chain & Asset Management
      - **VACANT** – Asset Management System Administrator
      - **Eric O'Tool** – Transit Asset Management Coordinator

Valley Metro Employee

Consultant/Contractor

FY24 New Budgeted Position

VALLEY METRO

FINANCE AND PROCUREMENT DIVISION

April 2023

- **Ken Kessler** — Chief Financial Officer
  - **Stephanie Daniels** — Financial Admin. Asst. III
  - **Michael Mathews** — Controller
    - **DeAnn Emil** — Payroll Supervisor
      - **Audrey Taylor** — Payroll Specialist
      - **Erica Rico** — Payroll Specialist
    - **VACANT** — Accountant III
      - **EJ Kim-Zoller** — Accountant II-Grants
      - **Gianni Destino** — Accountant II
      - **Susan Myers** — Accounting Technician
      - **Jessica O'Tool** — Management Analyst
    - **Melissa Gaines** — Accountant III
    - **Debbie Beauvais** — Accountant III
      - **Melissa Galvez** — Accountant II
      - **Debra Jackson** — Accountant II
      - **Hiram Nganga** — Accounting Technician
      - **Tedra Raden** — Accounting Technician
  - **Tyler Olson** — Manager, Budget & Operations Financial Controls
    - **Mike Kearns** — Budget Supervisor
      - **Carolina Gutierrez** — Accountant I
      - **Thomas Munson** — Budget Analyst
      - **Laura Nga** — Accountant II
      - **Richelle Schmitt** — Budget Analyst
    - **Joshua Hope** — Senior Management Analyst
    - **Steven Henke** — Accounting Technician
    - **FY24 New** — Accountant II
  - **Susanna Hernandez** — Interim Chief Procurement Officer
    - **Susanna Hernandez** — Manager, Procurement
      - **Jennifer Hefley** — Senior Contracts Administrator
      - **Rick Webb** — Senior Contracts Administrator
      - **Stephanie Winternheimer** — Contract Administrator
      - **Danielle Beasley** — Contracts Specialist
    - **Lori Noyes** — Manager, Procurement
      - **Edwin Nyberg** — Senior Contracts Administrator
      - **Christian Jonson** — Senior Contracts Administrator
      - **Debra Roper** — Contracts Administrator
    - **Christopher Balderrama** — Senior Contracts Administrator
      - **Gary Flunoy** — DBE Outreach Coordinator
  - **VACANT** — Sr. Business Manager

Valley Metro Employee

FY24 New Budgeted Position

2300501301

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
June 15, 2023

AGENDA ITEM 3

SUBJECT
Valley Metro RPTA Bus Advertising Policy Discussion

PURPOSE
To provide an informational overview of the Valley Metro RPTA bus advertising program, history and current and possible future policy.

RECOMMENDATION
This item is being presented for information and discussion.

BACKGROUND | DISCUSSION | CONSIDERATION
In early 2021, the Valley Metro RPTA Board of Directors expressed interest 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 in November 2021.

The policy outlines the vehicle advertising products available on the RPTA-operated fleet. It also delineates which vehicles are eligible for advertising as well as the Advertising Standards, which determine advertising content. The Advertising Standards are consistent across our policies and with the City of Phoenix Public Transit's policy.

Through this memo and presentation, staff will provide:

- History of bus advertising in the region
- Benefits and challenges of transit advertising
- More details on the current Valley Metro RPTA Advertising Policy
- Revenue estimates for adding to the available advertising inventory

History of Bus Advertising in Metro Phoenix
Primary bus advertising milestones and decision points:

- **1981** – City of Phoenix begins advertising on their bus benches
- **1994** – Valley Metro RPTA Board defers adoption of an advertising policy citing "image" and "clutter" concerns; City of Phoenix begins advertising on their buses
- **2000** – Valley Metro RPTA Board denies exterior advertising on buses citing sign ordinances, "system identity" and "safety" concerns as well as a lack of personal preference

- Several municipalities in the East and West Valleys initiate bus stop advertising programs in their communities
- **2021** – Valley Metro RPTA Board amends their “no advertising policy” to establish an exterior bus advertising program and policy; utilizes existing Advertising Sales Services agreement with OUTFRONT Media and a revenue share agreement of 65% of net revenues
- **2022** – Bus advertising program begins in March with first exterior advertising displayed on East Valley local fixed route and select circulator buses
- **2023** – Valley Metro RPTA and Rail Boards approve the contract renewal with OUTFRONT Media for the final, three-year option, instituting a Minimum Annual Guarantee (MAG) for the bus program of $400,000 or 65% of net revenues, whichever is greater

Benefits and Challenges of Transit Advertising
The greatest benefit of transit advertising is the revenue and how it offsets operational costs, helping to keep more service on the road. It also taps into a revenue source outside the traditional funding streams of fares and public dollars and grants.

In its first year of operation, the RPTA bus advertising program generated $633,503 (between March 2022 – March 2023), which was in line with the staff/contractor projection. The projection reflected that this was a new program (as advertising interest builds over time) and, per the RPTA advertising policy, advertising displays are permitted between the wheels and on the tails of vehicles (no full wraps) on local fixed route or select circulator buses only.

