Meetings of
BOARDS OF DIRECTORS

Joint Boards of Directors

Valley Metro RPTA

Valley Metro Rail

Date:
March 26, 2026

Starting Time:
11:30 a.m.

Meetings to occur sequentially
Location:
Valley Metro
Boardroom/Webex
101 N. 1st Avenue, 10th Floor

If you require assistance accessing the meetings on the 10th floor, please go to the 14th floor or call 602.262.7433.

Agenda

March 20, 2026

Joint Meeting Agenda
Valley Metro RPTA
And
Valley Metro Rail
Thursday, March 26, 2026
Valley Metro, 101 N. 1st Avenue, 10th Floor
Boardroom/You Tube
11:30 a.m.

	Action Recommended
1. Public Comment	1. For Information
The public will be provided with an opportunity at this time to address the committees on **non-agenda items and all action agenda items for the Joint, RPTA and VMR meeting agendas.** Up to three minutes will be provided per speaker unless the Chair allows more at their discretion. A total of 15 minutes for all speakers will be provided.	
2. Chief Executive Officer's Report	2. For information
Jessica Mefford-Miller, CEO, will brief the Joint Boards on current issues.	
3. Audit and Finance Subcommittee Update	3. For information
Councilmember White, AFS Chair, will provide an update on the discussions and actions taken at the March AFS meeting.	
4. Procurement and Business Practices Joint Ad Hoc Committee Update	4. For information
Councilmember Tolmachoff, Chair of the Joint Ad Hoc committee, will provide an update on the discussions and actions taken at the February meeting.	

CONSENT AGENDA

5A. Minutes	5A. For action
Minutes from the February 19, 2026 Joint Board meeting are presented for approval.	
5B. Fare Inspection and Security Services Contract Amendment	5B. For action
Authorization for the Chief Executive Officer to execute a contract amendment exercising two one-year options with Inter-Con Security Systems, Inc., for fare inspection and security services to extend the contract through May 11, 2028.	
5C. Job Order Contracting (JOC) Contract Amendment	5C. For action
Authorization for the Chief Executive Officer to execute a contract amendment, exercising two one-year options, with J. Banicki Construction, Inc., SDB, Inc., and Stacey and Witbeck, Inc. for job order contracting services to extend the contracts through January 1, 2029.	
5D. Printing Services Authorization to Issue a Competitive Solicitation	5D. For action
Authorization for the Chief Executive Officer to issue a competitive solicitation for printing services, including small, medium and large format and bus and train wraps.	
5E. Facilities Maintenance Services Contract Amendment	5E. For action
Authorization for the Chief Executive Officer to execute a contract amendment exercising one one-year option, with DMS Facility Services, LLC., for facilities maintenance services to extend the contract through April 7, 2027.	
5F. Videography and Photography Services Contract Amendment	5F. For action
Authorization for the Chief Executive Officer to execute a contract amendment exercising two one-year options with Ambient Skies Productions, LLC, Fervor Creative, Inc., The Flip Side Communications, LLC and Zee Peralta Photography to extend the contracts through August 31, 2028.	

REGULAR AGENDA

6. Administrative Office Lease Contract Amendment	6. For action
Authorization for the Chief Executive Officer to execute a contract amendment with SkanlanKemperBard Companies, to extend the contract through September 30, 2042, and increase the aggregate value of the contract for the amendment term not to exceed $35,859,553.	
7. Travel and Expenditures	7. For information
The monthly travel and expenditures for Valley Metro RPTA and Valley Metro Rail are presented for information.	
8. Report on Current Events and Suggested Future Agenda Items	8. For information
Chair Adams will provide members the opportunity to report on current events and suggest future agenda items for consideration.	
9. Next Meeting	9. For information
The next meeting of the Joint Board is scheduled for **Thursday, April 16, 2026 at 11:15 a.m.**	

Qualified sign language interpreters are available with 72 hours notice. Materials in alternative formats are available upon request. For further information, please call Valley Metro at 602-262-7433. The supporting information for this agenda and the You Tube streaming link can be found on our web site at www.valleymetro.org.

Executive Summary

DATE **AGENDA ITEM 1**
March 20, 2026

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.

RECOMMENDATION
This item is presented for information only.

BACKGROUND | DISCUSSION | CONSIDERATION
None

COST AND BUDGET
None

COMMITTEE PROCESS
None

CONTACT
Jessica Mefford-Miller
jmeffordmiller@valleymetro.org

ATTACHMENT
None

Executive Summary

DATE
March 20, 2026

AGENDA ITEM 2

SUBJECT
Chief Executive Officer's Report

COST AND BUDGET
There are no costs associated with this item.

RECOMMENDATION
This item is presented for information only.

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

ATTACHMENT
None

Executive Summary

DATE **AGENDA ITEM 3**
March 20, 2026

SUBJECT
Audit and Finance Subcommittee Update

PURPOSE
Councilmember White, AFS Chair, will provide an update on the actions from the March 5, 2026 meeting.

BACKGROUND | DISCUSSION | CONSIDERATION
The AFS met on March 5, 2026.

COST AND BUDGET
None

COMMITTEE PROCESS
None

RECOMMENDATION
This item is presented for information only.

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

ATTACHMENT
None.

Executive Summary

DATE
March 20, 2026

AGENDA ITEM 4

SUBJECT
Procurement and Business Practices Joint Ad Hoc Committee Update

PURPOSE
Councilmember Tolmachoff, Ad Hoc Committee Chair, will provide an update on the discussions from the February 25, 2026 meeting.

BACKGROUND | DISCUSSION | CONSIDERATION
The Procurement and Business Practices Joint Ad Hoc Committee met on February 25, 2026.

COST AND BUDGET
None

COMMITTEE PROCESS
None

RECOMMENDATION
This item is presented for information only.

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

ATTACHMENT
None.

Meeting Minutes

March 20, 2026 **AGENDA ITEM 5A**

Joint Boards of Directors
Thursday, February 19, 2026
Lake Powell Conference Room/Webex
101 N. 1st Avenue, 10th Floor
11:15 a.m.

RPTA Meeting Participants
Councilmember Jennifer Adams, City of Tempe – **Chair**
Councilmember Max White, City of Avondale **– Vice Chair**
Councilmember Laura Pastor, City of Phoenix - **Treasurer**
Councilmember Jamine Berry, City of Buckeye
Councilmember O.D. Harris, City of Chandler
Councilmember Monica Dorcey, City of El Mirage
Councilmember Peggy McMahon, Town of Fountain Hills
Councilmember Kenny Buckland, Town of Gilbert (phone)
Councilmember Lauren Tolmachoff, City of Glendale
Councilmember Wally Campbell, City of Goodyear (phone)
Councilmember Francisco Heredia, City of Mesa (phone)
Councilmember Jon Edwards, City of Peoria (phone)
Councilmember Jeff Brown, Town of Queen Creek (phone)
Councilmember Maryann McAllen, City of Scottsdale
Councilmember Earle Greenberg, City of Surprise (phone)
Councilmember Jimmy Davis, City of Tolleson
Mayor BG Bratcher, Town of Wickenburg (phone)
Mayor Michael LeVault, Town of Youngtown (phone)

Members Not Present
Supervisor Steve Gallardo, Maricopa County

Valley Metro Rail Participants
Councilmember Laura Pastor, City of Phoenix – **Chair**
Councilmember Jennifer Adams, City of Tempe – **Vice Chair**
Jodi Sorrell for Councilmember Franscico Heredia

Chair Adams called the meeting to order at The Chair called the meeting to order at 1:04 p.m., following the Joint Boards Study Session.

1. Public Comment

Chair Adams said the public will be provided with an opportunity at this time to address the Committees on the non-agenda items and all action 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.
Are there any public comments for today's meeting?

Ms. Muller said no, ma'am. Not at this time.

Chair Adams said Lisa will you please call the roll.

City of Avondale, Councilmember Maxine White? Present.
City of Buckeye, Councilmember Jamaine Berry?
City of Chandler, Councilmember OD Harris?
City of El Mirage, Councilmember Monica Dorsey? Present.
Town of Fountain Hills, Councilmember Peggy McMahon?
Town of Gilbert, Councilmember Kenny Buckland? Here.
City of Glendale, Vice Mayor Lauren Tolmachoff? Here.
City of Goodyear, Vice Mayor Wally Campbell?
Maricopa County Supervisor, Steve Gallardo?
City of Mesa, Councilmember Francisco Heredia?
City of Peoria, Councilmember Jon Edwards? Present City of Phoenix,
Councilmember Laura Pastor? Present.
Town of Queen Creek, Councilmember Jeff Brown? I'm here.
City of Scottsdale, Councilmember Mary Ann McAllen? Present.
City of Surprise, Vice Mayor Earle Greenberg?
City of Tempe, Councilmember Jennifer Adams? Present.
City of Tolleson, Vice Mayor Jimmy Davis? Present.
Town of Wickenburg, Mayor B.G. Bratcher? Present.
Town of Youngtown, Mayor Michael LeVault? I'm here.

Chair Adams said thank you very much. Do we have any public comments? Seeing none. We'll move on.

2. Chief Executive Officer's Report

Chair Adams said Jessica, would you like to do a quick Executive Officer's Report.

Ms. Mefford-Miller said I will. Thank you. Madam Chair, members of the Board. As I mentioned in our prior study session, Valley Metro this month is submitting a build grant application. This would support implementation of some of the recommendations from the recent Crime Prevention Through Environmental Design and Collision Reduction and Runtime studies both of them focused on the rail system and the overall goal is to increase the safety, the speed and the reliability of our rail system which, of course, operates in a shared right-of-way. If successful, investments will include replacement of blank out signage, introduction of AI technology that helps detect intrusions on the track and informs operators, second entrances at some of our rail stations to control access and egress.

If we're not successful, we'll continue pursuing other federal funding to support these important upgrades to our existing rail system.

We talked a lot about bus network redesign in our last conversation. I want to mention that we are engaging very deeply with our community on the bus network redesign which is tagged: Your Voice, Your Ride. This is the people's system, and we've got to hear from them what's working, what's not working. To date we've received over 4,500 responses to surveys. We've engaged with almost 200 businesses or not-for-profit entities. We've conducted over 50 meetings. We are often co-locating meetings with pop-ups and other events that are happening in the community. And this is one part of Valley Metro's comprehensive community engagement strategy.

We did present that new strategy to this body last year. I think it's going really, well and we're getting that important participation that's so necessary from the community.

System performance. Ridership is continuing to grow. If we look at our most recent month, which was December bus ridership was fairly, flat, light rail ridership each month continues to grow. In December it was 28 percent year-over-year relative to the prior year. I do want to note most of this ridership growth on light rail is on the South Central Extension which opened in June of 2025.

We are seeing a decline on streetcar. I want to remind us that we began collecting fares for the first time in August 2025 on Streetcar so we're working with Tempe and our pass partners including Arizona State University to get more passes in the hands of people who would be likely streetcar riders.

On the bus side of things, we're continuing to push improvements in service quality and reliability that means the bus is so much more likely to show up where we say when we say it's going to than it has in the past. And these are performance improvements relative to the same quarter last year across each of our day type. So well done to the Transportation and Service Planning Teams.

I know you are all aware of this and I did send a detailed email out to this body the early morning of January 28 when Phoenix City Council voted to reprioritize light rail projects for expansion.

At this time, we're working with City of Phoenix to evaluate additional high-capacity or different high-capacity transit option ideally along Indian School Road. Where we are working now to create a plan for advancing planning, preliminary engineering. Also, conducting engagement with a very active and engaged and dense business community along Indian School Road.

I want to express my gratitude to our partners at City of Phoenix, the hard-working Valley Metro staff and our contract partners who did yeoman's work working to present options for mayor and council's consideration for either advancing Capital Extension or exploring another option.

It's been almost eight months since we opened South Central Extension and what a glorious day that was and this project like the other projects we have opened recently, is very quickly racking up accolades. I want to congratulate our Marketing and Communications team led by Chief Hillary Foose for their award as a first-place winner in the American Public Transit Association Ad Wheel Grand Awards. Ad Wheels are a big deal in our industry at the risk of sounding nerdy. This is a big deal, and it is for the communications marketing and customer experience campaign leading up to the grand opening of the South Central Extension. Hillary and team, well done. Kind of like a Heisman of transit.

South Central Extension this spring will also receive the Women's Transportation Seminar Award for Transportation Solutions at their annual scholarship and award gala.

Looking ahead. We do have next week on Wednesday a meeting of our ad hoc committee chaired by Councilmember Tolmachoff where we are focused on procurement practices and business strategies. I do want to note that our March meeting, which is marked 26 it's been pushed back a week to accommodate board member attendance at League of Cities and Towns. We're also starting at 11:30 instead of 11:15. We'll be back on our normal schedule in the month of April. That concludes my report, Madam Chair.

Chair Adams said thank you very much.

3. Audit and Finance Subcommittee Update

Chair Adams asked Councilmember White to provide this update.

Councilmember White said thank you, Madam Chair. The Audit and Finance Subcommittee met Thursday, February 5th. We received an update with our Financial Officer from Mr. Kessler. I believe we had our revenue dollars through the end of December.

We approved actually the Internal Audit Charter Update. Ms. Beckstrom presented that with her Internal Audit Strategic Vision. And then we also took a deep dive into a new method of operations here. She has an internal audit strategic vision planned out from 2026 through 2029. So that was presented and approved during our Audit and Finance Subcommittee Meeting.

Mr. Kondrat, our Internal Audit Manager, provided us with an update on internal audit, external reviews and prior audit findings.

And then Mr. Olsen, our Budget and Operations Financial Manager, provided the FY26 second quarter budget review.

We then had Mr. Kessler present to us the VMR fiscal year 2026 mid-year budget adjustments. And then we took a look at Valley -- the fiscal year 2027 preliminary transit service budget assumptions.

We had the opportunity to review fiscal year 2025 Regional Public Transit Authority and Valley Metro Rail Comprehensive Financial Reports and Single Audit Reporting Packages for acceptance. And I believe we had no findings. I can be corrected if I'm wrong, but Mr. Kessler is shaking his head. I do want to commend the team in Audit Finance and also our budget team. There were no findings so excellent job.

We had no updates on current events or suggested future agenda items. And AFS will meet again on Thursday, March 5th at noon. Madam Chair, thank you.

Chair Adams said thank you. Thank you for the presentation. Appreciate it.

4. Consent Agenda

Chair Adams said consent agenda items 4A and 4B are presented for action. I would like to combine those in the interest of time. Do I have a motion to approve?

IT WAS MOVED BY COUNCILMEMBER TOLMACHOFF, SECOND BY COUNCILMEMBER WHITE AND UNANIMOUSLY CARRIED TO APPROVE CONSENT AGENDA ITEMS 4A AND 4B.

5. Travel and Expenditures

Chair Adams said this item is presented for information.

6. Report on Current Events and Suggested Future Agenda Items

Chair Adams said the next item is the Report on Current Events and Suggested Future Items. I do have a future item. It's the Innings Festival is the next two weeks in Tempe so it will be really crowded. Please ride light rail or buses if you can.

7. Next Meeting

Chair Adams said the next meeting of the Joint Boards is scheduled for Thursday, March 26, 2026, at 11:30 a.m.

Ms. Mefford-Miller said Madam Chair, I have a couple of other items.

Councilmember Harris said we had opportunity to connect with Valley Metro where we had various people from throughout the community come together. Valley Metro provided a sponsorship for the bus where we did tours of historic areas that are located within Phoenix during the Black History Month. We can’t move forward without connecting to our history and we were able to see some historical sites as well as Senator Gallego's team was a part of this ride as well. So it was really, cool. Good regional effort for us to stay connected and the public was invited and many came. And as you can see you had kids on the bus riding around. So it was really, awesome and thank you to CEO and your team for doing a -- an outstanding job on making it happen. So thank you so much, it was awesome.

Councilmember Tolmachoff said thank you. I've got a couple things. The Joint Board Procurement Business Practices and Ad Hoc Subcommittee met on January 16th. At that meeting we basically just went through our work plan. There was a consensus to adopt the work plan. So we haven't really done any work yet. And our next meeting will be next week February 25th at -- what time, at 11 a.m.

I do have a couple future agenda items requests -- to request to bring back a discussion at the March 26 meeting to have a discussion whether or not we feel that it's appropriate to leave placeholders in the budget but have a hiring freeze until we figure out how this formula funding thing is going to work. So I'd at least like to have a board discussion about whether we want to talk about that. And then where the board leaves that.

And then one other thing the study says -- I'd like to adopt the board to discuss adopting a study session policy. I personally do not like showing up unprepared and not having a chance to review especially when you call it a study session and I haven't had a chance to study it. I'd like to have the board talk about adopting a policy on at least whatever we decide providing this material to us in advance so we can show up prepared. Thank you, Madam Chair.

Vice Mayor Davis said I'm sorry. I'm sorry. I'm gonna lose myself right now. I would like to request an item placed on a future agenda looking at what the plan is for the -- the southwest Valley and the west Valley in general with transit. Sounds like there's a lot of different things that are happening in different areas. I don't know what I don't know and I don't like that. I would like to be informed. I need to be informed to represent my community effectively. So I would like that to be on a future agenda.

Like this vote that Phoenix just took which could potentially affect my community, you know, you guys are your own entity, you're going to do what you're going to do, but the only reason I even knew that that was happening is because of Laura's efforts on social media. Otherwise, I would probably not known until the vote came out and it was on the news. So I had a little bit of a heads up and I was trying to figure out what's happening here. So yeah, I think communication is key to making sure we are successful board members and that includes getting stuff in advance. So I will say thank you to the Valley Metro team because they have, you know, fulfilled a lot of my requests lately with meetings and -- and just getting me additional information that I've asked for. So I do appreciate that. Thank you, Jessica and your team.

Ms. Mefford-Miller said Madam Chair. We do have a study session plan for the spring on the Bus Network Redesign perhaps that would be the time where we can highlight not just southwest Valley but all of our subregions, what we're seeing. And this is intended to get board member reaction. We'll have similar conversations with city staff.

Vice Mayor Davis said I think one of the things that doesn't work with our system is we don't work as a region; we work as individual entities. And we need to really fix that. That's all.

Chair Adams said thank you. Anyone else have current events or suggested future agenda items? Yes. Councilmember White.

Councilmember White said thank you, Madam Chair. I just wanted to share that I am a member of the friends of the Southwest Family Advocacy Center board member, and we are going to be hosting our Spirit of Strength Gala on Friday, March 6, from 5 to 10 p.m. at the Wigwam Resort in Litchfield Park, Arizona. I will go ahead and send out information to share with the board to make sure that you all have the data. But that's an awesome opportunity for multiple governments to come through and support the victims of domestic violence and human trafficking and participate. So I would invite you all to join me. Thank you so much, Chair.

Chair Adams said very, very good. Anyone else?

7. Next Meeting

Chair Adams said all right. Our next meeting will be Thursday, March 26, 11:15.

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

Executive Summary

DATE **AGENDA ITEM 5B**
March 20, 2026

SUBJECT
Fare Inspection and Security Services Contract Amendment

COST AND BUDGET
No additional contract authority is requested.

For FY26, the contract obligation is fully funded within the adopted FY26 Operating and Capital Budget. Contract obligations beyond FY26 are incorporated into the Agency's Five-Year Operating Forecast and Capital Program (FY26 through FY30).

The sources of funds are Public Transportation Funds and member cities.

RECOMMENDATION
Authorization for the Chief Executive Officer to execute a contract amendment exercising two (2) one-year options with Inter-Con Security Systems, Inc., for fare inspection and security services to extend the contract through May 11, 2028.

STRATEGIC PLAN ALIGNMENT
This item relates to the following goals and strategies in the Five-Year Strategic Plan:
- Goal 1: Excellent Customer Experience
- Goal 3: Prioritize Safety & Security on Transit

COMMITTEE PROCESS
RTAG: February 17, 2026, for information
TMC/RMC: March 4, 2026, approved
Boards of Directors: March 26, 2026, for action

CONTACT
Adrian Ruiz
Chief, Safety and Security
aruiz@valleymetro.org

ATTACHMENT
A copy of the contract amendment is available for review.

