



MEETINGS OF THE

Boards of Directors

Joint Meeting Valley Metro RPTA and Valley Metro Rail	Valley Metro RPTA	Valley Metro Rail
-------------------------------------------------------------	----------------------	----------------------

Date:

June 17, 2021

Starting Time

11:15 a.m.

Meetings to occur sequentially

Location:

Valley Metro
Via You Tube

Phoenix

Valley Metro is not accepting visitors at this time. Please join the Board meeting via You Tube.

If you require assistance accessing the meetings please call 602.262.7433.



Agenda

June 10, 2021

**Joint Meeting Agenda
Valley Metro RPTA
And
Valley Metro Rail
Thursday, June 17, 2021
Webex/Phone
11:15 a.m.**

Action Recommended

1. Public Comment (yellow card)

1. For Information

Public comment is being taken in written format and will be entered into the official minutes of the meeting.

2. Chief Executive Officer's Report

2. For information

Scott Smith, CEO, will brief the Joint Boards on current issues.

3. Minutes

3. For action

Minutes from the May 20, 2021 Joint Board meeting are presented for approval.

4. Audit and Finance Subcommittee Update

4. For information

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

5. Fiscal Year 2022 (FY22) Intergovernmental Agreements (IGA)

5. For action

Staff recommends that the Boards of Directors authorize the CEO to execute the FY22 IGAs and IGA amendments as listed and for the periods of performance.



6. Executive Session Action Items

6. For action

The Boards of Directors may take action related to items discussed as part of the Executive Session.

7. Travel, Expenditures and Solicitations

7. For information

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

There is no travel to report at this time.

8. Future Agenda Items Request and Update on Current Events

8. For information

Chairs Edwards and Heredia will request future agenda items from members, and members may provide a report on current events.

9. Next Meeting

9. For information

The next meeting of the Joint Boards of Directors is scheduled for **Thursday, August 19, 2021 at 11:15 a.m.**

Qualified sign language interpreters are available with 72 hours notice. Materials in alternative formats (large print or flash drive) are available upon request. For further information, please call Valley Metro at 602-262-7433 or TTY at 602-251-2039. To attend this meeting via teleconference, contact the receptionist at 602-262-7433 for the dial-in-information. The supporting information for this agenda can be found on our web site at www.valleymetro.org.



Information Summary

DATE

June 10, 2021

AGENDA ITEM 1**SUBJECT**

Public Comment

PURPOSE

Public comment is being taken in written format and will be entered into the official minutes of the meeting.

COST AND BUDGET

None

RECOMMENDATION

This item is presented for information only.

BACKGROUND | DISCUSSION | CONSIDERATION

None

COMMITTEE PROCESS

None

CONTACT

Scott Smith

Chief Executive Officer

602-262-7433

ssmith@valleymetro.org

ATTACHMENT

None



Information Summary

DATE

June 10, 2021

AGENDA ITEM 2

SUBJECT

Chief Executive Officer's Report

PURPOSE

Scott Smith, Chief Executive Officer, will brief the Joint Boards on current issues.

COST AND BUDGET

None

RECOMMENDATION

This item is presented for information only.

BACKGROUND | DISCUSSION | CONSIDERATION

None

COMMITTEE PROCESS

None

CONTACT

Scott Smith
Chief Executive Officer
602-262-7433
ssmith@valleymetro.org

ATTACHMENT

None



Minutes

June 10, 2021

Agenda Item 3

Board of Directors

Thursday, May 20, 2021
Lake Powell Conference Room
101 N. 1st Avenue, 10th Floor
11:15 a.m.

RPTA Meeting Participants

Councilmember Jon Edwards, City of Peoria **(Chair)** (phone)
Councilmember Francisco Heredia, City of Mesa **(Vice Chair)** (phone)
Mayor Kate Gallego, City of Phoenix **(Treasurer)** (phone)
Vice Mayor Veronica Malone, City of Avondale (phone)
Councilmember Clay Goodman, City of Buckeye
Mayor Kevin Hartke, City of Chandler (phone)
Vice Mayor Monica Dorcey, City of El Mirage (phone)
Councilmember Mike Scharnow, Town of Fountain Hills (phone)
Councilmember Lauren Tolmachoff, City of Glendale (phone)
Councilmember Jared L. Taylor, Town of Gilbert (phone)
Vice Mayor Bill Stipp, City of Goodyear (phone)
Supervisor Jack Sellers, Maricopa County (phone)
Councilmember Jon Edwards, City of Peoria (phone)
Councilmember Jeff Brown, Town of Queen Creek (phone)
Mayor David Ortega, City of Scottsdale (phone)
Councilmember Roland F. Winters Jr., City of Surprise (phone)
Councilmember Robin Arredondo-Savage, City of Tempe (phone)
Councilmember Linda Laborin, City of Tolleson (phone)
Mayor Michael LeVault, Town of Youngtown (phone)
Mayor Rui Pereira, Town of Wickenburg (phone)

Valley Metro Rail Participants

Councilmember Francisco Heredia, City of Mesa (phone) **(Chair)**
Mayor Kate Gallego, City of Phoenix (phone) **(Vice Chair)**
Mayor Kevin Hartke, City of Chandler (phone)
Councilmember Robin Arredondo-Savage, City of Tempe (phone)

Chair Edwards called the meeting to order at 11:20 a.m. The Pledge of Allegiance was recited.



Good morning, everybody. If a Committee member would like to ask a question or make a comment during the meeting, if you would kindly type in your comment into the box and it will be read aloud and answered. And also, a reminder that all meeting -- if you can mute your phone or your microphone on your phone, I would appreciate it.

1. Public Comment

No public comment was received.

2. Chief Executive Officer's Report

Chair Edwards said Mr. Smith, the Chief Executive Officer's Report.

Mr. Smith said thank you, Mr. Chair and to all members of the Boards, thank you for this opportunity and welcome to our meeting and technology is wonderful until it isn't, but it looks like we are scrambling here to make it work so I hope you can all hear me unless you don't want to hear me and then you can just put the sound down, but that's okay. I want to go over a few things that have happened since the last time we met that we are very excited about. The first one is a relatively new program. It's certainly a new twist on this. Generally, just to give a little bit of background, when we have a major capital project whether it's a light rail project or a Park and Ride or something like that and it does impact the local community which many of our projects do, we offer a lot of - a wide range of business assistance. Whether it be through marketing or business access, construction and that's been something we have done consistently for the last 15, 20 years. What we have not done except for in some very, limited basis is offer direct financial aid to those businesses. It's something which is not allowed under federal guidelines and so, we have had a difficult time making things happen.

Well, because of the impact and the interest in the South Central / Downtown Hub extension and the Northwest Extension and the combination of the impact on businesses of COVID pandemic, in addition, to the construction activities, Valley Metro and the City of Phoenix are now partnering to offer for the first time a direct grant program to small businesses. And we certainly, appreciate the Phoenix City Council and the Phoenix City Development Board for funding this pilot program. And this is direct aid. There are various levels of aid, a process to go through, Valley Metro is managing this process through a contractor that we have chosen.

The program officially opened just about six weeks ago and so far, we have had 66 businesses along the route apply for the program, 14 have completed the application process, and we have already issued a total of \$73,500 in financial assistance. We are very, very excited about this along with our partners at the City of Phoenix about the possibility and mostly, the fact that we can give direct aid to businesses who are impacted by our construction period. There is no doubt there is some impact to that. So, we are watching this very carefully and excited about the potential and hope that it



lives up to our expectations and the City's expectations in providing direct aid to these businesses.

The next thing we have which is a big -- we believe a big win for regional transit is we recently announced that APS's Palo Verde Nuclear Generating Station has joined our van pool program. As the Palo Verde employees return to work and I hope those who are actually running the switches on Palo Verde actually have been at work, but as the full workforce returns to work, they will be using our Valley Metro van pools. Their participation will add, between 70 and 90 vans to our program starting June 1st and going on through December. And we are coordinating with Palo Verde's communications team on getting the word out and as we all drive west to LA or something it always is amazing to me just how far out Palo Verde is and the need to have a great commute solution.

So, we are excited about this, and this is especially important because with the pandemic, as you can well imagine, we have had many of our commuter vans sidelined because people have not been commuting. So, this, absolutely, helps us to take some of these van pools that have been sitting in the parking lots and put them back to use. So, we are excited about that.

The next thing for those of you who have been on the Board a while, remember every year we have a transit design wrap contest. Now, not a rap as in music, but a wrap as in W-R-A-P. And we open it up to mainly high school students and this year's winner is a junior from Marcos de Niza High in Tempe, Sydney Storment. Marcos de Niza sort of seems to have the talent and the formula down because I believe, this is the third time in the last five years that Marcos de Niza has won. As a matter of fact, Sydney was a participant last year and she took second place. So, you see the art, the beautiful artwork and these students are incredibly talented with the theme, Together We Go. This wrap is already on a bus and will be on a light rail vehicle also for the next year. And so, I ask you to keep your eyes open because if you are like me, you all of a sudden notice this wrap many times. And so, literally, billions of eyes will be able to see Sydney's artwork over the coming year and it's really a nice addition to our fleet and our community engagement.

The last thing I want to touch on is there has been a lot of questions -- this primarily, relates to the West Valley. There is an issue with our provider from the West Valley that we have been working with our cities on over the last couple months. This specific issue came up in the budget workshop last week so I thought I would give you an update. We are continue -- we, meaning Valley Metro staff, are continuing with individual meetings with city staff and some electeds, some of you have joined in those meetings. The reason for individual meetings is because the impact of a disruption in service and a change in service is widespread, but it's also very unique to the city depending upon which services they use whether they just have an express bus or



whether they actually have circulators which are paid for not out of regional funds, but out of local funds.

And so, we have been meeting with each city to make sure we can answer all their questions and get their input and let them know what the impact will be for them. We are almost done with those meetings and thank you very much to you and all your staff who have participated in those. We will finish those up by tomorrow and then early next week we will be getting back together with the group as a whole because this truly will be a group decision as to how we move forward in making sure that we have ongoing service and that we don't have any type of interruption in service in the West Valley. So, that is our goals and objectives. So, hopefully, by next week we will have a solution that will be decided on by the West Valley cities and the City of Phoenix.

Just a calendar of upcoming things, I want to point out. You see the highlighted June 17th. Please note that that will be an earlier meeting and probably, a longer meeting because that is the day that the Board exercises their overview and review evaluation for basically, me and Mike Minnaugh on that day so it will be an Executive Session and we would like you to carve that out on your schedule and plan on a little bit longer meeting to take care of those annual evaluations. And, Mr. Chair, that is my report.

Vice Mayor Stipp said what is the background for the West Valley service provider?

Mr. Smith said Okay. Yeah. I got the question. The question was what is the essence of the issue? Vice Mayor Stipp, the essence of the issue is that our provider in the West Valley, the company named Total Ride, has experienced both because of the COVID pandemic and the drastic reductions to service, we have cut express service down and City of Peoria eliminated the POPO temporarily, they have run into some financial issues and they have informed us that they cannot continue under the current financial situation, providing service. And so, they have provided us -- or asked us to reconsider some of the pricing. That contract is a very, very low price. It's -- right now, it's priced at considerably less than existing service that we have in both the East Valley and in the city of Phoenix for similar types of services. And so, they have -- our staff has been working with them to come up with a financial adjustment that might be possible, and we have been sharing that with the City to see if that is something that your cities' staff would be interested in pursuing or whether there is some other course of action, we want to take to make sure that we have uninterrupted service.

But it comes from a request from the provider based on their financial situation and they have told us that if there is not some kind of adjustment that they would probably exit the market. And so, we are taking that seriously because we want to make sure that the service is uninterrupted and that is what we have been working on. Working with your staff to come up with some sort of solution to make sure that that is not interrupted.



And it may involve that existing service provider, it may be some other option, some other provider, some other type of service. That is what we are doing. We are exploring all the different options. I hope that explains in enough detail for you.

Mayor Gallego said thank you, Mr. Chairman. I just wanted to echo a little bit of what Scott said about our small business assistance program. The city got creative about how to find money for it and it seems to be well received and then we are looking at other business assistance programs including through the American Rescue Plan to support those businesses. So, I hope that will be a good success story, but wanted to mention that we are not using the regional funds for that moving forward and --

Mr. Smith said yeah. Thank you, Mayor Gallego. And I just want to say that when you talk about innovative, Phoenix city staff has been amazing in coming up with this solution. Like I said, we can't use -- we can't use other funds to fund these type of things, but the need is real and it's out there and Phoenix staff and the electeds, Mayor Gallego, under your leadership really did get creative to look at a variety of sources to fund this most important and -- also recognizing the double hit from COVID and the construction. So, you know, we are very grateful and thank the City of Phoenix, both your Council and the staff for stepping up and coming up with what we think is a very creative solution, hopefully, is a model for the future projects that we can learn from and play off of, but it wouldn't be possible without the City of Phoenix funding it so, thank you.

Mr. Chair said well, thank you both. I appreciate it.

3. Minutes

Chair Edwards said minutes from the April 18, 2021 Joint Board meeting are presented for approval.

IT WAS MOVED BY MAYOR HARTKE, SECONDED BY MAYOR GALLEGO AND UNANIMOUSLY CARRIED TO APPROVE THE APRIL 18, 2021 JOINT BOARD MEETING MINUTES.

4. Audit and Finance Subcommittee Update

Mr. Chair said so Councilmember Arredondo-Savage, do you have an update for us?

Councilmember Arredondo-Savage said of course, thank you very much, Chair Edwards. Always have an update. Happy to give it. I kind of went through and just looked at some of the things that we talked about at our AFS meeting and obviously, one of the forefront things that we have been focusing on is the budget. But also with the budget, we have been talking a little bit about the five-year capital and then also our quarterly report and an item regarding RPTA Board authority delegation.



So, in regards to these items, the five year capital, the assumptions, the Committee was pretty much in agreement, but I think Mayor Gallego brought up a really good point about really looking into how we could incorporate electric vehicles or electric fleet in the future and that was one thing that was received really well so we will be working a little bit more on that.

A few things that came out when we conversations about the budget which obviously, through the study session you kind of realized some of our concerns and a lot of the questions that we have asked is we try to really just take a deep dive and do a lot of the hard question to ask and so, this is what we came up with in regards to some of the concerns we still have with the Audit and Finance Subcommittee is understanding the reserve amounts, not necessarily the amount itself, but the history, the trends, how we came to that amount, how we intend to spend it down and it is relevant right now knowing that we are pandemic and how can we use it to help address some of the service reductions that otherwise, you know, maybe wouldn't have to be necessary. We also talked a lot about the request for the five and the ten percent. I think this is something that came up from Mayor Gallego and the Audit and Finance Subcommittee was very supportive of understanding what a five and a ten percent reduction scenario might look like when you don't have to actually reduce services and what that might be. So, that is one thing that we haven't seen yet. It is scheduled to be seen for us in June so I know we are looking forward to that.

And then one thing that we have learned a little bit about when we talk about the budget is really trying to find where the details are when we ask these questions. And we have asked that the additional details in the budget presentation that mirror the level of detail that we actually get in our quarterly budget updates. So, that's kind of one of the things that we are working on and I would ask or let the Board know, if there is information that you need, if you go to the budget updates, quarterly budget updates, there's a lot more detailed information in that. And that's kind of one of the things that we were trying to tie together just a little bit more too.

And there was a little bit of discussion too understanding that when we do approve the budget that we are not committing to any type of permanent funding when it comes to the ARP recovery funds too. So, we know that we want those to be separate. And also, I guess, overall concern with the RPTA is that we have a four percent increase in growth and spending. and we still are doing service reductions. So, we are just very curious about that being sustainable and necessary. And with rail, we have a five percent increase. I know it started with a 12 percent increase. so we certainly do appreciate the fact that we went from 12 to 7 to 5, but also just trying to understand is that going to be sustainable growth for us and for the region as a whole. And also, really trying to make sure that we are incorporating the five-year forecast in when we talk about our budget and making sure that we have the right comparisons so we understand where we expected to be and where we are. That's one of the things that we are looking to make sure that gets included also.



So, I want to make sure I didn't miss anything. and I think Vice Mayor Stipp brought this up which I think is really, really good. When we talk about our quarterly budget reports, there is usually some red flags. and we want to be a little bit more proactive at addressing those red flags. So, we want to make sure that we can have some of those answers, some of those things already discussed and whatever that justification may be to be in writing within our packets because I think that would be super helpful too. So, there is definitely a lot of things out there that we have been talking about and I think we talked a little bit about last week. And we talked about our quarterly and the RPTA Board authority delegation. We had a lot of discussion, and we really didn't come to an agreement, but it was really nice of staff to say, hey, you know what? Let us take this. Let us look at this a little bit more and they are going to bring it back. So, we do expect to see that in the very, near future.

And so many things going on so I apologize for the long presentation, Chair. I just wanted to make sure I am relaying the best that I possibly can a lot of the discussion that we are having at the AFS. Because we are doing what we -- we hope everybody expects us to do which is really take the deep dive and ask the hard questions. So, thank you.

Mr. Chair said thank you so much. It's so important to get this information from you directly. I do have a question for you.

You have a lot of information here that's been disseminated out. Would it be possible to add that in the notes of the agenda? Maybe some of the bullet points of items that you have just discussed going forward so that if there's ever other members of the Board that are not associated with the AFS Committee, if they have questions or concerns, maybe they can ask those questions ahead of time prior to the meeting. Because I'm sure like myself some of the items that you are talking about right now, they are not news to me, but I'd like to know more about them and hearing them right now is great, but if I saw them, you know, three days ago when the minutes came out. If I had a couple questions, I could have sent you a question or Scott and say, hey, can you further clarify what this means and how it affects whatever I was asking?

Councilmember Arredondo-Savage said absolutely. I would be more than happy to do that. I think we can work to put together some bullet points because we actually do have background page in the agenda packet. There's just really nothing in it because I do it verbally. So, for me, I'm a visual learner anyway so I don't like people to tell me things. I want to be able to read it. So, I certainly could appreciate that. And I know you and I had that conversation, Chair, too about the better way of relaying some of the information from AFS. And maybe what we could do is incorporate some of our discussions on the actual agenda items as they come up for the whole entire Board to see and to really understand was it something that we agreed with, were there some concerns, whatever it might have been, we could maybe somehow put it within those



agenda items. So, things to think about. I don't know if we can solve it today, but I definitely am willing and able to make that connection and communication better. Mr. Chair said perfect. Thank you so much. Does anybody have any questions for the AFS Committee?

Vice Mayor Stipp said is it possible for us just to get the minutes from that meeting sent out with the Board agenda? Everyone does a really good job of capturing almost verbatim the conversation. That might be helpful, but I'm not sure if that's possible.

Ms. Dillon said Chair Edwards, Vice Mayor Stipp, we can attempt to get those minutes to you. However, directly following the AFS meeting, the Board packet is generally put together and distributed. We can try to get some kind of meeting summary that day and then some more detailed minutes that could probably be available the following Tuesday. If that is an acceptable schedule. We can always work harder to get the information to you in a timely manner.

Vice Mayor Stipp said I was just thinking since we moved the AFS to two weeks before the Board meeting that maybe that was enough time, but...

Ms. Dillon said it should be. I was actually working on the old schedule so yes. We should be able to have the minutes. At least they will be watermarked draft until the AFS approves them, but yes, we can meet that goal.

Vice Mayor Stipp said I think that will help at least the Chair of AFS not to be scrambling, run a meeting, take notes, all the rest of us take notes. If we have support staff from Valley Metro, there that might be very, helpful and since you guys such a good job of really capturing a lot of the conversation that may be very helpful for the Board in draft form.

Ms. Dillon said we will get it taken care of for you.

Vice Mayor Stipp said awesome. Thanks.

Mr. Chair said anybody else have any other questions, comments?

5. Purchase of Software Subscriptions and Maintenance Agreements Authorization to Continue in FY22

Chair Edwards said the next item is the Purchase of Software Subscriptions and Maintenance Agreements Authorization to Continue in FY 2022

Mr. Smith said thank you, Mr. Chair. As you all know, IT is a constantly evolving issue and there is rarely a meeting that comes by -- that comes to us without some sort of IT or software issue or item on it. We have recognized that this piecemeal approach can



sometimes be confusing and so, Jim Hillyard our Chief Administrative Officer and Phil Ozlin, our Chief IT Officer, have come up with a proposal and that they want to talk to you about making it, hopefully, more straight forward and easier to understand our yearly needs and commitments in the IT area. So, I am going to turn it over to Jim and Phil to discuss with you items, actually, items 5 and 6 which while they are different are somewhat interconnected.

Mr. Hillyard said thanks, Scott. Yes. So, as Scott mentioned, historically, we have brought needs for IT software or services to the Board sort of as the need for that authorization came up sort of onesies, twosies throughout the year. And we were seeing several disadvantages to that approach. As Scott mentioned, first and foremost, it didn't provide the Board with a wholistic picture of the software services that we were using. You were seeing each as it's own little island out of context of any other software and services.

Secondly, it made it really, difficult to distinguish between things that were our normal keeping the lights on software and services versus new initiatives which we think likely bear for discussion. And so, what we are proposing in this memo and going forward is that prior to the start of -- to the adoption of the budget, we would come forward with one memo for services, one memo for software that incorporates all of the normal ongoing software and services that we use to sort of keep the phones and servers running in any given year. When a new initiative arrives, we will continue to bring those to the Board individually. So, you continue to have those as standalone memos to make space for any deeper conversation that's necessary.

Lastly, we think this is a better approach in terms of making it both more actionable and a better use of the Board's time. Not only will it take up, we think, less time during the course of the year, but because we are having this discussion before the FY22 budget is adopted, should you decide what we shouldn't be pursuing, any of the software or services that we will share with you today, we will take those out of the budget.

Whereas, by comparison, if a contract is disapproved at some point during the course of the year, you know, the money remains in the budget. Doesn't really have fiscal impact on the department per se.

So, we hope that this makes for both a more meaningful and more efficient discussion of these items and helps us to focus on changes where we've got sort of meaningful new initiatives going forward.

With that brief explanation, let me sort of orient you to the way the memo is laid out to make sure that what we are seeking is clear and then I would be happy to take any questions. If you go to the second page of the software request memo, you will see a rather long table. So, this table is set up in two sections. At the top you will see a section with a bold header that says, FY22 Authorization Requested. So, the numbers



that you see in this table, for example, in FY22, the subtotal there, \$372,200. That's new authorizations that we are seeking for the particular software product that you see listed. Beneath that, there is a section that says, FY22 Existing Authorization. Those are software product that we have previously received authorization from the Board for, in many cases, for multiple years. We are not seeking that authorization, it already exists. We are simply displaying it here because we want to provide the whole picture with the context for all of the sort of ongoing software that we are using in any given year.

So, that bottom section of the memo is for information only. It is the top section that's actionable and that we are focused on today.

The second thing that I would like to point out about this table is you will see that in FY23 and 24, you have a whole bunch of TBRs. TBR in this case stands for To Be Requested. So, like a lot of other products that Valley Metro purchases, we virtually never go out and do a standalone RFP for software and services. And that's because, you know, every public entity in the state is buying largely the same software and the same services and therefore, we always get our best pricing by leveraging that statewide volume and using cooperative contracts whether those are through the State of Arizona or through other public cooperative purchasing agreements. Therefore, we have the flexibility to seek authorizations in one-year increments in most cases, rather than multi-year awards -- you would do with the typical RFP.

And so, one of the changes that we will be making with this new approach is moving to these one year increments so that each year, the Board gets to review the software and services that are requested and make a decision on those. The one exception in this memo is the GIS software, Esri, that you see where there are amounts for '23 and '24. Esri offers a volume discount for doing multi-year purchases. GIS is a super important part of our operations and so we feel the discount justifies a multi-year request in this case.

So, with that clarification on how you read the memo. If there are any questions about the particular software packages that we have here. What they do? The need for them? Any changes from year to year? I would certainly be happy to answer those.

Chair Edwards said are there any questions out there? No. Okay.

So, item number 5 is a request. I need a motion and a second to authorize the CEO to continue procuring necessary software subscriptions and maintenance agreements. The period of authorization will cover FY22 through '24 in the amount not to exceed \$540,200 plus a 5% contingency of \$27,100 for a total not to exceed \$576,300. Do I have a motion and a second?

Motion by Mayor Peterson, second by Councilmember Arredondo-Savage.



Vice Mayor Stipp said Mr. Chair? This is Bill. Can we have a little discussion on that?

Chair Edwards said Mr. Chair said absolutely.

Vice Mayor Stipp said just a second. I'm trying to digest this because -- and I even got a special from Mr. Hillyard on the side, explaining this which I thought I understood, but I'm -- I'm fairly confused by the request right now. Are we only authorizing the purchase of these particular softwares? Or are we authorizing 500 and some thousand dollars for any software that Valley Metro thinks we need?

Mr. Hillyard said Mr. Chairman, Vice Mayor, thanks for the question. So, the budget which Paul will discuss in a moment talks about the dollar amount to be included in the budget for use by IT. This memo is specific to these software packages in the amounts listed. So, they are -- this is giving us the contractual authority to take the money that you will approve in the budget in -- either today or in future meetings and to use that to issue contracts to purchase software from these products in these amounts in FY22 and then with a GIS exception in '23 and '24. So, it's limited simply to these software products in these amounts in '22.

Vice Mayor Stipp said okay. You talk about "these software products" and the authorization is for \$577,000 -Mr. Chair said \$576,300.

Mr. Smith said \$567,000 actually. Yeah. And maybe if I could help. If you -- Vice Mayor, if you took the -- on that page two of the memo, if you add \$372,200, 84, and 84, it equals \$540,200 which is the amount -- which is the amount requested. You add a 5% contingency to that which gets you the \$567,300. It doesn't jump out at you. I mean, I guess, we should have included a total there, but you see which 372,200 I'm pointing to?

Vice Mayor Stipp said I do now, yes.

Mr. Smith said \$372,200 plus \$84,000 plus \$84,000 is the \$540,200 that is asked for in the recommendation. You add on the 5% contingency to that to get to the \$567,300.

Vice Mayor Stipp said okay. Thank you.

Mr. Hillyard said and if I could just add, the reason we included the contingency there is we will go out and actually make these contractual purchasing agreements at the start of fiscal '22. That's a couple months out. In some case, the underlying contracts will have expired and been re-authored and sometimes the price has changed a little bit and so that's we include a small amount of contingency. In case, between the period when we got these quotes, six weeks ago, and when we issue the contracts, you know, eight weeks from now, in case the contracts have changed at all.



Vice Mayor Stipp said all right. Thanks.

Chair Edwards said so does that answer your question, Bill? Vice Mayor Stipp, are you good with that?

Vice Mayor Stipp said yes, I am. Thank you.

Chair Edwards said anybody else have any other questions? So, do you want me to re-read it since I gave the wrong number? Or are we good? Pat, do I need to re-read this or are we good with the motion and second, we have now?

Mr. Smith said Mr. Chair, I think you are okay. Now, that we have -- everyone's understanding that you just transposed two numbers, so we are fine. \$567,300.

Chair Edwards said \$567,300, yes. Thank you.

Mayor Peterson said my motion stands.

Councilmember Arredondo-Savage said same with my second.

IT WAS MOVED BY MAYOR PETERSON, SECONDED BY COUNCILMEMBER ARREDONDO-SAVAGE AND UNANIMOUSLY CARRIED TO AUTHORIZE THE CEO TO CONTINUE PROCURING NECESSARY SOFTWARE SUBSCRIPTIONS AND MAINTENANCE AGREEMENTS. THE PERIOD OF AUTHORIZATION WILL COVER FY 2022 – FY 2024 IN AN AMOUNT NOT TO EXCEED \$540,200, PLUS A 5% CONTINGENCY OF \$27,100, FOR A TOTAL NOT-TO-EXCEED AUTHORIZATION AMOUNT OF \$567,300.

6. IT Professional Services Purchase Authorization to Continue in FY 2022

Mr. Smith said and Mr. Chair, I will turn it back over to Jim Hillyard, I believe, for this. Jim.