Advertising is a broadly-used, revenue-generating tool across the transit industry. Below are six peers and their approach to bus advertising and the products they allow:

Peer City	Bus Advertising Y/N	Full Suite of Bus Products (including full wraps) Y/N
Dallas (DART)	Y	Y (Full wraps on perimeter; no windows)
Denver (RTD)	Y	Y
Houston (Metro)	N (No “visual clutter” sign ordinance)	N/A
Portland (TriMet)	Y	Y
San Diego (MTS)	Y	Y

Salt Lake City (UTA)	Y	Y (UTA logo must remain visible)
City of Phoenix	Y	Y

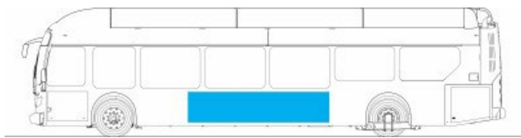
Relative to the City of Phoenix Public Transit, their bus advertising program has an established Minimum Annual Guarantee (or MAG) of $1.4 million, which they expect to exceed across this fiscal year. Their program is open to all bus advertising products, including on their RAPID bus fleet. It should be noted that they have 45% more buses than available within the RPTA-operated fleet.

The challenges of transit advertising can vary and range between concerns about maintenance/scheduling/wear n' tear, public safety/rider experience and broader views on advertising in general, including its impact on branding and system aesthetics as well as the varying views on the use of a public asset for a commercial purpose. These concerns are often felt locally, with many jurisdictions have different policies, ordinances and/or philosophies on advertising; but they are also concerns dealt with nationally, by many of Valley Metro's transit agency peers. The maintenance/scheduling concerns have been managed locally as vehicles are prioritized for service, with installation schedules that have been directed by the Valley Metro maintenance teams. The contract also has strong language related to the contractor's responsibly for any damage repairs. The other concerns are and have been discussions for the RPTA Board of Directors related to the current and possible future advertising policy.

Current Valley Metro RPTA Advertising Program
Per the Valley Metro RPTA Advertising Policy, adopted by the Board of Directors in November 2021, bus advertising is permitted as follows (and visually displayed on the graphic below):

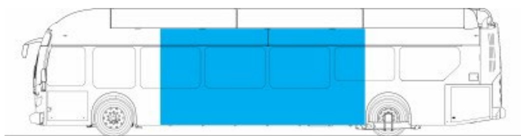
- Exterior bus advertising only
- Contained between the wheels and on the tails of the buses, allowing the regional transit logo and branding to continue to be visible
    - Additionally, products that cover the windows (i.e. Ultra Super Kings) can be placed on up to 25% of the eligible fleet
- Available on local fixed route buses and select circulators (as determined by circulators cities); Express buses are not part of the current program
- Content follows an established set of Advertising Standards consistent with Valley Metro Rail and City of Phoenix Public Transit Advertising Policies

KING



QUEEN

ULTRA SUPER KING



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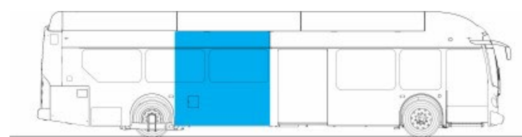

TAIL

The current program will have a MAG of $400,000, or 65% of net revenues, whichever is greater, beginning July 1, 2023 with the OUTFRONT Media contract renewal. Also, per the contract, OUTFRONT follows the adopted advertising policy and the MAG can be revisited at Valley Metro’s discretion, including if the policy changes.

Revenue Estimates for More Inventory

In consultation with OUTFRONT, staff developed three inventory options for additional advertising space to understand the revenue potential if the Board chooses to open up the RPTA bus advertising policy.

The options are for discussion only; the Board can determine the path forward. OUTFRONT was provided these options and, based on trends in the area and the current program, they determined revenue projections and possible MAGs. However, it is worth noting: OUTFRONT does not have the history of selling full wraps in this area/market nor the Express bus inventory in the East and West Valleys (per Option 3).

Option 1: Some Full Bus Wraps (FBWs)

- Continue with current advertising program
- + 25% of the local fixed route fleet being available for FBWs (which if the current fleet is 240 vehicles, OUTFRONT could advertise on up to 60 vehicles with FBWs)

Annual revenue projection for Option 1 = $1,733,000 | 65% projected to Valley Metro = $1,126,000 | MAG proposal = $500,000 – $600,000

Option 2: Unrestrained Model with Current Available Fleet

- All local fixed route fleet available (Q = 240) for any/all available advertising products, including full wraps

Annual revenue projection for Option 2 = $1,960,000 | 65% projected to Valley Metro = $1,274,000 | MAG proposal = $600,000 – $700,000

Option 3: Unrestrained Model with All Available Fleet

- All local fixed route fleet available (Q = 240) for any/all available advertising products, including full wraps
- + Express fleet (Q = 56) available for any/all available advertising products
    - In the Tempe/Mesa yards, RPTA operates 32 Express vehicles
    - In the West Phoenix yard, RPTA operates 24 Express vehicles

Annual revenue projection for Option 3 = $2,123,800 | 65% projected to Valley Metro = $1,380,470 | MAG proposal = $700,000 – $750,000

COST AND BUDGET

Please see above for program revenue and the revenue potential.