Background Information

BACKGROUND DISCUSSION
This contract is needed to maintain a safe, secure rail/streetcar transit system. The contract provides fare inspection and security services throughout the system. Valley Metro currently contracts with Inter-Con Security (IC). The contract began on May 12, 2025, with an initial one-year term and four (4) one-year options to extend.

<u>Option Years Justification</u>
In reviewing the scope of work, Inter-Con Security has exceeded requirements and expectations. An assessment of their performance demonstrates the following:

- Scope and Deliverables:
  - Inter-Con Security has consistently maintained a rail/streetcar fare inspection percentage of total ridership above 20%.
  - Inter-Con Security has consistently maintained and filled 99% of the contracted hours.
  - Inter-Con Security has supplied weekly, monthly and quarterly reports of performance.
  - Inter-Con Security has provided Valley Metro with dashboards and Gantt charts showing real-time staffing and deployment of personnel.
  - Inter-Con Security monitors and reports out on complaints, improvements and acknowledgements from the public.
- Quality and Responsiveness
  - Overall quality of services provided has met expectations.
  - No change orders or contract amendments have been necessary.
- Complaints, concerns and compliments
  - Inter-Con Security monitors and reports out on complaints, improvements and acknowledgements from the public.
  - No claims or losses have occurred because of Inter-Con's performance.

Contract Authority and Spend Summary
Table 1 summarizes original board approved contract authority. The Contract is performing as awarded and budgeted. No additional contract authority is being sought for the extension.

Table 1

Agency	Year 1	Option Year 1	Option Year 2	Option Year 3	Option Year 4	Total
VMR	$17,640,000	$18,170,000	$19,992,000	$20,594,000	$21,211,000	$97,607,000
RPTA	$531,000	$547,000	$557,000	$574,000	$591,000	$2,800,000
Total	**$18,171,000**	**$18,717,000**	**$20,549,000**	**$21,168,000**	**$21,801,000**	**$100,407,000**
					Contingency	$5,020,000
					Total	**$105,427,000**

Table 2 – Contract Authority and Spend Summary

Description	Amount
Current Board Authorized Contract Authority	$100,407,000
Current Board Authorized Contingency	$5,020,000
Current Spend	$20,733,323

Note: Contract authority does not obligate the agency. The agency is obligated only once a purchase order is issued for a budgeted line item.

CONTRACT TYPE AND TERM

The contract is a firm-fixed-price contract with economic adjustment. The contract began on May 12, 2025, and will end on May 11, 2028, with two (2) one-year options to extend remaining.

Fare Inspection & Security Services Contract Amendment

1

Inter-Con Security 2-Year Renewal

- Inter-Con Security provides fare inspection and security services for light rail/streetcar and fixed post security for our Mesa bus facility
- They provide customer service and fare inspection to create a safe environment for rail and streetcar passengers
- Initial contract began May 12, 2025
- Initial term was 12 months; a 24-month extension is being sought
- Maximum contract term is five years

2

2

Performance Summary

- Inter-Con has met the terms of the contract scope of work.
  - ✓Maintained a fare inspection percentage above 20% of total light rail/streetcar ridership
  - ✓Consistently filled 99% of weekly contracted hours

3

3

Recommendation

Authorization for the Chief Executive Officer to execute a contract amendment exercising two (2) one-year options with Inter-Con Security Systems, Inc., for fare inspection and security services to extend the contract through May 11, 2028.

4

4

Executive Summary

DATE **AGENDA ITEM 5C**
March 20, 2026

SUBJECT
Job Order Contracting (JOC) Contract Amendment

COST AND BUDGET
No additional contract authority is requested.

For FY26, the contract obligation is fully funded within the adopted FY26 Operation and Capital Budget. Contract obligations beyond FY26 are incorporated into the Agency's Five-Year Operation Forecast and Capital Program (FY26 through FY30).

The sources of funds are Public Transportation Funds, federal grants, and member cities.

RECOMMENDATION
Authorization for the Chief Executive Officer to execute a contract amendment, exercising two (2) one-year options, with J. Banicki Construction, Inc., SDB, Inc., and Stacey and Witbeck, Inc. for job order contracting services to extend the contracts through January 1, 2029.

STRATEGIC PLAN ALIGNMENT
This item relates to the following goals and strategies in the Five-Year Strategic Plan,

- Goal 1: Deliver excellent customer experience
  - Initiative 1.2: Prioritize a unified customer experience across various modes and services, moving from transactional to relational interactions.
- Goal 3: Prioritize security on transit
  - Initiative 3.4: Evaluate the physical infrastructure and security of regional transit assets and stations and make necessary improvements (e.g., crime prevention through environmental design (CPTED); better lighting, restrict hiding places, enhance security monitoring systems).
- Goal 5: Deliver on stakeholder collaboration and unify efforts from diverse interests
  - Initiative 5.3: Engage and diversify third-party contractors and consultants for collaborative success on shared projects, setting clear expectations, priorities, and ensuring responsiveness.

COMMITTEE PROCESS
RTAG: February 17, 2026, for information
TMC/RMC: March 4, 2026, approved
Boards: March 26, 2026, for action

CONTACT
Trevor Collon, PE
Chief of Capital Development
tcollon@valleymetro.org

ATTACHMENT
Copies of the contract amendments are available for review.

Background Information

BACKGROUND DISCUSSION

In October 2023, the Joint Boards of Directors authorized the CEO to execute Job Order Contracts (JOCs) with J. Banicki Construction, SDB, Inc., and Stacy and Witbeck, Inc. to provide construction services for Valley Metro's transit capital and operating needs for a combined amount not to exceed $20 million for a three-year base term with two one-year options for a total of five years. These three task-order-based, FTA-compliant contracts were executed on January 2, 2024.

In July 2025, a contract amendment was executed to raise the contract authority from $20M to $39.7M in support of programmed projects. To date, 93% of the contract work has supported VMR and 7% has supported RPTA.

The JOC Contractors support projects of various sizes to support bus and rail operations and maintenance. To date, the current JOCs have provided support services on multiple efforts including:

- Civil site preparation for the installation of station platform mobile fare validators and ticket vending machines
- Rail operations and maintenance center facility rehabilitation and improvements
- Avondale Transit Center construction
- Public art restoration and maintenance
- Rail station painting and station safety railing installations
- Fare vending area improvements
- Rail alignment repairs, including joint replacement and rail break repairs
- Accident repairs (property damage)
- Facility surveys and mechanical systems analysis
- Concrete removals and replacements
- Site security improvements
- Equipment removals

In addition, future projects are also anticipated to include:

- Gilbert Park-and-Ride (Summer 2026)
- Mesa Bus Stop Improvements (Summer 2026)
- System fiber installation and upgrades (Spring 2026)
- Rail alignment repairs, including joint replacements (as-needed)
- Facilities rehabilitation for bus and light rail operations and maintenance centers (as-needed)
- Concrete repairs and replacements (ongoing)
- Collision reduction improvements (Summer 2026)
- Crime prevention through environmental design (CPTED) improvements (2026-2027)
- Emergency services and accident repairs (property damage) (as-needed)

- Public art restoration and maintenance (ongoing)
- Rail station painting and safety railing installations (ongoing)

CONTRACT EXTENSION JUSTIFICATION

Prior to recommending these contracts be extended with the available two option years, staff reviewed the performance of the job order contractors over the current term of the contract. The contractors have provided consistent, timely, and quality services on a wide variety of projects. To date, there have been no liquidated damages or letters of concern issued to any of the contractors reflecting Valley Metro's satisfaction with their quality and timely performance. There have been no notable disputes or claims resulting from the work performed. The contractors have demonstrated attention to compliance concerns including adherence to Department of Labor requirements on federally-funded task orders and proper track access and light rail right-of-way requirements. For these reasons and with current active task orders in progress, staff concluded that exercising the option years on the contracts was justified in lieu of reprocuring for these services.

Table 1 provides a summary existing contract authority, total contract allocations, and total expenditures as of January 2026. Two one-year options are available to be exercised to extend the contract term through January 2, 2029. As of January 2026, the remaining contract authority remains at a sufficient level to support the anticipated needs identified through the full term of the contract, including the option years.

Table 1. Summary of Contract Financials as of January 26, 2026:

Description	Amount
Current Contract Authority	$39,700,000
Total Allocations	$20,442,455
Total Expended	$18,198,838
Total Remaining Contract Authority (including contingency)	**$19,257,545**

CONTRACT TYPE AND TERM

The contracts are indefinite delivery indefinite quantity contracts. The contracts began on January 2, 2024, and will end on January 1, 2029, with no options to extend.

Job Order Contracts (JOC) Contract Amendment

VALLEY METRO

1

Contracts Summary

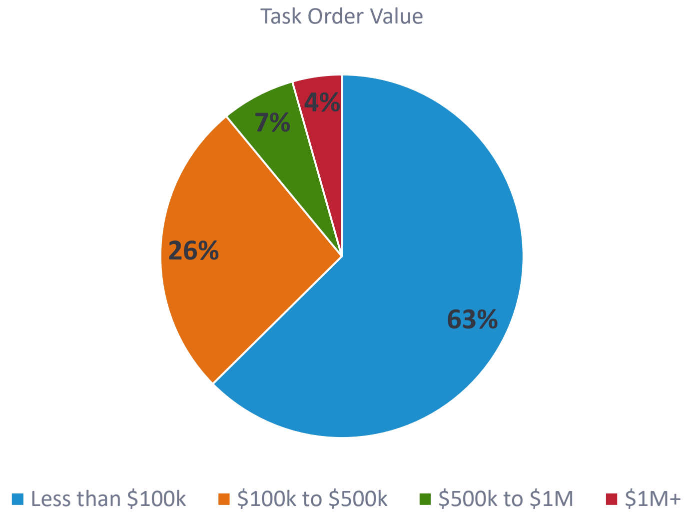
- Contracts executed in January 2024
- Term: 3-year base + 2 option years
- Contract authority: $39.7M
  - No additional contract authority being requested
- Task-order based, FTA-compliant, cooperative contract available to Member Agencies
- **Requesting authority to exercise two one-year options**

2

VALLEY METRO

2

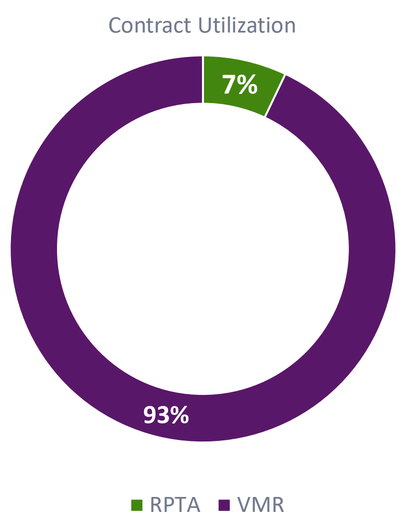
JOC Task Order Values



3

3

RPTA vs. VMR Contract Utilization

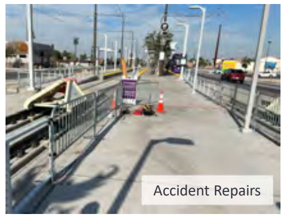


4

4

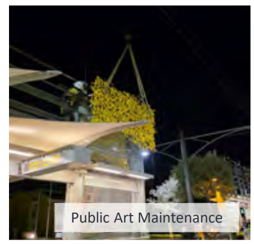
Completed Projects


Tenant Improvements


Accident Repairs


Station Painting


Mesa Bus Operations & Maintenance Center HVAC Replacement


Public Art Maintenance

5

VALLEY METRO

5

Anticipated Future Projects

- Gilbert Park-and-Ride (Summer 2026)
- Mesa Bus Stop Improvements (Summer 2026)
- System fiber installation and upgrades (Spring 2026)
- Rail alignment repairs, including joint replacements (as-needed)
- Facilities rehabilitation for bus and light rail operations and maintenance centers (as-needed)
- Concrete repairs and replacements (ongoing)
- Collision reduction improvements (Summer 2026)
- Crime prevention through environmental design (CPTED) improvements (2026-2027)
- Emergency services and accident repairs (property damage) (as-needed)
- Public art restoration and maintenance (ongoing)
- Rail station painting and safety railing installations (ongoing)

6

VALLEY METRO

6

Recommendation

Authorization for the Chief Executive Officer to execute a contract amendment, exercising two (2) one-year options, with J. Banicki Construction, Inc., SDB, Inc., and Stacey and Witbeck, Inc. for job order contracting services to extend the contracts through January 1, 2029.

Executive Summary

DATE
March 20, 2026

AGENDA ITEM 5D

SUBJECT
Printing Services Authorization to Issue a Competitive Solicitation

COST AND BUDGET
Costs submitted in responses will be subject to either a price or cost analysis, including comparison to an independent cost estimate, if applicable. Specific costs and budget impact will be disclosed at the time of a request for award.

RECOMMENDATION
Authorization for the Chief Executive Officer to issue a competitive solicitation for printing services, including small, medium and large format and bus and train wraps.

STRATEGIC PLAN ALIGNMENT
This item relates to the following goals and strategies in the Five-Year Strategic Plan:

- Goal 1: Deliver excellent customer experience
    - Tactic 1.1: Incorporate human-centered design principles and practices
    - Tactic 1.2: Prioritize a unified customer experience across modes

COMMITTEE PROCESS
RTAG: February 17, 2026, for information
TMC/RMC: March 4, 2026, approved
Boards of Directors: March 26, 2026, for action

CONTACT
Mick Webber
Marketing Program Manager - Signage and Production
mwebber@valleymetro.org

ATTACHMENT
A copy of the contracts is available upon request.

Background Information

BACKGROUND DISCUSSION

Printing services are necessary to provide materials to all of Valley Metro's departments and serve member city needs, communicate to passengers and stakeholders and implement strategic marketing efforts. Printed material and collateral continue to be an avenue to allow Valley Metro to communicate to existing riders, notify key communities, target new demographics and develop custom tactics to support and increase overall system ridership and generate community support for transit. We will continue to use printing services for posters, brochures, flyers, kiosk posters, small format, medium format, large format, system maps, artsline program, bus wraps, train wraps, and all other business needs.

The current printing services contracts will expire on January 16, 2027. The chart below shows historical spending by fiscal year. Increasing annual expenditure reflects quarterly service changes beginning in fiscal year 2025, the addition of two light rail extensions, and increased printing costs related to more frequent schedule updates.

Contract Authority and Historical Spend Summary

Description	Amount
Current Board Authorized Contract Authority	$2,314,400
Current Board Authorized Contingency	$0
FY22 Spend (5 Months)	$85,598
FY23 Spend	$334,632
FY24 Spend	$405,171
FY25 Spend	$559,475
FY26 Spend (6 Months To Date)	$240,385
Current Spend (through January 6, 2026)	$1,625,261

Note: Contract authority does not obligate the agency. The agency is obligated only once purchase order is issued for a budgeted line item.

As individual print jobs are identified, the following steps will be used to determine the vendor(s) appropriate for the job based on specific expertise, workload, and availability:

- Valley Metro will prepare the specifications and request quotes.
- Vendors will prepare and submit quotes to Valley Metro.
- Final negotiations occur and the purchase order is initiated.

Through a competitive solicitation process, printing vendor(s) will be selected and contracted to meet organizational printing requirements efficiently and cost-effectively.

Printing Services Authorization to Issue a Competitive Solicitation

1

Background Information

- This contract is needed to meet the printing services requirements of internal departments and member cities.
- Supports Valley Metro's in-house Marketing team to effectively produce printed material and collateral to communicate to existing riders, notify key communities, target new demographics and promote our range of transit services.
- This item serves the Agency's strategic plan through delivering excellent customer experience.
- Printing Services will only be used as budget allows.

2

2

Historical Printing Services Spend

- Current printing services contracts expire January 16, 2027
- Increasing annual expenditure reflects quarterly service changes beginning fiscal year 2025, two light rail extensions, and increased printing costs

Description	Amount
Current Board Authorized Contract Authority	$2,314,400
FY22 Spend (5 Months)	$85,598
FY23 Spend	$334,632
FY24 Spend	$405,171
FY25 Spend	$559,475
FY26 Spend (6 Months To Date)	$240,385
Current Spend (through January 6, 2026)	$1,625,261

3

VALLEY METRO

3

Recommendation

- Authorization for the Chief Executive Officer to issue a competitive solicitation for Printing Services, including small, medium and large format and bus and train wraps.

4

VALLEY METRO

4

Executive Summary

DATE **AGENDA ITEM 5E**
March 20, 2026

SUBJECT
Facilities Maintenance Services Contract Amendment

COST AND BUDGET
No additional contract authority is requested.

For FY26, the contract obligation is fully funded within the adopted FY26 Operating and Capital Budget. Contract obligations beyond FY26 are incorporated into the Agency's Five-Year Operating Forecast and Capital Program (FY26 through FY30).

The sources of funds are Public Transportation Funds and member cities.

RECOMMENDATION
Authorization for the Chief Executive Officer to execute a contract amendment exercising one (1) one-year option, with DMS Facility Services, LLC., for facilities maintenance services to extend the contract through April 7, 2027.

STRATEGIC PLAN ALIGNMENT
This item relates to the following goals and strategies in the Five-Year Strategic Plan:

- Goal 8: Operational excellence
    - Tactic 8.1: Optimize service performance
    - Tactic 8.2: Codify a comprehensive maintenance and operations program
    - Tactic 8.3: Improve service quality through enhanced planning, performance management, and continuous improvement

COMMITTEE PROCESS
RTAG: February 17, 2026, for information
TMC/RMC: March 4, 2026, approved
Board of Directors: March 26, 2026, for action

CONTACT
Rob Rosenberg
Deputy Chief of Rail Maintenance
rrosenberg@valleymetro.org

ATTACHMENT
A copy of the contract amendment is available for review.

Background Information

BACKGROUND DISCUSSION
On March 14, 2024, the Boards of Directors approved a new contract for maintenance of facilities, park and rides and passenger stations along the light rail alignment. Included in the scope of work is the Mesa Bus Operations and Maintenance Facility. The contract has an initial two-year term with three (3) one-year options to extend.

The contractor provides all necessary vehicles, tools, supplies, materials and other related equipment required to perform the facility maintenance services. The following facilities are included in the scope of work:

- Mesa Bus Operations and Maintenance Facility
- Light Rail Operations and Maintenance Center
- Light Rail Park and Ride lots and security offices located on the lots
- Light Rail Operator facilities at end-of-line stations
- Passenger stations, substations and signal buildings

The estimated cost for the one-year extension is $2,274,764. The split is approximately $175,547 for RPTA and $2,099,217 for VMR.

Contract Authority and Spend Summary

Description	Amount
Current Board Authorized Contract Authority	$10,650,000
Current Board Authorized Contingency	$0
Estimated Spend for the first Two Years	$3,795,231

Note: Contract authority does not obligate the agency. The agency is obligated only once a purchase order is issued for a budgeted line item.

CONTRACT TYPE AND TERM
The contract is a cost-plus fixed-fee contract. The contract began on April 8, 2024, and will end on April 7, 2027, with two (2) one-year options to extend remaining.

1

Facilities Maintenance Services Contract Amendment

Valley Metro continues to have a need for maintenance of facilities, park and rides and maintenance of passenger stations along the light rail alignment. This work also covers Valley Metro's Mesa Bus Operations and Maintenance Facility.