Mr. Hillyard said thanks, Scott. Mr. Chairman, members, if you could once again, turn to the table on page two of the memo. So, this table is laid out in exactly the same manner as the software memo where you will see a top section of authorization that is being sought. And so, for example, in FY22, that's \$2,571,300. You will then see a bottom section that is ongoing authorization that we received with previous Board memos that we are simply providing for information here so it's a holistic picture. The one other potential source of confusion that I want to point out is that we have an FY21 column that are our anticipated actuals to provide you a comparison for year to year and if you look at the second line of this memo, Manage Unified Communication Services, you will see a '21 anticipated number of just under \$50,000 and a number in '22 of \$149,000. It looks like that is a massive increase, but you will notice in the



columns for FY23 and FY24, we have dashed lines and then To Be Requested once again in '25. And so, what we are trying to communicate there is this is particular product whose contract requires the purchase of the service in three-year increments. And so we will pay for the three years in '22 that service then carries on through '23 and '24 and then we will pay again in '25. So, if you take that \$150,000, you divide it by three years, the actual cost per year has not changed. It's simply the structure of that particular cooperative contract that we are buying off of.

We actually think that is a good thing for Valley Metro because it locks in that price over the period, so we are insulated from price increase during the additional two years of that term. So, that's I think, one thing that might have been a source of confusion there. With that, if there are any questions on the services I can answer, I would be happy to.

Chair Edwards said thank you, Jim. Is there any questions or comments?

Vice Mayor Stipp said all right. Jim, can you talk about, you know, you are asking for \$2.5 million of new IT services, we haven't -- you're asking for that authorization, but there has been no explanation about -- behind any one of them in particular, for the rest of the Board. Can you talk very briefly about what some of these things -- how they are new for us this year. You know, just for example, the service desk. Is that something that we have been doing historically? And now we are getting ready to move forward and, you know, the Information Securities support program. How is that different than what we talked about last month or the month before when we had that very long conversation? Just some very, high level, since we have no slides, we have no information. How does the rest of the Board know that this is a good item to move forward?

Mr. Hillyard said you bet. Happy to. Thanks for the opportunity. So, let me -- I'll touch on each of them very briefly in terms of what they are kind of really just supplementing the information that is in the body of the memo. And then let me key on where there is a difference between what we are currently doing in '21 and what is anticipated in '22. So, starting at the top, service desk, network operations center, and data center co-location, we have a single contract where we purchase our service desk. When an employee is having a problem with a device, they can call, open a ticket, get immediate help with that issue, et cetera. So, service desk is a service that most small to mid-size organizations outsource because it has a lot of economies of scale. The same group of folks that serve 500 people can serve 2,000 people. And so, contracting with a company that serves a larger user base is virtually always cheaper than doing that yourself.

So, that's why we contract for this. We have been contracting for this service for probably the last six years. Oz could give me an exact number on that, but this is an ongoing service that's authorized every year -- it's regularly authorized. I think we, typically, come to you seeking a five-year authorization and now, we are moving to year



by year to make it more responsive, but it is an ongoing service.

You do see an increase in the amount projected in the '21 actual to FY22. And I will just point out you notice it's kind of a one-time bump so you have a jump between '21 and '22 and then essentially, a drop back down into '23 and that bump really has two sources. The first is in FY22, we will be implementing our new Enterprise Resource Management system essentially, our new accounting and procurement system, a new HR system, and a new Enterprise Asset Management system. So, three giant software packages that will touch every member of our organization.

In addition, we will be bringing all of the staff who have been working from home back to the office. Some of them for the first time ever because they were hired, you know, during our pandemic precautions. And so, because of those changes, the need to provide extra support to users as they begin using these new software packages for the first time and the need to provide extra support to users as they come back to the office for the first time in a year, we think we are going to need about an 8% increase in the number of user support hours over a normal year. There is just a lot more disruption happening this year than a normal year.

And so, you see that one-time bump in '22 to deal with those major changes and then you see that coming back out in '23 as we go back to a more baseline operation. The one other thing that is a change between '21 and '22 to the tune of about \$11,000 is there was a item when Valley Metro had servers in administrative offices all around the region. That is not a best practice. They are not as physically secure as they need to be and they are also not as safe for power outages and internet outages as they need to be. And so, for that very reason we have data center space. So, one of the things that we have been doing over the last several years is moving those servers into the data center. When that happens, you have to pay the data center for hosting them, but it's money well spent because they are physically secure. They have redundant power, redundant internet, et cetera. So, in FY2021, we moved a set of servers out of closets in administrative offices and into the data center. We did it in the middle of the year so now, as we get in to 2022, we have to annualize that cost and it's about \$11,000 bump.

And so, you see that as part of that change that continues between '22 and '23. So, all of what you are seeing, to summarize, for service desk, data center, and NOC is simply ongoing effort. We simply think we are going to need about 9% more of it in '22 because of all these software changes and because of everybody coming back to the office.

Moving to Unified Communications. It doesn't make cost sense for us to manage our own phone system. That is a specialty expertise and once again, a few highly skilled phone techs can manage a whole lot more phones than Valley Metro has so we contract that out. And as I just pointed out a minute ago, that contract has been in place



for a number of years, we are simply continuing it for the next three years here and we are continuing it at exactly the same cost as it has been in previous years.

With respect to the Information Security program, so last Board cycle we were able to present to you an update on that program and the key -- the center of that discussion was an analysis that we had done by some IT security architects comparing us against the federal standards for IT security. They found that we were essentially at, I would say, sort of a C plus level. You know, we believe we do not need to be an A plus, but we do need to be an A. And so, we have put together a plan to incrementally move us to that over the next two years. And so, the cost that you see in FY21 was the conduct of that assessment over a six-month period. What you see in FY22 are really three different things. It will be at the end of the year, refreshing the assessment, but currently, it's that same consultant working with us to identify mitigations to potential IT risks so that we are proactively protecting ourselves, you know, against precisely the kinds of things that we saw happen to Kingman and others. And then, finally, to conduct penetration testing.

So, this company will bring in white hat hackers and they will try to hack us both technically and through phishing and other ways, to identify weaknesses in our system so we can proactively plug those. And so, the -- that is the amount that you see for 2022. We anticipate in 2023 the amounts to change and continue to decline so while this is a year over year increase, if you were to annualize the '21 amounts, the '22 is actually somewhat less than that because each time you perform that assessment, you have a baseline to work from and you are not having to redo a bunch of foundational assessment and analysis.

Vice Mayor Stipp said sorry to cut you off. I was looking for something much briefer and you hit the two that I was most concerned about. I think the other ones are self-explanatory. So, unless you have got some new info, I think -- I think you probably gave us more than I was shooting for and I apologize to the Board for the delay and to you for having to re-read the memos, but I appreciate it.

Mr. Hillyard said sorry about that.

Vice Mayor Stipp said so, Mr. Chair, I will make a motion to approve this item.

Councilmember Tolmachoff said I will second it.

Mr. Chair said let me read it first. The request is I need a motion and a second for the CEO to continue procuring necessary the IT services for the period of authorization to cover 2022 through 2026 in the amount not to exceed \$6,619,100 plus a five percent contingency about \$331,000 for a total not to exceed authorization amount of \$6,950,100. So, we need a motion and a second.



IT WAS MOVED BY VICE MAYOR STIPP, SECONDED BY COUNCILMEMBER STIPP AND UNANIMOUSLY CARRIED TO CEO TO CONTINUE PROCURING NECESSARY THE IT SERVICES FOR THE PERIOD OF AUTHORIZATION TO COVER 2022 THROUGH 2026 IN THE AMOUNT NOT TO EXCEED \$6,619,100 PLUS A FIVE PERCENT CONTINGENCY ABOUT \$331,000 FOR A TOTAL NOT TO EXCEED AUTHORIZATION AMOUNT OF \$6,950,100.

7. Status of Valley Metro's COVID-19 Response Plan Phase II

Chair Edwards said the next item is the Status of Valley Metro's COVID-19 Response Plan Phase II. Mr. Smith.

Mr. Smith said thank you, Mr. Chair and as I think as everyone can understand, even with the events of the last week or so, you know, COVID recovery is a moving target and it is -- we can see with rapid changes in both CDC pronouncements and personal behavior and how it impacts us. We are working as best we can to put forth our best efforts, largely within our current budget allocations to be proactive, to respond to whatever the pandemic challenge presents today, to continue to build comfort among our ridership. We did a brief rider survey a little while ago. We are looking to update that since the world has changed quite a bit. If not in reality, certainly, in perception among our riders. And so, with that as the introduction, I would like to introduce Susan Tierney and Moriah Bedient, our Communications Manager and our Marketing Manager, who will go over a brief summary of what our phase -- what we call our Phase 2 response plan is to dealing with service and how we interact with our customers with COVID-19 pandemic. So, Moriah, I believe you are first.

Ms. Bedient said I am. Thank you, Scott. And good afternoon, now, Chairs and members of the Board. As mentioned, my name is Moriah Bedient, Marketing Manager and I am co-presenting today with Susan Tierney, Communications Manager.

We are very happy to be here today to share with you the status of the COVID-19 Phase 2 response plan which employees and contractors across the agency have initiated and executed over the past year. As a reminder, we did provide status in October where we shared Phase 2 plans. Today, I will walk through a refresher of the objective, share results from Phase 2 then Susan will join to continue sharing results and we will end with strategy beyond Phase 2.

The objective prior to the rider survey was to be reactive and proactive wherever possible to the pandemic, to protect our riders and employees, keep service to the highest possible levels, amplify communication with our riders and show that public transit and its frontline employees are essential.

Phase 2 was really developed leading back to July 2020 and really geared up around the October and November time frame. After conducting the rider survey in June of last



year, we pivoted from reactive to proactive and we used that data to develop strategies that address rider concerns in expedited time frame. So, through those insights gathered from that rider survey and with guidance from a cross-divisional task force, there were seven key areas determined that we would focus on which geared toward the rider, communication, service, cleaning, our employees, and utilizing and measuring data.

So, first up, we are going to go into storytelling. From December and extending into February, I'm sorry, extending into April, we ran two static and one video paid social media ads to promote, "we are here when you're ready" message. As you can see, the creative was simple, heartfelt, and eye catching. The ads were served to 3.8 million adults in the region with a 0.86 percent click through rate. So, to give context on that click through rate, Valley Metro's historical click-through rate on all past campaigns averaged a 0.53 percent. So, a significant increase of individuals clicking on that call to action which in this case was to learn more at valleymetro.org/COVID-19. In addition, to the paid media ads, we also posted recovery-related messages on all of our social channels and some of those organic posts and organic meaning not paid. That content ranged from the TSA mask mandate, additional cleaning measures, reminding to social distance, and recognizing our front-line staff to name just a few. That resulted in a great number of eyes on our post, close to 6,000 engagements, engagements include comments, likes, and shares, and also leading to click-throughs to our Valley Metro COVID-19 webpage.

So, on to public outreach. Since receiving the cloth masks last summer in June, between City of Phoenix and Valley Metro, outreach teams distributed more than 40,000 masks. We like to recognize that most of them were handed out by the Customer Experience Coordinators, the CECs, so I big thank you to that team. And to note, the 40,000 also includes Phoenix's distribution at transit centers and libraries. And now, I am going to turn it over to Susan Tierney to continue to share Phase 2 updates. Susan.

Ms. Tierney said thank you, Moriah. Chairs and members of the Board, it is very nice to be with you today. To maintain social distancing on our bus routes, strips were added to Express buses and early morning weekday and weekend hours were reinstated. To support front-door boarding, the installation of health barrier doors began last December and will be completed by August 1st.

Traditionally, our riders would not see how buses and trains are cleaned because it all occurs at our operations facilities so by adding five cleaners at our layover points and transit centers, it makes our daily sanitizing and cleaning more viable and visible. For rail, while we do have cleaners roaming the platforms, we added eight more cleaners at rail ends of line and along the alignment just to be more visible to our riders. Also, paratransit vehicles are being cleaned between trips and at the beginning of a service day.



So, we conducted a front-line worker survey as well and that was in December and

January to better understand how they and riders could feel more, safe on transit. So, 88% of our front-line workers said they feel safe in regards to staying healthy as a front-line worker at Valley Metro. They feel safe because of the added cleaning on our fleet, having PPE and cleaning supplies that they need, and they believe riders feel safer with a more -- with more cleaning around them on the fleet and at the stations. Wearing a mask and seeing others wear masks and maintaining social distancing is very important to them. They also believe that to attract riders we could offer free days, passes, enforcing the mask mandate, and continuing to distance on board. And once again, this did happen last December and earlier this year in January.

So, let's take a quick look at what we are doing beyond Phase 2. In Phase 2B, we will continue to use additional cleaners at our onsite, at the (indiscernible) transit locations through June of this year. And the fogging and disinfecting will continue indefinitely. So, what riders told us back in June of last year is that they wanted increased communication from us, and they want more service information from us. As a result, in July, we will launch the new Valley Metro app that has a realtime service location. This is the new Vix app and the realtime feature has been accelerated on the app. At the same time, we anticipate the return to front-door boarding upon installation of all 900 operator health and safety barrier doors. Our goal is to welcome our riders back to the system, remind them of our health and safety measures that are in place, while also encouraging rider empowerment on their part. Masks and face coverings continue to be federally mandated on public transit so the campaign will also include a message that fare is also required when they are come back to front-door boarding.

So, follow up survey is currently happening, it is a follow up from last June. We are just finishing it up now, we have about 2,000 surveys or 2,000 surveys from our riders. It will focus on the change that riders have experienced since we have taken extra health and safety precautions and then that information will help direct us to our next steps with the response and recovery process.

I think Moriah and I both welcome any questions that you might have.

Mr. Chair said somebody needs to mute their phone. Thank you so much. Are there any questions? This item is for presentation -- information only. Are there any questions? Okay. Well, thank you so much for the presentations, we really, appreciate it.

This item was presented for information.

8. Quarterly Reports

Mr. Chair said this is for information only. Are there any questions? All right.



9. Travel, Expenditures and Solicitations

Mr. Chair said this is for presentation only. Are there any questions or comments? Seeing none. Okay.

10. Future Agenda Items Request and Report on Current Events

Mr. Chair said are there any members of the Committee that would like to place an item on for future agenda? Okay.

11. Next Meeting

The next meeting of the Joint Board is scheduled for Thursday, June 17, 2021 at 11:15 a.m.

Mr. Chair said the start time for this meeting is being adjusted to start at 10:00 a.m. to accommodate the Executive Session for performance evaluations.

And with that that concludes the Joint meeting. The meeting was adjourned.

With no further discussion the meeting adjourned at 12:16 p.m.



Information Summary

DATE

June 10, 2021

AGENDA ITEM 4**SUBJECT**

Audit and Finance Subcommittee (AFS) Update

PURPOSE

Councilmember Arredondo-Savage, AFS Chair, will provide an update on the discussions and actions taken at the AFS meeting and request that that Board of Directors approve the AFS Charter.

BACKGROUND | DISCUSSION | CONSIDERATION

The draft minutes from the June 3, 2021 AFS meeting are attached for further details of the meeting.

COST AND BUDGET

None

COMMITTEE PROCESS

None

RECOMMENDATION

This item is presented for information only.

CONTACT

Paul Hodgins
Chief Financial Officer
602-262-7433
phodgins@valleymetro.org

ATTACHMENT

Draft June 3, 2021 AFS meeting minutes



Minutes

June 10, 2021

AGENDA ITEM 4

Audit and Finance Subcommittee
Thursday, June 3, 2021
Via WebEx/Phone
12:00 p.m.

Meeting Participants

Councilmember Robin Arredondo-Savage – **Chair**
Mayor Kate Gallego, City of Phoenix
Councilmember Lauren Tolmachoff, City of Glendale
Vice Mayor Bill Stipp, City of Goodyear
Councilmember Francisco Heredia, City of Mesa

Chair Arredondo-Savage called the meeting to order at 12:04 p.m.

Thank you very much. Thank you everybody. It looks like we have a very full agenda so if you're upset about it just give Pat your two cents and let her know how you feel. But welcome everybody. We are June 3rd. Actually, this is our last meeting for the fiscal year. Kind of crazy; right? But an awesome ride. You guys have been amazing.

1. Public Comment

None.

2. Chief Financial Officer's Report

Mr. Hodgins gave a brief presentation which included the following:

- PTF Revenues
- Recruitment & Interview Process (Alexis Tameron Kinsey)

Ms. Tameron Kinsey said thank you, Paul. Madam Chair, members, as Paul just said it is his last meeting and although we don't believe he's replaceable, we are going to try to replace him. So that being said, I just wanted to give a little brief insight into what this is going to look like to give you a heads up and we will be working with the Board chairs as well.

The last CFO recruitment happened, I believe, six years ago. This was when Paul was promoted to CFO. We are going to largely follow the process that was utilized then.



The proposed process, like I said, will be similar to the recruitment and interview process. It will include Board members, member agency finance staff and Valley Metro staff. Right now, the process is being pulled together and will be led by our Chief Administrative Officer, Jim Hillyard. The position is currently being advertised. It was posted on May 18th shortly after Paul announced his retirement and we will be accepting applications through, I believe, the week of June 11th which is a Friday. The process will have four steps, four major steps. Again, this is very, similar to what happened the last time we went through this. An application and resume screening which we believe will happen -- begin to happen in mid-June. First interviews which is - we hope to utilize as we have before, member agency financial staff to assess technical capabilities, in addition, to Valley Metro staff, with regard to, culture and fit for the position, that will happen the first part of July.

Second interviews followed by mid to late July. This will include Board members in particular the Board chairs, the AFS chair and a couple other Board chairs and, ultimately, what we're hoping for by early August to have finalists for introduction to meet the broader Board and selection and being able to announce the CFO at the -- by the August Board meeting. That's a quick and dirty snapshot of what we're looking at and again, this is the proposed process that we will be presenting to the Board chairs in short order here. So, if you have any questions, I'd be happy to answer it, but that's what we're looking at right now.

Chair Arredondo-Savage said where is the AFS in the process at all? I mean, I know you mentioned to Chair, but I know that the -- doesn't the CFO report -- -- and I should know this because I know we just updated the charter and stuff. So, what's the AFS role? And will we be involved in the recruitment process at all?

Ms. Tameron Kinsey said Madam Chair, it would be the first part prior to the first interviews in terms of the application screening and it's the applicant and resume screening. This is where we're going to employ the AFS Board members, in particular, depending upon the number of applicants. Basically, I am requesting that the AFS provided a ranking of, I believe, what happened last time was give us our top five of who you believe should be interviewed and the bottom five who you don't believe should be interviewed based upon the applications submitted. But that's very similar to what happened six years ago.

Chair Arredondo-Savage said okay. So our engagement isn't necessarily set in stone; right? I mean, that's just what you're suggesting based on what the practice has been in the past?

Ms. Tameron Kinsey said correct.



Chair Arredondo-Savage said okay. And then, I guess, I would just ask the AFS Board members, you know, what that -- how they feel, in regards to, that and I think being engaged at that level or a different part of the process. Are there any thoughts at all?

Councilmember Tolmachoff said I would think that the process would be mirror the process on the auditor recruitment. The reporting, you know, the line on the org chart is the same for the auditor as it is for the CFO. So, whatever that process was I would think it would be -- I mean, I understand that the -- it has to be and there's going to be probably more involvement from the Board in recruiting and, you know, deciding on who the next CFO is going to be, but I don't know why at least the AFS's involvement would be any different. Because it's AFS's responsibility -- CFO is a direct report to the AFS, if I remember, how we structured the charter. So, I would think that the AFS would have a pretty, you know, a pretty, big part like we did with the recruitment of the auditor.

Chair Arredondo-Savage said I mean, that's a really good point too. I think that was the same so Alexis, you got some thoughts about that.

Ms. Tameron Kinsey said to my understanding, the CFO reports directly to the Board. The AFS acts as an oversight subcommittee of the Board so the -- what had happened five, six years ago -- I believe it was six years ago. The Board's and the Board chairs were much more involved.

Councilmember Tolmachoff said Alexis, then I'm curious why the AFS has to do the performance evaluation and it's not done by the ad hoc committee. Why does the AFS or am I mistaken about that? I thought the AFS -- that we did do the evaluation for, you know, all the front-end work on the CFO's evaluation, but maybe I'm confused because I used to be on the ad hoc committee.

Ms. Tameron Kinsey said no, the evaluation is done by the CEO and the AFS. There is a slight difference from the CFO and the Chief Auditor in the charter where the AFS has more of a direct approval than it does with the CFO.

Councilmember Tolmachoff said okay. So that's my point then. If it's the CEO and the reporting structure is to the AFS and the CEO then I would think that the AFS would be very, involved on the front-end of the recruitment. So you're saying that it's the Board, but the Board, basically, takes a recommendation on the performance evaluation from AFS. And I remember we put a lot of time and energy into the performance evaluation of the CFO. So, I honestly -- I feel like you're mistaken, Alexis. No offense.

Ms. Tameron Kinsey said none taken. I can revisit the charters. I'm very familiar with them but based upon my recollection and based upon looking through the process that was done six years ago, this is very much in keeping with that and I know that there has been conversations with the RPTA Chair about the process. But again, this is going to



be presented as a proposal to the Board chairs. And again, this is a proposal based upon what we have done previously, and I fully intend to provide your feedback to the Board chairs so when they're contemplating how we're going to move forward with this process, but I wanted to give you an insight because Robin, Chairwoman had asked me to give this committee an insight of what we were proposing, and I said I would.

Councilmember Tolmachoff said mirroring the process from six years ago, we went through the whole charter and did a lot of work on this so that's why I think it's, you know, going back to how it was done six years ago is probably not the right method. So, and by the way, you know, I -- I never received an actual announcement that -- that and -- I mean, I heard it through the grapevine, but I never actually, received and I don't know that AFS, actually, received a formal announcement that Paul was leaving so.

Chair Arredondo-Savage thank you, Lauren. I think you brought up some really, good points. And Alexis, I do agree. I think the fact that will we did do this process six years ago. I wasn't involved in that process, nor do I know that was the right way to do it and I feel like, you know, if we could just do a once over of our policies in the charter just to ensure that we are staying true to what our intentions were and the involvement with the AFS because, you know, Lauren's right. We put a lot of time and energy and effort into that, and I think our relationship with what we do regarding finances and how we are doing a deeper dive and really working closely with the CFO, it's really important that we are involved I think at the right step whatever everybody feels comfortable with. So, I would really appreciate if you could just kind of take a look and just because we did it six years ago doesn't mean that's way, we need to be doing it now. And maybe there's some better methods moving forward. So, I guess, my ask would be could you just look into that process, look into the charters and our policies to see, you know, where we may be able to improve on that just a little bit more. And then I'd ask the rest of the Committee, do you guys have any thoughts or ideas of what you'd like to see?

Vice Mayor Stipp said on a kind of different subject, Alexis, did I hear you say if the current process holds the way that you described it, did I hear you say that AFS would be doing the initial screening of the candidates?

Ms. Tameron Kinsey said yes, sir.

Vice Mayor Stipp said so we would see all of the resumes that came in and make a determination if there is -- if perhaps, there is a need to go back out?

Ms. Tameron Kinsey said yes, that is the case that you would see all of the applicants and provide that screening. And if there was not a pool, I guess, I would say that merits being moved on, yes then we would revisit that at that time.



Vice Mayor Stipp said okay. Just to concur with Robin and Lauren on this issue, I would appreciate the -- just the review of the process and where we are at just to see where things are. You know, I think the frustration of not even being informed, et cetera is probably leading to some challenge with this particular subject as well so appreciate the work.

Chair Arredondo-Savage said thank you, Bill. Anybody else? Frankie? Kate? Anything you wanted to add? Before I move on. None. All right. So, Alexis, are you cool just going through it just to make sure that this is the best process moving forward and if there's any opportunity to make improvements to it that we are open to that?

Ms. Tameron Kinsey said yes, ma'am.

Chair Arredondo-Savage said thank you. All right. Let's go ahead and move on. Paul, do you got anything else that you wanted to add to your update?

- Upcoming Meetings

This item presented for information only.

3. Minutes

The minutes from the May 6, 2021 meeting are presented for approval.

IT WAS MOVED BY COUNCILMEMBER TOLMACHOFF, SECONDED BY COUNCILMEMBER HEREDIA, AND UNANIMOUSLY CARRIED TO APPROVE THE MAY 6, 2021 AFS MEETING MINUTES.

4. Fiscal Year (FY22) Internal Audit Plan

Ms. Chair said okay. Sebrina, I am going off to you.

Ms. Beckstrom said thank you, Madam Chair. As you know in preparation for our annual audit plan this year over the last several months, we have conducted an audit risk assessment. The risk assessment allowed internal audit prioritize audit work based on risk and controls. As risk is dynamic, internal audit plans on evaluating the audit plan at least quarterly with AFS and Valley Metro leadership to ensure that the projects that we have put on the plan remain relevant and that other projects don't pop up that should be prioritized higher than those that we have already identified on the audit plan. So, we will come back just to double check at least quarterly.

With that in mind, there were two areas where we felt that a continuous auditing approach would work really well. Those areas are mostly related to contracts and



federal grant compliance. That's why on this audit plan that you see here, we have instances where we know we will have multiple audits or multiple contracts will be audited in those specific areas. We also plan on discussing those specific audits with AFS and with Valley Metro leadership as those projects commence.

For the federal grant compliance audits, I will work closely with the City of Phoenix Transit Compliance Administration to ensure coverage of high-risk areas and make sure that we're eliminating duplicative activities. Also, due to COVID-19 and the limited amount of travel that Valley Metro staff took over the last fiscal year, we're proposing that we move the travel audits that we, generally, do annually to fiscal year '23, but will continue on with the credit card audit for fiscal year '22.

In addition, the fiscal year '21 audit plan contained an audit of contract managements over fare inspections and security services. The goal of that audit for this year, current fiscal year that we're in was to review the process prior to the new contract being awarded. And since the new contract was recently awarded by the Board, we were -- we are proposing to move that -- that audit to fiscal year '23 as well so that we can audit the first year of the new contract.

And then on the bottom of the audit plan here, we have a few special projects where we plan on allocating some consulting hours. Namely, the IT risk management and risk assessment processes, safety and security audits required by Arizona Department of Transportation and external audit coordination from our external auditors.

Chair Arredondo-Savage said I'll open up this portion for discussion. Any questions or concerns? Committee members, you guys got anything for Sebrina?

Vice Mayor Stipp said strong work, Sebrina. I think we got a good plan.

Chair Arredondo-Savage I agree. I think that's a good thing. You know, the one thing though, Sebrina, I was wondering and I noticed we haven't seen this lately and you mentioned moving the travel back until 2023 just because of lack of travel. Can we just maybe ensure that when we do get the travel update on our Board packets that the travel is actually listed in there. I know now, it's just -- and I apologize because I know there's three types of travel like necessary travel, I think it was, discretionary travel -- I don't remember the terms, but I know now because they are only doing the one that's it's only because it needs to be done to honor contracts and things like that, but we're not seeing them in our background material. Can we just ensure that happens at this point regardless of what travel it is? And then maybe we just mark it as what it is so then we're just still being transparent with it. Would that be possible? And I hope that came out right? I messed up that, significantly.



Mr. Hodgins said if I could just address that. We -- we have not had any travel even required travel in the last a couple of months. I think that's why you haven't seen a report, but I think what we should be doing in the future is to just provide a report that says, no travel. But basically, there has been no travel in the last couple of months.

Chair Arredondo-Savage said yes. Well, I was thinking that there has been some travel just because of the streetcar. I know we have had to go out and do things. I thought Valley Metro has too. I don't know the time frame, but I -- I get what you're saying. I would just -- I think if there is none that we should say there has not been any. But I want to say that there's -- in the background material, it specifically says something like it's only necessary travel or something to that effect.

Mr. Hodgins said right.

Chair Arredondo-Savage said that's what we've seen. But we don't know what that means.

Mr. Hodgins said yeah. We have only been doing travel that's required for vehicle inspections. The last trip to Brookville, Pennsylvania for the streetcar was before we took delivery of the first vehicle, and we have now taken delivery of two so I want to say it was at least a couple of months ago.