COMMITTEE ACTION

Board of Directors: June 22, 2023 for information

CONTACT

Hillary Foose
Director, Communications & Strategic Initiatives
602-322-4468
hfoose@valleymetro.org

ATTACHMENT

Valley Metro RPTA Advertising Policy

Bus Advertising Policy Discussion

June 22, 2023 Board of Directors

VALLEY METRO

1

Bus Advertising History

- **1994** – RPTA defers advertising citing “image” & “clutter;” COP advances bus advertising
- **2000** – RPTA denies advertising citing sign ordinances, “system identity” & “safety”
- **2021** – Valley Metro RPTA Board amends their “no advertising policy” to establish program
- **2022** – Bus advertising program in East Valley
- **2023** – Joint Boards approve contract renewal with OUTFRONT Media through June 2026

2

Benefits

- Revenue, supporting service
  - First year = $633k
  - New MAG = $400k or 65% of net
- Diversified revenue

Challenges

- Maintenance/scheduling
- Rider experience/public safety
- Branding and use of a public asset

3

3

Current Policy

- Exterior bus advertising only
- Between the wheels and on the tails
  - Logo and branding to remain visible
- Local fixed route buses and select circulators
  - Express buses are not part of the current program
- Advertising Standards guide content approvals

4

4

KING

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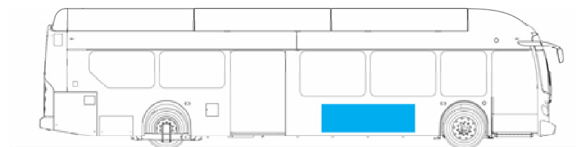

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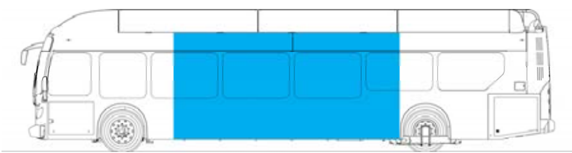

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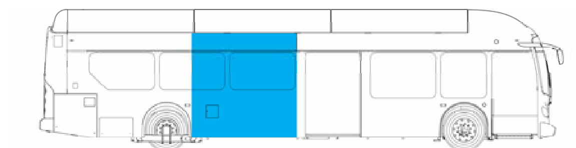

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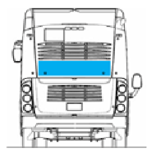


5

5

Potential Advertising Products

- Full wraps
- Express fleet

VALLEY METRO

6

6

Revenue Potential

- **Option 1: Some Full Bus Wraps – 25% of Fleet**
  - 65% projected to Valley Metro = $1,126,000
  - MAG proposal = $500,000 – $600,000
- **Option 2: Unrestrained Model with Current Available Fleet**
  - 65% projected to Valley Metro = $1,274,000
  - MAG proposal = $600,000 – $700,000
- **Option 3: Unrestrained Model with All Available Fleet - Including Express**
  - 65% projected to Valley Metro = $1,380,470
  - MAG proposal = $700,000 – $750,000

7

VALLEY METRO

7

Questions?

Next steps?

VALLEY METRO

8

Information Summary

DATE **AGENDA ITEM 4**
June 15, 2023

SUBJECT
Fiscal Year 2024 (FY24) Election of Valley Metro RPTA Board Officers and Subcommittee Positions

PURPOSE
The Board will vote to elect Board Officers and Board subcommittee positions for FY24.

RECOMMENDATION
The Board nominating committee met on Thursday, June 15 to review the letters of interest received and based on those letters the slate of Board Officers and Subcommittee members listed below is presented for approval.

<u>Board Officers (July 1, 2023 – June 30, 2024)</u>

- RPTA Board Chair – Councilmember Bill Stipp, City of Goodyear
- RPTA Board Vice Chair – Councilmember OD Harris, City of Chandler
- RPTA Board Treasurer – Vice Mayor Jennifer Adams, City of Tempe

<u>Audit and Finance Subcommittee – 2 Year Term (July 1, 2023 – June 30, 2025)</u>

- Councilmember Maxine White, City of Avondale

<u>Valley Metro RPTA and Valley Metro Rail Joint Board Subcommittee (July 1, 203 – June 30, 2024)</u>

- Councilmember OD Harris, City of Chandler – for RPTA
- Councilmember Bill Stipp, City of Goodyear – for RPTA

BACKGROUND/DISCUSSION/CONSIDERATION
RPTA Board officer and subcommittee elections are scheduled for June of each year. On May 23, 2023 a memo was distributed to Board members announcing that election of officers and subcommittee appointments would be brought forward at the June meeting for the following positions:

- Chair of the Board of Directors:
- Vice Chair of the Board of Directors;
- Treasurer of the Board of Directors;
- Audit and Finance Subcommittee member (one RPTA position, expiring June 2023); and
- RPTA/VMR Joint Board Subcommittee members (two RPTA positions).

The May 23, 2023 memo requested letters from Board members interested in filling the positions above for FY24. The letters were due June 13, 2023. As of the due date, one letter of interest was received for each of the open positions and are available upon request for your information.