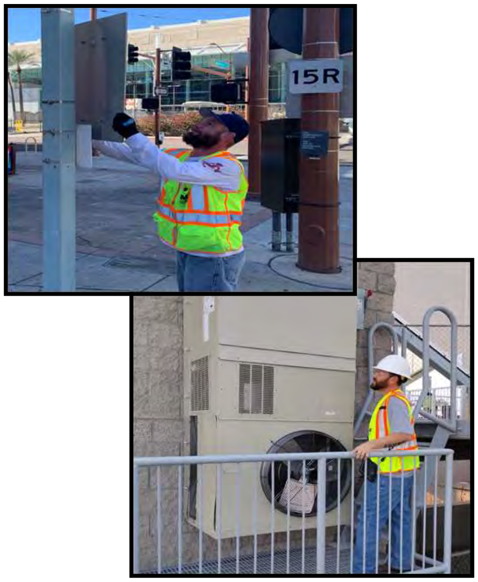
The contractor shall provide all necessary vehicles, tools, supplies, materials and other related equipment required to perform the facility maintenance services defined in this contract. Services performed under this contract include a full range of facility maintenance services related to bus and light rail include:

- Mesa Bus Operations and Maintenance Facility
- Light Rail Operations and Maintenance Center
- Light Rail Park and Ride lots and security offices located on the lots
- Light Rail Operator facilities at end of line stations
- Passenger stations, substations and signal buildings

2

2

Facilities Maintenance Services



- Inspections
- Preventive Maintenance
- Corrective Maintenance
- Safety Management
- Maintain Records and Reports
- Maintenance Issue Verification
- After Hours Response
- Processing Warranties and Follow Through
- Fleet Management

3

3


Passenger Station


Park and Ride


Operator/Security Building


Traction Power Substation

4

4

Recommendation

Authorization for the Chief Executive Officer to execute a contract amendment exercising one (1) one-year option, with DMS Facility Services, LLC., for facilities maintenance services to extend the contract through April 7, 2027.

5

VALLEY METRO

5

Executive Summary

DATE **AGENDA ITEM 5F**
March 20, 2026

SUBJECT
Videography and Photography Services Contract Amendment

COST AND BUDGET
No additional contract authority is requested.

For FY26, the Agency contract obligation is fully funded within the adopted FY26 Operating and Capital Budget. Contract obligations beyond FY26 are incorporated into the Agency's Five-Year Operating Forecast and Capital Program (FY26 through FY30).

The sources of funds are Public Transportation Funds and member cities.

RECOMMENDATION
Authorization for the Chief Executive Officer to execute a contract amendment exercising two (2) one-year options with Ambient Skies Productions, LLC, Fervor Creative, Inc., The Flip Side Communications, LLC and Zee Peralta Photography to extend the contracts through August 31, 2028.

STRATEGIC PLAN ALIGNMENT
This item relates to the following goals and strategies in the Five-Year Strategic Plan:

- Goal 1: Deliver excellent customer experience
  - Initiative 1.3: Establish a holistic Customer Experience (CX) program and institutionalize customer experience across the organization.
- Goal 2: Deliver on stakeholder collaboration
  - Initiative 5.5: Communicate the value of transit to stakeholders and the general public region-wide.

COMMITTEE PROCESS
RTAG: February 17, 2026 for information
TMC/RMC: March 4, 2026 approved
Boards of Directors: March 26, 2026 for action

CONTACT
Hillary Foose
Chief of Marketing and Communications
hfoose@valleymetro.org

ATTACHMENT
Copies of the contract amendments are available upon request.

Background Information

BACKGROUND DISCUSSION
Videography and photography are a mainstay across various mediums (social media, website, broadcast) to promote a positive image of the Agency and our services. Videography and photography are also used to capture and document milestone moments for the system, such as groundbreakings, ribbon cuttings, and other special events, and serve to visually communicate our value and how we enhance and support our local communities through the services we provide.

Below are some of the events or efforts that were documented with support from videography and photography firms, capturing key moments that enhance communications and marketing efforts, organizational visibility, and outreach.

- Valley Metro new hire orientation video
- Milestone events of transit system expansion and infrastructure investments (ex: South Central Extension/Downtown Hub train testing, artist videos and opening celebration)
- Content featuring our riders and sharing their stories (ex: RailRide program with Mortgage Matchup Center, Coors Light Free Rides on NYE)
- Community events highlighting and promoting our transit services (ex: holiday events, Plaza19 fall festival)
- Photography supporting customer experience initiatives and security awareness efforts (ex: Operation Blue Rides in East Valley, HOPE outreach on buses in Tempe)

Firms have varying specialties and capabilities in planning, scoping, concept development, scriptwriting, and scheduling. They can travel to the filming site, provide all equipment, including lighting and audio, and retain voice-over talent and/or music. In addition, there is the option to include video accessibility features as needed. As individual projects are identified, the following steps are used to select the vendor(s) appropriate for the project based on specific expertise, workload, and availability:

- Valley Metro will prepare the specifications and request a quote.
- Upon request, Valley Metro and vendor(s) will meet to broadly define the scope.
- The vendor(s) will prepare and submit quote(s) to Valley Metro.
- Final negotiations occur and the purchase order is initiated.
- If price negotiations are not successful, Valley Metro reserves the right to solicit the other firms on contract.

In September 2024, the Boards of Directors approved the award of a contract with a contract authority of $425,000 for a two-year initial term, three (3) one-year extensions, and a maximum term of five years. Costs are roughly evenly split between RPTA and VMR.

Contract Authority and Spend Summary

Description	Amount
Current Board Authorized Contract Authority	$425,000
Current Board Authorized Contingency	$0
Current Spend (through January 26, 2026)	$115,833

Note: Contract authority does not obligate the agency. The agency is obligated only once a task order or purchase order is issued for a budgeted line item.

CONTRACT TYPE AND TERM

The contracts began on September 1, 2024, and will end on August 31, 2028, with one (1) one-year option to extend remaining.

Videography and Photography Services Contract Extension

VALLEY METRO | VALLEY METRO RAIL

1

Background Information

- Ensures continued coverage for agency, city and Strategic Plan goals
- Videography and photography are essential to telling our story via social media, websites, and broadcast platforms
- They also help document and share milestones, special events and progress
- These services will only be used as budget allows

2

VALLEY METRO

2

Recommendation

Authorization for the Chief Executive Officer to execute a contract amendment exercising two (2) one-year options, with Ambient Skies Productions, LLC, Fervor Creative, Inc., The Flip Side Communications, LLC and Zee Peralta Photography to extend the contracts through August 31, 2028.

3

VALLEY METRO

3

Executive Summary

DATE
March 20, 2026

AGENDA ITEM 6

SUBJECT
Administrative Office Lease Contract Amendment

COST AND BUDGET
Cost for the extension is $34,315,362 (base rent), plus 4.5% for operating expenses and taxes. The aggregate contract value for the amendment term will not exceed $35,859,553.

For FY26, there is no contract obligation. Contract obligations beyond FY26 are incorporated into the Agency's Five-Year Operating Forecast and Capital Program (FY26 through FY30).

The sources of funds are Public Transportation Funds, federal grants, and member cities.

RECOMMENDATION
Authorization for the Chief Executive Officer to execute a contract amendment with SkanlanKemperBard Companies, to extend the contract through September 30, 2042, and increase the aggregate value of the contract for the amendment term not to exceed $35,859,553.

STRATEGIC PLAN ALIGNMENT
This item relates to the following goals and strategies in the Five-Year Strategic Plan:

- Goal 9: Financial sustainability
    - Tactic 9.2: Identify opportunities to improve resource allocation, fare collection, and service delivery models

COMMITTEE PROCESS
RTAG: January 20, 2026 for information
TMC/RMC: March 4, 2026, approved
Boards of Directors: March 26, 2026, for action

CONTACT
Angie DeVore
Interim Chief Administrative Officer
adevore@valleymetro.org

ATTACHMENT
A copy of the lease contract amendment is available for review.

Background Information

BACKGROUND DISCUSSION

On June 30, 2005, Valley Metro originally leased 57,074 square feet for its administrative offices at the 101 North 1st Avenue building. On July 1, 2014, the lease was extended for an additional 12 years, terminating on June 30, 2026. On October 23, 2017, based on the agency's need for additional space, it entered a 102-month lease for the 14th floor co-terminating with Floors 9-13 bringing the total square footage to 70,316.

The administrative office houses the following functions:

- Administration and Projects
- Audit
- Capital Development
- Executive
- Finance and Procurement
- Human Resources
- Information Technology
- Legal and Risk
- Marketing and Communications
- Safety and Security
- Service Planning

As the consolidated administrative office lease expires on June 30, 2026, Valley Metro evaluated whether to relocate or extend the existing lease. Based on total cost, operational efficiency, and long-term flexibility, renewing the current lease provides the most fiscally conservative option while preserving future expansion, contraction, and early termination rights.

The administrative office for Valley Metro is in Phoenix's Downtown Central Business District submarket (see table A at the end of the memo). Since 2015, this submarket has experienced a steady, escalating vacancy rate, along with corresponding diminishing net absorption. The vacancy has increased significantly since 2023, creating a historically beneficial advantage for renegotiating the lease.

The following strategy was employed to capture and stabilize near-term occupancy for the Agency's administrative office needs:

1. Valley Metro worked with a real estate professional on State Contract to identify market conditions and critical leverage points for negotiation to maximize success on key issues, resulting in optimal contract flexibility and financial terms.
2. Valley Metro collaborated with a leading architecture and space-planning firm (paid for by the Landlords) to meticulously evaluate building options, ensuring the selected facility is optimally designed for operational efficiency, stays within budget, and accommodates projected growth and evolving needs over the near term.

3. In addition to the existing landlord, Valley Metro's real estate professional issued a detailed Request for Proposal (RFP) to three other property owners, clearly outlining the agency's specific operational, spatial, and technical requirements to ensure any potential building would fully support current needs and future expansion. Four alternatives were evaluated based on total lease cost, relocation expenses, operational disruption, and long-term flexibility.

Option		
1	Current Location 101 North 1st Avenue	Lowest cost per square foot and lowest base rent over the lease term, with an additional net cash surplus of $475,000 to Valley Metro from the moving allowance. These funds can be used for furniture reconfigurations, fixtures, or equipment needed to support the reconfiguration.
2	Renaissance Square, 40 North Central Avenue	Higher lease term base rent cost than option 1 and over $900K in out-of-pocket moving expenses.
3	Collier Center 201 East Washington	Higher lease term base rent cost than options 1 and 2, and over $1.6M in out-of-pocket moving expenses.
4	Central Station	Highest cost per square foot and highest lease term base rent cost, over $1.6M in out-of-pocket moving expenses and no visitor parking vouchers.

4. Multiple rounds of negotiation occurred. At each round, financial analytics and a summary report of non-financial and contractual flexibility terms were evaluated.

5. Valley Metro is taking a fiscally conservative, near-term approach by <u>maintaining our current footprint</u> and implementing interim measures to limit space requirements by:

   - Leveraging expanded office-sharing and flexible workspace solutions, such as hoteling (desk reservations), desk sharing based on schedules, and hot desking on a first-come, first-served basis.
   - Reconfiguring existing space and furniture, at the landlord's expense, to enhance capacity and functionality.

Given current market conditions and the significant cost premium associated with relocation, staff recommends renewing the current lease for 195 months and reconfiguring the existing space to accommodate additional staff within the same footprint, with no out-of-pocket costs for furniture or tenant improvements (TIs).

<u>Base Rent</u> was amended to include **22 months of free rent** with a starting rate of $28.00 per rentable square foot with annual increases of 2.5%. The average annual rate over 195 months is $30.03 per rentable square foot ($5.69/sq ft below the current downtown average of 35.72/sq ft). The table below illustrates the Base Rent Schedule and the allocation of rent abatement (in **bold**).

Base Rent Schedule				101 North 1st Avenue			
SIZE	PERIOD *From*	*To*	# MONTHS	YEAR	BASE RENT *(Square Foot)*	MONTHLY	AGGREGATE
70,316	**07/01/26**	**06/30/27**	**12**	**1**	**$0.00**	**$0.00**	**$0.00**
70,316	07/01/27	06/30/28	12	**2**	$28.00	$164,070.67	$1,968,848.00
70,316	**07/01/28**	**11/30/28**	**5**	3	**$0.00**	**$0.00**	**$0.00**
70,316	12/01/28	06/30/29	7		$28.70	$168,172.43	$1,177,207.03
70,316	**07/01/29**	**11/30/29**	**5**	4	**$0.00**	**$0.00**	**$0.00**
70,316	12/01/29	06/30/30	7		$29.42	$172,376.74	$1,206,637.21
70,316	07/01/30	06/30/31	12	5	$30.15	$176,686.16	$2,120,233.95
70,316	07/01/31	06/30/32	12	6	$30.91	$181,103.32	$2,173,239.80
70,316	07/01/32	06/30/33	12	7	$31.68	$185,630.90	$2,227,570.80
70,316	07/01/33	06/30/34	12	8	$32.47	$190,271.67	$2,283,260.07
70,316	07/01/34	06/30/35	12	9	$33.28	$195,028.46	$2,340,341.57
70,316	07/01/35	06/30/36	12	10	$34.12	$199,904.18	$2,398,850.11
70,316	07/01/36	06/30/37	12	11	$34.97	$204,901.78	$2,458,821.36
70,316	07/01/37	06/30/38	12	12	$35.84	$210,024.32	$2,520,291.89
70,316	07/01/38	06/30/39	12	13	$36.74	$215,274.93	$2,583,299.19
70,316	07/01/39	06/30/40	12	14	$37.66	$220,656.81	$2,647,881.67
70,316	07/01/40	06/30/41	12	15	$38.60	$226,173.23	$2,714,078.71
70,316	07/01/41	06/30/42	12	16	$39.56	$231,827.56	$2,781,930.68
70,316	07/01/42	09/30/42	3		$40.55	$237,623.25	$712,869.74
		TOTAL MONTHS	<u>195</u>			TOTAL BASE RENT	<u>$34,315,361.79</u>

<u>Operating Expenses</u>: Valley Metro will be fully released from Common Area Maintenance (CAM) and Real Estate Tax assessments tied to the outdated Base Year. These will transition to the newly agreed-upon 2027 Base Year, with no CAM or Real Estate Tax charges applied until the first quarter of calendar year 2028 (immediate savings of $223,655 between November 2025 and June 30, 2026).

Additionally, starting January 1, 2033, assessments will shift to the 2033 Base Year, reflecting actual expenses for that year. Valley Metro will incur no CAM or Real Estate Tax charges until the first quarter of calendar year 2034, when the 2033 Base Year takes effect.

Importantly, multiple defense mechanisms that were part of the original lease terms will carry forward in all future years.

- **<u>Parking</u>**: Valley Metro will be fully released from all Covered and Reserved Parking charges retroactive effective 11/1/2025 (in the form of a credit) and granted the following favorable parking rights:
  - A guaranteed parking ratio of 2.77 spaces per 1,000 rentable square feet (equating to 195 total spaces), available on an as-needed basis.
  - 35 Covered/Reserved spaces (representing 18% of the total allocation) provided at **<u>no cost</u>** through the 195-month term of the lease.
  - 160 Covered/Unreserved spaces at a fixed rate of $50.00 per space per month through the 195-month term of the lease
  - If the agency expands its leased space, it will receive additional parking at the same 2.77:1,000 ratio. At its sole discretion, Valley Metro may maintain the 18% proportion of Covered/Reserved spaces at no charge, with any additional Covered/Unreserved spaces priced at $50.00 each per month through the entire lease term.
  - The Landlord will issue 550 monthly visitor parking vouchers (cumulatively each month) throughout the 195-month lease term:
    - 150 × 1-hour ($4)
    - 80 × 2-hour ($8)
    - 80 × 3-hour ($12)
    - 240 × all-day ($18)

    Total value: $4,720/month ($56,640/year)

- **<u>Tenant Improvement</u>**: The Landlord will fully fund and deliver a turnkey installation of Valley Metro's tenant improvements at the Landlord's sole expense. Any minor changes resulting in a cost variance of 10% or less will also be included in the turnkey build-out at no additional cost.

Additionally, the Landlord will provide Valley Metro with a $10.00 per rentable square foot Refurbishment Allowance (totaling $796,150), available for use at the agency's discretion between July 2033 and July 2036.

- **<u>Cash Allowance</u>**: The Landlord will provide Valley Metro with a one-time payment of $475,000 to fully cover all costs related to space for space reconfiguration for furniture, fixtures, and equipment (FF&E).

- **<u>Building Amenities</u>**: The Landlord has agreed to provide (i) 24-hour fitness center free for Valley Metro employees; (ii) Building Conference facilities free for Valley Metro; (iii) 8th floor Amenity Deck on a non-exclusive basis any time (exclusively with advance arrangement).

- **Expansion Option**: Valley Metro will have the option to expand into all or any portion of the 15th and 16th ("Expansion Space") on the same terms and conditions as the initial premises, exercisable at any time within 24 months following execution of the Amendment. Any tenant improvement allowance and free rent applicable to Expansion Space will be prorated accordingly.

Starting in the 25th month of the lease, the Expansion Option will convert to an Ongoing Right of First Refusal (ROFR) on the entire 15th and 16th floors (the "Expansion Space").

- **Contraction Option**: Valley Metro will have 2 occasions to return up to 50% of the space to the Landlord on either June 2034 or June 2038, by delivering 12 months' prior written notice and paying a Termination Fee

- **Renewal Option**: Valley Metro will have two (2) five (5) year options to renew the lease for all or part of the premises upon 12 months' prior written notice at fair market value.

- **Early Termination**: Valley Metro will have two (2) opportunities to terminate the lease early, exercisable either June 2034 or June 2038, by delivering 12 months' prior written notice and paying a Termination Fee.

- **Landlord Remedies**: The agency has experienced some building challenges with heating, ventilation, and air conditioning (HVAC) and elevators.
  - The Landlord has agreed to a "day for day" rent abatement for areas materially affected by HVAC outages.
  - Landlord states it is in the process of upgrading the elevator control system, which will be completed by the second quarter of calendar year 2026.

Valley Metro will retain numerous favorable provisions from the original lease, including:

- Strong protections against excessive operating expense and real estate tax increases.
- The right to audit operating expenses and real estate taxes using a contingency-based provider.
- Flexible sublease and assignment terms.
- Roof rights and riser rights.

These defensive measures will continue to safeguard the agency's interests throughout the renewed term.

TABLE A

Office Market Report

Historical Statistics | Downtown | Class A

Q3 2025

	EXISTING PROPERTIES				U/C & COMPLETIONS		NET ABSORPTION & LEASING ACTIVITY		
YEAR	#	TOTAL INVENTORY	TOTAL VACANT	VACANCY %	U/C	COMPLETIONS YTD	LEASING ACTIVITY YTD	NET ABSORPTION YTD	ASKING RENTS
2015	7	3,205,626	632,784	19.7%	-	-	236,261	(58,183)	$28.37
2016	7	3,205,626	568,578	17.7%	-	-	105,892	64,206	$29.50
2017	7	3,205,626	704,499	22.0%	307,030	-	849,309	(135,921)	$32.46
2018	7	3,205,626	422,576	13.2%	307,030	-	210,694	281,923	$32.72
2019	8	3,512,656	524,259	14.9%	227,113	307,030	247,592	205,347	$33.81
2020	8	3,512,656	610,337	17.4%	227,113	-	136,971	(86,078)	$33.35
2021	9	3,376,658	678,425	20.1%	-	227,113	307,318	99,694	$31.19
2022	9	3,376,658	753,604	22.3%	-	-	117,698	(75,179)	$34.83
2023	8	3,376,658	924,531	27.4%	70,000	-	45,383	(170,927)	$36.49
2024	8	3,376,658	1,175,082	34.8%	70,000	-	105,693	(250,551)	$35.07
2025	8	3,376,658	1,150,788	34.1%	70,000	-	81,944	24,294	$35.72

:

Administrative Office Lease Extension

1

Background Information

Current Lease

- began in 2005 – 57,074 sq ft - Floors 9-13
- extended in 2014
- added 14^{th} floor in 2017 – 70,316 sq ft
- houses administrative functions

2

2

Financial Advantage
(below market & immediate savings)

- 22 months free rent – value of $3.67M
- 195-month term/$5.69/sf below market
- No *OPEX until 2028
  - FY26 savings of $223,655
- 35 reserved parking spaces at no cost
- Annual visitor parking vouchers - $56,640

**OPEX - Operating expenses*

3

Long-term Stability with Built-in Flexibility

- 195-month term provides cost certainty
  - Retains existing office space
  - Ability to reduce footprint or terminate with notice and fees
  - Ability to expand within 24 months with same terms
  - Two 5-year renewal options

4

Tenant Improvements (TI) – No Cost to Valley Metro

Turnkey Improvements
Refresh/space reconfiguration for efficiencies

$475,000 for furniture/fixtures/equipment (FFE) to support reconfiguration

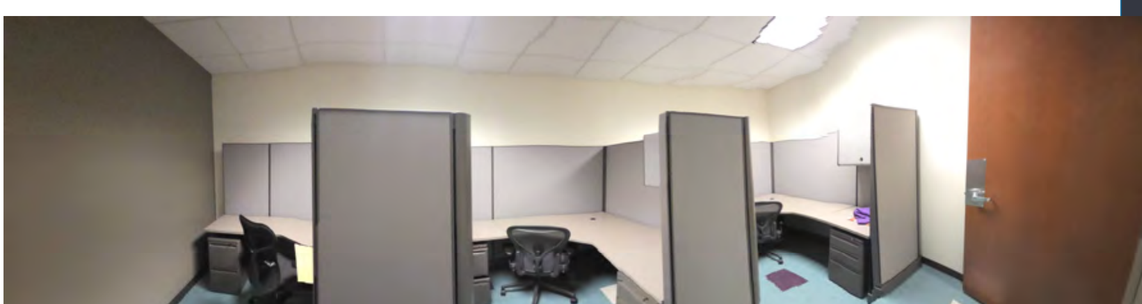
$796,150 for Tenant's discretionary use for TIs between July 2033 -July 2036.