Chair Arredondo-Savage said well, and I don't think we have seen any travel on those Board packets at all. I like your thinking, Paul, so if we could do that say no travel or even if it's the necessary, required travel. We should at least put that in there. I think for transparency. If you guys are okay with that?

Mr. Hodgins said yes.

Ms. Chair said okay. All right. Very good. Is somebody saying something? No. Okay. Sebrina, are you good with that?

Ms. Beckstrom said yes. And then I think we have a recommendation here.

Chair Arredondo-Savage said I've got to give Sebrina some credit for this because we did have a little bit of discussion and she just wanted to make sure that you all were comfortable with what she was presenting so didn't go with the assumption that we would approve it tonight, in case, there was some discussions or concerns or changes. So, I just to want to say thank you to Sebrina for being aware of that and giving us that flexibility to either make some suggestions and/or take action on it today or be able to wait to our next meeting so I just want to say thank you for doing that so.



Mayor Gallego said Madam Chair said before we do a motion. I appreciate the emphasis on compliance with federal grant contracts and the federal funds as part of COVID relief. The federal government is trying to be responsive to real issues as they pop up, but it does seem like the guidance and guidelines keep changing and so investing in that area to make sure we follow ever evolving guidelines is really important to me.

On the travel, I was wondering if there is a level between a full audit, but oversight. There was an interesting news report on recently about someone who messed up going through airport security because they hadn't done it in so long and forgot some of the details and I wonder if after you haven't been living with the travel policy that is a time at which errors might inadvertently be made so Sebrina, is there any level between a full audit and?

Ms. Beckstrom said Madam Chair. Mayor Gallego, we could potentially do some sort of a travel audit review process this year. That would be fine with me. My thought was that we could add the small amount of travel this year to the next travel audit. It was so few that I thought that we could add these in with the next fiscal year and have a larger pool for our sample, but we could look over it this year and just do a general review of the limited travel that had been conducted.

Mayor Gallego said I think a midyear checkup would be appropriate.

Ms. Chair said yeah. I agree with that. Sebrina, is that okay?

Ms. Beckstrom said yes.

Chair Arredondo-Savage said can we put that in the future action? All right. It shall be done then. Is there anything else?

Vice Mayor Stipp said Sebrina, it sounded like you were trying to draw back into what happened this fiscal year in a look back kind of scenario and I think what the Mayor is referring to is kind of an ongoing compliance piece of making sure that if travel indeed picks up through this fiscal year that we're not looking at it a year from now, we haven't found 20 problems because we, you know, just because we're rusty at it. I think that was what the Mayor was driving at.

Ms. Beckstrom said right.

Mayor Gallego said Vice Mayor had better words than I. Thank you.

Vice Mayor Stipp said well, I don't know about that, but so I'm not sure if that's a consulting piece as, you know, just kind of a spot checking as opposed auditing. I don't



know how that works in your -- in your world so to speak but does that -- I think that may make more sense.

Ms. Beckstrom said definitely, we could add that in as a continuous process going forward.

Councilmember Tolmachoff said I know we have done a lot of discussions about travel. Is there a pre-travel document or checklist or, you know, something that has to be approved by the person's manager, director, whatever the case may be? But maybe add some sort of a checklist if that -- if such a document exists. Add some sort of a checklist as a reminder, like, remember, you know, you know, whatever our boundaries are -- rules are for travel, but just a little checklist to remind people because as Mayor Gallego said most of us haven't flown in well over a year. Or travelled, at all, in well over a year and, you know, you just forget, you know, and so, you know, a little reminder. And if we have a pre-travel process of documentation might be a good place to put something in there for the person traveling to review the checklist and sign it saying, yes, I remember the rules.

Mr. Hodgins said Councilmember, if I could address that. We do have an authorization form that needs to be filled out and approved by both their supervisor, the CFO, and the CEO. What we can do at some point when we begin traveling again, is just do some refresher training on the policy for our travelers just so they -- so we don't drop the ball on any of those issues. Absolutely.

Councilmember Tolmachoff said thank you.

Chair Arredondo-Savage said okay. So, I just want to make sure because I think this is what I heard in regards to the travel process moving forward and moving it to 2023 which I think we are all okay with. In the sense, as long as we are still trying to be proactive with regard to guideline reminders whatever that may be whether it's through memos, whether it's something that's on the checklist, I think that's really important, so we continue to stay in compliance. I think that's a big deal and I think, you know, Lauren's right. A lot of people haven't traveled for a long time so, you know, we don't want to get ourselves in a mess going backwards (indiscernible).

And then also just ensuring if there's any, all, or no travel that that is documented on the background information on our travel agenda item. Does that sound right? Hopefully, I captured it all. Pat, you got that? Everybody good with that?

Mr. Hodgins said yes, thank you.



Chair Arredondo-Savage said okay. If we incorporate those, are we good with taking action today? Or do you want some more time to consider it for our next agenda item, next meeting?

IT WAS MOVED BY VICE MAYOR STIPP, SECONDED BY COUNCILMEMBER TOLMACHOFF AND UNANIMOUSLY CARRIED TO APPROVE THE AUDIT PLAN WITH THE CHANGES AS PRESENTED.

5. Internal Audit Update

Chair Arredondo-Savage said the next item is Internal Audit Update.

Ms. Beckstrom said thank you, Madam Chair. For our audit update, as you know, we completed our credit card and travel expense audits from the fiscal year '21 plan and presented those to you last month.

We have two audits in progress, the Mobility Center cash collection and contract management rail transportation services. We anticipate that the Mobility Center cash collection audit should be presented in August. We are not quite sure of the end date for the contract management rail transportation services as we just started that one up.

And, again, we are proposing to postpone the fare inspections and security services contract to fiscal year '23.

For our external audits, City of Phoenix is in the midst of a van pool program audit, and they are hoping to have their field work done at the end of June so that report will be coming. And the next one I just wanted to highlight was the Auditor General MAG RPT audit. They have finished. They have completed a draft report. We didn't see any findings and it looks like that their final report should be issued -- I'm thinking sometime in July. I think it's due to the Auditor General by July 1st from the contractor.

Unless there are any questions on this, we can move forward. Okay.

For our exceptions log, our findings and recommendations that continue to be open, we have two recommendations from the two recent audits, the travel expense audit and credit card transaction audits that -- there is an estimated implementation date of August 1st. And then a digital professional development requests recommendation that looks like it will be implemented in December.

Are there any questions?



Chair Arredondo-Savage said are there any questions for Sebrina? Nope. I don't see any so Sebrina, that means you are so thorough and done such a fabulous job. Thank you so much for the update.

Ms. Chair said and that's just for information only.

6. Budget Reduction Scenarios/Cost Control Measures

Chair Arredondo-Savage said before we start, I think, you know, Paul and I had an opportunity to have a little discussion and what we were trying to do is just really address all the concerns from AFS and make sure that our questions were being answered thoroughly. So, this item is one of the items when we talked about giving the AFS a little bit more information and data regarding the budget so we too can give a recommendation to the Board in regards to the budget. What we found, what we like, what we don't, what our concerns may be. But just so at least we let them know that we have done our due diligence like you guys have always continued to do which I am very grateful for.

So, and thank you to the Valley Metro staff, Paul, for you, for always listening to us, doing your best to answer our questions so we feel competent enough that we have enough information so we can truly represent our constituencies and the region as a whole to ensure that we have the best budget moving forward. So, I just want to say thank you for everybody and your patience and your due diligence. I mean, that's what we are here for and this is what we're doing. So, this is one of the items that we wanted to bring back and make sure that we got some more information on. So, with that, Paul, sorry. I'll go ahead and turn it over to you.

Mr. Hodgins said all right. Thank you. So, yes, we do have a quick presentation to talk about some of the reduction scenarios that Mayor Gallego asked for. We did have an opportunity to meet with her and just refine or make sure we fully understood what her request was. So, hopefully, all of this addresses her request. So, we will go through it very quickly.

I just wanted to start with a couple of updates on our local revenue trends. I did mention the Prop 400 in my CFO report. We are still tracking some of the cities across the Valley and performance is still above expectations. And, of course, just differing, some cities doing better than others, but again, all above expectations.

Looking at some of the COVID relief funding, you know, we now have those three acts that have -- that were passed. MAG has allocated the ARP funds, so we do know what our exact allocations are. As we look at Valley Metro Rail, over the last year through those three bills, a hundred, almost \$116 million in funding to support ongoing



operations. Valley Metro RPTA just about \$112 million, for the Phoenix-Mesa UZA and then the Avondale-Goodyear UZA on the next slide, just about \$6 million for Valley Metro RPTA. Of course, CRRSSA, there was no additional funding for the Avondale-Goodyear UZA under that act and --

So just, with that in mind, wanted to review some of the changes that we have made kind of higher level, not necessarily addressing the five and ten percent scenarios the Mayor asked for but looking at RPTA where we started with our October preliminary for the operating costs or operations services, excuse me, about \$122 million for our final budget. We are down just about 5% from what we had proposed last October. So, we have made an effort to make some reductions in the budget since October.

And with Valley Metro Rail kind of the same overall look. We have brought down the budget, what we are proposing is about \$67 million for operations including security, down from \$71 million so that's about a 6% decrease from what we presented in October.

So, beyond that, what Mayor Gallego asked for was really related to administrative costs. Administrative support and how we could look at those administrative costs. And so, what we have in our budget is a category of costs that we call administrative support. So, it provides, you know, contract oversight. It provides support services such as, you know, finance, accounting, procurement, provides support needs to customers and member cities and we provide support pretty much to all areas of the agency. So, the four areas I want to focus on a little bit are: the operation services, the internal services, communications and customer relations, and then planning and development.

So, just a quick example of what I mean by where it is in the budget. So, here's a look at our demand services, those are paratransit and Ride Choice. The direct cost for the service, operations services, at the top there you would see what we pay our contractors, Trans Dev and ALC, any additional costs for fuel and lubricants, some contingency amounts. And then the section below is really that administrative support. The costs that we incur for staffing, for oversight, for any additional insurance, things of that nature. So, every one of our project areas, support areas has this administrative support budget.

So, looking at the next slide. This is the RPTA administrative support. So, when we take that out of each of the areas, the operations, our internal services, kind of the total administrative support budget included in the FY22 budget is about, just under \$17 million. And as you can see, a large portion of that 71% is for our staffing which is wages, fringe benefits. There is some advertising, computers and software, the contingency.



That's our overall agency contingency. We put it in admin support, but it's there for us to support all agency activities as contingency. Contractual services is a pretty sizeable number included in here. We also have, you know, that other category is a fairly sizeable number. I know Tyler's got some detail on what's in those so I'd like to ask him to just provide a summary of what types of things would be in those contractual services and then the other just to give a little more context to that. Tyler.

Mr. Olson said sure. Chair, members of the Subcommittee. So, contractual services, these are really support services that we utilize as part of our administrative functions so really around marketing and outreach, you know, with customers, website support, maintenance agreements for software/hardware, some of the reduced fare ID outreach this coming year that we will need to do to get the new fare collection system rolled out and those reduced fare IDs in hands so we can reduce some of that -- reduce fare abuse. So, these are the types of items in that line.

Also included is planning support for member city implementation plans and studies. When it comes to other, these are real true administrative in nature so, you know, printing, you know, that's a big item for us for, you know, marketing materials, outreach to customers so some of the Mobility Center, for example. Letting the public know about our services, service changes. Rent, pardon me, data telecommunications so utilities for our facilities, membership subscriptions, organizational development. So, these would be some of the examples of those items in other.

Mr. Hodgins said thanks, Tyler. So, looking at kind of this administrative support budget, to do a further 5% reduction, we would have to look for about \$842,000 in cuts and then a 10% would be just under \$1.7 million in cuts.

Looking at the same kind of list or same type of chart for Valley Metro Rail on the next slide. Again, the staffing, personal services is the largest component there about 66% of this budget. Same types of categories in here. The contractual services and the other are also fairly large categories within the administrative support. So, Tyler, if you could just touch on, you know, what would be part of Valley Metro Rail's contracts and other.

Mr. Olson said yeah, sure. So, on Valley Metro, similar, a little bit different. We do utilize a consultant for the FTA transit asset management plans that you have heard about. Those are required. We also use outside attorneys for legal claims and support on Valley Metro Rail which is different than RPTA. We are self-insured so we do have additional legal effort there. Also, you know, maintenance agreements for software/hardware similar to RPTA. We do sometimes need to perform some corrective maintenance work on the existing alignment so we will utilize job contracts for that, job order costing contracts. So, also, state and federal lobbyists efforts are



included there as well along with marketing and additional risk management claim recoveries.

And then other, very similar, we do have some regional customer service, so Valley Metro Rail does fund a portion of the regional customer service back to RPTA to reimburse PTF for that. City of Phoenix does charge fare revenue handling fees. They are the regional fare revenue administrator of all fare revenue collected. Again, printing, small equipment costs, things of that nature.

Mr. Hodgins said thanks, Tyler. So, looking at this budget, a further 5% reduction would be about \$672,000 and a 10% reduction would be just over \$1.3 million of the \$13.4 million support budget.

So, just breaking it down into some of the specific areas. So, we are talking about operations services and how we support those on the next slide. Here we go. So, supporting our fixed route bus service, demand services, kind of won't read through the whole list, but all of the customer-facing types of services that we have. Some of the core responsibilities, if you look on the next slide, you know, so we want to ensure that we are providing a safe and reliable service to the customers. A lot of the costs involved here are for oversight of our operations and maintenance contractors to ensure that they are meeting contract standards. Improving our air quality. Our whole Commute Solutions Group helps support the County travel reduction program. Supporting our customer service channels and then, as Tyler mentioned, we do have a lot of FTA Department of Transportation regulatory requirements that we need to meet so a lot of those are built into this administrative support area.

So, just looking at, you know, what we would see as some trade-offs. You know, we believe that our administrative support budget is, you know, we have gone through and reduced it to where we think, you know, we can cut as much as we can. If you go to the next slide. So, there would be trade-offs. I mean, there are things we could look at to reduce further.

So, to meet 5% under this scenario for just the operations services, we do have some non-required travel budgeted here. There is some professional development. Transit materials that are printed. And then the contingency, we could look at reducing some of those. The trade-offs there, you know, for the professional development, for instance, it would be less opportunity for our staff to develop and to develop those skills and develop those succession plans. Eliminating some of the printed transit materials, you know, customers who do not have internet access or a Smartphone may not be able to get access to those. And then reducing contingency then just increases the opportunity for a mid-year budget adjustment.



To get to a 10% on these services, we would have to really eliminate the contingency and look at staffing layoffs.

So, again, some of the impacts there, without the additional staffing, there would be lack of -- potentially, lack of contract oversight for compliance and potentially, unable to meet some of our regulatory requirements.

Councilmember Tolmachoff said thank you. What I don't see on there and I have asked about this multiple times is our office space. And I forget what the dollar amount -- I know it was more -- I think, initially, I was told it was somewhere around 800,000. I think it is over a million, 1.2. I don't remember how much we spend on office space and, you know, doing an assessment on, you know, do we have duplicate space? I have been told there are people who have other offices nearby that we're providing office space for and whether we are going to be doing a hybrid? You know, as far as needing workspace and whether we can, you know, constrict some of that leased office space down as an option to reduce costs.

I don't even see it listed here and we have had conversations about this. So, you know, I feel -- and the sublease market is extremely, hot right now. And I -- we have been told that we do have the ability to sublease space that we don't need so I'm just a little surprised to see that it wasn't even included on this list as an option to reduce down costs.

Mr. Hodgins said Councilmember, as we discussed last month, in looking at the leases, our intention here at least at the 101 is to bring everybody -- is to bring the staff back. To have everybody back in the office so we don't see, at least in the short term, a need to reduce the space needs. There are some staff that may have an office here that also work out of a field office that are related to construction, so I don't know if that's the duplication you are referring to, but we, certainly, you know, the field offices are temporary as part of the construction projects. But at least for the next couple of years, we do -- we do not anticipate any need to reduce our space here. We do anticipate bringing everybody back to the office.

Councilmember Tolmachoff said okay. I would be interested to know, and I can put it on as a future agenda item to know how many square feet we lease? And how many people are in that leased space?

Mr. Hodgins said yeah. I believe, the square footage -- this was part of the CFO report last month. I gave a quick update. I believe, the square footage was in there, but the number of staffing isn't in there. Jim may have --



Mr. Hillyard said Paul, not to that point, but I think there is one example that we could -- that we are looking at, right now, as an opportunity to avoid space costs.

Madam Chair, member, our customer service function is one area that has seen great success in working remotely. The nature of call center work and the tools that allow one to monitor the time calls take, the speed to answer, to record calls for quality assurance really make that a function that's very well suited to -- to working offsite. And so, there's about 30 staff in that team who have been working offsite consistently for the last year. It's been determined that they can continue to be productive and won't need to come back onsite, thereby creating some space savings at the Mobility Center on Washington.

That's an existing lease for the next several years. And, therefore, in an effort to identify ways to better use that space, one of the things we have coming up is a re-RFP of our contract for paratransit and Ride Choice and one of the improvements that we will be making in coordination with your city transit staff is combining the reservation and scheduling functions for those two programs so that we are able to take control of the number of folks per trip and we are able to encourage customers to consider the service that best and most cost effectively meets their needs.

Right now, those functions are contracted to the contractor to provide those services. They lease the space and then they add an administrative overhead on top of that and charge us back for it as part of the contract. And so, one of the improvements that we will be making is not only taking control of that function through a separate contract, separate from the contracts for those that provide the actual vehicles and operations, but in also providing that space to that contractors directly so that we are not paying administrative markup. And so, we will be using the customer service space no longer needed by our current customer service staff to provide that function thereby eliminating the need for what was probably going to be about 5,000 square feet of additional space.

So, we are identifying every opportunity we can where folks won't be coming back, as Paul said, in most case, folks are coming back to the 101, but there are a few examples of places where we are taking advantage of that consolidation now.

Councilmember Tolmachoff said okay. That's good news. Thank you.

Chair Arredondo-Savage said so Jim, is that something that's going to be kind of ongoing so we would expect to kind of have updates? Is that? You know, you evaluate the processes of -- regarding, obviously, not everybody is going to be needed to come back so, you know, maybe that's something that we can touch base on in a few months? Would that be possible?

Mr. Hillyard said yeah. We are certainly in the process of evaluating our return-to-work



plan so Paul, may have mentioned earlier, we are in the process now of bringing everyone back to the office starting June 1 at least two days a week. Many areas are already back more or less fully, but for those that aren't we are phasing folks back in because I think, as we all found, there was a learning curve associated with working remotely and I think, as we come back to an environment where most people are working in the office, but they are still, you know, remote meetings, Webex meetings taking place, there is a learning curve associated with working in a mixed environment. So, we are phasing folks in to give them all a chance to deal with the learning curve associated with working in a mixed environment. I think our anticipation is and this obviously, will depend on the course of the pandemic, et cetera, is in the next couple of months, we will have everybody back more or less full time and regularly be checking in on where we are finding that that offsite work continues to be most effective and where do we need to continue to have onsite work.

I think our belief is much of the administrative work that Valley Metro conducts at the 101 is coordinating and problem solving and while these kinds of Webex meetings are fine, I think, we are finding you don't get the same level of creativity, the same level of synergy that you do in in person problem solving and coordinating and brainstorming. And so, so I think we believe there will be some areas that spend a portion of any given week offsite, but that most will be in-house. However, we will gauge that based on our experience with the transition back.

Chair Arredondo-Savage said yes. Okay. Well, no, I appreciate. Very thorough. So, maybe what we could do and -- and Pat, you can indulge me is maybe we will keep this as a future agenda item. Maybe we will push it down the road a few months. We will just talk about -- mostly about the space because I don't think it 's necessarily about the policy on who's coming back, but just making sure and ensuring that we are maximizing and being as efficient with our space as we can. So, we can do that. I think that's a good decision. Okay.

Paul, do you got anything else you wanted to add or are we open for conversations and discussions, right now?

Mr. Hodgins said just a few more areas I wanted to cover on this unless there is specific questions about just that -- those operations services area.

Ms. Chair said okay. Well, let's keep going and we can ask all of our questions at the end. You know, the one thing I would say.

So, the next area to really address here are really, internal services so that's what we would, you know, like the executive office, finance and procurement, internal audit, those types of areas that focus mainly on supporting the agency not so much



supporting, you know, customer-facing activities. You know, so some of the core responsibilities there looking -- yup. Looking at our strategic plan, doing the strategic planning, government relations, some of the state and federal lobbying that we mentioned is part of that contractual services, doing the recruiting, all of the HR activities, risk management, IGAs, contracts and procurement, all of things like that, regulatory requirements including, you know, drug and alcohol testing to meet FTA, Department of Labor, all of that. So, a lot of responsibilities with the regulatory, a lot with the HR area. So, a lot of that is part of what we would consider the internal services and when we looked, specifically, at those administrative support costs for the internal services groups, it is primarily, staffing. There is not a lot of printing, you know, we don't have transit books and a lot of printing and other things. So, contracts would be like federal and state lobbying, but to really achieve reductions in the internal services support areas, it would require layoffs both to meet the 5% and the 10%.

And then, you know, any layoffs, reductions in staffing for internal services then does have some impact on the rest of the agency and our ability to meet our goals.

The next area, communications and customer relations. So, this would be our community relations area, communications, marketing. Some of the core responsibilities there, you know, working with the media, our public communications, community engagement, managing our social media, supporting member cities and looking at marketing strategies, ensuring that our regional marketing is coordinated, publication of materials for the public such as our transit books, way finding, signage, you know, all the signage we did for, you know, masking up, the federal mask mandate, it's managing our website. So, a lot of that information is in this -- or a lot of those activities are within this administrative support group. So, looking, you know, again, at some of the tradeoffs here. Our public outreach and advertising, regional marketing, transit books, we could cut back on some of those to meet the 5% reduction, but that reduces our connection with the riders, with the community. It reduces the availability of transit books for customers who may not have internet access. But to achieve the 10% here, would require staffing reductions.

And kind of the last area, planning and capital development support. We do corridor development, service planning, design and construction activities. Some of the core responsibilities here are short-range transit program, working with our -- with your staff to coordinate all the service changes that we do twice a year, providing service change analysis, doing some of the transit standards and performance measures, monitoring on performance, doing regional fleet planning, GIS systems, and then a lot of the regulatory requirements such as the NEPA, National Environmental Policy, and Title 6 compliance are all part of the planning and capital development support.

You know, some of the changes, we could look at here. We could reduce our service change frequency to once a year rather than twice a year. We could reduce some of



the regional planning activities such as, you know, every year, we plan to do two local studies for the cities. We never know which cities want some of that local support, the local implementation plans, but we provide that free of charge to the city. It's one of the regional services we do. We could pull back on some of those things. Potentially, there would be some staffing decreases to meet the 5%, but certainly, to meet the 10% in this area, would also require some layoffs.

So, just very quickly, as a summary, you know, there are potentials -- potential areas we could reduce, eliminate some of our non-essential travel, reduce some of the printing, some of our support services to meet that 5%. The 10% can't be achieved without staffing and layoffs. And so, we haven't included any of these in the budget largely because, you know, the COVID relief funds are really intended to ensure that we don't do staff layoffs and I don't want to say it's free money, but you know, the intent of that really is to ensure that we are providing services and some of the services, some of these administrative support services, we feel are very important next year moving into - - as we move out of the pandemic for ridership recovery, we want to keep our marketing campaigns, our community outreach going for, you know, we will have our fare collections system. We are going to talk about the reduced fare ID and rolling that out.

So we have a lot of goals next year, a lot of projects that we are working on where we don't feel that some of these reductions would be appropriate. It would hinder our ability to meet some of those goals so.

That I believe was the last slide for this presentation. I would be happy to answer any questions.

Chair Arredondo-Savage said all right. Thank you, Paul. I appreciate that. I'll go ahead and open it up to the Committee. I can't see you all so feel free to just speak up if you've got some questions or thoughts.

Mayor Gallego said thank you. Thank you for putting this on the agenda and thank you to the Committee for entertaining it. I think it's an important discussion to have, particularly, as we go into Prop 400 Extension, and we need to be able to say we are trying to be fiscally prudent and really being intentional about money management. I am very grateful to the federal government for stepping up and saying we have to keep transit strong. They made an important investment, and we want to be sure to use it wisely. We have lost many Choice riders during the pandemic, but we have provided essential services for people who kept this economy going and that is important.

When I made the request months ago, I had hoped that it would be before us earlier in the budget process. And I agree with our Chairwoman that this is a conversation we ought to continue. Thank you to Councilwoman Tolmachoff for your leadership on talking about real estate and our physical footprint.



I do not want to see layoffs, but I do think it's important to look at our 45 vacant positions some of which are in areas that are not as essential to our operations and see if there are efficiencies to be gained there.

I had asked staff to take a look at our memberships and see if there was a single membership that might be reduced perhaps to a lower level. And look in areas like that where I had hoped they might through more analysis come up with some ideas for us. Despite the pandemic, we have to have a strong system and keep investing, but we need to be strategic and think long term. Vice Mayor Stipp, in particular, has been a great leader at thinking about the different scenarios that could be in front of us and not just this year, but how can we plan long term and beyond this budget cycle? Phoenix and our fellow cities are going to remain focused on making sure that Valley Metro makes smart, wise investments so we can live up to these expectations and this is a topic where we're gonna have to continue to revisit it. So, thank you all for having this important conversation. I am committed to making sure that it continues, and I really appreciate our Chairwoman's comments in the same way.

Vice Mayor Stipp said Mayor, thank you for the comments. I appreciate that and I know we everybody else does too. You know, I absolutely agree that this conversation would have been great back in March, even April would have been a good, good conversation that we wouldn't be approving the budget in June and perhaps, if we had had this conversation, we might have been able to look -- look at some of these things.

I think it is probably unrealistic for us to expect that we're going to affect large change in the 5% reduction scenario on June 3rd for a June 17th Board meeting, but I, absolutely, think that this Committee's recommendation needs to be about the next year, next fiscal year and set the expectation now as far as what we expect to see going forward so that we can confidently tell the rest of the Board that this is the direction that we are headed. I don't know that a month ago I would have felt that confident and honestly, some of the 5% reduction components in here do not seem hard.

And I know that a lot of the cities have to go through a similar exercise, if you will, when revenues are down. And we have been blessed by the federal government with that relief money that has kept us afloat, but I think going forward for the next couple of fiscal years, we need to look at that. And I realize that Paul is probably sitting back saying, thank god, it's not me, but there is a whole room of staff that I'm looking at in a small little picture of people that, absolutely, need to understand that that's where I think we need -- we need to head. That's what I've heard at the last couple of Board meetings from Board members outside of AFS that that's a direction they want -- they want to head.

There's a lot of consternation out there about what's happening, particularly, in the West



Valley with service reductions and we've got to be on that, and I think that starts today. So, I appreciate these conversations. I've got probably 10 million questions, but they're really -- they are more rhetorical at this point. So, I think we need to take this as a platform to move forward and really re-tool of what we are going to do next year. So, again, I really appreciate everyone's patience these last couple months as well.

Councilmember Heredia said sure. I had a question, I know Jim mentioned the upcoming contract for paratransit and Ride Choice and I know in Mesa, we -- as people learn more about Ride Choice, they are actually choosing Ride Choice a lot more often than paratransit which, I think, in the long term will help us with our budgeting as far as Ride Choice being a lot more -- less costly than our paratransit. Though, you know, some folks will still be using paratransit. Have we analyzed the effect of us pushing Ride Choice more in the next round of the contract and seeing how we -- how that cost - - different scenarios as far as costing that out -- if we save money in the long term as Ride Choice becomes more popular than paratransit?