COST AND BUDGET
There is no fiscal impact.

COMMITTEE PROCESS
Board of Directors: June 22, 2023 for action

CONTACT PERSON
Councilmember Laura Pastor, City of Phoenix, Chair

ATTACHMENT
None

Letters of Interest are available upon request.

Information Summary

DATE **AGENDA ITEM 3**
May 31, 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

STRATEGIC PLAN ALIGNMENT
None

COMMITTEE PROCESS
None

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

ATTACHMENT
None

Pending Items Request

Item Requested	Date Requested	Planned Follow-up Date

Agenda

June 15, 2023

Valley Metro Rail
Thursday, June 22, 2023
Boardroom/Webex
Valley Metro, 101 N. 1st Avenue, 10th Floor
11:15 a.m.
(Directly following the Board Study Session)

Action Recommended

CONSENT AGENDA

1A. Minutes — 1A. For action

Minutes from the May 18, 2023 Board meeting are presented for approval.

1B. Streetcar Vehicle Contract Change Order — 1B. For action

Staff recommends that the Board of Directors authorize the CEO to execute a change order to the Streetcar Vehicle contract with Brookville Equipment Corporation for spare parts inventory in an amount of $1,600,000 for a total contract value not to exceed $37,937,864.

1C. Station Point of Interest for the Northwest Extension Phase II Project — 1C. For action

Staff recommends that the Board of Directors approve the addition of a Point of Interest to the Metro Parkway light rail station as shown in Attachment A.

REGULAR AGENDA

2. Valley Metro Rail, Inc. Fiscal Year 2024 (FY24) Proposed Operating and Capital Budget — 2. For action

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

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

3. Fiscal Year 2024 (FY24) Election of Valley Metro Rail (VMR) Board Officers and Subcommittee Positions — 3. For action

The Board will vote to elect Board officers and Board subcommittee positions for FY 2024.

4. Report on Current Events and Suggested Future Agenda Items — 4. For information

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

5. Next Meeting — 5. For information

The next meeting of the Board is scheduled for **Thursday, August 17, 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

June 15, 2023 **AGENDA ITEM 1A**

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

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

Chair Adams called the meeting to order at 12:56 p.m.

Chair Adams said I'd like to call the meeting to order.

1. Consent Agenda

Chair Adams said the Consent Agenda is presented for action. Are there any questions or items that need to be pulled for separate discussion? If I could have a motion and a second to approve the Consent Agenda items 1A through 1F.

Motion by Councilmember Pastor, second by Councilmember Harris.

Is there any discussion? All in favor. Motion carries.

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

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

Ms. Mefford-Miller said again, I'm going to invite Ken Kessler, Chief Financial Officer, to the podium to provide a brief overview of the preliminary operating and capital budget for FY24.

Mr. Kessler said thank you, Jessica. Madam Chair, members of the Board. Same beginning statements with RPTA. I'll just jump right in here to the numbers.

From the last time the full Board saw this, a couple of changes here. We had future project development as an operating category. We moved that to the capital side just because it's more supported capital so that's the major change here. Aside from that, there was a slight decrease in total operating uses here of about $.5 million, aside from that.

Here's the sources that make up the operating budget. Primarily, member city contributions along with fare revenues.

And again, the breakdown of how the budget is presented and I'll run through the numbers here real quick.

A little bigger on the new initiatives or Valley Metro recommended initiatives for VMR, largely because we included the Northwest Extension new operations that will commence in the middle of the year under recommended or new initiatives. You can kind of look at it as an obligation, I guess, as well since we did build it, we kind of have to operate it. So that's the main reason that's so big there.

Again, the same as budget goals for the RPTA side and running through the recommended initiatives for VRM similar to RPTA the merit and labor market adjustment. VMR's share here is shown on this slide.

And then under the safety and security of our riders. Again, the cybersecurity audit item here as well as the operation technology risk mitigation. This is just the VMR share of those same items we discussed in RPTA. And then additionally, we have additional light rail security for the commencement of revenue operations for Northwest Phase II.

And then under serving the customer by improving and maintaining the system, a number of items here. Again, here's the Northwest II operations, non-revenue maintenance vehicles. It's three additional vehicles for the fleet there. A rail maintenance planning and this is really to build a comprehensive long term rail maintenance plan. And then we have the next item that is really about making field staff more efficient providing some devices and data plan to interface with the LRV and streetcar vehicles out in the field. We have a materials handler. Currently, there is no night shift coverage really for a materials handler, so this position is being added to address that and make the issuance of parts during the p.m. hours of the maintenance activities more efficient. And then the last item here, road vehicle fleet manager again.

This is the VMR share, there's a VMR piece here because this relates to the non-revenue fleet for the VMR operations.

Goal sustain and grow the system through fiscal stewardship. Again, the same items that we had on the RPTA side; this is the just Valley Metro Rail share of those.

Build and invest in the team fulfilling regional transit service. These items here, again, service contract rate increase for Allied that was approved by the Board and, again, I'll mention we're moving into the obligations from the new initiatives here. Strategic planning, the VMR share here and then the rate increase for ACI for rail operators. This is just the ongoing full year increase going into fiscal '24.