5

VALLEY METRO

5

Furniture Reconfiguration Example



Example: Newly converted storage room to house cubes

6

VALLEY METRO

6

Why Renew vs. Relocate

- Lowest cost per square foot among evaluated options
- Avoids out-of- pocket relocation costs
- No disruption to administrative operations

7

7

Recommendation

Authorization for the Chief Executive Officer to execute a contract amendment with SkanlanKemperBard Companies, to extend the contract through September 30, 2042, and increase the aggregate value of the contract for the amendment term not to exceed $35,859,553.

8

8

Executive Summary

DATE
March 20, 2026

AGENDA ITEM 7

SUBJECT
Travel and Expenditures

PURPOSE
The monthly travel and expenditures are presented for information.

RECOMMENDATION
This item is presented for information only.

BACKGROUND | DISCUSSION | CONSIDERATION
None

COST AND BUDGET
None

COMMITTEE PROCESS
None

CONTACT
Ken Kessler
Chief Financial Officer
kkessler@valleymetro.org

ATTACHMENTS
Valley Metro Travel Report
Valley Metro RPTA and Valley Metro Rail Monthly Accounts Payable over $25,000

Valley Metro
Travel Reimbursement Report

Job Title	Purpose of Travel	Location	Dates Traveled	Total Travel Cost	Airfare	Other Transport	Lodging	Meals	Misc.
Lead IT Project Manager	AI Coalition Summit 2025	San Jose, CA	11/04/25-11/06/25	$1,107.98	$181.48	$99.79	$642.21	$184.50	
Bus Fleet Manager	Gilling Bus Inspection	Livermore, CA	01/05/26-01/09/26	$1,691.20	$536.97	$188.80	$527.43	$414.00	$24.00 [3]
Bus Fleet Maintenance Specialist	Gilling Bus Inspection	Livermore, CA	01/05/26-01/09/26	$1,605.63	$531.97	$0.00	$589.66	$414.00	$70.00 [1]
Planner	TRB Annual Meeting	Washington, DC	01/11/26-01/15/26	$1,365.89	$0.00	$42.85	$909.04	$414.00	
Bus Fleet Maintenance Specialist	Gilling Bus Inspection	Livermore, CA	01/12/26-01/15/26	$1,241.46	$427.97	$0.00	$491.49	$322.00	
Deputy Chief, Bus Maintenance	Gilling Bus Inspection	Livermore, CA	01/12/26-01/15/26	$1,417.38	$427.97	$255.45	$411.96	$322.00	
Bus Fleet Maintenance Specialist	Gilling Bus Inspection	Livermore, CA	01/20/26-01/23/26	$1,148.06	$387.97	$0.00	$438.09	$322.00	
Transit Scheduling Mgr	TRB Annual Meeting	Washington, DC	01/10/26-01/14/26	$2,029.00	$550.96	$155.00	$909.04	$414.00	
Asst Mgr, Rail Operations	TSI Training	San Juan PR	01/11/26-01/16/26	$2,332.28	$625.00	$432.59	$976.69	$298.00	
Manager, Capital Planning	Mpact National Steering Committee	Charlotte, NC	01/20/26-01/22/26	$1,692.34	$1,098.96	$24.99	$368.39	$200.00	
Bus Fleet Maintenance Specialist	Gilling Bus Inspection	Livermore, CA	01/20/26-01/23/26	$1,324.95	$387.97	$176.89	$438.09	$322.00	
Bus Fleet Maintenance Specialist	Gilling Bus Inspection	Livermore, CA	01/26/26-01/30/26	$1,639.84	$338.24	$246.19	$641.41	$414.00	

Total this reporting period $18,596.01

Year to Date **$118,938.92**

Report reflects Out of State (AZ) Travel

** Misc*
[1] Baggage Fees
[2] Flight Wi-Fi Fee
[3] Fuel (car rental)
[4] Car Rental/Rideshare

Valley Metro Regional Public Transportation Authority
Monthly AP Payments over $25,000
Jan 2026

Payment Number	Date	Supplier or Party Name	Transaction Description	Amount
10004308	1/12/2026	Keolis Transit Services LLC	Fixed Route Bus Operations/Maintenance/Professional Services	7,133,628.40
10004391	1/29/2026	City of Phoenix	Transportation Services for East/West Valley-Fixed & ADA Routes	4,374,951.83
90000479	1/9/2026	ADP Inc	PPE 1/04/2026 Payroll Liabilities	1,623,077.25
90000485	1/23/2026	ADP Inc	PPE 1/18/2026 Payroll Liabilities	1,563,640.11
10004306	1/12/2026	MTM Transit LLC	Operation and Maintenance Services for Paratransit	1,272,550.59
10004390	1/29/2026	City of Phoenix	PTF Expenditure Reimbursement	1,016,401.71
10004333	1/16/2026	Keolis Transit Services LLC	Preventative Maintenance Services	929,047.60
90000482	1/23/2026	Cigna Health and Life Insurance Company	Health Insurance Premiums	770,210.26
10004301	1/12/2026	Commute with Enterprise	Vanpool Services	573,016.73
10004304	1/12/2026	MJM Innovations	Broker Services	488,568.97
1003507	1/29/2026	Hye Tech Network & Security Solutions L	Technology and Audio/Visual Solutions	479,394.95
10004392	1/29/2026	City of Phoenix	Sale FTA Funded Fleet	471,901.00
90000478	1/9/2026	ASRS	PPE 1/04/26 ASRS Contributions & LTD	427,993.41
10004290	1/9/2026	QCM Technologies Inc	Information Technology Services	421,749.85
90000481	1/23/2026	ASRS	PPE 1/18/26 ASRS Contributions & LTD	411,302.43
10004305	1/12/2026	MJM Innovations	Broker Services	261,655.32
10004296	1/9/2026	National Express Transit Corporation	West Valley - Transit Service - Contract 19043	250,463.32
10004388	1/29/2026	101 North First Ave.	101 Building Rent	205,579.59
10004345	1/23/2026	Scheidt & Bachmann USA Inc	Hardware and Software Maintenance Support	179,872.86
10004302	1/12/2026	Scheidt & Bachmann USA Inc	Hardware and Software Maintenance Support	157,447.16
10004318	1/16/2026	Scheidt & Bachmann USA Inc	Hardware and Software Maintenance Support	157,447.16
10004337	1/23/2026	Environmental Systems Research Institute	ESRI Software and Support Agreement	144,481.49
10004326	1/16/2026	Vix Technology USA Inc	Customer Service Network	129,783.27
10004283	1/9/2026	Guidesoft Inc	Temporary Staff - IT related	124,128.33
90000486	1/31/2026	Surepays	RPTA Monthly Utilities	121,798.83
10004369	1/23/2026	Keolis Transit Services LLC	Engines and Transmissions	121,598.80
10004368	1/23/2026	Keolis Transit Services LLC	Engines and Transmissions	116,507.16
10004354	1/23/2026	Oracle America Inc	Software, Hardware, and Services	112,737.97
10004313	1/16/2026	HDR Engineering Inc	Community Relations Support Services	109,862.16
10004297	1/9/2026	MJM Innovations	Pass Through Provider Costs	63,434.84

1003511	1/29/2026	Downtown Phoenix Inc	Membership Fees	55,000.00
10004344	1/23/2026	QCM Technologies LLC	Information Technology Services	51,833.01
10004359	1/23/2026	Insight Public Sector Inc	Software Purchases	51,353.83
1003479	1/9/2026	Regional Transportation Authority of Pi	Ajo 685 Long Route Trips	51,068.07
90000480	1/16/2026	Wells Fargo Bank	Monthly Credit Card Charges	50,487.37
10004281	1/9/2026	Transportation Management & Design Inc	Stakeholder Engagement and Vision Development	44,030.62
10004365	1/23/2026	Guidesoft Inc	Temporary Staff - IT related	38,445.06
1003475	1/9/2026	CopperPoint Insurance Company	Workers Comp Premium Renewal	34,552.10
10004324	1/16/2026	Senergy Petroleum LLC	Bulk Fuel	33,536.67
1003497	1/23/2026	Hye Tech Network & Security Solutions L	Technology and Audio/Visual Solutions	31,666.67
10004364	1/23/2026	National Express Transit Corporation	West Valley Facility Lease	28,807.13
1003501	1/23/2026	City of Scottsdale, Remittance Process	PTF Reimbursement	26,253.00
10004350	1/23/2026	Trapeze Software Group	EAM Software license	25,278.00
10004367	1/23/2026	Keolis Transit Services LLC	Engines and Transmissions	25,202.08
10004377	1/29/2026	Senergy Petroleum LLC	Bulk Fuel	25,009.46
				24,786,756.42

Valley Metro Rail, Inc
Monthly AP Payments over $25,000
Jan 2026

Payment Number	Date	Supplier or Party Name	Transaction Description	Amount
50003987	1/16/2026	Alternate Concepts Inc	Transportation Services - Direct Labor Costs	2,150,155.25
50003963	1/9/2026	Alternate Concepts Inc	Transportation Services - Direct Labor Costs	1,910,593.11
50004014	1/23/2026	Kiewit Infrastructure West Company	CMAR Services for South Central-Downtown Hub	1,876,658.51
50004029	1/29/2026	Alternate Concepts Inc	Transportation Services - Direct Labor Costs	1,866,481.81
50004021	1/23/2026	Inter-Con Security Systems Inc	Field Security Officers	1,518,676.52
50004016	1/23/2026	Siemens Mobility Inc	PHX Option 4th LRV	1,117,502.17
50003972	1/9/2026	Kiewit Infrastructure West Company	CMAR Services for South Central-Downtown Hub	987,656.29
50003966	1/9/2026	Brookville Equipment Corp	Streetcar Vehicle Parts	872,944.04
50003990	1/16/2026	CDW Government LLC	Information Technology	622,328.56
90000055	1/31/2026	Surepays	VMR Monthly Utilities	487,147.52
50003970	1/9/2026	HDR Engineering Inc	Project Development Support	354,687.44
5004002	1/9/2026	STV Incorporated	Project Development Support	217,094.89
50003985	1/16/2026	AECOM Technical Services Inc	Environmental Services Support	201,472.23
50003971	1/9/2026	Hill International Inc	PMCM Services	200,838.14
50003974	1/9/2026	PGH Wong Engineering Inc	System Design Services	165,257.89
50004013	1/23/2026	Hill International Inc	PMCM Services	134,639.26
50004024	1/29/2026	RailPod Inc	Annual Data Services Subscriptions and Maintenance	114,313.00
50003973	1/9/2026	Knorr Brake Corporation	Brake Caliper	98,857.42
50004008	1/23/2026	DLT Solutions LLC	Architecture Engineering & Construction Collection	98,020.55
50004018	1/23/2026	Southwest Transit Partners	CAPEX CM Risk Services - Pre-Construction Services	86,061.45
5004043	1/16/2026	Powerex-Iwata Air Technology Inc	Air Compressor	66,875.00
5004072	1/29/2026	Powerex-Iwata Air Technology Inc	Air Compressor	66,875.00
5004007	1/9/2026	Midstate Mechanical LLC	Boiler Removal and Installation	65,841.00
50003978	1/9/2026	WSP USA Inc	Community Relations Support Services	65,764.08
50004033	1/29/2026	Siemens Mobility Inc	Processor Board	64,538.40
50003997	1/16/2026	URW LLC	Landscape Maintenance	61,032.54
50004032	1/29/2026	HDR Engineering Inc	Project Development Support	56,997.39
50004012	1/23/2026	HDR Engineering Inc	Community Relations Support Services	53,877.24
5004070	1/29/2026	STV Incorporated	Project Development Support	50,506.06
50004030	1/29/2026	ARCADIS	Consulting Support Services	50,109.36

5004014	1/9/2026	Leavitt Machinery USA Inc	Bobcat Fork Lift	41,185.25
50004027	1/29/2026	City of Phoenix	Vix FCMS charges	39,477.00
50003961	1/9/2026	AECOM Technical Services Inc	Design Services for South Central	38,794.21
50003969	1/9/2026	Grainger	Facilities MRO and Industrial Supplies	34,896.88
50004031	1/29/2026	CDW Government LLC	Juniper Care Support	34,500.00
50003984	1/9/2026	WEX Bank	Fleet Card Services	33,401.12
5004001	1/9/2026	WestGroup LLC	Marketing Research Services	27,500.00
50003994	1/16/2026	Jacobs Engineering	Project Development Support	27,042.08
5004059	1/23/2026	Refrigeration Supplies Distributor	Compressor, Scroll, Tandem	26,560.10
5004027	1/9/2026	Most Dependable Fountains Inc	Drinking Fountain Shell and Fountain Hose Cover	25,530.00
50004006	1/23/2026	ARCADIS	Consulting Support Services	25,148.39
				16,037,837.15

Executive Summary

DATE
March 20, 2026

AGENDA ITEM 8

SUBJECT
Report on Current Events and Suggested Future Agenda Items

COST AND BUDGET
There are no costs associated with this item

RECOMMENDATION
This item is presented for information only.

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

ATTACHMENT
None

Pending Items Request

Item Requested	Date Requested	Planned Follow-up Date

Agenda

March 20, 2026

Valley Metro RPTA
Thursday, March 26, 2026
Boardroom/You Tube
Valley Metro
101 N. 1st Avenue, 10th Floor
11:30 a.m.

		Action Recommended
CONSENT AGEDNA		
1A.	Minutes Minutes from the February 19, 2026, Board meeting are presented for approval.	1A. For action
1B.	Customer Service Network (Fare Support Call Center & Card Fulfillment) Contract Amendment Authorization for the Chief Executive Officer to execute a contract amendment exercising one two-year option with Vix Technology (USA), Inc., to extend the contract through April 30, 2028.	1B. For action
1C.	Federal Transit Administration Pass-Through Grant Agreements – Section 5310 Authorization for the Chief Executive Officer to execute intergovernmental agreements and contract amendments with the City of Phoenix for the listed grants.	1C. For action
REGULAR AGENDA		
2.	Transit Buses – Heavy Duty Contract Amendment Authorization for the Chief Executive Officer to execute a contract amendment with Gillig, LLC, for the purchase of eight 40’ CNG Transit Buses and to increase the aggregate value of the contract not to exceed $42,306,180.	2. For action

3.	Payroll Services Contract Award	3.	For action

Authorization for the Chief Executive Officer to enter into a cooperative contract with OMNIA Partners, for payroll processing services with Automatic Data Processing, Inc., with an expiration date of December 31, 2030. The aggregate value of the contract will not exceed $1,369,500.

4.	Update on Bus Network Redesign (BNR) Progress	4.	For information

Staff will provide an update on Valley Metro's Bus Network Redesign.

5.	Valley Metro RPTA Fiscal Year 2027 (FY27) Preliminary Operating and Capital Budget	5.	For information

Staff will provide an overview of the Valley Metro RPTA FY27 Preliminary Operating and Capital Budget.

6.	Fiscal Year 2026 (FY26) Hiring Pause Proposal	6.	For information and possible action

The Board may discuss and consider a hiring pause for the remaining fiscal year.

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

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

8.	Next Meeting	8.	For information

The next Board meeting is scheduled for **Thursday, April 16, 2026 at 11:15 a.m.**

Qualified sign language interpreters are available with 72 hours notice. Materials in alternative formats are available upon request. For further information, please call Valley Metro at 602-262-7433. The supporting information for this agenda and the You Tube streaming link can be found on our web site at www.valleymetro.org.

Meeting Minutes

March 20, 2026 **AGENDA ITEM 1A**

Valley Metro RPTA Boards of Directors
Thursday, February 19, 2026
Boardroom/Webex
101 N. 1st Avenue, 10th Floor
11:15 a.m.

RPTA Meeting Participants
Councilmember Jennifer Adams, City of Tempe – **Chair**
Councilmember Max White, City of Avondale **– Vice Chair**
Councilmember Laura Pastor, City of Phoenix - **Treasurer**
Councilmember Jamine Berry, City of Buckeye
Councilmember O.D. Harris, City of Chandler
Councilmember Monica Dorcey, City of El Mirage
Councilmember Peggy McMahon, Town of Fountain Hills
Councilmember Kenny Buckland, Town of Gilbert (phone)
Councilmember Lauren Tolmachoff, City of Glendale
Councilmember Wally Campbell, City of Goodyear (phone)
Councilmember Francisco Heredia, City of Mesa (phone)
Councilmember Jon Edwards, City of Peoria (phone)
Councilmember Jeff Brown, Town of Queen Creek (phone)
Councilmember Maryann McAllen, City of Scottsdale
Councilmember Earle Greenberg, City of Surprise (phone)
Councilmember Jimmy Davis, City of Tolleson
Mayor BG Bratcher, Town of Wickenburg (phone)
Mayor Michael LeVault, Town of Youngtown (phone)

Members Not Present
Supervisor Steve Gallardo, Maricopa County

The chair called the meeting to order at 1:24 p.m.

1. Consent Agenda

Chair Adams said items are presented on the consent agenda for action. I will request a motion and a second to approve consent agenda items 1A and 1B.

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

2. Comprehensive Operational Analysis (Bus Network Redesign) Contract Amendment

Chair Adams said Mr. Eshleman would you like to start?

Mr., Eshleman said good morning, Chair Adams and members of the board. I'm Michael Ashman, Deputy Chief of Service Planning and I will skip to the recommendation.

We are requesting authorization from the Board of Directors the recommendation to authorize the CEO to execute a contract amendment with TMD to extend the contract through February 28th, 2027, and increase the aggregate value of the contract to a not-to-exceed-amount of $899,633.

IT WAS MOVED BY COUNCILMEMBER PASTOR, SECONDED BY COUNCILMEMBER WHITE AND UNANIMOUSLY CARRIED TO AUTHORIZE THE CEO TO EXECUTE A CONTRACT AMENDMENT WITH TMD TO EXTEND THE CONTRACT THROUGH FEBRUARY 28TH, 2027, AND INCREASE THE AGGREGATE VALUE OF THE CONTRACT TO A NOT-TO-EXCEED-AMOUNT OF $899,633.

3. Fiscal Year 2025 (FY25) RPTA Annual Comprehensive Financial Report (ACFR) and Single Audit Reporting Package (SARP)

Chair Adams said item 2 is for information only so I think we will pass on that today and Councilmember White has already reported on that.

4. Report on Current Events and Suggested Future Agenda Items

Chair Adams said Current Events and Suggested Future Agenda Items. Yes. Councilmember White.

Councilmember White said thank you so much. I just wanted to pause and also thank Councilmember Harris from the City of Chandler. I don't think folks -- he kind of grease past it but the government -- the Arizona Governor's office of African American Affairs hosted African American Legislative Days. I just wanted to publicly thank Valley Metro for being a sponsor of the African American Legislative Days which included that amazing bus tour through South Phoenix that Councilmember Harris shared with us. I do want to acknowledge Black History Month, again, by sharing some of my favorite African Americans historically who have done things in transit.