Mr. Hillyard said Madam Chairwoman, Councilmember, this is Jim. Yes. So, that's absolutely the intent of us taking control of the reservation and scheduling functions of the paratransit and Ride Choice contracts is to encourage the greater use of Ride Choice by residents in communities that have adopted Ride Choice. So, obviously, not all cities in the region have -- have chosen to use Ride Choice the way Mesa has. Mesa has already seen fairly, significant reductions in its overall cost for the program and we think that we can improve upon that because, right now, it's up to the customer to call the Ride Choice number as opposed to calling the paratransit number. If they call the paratransit number, they are gonna get paratransit service. And so, we would like to have one number that they can call and when a customer describes a need that can be met by Ride Choice for us to be able to say, hey, you know, your city supports the use of Ride Choice, have you considered that? Because we think it could meet your need for today's trip. So, that is absolutely the intent of that contractual change and we are working closely with Ed and Jody on that.

Councilmember Heredia said are we looking at the cost scenarios of -- I imagine that cost changes as -- if more cities go on Ride Choice and more people use Ride Choice that cost scenarios over the next several years kind of changes as far as the cost of our total paratransit and Ride Choice programming; right?

Mr. Hillyard said yes. We are able to look at the use -- the current cost of paratransit, the current cost of Ride Choice, and the level of Ride Choice adoption for cities that have chosen it like Mesa. However, obviously, part of this re-RFP will be re-bidding the cost of both of those programs. So, I think, you know, we can make some rough estimates for it now based upon current cost and current adoption, but you know, I think we will get new costs with the new contract and then, obviously, we may get different levels of adoption with this combined scheduling function where we are able to



encourage folks. So, I think, estimates at this juncture would be pretty, big guesses. We will know a whole lot more eight months from now when the RFPs are back.

Councilmember Heredia said okay.

Mr. Smith said and if I could, thank you. This is Scott. Councilmember Heredia, I'm glad you brought that up because I think one of the -- one of the things that has sort of flown under the radar as we are talking about efficiencies have been the efforts of our paratransit and accessible staff over the last three to four years to really change a program that was very, very fractured and was extremely inefficient because we had, I think, it was 14 or 15 different rules that were for paratransit around the Valley as different cities adopted different approaches. And we implemented through Ron Brooks and Rob Antoniak where it started, the one fare, one call, one rule process and working with your staff, we have brought a lot of cities into more conformity to where we don't have this fractured group that caused all these inefficiencies. And, you know, Mesa has taken it probably the furthest of anyone where they really have reduced paratransit and -- expanded Ride Choice. This actually, the changes that have made, actually, will result in literally, millions of dollars of savings. These are real savings in the paratransit and accessible transportation area. And it's driven by the efforts of both your staff and now, Tom Young and Jim and really coming back to this one fare, one call, one rule approach which emphasizes as you said, Councilmember Heredia, Ride Choice over paratransit when absolutely -- unless absolutely necessary. That's going to have a huge impact and this new contract that Tom is working on with your staff will have not only the potential, but the real impact of cost containment, cost control in the millions of dollars. So, thank you for bringing that up.

Councilmember Heredia said yeah. And just to add a quick point for the other cities, you know. We were afraid as far as the level of service, moving people from paratransit to Ride Choice, but as far as what we have heard so far, you know, people really love Ride Choice being kind of on demand kind of, you know, Uber, Lyft kind of type of service that is a bit -- sometimes more reliable. And so, as though we were afraid of, you know, the decline of maybe the service part, actually, people are actually liking Ride Choice which I think, we are like half and half now, the Ride Choice and paratransit so.

Mr. Smith said and just to remind you from Paul's, I think, budget presentation, the subsidy on paratransit is pushing and will be pushing almost \$50 a ride and in Ride Choice, it's under \$20. So, the savings are significant.

Councilmember Heredia said thank you.

Councilmember Tolmachoff said I just -- I want to thank Mayor Gallego for asking for this information. I agree that it would have been really, helpful to have this information sooner, I mean, the budget was in front of the Board at the last Board meeting and I



think this is one of the big reasons why the AFS couldn't give a recommendation to move forward with it.

And I agree with Vice Mayor Stipp that I think some of these reductions are not that hard. I don't even really know what our -- you know, what's considered nonessential travel? I would imagine it's conferences and things like that and I don't know what the policy is surrounding, you know, who gets selected to go? How many people? Is it 5, 10, 20?

And I, you know, we have been preaching fiscal restraint for a year -- over a year now and for, you know, for a variety of reasons. One reason is it's something that I believe strongly in showing fiscal restraint and, you know, a lot of little, small adjustments can result in some really big money by just having an outlook of saying, you know, where can we save money? Where can we reduce costs?

So, moving forward, I don't think the opinions of AFS is gonna change. I think we have all been clear that we want the organization to show fiscal restraint everywhere possible. So, you know, there's always -- in an organization this size, there's always ways to save money and I think we all know that. So, you know, moving forward, you know, you know, eliminating non-essential travel may be not is something that we want to do, but maybe we can reduce it by rotating people that, you know, these people go to Rail~volution this year and then next year, this other group goes rather than bringing a big, large delegation.

And also, we have to be very cognizant of the outward appearance of where we are spending our money. As Mayor Gallego mentioned, Prop 400 E, we've got a lot of work to do to convince the legislature and the governor that this is important to the region and that we are being very, very fiscally responsible with -- and taking our responsibilities very seriously with this taxpayer money that we're not wasting it or in perceived waste of money on.

Travel is a super easy thing for the media to go after so, you know, it's a favorite story. We have had -- seen it all over the place where, you know, they go after people for they -- what they think is nonessential travel and what do they call it? Junkets and things like that. So, we just need to really be conscious of what we're doing and that how it's going to look to the outside world and I'm not saying, you know, if it's nonessential then it should be really important for somebody to be going to it because it all matters. I mean, everybody's looking really closely at every single dollar right now, so we really, really need to be careful. But I appreciated the presentation. I wish I would have had it sooner.

Chair Arredondo-Savage said I just have a couple that I want to really talk about. First and foremost, Mayor Gallego, I appreciate your comments and I really do appreciate this because I've had it in my brain since February 21st because that's the date you've



asked for this to be able to see these different scenarios which I think has been a really, good exercise. And one hundred percent agree that this would have been really, helpful I think for us to understand the makeup of our organization and where we can make some -- some changes and some reductions and what that might look like and the impacts of those.

And I do agree with Bill, you know, we are pretty late here in the game, and I want to keep -- I want to keep our pulse on what we believe is important to ensure that we are being fiscally responsible. That we are being as efficient as we possibly can and still providing, you know, outstanding transit services to our residents because that's what it's intended to do. That's why I think the feds really stepped up to help us fill some of these gaps that we are going to be having because of the pandemic and to be in a really good place. So, I one hundred percent agree with what I've heard here today.

Paul, I kind of what to go back to one slide and I just because it's really kind of bugged me. And I don't -- I think your slides are numbered differently than our slides or maybe it's just mine, but it's, actually, our slide is slide number 6 which was VMR reductions from October.

And, I guess, for me is I get really frustrated because we were talking -- you -- we try to make it sound like it's so positive because we have actually done reductions of 5%, but in reality, we are still at a 5% growth rate in rail. And I think when we talk about a 5% growth rate in rail, a 4% growth rate in RPTA and the fact that we are still making service reductions and continue to see these growth numbers. You know, to me is something that's -- is really, worrisome.

So, I appreciate that you guys really a lot of hard work to get from the 10-12% down to a 5%, but still, it's still growth. And it's still an increase and we still are seeing higher numbers and I'm just wondering, you know, is something that this Committee kind of could talk about a little bit is that sustainable growth that we can all live with. I think every city probably has their magic number, percentage of what their expectations are for growth when it comes to transit, understanding that things increase and you talked a lot about insurance, you know, personnel costs, some of those things, but it would be really nice to see some sustainable growth numbers. And I know one of the things and I don't know each of you where your cities are, but to me an easy number to be able to accept, it would be like a 3%, somewhere in that range of an expectation of what we would like to see in the future and let's, you know, try to stick with it.

Because if you look at Valley Metro Rail and if we started at 12% growth, that's kind of scary. That's a lot of growth and knowing that we were in the middle of a pandemic, knowing that many of us were making significant cuts. You know to whether it's advertising, marketing, people, I mean, we have a lot of frozen positions still in the City of Tempe. I'm sure a lot of our other sister cities do too.



And I agree. I do think we could have got to 5% fairly easily and, you know, there's like two different things, I think, Tyler mentioned the Other line item included rent payments, but then you have an overhead item that I would assume that would be part of rent. So, you know, to me, I think, us being able to understand and do a deep dive, this was a really, good exercise for us to see where our money is being spent, how it's being spent, and where, you know, we can tighten up some of these efficiencies because we are all going to have to do it. I mean, we have one time money and that's not going to last forever and it's gonna take some time to get our ridership to the point to where we want.

So, I agree with Bill that, you know, we need to use this as an exercise so we can do and continue to do the work into this next year. But I would love to see us, you know, really try to focus on a growth percentage rate that we're all fairly comfortable with. Doesn't mean we are always gonna hit it, but it would be nice to have a rate that seems consistent and sustainable for the future years. And I don't know, Paul, if you've even thought about doing anything like that or it that's -- if it's just a year-to-year thing and what comes up, comes up? Or do you guys, you know, look at trying to keep a sustainable number and live within those means?

Anyway. And that's just like been part of my frustration in regards to the Valley Metro reductions as we call them as to saying, you know, it's still Valley Metro increases is the bottom line. So, I just kind of like to know what your thoughts are in regards to the future if we're gonna talk about what to expect for next year, what does that look like? And could we talk a little bit about that?

Mr. Hodgins said I think in the next agenda item looking through the budget presentation, we do have some discussion of why costs are increasing. So, I mean, we can get to that. I would like to -- I would like to say that we have made reductions in the administrative area that are proposed. This was more a discussion of what could be further reductions and some of these are not included because we do have some major things that we're doing next year.

We do want to continue planning for the Prop 400 Extension, continue that support. We do have the fare collection system and the reduced fare ID that we need to roll out so there are a lot of activities that we still want to focus on and keep moving forward so we've made cuts where we feel it's appropriate and we've left items in the budget where we feel it's appropriate.

I would also say that, you know, this is a plan. We -- just because the money is in the budget, we don't automatically spend it. We continually re-evaluate as we go through the year whether expenses are needed. So, we are careful. I think you saw last month in our third quarter budget variance report, we are under budget because we are careful



about where we spend the money. Just because it's in the budget doesn't mean we spend it. So, you know, it is a plan, we believe we've put what's reasonable in the budget to accommodate some of the goals and some of the projects that we're working on for next year, but again, you know, we will continue to evaluate that.

As far as long-term sustainability, we are in a period of growth for Valley Metro Rail, specifically, we're adding -- we're expanding our operations facility. We're adding vehicles. There is a period of growth where we're adding expenses where we have not yet added the service to go along with it so it does appear that there are some additional, you know, it does appear a little bit higher.

When I look back at the last ten years of actual expenses on Valley Metro Rail, try to normalize it for service changes, so looking at it on a per revenue mile basis. The average increase in per revenue mile on Valley Metro Rail over the ten years, fiscal '11 through '20, was 2.1%. You know, we do try to maintain a sustainable growth, but we are in a period here where there's a couple years that are 4-5% per year because we are expanding. But as we implement the new services, South Central, Tempe Streetcar, Northwest Phase II, you know, and I looked at when we implemented Northwest Phase I and Central Mesa, our average cost per revenue mile went down. Because at that time -- because we added the service without, you know, we already had the infrastructure in place. So, I would envision that same thing happening with Valley Metro Rail. We are making expenses and we are paying for things, now, in anticipation of future extensions.

So, it is something we are cognizant of and we will continue to monitor.

Vice Mayor Stipp said so, I'm actually curious to hear from Scott, Mr. Smith. With Paul's leaving and we've had this discussion for months. What is your takeaway from these discussions about what we're looking for going into this next fiscal year as the CEO that you can translate that information to the staff going forward?

Mr. Smith said sure, Vice Mayor. I will say this. You know, Paul's leaving, big shoes to fill, but a process that is well established that will continue. I think Paul is a little too humble in talking about his efforts and Tyler's efforts since October. I can tell you that the discussions and the questions you have raised are discussions and questions that Paul consistently raises and challenges us on. There -- whatever, low hanging fruit was there, was taken up long -- was harvested long ago.

We have some real issues and Paul has established a process and procedure of discipline within our organization that I feel very, very, comfortable going forward that will continue. Because his approach has never been one of laissez-faire or of disrespecting the need to practice fiscal responsibility and I think the -- I think the results, the actual facts show that.



I was very heartened to receive a draft copy just recently of the external audit that's done on Prop 400 every five years. And this was the year they did that. As part of that, they do a detailed review of transit and our costs related to transit and I'm -- I'm not remiss, I can't tell you the details because the audit will be officially released in a couple, three weeks, but I can tell you that as part of that review, they do a -- they do a survey of peer agencies around the West. Places like Denver and Houston and Salt Lake and Portland and others. And I can tell you in their review, the external auditors review, we are the most efficient system in the West as far as delivering transit services. We do it more effectively and we do it at a lower cost than every -- than others do.

So, when I look at Paul leaving, I am just grateful that he is, actually, put in place a system that I think will survive his leaving, a legacy that will carry over into the next year. And one that will recognize the current needs and the things you all have brought up which are all absolutely legitimate and we take them very, seriously.

But also, recognize that we are not just a year-to-year operation. We are a multiple year and looking forward and when Paul talks about planning for rail, for example. The system, rail has increased by over 40% in the ten -- 12 years it has been open. In the next five years, it will, basically, expand by another 40%. We have to -- you don't just open up a 5.5-mile extension in South Central and Downtown Hub and hire people immediately to do that. You literally have to hire people a year, two, three years before that to ease into that because it's very complex and complicated. We are doubling the size of our fleet. Bringing in a new thing. So, those create some challenges in budgeting.

Paul has worked very, very diligently with his staff and with our operations people to make sure that we don't get ahead of the game. As a matter of fact, if you talk to Ray Abraham and his team, they would probably complain that Paul's been a little too tough on them and they haven't been able to adequately ramp up. We are very concerned about our ability to make sure that when we open these extensions that we are adequately trained and adequately staffed.

So, to get back to your original question was what do we do with Paul? I think that the success of any good executive is that when they leave, they are missed, but their legacy is not because it stays there. And I am very confident that we are well positioned to be able to address your concerns and the real needs from a financial discipline standpoint going forward. And to meet our real needs. Paul mentioned many projects that are coming up that we are currently engaged in that he has been deeply involved in and I'm comfortable that we are set to take on those challenges.

Vice Mayor Stipp said Scott, I appreciate that and, you know, would, obviously, concur, you know, with the work that Paul has done. But, specifically, from your perspective -



what are you -- what are you hearing from us? What is the message that you are hearing from us? What's your takeaway from these last four months of these budget discussions?

Mr. Smith said well, my takeaway is that every dollar is crucial and because we are in a public trust that we take our charge seriously to be wise stewards of public resources. And that as we go through and we operate we look both the present needs and the future requirements and that we are diligent in making sure that the decisions we make respect both the needs and the wants of our member cities who, basically, we represent and we work for, but also that we provide as safe of a system and as efficient manner possible because we have that stewardship. We have that mantle that we have to do. We have heard it loud and clear that we should not take any expense or any investment lightly that we need to make sure that it fits within the overall scheme that the sustainability of the system is tantamount and that we respect the need to be transparent and upfront in the way that we approach our budgeting and the way that we spend our money.

That's what I've taken away from it and as we go forward, I'm hoping that maybe next year in our budgeting process that we have these types of conversations earlier in the game so that we can maybe set the stage.

And we also need to do a better job of maybe setting the context and the expectation. For example, as we talk about rail, we talk about the impact of having three major expansion projects coming online in the next three years and how that will impact sustainability, how that will impact both short term and long-term needs. When we talk about revenues, we talk about fare revenues and the growth of sales tax and we also recognize that we are coming up on the last, now, four years, now -- soon to be three years of our transit lifecycle plan. Things like our office space, for example, that is a very, good discussion to have on office space, but the reality is that we've -- this office lease runs through the end of Prop 400. We have a lot of costs and expenses and obligations like that that we sort of have to like walk a fine line because as we are planning for the future, we recognize that we have a very short term window in our basic transit plan because it's geared toward Prop 400 and trying to budget for both of those is a balancing act.

So, we hear your concern. We respect that. We appreciate the input and the oversight and diligence and we hope that in the next budget cycle, we will take some of the things we have learned like this discussion that you had, have them earlier, have them more in depth, and make sure that we answer your questions early on so that we are not sitting here at the last minute with questions and unanswered issues.

Vice Mayor Stipp said yeah. I would absolutely agree with that, and I think we have to give the rest of the Board something when we have our meeting next week that we are



going to go into next year with a smaller growth projection and a decrease in expenditures where possible. And I think we need to reassure the rest of the Board that that's the direction we're want to head in next year. We're gonna make a recommendation, theoretically, that the AFS is supportive of this particular budget, but going forward for next year's budget, the intent is a reduced growth pattern, where possible and a look at reductions that get to something between the 0 and 5% range. To Mayor Gallego's point, we have 45 unfilled positions. If that's the case, perhaps, we can eliminate some of them just simply through attrition. And I won't go on about the, you know, the use of consultants and the contracts that we have, et cetera. I think what -- I think that's the message that the rest of the Board is hearing is those are the expenses that once we get into those contracts, we can't get out of them. And that's the direction to go. So, I hope that that's where AFS can lead with this particular budget message as we get ready to bring it to the Board. And with that, Madam Chair, I appreciate the time.

Chair Arredondo-Savage said thank you, Bill. I think what I would say is I one hundred percent agree with you, I think that if we could at least, you know, move forward with that and, I guess, my thought process too is I just want to ensure that the work and the time and the energy that this Committee has put towards the budget doesn't get unnoticed, it gets recognized to the point that we can continue to build that relationship with the staff and the AFS so we are working together. Because honestly, if I speak frankly, sometimes it doesn't quite feel that way and we talk about having earlier conversations, well, this year is probably been and I think, Paul, you would agree with me, we've talked about the budget so much earlier than we have in years past and unfortunately, it just feels like, you know, here we are at the last minute still asking questions and just being a little unclear of some of these answers.

So, if there's way that we can bridge that gap and ensure AFS moving forward and administration are on the same page and working towards the same goals which I know we are, I think that would be super significant and very helpful. So, I would certainly, agree with Vice Mayor Stipp's suggestion about our recommendation moving forward in regards to, you know, trying to focus on a smaller growth pattern for the future and also, you know, reductions to keep us, you know, from that zero to five percent. I think that would be something I could certainly agree with and would like to see us push forward.

So, with that, I appreciate your comments, Scott. I will just ask the Board before we move on to some of these other things, is there anything else that you would like to add? Or the Committee, I guess, we are a committee.

Councilmember Tolmachoff said I just -- and I hate to beat a dead horse, but I just want to point out, I think, the sense of frustration and I can kind of set an example of something that has happened today of, you know, we asked months ago about the office space and that we do have the ability to sublease the office space, but we were



told, we're bringing everybody back. Well, we're not bringing everybody back, we have other space where we are not bringing people back and then we were just told that we have a lease until the end of Prop 400 which we already are aware of, but the sublease market is extremely hot, right now. So, there -- I mean, I guess, I just feel like that we -- and I don't think I'm speaking for myself here get met often with resistance to what we're trying to find out. And are there any opportunities to save space, consolidate space, reduce down space? Is everybody really coming back? I mean, that -- just the whole approach organization-wide of where can we cut costs and save money. That's -- and so I just wanted to point that out because it literally, happened today. We've been given three different reasons why we can't save any money on the lease and, you know, I -- I feel like, you know, that there probably are opportunities somewhere within however many floors we have in the US Bank building that we probably do have opportunities to save space, reduce down our costs, and sublease. Whether we have a lease through the end of Prop 400 or not, to sublease some of that space for -- there's lots of companies out there looking for space in the sublease market. So, just wanted to point that out. I think at least for me that's a sense of frustration as I just feel like we continuously are met with resistance when we are trying to get information. Thank you.

Chair Arredondo-Savage said thank you, Lauren. I appreciate the example and I think too we can (indiscernible) that here we are talking about scenarios in June when the original request was brought up in February. So, I certainly understand the frustrations and that gives us room for improvement to make sure that, you know, AFS is getting the information that they need, they are being heard, and have the ability to give solid recommendations to the Board because, I mean, that's our mission and that's what we need to make sure that we're doing and we're comfortable with. So, I certainly, appreciate and respect that.

I don't know if Mayor Gallego or Councilmember Heredia if you have anything that you would like to add before we move on? If you are good. Good? Frankie?

Councilmember Heredia said yeah. I'm good.

Ms. Chair said okay. Okay. All right. Thank you, Paul. I think you got an earful. So, we are going to move through these other proposed budget thoughts and the idea of addressing some of the questions and concerns the AFS so with that, over to you, again.

7. Valley Metro RPTA Fiscal Year 2022 (FY22) Proposed Operating and Capital Budget and Five-Year Operating and Capital Forecast (FY22-26)

Mr. Hodgins said thank you. So, don't need to spend time on this. We all know it's been a long budget process. So, we gave you, basically, the full presentation you had



last month. I'm not going to go through all of that, but the beginning, we've added some slides that hopefully, address or that try to address the outstanding questions. So, just to start out, you know, one of the questions was, you know, why are costs going up when service is being reduced? So, we have some slides to address the four areas where we provide fixed route bus service.

So, we have our East Valley service, the First Transit contract that operates out of the Tempe and the Mesa facilities. The miles there are down by about 286,000 from the fiscal '21. That's a 2.4% decrease. Those are primarily changes that have been requested by the City of Tempe to either Tempe-funded or regional-funded service in Tempe. Offsetting that though are rate increases for our contractor, First Transit, of about 2.8%. The other thing that you'll see is a significant increase in our facilities maintenance about \$1.5 million. That's primarily \$1.2 million from Tempe for upgrades, state of good repair maintenance to the Tempe facility which based on their five-year plan will go back to about 200,000 next year. So, it's really a one-time hit for some of these state of good repair times.

Looking at our West Valley service, the Total Transit. Miles are down based from the fiscal '21 budget largely related to Peoria's POGO. We had assumed that would be back for all of fiscal '21. It's not and we have about eight months of service programmed for the POGO next year. That explains the reduction in the budgeted service. Our contractor rate increases by the contractor 1.5%, but obviously, as we have been discussing, Total Ride has some requests for increases beyond that which we continue to discuss.

City of Phoenix service. They provide a lot of service. We fund that service through Prop 400. It's part of what is PTF funded. Those miles are actually increasing by about 105,000. It's a 6% increase in the miles. Their rate increases this year were up by about 4.4% based on their contract so that kind of some of the context on why those costs are going up.

The last one is our rural connector. Miles are flat at about 280,000. No changes there. And there is a 3% rate increase for the contractor.

Overall, just looking at how those costs shake out. Those transportation contractors, the payments to the contractors themselves, make up 83% of the operating budget. Six percent for fuel and lubricant. Another five percent for the facility maintenance. Some maintenance agreements and three percent is the administrative support.

So looking, specifically, at maybe a little bit hard to read, a lot of numbers on the slide. So this shows just the East Valley First Transit contract. So, the top line you can see service miles going from 11,880,000 to 11,594,000 so that's the reduction in miles. With the increase in the rate paid to the contractor, you can see that Transit Services



line, those are the payments to the contractor so it's \$70.6 million up to about \$71 million. And so, a slight increase there because it is a 2.8% rate increase, but only a 2.4% mileage decrease.

Contractual services that's going up, primarily, that's related to a lot of the additional cleaning that we are doing for COVID. That's -- we're maintaining that. That was not part of the fiscal '21 budget. And then our fuel and lubricants, we're actually looking at a decrease in our fuel costs, primarily, natural gas on this contract. So, overall, for just the operating piece, it really is mileage-based about \$77.3 million going up to \$77.7 million so, basically, flat.

The next category which isn't dependent on the level of service, it's facilities maintenance. We have to maintain the facilities regardless. You can see it's going from \$3.6 million to just over \$5 million, that's an -- over a 40% increase in those costs. As I mentioned, this is really going to be a one-time, a one year, it should decrease by at least a million dollars for fiscal '23.

And then the administrative support line. There is an increase there. As you recall, we had an internal audit of our bus service contract that identified some deficiencies in our monitoring, so this includes some additional staffing related to oversight which we feel is important to include. We want to ensure that we are providing the best service to the public especially as we go into the Prop 400 extension. We want to be sure that the services that our contractor is providing meet contract standards, meet our expectations. So, really the increases are related to items that are not directly associated with service miles so overall, about a \$2.6 million increase in the cost for this contract.

So, if we look at the West Valley contract, kind of the same set up. So, service miles at the top going from just budgeted at 1,170,000 budgeted in fiscal '22 at 1,059,000. Significant decrease here in the operating services going from \$7 million to \$6.6. Again, this does not include any negotiation with Total Ride, right now, that we are continuing to discuss. So that number likely will change, as I mentioned, we will use contingency or look for reductions in other areas of the budget to cover that. Again, on the administrative support a bit of an increase there related to that contract oversight activities that we are strengthening. But overall, in the West Valley contract, it's budgeted as a slight decrease in the cost.

Vice Mayor Stipp said yeah. So, Paul, the same thing happens on both East and West Valley operations is and I think this is where the 10 million questions come out is, both of the administrative support sections have significant increases over FY21 to the FY22 and in this one in particular, if you look at FY20 actuals which if you go well, there's an asterisk with that and then the '21 budget and the '22. Those are pretty significant. So, where's the -- I don't want to say detail, but how do we express that to the



West Valley cities for them -- for the Board members to understand why this went from \$284,000 to \$471,000.

Mr. Hodgins said those changes are entirely related to additional staff that we are looking to strengthen our contract oversight and, again, that ties directly back to the internal audit that was done on our bus services contract back in September of 2019. Vice Mayor Stipp said but we're not seeing a number that large increase in the number of FTEs, are we?

Mr. Hodgins said I don't know off hand how many FTEs are allocated to this project. Maybe Tyler can pull it up.

Mr. Hodgins said yeah. Overall, for the agency, it's not a large increase in FTEs because we've, potentially, reduced some staff elsewhere. This is an area of focus. We want to ensure that we are providing a good oversight. So, from an agency-wide perspective, it's not a big -- there's not significant increase in staff. It's maybe just the different focus so, we have more staff focused on the contract oversight.

Mr. Olson said yes. Chair, Vice Mayor, yeah so FY21 we had 10 -- just over 10 FTEs, 10.2 FTEs. With the additions that Paul mentioned, we are at 14 FTEs just over 14 FTEs for '22. Part of that also as a reminder, for '21, we did freeze several positions toward the end of the budgeted option process as part of COVID, you know, hearing your concerns and -- uncertainty with future revenues, we did freeze some of those positions. So, '22 reflects a couple of unfrozen positions and the new FTEs that Paul mentioned that are tied to the audit.

Vice Mayor Stipp said yeah. I -- just -- I think you are going to have to -- you're probably going to have to go into some detail when that comes to the greater -- to the full Board that they, you know, can see that and I think in every one of those areas, not just saying well, here's the numbers. I think just giving a little bit of explanation to what does that represent and not just saying well, it's more bodies. You know, it's the difference between 10.2 and 14.3 or whatever. We have added 4.1 bodies or whatever that case is so.

Because I think what you're starting to see if I can just pontificate for a second is you're starting to see the Board members are looking at this from a completely regional perspective, now, that we're having these Prop 400 discussions and less about West Valley or East Valley or my city or their city. Everyone is really starting to look at this from a very regional perspective and I think, elevating that level of discussion during the presentation will help those Board members reach a higher level of understanding.

Mr. Hodgins said sure. Yeah. I think we could add that detail. The number of FTEs that are allocated. We could add that on the slide. Sure.



Mr. Smith said but I think also, Paul, what I'm hearing is you need to explain why. For example, this was a direct result of an internal audit recommendation.

Mr. Hodgins said right. Yeah.

Mr. Smith said one of the things we have emphasized is taking our internal audit process seriously and implementing the recommendations that come when they are reasonable and when they meet our overall goals. So, it's a two-part thing. We just didn't willy nilly add four people or re-allocate four people. We did it based on a process that was accepted as the process to help us improve.