Serving the customer by improving and maintaining the system. We have a few items here. Then, again, the contract rate increase for the cleaners approved by the Board carrying over into a full year impact of that cost increase. There are some non-revenue maintenance vehicle trucks here, bucket trucks. This is really to add two trucks to our bucket truck fleet to alleviate the workload on the current one bucket truck that we have, so it will extend the life of that vehicle as well as make the field operations more efficient with more bucket trucks available out there. And then the last item is support services provided by the City of Phoenix ongoing into next fiscal year.

And then under the sustain and grow the system through fiscal stewardship, a few items here. Again, these are just the VMR share of those same items that we looked at on the RPTA side.

And then just looking at the list of all the obligations and the totals there for VMR.
And moving onto the capital budget. Pretty similar to what we saw back in March when the full Board saw this item. About a $1.2 million increase plus the movement of the future project development there. That's at the top of the list from the operating category into capital.

And then the sources of funds for our capital program with member city contributions, federal funds and public transportation funds being the lion's share of the capital program there.

And, again, the recap of our schedule, what we've gone through and what we have ahead for June Board adoption of the budget.

That concludes my presentation, happy to answer any questions on the VMR items.

Chair Adams said go ahead.

Councilmember Harris said I guess I just have one question which was the materials handler salary. That's going to be an ongoing revenue item, so my question is that with that new FTE on board what is that going to look like in terms of Proposition 400 and things like that? Because that's adding to the budget so can you discuss a little bit about that?

Mr. Kessler said that's a position that's needed really to help make the operations and maintenance functions more efficient and just note that in terms of Proposition 400, the public transportation funds that's the transit piece of the Proposition 400 sales tax that is not used for operations and maintenance. PTF is only allowed for the capital program on the rail side.

Chair Adams said are there any other questions? Okay. Thank you very much for the excellent presentation again.

3. Report on Current Events and Suggested Future Agenda Items

Chair Adams said are there any reports or current events or future agenda items that anyone wants to share? Seeing none.

At the June Valley Metro Rail board meeting, board officer and AFS elections will be held. Pat will be distributing a memo with the details and deadlines for letters of interest submittals.

4. Next Meeting

The next Board meeting is scheduled for Thursday, June 22, 2023 at 11:15 a.m.

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

Information Summary

DATE **AGENDA ITEM 1B**
June 15, 2023

SUBJECT
Streetcar Vehicle Contract Change Order

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to execute a change order to the Streetcar Vehicle contract with Brookville Equipment Corporation for spare parts inventory in an amount of $1,600,000 for a total contract value not to exceed $37,937,864.

RECOMMENDATION
Staff recommends that the Board of Directors authorize the CEO to execute a change order to the Streetcar Vehicle contract with Brookville Equipment Corporation for spare parts inventory in an amount of $1,600,000 for a total contract value not to exceed $37,937,864.

BACKGROUND | DISCUSSION | CONSIDERATION
On April 20, 2017, the Board of Directors authorized the CEO to execute a contract with Brookville Equipment to manufacture and supply six off-wire battery propulsion streetcar vehicles, plus related spare parts for the Tempe Streetcar Project. Valley Metro currently has five vehicles in revenue service with the sixth vehicle delivered to Valley Metro's Operations and Maintenance facility the week of April 23, 2023. This change order is to increase the contract value so that Valley Metro can purchase additional spare parts and special tools on top of what was provided in the original contract. With the ever increasing challenges with the supply system, Valley Metro believes that it is prudent to obtain additional parts at this time so that the fleet availability can be maintained.

As Brookville Equipment is the Original Equipment Manufacturer (OEM) and provider of the six streetcar vehicles, they are the OEM/supplier of related spare parts and special tools and equipment. The design of the vehicles and related parts are proprietary to Brookville. Ordering through the vehicle contract provides discounts not received if we order these parts and tools at a later date.

An independent cost estimate and a non-competitive procurement justification including a cost comparison and price analysis have been completed. The spare parts and special tools are in line with pricing from Siemens and other transit companies. The proposed price has been deemed fair and reasonable based on the price analysis.

COST AND BUDGET
The cost for the streetcar vehicle parts and tools being purchased from Brookville Equipment Corporation is $1,600,000 for a total contract value not to exceed $37,937,864 over the term of the contract. The cost for the purchase of these streetcar vehicle parts and tools 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).

COMMITTEE PROCESS
RTAG: May 16, 2023, for information
RMC: June 7, 2023, approved
Board of Directors: June 22, 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**
June 15, 2023

SUBJECT
Station Point of Interest for the Northwest Extension Phase II Project

PURPOSE
To request authorization to add a Point of Interest for the Metro Parkway light rail station being constructed as part of the Northwest Extension Phase II (NWEII) project.

RECOMMENDATION
Staff recommends that the Board of Directors approve the addition of a Point of Interest to the Metro Parkway light rail station as shown in Attachment A.