As a Northeast Ohio native, I'm always super proud of Garrett Morgan who invented traffic control device. And then a lot of folks don't realize Lois Cooper made history becoming the first African American woman in the California Department of Transportation. And if anybody takes an HOV Lane please think about Lois Cooper. It is her that came up with the idea to have diamond lanes and now those diamond lanes helped improve traffic on the freeways out in California and now we use them as the HOV symbol, I almost think internationally. And then she worked on major projects out there like the I-105 Century freeway, the San Diego freeway. So a lot of really, awesome folks.

And then the final Black History fact that I think that we can share and be excited about was Dr. Gladys West pioneered -- mathematician here in the United States, also a part of the Naval Surface Warfare Center in Dahlgren, Virginia. She was instrumental in developing the satellite geodesy models that made up -- and she was a strong part of the team that helped us with GPS, so GPS systems. And so a lot of folks don't realize some of the great contributions that were made by African Americans.

I don't think Dr. West would have ever called that her own that was something that the federal government was working on, but we can serve as strong members of the team and I'm very proud to share that as a part of our Black History Month. Thank you so much, Chair.

Chair Adams said you're welcome. Yes.   O.D.

Councilmember Harris said in conjunction with Councilmember Max White, we kind of talked about this and pre-planned to make sure that we do Black History. We want to acknowledge Black History Month. We want to acknowledge transportation. So the two people that I wanted to bring to the table was Elijah McCoy, 1887, he revolutionized the railroad industry with the automatic lubrication system which allows trains to run longer and efficiently without stopping. Many of the engineers may know this as the real McCoy to ensure that we were getting the authentic -- making sure that we get from place to place but that's where the real McCoy came from and that allowed trains to go a little bit further.

And then one of the other most powerful ones that many of us know in Black History is Rosa Parks whose refusal to give up her seat in 1955 was not just about a bus it sparked a Montgomery bus boycott and reshaped public transportation policy across the nation became a defining moment in the Civil Rights Movement which allows basically everyone here to get on the bus in a more inclusive way and that's why we have ADA paratransit and all these different types offsets of policies. That was based on the idea of we need to make sure everyone's able to ride free, safe, and secure to get to their destination.

So thank you, Madam Chair. That's all the Black History -- happy Black History month to everyone. And that -- those are my Black History notes for transportation. Thanks.

Chair Adams said thank you. Does anyone else have any comments?

Okay, with that silence. We will move on to item 5.

5. Next Meeting

The next Board meeting is scheduled for Thursday, March 26, 2026**,** at 11:15 a.m.

With no further discussion the meeting adjourned at 1:30 p.m.

Executive Summary

DATE **AGENDA ITEM 1B**
March 20, 2026

SUBJECT
Customer Service Network (Fare Support Call Center & Card Fulfillment) Contract Amendment

COST AND BUDGET
No additional contract authority is requested.

For FY26, the contract obligation is fully funded within the adopted FY26 Operating and Capital Budget. Contract obligations beyond FY26 are incorporated into the Agency's Five-Year Operating Forecast and Capital Program (FY26 through FY30).

The source of funds is Public Transportation Funds.

RECOMMENDATION
Authorization for the Chief Executive Officer to execute a contract amendment exercising one two-year option with Vix Technology (USA), Inc., to extend the contract through April 30, 2028.

STRATEGIC PLAN ALIGNMENT
This item relates to the following goals and strategies in the Five-Year Strategic Plan:

- Goal 1: Deliver excellent customer experience
    - Tactic 1.2: Prioritize a unified customer experience across modes
    - Tactic 1.3: Establish a holistic customer experience (CX) program

COMMITTEE PROCESS
RTAG: February 17, 2026, for information
TMC/RMC: March 4, 2026, approved
Board of Directors: March 26, 2026, for action

CONTACT
Elizabeta McLean
Manager, Customer Service
emclean@valleymetro.org

ATTACHMENT
A copy of the contract amendment is available for review.

Background Information

BACKGROUND DISCUSSION

The current contract term includes an initial Five-year term beginning May 1, 2021, and expiring on April 30, 2026, with a two-year option and a three-year option to extend, for a maximum potential term of 10 years. The contract supported the reduced-fare program during initial implementation and continues to provide ongoing customer service, reduced-fare application processing, and card fulfillment services.

This contract amendment is necessary to ensure uninterrupted, comprehensive fare support for customers using Valley Metro's fare collection system. The contract supports the continued operation of a dedicated customer service call center and related support functions that are essential to the effective use and continued adoption of the system.

Services provided under this contract include processing reduced-fare applications; responding to general and account-specific customer inquiries; and card fulfillment for reduced-fare applicants, customer website orders, and bulk fulfillment for Platinum, Group Fares, and Social Services programs. Services are delivered through multiple communication channels, including phone, web, and email. Maintaining continuity of these services is critical to customer satisfaction, operational efficiency, and equitable access to transit services.

Contract Authority and Spend Summary

Description	Amount
Current Board Authorized Contract Authority	$22,063,070
Current Board Authorized Contingency	$2,197,000
Current Spend	$4,773,181

Note: Contract authority does not obligate the agency. The agency is obligated only once a purchase order is issued for a budgeted line item.

CONTRACT TYPE AND TERM

The contract is a firm fixed-price contract. The contract began on May 1, 2021, and will end on April 30, 2028, with one (1) three-year option to extend the remaining term.

Customer Service Network (Fare Support Call Center & Card Fulfillment) Contract Amendment

VALLEY METRO

1

Current Contract Type and Term

Type: Firm Fixed Price

Term: Contract Start: May 1, 2021
Contract End: April 30, 2026
Extension Options: 1 two-year term; 1 three-year term

Supports comprehensive call center customer service for the regional fare collection system and card fulfillment.

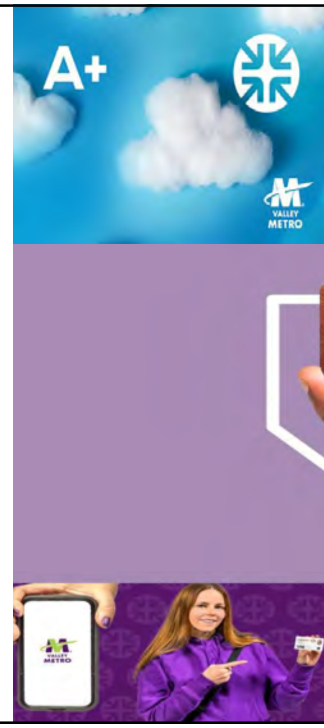
2

VALLEY METRO

2

Scope of work

- Support
  - Fare - phone, email, web portal, website
  - Mobile App
- Reduced fare application processing
- Fulfillment
  - Bulk fare programs fulfillment
  - Copper card & reduced fare Copper card
- General and account-specific inquiries



3

3

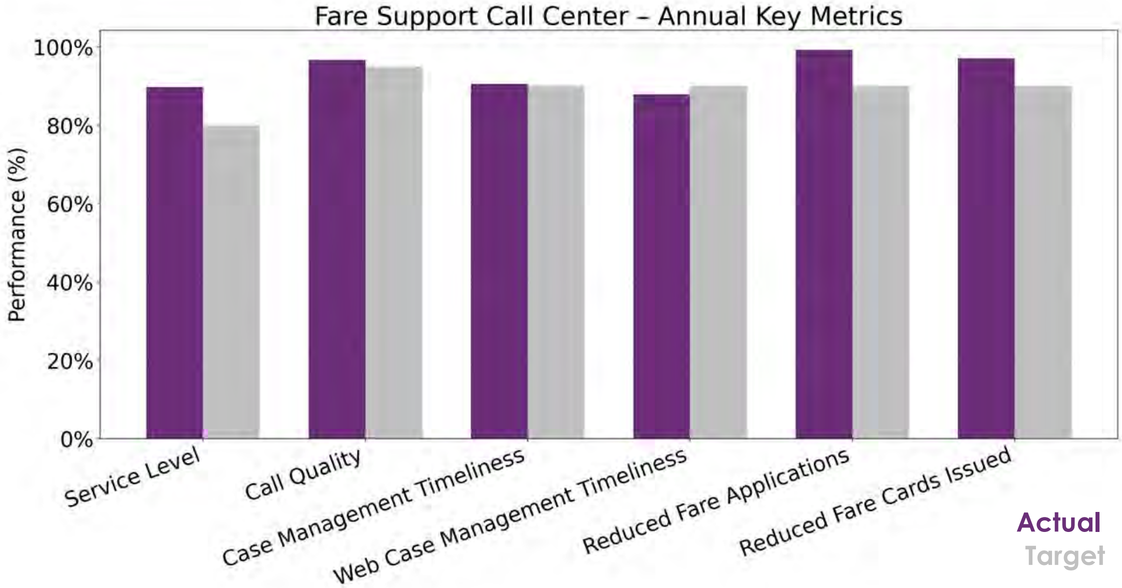
2025 Annual Transactional Volume

- Card fulfillment
  - Fare program cards issued: 377,804
  - Custom platinum cards: 34,037
  - Custom prints: 10,200
  - Copper cards produced/sent: 2,792
  - Reduced fare Copper cards: 1,080
- Total calls: 42,113
- Total website/phone cases: 12,142
- Reduced fare applications: 4,253

4

4

Fare Support Key Metric Indicators(2025)



5

Recommendation

Authorization for the Chief Executive Officer to execute a contract amendment exercising one, two-year option with Vix Technology (USA), Inc., to extend the contract through April 30, 2028.

6

6

Executive Summary

DATE
March 20, 2026

AGENDA ITEM 1C

SUBJECT
Federal Transit Administration Pass-Through Grant Agreements – Section 5310

COST AND BUDGET
Valley Metro is being provided with additional federal funds through the Federal Transit Administration ("FTA") from section 5310 formula grant programs in the amount of $336,161 to fund Ride Choice and travel training.

All expenses are in the approved FY26 Adopted Operating and Capital Budget. Grant funds will offset expenses, thereby reducing the net cost to Public Transportation Funds and member cities.

RECOMMENDATION
Authorization for the Chief Executive Officer to execute intergovernmental agreements and contract amendments with the City of Phoenix for the listed grants.

STRATEGIC PLAN ALIGNMENT
This item relates to the following goals and strategies in the Five-Year Strategic Plan:

- Goal 9: Financial sustainability
    - Tactic 9.3: Maximize revenue generation.

COMMITTEE PROCESS
RTAG: February 17, 2026, for information
TMC: March 4, 2026, approved
Board of Directors: March 26, 2026, for action

CONTACT
Ken Kessler
Chief Financial Officer
kkessler@valleymetro.org

ATTACHMENT
None

Background Information

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

The table below summarizes the funding available. The grant awards have been approved by the Maricopa Association of Governments Regional Council.

Grant	FTA Program	Federal Share	Local Share	Total
TBD	Section 5310 – PMS UZA	$262,574	$130,574	$393,148
TBD	Section 5310 – PGA UZA	$73,587	$73,587	$147,174
Total		**$336,161**	**$204,161**	**$540,322**

- Funds from the Section 5310 Grant Program for the Phoenix-Mesa-Scottsdale Urbanized Area are awarded for operating support for Ride Choice and travel training.
- Funds from the Section 5310 Grant Program for the Phoenix West-Goodyear-Avondale Urbanized Area are awarded for Ride Choice.

Federal Transit Administration Pass-Through Grant Agreements

VALLEY METRO

1

FTA Pass-Through Grant Agreements

Grant	FTA Program	Federal Share	Local Share	Total
TBD	Section 5310 – PMS UZA	$262,574	$130,574	$393,148
TBD	Section 5310 – PGA UZA	$73,587	$73,587	$147,174
Total		**$336,161**	**$204,161**	**$540,322**

- Funds from the Section 5310 Grant Program for the Phoenix-Mesa-Scottsdale Urbanized Area are awarded for operating support for Ride Choice and travel training.
- Funds from the Section 5310 Grant Program for the Phoenix West-Goodyear-Avondale Urbanized Area are awarded for Ride Choice.

2

VALLEY METRO

2

Recommendation

Authorization for the Chief Executive Officer to execute IGAs with the City of Phoenix for the listed grants.

3

VALLEY METRO

3

Executive Summary

DATE **AGENDA ITEM 2**
March 20, 2026

SUBJECT
Transit Buses – Heavy Duty Contract Amendment

COST AND BUDGET
Additional contract authority of $7,056,912, plus a contingency of $529,268 or 7.5% of the vehicle cost. The aggregate contract value will not exceed $42,306,180.

For FY26, the contract obligation is fully funded within the adopted FY26 Operating and Capital Budget. Contract obligations beyond FY26 are incorporated into the Agency's Five-Year Operating Forecast and Capital Program (FY26 through FY30).

The sources of funds are federal grants and public transportation funds.

RECOMMENDATION
Authorization for the Chief Executive Officer to execute a contract amendment with Gillig, LLC, for the purchase of eight (8) 40' CNG Transit Buses in an amount for $7,586,180 and to increase the aggregate value of the contract not to exceed $42,306,180.

STRATEGIC PLAN ALIGNMENT

- Goal 8: Operational excellence
    - Tactic 8.1: Optimize service performance

COMMITTEE PROCESS
RTAG: February 17, 2026, for information
TMC: March 4, 2026, approved
Board of Directors: March 26, 2026, for action

CONTACT
Gregg Thompson
Deputy Chief, Bus Maintenance
gthompson@valleymetro.org

ATTACHMENT
A copy of the contract amendment is available for review.

Background Information

BACKGROUND DISCUSSION
Regularly scheduled fleet replacement is consistent with Valley Metro's strategic fleet replacement plan and long-range capital programming strategy. Timely replacement of revenue vehicles that have reached or exceeded their useful life thresholds mitigates escalating maintenance costs, reduces in-service failures, and improves mean distance between failures (MDBF), thereby enhancing overall system reliability and service availability.

Valley Metro's local fixed-route fleet comprises 319 revenue buses with a weighted average fleet age of 6.3 years, reflecting overall alignment with industry best practices for transit asset lifecycle management. The proposed procurement is for eight (8) replacement buses that will replace eight (8) heavy-duty transit buses that have exceeded the Federal Transit Administration (FTA) minimum useful life standard of 12 years. At the time of replacement, these vehicles will be approximately 15 years old.

Vehicles operating beyond their useful life thresholds experience increased maintenance costs, parts obsolescence, and declining operational reliability. Replacing these assets will better align the fleet with current service demands while improving maintenance efficiency and service consistency.

All eight (8) buses will be procured through the Washington State cooperative purchasing contract. Use of this contract is eligible for cooperative purchasing and satisfies full and open competitive procurement requirements.

Table 1 – Vehicle costs, training costs, and contingency

Item Description	Quantity	Cost Each	Total
40' CNG Transit Bus	8	$879,489	$7,035,912
Training	3	$ 7,000	$ 21,000
Contingency (7.5% of vehicle cost)			$ 529,268
		Grand Total	**$7,586,180**

Table 2 – Funding sources for the purchase

Federal Grant 5307 (85%)	Local PTF Match (15%)	Total
$6,448,253	$1,137,927	**$7,586,180**

Table 3 – Expenditures under the Washington State contract

Contract Expenditures	Description	Total
Original Contract Authority	Initial purchase of 40 – 40' CNG Transit Buses plus 7.5% contingency	$34,720,000
Contract Amendment 01 – Contract Authority	Purchase of 8 – 40' CNG Transit Buses, including training and 7.5% contingency	$7,586,180
	Grand Total	**$42,306,180**

CONTRACT TYPE AND TERM

The contract is a fixed-price with economic adjustment contract. The contract began on March 8, 2024, and will end on March 30, 2026, with no options to extend.

Transit Buses- Heavy Duty Contract Amendment

1

Heavy Duty Bus purchase

Replace buses that have met FTA recommended minimum useful life

2

2

RECOMMENDATION

Authorization for the Chief Executive Officer to execute a contract amendment with Gillig, LLC, for the purchase of eight (8) 40' CNG Transit Buses in an amount for $7,586,180 and to increase the aggregate value of the contract not to exceed $42,306,180.

3

3

Executive Summary

DATE **AGENDA ITEM 3**
March 20, 2026

SUBJECT
Payroll Services Contract Award

COST AND BUDGET
Cost for the full term is $1,245,000, plus a contingency of $124,500 or 10% of the full-term cost. The aggregate contract value will not exceed $1,369,500. The split between RPTA and VMR will vary from period to period based on the amount of payroll funded by each operating unit.

For FY26, the contract obligation is fully funded within the adopted FY26 Operating and Capital Budget. Contract obligations beyond FY26 are incorporated into the Agency's Five-Year Operating Forecast and Capital Program (FY26 through FY30).

The sources of funds are Public Transportation Funds, federal grants and member cities.

RECOMMENDATION
Authorization for the Chief Executive Officer to enter into a cooperative contract with OMNIA Partners, for payroll processing services with Automatic Data Processing, Inc., with an expiration date of December 31, 2030. The aggregate value of the contract will not exceed $1,369,500.

STRATEGIC PLAN ALIGNMENT
This item relates to the following goals and strategies in the Five-Year Strategic Plan:

- Goal 9: Financial Sustainability
    - Tactic 9.5: Proactively identify cost savings and implement resource justification

COMMITTEE PROCESS
RTAG: February 17, 2026, for information
TMC: March 4, 2026, approved
Boards: March 26, 2026, for action

CONTACT
Ken Kessler
Chief Financial Officer
kkessler@valleymetro.org

ATTACHMENT
A copy of the contract is available for review.

Background Information

The contract is needed to provide continued access to a secure and compliant payroll system that ensures accurate and timely employee compensation and adherence to all applicable payroll regulations, while avoiding service disruptions. As Valley Metro's payroll vendor, ADP provides critical compliance and operational services, including processing of electronic payroll deposits on Valley Metro's behalf; administration of garnishment and child support payments; IRS tax compliance support; and ongoing state and federal regulatory updates related to payroll and tax guideline changes. ADP also offers free educational webinars on new laws and regulatory standards, as well as dedicated customer support to address payroll and compliance issues as they arise.

In May 2023, Valley Metro obtained authorization from the Board to commission an external assessment of the payroll function. The assessment was performed by Accenture, a third-party consulting company, to evaluate whether in-housing the payroll function was still the appropriate path forward.

Accenture completed the assessment of the payroll function and recommended that Valley Metro continue to use ADP for the processing of payroll. Accenture evaluated three options: in-sourcing payroll with Oracle ERP, a hybrid option of in-sourcing certain elements of payroll processing and continuing to outsource payroll processing. There would be significant implementation costs to implement the changes to the Oracle ERP necessary to process payroll in-house or with a hybrid option. There would also be a larger investment in labor and IT to maintain the in-house or hybrid options. There are no implementation costs or additional labor or IT costs to continue to outsource payroll with ADP. If payroll were processed in-house or with the hybrid option, Valley Metro would be assuming much of the compliance risk currently with the payroll processing company. The final recommendation was to continue to outsource payroll as the more cost-effective, risk-averse option. Valley Metro currently has the staffing necessary to process payroll using outsourcing; additional staff would have to be hired to enable Valley Metro to insource the payroll function.

The contractual cost estimate by fiscal year is shown below:

Fiscal Year	Estimate Cost
2027	$268,000
2028	$273,000
2029	$278,000
2030	$283,000
2031	$143,000
Sub-Total	$1,245,000
Contingency	$124,500
Total Not to Exceed	**$1,369,500**

PROCUREMENT INFORMATION
In accordance with the Agency's Joint Procurement Manual, standard competition was waived as a result of an approved Determination Memo and processed as a cooperative contract. The OMNIA Partners contract for Human Capital Management Systems R250901 was awarded using a competitive process consistent with the Valley Metro's procurement process set forth in the Joint Procurement Manual.

CONTRACT TYPE AND TERM
The contract is an indefinite delivery indefinite quantity contract. The contract will begin on or about July 1, 2026, and end on December 31, 2030.