Chair Arredondo-Savage said yeah. I think – hey, thanks, Paul. If you could do that, incorporate that level of detail I think that would be very, helpful. So, thank you for that. All right. Keep going.

Mr. Hodgins said yes.

Next contract is our rural service contract. You know, in the scheme of things, it's fairly small. It's about \$1 million service that we operate. Service miles flat from the '21 budget. We do have some contractual increases for our contractor under the Transit Services. We do expect fuel to be a little bit cheaper in fiscal '22 compared to what we expected in '21. Again, a little bit of an increase in our administrative support related to that oversight. I think there were -- most of the findings in that service -- bus service contract audit were related to this contract since their facility is down in Ajo which is not conveniently located to the City of Phoenix area. So, you know, we do have some of that additional oversight. We could spend more time down in the Ajo area overseeing that contract.

And the last area for fixed route service, this is an area that we, basically, fund service that the City of Phoenix operates so we are moving from about 1.6 million miles this year to just over 1.7 million miles next year. And it's almost entirely -- well, it is entirely the transit services, what we pay the City of Phoenix. Their rates are up about 4.4% so a combination of the miles going up and the rate going up explains the \$1.4 million or so in additional costs.

Moving forward looking at some of the demand service. Our paratransit program, our Ride Choice program and then some ADA reimbursements that we make directly to some of the cities. So, looking at paratransit, we have about a 3% decrease in the trips that we are forecasting. Contract includes a 4% increase in the rate. Ride Choice about a 22% decrease in estimated number of trips and, again, about a 4% increase in the contract rates. And then some of the -- on the service reimbursements, we do have some decreases because we do reimbursements on a net basis, and I'll talk more about



that on that slide.

So, again, as with fixed route, the largest component of what we pay in this budget is to our contractors themselves, it's 89%. About 5% for fuel and lubricants. Administrative support is a little bit higher here 6%. We do have a little bit more oversight on our paratransit just because of the nature of the service.

Looking at the contracts, specifically, trips for our paratransit contract with Trans Dev declining from about \$433,000 to \$420,000 so you can see with the decline in the trips, but a slight increase in our contract rates that transit services line is, basically, flat. Fuel, again, we're estimating a slight decrease there and we do have some contingency, specifically, for the paratransit contract because demand can fluctuate significantly. So, we've got the same contingency built in to the '22 as we have in '21. Administrative support, we do see a small increase there, some increase there primarily related to staffing. Tyler, could you double check? Is there additional FTE -- Overall, for the paratransit contract, we're looking at a small decrease in the budget from '21 to '22.

Mr. Olson said it's about a half time employee additional effort so going from 5.6 FTEs to 6.1 for '22. And that's -- I'll just say that's the combination of our -- all of our paratransit programs so paratransit and Ride Choice combined in our budget. We're giving you an extra level of detail here so speaking to both.

Mr. Hodgins said all right. Thanks, Tyler.

Looking at the Ride Choice contract next. Again, a fairly good-sized decrease in trips. Oh, there we go. So, that translates really even though there is an increase in the rate to our contractor, the number of trips are declining, significantly, so we do see about a \$540,000 decrease in what we pay the contractor. Again, here a part of the increase, slight increase in staffing. You see the administrative support costs going up. So, overall, about a \$400,000 decrease to the Ride Choice budget.

Lastly, these are disbursements. So, there are several cities that operate their own paratransit so as part of Prop 400, we do reimburse for ADA service. Phoenix being the largest, Glendale also we reimburse, I believe, Peoria as well. We reimburse Phoenix on a net basis. So, they -- for fiscal '21 applied a significant, amount of CARES funds so that's why you see that number go down significantly to 6.7 million. It's going up to \$13.6 million. They have not accounted for the ARP funds yet. That's just the CRRSSA which is much smaller amount than what the CARES was so that explains the increase there.

So, those were the areas, the service areas kind of talking through why there are some increases or decreases based on service levels. If there aren't any other questions



about that, specifically, we have a comparison of our previous five year forecast that we can talk about. This was another question that came up.

Chair Arredondo-Savage said okay. Hey, Paul, really quick. I know you've covered a lot of information that we've talked about before and I appreciate that. I just want to make sure that first and foremost we are addressing some of the concerns that we've continually heard from. Audit and finance make sure those get reviewed just because it's like almost 2:00. I want to be respectful for everybody's time and at the same time, I know we want to make sure we come back with a solid recommendation to the Board that's meaningful. So, if you can narrow what you can to make sure that those lists of things that we've -- we talked about earlier are addressed real quick.

Mr. Hodgins said okay. I will do my best.

Chair Arredondo-Savage said and this is one of them.

Mr. Hodgins said and this is one of them.

Chair Arredondo-Savage said so let's do that. This is a good one.

Mr. Hodgins said so just to orient you to the chart. You know, four years ago, we created a five-year forecast that included fiscal '18 to '22. So, we went back to that forecast and said, what were we looking at for fiscal '22? That's what that represents. It was the fifth year of the five-year forecast. The next year, it was the fourth year so we have taken our fiscal '22 forecast from that five year. So, all of these numbers represent fiscal '22 in the respective five-year forecast with our proposed budget at the end.

So, you can see just from a total operating perspective, you know, we have actually brought the budget down. Fixed routes fluctuate a little bit. That takes into consideration some of the changes that we may have in the short-range transit program. And then the fiscal '22 budget, as I mentioned, there a couple of areas with some significant increases which kind of explains the difference from the previous forecasts.

Demand services, generally, consistent, but have -- the numbers come down a little bit. Fiscal '22 is, primarily, lower because of the CRRSSA funds, but the forecast has, generally, been in the right range. Van pool, fairly, consistent at about \$1 million. Planning has varied a little bit, but we have really focused on keeping those planning costs reasonable, so our forecast has been pretty consistent the last couple year with what we are proposing. Commute Solutions, the same. Regional services, there has been some variation there. A couple years ago, we expanded our customer service hours, our call center hours and we have pulled that back so that explains maybe some



of the changes in the assumptions on the forecast, but still our proposed budget is fairly consistent with what we had assumed back in fiscal '18, fiscal '19. Administration and finance, what we are proposing is lower than any of the previous forecasts that we presented. Contingency, you know, about a half million, consistent with the last couple years. So, in terms of our forecasting over the last few years, we believe the proposed budget is consistent with what we've presented in previous five-year forecasts.

Moving on, I know there are some questions about reserves. I wanted to provide a little additional context here. So, three of the reserves are what we consider restricted so our capital reserves. We add to that with proceeds from the sale of capital assets when they have met their useful life. We auction them off. The proceeds we get go into this capital reserve fund for the future. Some of those are actually, you know, we owe to the FTA. There are some rules about, you know, if proceeds exceed a certain amount, they want their share back. We don't send them a check. We would, ultimately, use that in lieu of additional federal funds and reinvest it in future. Van pool reserve that gets added to from revenues out of the van pool program. The emergency reserve comes out of PTF.

And then the two remaining categories that we have talked about are really part of our unrestricted fund balance. We have our general operating fund. That's the bus PTF balance that varies from year to year based on what's programmed in the TLCP and the working capital is really related to the rail PTF because that is focused on disbursements to Valley Metro Rail and, again, that varies year to year based on how it's programmed in the TLCP.

So, putting together some history and a forecast, you know, I have provided some summaries based on the unrestricted versus the restricted totals and what our projected balance is. You can see on the unrestricted there is a lot of variation. We drew it down over a few years and now, we will build it back up before it, ultimately, gets drawn down towards the end of Prop 400.

And I believe, those were all of the specific budget-related questions for RPTA.

Vice Mayor Stipp said Paul, can you go back one slide, please. So, can you -- for the two unrestricted at the top, is the forecasted unrestricted -- is that the combination of the two?

Mr. Hodgins said yes. So, we have a subtotal of what the target is and then a forecast of what the fund balance would be.

Vice Mayor Stipp said and the targets for the unrestricted, do you remember what that total amount was? Wasn't it like \$29 million or something?



Mr. Hodgins said the targets, the specific targets are listed by fund balance. So, the general operating so our fiscal '22 target is \$28 million for the working capital, unrestricted that \$2.3 million.

Vice Mayor Stipp said so what's the -- what's the Board policy? That the one I'm talking about -- the policy number.

Mr. Hodgins said that's the policy number. That's what the policy would require as a minimum amount of fund balance.

Mr. Smith said yeah, but -- hold it. Paul, are those targets or are those minimums?

Mr. Hodgins said well, it's the minimum.

Mr. Smith said it's the minimum. Because those mean very, different things. Target means what you are trying to get to. Minimum is the minimum amount the Board set as a policy that we must maintain in order to have adequate capital available for ongoing funds. Right?

Mr. Hodgins said right. Right.

Mr. Smith said okay. So, there is a difference between target and minimum.

Vice Mayor Stipp said so what's the Board established minimum?

Mr. Hodgins said the Board established minimum for fiscal '22 for the general operating is \$28.4 million.

Vice Mayor Stipp said okay. Because I thought was different than -- I thought the data that you had sent a month or so ago, you know, had, you know, just two numbers. One for general operating and one for working capital for VMR and they were set with just single numbers. But what you're saying is the Board policy fluctuates from year to year?

Mr. Hodgins said the Board policy establishes that minimum amount based on what's in the budget. So, it looks at the operating budget, looks at the capital budget and what we are proposing to spend and sets a minimum amount of fund balance to ensure that we have the working funds to meet the operating -- to meet the expenses.

Vice Mayor Stipp said based on those -- so, it's really a percentage.

Mr. Hodgins said right. It's 17%.



Vice Mayor Stipp said okay. That's what -- thank you. That's what I was looking for. All right.

Mr. Smith said and the reason why it's important to differentiate is that, actually, the total fund balance is a product of the Transit Lifecycle Plan. That balance will fluctuate year to year based upon the timing of expenditures and the overall plan adopted through the TLCP process with the idea that when we get to the end of Prop 400 that things will balance out. So, that is a snapshot that will fluctuate as opposed to the minimum required balance which is set as a percentage of operating and capital expenditures to maintain adequate working capital. There are, basically, although they are in the same group, they are, basically, different concepts.

Vice Mayor Stipp said I know that there's a couple of West Valley cities that are very interested in a thorough explanation of that that perhaps, the entire Board is -- not so I don't know how to get you to capture that in comments for the Board meeting going forward in a couple of weeks. But if there is a way to describe that along with this chart, that may be very helpful for those communities that are really looking at that and trying to understand it.

Mr. Hodgins said okay.

Chair Arredondo-Savage said are you good with that, Paul? Can you incorporate that before the next meeting? I think that's a good idea.

Vice Mayor Stipp said I'm just trying to get ahead of all the problems people have identified and said, hey, we really have a lot of questions. You know, obviously, the West Valley cities, you know, we run into one another quite a bit and that's where the question came up and like I really don't have an answer for it. So, I want to make sure that -- and obviously, I'm not on the staff so I want to make sure that those questions are getting -- if they haven't been asked already are at least answered in the material.

Mr. Hodgins said okay.

Vice Mayor Stipp said and I appreciate that.

Mr. Smith said Vice Mayor, I want to make sure make sure my explanation made any sense or did I further confuse the issue on the difference between the fund balance and the minimum reserve?

Vice Mayor Stipp said no. I think we are okay there. The term, as you know, the term fund balance means something different on the municipal side than it does when we are talking about reserves so --



Mr. Smith said yeah. And that's why -- that's why I want to be very careful and even the fund balance means something different for us because we are operating the Transit Lifecycle Plan as opposed to in the city where we have a fund balance that may go year to year or may have different -- depending on whether it's in the enterprise account or those kind of things so it means something different which is why I'm very careful about the language that we use. And our fund balance is really a product of the 20-year Transit Lifecycle Plan. That's very different than how cities operate so I understand the difficulty in that. So, we will be very careful in how we explain that.

Vice Mayor Stipp said correct. And that's all I'm looking for -because that's where the questions are coming from and that was part of the concern about moving the budget forward was based on that. So, anything that you can do to help explain it, I think it will be very beneficial to those Board members especially those that are new who don't -- who have a hard enough -- probably a hard enough time understanding municipal finance, let alone this.

Chair Arredondo-Savage said I think that's a good thing to remember and Pat, maybe you and I need to keep track of this too is another thing for AFS to just kind of keep on the radar to just make sure that we are understanding the, you know, the -- our fund balance policies and that we're comfortable with them because it's been very complicated and confusing so I appreciate any clarification and I think it's important that we just kind of keep that on the radar next year too through the budget cycle. Thank you, Paul.

Mr. Smith said I will make something very simple as it relates to the fund balance policy. There's really only two things to be concerned about about fund balance as opposed to the reserve. At the end of the lifecycle, the fund balance has to balance. We can't be out of balance. That's rule number one. The second thing is where -- especially on the west side, we're getting a lot of issue is the concept of jurisdictional equity within that fund balance. That's where a lot of the questions are coming from because we are in a situation where -- where the West Valley and City of Phoenix are out of balance as far as there's jurisdictional equity within the plan. So, those are the two things that will come up when we are talking about TLCP and the fund balance as we go forward.

Chair Arredondo-Savage thank you. All right, Paul. Go. Keep going. And hit what we need to.

Mr. Hodgins said yeah. A lot of these slides, we covered last month so I'm not going to go over them. Pat, if you could just scroll up -- ahead to the Valley Metro Rail slides.

Okay. So, again, looking at some of the budget drivers to try to explain what some of the cost changes are. So, revenue miles we are assuming from a budget perspective



will be flat. We have assumed that we will go back to our 12-minute headways for the full year although we don't know exactly when that will happen. We do have rate increases for ACI which is our transportation services. They provide the operators and supervisors, 4% increase there. As we have talked about, a significant increase in our insurance premiums, \$1.1 million which is a 48% increase over 2021.

Streetcar, we have assumed, basically, September, October revenue start date. We do have some new staff to manage the maintenance of way, the track, the infrastructure built into the budget and the operators and supervisors will be off that ACI contract. So, looking at just kind high level, the operations piece about 28% of the budget, maintenance of way which is all the infrastructure about 25%, vehicle maintenance about 15%, security another 15%, insurance 5%, and the administrative support about 12%.

So, just focusing on some of those areas, just very quickly. The transit services area that's the ACI contract, that's the 4% contractual increase. We are estimating a slight decrease in our propulsion power costs. So, overall, about an -- roughly, \$850,000 increase there.

On the vehicle maintenance, we're looking at a slight decrease from \$10 million to \$9.2. That fluctuates year to year depending on the types of regular overhauls or maintenance activities, if there's a 10 year or 15-year maintenance inspection routine. So, this is always fluctuating up and down, so we are looking at a slight decrease for fiscal '22.

On the maintenance of way, we do have -- we are estimating an increase here. Largely, as I mentioned, some staffing increases to deal with the aging system some of the additional overhauls that we are doing on the maintenance -- on the infrastructure stations, traction power substations, things of that nature.

And then the administrative support, we are estimating or programming actually a decrease here. A slight decrease in the staffing levels for the administrative support. So, overall, about a -- almost a \$300,000 decrease in that administrative support line.

Last thing, the insurance, you know, we included here recoveries from property damage. We had a pretty significant level in fiscal '20 so premiums of \$1.9 million. We had significant recoveries there. We budget a much smaller amount of the recovery -- of recoveries each year, we hope we don't have significant accidents, but overall, a big increase in the insurance line item for the premiums.

Lastly, on the security for light rail, there is an increase here. The contractual services, that's our Allied Universal contract, is, generally, flat from fiscal '21, but we do have some additional staff to deal with some safety and security requirements from FTA. So,



the additional staffing would explain some of the increased costs here for safety and security.

On the streetcar, the comparisons to the '21 budget probably won't make sense because we anticipated just a couple months of service, but overall, for fiscal '22, it's about half the cost on operations, maintenance of way, and vehicle maintenance are much lower. These are all very -- it's new infrastructure, new vehicles so we don't anticipate as much maintenance which is why the percentage is a little lower than what you see on light rail. Security at about 13% which is fairly, consistent with light rail and about 10% administrative support.

So, just very quickly going through, you know, primarily, our transit services, that's the ACI contract and propulsion power contributing to operations. Staffing for vehicle maintenance, primarily, and then staffing and some contractual services for the maintenance of way that includes some of the cleaning contractors that we have. Administrative support. We do have a good amount of contingency here that is part of the administrative support just because there are a lot of unknowns with the streetcar. New vehicle, new system so we have some contingency built in there. And the insurance about \$157,000 for the streetcar for the eight or nine months of operation that we have programmed. And then on security about \$578,000, primarily, our service purchased through Allied Universal.

So, getting to the five-year comparison, again, the same kind of look as what we had on RPTA, but a couple of differences. For the '22 budget, we have pulled some line items out, we have expanded kind of the way we show it which we didn't have in previous forecasts. For example, if you look at our '22 forecast that we did back for fiscal '18, the operations line items included security and insurance was included in our administrative support so, it's a little bit harder to really compare those. We pulled safety and security out a couple years ago so you can see that in fiscal -- in the fiscal '20 to '24 forecast. Estimated at 10.8 came down to 9.6, 9.5 so even looking at some of these costs, we have a little bit of an anomaly with planning.

The assumptions there have changed significantly about how much planning we are doing so we had a big decrease last year in our forecast, put it back this year, but overall, when you look at the total operating costs that we have forecasted, you see the big increase from the fiscal '18 to '22 forecast to the next year and that really represents the Respect the Ride, the Code of Conduct, all of the additional staffing we brought on board for the Alert VM, our Customer Experience Coordinators so that change in assumption is what drove that number up. And so, total operating budget though has been fairly consistent for our forecast over the last few years except for that planning number that dropped significantly in '21 -- in last year's five-year forecast.



So, I think that was it. I believe that answered the questions that were asked as far as the budget was concerned unless there are additional questions from the Committee.

Chair Arredondo-Savage said no, I think you hit them all. I think that five-year forecast was about the last one. I guess, what I would say I think this presentation and what we have heard up to date, I mean, this is really good information, Paul, and maybe in the future it would be great to have this information a few months, you know, earlier, obviously, because I feel like this AFS Committee really does appreciate and welcomes the details and this is really helpful for us to see where we've been, where we are, and where we're going so maybe that's something that we can -- you could, you know, relay on -- in the future of how we can look at the budget, comprehensively. I think this is really, good.

I guess, I'd ask my colleagues if there is any questions or anything that you would like to add? I mean, I think we are down to three of us now. So, Paul, what I'm going to ask is -- oh, Frankie, got anything? I can see you. No. You're good. All right.

So, Paul, based on the agenda items that we have left, and we have covered the ones, I think, that had concerns that we wanted to make sure we wanted to hear earlier, anything other -- other things that we can postpone to the next meeting or things that we need to hear right now before our next meeting?

Mr. Hodgins said I think almost all of the remaining items, the transit lifecycle program, the fare policy, you're going to hear at the Board meeting in a couple of weeks. The only item that would have been an AFS only is the discussion about fare enforcement, and we could certainly push that to the next meeting. We provided some context on what our contractual requirements are and kind of what the long term look for the fare collection system, but yeah. We can have that discussion at the next meeting and keep, you know, keep that discussion going as we move forward.

Chair Arredondo-Savage said. I really want to have some deep conversations about the fare policy changes and I think the enforcement as we move forward and kind of what that looks like especially when we are talking about getting that new equipment on board with the driver shields and then moving to front boarding. I think it would be great to make sure that we are addressing those things too.

All right. So as long as there's nothing that we need to send back a recommendation for prior to the next Board meeting, we should be all right.

Mr. Hodgins said yeah. This is all for information unless there are some specific questions.



Vice Mayor Stipp said yeah. This is Bill. On the TLCP, I understand the Management Committee made a recommendation that we not address that until the fall. Are you guys not on -- you guys, Valley Metro staff, are you not on board with that recommendation to push that to the fall?

Mr. Hodgins said I'm not sure that that was a recommendation, necessarily. I know there was some concerns from a couple of the West Valley Board members about having the discussion, primarily, because of the revenue situation. You know, we do anticipate that ADOT's next forecast will be higher because of the performance that, you know, the revenues that we have seen this year are far exceeding what the current forecast is. I mean, what we had planned on doing is at least present this for information as here's where we are, but in terms of bringing it back for approval by the Board, that can certainly happen in the fall. We can continue to work on, you know, what those outstanding issues are.

Vice Mayor Stipp said I think that, you know, given the gravity of what's happening with the TLCP and -- the, you know, the discussion about jurisdictional and regional equity probably is one that almost requires a study session before the Board even takes any action on that. So, that may just from a procedural perspective may be something that's better left even until the August, you know, plan a work session or a study session, et cetera before that even comes forward to give everybody time to kind of digest it, et cetera. And so, just for the -- because that's a huge issue and we've got a lot of new Board members so it may take some more time, but that would be the only comment I have about TLCP at this point.

Chair Arredondo-Savage said good comment. I agree with that. I think there could be a good way that -- and especially, you know, Bill brought it up, it's true, we have a lot of new Board members, and it would be really good to maybe have a study session for those that want to know more. I think it's very informational so I'm totally fine with that if we can postpone that for a little bit. I'm okay with that. Is that okay, Paul?

Mr. Hodgins said yeah.

Chair Arredondo-Savage said I mean, at least we can make that recommendation.

Mr. Hodgins said I mean, are you suggesting we not present this for information at the Board and push that to August? Or still have the informational discussion and then do a deeper dive at a study session on the TLCP in August.

Ms. Chair said no, I don't believe that's what Bill said.



Vice Mayor Stipp said well, I think if you -- if you even bring this up now, there will be so many questions and we're still not sure about the numbers that having this study session and kind of explaining how the TLCP works and how we got to where we are financially may be better. You know, we may want to put the horse before the cart on this one instead of saying, well, here's the info where we are at today. And maybe it's just a matter of saying, look, we have had these discussions with the management team and AFS, we're waiting to hear what the next set of forecast numbers are before we adjust this, and it was suggested that we do a work session. Is the Board okay with that? And then I think you are going to get an affirmative on that and then move forward. That way you're not -- we're not having to go back three steps because you're going to give all this information and then you are going to have to unwind it. That's just my observation

Mr. Hodgins said okay.

Chair Arredondo-Savage said that's a good suggestion, Bill. I'm fine with that. I don't think that's gonna -- it's not gonna -- doesn't sound like it's gonna cause any harm only just create some better clarity in regards to what's upcoming and then --

Vice Mayor Stipp said yeah. The last thing we need to do right now is to create more confusion by what's going on out there especially if we are not confident in the numbers.

Ms. Chair said understood. I'm good with that. Frankie, are you okay with that? Just that recommendation -- okay. He says, yes. All right. You got that, Paul?

Mr. Hodgins said yup. Got it.

Vice Mayor Stipp said so I will leave that to you guys. Yeah.

Chair Arredondo-Savage said yeah. That sounds good. Anything else critical on here that we need to discuss?

Mr. Hodgins said no, unless there are specific questions that you have that I can address today.

Chair Arredondo-Savage said no. I don't know. I think we have kept you -- this might be one of our longest meetings ever, Paul, so, you know, welcome to the end. I guess, that's what I would tell you. And just to say thank you for everything --

Chair Arredondo-Savage said I just want to say thank you on behalf of AFS and I know we have asked you and kind of put you on the spot a lot and certainly do appreciate your interest of always doing what's right for Valley Metro and being fiscally responsible. So, just, you know, thank you for that and, you know, thank you for always showing up



and being you. You are going to be missed and, you know, we wish you the very best in your next endeavors. Right? That's super cool and maybe some of us are jealous like myself, but just want to say, thank you for everything that you do not only for AFS, for the Board, but for Valley Metro and the region as a whole. It's been great.

Mr. Hodgins said thank you.

Chair Arredondo-Savage said anybody else got anything they wanted to say? Bill.

Vice Mayor Stipp said yeah. Paul, I'd like to, you know, definitely, second that. It's been a crazy, few years, but you know, you have always handled everything very professionally and I greatly appreciate that and reiterate the how much you will be missed. You know, you are -- your work will not be forgotten that is for sure. You have laid some really good groundwork as Scott pointed out and I think, you know, I want to use a rail analogy here about the tracks that you have laid will be good forever, but seriously, I think you have laid some really good groundwork and your fingerprints will be on the organization for quite some time so thank you for all that work.

Mr. Hodgins said thank you.

Ms. Chair said yeah, agree. Frankie? Did you have -- you wanted to add?

Councilmember Heredia said yeah. Likewise, just want to say, thanks, Paul, for your work and, you know, it's not easy -- it's not an easy role here working with so many cities and working with the staff of the cities, so I appreciate all of the information and flexibility to change and provide us the opportunity to work with you so appreciate that.

Mr. Hodgins said thank you.

Chair Arredondo-Savage said that's all right, Paul. You can go ahead and tell us how awesome we all are. We know it. You know that's what you want to say. He's like I cannot wait to get off this call. That's all right, Paul. I couldn't help it. Thank you. Again, thank you so much for everything.

And before I adjourn there is one think I really just want to make sure that we are clear on because I think it's going to be really important that AFS brings back a solid recommendation and I have a lot of notes and I'm going to double check with Pat and I will run them by you just to make sure that we are all on the same page, but just to -- just what I've gathered if I can read my notes. If you guys could see them, you would be shocked if I even could. But our recommendation when it comes to the budget and again, another appreciation to Paul for having the ability to meet with us today and answer those questions is, you know, we, definitely, want to continue to be fiscally responsible and proactive and make sure that we are meeting all the expectations



moving forward when it comes to efficiencies, strong transit systems and self -- fiscal restraint first and foremost.

And some of the things that I think we want to keep on the front burner when it comes to efficiencies is, you know, office space and I'm just going to briefly come over some of these things. Look at the vacant positions, paratransit contracts, and understanding the fund balance and the reserve policies. I think those are things that we need to continue to work on and also overall, really just focus on smaller growth pattern and keep -- I'm not really sure what I wrote here. And keep the -- what did we say on this one, Bill? I think it was -- maybe you said it too and I thought it was really, good. But really work on a smaller growth pattern and reductions to --

Vice Mayor Stipp said and a 3 -- zero to five percent reduction in expenses.

Chair Arredondo-Savage said yes. That's it. Okay. Reduction in expenses, okay. Sorry. All right. So, hopefully, Pat, you got that and if I missed anything, please let me know. We will put something together.

Ms. Dillon said, as requested at the last Board meeting, the minutes from this meeting will be included in the Board packet. We do record this meeting so they will be robust minutes that will cover the entire meeting with some minor edits that we will make so that they are easy to read for the Board members. And if you prefer, Chair, we can summarize, put a cover on it, summarizing what you just said with that list of items so we can get that together. And that Board packet will be plan to go out next Thursday.

Chair Arredondo-Savage said fantastic. That sounds great. I'd appreciate that. All right. So, hopefully, I didn't miss anything, but I'm sure I probably did, and Pat and I will go through it just to make sure we're all on the same page.

And, again, I just want to say, thank you, guys so very much. I know it's been a challenging and very engaging year, but I know Kate and Lauren aren't here right now, but you guys have been a really phenomenal team and it's been really fun to work with you and I think really elevate what AFS does and continue to take those deep dives and really do the hard work and bring back solid recommendations to the Board. So, it's been an honor and I certainly do appreciate it and look forward to seeing you all soon. Right? See you at the next Board meeting.

The meeting is adjourned.

With no further discussion the meeting adjourned at 2:30 p.m.



Information Summary

DATE

June 10, 2021

AGENDA ITEM 5**SUBJECT**

Fiscal Year 2022 (FY22) Intergovernmental Agreements (IGA)

PURPOSE

To request authorization for the Chief Executive Officer (CEO) to execute FY22 IGAs and IGA amendments for projects in the approved Valley Metro RPTA FY22 Operating and Capital Budget.

RECOMMENDATION

Staff recommends that the Boards of Directors authorize the CEO to execute the FY22 IGAs and IGA amendments as listed and for the periods of performance.