BACKGROUND | DISCUSSION | CONSIDERATION
The Valley Metro Rail Board of Directors approved a Station Naming Policy in 2004 that requires a geographic name as well as an option for a Point of Interest name for light rail stations. Station names (both geographic and any Points of Interest) are approved by the Board as stations are constructed. Points of Interest that meet the criteria may be identified at the Board's discretion. Point of Interest names are included in the policy to assist with passenger information and wayfinding.

In August 2022, the Valley Metro Rail Board of Directors approved station names and Points of Interest for the NWEII project. At the time, the approved station naming did not include a Point of Interest for the Metro Parkway light rail station.

In May 2023, the City of Phoenix announced that the transit center being constructed as part of the NWEII project will be named for former City of Phoenix Mayor, Councilmember and Valley Metro RPTA Board Chair Thelda Williams.

The purpose of this action is to add a Point of Interest to the Metro Parkway light rail station: Thelda Williams Transit Center. The transit center is located directly beneath the elevated Metro Parkway station.

COST AND BUDGET
Costs for typical station signage are included in the overall project budget.

COMMITTEE PROCESS
RMC: June 7, 2023 approved
Board of Directors: June 22, 2023 for action

CONTACT
Henry Ikwut-Ukwa, P.E.
Chief, Capital and Service Development
hukwa@valleymetro.org

ATTACHMENTS

A. NWEII Stations Names and Points of Interest
B. Station Naming Policy

ATTACHMENT A

NWEII Station Names and Points of Interest

FULL STATION NAMES	ABBREVIATED NAME	POINT OF INTEREST (POI)
25th Avenue/Dunlap	25^{th} Ave/Dunlap	
Mountain View Road/25th Avenue	Mountain View/25th Ave	Rose Mofford Park
Metro Parkway	Metro Pkwy	**Thelda Williams Transit Center**

VALLEY METRO RAIL

ATTACHMENT B
STATION NAMING POLICY
(REVISED)

Station Names

Valley Metro Rail, Inc. believes that the naming of rail stations and facilities along the light rail corridor is best performed using a standard set of established criteria. Therefore, the following criteria are established in the determination of station names and facilities.

Rail stations shall be named using the following standard criteria:

- Rail stations should be named with the maximum benefit and convenience of the user in mind and to assist patrons in navigating the system;

- All names shall identify as closely as possible the geographic location of the station (e.g. cross streets at the station location);

- Rail stations shall not be named after individuals -- either living or deceased;

Also, names of all light rail stations and facilities shall be subject to ratification by the Valley Metro Rail Board of Directors.

Point Of Interest Naming Policy

The point of interest naming policy is provided as an addition to the Station Naming Policy and maintains the intent of providing maximum benefit and convenience of the transit system user.

Valley Metro Rail, Inc. believes that transit passengers are best served by both identifying strategic points of interest at station locations and by limiting the number of these points of interest. The introduction of too many points of interest will result in the overloading of information on station signage and system maps, to the detriment of information processing by the passenger.

Therefore, the following criteria are established in the determination of point of interest designations:

- Points of interest must be major civic or public educational facilities/areas that are easily recognized by the public as a desirable destination;

- Such names shall be simple so as to be clearly understood by the user;

- All point of interest names shall be of facilities or institutions that have been built with significant public participation or of defined areas that have been designated by City Council action,

- The point of interest names shall be appended to the station banner signs to provide passenger visibility, but not in such a way as to confuse or overshadow the official station name.

- The point of interest names shall be no longer than 26 characters, including spaces.

- Point of interest names may also be added to the station directory map and information maps and brochures that provide station name information. The Agency shall retain the discretion to omit or shorten point of interest names with standard abbreviations where space is a consideration.

Also, point of interest names shall be subject to ratification by the Valley Metro Rail Board of Directors.

Adopted by Valley Metro Rail Board of Directors on September 29, 2004.

Information Summary

DATE **AGENDA ITEM 2**
June 15, 2023

SUBJECT
Valley Metro Rail, Inc. Fiscal Year 2024 (FY24) Proposed Operating and Capital Budget and Five-Year Operating Forecast and Capital Program (FY24 through FY28)

PURPOSE
To request approval of the FY24 Proposed Operating and Capital Budget and acceptance of the Five-Year Operating Forecast and Capital Program (FY24 thru FY28).

RECOMMENDATION
Staff recommends that RMC forward to the Board of Directors approval of the Valley Metro Rail, Inc. FY24 Proposed Operating and Capital Budget, and acceptance of the Five-Year Operating Forecast and Capital Program (FY 2024 thru 2028).