Payroll Services Contract Award

1

2

2

Payroll Processing Option – Accenture Review and Recommendations

Option	Recommendation	Explanation
Insource using Oracle	No	• High implementation cost • Ongoing costs for IT labor and Oracle licenses • Organization with < 1,500 employees usually outsource • Agency liability would increase
Hybrid (Insource some functions and outsource others)	No	• High implementation cost • Cost of IT labor, Oracle licenses, and outsourcing exceed current costs.
Outsource	Yes	• Organization with < 1,500 employees usually outsource • No implementation costs • No additional IT or payroll labor costs

3

VALLEY METRO

3

Recommendation

- Authorization for the Chief Executive Officer to enter into a cooperative contract with ADP for payroll processing services with a 4.5 year term. The aggregate value of the contract will not exceed $1,369,500.

4

VALLEY METRO

4

Executive Summary

DATE **AGENDA ITEM 4**
March 20, 2026

SUBJECT
Update on Bus Network Redesign (BNR) Progress

COST AND BUDGET
There are no costs associated with this update.

RECOMMENDATION
This item is presented for information only.

STRATEGIC PLAN ALIGNMENT
Goal 7: Board Governance
- Initiative 7.4: Emphasize shared duties, responsibilities, and facilitate work across regional bodies (e.g., RPTA, member cities, MAG) to be effective advocates for transit and mobility solutions across the Valley.

Goal 8: Operational Excellence
- Initiative 8.1: Optimize service performance to meet current and evolving regional travel needs.

Goal 9: Financial Sustainability
- Initiative 9.1: Develop and maintain short and long-term financial forecasts and cash reserve policies to ensure an ongoing financially balanced program.
- Initiative 9.2: Support effective transit system design by identifying opportunities to improve or pursue resource allocation, fare collection enhancements, alternative service delivery models, and innovative mobility technologies to ensure sustainable lifecycle costs.
- Initiative 9.3: Maximize revenue generation, including advertising, farebox recovery, and discretionary/competitive grant opportunities.

COMMITTEE PROCESS
TMC: March 4, 2026, for information
Board of Directors: March 26, 2026, for information

CONTACT
Michael Eshleman
Deputy Chief, Service Planning
meshleman@valleymetro.org

ATTACHMENT
March 2026, Bus Network Redesign Update Slide Deck

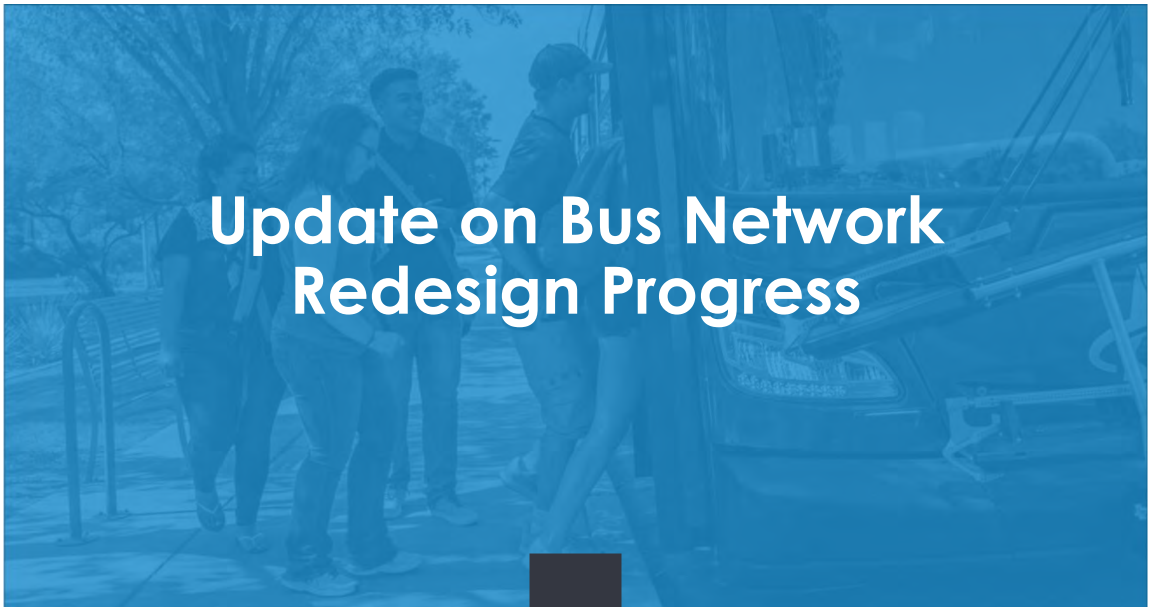
Background Information

Valley Metro's Bus Network Redesign (BNR) is a data-driven review of how the regional transit network is performing today and how well it is aligned with current and future mobility needs. It examines ridership patterns, route productivity, markets served, and service design principles to understand where the system is working well and where it needs rebalancing. The BNR provides a technical foundation that informs how routes are structured, how often buses run, and which corridors are best positioned for higher levels of investment. By grounding future investments in the BNR, the agency can make more informed tradeoffs between coverage and frequency, directness and access, as well as fixed-route and on-demand services.

This work is needed now because travel patterns, population growth, and rider expectations in the region have shifted significantly, and the system must evolve from an expansion-focused approach to an optimized network. The BNR gives the Board a transparent, defensible basis for these changes by tying future service plans to documented gaps between what people say matters most and how they experience the system today.

In the early phase of the study, a detailed analysis of the current service and the transit market, combined with significant public engagement and an extensive survey, yielded several key findings. Input showed strong support for investing in more frequent, faster, and more reliable service, even when that requires difficult tradeoffs such as consolidating service on key corridors and straightening routes to avoid low-value deviations. Riders emphasized that frequency and travel speed are the top factors that attract them to transit, while reliability is the top factor that keeps them riding. Phase 1 also revealed a nearly even split between prioritizing "access everywhere" versus concentrating resources in the busiest areas, highlighting the strategic choices ahead in balancing regional equity and ridership goals.

Looking ahead, the Spring 2026 outreach program is the bridge between this technical groundwork and the refinement of specific service recommendations. The outreach plan is designed to bring BNR findings and network design concepts to the community, with a focus on inclusive, accessible, and representative engagement that reaches current riders, non-riders, community-based organizations, major employers, and institutional partners. This phase will test key ideas from the BNR—such as reallocating service to frequent corridors, adjusting hours of service, and refining where fixed-route versus on-demand service is appropriate—through listening sessions, intercept outreach, and surveys under the "Your Voice, Your Ride" banner. Feedback gathered in this phase will directly inform draft service recommendation changes that will come back to the Board in subsequent stages, ensuring that the final redesigned network reflects both rigorous analysis and the lived experience of Valley Metro's communities.



1

Bus Network Redesign Overview

- Opportunity to match service delivery with market demand, realign network with customer expectations
- Holistic review of service efficiency and effectiveness – make best use of resources in face of funding constraints
- Draft concepts to be presented for public comment starting April 2026

2

VALLEY METRO

2

Why is a Bus Network Redesign Important?

Effective Network:

Service is convenient and reliable → More people ride transit → Valley Metro has more fare revenue → VM can operate more transit

Efficient Network:

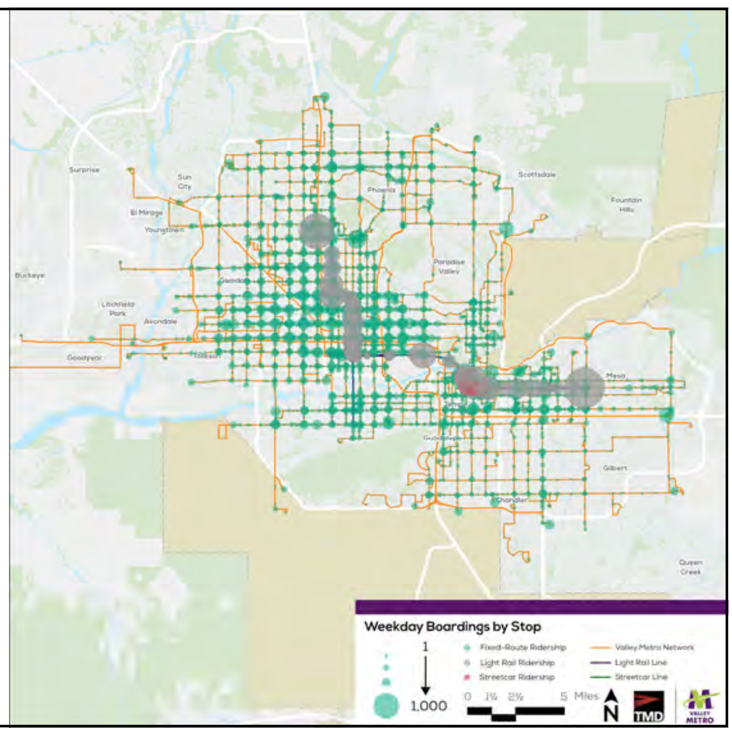
Buses are used more efficiently → Service is provided with fewer resources → Valley Metro has lower operating expenses → VM can operate more transit

3

3

Ridership Overview

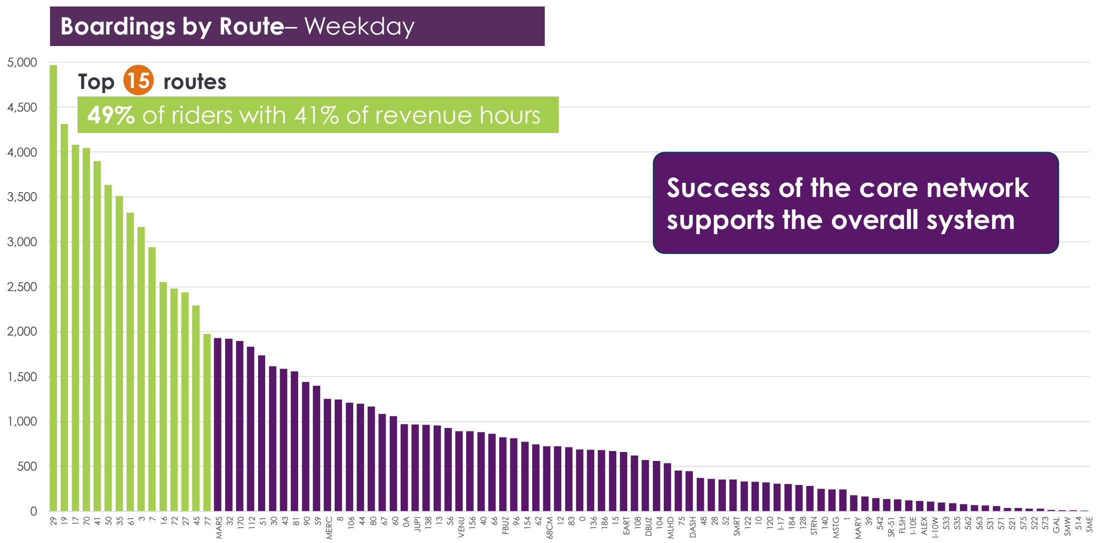
- Over 130,000 system boardings each weekday
  - 100,000 bus
  - 29,000 light rail
  - 3,000 streetcar
- 50% weekday bus boardings carried on 15 routes
  - Investing in these routes will benefit 1 in every 2 riders



4

4

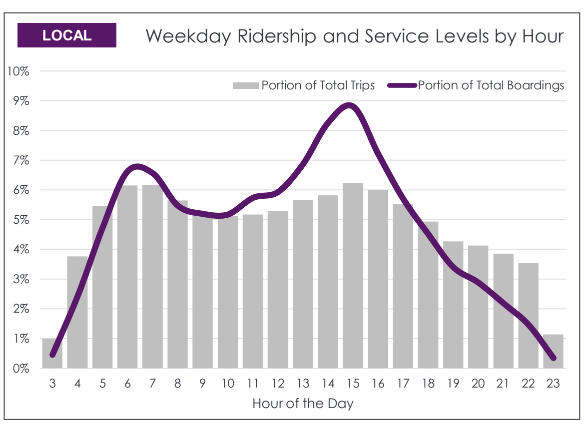
The top 15 routes carry almost half of riders

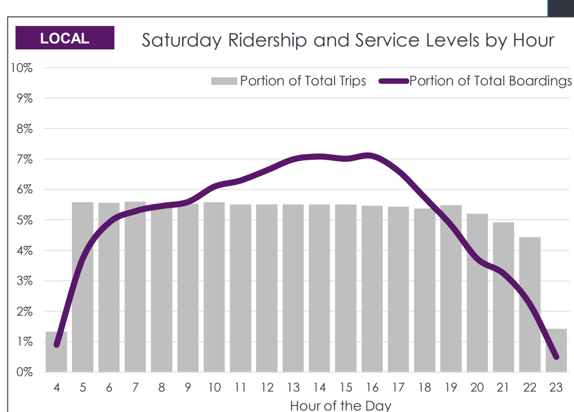


5

5

Ridership and Service by Time of Day





6

6

Service Frequency and Access

Currently, 28% of the population is within ½ mile of frequent transit – 44% low-income households, 51% zero-vehicle households

5 min – Full spontaneous use

10 min – Nearly all riders "show and go" without looking at the schedule

15 min – Many riders start to just "show and go" when they want to ride

20 min – More useful but not oriented to ½ hour shifts; complicates timed transfers

30 min – Useful for all trips and covers ½ hour shifts, but you travel when the schedule says you can

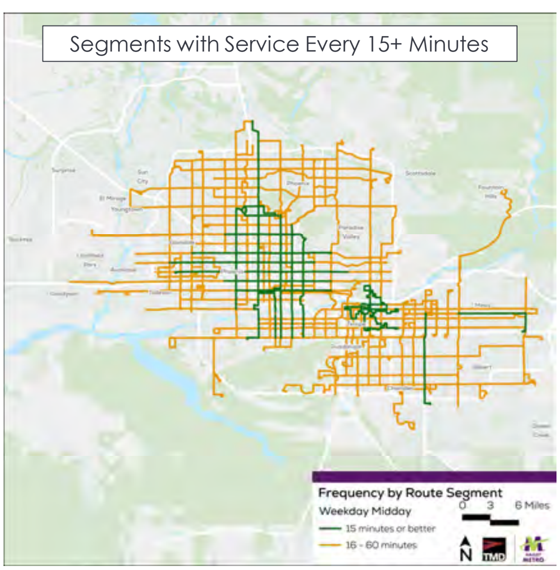
45 min – Only ride when there is no other choice; complicates timed transfers

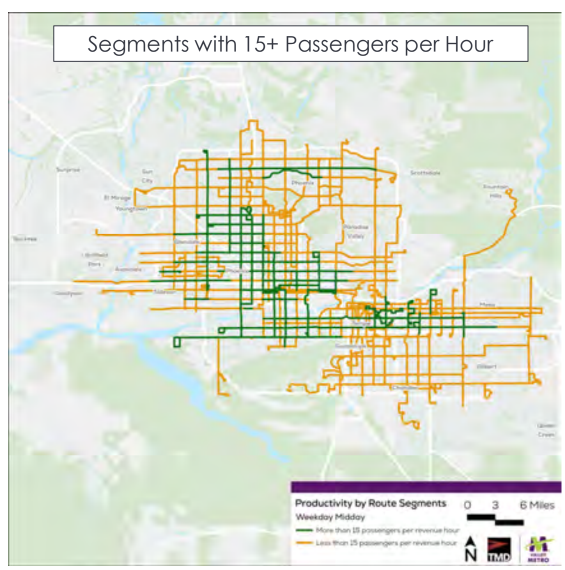
60 min – Lifeline; limits transit access

7

VALLEY METRO

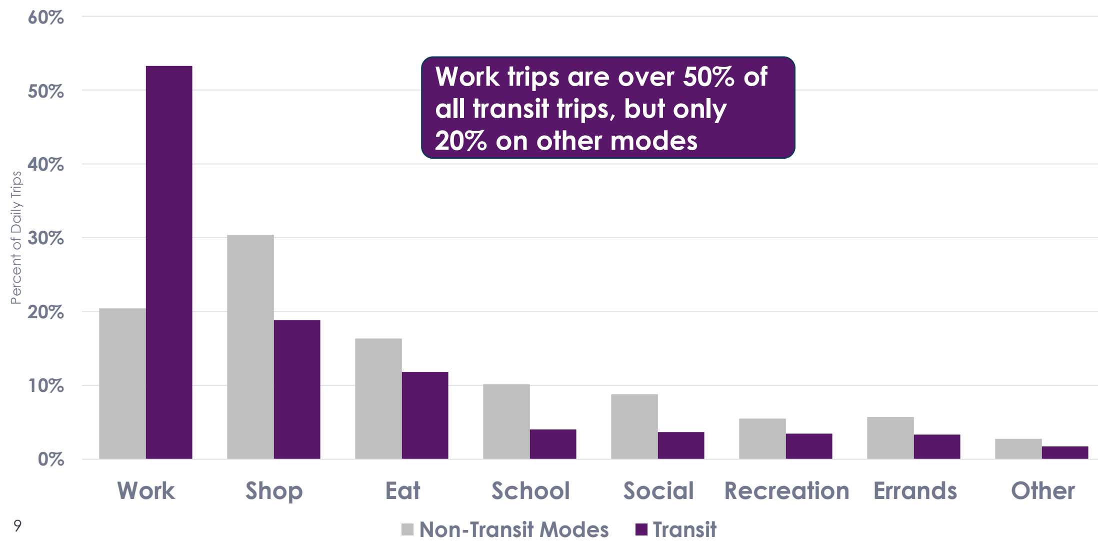
Frequent Segments are Also Most Productive





VALLEY METRO

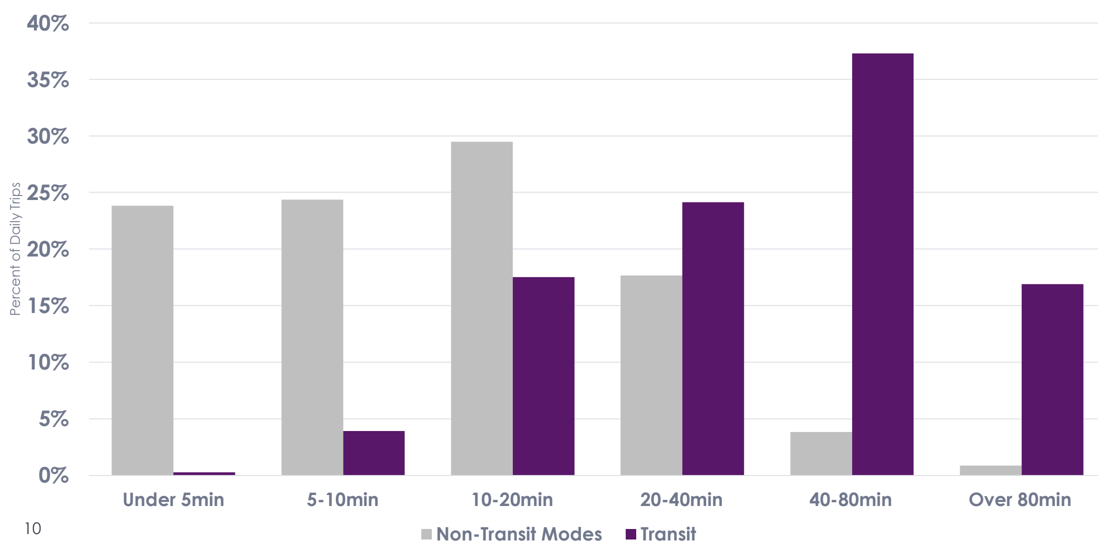
Valley Residents use transit too much for work



9

9

Valley Residents spend too much time on the bus

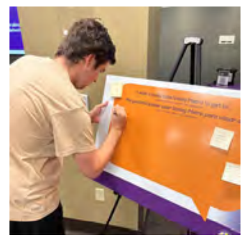


10

10

Phase I Public Engagement

- 32 pop-up events
- 4 in-person, 2 virtual open houses
- 7 bus operator town hall meetings
- 5 focus group meetings
- 15M+ impressions from digital and print media
- Survey - 4,576 total responses
  - 3,100 web/social media
  - 679 rider intercepts
  - 290 paper surveys
  - 501 phone/panel/WGR panel
  - 81% riders, 19% non-riders
- 120,000+ page views on project website