BACKGROUND | DISCUSSION | CONSIDERATION

There are a number of IGAs and IGA amendments that require Board approval prior to the start of FY22. The attachment provides a list of the FY22 RPTA required IGAs and renewals.

The IGAs are based on the latest estimates of costs and services funded by each member. IGA changes that are required as a result of service changes in October 2021 and April 2022 will be brought to the Board for approval after the final list of service changes is determined.

COST AND BUDGET

Please see the attached spreadsheet.

COMMITTEE ACTION

RTAG: May 18, 2021 for information

TMC/RMC: June 2, 2021 approved

Boards of Directors: June 17, 2021 for action

CONTACT

Paul Hodgins

Chief Financial Officer

602-523-6043

phodgins@valleymetro.org

ATTACHMENT

Attachment 1 - List of FY22 IGAs

Expense/ Revenue	Member Agency/Jurisdiction Intergovernmental Agreement No.	Brief Description	FY 2021 Amount	FY 2022 Amount	Change from FY 2021 to FY 2022
Expense	AZ Dept. of Environmental Quality	Repayment of Lottery Advance	\$2,000,000	\$0	(\$2,000,000)
PTF Reimbursement	City of Avondale 106-75-2022	ADA Allocations	\$265,905	\$273,885	\$7,980
PTF Reimbursement	City of Avondale 106-75-2022	Fixed Route Transit Services	\$183,200	\$375,674	\$192,474
PTF Reimbursement	City of Avondale 106-75-2022	RideChoice	\$57,966	\$19,109	(\$38,857)
PTF Reimbursement	City of Avondale 106-75-2022	Paratransit	\$139,227	\$206,006	\$66,779
Revenue	City of Avondale 106-75-2022	Fixed Route Transit Services	\$0	\$1,391,682	\$1,391,682
Revenue	City of Buckeye 166-75-2022	Fixed Route Transit Services	\$29,000	\$29,000	\$0
PTF Reimbursement	City of Chandler 118-75-2022	ADA Allocations	\$1,729,000	\$1,689,515	(\$39,485)
PTF Reimbursement	City of Chandler 118-75-2022	Fixed Route Transit Services	\$3,843,438	\$5,501,259	\$1,657,821
PTF Reimbursement	City of Chandler 118-75-2022	Paratransit	\$1,729,000	\$1,689,515	(\$39,485)
Revenue	City of Chandler 118-75-2022	Paratransit	\$149,320	\$104,670	(\$44,650)
Revenue	City of Chandler 118-75-2022	Fixed Route Transit Services	\$1,078,415	\$1,523,879	\$445,464
Revenue	City of Chandler 118-75-2022	RideChoice	\$166,747	\$248,748	\$82,001
PTF Reimbursement	City of El Mirage 121-48-2022	ADA Allocations	\$26,220	\$26,885	\$665
PTF Reimbursement	City of El Mirage 121-48-2022	Paratransit	\$26,220	\$26,885	\$665
Revenue	City of El Mirage 121-48-2022	Paratransit	\$30,904	\$47,583	\$16,679
PTF Reimbursement	City of Glendale 133-75-2022	ADA Allocations	\$759,003	\$780,383	\$21,380
PTF Reimbursement	City of Glendale 133-75-2022	Fixed Route Transit Services	\$2,100,728	\$3,085,020	\$984,292
Revenue	City of Glendale 133-75-2022	Paratransit	\$1,223,522	\$1,335,286	\$111,764

Expense/ Revenue	Member Agency/Jurisdiction Intergovernmental Agreement No.	Brief Description	FY 2021 Amount	FY 2022 Amount	Change from FY 2021 to FY 2022
PTF Reimbursement	City of Goodyear 136-75-2022	ADA Allocations	\$14,155	\$14,535	\$380
PTF Reimbursement	City of Goodyear 136-75-2022	Paratransit	\$14,155	\$14,535	\$380
PTF Reimbursement	City of Goodyear 136-75-2022	Fixed Route Transit Services	\$0	\$34,443	\$34,443
Revenue	City of Goodyear 136-75-2022	Fixed Route Transit Services	\$0	\$194,447	\$194,447
Revenue	City of Goodyear 136-75-2022	Paratransit	\$0	\$110,718	\$110,718
Revenue	City of Goodyear 136-75-2022	RideChoice	\$0	\$22,628	\$22,628
Revenue	City of Mesa 145-75-2022	Paratransit	\$0	0	\$0
PTF Reimbursement	City of Mesa 145-75-2022	ADA Allocations	\$3,760,005	\$3,872,770	\$112,765
PTF Reimbursement	City of Mesa 145-75-2022	Fixed Route Transit Services	\$7,727,489	\$11,175,909	\$3,448,420
PTF Reimbursement	City of Mesa 145-75-2022	Paratransit	\$3,358,256	\$3,337,071	(\$21,185)
PTF Reimbursement	City of Mesa 145-75-2022	RideChoice	\$401,749	\$535,699	\$133,950
Revenue	City of Mesa 145-75-2022	Fixed Route Transit Services	\$2,786,753	\$4,693,748	\$1,906,995
Revenue	City of Mesa 145-75-2022	RideChoice	\$301,516	\$320,307	\$18,791
PTF Reimbursement	City of Peoria 151-75-2022	ADA Allocations	\$241,110	\$247,665	\$6,555
PTF Reimbursement	City of Peoria 151-75-2022	Fixed Route Transit Services	\$999,633	\$1,659,896	\$660,263
PTF Reimbursement	City of Peoria 151-75-2022	Paratransit	\$0	\$0	\$0
Revenue	City of Peoria 151-75-2022	Paratransit	\$510,648	\$811,141	\$300,493
Revenue	City of Peoria 151-75-2022	Fixed Route Transit Services	\$147,442	\$744,443	\$597,001
Expense	City of Phoenix 150638-2022	Fixed Route Transit Services - RPTA Buys	\$5,863,262	\$6,845,417	\$982,155

Expense/ Revenue	Member Agency/Jurisdiction Intergovernmental Agreement No.	Brief Description	FY 2021 Amount	FY 2022 Amount	Change from FY 2021 to FY 2022
PTF Reimbursement	City of Phoenix 143071-2022	Fixed Route Transit Services	\$1,173,356	\$1,688,009	\$514,653
Revenue	City of Phoenix 143071-2022	Fixed Route Transit Services - Phx Buys	\$5,233,911	\$7,750,547	\$2,516,636
Revenue	City of Phoenix 154-55-2022	AZ-2016-017 Section 5310	\$6,797	\$0	(\$6,797)
Rarf Reimbursement	City of Phoenix 155-56-2022	Disparity Study	\$0	\$500,000	\$500,000
PTF Reimbursement	City of Scottsdale 160-75-2022	ADA Allocations	\$1,370,185	\$1,411,320	\$41,135
PTF Reimbursement	City of Scottsdale 160-75-2022	Fixed Route Transit Services	\$2,214,214	\$8,464,735	\$6,250,521
PTF Reimbursement	City of Scottsdale 160-75-2022	Paratransit	\$985,197	\$1,148,874	\$163,677
Revenue	City of Scottsdale 160-75-2022	Paratransit	\$0	\$0	\$0
PTF Reimbursement	City of Scottsdale 160-75-2022	RideChoice	\$246,021	\$178,184	(\$67,837)
PTF Reimbursement	City of Surprise 166-75-2022	ADA Allocations	\$51,395	\$52,820	\$1,425
PTF Reimbursement	City of Surprise 166-75-2022	Paratransit	\$51,395	\$52,820	\$1,425
PTF Reimbursement	City of Surprise 166-75-2022	Fixed Route Transit Services	\$92,217	\$168,119	\$75,902
Revenue	City of Surprise 166-75-2022	Fixed Route Transit Services	\$90,453	\$173,112	\$82,659
Revenue	City of Surprise 166-75-2022	RideChoice	\$468,659	\$439,370	(\$29,289)
Revenue	City of Surprise 166-75-2022	Paratransit	\$349,570	\$128,569	(\$221,001)
Expense	City of Tempe 169-75-2022	EVBO	\$5,813,291	\$6,845,417	\$1,032,126
Revenue	City of Tempe 169-31-2022	Paratransit	\$12,012	\$29,471	\$17,459
Revenue	City of Tempe 169-31-2022	RideChoice	\$243,817	\$247,677	\$3,860
PTF Reimbursement	City of Tempe 169-31-2022	Fixed Route Transit Services	\$4,595,728	\$5,509,035	\$913,307

Expense/ Revenue	Member Agency/Jurisdiction Intergovernmental Agreement No.	Brief Description	FY 2021 Amount	FY 2022 Amount	Change from FY 2021 to FY 2022
Revenue	City of Tempe 169-31-2022	Fixed Route Transit Services	\$11,580,326	\$16,370,788	\$4,790,462
PTF Reimbursement	City of Tempe 169-31-2022	ADA Allocations	\$1,119,955	\$1,153,490	\$33,535
PTF Reimbursement	City of Tempe 169-31-2022	RideChoice	\$39,973	\$0	(\$39,973)
PTF Reimbursement	City of Tempe 169-31-2022	Paratransit	\$1,079,982	\$1,153,490	\$73,508
PTF Reimbursement	City of Tolleson 172-75-2022	ADA Allocations	\$11,115	\$11,495	\$380
PTF Reimbursement	City of Tolleson 172-75-2022	Fixed Route Transit Services	\$205,103	\$317,056	\$111,953
PTF Reimbursement	City of Tolleson 172-75-2022	Paratransit	\$11,115	\$11,495	\$380
Revenue	City of Tolleson 172-75-2022	Paratransit	\$23,565	\$29,382	\$5,817
Revenue	City of Tolleson 172-75-2022	Fixed Route Transit Services	\$174,632	\$357,179	\$182,547
Revenue	City of Tolleson 172-75-2022	RideChoice	\$6,956	\$1,186	(\$5,770)
Revenue	Gila River Indian Community 128-75-2022	Fixed Route Transit Services	\$98,517	\$109,789	\$11,272
Revenue	Maricopa Association of Governments (MAG) #822-2022 AMD 4	Transit Planning Services	\$724,720	\$724,720	\$0
Revenue	Maricopa Association of Governments (MAG) #1025-2022 AMD 2	Regional Rideshare/Telework	\$594,000	\$594,000	\$0
PTF Reimbursement	Maricopa County 215-75-2019-03	Paratransit	\$139,840	\$143,640	\$3,800
Revenue	Maricopa County 215-75-2019-03	RideChoice	\$487,371	\$768,825	\$281,454
Revenue	Maricopa County 215-75-2019-03	Paratransit	\$557,537	\$470,570	(\$86,967)
PTF Reimbursement	Maricopa County 215-75-2019-03	ADA Allocations	\$139,840	\$143,640	\$3,800
Revenue	Maricopa County 215-15-2022	Trip Reduction Expansion	\$370,000	\$356,000	(\$14,000)
Revenue	Maricopa County 215-14-2022	Trip Reduction	\$150,000	\$150,000	\$0

Expense/ Revenue	Member Agency/Jurisdiction Intergovernmental Agreement No.	Brief Description	FY 2021 Amount	FY 2022 Amount	Change from FY 2021 to FY 2022
PTF Reimbursement	Town of Fountain Hills 124-75-2022	ADA Allocations	\$14,535	\$15,800	\$1,265
PTF Reimbursement	Town of Fountain Hills 124-75-2022	Fixed Route Transit Services	\$16,164	\$23,935	\$7,771
PTF Reimbursement	Town of Fountain Hills 124-75-2022	RideChoice	\$9,236	\$10,539	\$1,303
Revenue	Town of Fountain Hills 124-75-2022	RideChoice	\$0	\$0	\$0
Revenue	Town of Fountain Hills 124-75-2022	Fixed Route Transit Services	\$0	\$35,315	\$35,315
PTF Reimbursement	Town of Gilbert 130-75-2022	Fixed Route Transit Services	\$2,515,083	\$3,474,245	\$959,162
PTF Reimbursement	Town of Gilbert 130-75-2022	Paratransit	\$1,290,005	\$1,328,670	\$38,665
Revenue	Town of Gilbert 130-75-2022	Paratransit	\$608,503	\$536,273	(\$72,230)
Revenue	Town of Gilbert 130-75-2022	RideChoice	\$199,740	\$240,639	\$40,899
PTF Reimbursement	Town of Guadalupe 139-75-2022	Fixed Route Transit Services	\$144,188	\$182,742	\$38,554
PTF Reimbursement	Town of Youngtown 172-75-2022	Paratransit	\$1,615	\$1,663	\$48
Revenue	Town of Youngtown 172-75-2022	Paratransit	\$45,972	\$42,790	(\$3,182)



Information Summary

DATE

June 10, 2021

AGENDA ITEM 6**SUBJECT**

Executive Session Action Items

PURPOSE

The Joint Board of Directors may take action related to items discussed as part of the Executive Session.

BACKGROUND | DISCUSSION | CONSIDERATION

None

COST AND BUDGET

None

COMMITTEE PROCESS

None

RECOMMENDATION

The Joint Boards of Directors may take action related to the items discussed as part of Executive Session.

CONTACT

Michael Minnaugh

General Counsel

602-262-7433

mminnaugh@valleymetro.org

ATTACHMENT

None



Information Summary

DATE

June 10, 2021

AGENDA ITEM 7**SUBJECT**

Travel, Expenditures and Solicitations

PURPOSE

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

Non-essential travel has been suspended at this time.

There is no travel to report at this time.

BACKGROUND | DISCUSSION | CONSIDERATION

None

COST AND BUDGET

None

COMMITTEE PROCESS

None

RECOMMENDATION

This item is presented for information only.

CONTACT

Paul Hodgins
Chief Financial Officer
602-262-7433
phodgins@valleymetro.org

ATTACHMENTS

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

Valley Metro
Travel Reimbursement Report
 For Travel Completion Dates
 4/16/20 through 5/15/21

Job Title	Purpose of Travel	Location	Dates Traveled	Total Travel Cost	Airfare	Other Transport	Lodging	Meals	Misc.
	NO TRAVEL REPORTED FOR THIS PERIOD				\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Total this reporting period

\$0.00

Year to Date

\$12,353.58

Report reflects Out of State (AZ) Travel

Valley Metro Regional Public Transportation Authority
Monthly AP Payments over \$25,000
April 21, 2020 to May 20, 2021

Document Number	Name	Transaction Description	Effective Date	Transaction Amount
50655	First Transit, Inc.	March 2021 Fixed Route Bus Service	5/7/2021	5,881,202.40
50696	City of Tempe	March 2021 EVBOM Lease Agreement O&M and Fuel	5/14/2021	4,359,969.00
50693	City of Phoenix	Distribution of FY21 AZ Lottery Funds	5/14/2021	4,220,195.00
50619	City of Phoenix	PTF Reimb. for Bus Acquisitions	4/30/2021	2,919,002.88
50691	City of Mesa	Distribution of FY21 AZ Lottery Funds	5/14/2021	1,281,570.00
50638	Transdev Services, Inc	March 2021 Paratransit Services	4/30/2021	1,106,009.49
50619	City of Phoenix	April 2021 FR Bus Service, DAR, FR Svc Op Supp	4/30/2021	1,077,317.43
50687	City of Chandler, MS 412 Transit Services	Distribution of FY21 AZ Lottery Funds	5/14/2021	673,598.00
50689	City of Glendale	Distribution of FY21 AZ Lottery Funds	5/14/2021	649,019.00
50717	Town of Gilbert	Distribution of FY21 AZ Lottery Funds	5/14/2021	642,587.00
50694	City of Scottsdale, Remittance Processing	Distribution of FY21 AZ Lottery Funds	5/14/2021	641,606.00
50640	ADP, LLC	PPE 5-2-21 Wages Payable - Reverse Wire	5/7/2021	639,711.59
50583	ADP, LLC	PPE 4/18/21 Wages Payable - Reverse Wire	4/23/2021	638,354.34
50696	City of Tempe	Distribution of FY21 AZ Lottery Funds	5/14/2021	477,702.00
50692	City of Peoria	Distribution of FY21 AZ Lottery Funds	5/14/2021	445,245.00
50607	New Flyer of America, Inc.	6874 New Flyer SR-2546 XD40 Coach	4/23/2021	423,119.38
50607	New Flyer of America, Inc.	6875 New Flyer SR-2546 XD40 Coach	4/23/2021	423,119.38
50607	New Flyer of America, Inc.	6876 New Flyer SR-2546 XD40 Coach	4/23/2021	423,119.38
50607	New Flyer of America, Inc.	6877 New Flyer SR-2546 XD40 Coach	4/23/2021	423,119.38
50613	Total Transit Enterprises, LLC	March 2021 West Valley Fixed Route Transit Services	4/23/2021	403,058.78
50695	City of Surprise	Distribution of FY21 AZ Lottery Funds	5/14/2021	347,127.00
50583	ADP, LLC	PPE 4/18/21 Federal, State, SS/Med EE/ER Tax - ACH	4/23/2021	254,334.42
50640	ADP, LLC	PPE 5-2-21 Federal, State, SS/Med EE/ER Tax - ACH	5/7/2021	251,715.25
50685	City of Avondale	Distribution of FY21 AZ Lottery Funds	5/14/2021	218,360.00
50678	American Logistics Company, LLC	Feb. 2021 ALC/Ride Choice Program	5/14/2021	208,434.54
50690	City of Goodyear	Distribution of FY21 AZ Lottery Funds	5/14/2021	207,573.00
50686	City of Buckeye	Distribution of FY21 AZ Lottery Funds	5/14/2021	171,831.00
50598	Denovo Ventures, LLC	Milestones 6 & 10-Business Process Assessment Report and Delivery of Data Templates & Data Consulting Session	4/23/2021	158,695.00
50644	ASRS	PPE 5-2-21 ASRS Contributions Employee	5/7/2021	120,591.76
50644	ASRS	PPE 5-2-21 ASRS Contributions Employer	5/7/2021	120,591.76
50588	ASRS	PPE 4/18/21 ASR Contributions Employer	4/23/2021	120,250.59
50588	ASRS	PPE 4/18/21 ASRS Contributions Employee	4/23/2021	120,250.59

Valley Metro Regional Public Transportation Authority
Monthly AP Payments over \$25,000
April 21, 2020 to May 20, 2021

Document Number	Name	Transaction Description	Effective Date	Transaction Amount
50708	Medical Transportation Management, Inc.	March 2021 Medical Transportation Management	5/14/2021	95,918.79
50688	City of El Mirage	Distribution of FY21 AZ Lottery Funds	5/14/2021	92,467.00
50670	QCM Technologies, Inc.	Consulting Level II Install/Implementation	5/7/2021	85,442.86
50713	Second Generation, Inc, dba Ajo Transportation	April 2021 Rural Connector Route	5/14/2021	69,121.97
50596	Creative Bus Sales Inc.	801 - 2021 Starcraft Starlite 20 Cutaway White	4/23/2021	67,511.00
50596	Creative Bus Sales Inc.	804 - 2021 Starcraft Starlite 20 Cutaway White	4/23/2021	67,511.00
50596	Creative Bus Sales Inc.	806 - 2021 Starcraft Starlite 20 Cutaway White	4/23/2021	67,511.00
50596	Creative Bus Sales Inc.	808 - 2021 Starcraft Starlite 20 Cutaway White	4/23/2021	67,511.00
50596	Creative Bus Sales Inc.	810 - 2021 Starcraft Starlite 20 Cutaway White	4/23/2021	67,511.00
50596	Creative Bus Sales Inc.	811 - 2021 Starcraft Starlite 20 Cutaway White	4/23/2021	67,511.00
50596	Creative Bus Sales Inc.	813 - 2021 Starcraft Starlite 20 Cutaway White	4/23/2021	67,511.00
50596	Creative Bus Sales Inc.	816 - 2021 Starcraft Starlite 20 Cutaway White	4/23/2021	67,511.00
50651	Complete Coach Works	Purchase and Installation of Driver Barriers in Buses (10)	5/7/2021	64,648.98
R20210430W002	City of Mesa	April 2021 Utilities	4/30/2021	60,900.66
50620	CopperPoint Insurance Company	May 2021 Mobility and Call Centers Rent	4/30/2021	55,018.35
50633	Plante & Moran, PLLC	Feb. 2021 Consultant Services-ERP System	4/30/2021	50,095.00
50646	CDW Government LLC	Tenable io Vulnerability Management Subscription	5/7/2021	49,620.63
50646	CDW Government LLC	Keboola Renewal (3/1/21 to 2/28/22)	5/7/2021	48,697.10
50612	Senergy Petroleum, LLC	West Valley Diesel Fuel	4/23/2021	47,079.88
50599	Dye Management Group, Inc.	March 2021 Transit Asset Management Consultant	4/23/2021	39,879.00
50649	Cintas Phoenix Fire Protection	Fire Alarm Installation and Connection of 5 Buildings	5/7/2021	38,121.00
50719	Town of Paradise Valley	Distribution of FY21 AZ Lottery Funds	5/14/2021	37,737.00
20210515W015	Wells Fargo Bank	April 2021 Credit Card Transactions	5/15/2021	34,972.96
50664	Mosaic451, LLC	March 2021 Managed Security Services	5/7/2021	34,600.00
50657	Guidesoft Inc.	Onsite Desktop Support - Weeks Ending 3/28 and 4/4/21	5/7/2021	30,421.44
50635	Senergy Petroleum, LLC	Bulk Fuel for Gilbert Fuel Tank	4/30/2021	27,631.14
				31,550,842.10

Valley Metro Rail, Inc.
Monthly AP Payments over \$25,000
April 21, 2021 to May 20, 2021

Document Number	Name	Transaction Description	Effective Date	Transaction Amount
041016	Kiewit-McCarthy, a Joint Venture (NWE2)	Oct 20-Feb 21 NW Extension 2 Project	5/14/2021	23,908,462.53
041015	Kiewit Infrastructure West Co.	Feb 2021 S Central Extension Project	5/14/2021	20,500,144.16
040969	Hensel Phelps Construction Co	March 2021 OMC Expansion Project	5/7/2021	2,213,810.00
040885	Hill International, Inc.	Jan 2021 Program Management	4/23/2021	913,477.55
040916	Allied Universal Security Services	March 2021 Fare Inspection and Security Services	4/30/2021	666,717.29
040970	Jacobs Engineering	March 2021 NW Extension 2	5/7/2021	410,445.64
040939	Salt River Project - Construction Fees	S Central Non-prior Right Utilities	4/30/2021	397,478.93
040905	Salt River Project - Construction Fees	NW Extension 2 Utilities	4/23/2021	334,844.00
040927	DMS - Facility Services, Inc.	March 2021 Facilities and LRV Cleaning Services	4/30/2021	216,257.78
040896	PGH Wong Engineering, Inc.	Feb 2021 S Central Extension Systems Design	4/23/2021	174,634.64
040902	Salt River Project - Construction Fees	NW Extension 2 SRP Transmission Utility Relocation	4/23/2021	173,171.76
040913	101 North First Ave LLC	May 2021 101 Bldg Rent	4/30/2021	165,832.12
040954	ARCADIS	March 2021 Consulting Support Services	5/7/2021	154,814.94
040925	Dell Marketing L.P.	Rugged Tablets	4/30/2021	149,012.40
V20210430W	APS	April 2021 Utilities	4/30/2021	147,664.93
040927	DMS - Facility Services, Inc.	March 2021 Disinfection and PPE Supplies	4/30/2021	142,849.51
040901	Salt River Project - Construction Fees	NW Extension 2 Transmission Utility Rlocation	4/23/2021	134,721.60
040941	Salt River Project - Construction Fees	S Central T3094839	4/30/2021	103,753.58
041010	Dell Marketing L.P.	Battery Packs	5/14/2021	100,911.66
040907	Siemens Mobility, Inc.	LRV Propulsion Circuit Boards	4/23/2021	90,959.58
040937	Salt River Project - Construction Fees	S Central T3062971	4/30/2021	87,159.27
040927	DMS - Facility Services, Inc.	March 2021 Facility Maintenance Services	4/30/2021	70,092.95
V20210430W021	SRP	April 2021 Utilities	4/30/2021	69,497.66
040867	ARCADIS	Feb 2021 Consulting Support Services	4/23/2021	47,915.07
040926	Dellner Inc.	LRV Coupler Overhaul	4/30/2021	42,996.00
040896	PGH Wong Engineering, Inc.	Feb 2021 NW Extension 2	4/23/2021	42,583.69
040974	Knorr Brake Corporation (KBC)	LRV Friction Brake Overhaul	5/7/2021	42,386.09
040888	Knorr Brake Corporation (KBC)	LRV Friction Brake Overhaul	4/23/2021	41,867.37
040992	URW, LLC	March 2021 Landscape Maintenance Services	5/7/2021	37,181.33
041021	Sanderson Ford, Inc.	2021 Ford Explorer 1FMSK7BH9MG821620	5/14/2021	33,777.60
040869	Award Winning Restorations	Repair of LRV 110B	4/23/2021	27,383.75
				51,642,805.38



Procurement Report for June Board Month

RECENTLY COMPLETED PROCUREMENTS

Contract Administrator	Agency	Procurement Type	Procurement Title	FTA Funding	Release Date	Proposal Due Date	Targeted Board Award Date	Estimated Contract Value	Term of Contract	Comments
Ed N	Joint	RFP	Customer Service Network	No	February 2020	May 2020	March 2021	\$24,166,000.00	5 years + 3 yr + 2 yr	Executed

ACTIVE PROCUREMENTS

Contract Administrator	Agency	Procurement Type	Procurement Title	FTA Funding	Release Date	Proposal Due Date	Targeted Board Award Date	Estimated Contract Value	Term of Contract	Comments
Barb H	VMR	Sole Source	LRV Repair Costs from Derailment Accident	No	N/A	N/A	June 2021	\$1,162,867.00	N/A	Pending Board Approval
Barb H/Kianie K	VMR	Sole Source	OMC Replenish Inventory Parts (59)	No	March 2021	April 2021	June 2021	\$3,398,000.00	3 years	Solicitation Issued
Barb H/Kianie K	VMR	Sole Source	KI-LRV Midlife Overhaul Parts (11)	Yes	May 2021	June 2021	August 2021	TBD	1 years +1 option	Initiating Documents
Rick W	RPTA	RFP	CNG Facility Maintenance	No	November 2020	January 2021	April 2021	\$2,300,000.00	5 year + 2 options	Initiating Documents
Rick W	Joint	RFP	Fare Inspection and Security Services	No	October 2020	December 2020	April 2021	\$56,113,000.00	3 year + 2 options	Initiating Documents
Kianie K	Joint	COOP	IT Professional Services	No	N/A	N/A	May 2021	\$7,647,500.00	5 Years	Pending Board Approval
Kianie K	Joint	COOP	IT Software Subscriptions and Maintenance Agreements	No	N/A	N/A	May 2021	\$544,800.00	2 Years	Pending Board Approval
Kianie K	Joint	RFP	Printing Services	No	May 2021	June 2021	August 2021	TBD	3 year + 2 options	SOW Development

FUTURE PROCUREMENTS

Contract Administrator	Agency	Procurement Type	Procurement Title	FTA Funding	Release Date	Proposal Due Date	Targeted Board Award Date	Estimated Contract Value	Term of Contract	Comments
Barb H	VMR	Sole Source	SCV Managed Inventory Program	No	N/A	N/A	TBD	TBD	5 years	SOW Development
Barb H	VMR	IFB	LRV Electrical Repair	No	TBD	TBD	TBD	TBD	TBD	SOW Development
Rick W	VMR	IFB	OMC Midlife Flooring Replacement	No	TBD	TBD	TBD	TBD	TBD	SOW Development
Sheila H	VMR	TBD	Rail Testing	TBD	TBD	TBD	TBD	TBD	TBD	SOW Development
Ed N	VMR	RFQ	Community Relations Support Services	Yes	TBD	TBD	TBD	TBD	5 years + Options	SOW Development
Ed N	VMR	RFQ	Planning Support Services	Yes	TBD	TBD	TBD	TBD	5 years + Options	SOW Development
Susanna	Joint	RFP	Regional ADA Paratransit Services Operations & Maintenance	Yes	July 2021	TBD	July 2022	TBD	TBD	SOW Development
Susanna	Joint	RFP	Centralized Call Center for Regional ADA Paratransit Services & RideChoice	TBD	July 2021	TBD	July 2022	TBD	TBD	SOW Development
Kianie K	TBD	RFP	Autonomous Vehicle	TBD	TBD	TBD	TBD	TBD	TBD	SOW Development

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



Information Summary

DATE

June 10, 2021

AGENDA ITEM 8**SUBJECT**

Future Agenda Items Request and Report on Current Events

PURPOSE

Chairs Edwards and Heredia will request future agenda items from members, and members may provide a report on current events.