BACKGROUND | DISCUSSION | CONSIDERATION
The Valley Metro Rail, Inc. (VMR) FY24 combined operating and capital budget (the budget) is $429.1 million. 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 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:
RMC: June 7, 2023 approved
AFS: June 8, 2023 for information
Board of Directors: June 22, 2023 for action

CONTACT
Ken Kessler
Chief Financial Officer
kkessler@valleymetro.org

ATTACHMENT
None

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

1

VMR

FY24 Proposed Budget

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%**

3

VALLEY METRO 3

3

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%**

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

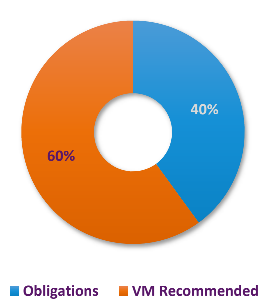
5

VALLEY METRO 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



6

VALLEY METRO 6

6

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

VALLEY METRO 7

7

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**

8

VALLEY METRO 8

8

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**

9

9

9

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**

10

VALLEY METRO 10

10

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**

11

11

11

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**

12

12

12

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**

VALLEY METRO 13

13

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**

VALLEY METRO 14

14

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%***	

15

VALLEY METRO 15

15

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%**

16

VALLEY METRO 16

16

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%**

17

VALLEY METRO 17

17

VMR

FY24-28 Five-Year Forecast

18

5-Year Operating Assumptions:

New Service

- Northwest Ext. II (1.6 miles) – Jan 2024
- South Central (5.5 miles) – Dec 2024
- Capitol Extension (1.4 miles) – FY28

Fare Revenue

- Average fare in FY25 and FY26 increases 5%, and FY27 and FY28 increases 3%.
- Ridership increases 19% in FY25, 15% in FY26, 9% in FY27 and 10% FY28.

Federal PM revenue

- FY24-28 increases 1.5% each year

VALLEY METRO 19

5-Year Operating Assumptions:

	FY24	FY25	FY26	FY27	FY28
Ridership (,000)					
Current LR Alignment	9,050	9,367	10,303	11,333	12,467
Northwest II	399	1,071	1,128	1,240	1,364
South Central	-	791	1,451	1,527	1,680
Light Rail	9,449	11,229	12,882	14,100	15,511
Streetcar	408	364	401	441	485
Total Ridership	**9,857**	**11,593**	**13,283**	**14,541**	**15,996**

VALLEY METRO 20

5-Year Operating Assumptions:

	FY24	FY25	FY26	FY27	FY28
Ridership (,000)					
Phoenix	6,097	7,759	9,066	9,902	10,894
* Tempe	2,057	2,127	2,340	2,574	2,831
Mesa	1,703	1,707	1,877	2,065	2,271
Total Ridership	**9,857**	**11,593**	**13,283**	**14,541**	**15,996**
Avg Fare - Rail	$0.62	$0.65	$0.68	$0.70	$0.73
Avg Fare - Streetcar	$0.33	$0.33	$0.35	$0.35	$0.36

**Streetcar included in ridership numbers.*

VALLEY METRO

21

21

5-Year Operating Sources and Uses

	FY24	FY25	FY26	FY27	FY28	Total
Operating ($,000)						
Sources of Funds						
Advertising	$ 850	$ 978	$ 1,078	$ 1,091	$ 1,104	$ 5,101
Fares	6,018	7,430	8,944	10,083	11,423	43,898
Federal Funds	1,603	1,627	1,651	1,675	1,701	8,257
Member City Contributions	80,430	92,188	103,521	105,803	107,988	489,930
Other	130	130	130	130	130	650
Total Sources of Funds	**89,031**	**102,353**	**115,324**	**118,782**	**122,346**	**547,836**
Uses of Funds						
Operations & Maintenance	72,496	84,609	95,263	98,119	101,063	451,550
Security	13,231	14,341	16,556	17,053	17,565	78,746
Agency Operating	3,304	3,403	3,505	3,610	3,718	17,540
Total Uses of Funds	**$ 89,031**	**$ 102,353**	**$ 115,324**	**$ 118,782**	**$ 122,346**	**$ 547,836**

VALLEY METRO

22

22

5-Year Operating by Segment

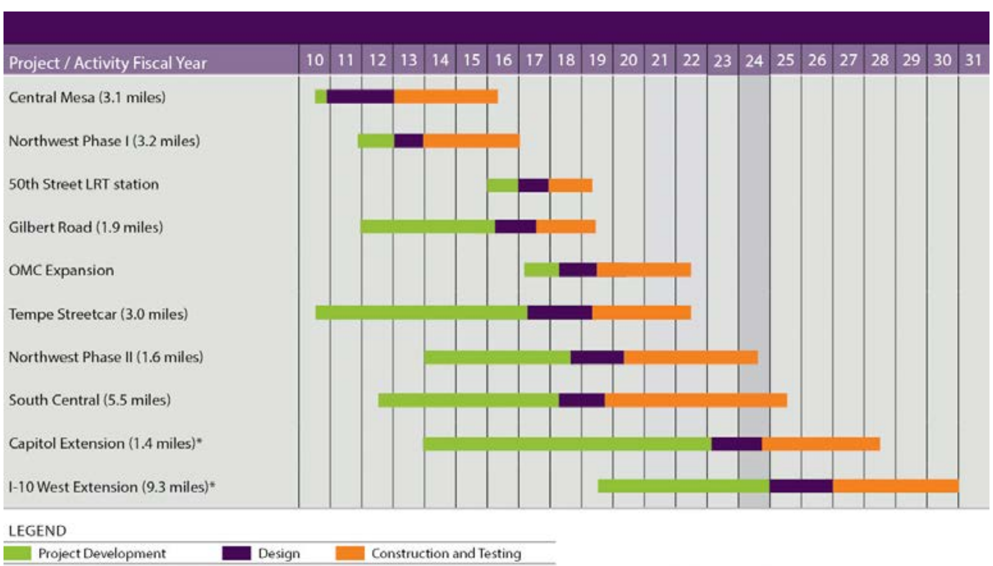
	FY24	FY25	FY26	FY27	FY28	Total
Operations (,000)						
Current LR Alignment	$ 76,478	$ 79,485	$ 83,655	$ 86,163	$ 88,750	$ 414,531
Northwest II	1,979	4,077	4,199	4,325	4,455	19,035
South Central	-	7,900	16,251	16,739	17,241	58,130
Light Rail	$ 78,457	$ 91,461	$ 104,105	$ 107,227	$ 110,446	$ 491,696
Streetcar	7,270	7,488	7,712	7,944	8,182	38,596
Total Operations	**$ 85,727**	**$ 98,949**	**$ 111,817**	**$ 115,171**	**$ 118,628**	**$ 530,291**
Light Rail Cost per Mile	$21.51	$22.23	$23.28	$23.98	$24.70	
Streetcar Cost per Mile	$44.60	$45.94	$47.32	$48.74	$50.20	