11

11

Characteristics of Valley Metro Riders

- 54% use the service every day
- 40% have been using the system for over 10 years; 32% have been using the system for less than 3 years
- 62% do not have access to a vehicle
- 66% have annual household incomes below $50,000
- 85% have a favorable perception of Valley Metro

12

12

Service Priorities for Riders (Survey)

Categories Rated Most Important

- Frequency
- On-Time Performance
- On-board Safety

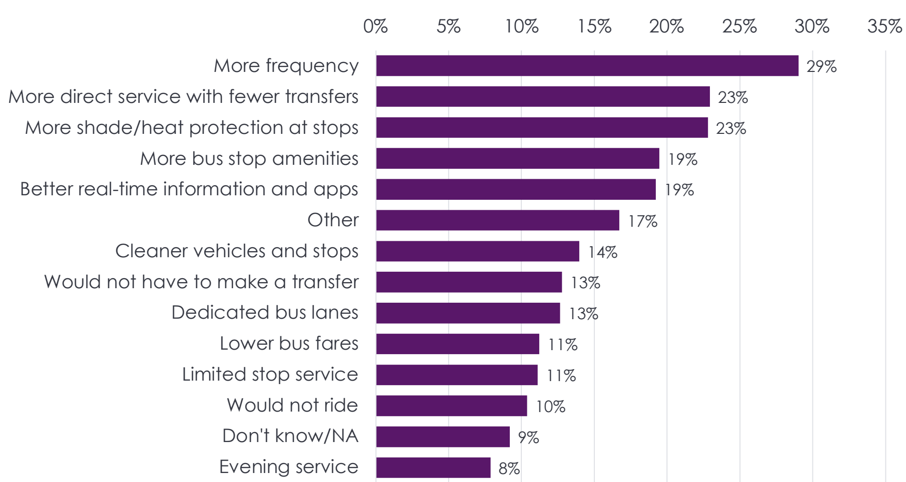
Categories with Lowest Satisfaction

- Bus Stop Amenities
- On-Time Performance
- Availability of Weekend Service

13

13

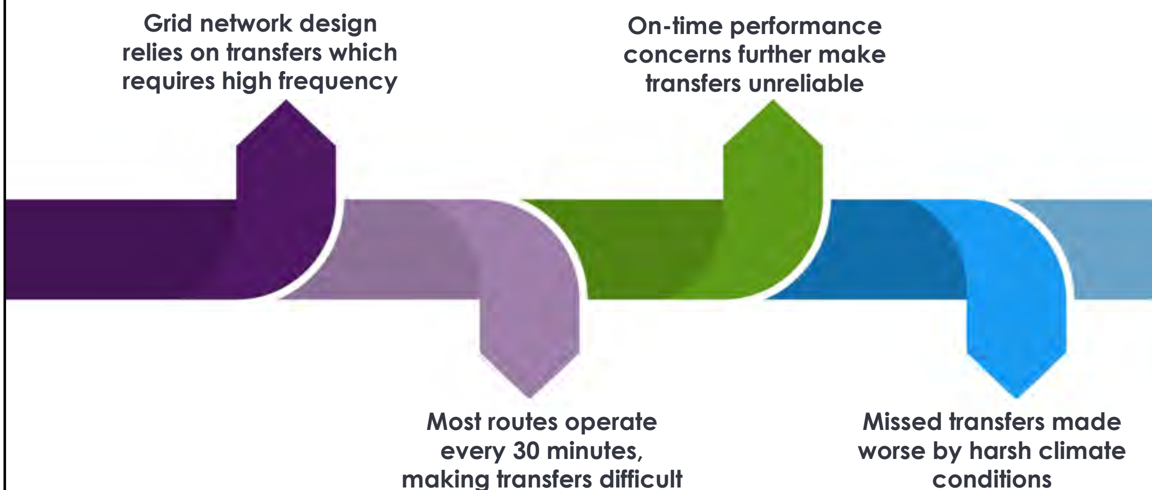
Service Priorities for Non-Riders (Survey)



14

14

Ongoing Challenges



15

15

Next Steps

- Present draft network plan to Board of Directors in April.
- Collect public input on draft concepts through mid-summer.
- Update the draft plan to incorporate public feedback.
- Present final plan to Board of Directors around October 2026.

16

16

Executive Summary

DATE **AGENDA ITEM 5**
March 20, 2026

SUBJECT
Valley Metro RPTA Fiscal Year 2027 (FY27) Preliminary Operating and Capital Budget and Five-Year Operating Forecast and Capital Program (FY27 through FY31)

COST AND BUDGET
See the information below.

RECOMMENDATION
This item is presented for information.

STRATEGIC PLAN ALIGNMENT
This item relates to the following goals and strategies in the Five-Year Strategic Plan:
Goal 9: Financial Sustainability

COMMITTEE PROCESS
Preliminary Budget Review:
Financial Working Group: February 17, 2026 for information
TMC: March 4, 2026 for information
AFS: March 5, 2026 for information
Board of Directors: March 26, 2026 for information

Budget Review with Initiatives:
RTAG/FWG: March 17, 2026 for information
TMC: April 1, 2026 for information
AFS: April 2, 2026 for information
Board of Directors: April 16, 2026 for information

Proposed Budget Adoption:
TMC: May 6, 2026 for action
AFS: May 7, 2026 for information
Board of Directors: May 21, 2026 for action

CONTACT
Ken Kessler
Chief Financial Officer
kkessler@valleymetro.org

ATTACHMENT
None

Background Information

BACKGROUND DISCUSSION

The Valley Metro Regional Public Transportation Authority (RPTA) FY27 preliminary combined operating and capital budget (the budget) is $514.8 million and includes $4.3 million of expenses for Valley Metro Rail capital. The preliminary FY27 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 FY27 budget process by carefully reviewing its operations to identify efficiencies and other potential reductions to the FY27 base operating budget. This resulted in a proactive reduction in the RPTA base operating budget of $10.7 million. The largest areas of reduction include one-time items in the FY26 budget not continuing into FY27, reductions in service in the City of Phoenix operated bus service funded with PTF, one-time rent reductions for the Mobility Center and Corporate offices, and decreased fare media needs.

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 FY27, these non-discretionary items total $6.9 million, comprising 100% of the total increase, excluding base decrease, in the FY27 operating budget. Valley Metro staff is not recommending any new budget initiatives for FY27.

Valley Metro RPTA Fiscal Year 2027 (FY27) Preliminary Operating and Capital Budget & 5-Year Forecast

1

RPTA

FY27 Preliminary Budget

2

Strategic Framework

Connecting Communities & Enhancing Lives

Deliver Excellent Customer Experience

- Invest in Our Talent
- Prioritize Security on Transit
- Leverage Data and Technology
- Deliver on Stakeholder Collaboration

Strong Leadership

Board Governance

Operational Excellence

Financial Sustainability

VALLEY METRO

3

3

Detailed Initiative Write-Ups

Initiative #

Strategic Plan Goal

Category

Agency

8	**Improve Enterprise Asset Management (EAM) System Utility** Leverage Data and Technology	
	Combined	VM Recommended

Description

In support of strategic plan goal to "Leverage Industry Best Practices and Innovations on Data and Technology" this initiative will enhance the Enterprise Asset Management (EAM) system to improve system utility. An enhanced EAM system will reduce time, error rates, and associated cost of rework of manual processes entering and transferring data between the EAM and associated systems. This will result in optimized maintenance strategies, increased operational reliability and efficiency of Valley Metro assets, and minimized asset downtimes. This translates into substantial cost savings over the asset lifecycle. Furthermore, compliance management will improve, helping ensure alignment with regulatory standards, mitigating risks and fostering a safer operational environment. Implementation and customization development support will be required from various vendors, however, $55,300 in annual Ellipse system maintenance costs will be eliminated once data transition is completed.

Item	RPTA	VMR	Note
EAM System Improvement	$169,000	$122,000	Trapeze and third-party professional services and customized development
Total	**$169,000**	**$122,000**	

VALLEY METRO

4

4

FY27 Operating Budget Format

Base Budget – FY 2026'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 2027

=

FY 2027 Total Operating Budget

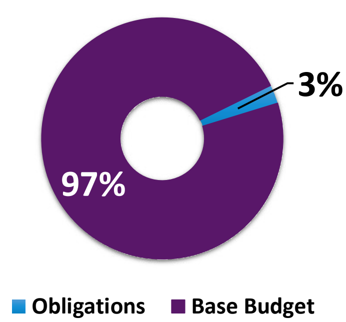
5

VALLEY METRO

5

RPTA Operating Budget Overview ($ millions)

RPTA	FY 2026 Budget	FY 2027 Base	Change v FY26	Obligations: Cont Commit	Obligations: Inflation & Ridership	Total Obligations	VM Recommend	FY 2027 Budget	Total Change
Total	$ 279.2	$ 268.5	$ (10.7)	$ 8.5	$ (1.6)	$ 6.9	$ -	$ 275.5	$ (3.7)



6

6

Budget Development Updates

Base Budget Reductions

- Rent for Mobility Center and 101 Corporate Office
- Fare Media
- COP Fixed Route Bus (funded with PTF)

Reductions from March Cycle

- Reduced FY27 staff compensation adjustment and eliminated 6 new position requests – 4 RPTA/Shared
- Reduced travel

7

7

Continuing Budget Updates

Additional Budget Reduction Efforts

- Ongoing assessment of vacant positions for potential reductions
- Evaluation of administrative costs and non-service contracts to identify additional budget reductions

8

8

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

Uses of Funds	FY26	FY27	Change $	Change %
Fixed Route Operations	$170.0	$168.7	($1.2)	-1%
Demand Service	63.8	64.3	0.4	1%
Vanpool Operations	9.2	9.3	0.1	2%
Commute Solutions	1.6	1.5	(0.1)	-7%
Planning	3.9	3.6	(0.3)	-8%
Regional Services	24.9	22.4	(2.5)	-10%
Administration and Finance	5.9	5.7	(0.2)	-4%
RPTA Operating	**$279.2**	**$275.5**	**($3.7)**	**-1.3%**

9

VALLEY METRO

9

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

Source of Funds	FY26	FY27	Change $	Change %
Public Transportation Funds	$181.1	$182.4	$1.3	1%
Regional Area Road Funds	5.1	6.2	1.1	22%
Member City Contributions	63.6	61.9	(1.7)	-3%
Bus Advertising	0.8	0.7	(0.1)	-7%
Federal Funds	15.5	10.7	(4.8)	-31%
Fares	13.0	13.3	0.3	2%
MAG Funds	0.2	0.2	0.0	0%
Other	0.1	0.1	0.0	15%
RPTA Operating	**$279.2**	**$275.5**	**($3.7)**	**-1.3%**

10

VALLEY METRO

10

RPTA Obligations

11

Obligations Summary

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
1	Facility Maintenance	$ 18,000	$ -	$ 18,000
2	Agency Staff Merit	497,000	-	497,000
3	Security Contract Rate Increase	16,000	-	16,000
4	Bus Service and Rate Increase	4,664,000	-	4,664,000
	Demand Service Rate Increase	2,878,000	-	2,878,000
	Vanpool Program - Contract Rate Change	303,000	-	303,000
	West Valley Service and Rate Increase	114,000	-	114,000
	Insurance Premium	10,000	-	10,000
5	Vanpool Van Type and Ridership Decrease	-	(201,000)	(201,000)
	Bus and Paratransit Fuel Decrease	-	(592,000)	(592,000)
	Demand Service Ridership Change	-	(3,220,000)	(3,220,000)
	City of Phoenix Regional Services	-	2,457,000	2,457,000
Category Total		**$ 8,500,000**	**$ (1,556,000)**	**$ 6,944,000**

12

VALLEY METRO

12

Deliver Excellent Customer Experience

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
1	Facility Maintenance	$ 18,000	$ -	$ 18,000
Category Total		$ 18,000	$ -	$ 18,000

- **Contractual Escalations for Facility Maintenance**
  - Annual rate increases for contracted services supporting bus facility maintenance, as defined in existing contracts.

13

13

Invest in Our Talent

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
2	Agency Staff Merit	$ 497,000	$ -	$ 497,000
Category Total		$ 497,000	$ -	$ 497,000

- **Merit**
  - Continue to attract and retain employees by offering a performance-based merit-increase of 3%.

14

14

Prioritize Security on Transit

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
3	Security Contract Rate Increase	$ 16,000	$ -	$ 16,000
Category Total		$ 16,000	$ -	$ 16,000

- **Contractual Escalations for Security Services**
  - Annual rate increases for contracted services for bus security facilities, as defined in existing contracts.

15

15

Operational Excellence

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
4	Bus Service and Rate Increase	$ 4,664,000	$ -	$ 4,664,000
	Demand Service Rate Increase	2,878,000	-	2,878,000
	Vanpool Program - Contract Rate Change	303,000	-	303,000
	West Valley Service and Rate Increase	114,000	-	114,000
	Insurance Premium	10,000	-	10,000
5	Vanpool Van Type and Ridership Decrease	-	(201,000)	(201,000)
	Bus and Paratransit Fuel Decrease	-	(592,000)	(592,000)
	Demand Service Ridership Change	-	(3,220,000)	(3,220,000)
	City of Phoenix Regional Services	-	2,457,000	2,457,000
Category Total		$ 7,969,000	$ (1,556,000)	$ 6,413,000

- **Contractual Escalations for various areas and increased insurance premiums**
  - Annual rate increases for contracted services to support fixed route, demand, and vanpool services, combined with increased insurance premiums.
- **Ridership/Usage updates and other inflationary items**
  - Program updates for vanpool and demand services, combined with increased costs for shared regional transit services.

16

16

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

Uses of Funds	FY26	FY27	Change $	Change %
Regional Fleet	$20.7	$50.3	$29.6	143%
Regional Facilities	9.2	9.3	0.1	2%
Other Regional Projects	4.4	3.4	(1.0)	-22%
Debt Service	22.2	0.0	(22.2)	-100%
Member Agency Disbursement	9.7	0.0	(9.7)	-100%
RPTA Capital	**$66.2**	**$63.0**	**($3.1)**	**-5%**

17

VALLEY METRO

17

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

Source of Funds	FY26	FY27	Change $	Change %
Public Transportation Funds	$42.9	$21.7	($21.2)	-49%
Federal Funds	22.1	41.2	19.1	86%
Other	1.2	0.1	(1.1)	-90%
RPTA Capital	**$66.2**	**$63.0**	**($3.1)**	**-5%**

18

VALLEY METRO

18

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

Uses of Funds	FY26	FY27	Change $	Change %
VMR RARF Disbursements	$0.5	$0.0	($0.5)	-100%
AZ Lottery Funds Disbursements	11.2	11.2	0.0	0%
Member Agency Disbursements	0.0	110.1	110.1	---
VMR Personnel	48.6	50.7	2.1	4%
VMR PTF Capital Funding	85.3	4.3	(81.0)	-95%
RPTA Pass-Thru	**$145.6**	**$176.3**	**$30.6**	**21%**

19

VALLEY METRO

19

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

Source of Funds	FY26	FY27	Change $	Change %
Public Transportation Funds	$0.0	$110.1	$110.1	---
AZ Lottery Funds	11.2	11.2	0.0	0%
VMR Personnel Reimbursements	48.6	50.7	2.1	4%
VMR PTF Capital Funding Allocation	85.3	4.3	(81.0)	-95%
RPTA Pass-Thru	**$145.6**	**$176.3**	**$30.6**	**21%**

20

VALLEY METRO

20

RPTA

FY27-31 Five-Year Forecast

21

5-Year Operating Sources and Uses

	FY27	FY28	FY29	FY30	FY31	Total
Operating ($,000)						
Sources of Funds						
Advertising	$ 700	$ 770	$ 847	$ 932	$ 1,026	$ 4,275
Public Transportation Funds	230,266	236,121	241,642	249,022	256,366	1,213,416
Regional Area Road Funds	6,212	6,451	6,580	6,711	6,845	32,798
Member City Contributions	61,936	64,993	67,921	70,900	74,291	340,041
VMR Reimbursements	50,661	51,492	53,037	54,628	56,267	266,085
AZ Lottery Funds	11,200	11,200	11,200	11,200	11,200	56,000
Federal Funds	10,744	11,948	13,675	13,935	14,200	64,502
Fares	13,308	13,784	14,311	14,859	15,431	71,693
MAG Funds	175	175	175	175	175	875
Other	94	200	200	200	200	894
Total Sources of Funds	**385,296**	**397,135**	**409,587**	**422,562**	**436,001**	**2,050,580**
Uses of Funds						
Fixed Route Operations	168,637	175,550	182,254	189,220	196,453	912,114
Demand Service Operations	64,282	65,531	66,275	67,042	67,832	330,963
Vanpool Operations	9,336	9,616	9,905	10,202	10,508	49,566
Planning	3,599	3,671	3,744	3,819	3,896	18,729
Commute Solutions	1,523	1,553	1,585	1,616	1,649	7,926
Regional Services and Administration	22,414	22,590	23,076	23,528	23,989	115,598
Adminstration and Finance	5,200	5,304	5,410	5,518	5,629	27,061
Operating Contingency	500	500	500	500	500	2,500
Pass-through Disbursements	109,805	112,819	116,837	121,116	125,546	586,123
Total Uses of Funds	**$ 385,296**	**$ 397,135**	**$ 409,587**	**$ 422,562**	**$ 436,001**	**$ 2,050,580**

22

22

5-Year Capital Sources and Uses

Capital ($,000)	FY27	FY28	FY29	FY30	FY31	Total
Sources of Funds						
Public Transportation Funds	$ 83,881	$ 84,405	$ 99,087	$ 104,226	$ 111,604	$ 483,203
Federal Funds	41,238	65,106	72,275	69,286	41,915	289,820
Other	117	120	112	115	115	579
VMR Public Transportation Funds Program	4,273	5,228	5,486	5,766	6,057	26,809
Total Sources of Funds	**129,509**	**154,859**	**176,959**	**179,393**	**159,691**	**800,411**
Uses of Funds						
Regional Fleet	50,342	75,208	96,801	96,357	71,907	390,615
Regional Facilities	9,274	5,245	2,079	972	1,581	19,151
Other Regional Projects	3,432	4,158	4,366	4,584	4,813	21,353
Member Agency Disbursements	62,188	65,020	68,227	71,714	75,333	342,482
Rail Program Disbursements	4,273	5,228	5,486	5,766	6,057	26,809
Total Uses of Funds	**$ 129,509**	**$ 154,859**	**$ 176,959**	**$ 179,393**	**$ 159,691**	**$ 800,411**

23

23

Recap of Important Dates

Committee/Boards/FWG	
February	Present High Level Budget to City Staff (FWG & RTAG)
March	Present High Level Budget to Committees & Boards for Information
March 17, 2026	Detailed Initiatives Discussion & 5-year Plans with City Staff (FWG & RTAG)
March 26, 2026	Present Annual Budget with Initiatives and 5-year plans to Boards for information
April Cycle	Present Annual Budget with Initiatives and 5-year plans for information
April 2, 2026	Detailed Initiatives Discussion with AFS
May Cycle	Present Annual Budget with Initiatives and 5-Year Plans for Action

24

24

Executive Summary

DATE **AGENDA ITEM 7**
March 20, 2026

SUBJECT
Report on Current Events and Suggested Future Agenda Items

COST AND BUDGET
None

RECOMMENDATION
This item is presented for information only.

BACKGROUND | DISCUSSION | CONSIDERATION
None

COMMITTEE PROCESS
None

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

ATTACHMENT
None

Pending Items Request

Item Requested	Date Requested	Planned Follow-up Date

Agenda

March 20, 2026

Valley Metro Rail
Board of Directors
Thursday, March 26, 2026
Boardroom/Webex
Valley Metro
101 N. 1st Avenue, 10th Floor
11:30 a.m.