COST AND BUDGET

None

RECOMMENDATION

This item is presented for information only.

BACKGROUND/DISCUSSION/CONSIDERATION

None

COMMITTEE PROCESS

None

CONTACT

Scott Smith
Chief Executive Officer
602-262-7433
ssmith@valleymetro.org

ATTACHMENT

None.

Pending Items Request

Item Requested	Date Requested	Planned Follow-up Date



Agenda

June 10, 2021

Valley Metro RPTA
Thursday, June 17, 2021
Webex/Phone
11:15 a.m.

Action Recommended

1. Public Comment

1. For Information

Public comment is being taken in written format and will be entered into the official minutes of the meeting.

CONSENT AGENDA

2A. Minutes

2A. For action

Minutes from the May 20, 2021 Board meeting are presented for approval.

2B. Intergovernmental Agreement (IGA) with the City of Phoenix for Reimbursement of Capital Projects

2B. For action

Staff recommends that the Board of Directors authorize the CEO to execute the IGA for Reimbursement of Capital Projects with the City of Phoenix.

2C. Authorization to Issue a Competitive Solicitation to Replace CNG Gas Detection System

2C. For action

Staff recommends that the Board of Directors authorize the CEO to issue a competitive solicitation to replace the CNG Gas Detection System at the Mesa Bus Operations and Maintenance (MBOM) Facility.



REGULAR AGENDA

3. Valley Metro RPTA Fiscal Year 2022 (FY22) Proposed Operating and Capital Budget and Five-Year Operating Forecast and Capital Program (FY22 through FY26) 3. For action

Staff recommends that the Board of Directors approve the Fiscal Year 2022 Proposed Operating and Capital Budget and for acceptance the FY22-26 Five-Year Operating and Capital Forecast.

4. Proposed Fare Policy Changes 4. For information

Staff will review the proposed fare policy changes in anticipation of public outreach activities.

5. 2021 Transit Life Cycle Program - Bus Update 5. For information

Staff will present the draft 2021 TLCP Bus Update for information.

6. FY22-26 Short Range Transit Program 6. For information

Staff will provide an update on the FY22-26 Short Range Transit Program (SRTP) report.

7. Fiscal Year 2022 (FY22) Election of Valley Metro RPTA Board Officers and Subcommittee Positions 7. For action

The Board will elect Board officers and Board subcommittee positions for FY 2022.

8. Future Agenda Items Request and Report on Current Events 8. For information

Chair Edwards will request future agenda items from members, and members may provide a report on current events.

9. Next Meeting 9. For information

The next Board meeting is scheduled for **Thursday, August 19, 2021 at 11:15 a.m.**



If a Board Member is unable to attend, state law allows the municipality or the county to designate an alternate elected official, and only an elected official, to participate. City and county staff or other unelected individuals cannot be designated as an alternate to represent an elected official or perform functions in a Board member's place.

Qualified sign language interpreters are available with 72 hours notice. Materials in alternative formats (large print or flash drive) are available upon request. For further information, please call Valley Metro at 602-262-7433 or TTY at 602-251-2039. To attend this meeting via teleconference, contact the receptionist at 602-262-7433 for the dial-in-information. The supporting information for this agenda can be found on our web site at www.valleymetro.org



Information Summary

DATE

June 10, 2021

AGENDA ITEM 1**SUBJECT**

Public Comment

PURPOSE

Public comment is being taken in written format and will be entered into the official minutes of the meeting.

COST AND BUDGET

None

RECOMMENDATION

This item is presented for information.

BACKGROUND | DISCUSSION | CONSIDERATION

None

COMMITTEE PROCESS

None

CONTACT

Scott Smith
Chief Executive Officer
602-262-7433
ssmith@valleymetro.org

ATTACHMENT

None



Minutes

June 10, 2021

AGENDA ITEM 2A

Board of Directors

June 17, 2021

Via Webex/Phone

11:15 a.m.

RPTA Meeting Participants

Councilmember Jon Edwards, City of Peoria (**Chair**) (phone)
Councilmember Francisco Heredia, City of Mesa (**Vice Chair**) (phone)
Mayor Kate Gallego, City of Phoenix (**Treasurer**) (phone)
Vice Mayor Veronica Malone, City of Avondale (phone)
Councilmember Clay Goodman, City of Buckeye
Mayor Kevin Hartke, City of Chandler (phone)
Vice Mayor Monica Dorcey, City of El Mirage (phone)
Councilmember Mike Scharnow, Town of Fountain Hills (phone)
Councilmember Lauren Tolmachoff, City of Glendale (phone)
Councilmember Jared L. Taylor, Town of Gilbert (phone)
Vice Mayor Bill Stipp, City of Goodyear (phone)
Supervisor Jack Sellers, Maricopa County (phone)
Councilmember Jon Edwards, City of Peoria (phone)
Councilmember Jeff Brown, Town of Queen Creek (phone)
Mayor David Ortega, City of Scottsdale (phone)
Councilmember Roland F. Winters Jr., City of Surprise (phone)
Councilmember Robin Arredondo-Savage, City of Tempe (phone)
Councilmember Linda Laborin, City of Tolleson (phone)
Mayor Michael LeVault, Town of Youngtown (phone)
Mayor Rui Pereira, Town of Wickenburg (phone)

Chair Edwards called the RPTA meeting to order at 12:16 p.m.

1. Public Comment

No public comment was received.

2. Minutes

Chair Edwards said the minutes from the April 22, 2021 Board meeting are presented for approval.

IT WAS MOVED BY MAYOR HARTKE, SECONDED BY COUNCILMEMBER GAMEZ AND UNANIMOUSLY CARRIED TO APPROVE THE APRIL 22, 2021 BOARD MEETING MINUTES.



3. Valley Metro RPTA Fiscal Year 2022 (FY22) Proposed Operating and Capital Budget and Five-Year Operating

Chair Edwards said the next item is the proposed budget. Mr. Smith.

Mr. Smith said thank you, Mr. Chair and thank you to all of you who participated and thank you, Chair, for bringing everyone together for a workshop last week. I will now turn it over to Paul Hodgins, our CFO, and to Tyler Olson, our Budget Director, who will update you on the budget and answer any questions you might have. Paul.

Mr. Hodgins said thank you, Mr. Smith. Mr. Chair, members of the Board, our FY22 operating and capital budget has been developed over the last eight months with a lot of assistance from your staff and particularly, the Audit and Finance Subcommittee and I would certainly like to thank all of them, the Subcommittee, and your staff for their efforts to bring this budget to the Board. I'd also like to thank all of the Board members for their participation and their input in the two budget study sessions that we have held this year. Your input has been valuable in helping us to shape the budget. Lastly, I would like to thank Tyler Olson and his team for all their hard work in the development of the budget and in putting together the budget books that are online and available. I think they are excellent documents.

This budget has been prepared with, I believe, conservative revenue assumptions and we believe these to be reasonable and achievable for next year. The operating budget that we are presenting is focused on passenger service with approximately 88% of our operating budget focused on fixed route bus, paratransit, Ride Choice, and van pool services. Additionally, about 8% of the budget is for what we call regional services which provides all of the support to the passengers, our call center, our Mobility Center, regional marketing that provides signage, wayfinding, the website and things of that nature. Our capital budget is developed to meet our regional fleet needs primarily and to support all of the capital projects and Prop 400.

If I could before I get into the details a little bit, I know we have some new Board members. I just wanted to explain a little bit about prop 400 and our transit lifecycle program and how this budget fits into the TLCP. So, back in 2004 when Prop 400 passed, transit was one of the three modes and one of the requirements for all of those modes was to create a budget system that ensured that over the life of the tax, the 20-year tax, revenues and expenditures were balanced. Those are known as the Lifecycle Program so ours would be the Transit Lifecycle Program or TLCP. If you are at MAG, you will also hear about the Arterial Lifecycle Program and the Freeway Lifecycle Program.

As it stands right now, we are just over 15 years into the Prop 400 tax so 15 years behind us and we have about 5 years left. Part of that budgeting exercise, the financial model that we developed to ensure -- as I said, it is to ensure that our operating costs, the services that we are funding are sustainable so that we don't operate in a deficit in any of the years between now and the end of Prop 400. It also ensures that



programming of our capital needs whether it's fleet replacement or expansion or any facility construction can be funded through the life of the tax.

So, as part of that, we do have ebbs and flows in our revenues and our fund balance which, typically, get programmed out for the remainder of the Prop 400. So, just a little bit of context that our budget is largely driven by projects that are in Prop 400 that were approved.

So, with that, Mr. Chair, I will talk a little bit -- as I mentioned, this is a little bit of the schedule that we have been through. We have been working on this really since September, working with your staff, working with the -- through the Financial Working Group and working with the Audit and Finance Subcommittee. We have had a couple of budget study sessions with the Board, and we are working now looking for the Board to adopt the budget for fiscal '22.

Just wanted to start to highlight a couple of the changes. We went through the budget in March with the Board so a couple of the changes that we have made since then. We are using ADOT's official forecast for fiscal '22 which is \$178.2 million. Just as a side note, we got our April revenues this past, I think, last week. We are on track to actually receive at least \$180 million in fiscal '21. So, our revenue forecast of \$178 million using the ADOT forecast, we believe is fairly, conservative. It will likely be a little bit higher based on the experience we have seen this year.

A couple other changes from the version we saw in March. Changes to the operating budget. We had some updated estimates from the City of Phoenix for fixed route service we purchase from them. The cost increased by about \$1.1 million. On the flip side, it's not noted on the slide, but they did include approximately, I think, it is \$4.5 million in CRRSSA funds some of the federal COVID relief that more than offsets that increase so it really represents a decrease in the Prop 400 funds needed to support those services. Likewise with the paratransit service, the ADA services that we reimburse the City of Phoenix, they included the CRRSSA funds so that decreased the cost by about \$4 million.

On the capital side, the fare collection system, we moved from what we call member agency disbursements, this is a category where we reimburse cities who are implementing Prop 400 projects. We moved that into other regional projects just to give it a little more regional visibility in our budget because it is an important project for the region. And the other item was that we reduced the capital needs for Prop 400 funds that we pass to Valley Metro Rail just due to some of the timing of our capital construction on the Valley Metro Rail side.

So, just a quick high-level look at the changes in the use of funds on the operating budget. You can see those couple of changes. Overall, it's about a \$2.8 million decrease from what you saw in March. And then same, on the next slide, the same for the capital, a couple of minor adjustments to the numbers. Overall, it's a very slight



decrease from what -- excuse me, a slight increase from what you saw in March about \$132.6.

I would like to pause on this slide for just a second. I think the passthroughs to Valley Metro Rail here kind of highlight some of the questions about fund balance and how that gets programmed. So, just to use rail construction as an example. As I mentioned, there are Prop 400 projects include some light rail constructions. RPTA receives those funds and we distribute them or excuse me, disburse them to Valley Metro Rail as the construction progresses. So, in this case, what we are looking at for May, excuse me, for the fiscal '22, what you will see in the version today is we are actually putting aside about \$18 million from the Prop 400 revenues so we are only passing through about \$40 million. So, that adds to the fund balance, but as we continue in our construction of South Central / Downtown Hub and Northwest Phase II, that fund balance will get drawn down to support the construction. So, it's all programmed through the Transit Lifecycle program to be used and drawn down by 2025, 2026.

So, now, just to provide some comparison between our currently adopted fiscal '21 budget and fiscal '22, a couple things to highlight. We do not have the American Rescue Plan funds in the budget at this point. We expect MAG Regional Council to approve that allocation next week at their meeting and you will see in our June Board meeting there will be some discussion about the Transit Lifecycle Program, a lot more detail than the overview I have given today and some discussion about the American Rescue Plan funds and how they can be used to support the TLCP. Not having them in the budget right now does not impact the expenditures that we are asking you to approve. It will impact the use of our public transportation funds which are Prop 400 and also the level of funding from the cities that you see under Transit Service Agreements. So, that would just reduce those needs when we do get those American Rescue Plan funds.

The other thing I will highlight is fare revenues. We are anticipating about 4.5 million. Just for a little context, our fare revenues in fiscal '19 which was the last full fiscal year before the pandemic, our fare revenues were just over \$10 million so we are still at less than half, projecting less than half of the fare revenues for next fiscal year as we return to front-door boarding. And we have estimated kind of a slow return of ridership over the next five years which we will talk about on our five-year plan. So, again, a conservative estimate on our fare revenues here.

Looking at the uses of funds. As I mentioned focused mainly on service, those top three lines of \$167 million operating budget, \$108 million roughly is for our bus service, \$38 million for paratransit and Ride Choice, and then \$1 million for van pool. When we look at some of the internal costs, our planning, our administration and finance and then the regional services, we have held those fairly flat or even a decrease from the fiscal '21 budget.

Looking at what we call our passthrough funds. We get some funds that we manage on behalf of either the cities or Valley Metro Rail. An example would be the lottery funds.



We receive about \$11.2 million from the Arizona Lottery to support public transportation. And on the uses you can see they get distributed right out. We send them out to the cities and to the towns and to the county to support local public transportation uses. The VMR reimbursements is strictly related to personnel costs on behalf of Valley Metro Rail that we pay for. They reimburse us 100% of salaries, wages, fringes, and overhead related to that staffing.

Looking at sources of funds for capital. The main sources here are the Prop 400, public transportation funds. As I mentioned, our capital program is all developed as part of Prop 400 and managed in the Transit Lifecycle Program. We also rely heavily on federal funds to support the capital program and in this case, you see the carry forwards and reserves. We do anticipate using about \$6 million of our fund balance to support RPTA's capital program. So, overall, just about \$74 million.

On the uses, primarily regional fleet. \$38 million -- aside from debt service which is about \$24 million. As I mentioned, some regional facilities, some other regional projects, the member agency disbursements are primarily projects that the -- Prop 400 projects that the cities are implementing which we reimburse those Prop 400 funds. So, that is a high-level overview of our fiscal '22 operating and capital budget. I would be happy to answer any questions about that. If there are no questions, I will move on to our five-year forecast.

Mayor Gallego said Paul, just wanted to confirm that the allocation for the federal ARPA funds will come back to the Board after it goes to Management Committee before we make a final decision.

Mr. Hodgins said Mayor, that is correct. We are having those discussions as part of our Transit Lifecycle Program which will, ultimately, come to the Board for approval.

Mayor Gallego said thank you so much, Paul. That's it for me.

Vice Mayor Stipp said Paul, how does the West Valley issue that we talked about at the start of the meeting? How does that influence the budget?

Mr. Hodgins said Vice Mayor, those costs -- changes are not included in the budget. We do have some contingency that would be available to cover that on the expenditure side once we resolve kind of what the issues are and have the meetings with the cities and to -- agree to a path forward. We will have to look at if the contingency is enough to cover that. If not, then with -- we certainly would look at making other adjustments into the budget to accommodate whatever those changes are.

Vice Mayor Stipp said and where do we see those contingencies in the budget? Are they in the reserves or are they somewhere else?

Mr. Hodgins said there is a contingency in -- we put it in our administration and finance area, but it's about \$500,000, but it's -- even though, we call it admin and finance, it's a



contingency for the full budget. So, I think, if you were to look at the full budget document, it would be kind of in the administration and finance area.

Vice Mayor Stipp said okay. Thank you.

Mr. Chair said any other questions? Okay, Paul.

Mr. Hodgins said thank you. So, just a quick overview of some of the assumptions on our five-year operating plan. In association with the transit lifecycle program, we also develop a short-range transit program which is a five-year look that looks not only at the Prop 400 projects, but looks at what the cities are doing so that we can develop service changes in a coordinated effort across the region.

So, the service changes that have been identified in the most recent short-range transit program are included in our five-year operating forecast and you will see that short range transit program at the June Board meeting.

For our demand services, paratransit and Ride Choice, we have forecasted to increase the trips by, approximately, 3% per year beginning with fiscal '22 as our base. And as I mentioned with fare revenue, we are looking at a gradual recovery of ridership and fare revenue. We don't expect to get back to our pre-COVID fare and ridership levels until probably fiscal '25, perhaps, fiscal '26. So, again, more of a conservative approach to those revenues on the five-year program.

Our federal preventative maintenance, this is a program that the federal government, the FTA, has to support some of our operating costs, our maintenance costs in our operating budget. So, we have moderate increases based on how MAG has programmed federal PM in the transportation improvement program.

Just again, looking at some of the assumptions, this looks at our ridership for the service that we operate, the RPTA fixed route and then service that Phoenix operates on our behalf that's Prop 400 funded. We have an estimate of, again, a gradual return to ridership, our pre-COVID numbers were -- for RPTA fixed route service were probably around \$11 or \$12 million so again, some -- we don't anticipate getting back until somewhere around '25, '26.

And then some average fares down at the bottom, you will see in fiscal '24, we do anticipate that average fare to jump up as we implement our -- our new fare collection system is fully implemented and in place with all the additional controls that we will have over the reduced fare and additional fare payments options for all of our passengers. Just looking at the miles of service, you will see on the RPTA fixed route, there are some changes. That reflects what some of those short-range transit program changes are. And then estimated cost per mile for both the service we operate and the service that we pay Phoenix to operate for us.

And then on the paratransit as I mentioned, generally, a 3% growth in our paratransit and Ride Choice. You will not that the cost per trip for Ride Choice is significantly



lower. That is one program that we have really been encouraging passengers to use and part of our scope of work for the next generation contract, if you will, for paratransit and Ride Choice will include some options to have a joint call center so we can identify which trips are best served by Ride Choice to try to help bring down some of the costs of the program, overall, because that Ride Choice cost is so much less than our paratransit.

So, just a quick snapshot, the five-year total of what we're looking at is about a \$1.1 billion program. Almost \$600 million in fixed route operations and almost \$220 million for demand service, about \$83 million for our regional services, and then some passthroughs to Valley Metro Rail.

On the capital forecast, again, largely, fleet related as part of the TLPC as we manage our regional fleet. About \$102 million for our bus fleet over the period. We do have some expansion buses programmed tentatively as part of the short-range plan. If we don't expand service, we certainly wouldn't buy them, but it's not a large number there. The van pool fleet we do have a significant number of expansions as we hope that that program gets back to growth mode. Adding the Palo Verde certainly will help there. But again, if we are not expanding at that rate, we certainly wouldn't buy the vehicles. Paratransit fleet about \$8.6 million, largely as we replace our current fleet and replace the current contractor-owned fleet for our paratransit services. And then several facilities and equipment, \$13.5 million supporting a couple of our Park and Rides, some bus stops, our fare collection system, and our bus facilities.

So, overall, about a \$705 million five-year capital forecast. Largely, funded with our Prop 400 and federal funds.

With that, Mr. Chair, just a recap of the steps we have taken to get this far. It's been a long process. Again, I want to thank everybody for all of their input. And our last slide is we have a recommendation. We do ask that the Board approve our fiscal year 2022 proposed operating and capital budget and accept our five-year forecast. And with that, I'd be happy to answer any further questions, Mr. Chair.

Chair Edwards said thank you so much, Paul. Appreciate it. Are there any questions or comments? Okay.

Vice Mayor Stipp said so Paul, we went back to the overall budget increase is about 4% for RPTA and that includes some service reductions and I'm still having trouble finding out how those two things balance out.

Mr. Hodgins said Vice Mayor, yeah, there are some service reductions primarily in the City of Tempe, but there are also some cost increases that we didn't anticipate as I mentioned, our -- what we purchase from the City of Phoenix was increased about \$1.1 million that we hadn't anticipated. We also added about \$1.2 million in facility state of good repair for the Tempe facility that we will reimburse the City of Tempe for that was not anticipated. Fortunately, that's just -- working with Tempe staff, that's a one year,



you know, that's just a next year deal for the \$1.2 million to do some of those state of good repair maintenance items. So, we anticipate that in fiscal '23 that facility maintenance number would come back down. So, it's just a couple of items that we hadn't anticipated that are driving that growth.

Vice Mayor Stipp said you know, I think based on some of the conversations that we have had at AFS about, you know, holding the -- holding the size of Valley Metro in check for at least this upcoming fiscal year, we were supposed to hear on June 3rd at the next AFS meeting. And I guess, I want to hear from the other Board members, there was a lot of concern last week about sustainability, et cetera, about this and I don't know if their questions have been answered or not and I don't know that all of AFS's questions have been answered so I'm kind of curious to hear from the rest of the Board what their thoughts are on this going forward whether we do this today or we wait until June.

Councilmember Arredondo-Savage said yeah. You know what? I just kind of want to piggy back on what Bill said just a little bit in regards to AFS and some of the questions that we have asked and I would say, I, as the Chair don't feel like we have them all completely answered and would certainly love the opportunity for us to have our June meeting to clarify some of those things especially really work through that reserve account and how that works so we completely understand exactly what that looks like, the history, the trends of the reserve amount and what that expectation is and also the incorporation of the previous five-year forecast. We see the five-year forecast from here on out, but we really haven't seen the comparison of the previous five-year forecast and I think that's super important.

And another thing that we had talked about too and we have actually asked, it's been on the -- our agenda and, continually, gets pushed back was the request to see that 5 and 10% budget cut scenarios and it's finally actually coming back to us on -- in June. So, I certainly would love the opportunity to hear a little bit more and incorporate some of our thoughts and processes within our recommendation to the Board. But that's my two cents and I would ask AFS if any of the other Board members have any thoughts.

Councilmember Tolmachoff said okay. I didn't know if I was interrupting somebody. There is a little feedback. I am supportive of -- especially because there's two people who, you know, are on AFS that have asked some pretty technical questions and I know it was relatively early on, I think, when the request was made to at least have a look at what the budget would look like with those reductions, but without reducing service just so we would have a frame of reference for what would it look like not to say that that's where the Board is going to go, but we don't have that information yet. So, I would be supportive of -- I don't know if Bill was making a motion, but I would be supportive of, you know, moving it -- moving things back until we have all the information, have had an opportunity to review everything. There's no problem at least maybe now I'm asking a question. Is there a problem with delaying adoption of this budget until the June meeting? That's a question for somebody.



Chair Edwards said so, Scott, is there a problem if we were to delay this to the June meeting of adopting a budget not today?

Mr. Smith said technically, there is not a problem because our budget is effective July 1. I'll ask Paul anything, but I also want to -- and while I appreciate and respect the questions that have come up and they have come up, I also want to make sure our expectations are in line with our reality. As Paul said in the beginning, nearly 90% of our costs are based on the operation of fixed route of service which is defined by competitively bid and negotiated contracts with our providers. And so, you know, that 5 and 10% has been prepared and has been shared with many of your staff. I know we haven't been able to do that to give a formal presentation to AFS, but it was actually brought up by one member of the AFS and we have shared that.

And just to give you an overview on that, it will come through. And I will give Paul some kudos is that he actually has reduced the budget from the initial numbers you heard back in October, November, the budget is already been reduced almost 5% so that really is -- that's your scenario that you're looking at now is a 5%.

Just frankly, a 10% reduction to the budget, I think, the second side of that question was could we reduce the budget by 10% and not impact service? And the straight answer is -- becomes a mathematic program and that situation is no. The only way to do that is to -- is to lay off people, reduce staff. And I want to make sure I remind the Board that we -- in the receipt of half a billion dollars in federal COVID relief money that has flowed through to cover transit that one of the stated requirements by Congress is that that money be used, and that service not be reduced, and layoffs not happen. So, we do run up against some realities that we have this money that is there and to go to a 10% reduction on RPTA is not mathematically feasible without reducing service or laying off people. That -- that - just because of the existing fixed contacts and other things that we have.

We can go into more detail and are planning to have, obviously, more detailed discussions with AFS and other Board member that would like to have those. Technically, to further answer your question, we can approve this in June as long as we approve it before July 1, we're fine. I just want to make sure that some of our expectations are -- I don't want to disappoint people with expectations that large-scale changes are possible without looking at the service that we provide. And by the way, that service that we provide is basically, a bottom-up approach where it's defined by your cities and what service they would like in their communities. It's not a top-down approach, it's a bottom up through the service planning groups.

So, I know that's a longer answer than you wanted -- than you probably were expecting, but I just want to put it in perspective for other Board members that aren't involved in AFS where do get into some of these questions in a lot of detail. I wanted to give them an overview as to what kind of the conversations we're having.



Chair Edwards said thank you, sir. I apologize it looked like Adolfo you had a question or comment. I thought I saw your hand raised.

Mayor Ortega said I generally have a comment in the budget be actually capped and I'd be -- that -- by a specific number or percentage will just hamper whether or not we're able to operate -- so with what I'm saying, you know, it's just a cap not necessarily what our actuals may be. I say that because in some areas, you know, that there will be a marked reductions -- and -- use -- we can't predict that, but I believe that's it's imperative we not -- the down side too far and then be -- future -- so we would -- continue to do -- or I guess, reports on your financial actuals that would be -- if we needed to -- so I tend not to look at a slash with -- just consider it more as a cap that we would have whether it's an acceptance of funds that might be, you know, exceptions. I'm not sure how -- handles -- necessarily. I would not be -- for the sake of we had a budget cut -- is really what we are talking about -- general thinking.

Mr. Smith said Mayor, Mr. Chair, Mayor, in a sense, yes, you are. What we do is we -- the budget you are seeing for service are based on the current service plan and we only pay for actual miles of service that we provide. So, if we provide fewer miles than are in the plan right now, then we pay less. So, in that sense, yes, it is a cap. It's sort of a do not exceed. And if we adjust service during the year then we pay less.

On the other hand, we do -- to answer your second question, we do actually go through a formal mid-year review and mid-year adjustment. WE look at the budget every quarter, but we actually go through a formal mid-year adjustment where we look at service levels and we look at any changes that have happened either upward or downward based on the city demands or requests for service upward or downward and then we will adjust the amount at that time. So, in a sense, it does operate as a do not exceed or a cap, however you would want to say, at least, on the service level standpoint.

Vice Mayor Stipp said Scott, with this theoretical cap though is there not some -- and I'm struggling to find the exact word, but once we authorize them, you pretty much have this very, broad power to move that money around. Do you not? Much different than, perhaps, the Mayor is thinking about in his city as opposed to the City Manager and Council. Your powers as the CEO of this organization are much different than those of a City Manager; correct?

Mr. Smith said well, they are to a degree, yes. We do not have a line-item limit on money, however, the ability to do that is greatly limited by the fact that as we mentioned 90 plus percent of our budget is tied up in committed service levels. Therefore, we can't and don't move money between the amount we have committed to service -- we are going to run so many bus routes on so much frequency. We have to prepare to do that, and we don't move money around from that because as those providers provide that service, we have to pay them.



To say, we move money around, I mean, we can say that we have a certain amount of money in accounting, and we decided we needed to put some more money into cybersecurity, we do have the ability within limits, obviously, because we have contractual limits on my authority and other limits on my authority. But we could, for example, we could, for example, change some allocation between finance and cybersecurity if it were a small amount. Anything that is big has got to come back to the Boards because I can't approve a contract especially here at RPTA. That's where the authorities come in. I can't move money around and sign contracts that exceed the authority. That would have to come back to the Board.

So, while, yes, technically, you're right, in reality, the ability to move significant monies in between budget items is virtually non-existent.

Vice Mayor Stipp said well, yeah and I think that -- I think for -- to assist the Mayor in his trying to come to grips with how, you know, this Board operates, I think you've got a little more leeway than the average city manager does in moving monies and I'm not talking about large sums where, obviously, you know, cut contracts to increase the office of the CEO, but I -- so, in an effort to help the Mayor kind of understand that.