23

VALLEY METRO 23

23

LRT Capital Project Schedule



24

*Capitol Extension and I-10 West Extension are in project development phases. Project schedules will be refined as development continues.

VALLEY METRO 24

24

5-Year Capital Sources and Uses

	FY24	FY25	FY26	FY27	FY28	Total
Capital ($,000)						
Sources of Funds						
Federal Funds	$ 121,328	$ 49,854	$ 85,000	$ 62,124	$ 75,000	$ 393,306
MAG Funds	500	500	500	500	500	2,500
Member City Contributions	147,251	64,956	(63,000)	63,549	28,117	240,873
Public Transportation Funds	70,440	65,656	61,384	9,538	9,277	216,295
Regional Area Road Funds	500	500	500	500	500	2,500
Total Sources of Funds	**340,019**	**181,466**	**84,384**	**136,211**	**113,394**	**855,474**
Uses of Funds						
Future Project Development	19,092	17,075	8,717	8,978	9,247	63,109
South Central	224,132	115,804	6,638	6,245	-	352,819
Northwest Phase II	55,905	4,180	-	-	-	60,085
Tempe Streetcar	100	-	-	-	-	100
Gilbert Road Extension	1,315	-	-	-	-	1,315
Capitol Extension	12,898	40,998	67,144	120,176	103,865	345,081
Systemwide Improvements	9,385	75	79	83	87	9,709
State of Good Repair	17,192	3,334	1,806	729	195	23,256
Total Uses of Funds	**$ 340,019**	**$ 181,466**	**$ 84,384**	**$ 136,211**	**$ 113,394**	**$ 855,474**

25

VALLEY METRO 25

25

Recommendation

Staff recommends that the Board of Directors approve the Valley Metro Rail, Inc. FY24 Proposed Operating and Capital Budget, and acceptance of the Five-Year Operating Forecast and Capital Program (FY 2024 thru 2028).

26

VALLEY METRO

26

Information Summary

DATE **AGENDA ITEM 3**
June 15, 2023

SUBJECT
Fiscal Year 2024 (FY24) Election of Valley Metro Rail (VMR) Board Officers and Subcommittee Positions

PURPOSE
The VMR Board will vote to elect Board officers and subcommittee positions for FY24.

RECOMMENDATION
Based on letters of interest received, it is recommended that the VMR Board of Directors elect officers and subcommittee members to serve from July 1, 2023 to June 30, 2024 for the following positions:

<u>Board Officers (July 1, 2023 – June 30, 2024)</u>
- VMR Board Chair – Councilmember Laura Pastor, City of Phoenix
- VMR Board Vice Chair – Vice Mayor Francisco Heredia, City of Mesa

<u>Audit and Finance Subcommittee (July 1, 2023 – June 30, 2025)</u>
- Vice Mayor Jennifer Adams, City of Tempe

<u>Valley Metro RPTA and Valley Metro Rail Joint Board Subcommittee (July 1, 2023 – June 30, 2024)</u>
- Vice Mayor Laura Pastor, City of Phoenix
- Councilmember Francisco Heredia, City of Mesa

BACKGROUND/DISCUSSION/CONSIDERATION
Board officer and Board subcommittee elections are scheduled for June of each year. At the May 2023 Board meeting, it was announced that election of officers and subcommittee appointments would be brought forward at the June meeting for the following positions:

- Chair of the Board of Directors:
- Vice Chair of the Board of Directors
- RPTA/Valley Metro Rail Board Subcommittee members
- Audit and Finance Subcommittee

Following the May 2023 Board meeting, the Chair distributed a memorandum requesting letters from Board members interested in filling the above positions for FY24. The letters were due June 13, 2023.

COST AND BUDGET
There is no fiscal impact.

COMMITTEE PROCESS
Board of Directors: June 22, 2023 for action

CONTACT PERSON
Chair Jennifer Adams
Vice Mayor, City of Tempe

ATTACHMENT
None

Letters of Interest are available upon request.

Information Summary

DATE **AGENDA ITEM 4**
June 15, 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