1. Minutes Minutes from the February 19, 2026 Board meeting are presented for approval.	1. For action
2. Valley Metro Rail, Inc. Fiscal Year 2027 (FY27) Preliminary Operating and Capital Budget Staff will provide an overview of the Valley Metro RPTA FY27 Preliminary Operating and Capital Budget.	2. For information
3. Report on Current Events and Suggested Future Agenda Items Chair Pastor will provide members the opportunity to report on current events and suggest future agenda items for consideration.	3. For information
4. Next Meeting The next Board meeting is scheduled for **Thursday, April 16, 2026 at 11:15 a.m.**	4. For information

Qualified sign language interpreters are available with 72 hours notice. Materials in alternative formats 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

Meeting Minutes

March 20, 2026 **AGENDA ITEM 1A**

Valley Metro Rail Boards of Directors
Thursday, February 19, 2026
Boardroom/Webex
101 N. 1st Avenue, 10th Floor
11:15 a.m.

Valley Metro Rail Participants
Councilmember Laura Pastor, City of Phoenix – **Chair**
Councilmember Jennifer Adams, City of Tempe – **Vice Chair**
Councilmember Francisco Heredia, City of Mesa

The chair called the meeting to order at 1:30 p.m.

Chair Pastor said hello and welcome members. I think it's just you and I, to the February Valley Rail board meeting.

1. Consent Agenda

Chair Pastor said iItem number 1 is the Consent Agenda. Agenda Items 1A and 1B are presented for action.

Does the Committee have any questions or do any items need to be pulled for separate discussion?

IT WAS MOVED BY COUNCILMEMBER ADAMS, SECONDED BY COUNCILMEMBER PASTOR AND UNANIMOUSLY CARRIED TO APPROVE CONSENT AGENDA ITEMS 1A AND 1B.

2. Valley Metro Rail Fiscal Year 2026 (FY26) Mid-Year Budget Adjustment

Chair Pastor said item number 2 is the Valley Metro Rail Fiscal Year 2026 Mid-Year Budget Adjustment. Ken, can we get through this quickly?

Mr. Kessler said you bet. I could do like Michael did I'll just roll forward to the recommendation slide and see if you have any questions.

Chair Pastor said thank you. Do we have any questions? It's between you and me.

IT WAS MOVED BY COUNCILMEMBER ADAMS, SECONDED BY COUNCILMEMBER PASTOR AND UNANIMOUSLY CARRIED TO APPROVE THE FY 2026 MID-YEAR BUDGET ADJUSTMENT.

3. Fiscal Year 2025 (FY25) VMR Annual Comprehensive Financial Report (ACFR) and Single Audit Reporting Package (SARP)

Chair Pastor said item number 3 Fiscal Year 2025 RPTA Annual Comprehensive Financial Report and Single Audit Reporting Package. Jessica Mefford-Miller will now introduce this item.

Ms. Mefford-Miller said Madam Chair, this item is being presented for information by Chief Financial Officer. So would you like a presentation?

Chair Pastor said No, thank you.

4. Report on Current Events and Suggested Future Agenda Items

Chair Pastor said item 4 is also Report on Current Events and Suggested Future Agenda Items. Hearing none, we will move on to the next item.

5. Next Meeting

Chair Pastor said item number 5 Next Meeting. The next meeting of the RPTA board is scheduled for Thursday, March 26, 2026, at 11:30 a.m. Thank you for joining me. Meeting adjourned.

With no further discussion the meeting adjourned at 1:32 p.m.

Executive Summary

DATE **AGENDA ITEM 2**
March 20, 2026

SUBJECT
Valley Metro Rail, Inc. Fiscal Year 2027 (FY27) Preliminary Operating and Capital Budget and Five-Year Operating Forecast and Capital Program (FY27 through FY31)

COST AND BUDGET
See information below.

RECOMMENDATION
This item is presented for information.

STRATEGIC PLAN ALIGNMENT
This item relates to the following goals and strategies in the Five-Year Strategic Plan:

- Goal 9: Financial Sustainability

COMMITTEE PROCESS
Preliminary Budget Review:
Financial Working Group: February 17, 2026 for information
RMC: March 4, 2026 for information
AFS: March 5, 2026 for information
Board of Directors: March 26, 2026 for information

Budget Review with Initiatives:
RTAG/FWG: March 17, 2026 for information
RMC: April 1, 2026 for information
AFS: April 2, 2026 for information
Board of Directors: April 16, 2026 for information

Proposed Budget Adoption:
RMC: May 6, 2026 for action
AFS: May 7, 2026 for information
Board of Directors: May 21, 2026 for action

CONTACT
Ken Kessler
Chief Financial Officer
kkessler@valleymetro.org

ATTACHMENT
None

Background Information

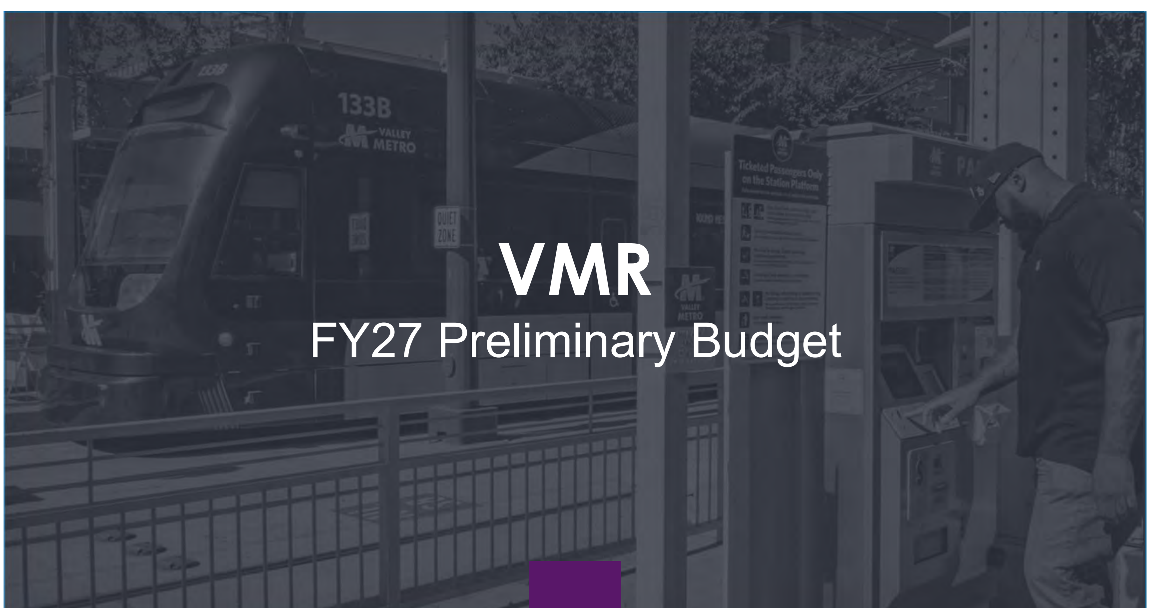
The Valley Metro Rail, Inc. (VMR) FY27 combined operating and capital budget (the budget) is $219.3 million. The preliminary FY27 budget has been prepared with the goal of delivering a fiscally prudent, balanced budget. The budget was developed in compliance with Board of Directors' adopted budget, financial and Transit Life Cycle Program (TLCP) policies.

Valley Metro began the FY27 budget process by carefully reviewing its operations to identify efficiencies and other potential reductions to the FY27 base operating budget. This resulted in a proactive reduction in the VMR base operating budget of $1.3 million. The largest areas of reduction include one-time items in the FY26 budget not continuing into FY27, reductions in non-revenue vehicle purchases and traffic engineering consultant work.

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 FY27, these non-discretionary items total $9.7 million, comprising 100% of the total increase, excluding base decrease, in the FY27 operating budget. Valley Metro staff is not recommending any new budget initiatives for FY27.

Valley Metro VMR Fiscal Year 2027 (FY27) Preliminary Operating and Capital Budget & 5-Year Forecast

1



2

Strategic Framework

Connecting Communities & Enhancing Lives

Deliver Excellent Customer Experience

Invest in Our Talent

Prioritize Security on Transit

Leverage Data and Technology

Deliver on Stakeholder Collaboration

Strong Leadership

Board Governance

Operational Excellence

Financial Sustainability

VALLEY METRO

3

3

Detailed Initiative Write-Ups

Initiative #

Agency

Strategic Plan Goal

Category

8

Improve Enterprise Asset Management (EAM) System Utility

Leverage Data and Technology

Combined

VM Recommended

Description

In support of strategic plan goal to "Leverage Industry Best Practices and Innovations on Data and Technology" this initiative will enhance the Enterprise Asset Management (EAM) system to improve system utility. An enhanced EAM system will reduce time, error rates, and associated cost of rework of manual processes entering and transferring data between the EAM and associated systems. This will result in optimized maintenance strategies, increased operational reliability and efficiency of Valley Metro assets, and minimized asset downtimes. This translates into substantial cost savings over the asset lifecycle. Furthermore, compliance management will improve, helping ensure alignment with regulatory standards, mitigating risks and fostering a safer operational environment. Implementation and customization development support will be required from various vendors, however, $55,300 in annual Ellipse system maintenance costs will be eliminated once data transition is completed.

Item	RPTA	VMR	Note
EAM System Improvement	$169,000	$122,000	Trapeze and third-party professional services and customized development
Total	**$169,000**	**$122,000**	

VALLEY METRO

4

4

FY27 Operating Budget Format

Base Budget – FY 2026'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 2027

=

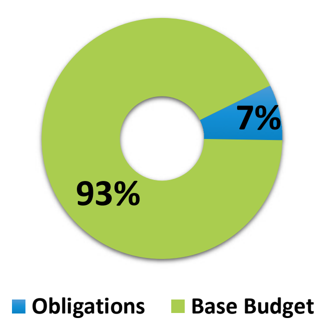
FY 2027 Total Operating Budget

5

5

VMR Operating Budget Overview ($ millions)

VMR				Obligations					
	FY 2026 Budget	FY 2027 Base	Change v FY26	Cont Commit	Inflation & Ridership	Total Obligations	VM Recommend	FY 2027 Budget	Total Change
Total	$ 121.9	$ 120.6	$ (1.3)	$ 5.7	$ 4.0	$ 9.7	$ -	$ 130.3	$ 8.4



6

6

Budget Development Updates

Base Budget Reductions
- Non-Revenue vehicle replacements
- Traffic engineering consultant work

Reductions from October
- Overall operating budget was $146.5M, 23% increase over prior year
- Currently at $131.0M, 7% increase

Reductions from March Cycle
- Reduced FY27 staff compensation adjustment and eliminated 6 new position requests – 3 VMR
- Reduced legal support and overtime/vacancy assumptions for maintenance
- Reduced capital (Future Project Dev, SOGR, Systemwide Improvements)
- Reduced travel

Continuing Budget Updates

Additional Budget Reduction Efforts
- Ongoing assessment of vacant positions for potential reductions
- Evaluation of administrative costs and non-service contracts to identify additional budget reductions

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

Uses of Funds	FY26	FY27	Change $	Change %
Light Rail Operations & Maintenance	$89.3	$96.3	$7.0	8%
Light Rail Security	20.6	21.5	0.9	4%
Subtotal Light Rail	*109.9*	*117.8*	*7.9*	*7%*
Streetcar Operations & Maintenance	7.1	7.6	0.4	6%
Streetcar Security	1.2	1.2	0.0	2%
Subtotal Streetcar	*8.3*	*8.8*	*0.6*	*6%*
Agency Operating	3.7	3.7	0.0	0%
Total Operating Uses	**$121.9**	**$130.3**	**$8.4**	**7%**

9

9

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

Sources of Funds	FY26	FY27	Change $	Change %
Other	$0.1	$0.1	$0.0	0%
Advertising	1.3	1.3	0.0	0%
Fares	7.1	5.8	(1.3)	-18%
Federal	4.2	2.9	(1.3)	-32%
Member City Contributions	109.3	120.3	11.0	10%
Total Operating Sources	**$121.9**	**$130.3**	**$8.4**	**7%**

10

10

11

Obligations Summary

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
1	Rail Landscaping Contract Rate Increase	$ 76,000	$ -	$ 76,000
	Facility Maintenance	77,000	-	77,000
2	Agency Staff Merit	1,043,000	-	1,043,000
3	Security Contract Rate Increase	561,000	-	561,000
4	Rail Transportation Service Rate Increase	2,091,000	-	2,091,000
	Rail Maintenance Overtime and Vacancy Credit	1,100,000	-	1,100,000
	Insurance Premium	481,000	-	481,000
	Non-Revenue Vehicle Maintenance	216,000	-	216,000
5	Rail Vehicle Parts and Repairs	-	1,952,000	1,952,000
	Rail Operations Utility Increase	-	887,000	887,000
	City of Phoenix Regional Services	-	291,000	291,000
6	Rail Vehicle and Facility Cleaning Contractual Increase	-	234,000	234,000
7	Rail Operations Legal Support	-	650,000	650,000
Category Total		**$ 5,645,000**	**$ 4,014,000**	**$ 9,659,000**

12

VALLEY METRO

12

Deliver Excellent Customer Experience

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
1	Rail Landscaping Contract Rate Increase	$ 76,000	$ -	$ 76,000
	Facility Maintenance	77,000	-	77,000
6	Rail Vehicle and Facility Cleaning Contractual Increase	-	234,000	234,000
Category Total		**$ 153,000**	**$ 234,000**	**$ 387,000**

- **Contractual Escalations for Landscaping and Facility Maintenance**
  - Annual rate increases for contracted services supporting rail landscaping and rail/bus facility maintenance, as defined in existing contracts.
- **Rail Vehicle and Facility Cleaning Services**
  - Current cleaning contract expires June 30, 2026 and will be competitively reprocured, with FY27 rates yet to be determined.

13

VALLEY METRO

13

Invest in Our Talent

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
2	Agency Staff Merit	$ 1,043,000	$ -	$ 1,043,000
Category Total		**$ 1,043,000**	**$ -**	**$ 1,043,000**

- **Merit**
  - Continue to attract and retain employees by offering a performance-based merit of 3%.

14

VALLEY METRO

14

Prioritize Security on Transit

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
3	Security Contract Rate Increase	$ 561,000	$ -	$ 561,000
Category Total		**$ 561,000**	**$ -**	**$ 561,000**

- **Contractual Escalations for Security Services**
  - Annual rate increases for contracted services for fare inspection and rail security in the field and for facilities, as defined in existing contracts.

15

VALLEY METRO

15

Operational Excellence

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
4	Rail Transportation Service Rate Increase	$ 2,091,000	$ -	$ 2,091,000
	Rail Maintenance Overtime and Vacancy Credit	1,100,000	-	$ 1,100,000
	Insurance Premium	481,000	-	$ 481,000
	Non-Revenue Vehicle Maintenance	216,000	-	$ 216,000
5	Rail Vehicle Parts and Repairs	-	1,952,000	$ 1,952,000
	Rail Operations Utility Increase	-	887,000	$ 887,000
	City of Phoenix Regional Services	-	291,000	$ 291,000
Category Total		**$ 3,888,000**	**$ 3,130,000**	**$ 7,018,000**

- **Contractual Escalations, insurance premiums, maintenance needs**
  - Annual rate increases for contracted services, insurance rate increases, increased non-revenue vehicle maintenance, and updated overtime and vacancy credit
- **Rail Vehicle Parts, repairs, and operational inflation**
  - Increase reflects higher propulsion power and utility costs, rising rail vehicle maintenance due to an aging fleet and accident repairs, and increased costs for shared regional transit services.

16

VALLEY METRO

16

Financial Sustainability

Initiative #	Name	Continuing Commitment	Inflation/ Market & Ridership	Grand Total
7	Rail Operations Legal Support	$ -	$ 650,000	$ 650,000
Category Total		**$ -**	**$ 650,000**	**$ 650,000**

- **Legal Support**
  - This budget is directly tied to pending notices of claims

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

Uses of Funds	FY26	FY27	Change $	Change %
Future Project Development	$13.1	$41.6	$28.4	217%
South Central Ext/Downtown Hub	50.6	9.0	(41.6)	-82%
Capitol Extension	28.0	0.0	(28.0)	-100%
Northwest Extension Phase II	9.0	9.5	0.5	6%
Tempe Streetcar	6.7	0.0	(6.7)	-100%
Systemwide Improvements	4.2	2.0	(2.2)	-53%
State of Good Repair	21.3	26.9	5.6	26%
Total Capital Uses	**$133.0**	**$89.0**	**($44.0)**	**-33%**

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

Sources of Funds	FY26	FY27	Change $	Change %
Other	$2.3	$0.0	($2.3)	-100%
Member City Contributions	-$80.4	$28.1	108.5	135%
Carry Forward & Reserves	$2.4	$2.0	(0.3)	-14%
Federal Funds	$119.4	$54.6	(64.8)	-54%
MAG Funds	$0.5	$0.0	(0.5)	-100%
Public Transportation Funds	$88.2	$4.3	(84.0)	-95%
Regional Area Road Funds	$0.5	$0.0	(0.5)	-100%
Total Capital Sources	**$133.0**	**$89.0**	**($44.0)**	**-33%**

19

VALLEY METRO 19

19

20

5-Year Operating Sources and Uses

	FY27	FY28	FY29	FY30	FY31	Total
Operating ($,000)						
Sources of Funds						
Advertising	$ 1,250	$ 1,263	$ 1,275	$ 1,288	$ 1,301	$ 6,376
Fares	5,800	5,858	5,917	5,976	6,036	29,586
Federal Funds	2,861	2,890	2,919	2,948	2,977	14,594
Member City Contributions	120,272	125,995	129,978	134,702	139,601	650,549
Other	100	100	100	100	100	500
Total Sources of Funds	**$ 130,283**	**$ 136,105**	**$ 140,189**	**$ 145,014**	**$ 150,015**	**$ 701,605**
Uses of Funds						
Operations & Maintenance	103,886	108,916	112,184	116,169	120,305	561,460
Security	22,698	23,379	24,080	24,803	25,547	120,507
Agency Operating	3,699	3,810	3,924	4,042	4,163	19,638
Total Uses of Funds	**$ 130,283**	**$ 136,105**	**$ 140,189**	**$ 145,014**	**$ 150,015**	**$ 701,605**

21

21

5-Year Capital Sources and Uses

	FY27	FY28	FY29	FY30	FY31	Total
Capital ($,000)						
Sources of Funds						
Federal Funds	$ 54,607	$ 26,171	$ 36,051	$ 134,927	$ 163,175	$ 414,931
Member City Contributions	28,114	56,248	42,959	145,655	366,355	639,331
Public Transportation Funds	4,273	7,282	5,234	70,538	5,550	92,877
Reserves/Carryforward	2,000	8,526	3,944	4,000	2,226	20,696
Total Sources of Funds	**88,994**	**98,226**	**88,188**	**355,120**	**537,306**	**1,167,834**
Uses of Funds						
Future Project Development	41,562	35,313	32,525	18,186	9,273	136,859
South Central / Downtown Hub	9,047	-	-	-	-	9,047
West Phoenix	-	-	-	76,778	138,346	215,124
Northwest Extension II	9,460	7,555	4,174	-	-	21,189
Rio East Dobson Extension	-	14,350	17,172	232,069	374,850	638,441
Systemwide Improvements	1,987	4,355	4,174	4,470	1,768	16,754
State of Good Repair	26,938	36,652	30,143	23,617	13,070	130,420
Total Uses of Funds	**$ 88,994**	**$ 98,226**	**$ 88,188**	**$ 355,120**	**$ 537,306**	**$ 1,167,834**

22

22

Recap of Important Dates

Committee/Boards/FWG	
February	Present High Level Budget to City Staff (FWG & RTAG)
March	Present High Level Budget to Committees & Boards for Information
March 17, 2026	Detailed Initiatives Discussion & 5-year Plans with City Staff (FWG & RTAG)
March 26, 2026	Present Annual Budget with Initiatives and 5-year plans to Boards for information
April Cycle	Present Annual Budget with Initiatives and 5-year plans for information
April 2, 2026	Detailed Initiatives Discussion with AFS
May Cycle	Present Annual Budget with Initiatives and 5-Year Plans for Action

23

Executive Summary

DATE **AGENDA ITEM 3**
March 20, 2026

SUBJECT
Report on Current Events and Suggested Future Agenda Items

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
jmeffordmiller@valleymetro.org

ATTACHMENT
None

Pending Items Request

Item Requested	Date Requested	Planned Follow-up Date