You know -- I'm -- personally, I'm more anxious to see and have that discussion at AFS regarding the, you know, really what is the budget scenario and what was the reduction and how did we get there. If it was such a simple process, I would have thought we might have had it by now. So, I would be more in favor of waiting until June to have this discussion after AFS is fully committed to the support of this budget going forward. And I don't know if I need to put that in the form of a motion, but you know, I think that's kind of what I'm waiting for and I think that's -- and I don't want to speak for the rest of AFS, but I think that's what we're waiting for in its totality.

Councilmember Arredondo-Savage said if that's a motion, I second it. Thank you, Vice Mayor Stipp.

Councilmember Gamez said I was just going to thank Mr. Smith and his staff for coming out Tuesday and meeting with the City of Tolleson and I was also going to suggest that we postpone this budget approval until June. Simply because it gives me time to present to Council and we are going to meet on Tuesday. But it seems like it's a done deal and so I'm -- I agree with the motion. Thank you.

Vice Mayor Stipp said okay. So, Mr. Chair, I will formalize it in the form of a motion that we table the budget adoption until the meeting in June.

IT WAS MOVED BY VICE MAYOR STIPP SECONDED BY COUNCILMEMBER ARREDONDO-SAVAGE AND CARRIED TO TABLE THE PROPOSED FY 2022 TO THE JUNE 17, 2021 BOARD MEETING. MAYOR ORTEGA VOTED NO.

Chair Edwards said Scott, I would ask that you please work with the members of AFS to get the answers that they are looking for as well as those members that are not part of



AFS that still have questions. Get their answers or their questions answered as quickly as possible so they can disseminate to their folks what needs to happen, so they feel comfortable coming back next month and approving a budget.

Mr. Smith said Mr. Chair, we will certainly do that, and I would also suggest -- I believe, Paul sent out some specific information related to five-year updates that Councilmember Arredondo-Savage was asking about. Those have been sent out and also a review of the fund balance and the reserve and we will talk some more about exactly what that is because this is one of the things -- and we will go over this with AFS, but for the rest of the Board, I know it came up during the study session.

The definition of our fund balance and reserve as Paul explained is very, different than what you see in a normal city where we don't carry over a reserve from year to year as I would say the first line item in a budget. Our fund balance is based on the Transit Lifecycle Plan and the amount that is available within that plan. Some of which is available next year, some of which has been allocated for three or four years down the road. But it's more of a longer-term plan which has a snapshot which is a fund balance. The purpose of the minimum reserve is to make sure that we have enough funds on hand within that fund balance to handle the basic needs of the agency.

But we will -- and that's the other schedule, I think, that was sent out by Paul. We will go into those in more detail with AFS, make sure that we have a complete understanding of that, and once again, if there are any other questions, specific questions from any Board member, please feel free to call, write, me or Paul or Tyler, any of us. Please let us know because we are here to answer those questions that will make you feel comfortable with this budget.

Chair Edwards said and I would second that. Yeah. Please everyone. If there's any questions or concerns you have, please reach out to Scott. Because he and his staff have put a lot of time and effort in presenting this budget and we owe it to them to make sure that when we come back next month, you have all your answer -- all your questions answered so that you can comfortably vote on a budget. So, again, thank you so much, Scott and staff for the presentation today. Appreciate it.

Vice Mayor Stipp said on this -- on this reserve issue, late yesterday is when Paul sent out the FY18 through FY22 reserve chart, can we see what the projections look like going forward as well? You know, you talked about the intent is for that to be spent down, but I think we need to -- we need to see what that looks like and how that comes because some of that reserve is -- I don't want to say contrary, but it's, you know, when there's money left over at the end of the year, the comment that was made is that money goes into reserve. Well, what is -- if we are programming reserve, we should see what it looks like so really to kind of get a good picture of the past and of the future of that I think would be very, helpful for the AFS meeting that we're going to have in two weeks.



Mr. Smith said yeah. And we can absolutely that and that's actually part of the five-year plan and that is what the TLCP is and I think just food for thought as you're looking at it.

The term reserve is -- we need to be very, careful how we use it because it's different than what I even normal think of. Reserve as of fund balance. Really, we deal on a fund balance mode which is at the of the -- at the end of the -- as Paul explained, did a very good job explaining, by the way, Paul. Our Transit Lifecycle Plan, it started in 2005 and the lifecycle plan terminates at the end of Prop 400, December 31 of 2025.

At that point in time in a perfect world, you would have a fund balance that would be completely allocated and spent and down to zero. Any time before that, that fund balance is -- exists, but it exists over the -- to indicate what is available right now to take care of the remainder of the period. Right now, we are at five years left because we are in 2021, four years left in budget after 2022.

The reserve amount is, actually, the minimum fund balance that the Board in 2016 decided they wanted to make sure they had in order to make sure that that fund balance didn't get below what were minimum levels to take care of us staying in business. So, for us, we use sort of two things and sometimes those things are used, I think, inappropriately, interchangeably and they are really not. This fund balance is the snapshot as of July 1 of the entire TLCP program. The reserve then is the minimum amount of that fund balance that the Board has said we need to maintain.

So, that's why when you see, for example, I'm just throwing numbers out here. If the fund balance were \$100 million and the reserve were \$30 million. That's not a misuse of funds, that's just a statement of how much money we have left and it's a good thing because what we're saying is that we're plenty covered over what the Board in 2016 believed was the minimum that we need. If we only had \$31 million in our fund balance and it was \$30, yeah. We would worry. If we get to a budget cycle and it says the fund balance projected is only going to be \$20 million then we have a problem because we have violated what the Board said they needed as their minimum fund balance moving forward.

But the difference between this and other is that in the city, for example, and I'm not going to talk for all your cities, but the ones that I have been involved in is that you take your reserve or your fund balance and it rolls over to the next year. And that is sort of what happens here, but our -- our time frame is much longer because we look at more of the lifecycle for our fund balances and be as Paul said, you may have an item now, a capital item that is committed for 2023. It's going to be in our fund balance, and we don't want to utilize that because -- but it's not going to be spent for two or three years.

So, those are the things just to keep in mind as we go through the details with the AFS and we'll come back to the Board and talk to those also. There are some quirks, as I said, that are a little bit different and Mayor Ortega, I believe, brought up some of the differences between how you handle your annual budgets and yes, how we do ours. I do have different capabilities than a city manager. And we do have a different thing and that's because of the lifecycle nature of our finances.



Vice Mayor Stipp said thank you.

Mr. Smith said I hope that explained and didn't confuse.

Mr. Hodgins said if I could add, Scott. There is a forecast of our fund balance in the five-year forecast in the budget document. We would be happy to forward -- I could forward that page to you just so you can see what that forecast is.

Vice Mayor Stipp said Paul, I think bringing that together to AFS and we put it in one document that we can send to the entire Board instead of saying go over here and look for it here. It's in this presentation over there. If we formalize it all together, I think the AFS has a pretty good handle on what we're looking for and what the -- what we think we have heard from the rest of the Board to bring that to the June meeting so that June presentation, you'll get unanimous support from AFS and this Board can confidently vote on the budget. That's what I -- that's what I would envision as happening in the month of June.

Mr. Hodgins said okay. Yeah. We can certainly put them together.

Mr. Chair said okay.

4. Future Agenda Items Request and Report on Current Events

Chair Edwards said are there any members of the Committee that has an agenda item that they would like to have on a future meeting? Okay.

5. Next Meeting

The next Board meeting is scheduled for Thursday, June 17, 2021 at 11:15 a.m.

This is going to conclude the RPTA meeting. The meeting is adjourned

With no further discussion the meeting adjourned at 1:01 p.m.



Information Summary

DATE

June 10, 2021

AGENDA ITEM 2B

SUBJECT

Intergovernmental Agreement (IGA) with the City of Phoenix for Reimbursement of Capital Projects

PURPOSE

To request authorization for the Chief Executive Officer (CEO) to execute an IGA with the City of Phoenix to allow for Valley Metro to reimburse Phoenix for Capital Projects.

RECOMMENDATION

Staff recommends that the Board of Directors authorize the CEO to execute the IGA for Reimbursement of Capital Projects with the City of Phoenix.

BACKGROUND | DISCUSSION | CONSIDERATION

Phoenix is the Lead Agency for several capital projects in the Transit Life Cycle Program (TLCP). An agreement is needed in order for Valley Metro to reimburse Phoenix for the local match for those projects. There have been three previous agreements in place to allow reimbursement for 5-year periods of Prop 400. This will be the final agreement with Phoenix for Prop 400 projects.

Projects included in this IGA are fleet purchases, including fixed route and paratransit buses, and one park and ride lot that supports services in the Regional Transportation Plan. Should the projects in the TLCP change as a result of the on-going balancing efforts, this IGA would be amended to reflect any changes to Phoenix' projects.

Reimbursements will be made to Phoenix with Public Transportation Funds for the local share of the projects, up to a maximum of \$26,375,500. The term of the IGA commences on execution and expires when the projects are completed, unless the IGA is cancelled by both parties.

COST AND BUDGET

All expenses are in the approved FY 2022 Adopted Operating and Capital Budget, and included in the FY22-26 5-Year Capital Program and Transit Life Cycle Program. All reimbursements are funded with PTF.

COMMITTEE PROCESS

RTAG: May 18, 2021 for information

TMC: June 2, 2021 approved

Board of Directors: June 17, 2021 for action



CONTACT

Paul Hodgins
Chief Financial Officer
602-523-6043
phodgins@valleymetro.org

ATTACHMENT

None



Information Summary

DATE

June 10, 2021

AGENDA ITEM 2C

SUBJECT

Authorization to Issue a Competitive Solicitation to Replace CNG Gas Detection System

PURPOSE

To request authorization for the Chief Executive Officer (CEO) to issue a competitive solicitation to replace the CNG Gas Detection System at the Mesa Bus Operations and Maintenance Facility.

RECOMMENDATION

Staff recommends that the Board of Directors authorize the CEO to issue a competitive solicitation to replace the CNG Gas Detection System at the Mesa Bus Operations and Maintenance (MBOM) Facility.

BACKGROUND | DISCUSSION | CONSIDERATION

Maintenance facilities such as the MBOM that repair and store compressed natural gas buses must have a functioning gas detection system in order to protect employees and agency assets and meet city code requirements. The MBOM was constructed in 2003 and the current gas detection system at this location has reached its useful life. In addition, parts are no longer available to support this system. A new gas detection system is needed to keep the maintenance building up to code and avoid any interruption to bus maintenance activities at this location.

COST AND BUDGET

The independent cost estimate for this project is \$130,000. The project is included in the Valley Metro RPTA Proposed FY22 Operating and Capital Budget. Contract Obligations beyond FY22 are incorporated into the Valley Metro RPTA Proposed Five-Year Operating Forecast and Capital Program (FY2022 thru FY2026).

COMMITTEE PROCESS

RTAG: May 18, 2021 for information

TMC: June 2, 2021 approved

Board: June 17, 2021 for action

CONTACT

Ray Abraham

Chief Operations Officer

rabraham@valleymetro.org

ATTACHMENT

None



Information Summary

DATE

June 10, 2021

AGENDA ITEM 3

SUBJECT

Valley Metro RPTA Fiscal Year 2022 (FY22) Proposed Operating and Capital Budget and Five-Year Operating Forecast and Capital Program (FY22 through FY26)

PURPOSE

To provide an overview of the FY22 Proposed Operating and Capital Budget and the Five-Year Operating Forecast and Capital Program (FY22 through FY26).

RECOMMENDATION

Staff recommends that the Board of Directors approve the Fiscal Year 2022 Proposed Operating and Capital Budget and for acceptance the FY22-26 Five-Year Operating and Capital Forecast.

BACKGROUND/DISCUSSION/CONSIDERATION

The Valley Metro Regional Public Transportation Authority (RPTA) FY22 combined operating and capital budget (the budget) is \$341.5 million (M) and includes \$89.6M of expenses for light rail/high-capacity transit capital.

The proposed FY22 budget has been prepared with the goal of delivering a fiscally prudent, balanced budget using carry forwards and reserves when needed for capital projects. The budget was developed in compliance with Board of Directors' adopted budget, financial and Transit Life Cycle Program (TLCP) policies.

The annual budget is prepared on an accrual basis and adopted by the Board of Directors each fiscal year. The legal level of budgetary control is the total annual appropriated budget. With respect to Capital Budgets, project contingency accounting is used to control expenditures within available project funding limits. With respect to Operating Budgets, encumbrance accounting is not used and all appropriations lapse at the end of the year. Prior to final adoption, a proposed budget is presented to the Board of Directors for review and public comment is received. Final adoption of the budget must be on or before June 30 of each year.

The RPTA budget includes a significant level of expenditures on behalf of Valley Metro Rail (VMR). RPTA is the official employer for all Valley Metro employees therefore all employee related expenses for VMR are include in the RPTA budget. VMR reimburses RPTA for its share of employee expenses. RPTA is also the recipient of all public transportation funds received from Proposition 400. Revenues to support the rail program are passed through to VMR on a reimbursement basis.



Public Transportation Fund (Prop 400) Revenues

Through April, actual revenues in Fiscal Year 2021 have exceeded the budget by more than 10 percent. With additional COVID relief through the American Rescue Plan Act (ARP), there is general optimism that the economy will continue to recover. This FY22 Proposed Annual Operating Budget includes the official ADOT forecast for PTF revenues. Staff will continue to develop contingency plans should the economy falter and revenues decline.

FY22 Budget Overview

The total operating budget of \$208.9M, which includes pass-throughs, represents a \$12.4M (6%) increase from the previous year's operating budget of \$196.5M. The total capital budget of \$138.7M, which includes pass-throughs, represents a \$6.0M (4%) decrease from the previous year's capital budget of \$138.7M.

The increases in the operating budget are primarily in the passenger services area, with net payments for demand services increasing the most as a result of decreased federal stimulus support. Specifically, Valley Metro reimburses Phoenix for ADA paratransit service net of fares and federal support, so the FY22 amount reimbursed is higher since federal support is lower.

Fixed route bus service programmed in the budget is decreasing by less than one percent overall. The region is not reducing service as a result of the pandemic, as revenues have increased significantly and PTF revenues exceed pre-pandemic forecasts. There are some targeted reductions based on requests from cities.

Valley Metro's regional services, planning, finance and administrative costs are also decreasing by 6 percent from FY21 budgeted levels.

The RPTA and Valley Metro Rail (VMR) budgets are developed with a unified staff plan, with department managers planning the level of effort required to meet the bus and rail activities. Salary and overhead charges to bus and rail projects are based on actual time worked on each project. For FY22 there are 451 employees budgeted in the integrated agency, with 246 FTE's budgeted to RPTA/Shared agency activities and 205 budgeted to VMR only activities.

Review of Previous Forecasts

The FY22 Proposed Operating Budget is consistent with previous forecasts provided. The table below summarizes the FY22 Operating Forecast as presented in previous Five-Year Operating Forecasts and compares to the Proposed FY22 Operating Budget.



Forecasted FY22 Amount (\$ millions)

FY22 Source ----->	Forecasted FY22 Amount (\$ millions)				Proposed FY22
	FY18-22	FY19-23	FY20-24	FY21-25	Budget
Fixed Route Operations	\$ 105.1	\$ 103.8	\$ 103.6	\$ 105.3	\$ 107.8
Demand Services	45.7	46.9	43.5	42.5	37.9
Vanpool Operations	1.1	1.0	0.9	1.0	1.0
Planning	2.8	3.1	2.2	2.1	2.1
Commute Solutions	1.3	1.3	1.4	1.3	1.3
Regional Services	12.7	12.8	13.6	14.2	13.0
Administration and Finance	3.8	3.8	4.2	3.7	3.5
Operating Contingency	1.9	2.2	0.6	0.5	0.5
Total Operating	\$ 174.3	\$ 175.0	\$ 170.0	\$ 170.5	\$ 167.0

Five-Year Forecast Overview

The total operating forecast of \$1,148.9M, includes \$802.5M for service (fixed route, demand and vanpool) which is almost 70 percent of forecasted operating expenses. The total capital program of \$705.8M, includes \$430.2M in disbursements to VMR for capital planning and construction. The remaining \$265.6 million is primarily for fleet replacement and debt service.

The forecast assumes the official ADOT revenue forecast for Public Transportation Funds (PTF) from Prop 400. Prop 400 is set to expire on December 31, 2025, however because of the timing of revenues, there are 7 months included in FY26. For planning purposes, Prop 400 is assumed to be extended at the same rate and with the same revenue distribution. Therefore, the operating forecast does show a full year of revenues in FY26.

Federal COVID-19 support from CARES Act and CRRSAA are assumed to be fully spent in FY22. The current forecast does not include funds from the recently passed American Rescue Plan (ARP) Act. Final allocations have now been approved by MAG, and staff will work to include the funding in the TLCP and locally funded services. This will be handled internally and will not impact overall budget authority for FY22.

Ridership is assumed to gradually return to pre-COVID levels in FY26. Likewise, fare revenues will gradually return with ridership. The new fare collection system currently being implemented will be fully operational in FY24. The additional options and controls over reduced fare is expected to increase the average fare collected and therefore a larger increase in fare revenues is anticipated.

The fixed route contract with First Transit will expire at the end of FY23. A new contract will be procured before that contract expires. For planning purposes, contract rates are estimated to increase by 5 percent in FY24, however actual contract rates will be determined through the procurement process.



Likewise, staff is currently developing a scope of work for paratransit and RideChoice services, to be effective in FY23. For planning purposes, costs per trip are assumed to decrease by 2%. Staff is working with member cities' staff to develop the scope of work to incorporate efficiencies that should result in lower per trip costs.

COMMITTEE PROCESS

Preliminary Budget Review:

Financial Working Group: February 16, 2021 for information

TMC: March 3, 2021 for information

AFS: March 4, 2021 for information

Board of Directors: March 18, 2021 for information

Proposed Budget Adoption:

Financial Working Group: April 20, 2021 for information

TMC: May 5, 2021 approved

AFS: May 6, 2021 for information

Board of Directors: May 20, 2021 for action

AFS: June 3, 2021 for information

Board of Directors: June 17, 2021 for action

CONTACT

Paul Hodgins

Chief Financial Officer

602-523-6043

phodgins@valleymetro.org

ATTACHMENT

None

FY22 Proposed Budget



June 17, 2021

1

Recap of Budget Timeline



Dates	Description
Sep - Nov	Budget development with division input
October	Preliminary operating budgets provided to FWG
Dec - Jan	Continue to refine inputs and develop documents
January	Board Study Session
February	Annual budgets presented to FWG
March	Committee cycle for Budget review
April 15th	Member City Comments due
May	Board Study Session
May	Committee cycle for Budget Adoption
June	Committee cycle for Budget Adoption

2

2

RPTA

FY22 Proposed Budget and Five-Year Forecast

June 2021



3

Budget Goals



- **Focus on providing excellent service**
 - 88% of operating budget for service
 - Bus, Paratransit, RideChoice, Vanpool
 - 8% of operating budget for support services
 - Customer service, Marketing, ADA certification, Commute Solutions
- **Manage internal costs**
 - 4% of operating budget is for planning, finance, executive office
 - Costs are flat from FY21

4



FY22 Initiatives

- **Fare Collection System Implementation**
 - Fare policy updates
 - Public outreach and education
- **Ridership Recovery**
 - Public outreach
 - System cleanliness
- **Proposition 400 Extension**
 - Assist MAG with planning
 - Public outreach and education

5

Budget Drivers



6

6

Fixed Route Bus – Budget Drivers



East Valley Service

- Miles down by 286K, -2.4%
- Contractor rate increases by 2.8% per contract
- Facilities Maintenance up by \$1.5M
 - Tempe EVBOM lease up \$1.2M for State of Good Repair

West Valley Service

- Miles down by 111K, -9.5%
- Contractor rate increases by 1.5% per contract

City of Phoenix Service

- Miles increase by 105K, 6%
- Contractor rate increases by 4.4% per contract
- Funded with Prop 400, managed through TLCP process

Ajo/Gila Bend Route

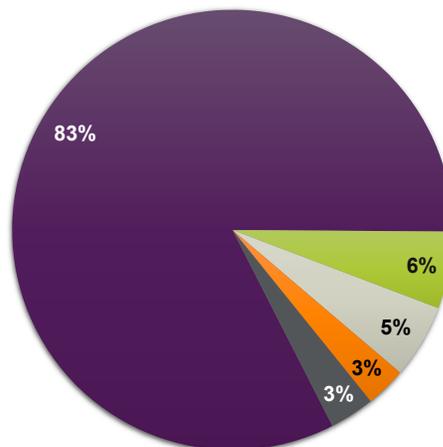
- Miles are flat at 280K
- Contractor rate increases by 3.0% per contract



Uses of Funds: FY22 VM Fixed Route Bus



- Transportation Contractor
- Fuel & Lubricants
- Facility Maintenance
- Maint. Agreements, COP Reg Support
- Admin/Other



Uses of Funds: Fixed Route Bus



	FY20 Actual	FY21 Budget	FY22 Budget
Fixed Route Operations - East Valley			
Service Miles	11,515,000	11,880,000	11,594,000
Operation Services			
Transit Services	\$ 67,896,000	\$ 70,661,000	\$ 71,021,000
Contractual Services	1,441,000	2,064,000	2,458,000
Fuel & Lubricants	4,446,000	4,610,000	4,293,000
Total Operation Services	73,783,000	77,335,000	77,772,000
Facility Maintenance			
Contractual Services	2,606,000	2,736,000	4,210,000
Utilities	836,000	822,000	824,000
Other	2,000	54,000	55,000
Total Facility Maintenance	3,444,000	3,612,000	5,089,000
Administrative Support			
Personal Services	990,000	908,000	1,284,000
Contractual Services	724,000	163,000	52,000
Fuel & Lubricants	7,000	7,000	5,000
Furniture & Fixtures	-	-	16,000
Insurance	48,000	55,000	133,000
Supplies	8,000	9,000	9,000
Travel & Meetings	2,000	1,000	4,000
Other	30,000	33,000	90,000
Allocated Overhead	498,000	623,000	848,000
Total Administrative Support	2,307,000	1,799,000	2,441,000
Total Fixed Route Operations - East Valley	\$ 79,534,000	\$ 82,746,000	\$ 85,302,000

9

9

Uses of Funds: Fixed Route Bus



	FY20 Actual	FY21 Budget	FY22 Budget
Fixed Route Operations - West Valley			
Service Miles	1,033,000	1,170,000	1,059,000
Operation Services			
Transit Services	\$ 5,312,000	\$ 5,863,000	\$ 5,436,000
Contractual Services	139,000	208,000	316,000
Fuel & Lubricants	650,000	952,000	884,000
Total Operation Services	6,101,000	7,023,000	6,636,000
Administrative Support			
Personal Services	86,000	125,000	273,000
Contractual Services	49,000	-	-
Insurance	6,000	7,000	12,000
Other	8,000	31,000	7,000
Allocated Overhead	42,000	85,000	179,000
Total Administrative Support	191,000	248,000	471,000
Total Fixed Route Operations - West Valley	\$ 6,292,000	\$ 7,271,000	\$ 7,107,000

10

10

Uses of Funds: Fixed Route Bus



	FY20 Actual	FY21 Budget	FY22 Budget
Fixed Route Operations - Ajo			
Service Miles	276,000	280,000	280,000
Operation Services			
Transit Services	\$ 744,000	\$ 728,000	\$ 851,000
Contractual Services	-	-	12,000
Fuel & Lubricants	120,000	142,000	130,000
Total Operation Services	864,000	870,000	993,000
Facility Maintenance			
Contractual Services	-	1,000	1,000
Total Facility Maintenance	-	1,000	1,000
Administrative Support			
Personal Services	51,000	59,000	80,000
Advertising	7,000	4,000	5,000
Contractual Services	11,000	17,000	23,000
Insurance	1,000	2,000	2,000
Supplies	5,000	-	-
Travel & Meetings	-	-	3,000
Other	3,000	2,000	1,000
Allocated Overhead	24,000	41,000	54,000
Total Administrative Support	102,000	125,000	168,000
Total Fixed Route Operations - Ajo	\$ 966,000	\$ 996,000	\$ 1,162,000

11

11

Uses of Funds: Fixed Route Bus



	FY20 Actual	FY21 Budget	FY22 Budget
Fixed Route Operations - City of Phoenix			
Service Miles	1,594,000	1,626,000	1,731,000
Operation Services			
Transit Services	\$ 10,217,000	\$ 12,820,000	\$ 14,146,000
Total Operation Services	10,217,000	12,820,000	14,146,000
Administrative Support			
PTF Disbursements	-	-	81,000
Total Administrative Support	-	-	81,000
Total Fixed Route Operations - City of Phoenix	\$ 10,217,000	\$ 12,820,000	\$ 14,227,000

12

12

Demand Service – Budget Drivers



Paratransit Program

- Trips down by 13K, -3.0%
- Contractor rate increases by 4% per contract
- Reduction of COVID related federal funding

RideChoice Program

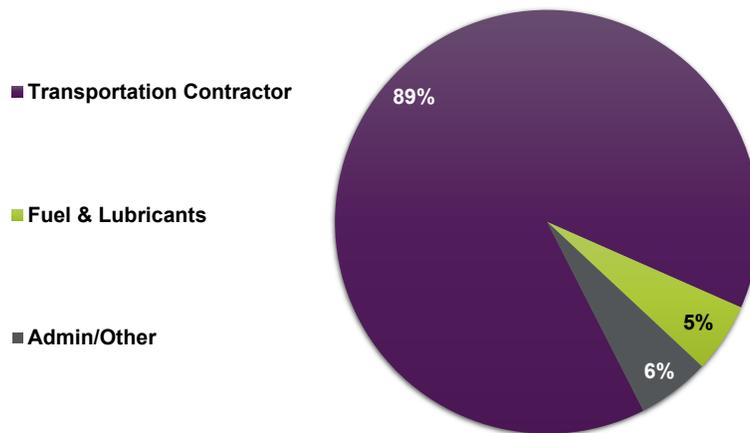
- Trips down by 55K, -22.4%
- Contractor rate increases by 4% per contract



ADA Service Reimbursements – Other Agencies

- Funded with Prop 400, managed through TLCP process
- Reduction of COVID related federal funding – reimbursements are net cost basis

Uses of Funds: FY22 VM Demand Services



Uses of Funds: Demand Services



	FY20 Actual	FY21 Budget	FY22 Budget
Demand Services - Paratransit			
Trips	361,000	433,000	420,000
Operation Services			
Transit Services	\$ 17,112,000	\$ 17,984,000	\$ 17,938,000
Fuel & Lubricants	1,277,000	1,445,000	1,291,000
Contingency	-	628,000	628,000
Total Operation Services	18,389,000	20,057,000	19,857,000
Administrative Support			
Personal Services	291,000	282,000	334,000
Computers & Software	-	200,000	197,000
Insurance	53,000	56,000	51,000
Contractual Services	22,000	-	-
Allocated Overhead	148,000	194,000	220,000
Total Administrative Support	514,000	732,000	802,000
Total Demand Services - Paratransit	\$ 18,903,000	\$ 20,789,000	\$ 20,659,000

15

15

Uses of Funds: Demand Services



	FY20 Actual	FY21 Budget	FY22 Budget
Demand Services - RideChoice			
Trips	159,000	246,000	191,000
Operation Services			
Transit Services	\$ 2,731,000	\$ 3,522,000	\$ 2,986,000
Total Operation Services	\$ 2,731,000	\$ 3,522,000	\$ 2,986,000
Administrative Support			
Personal Services	\$ 263,000	\$ 250,000	\$ 318,000
Insurance	\$ -	\$ -	\$ 8,000
Supplies	\$ 2,000	\$ -	\$ 2,000
Allocated Overhead	\$ 135,000	\$ 172,000	\$ 210,000
Total Administrative Support	\$ 400,000	\$ 422,000	\$ 538,000
Total Demand Services - RideChoice	\$ 3,131,000	\$ 3,944,000	\$ 3,524,000

16

16

Uses of Funds: Demand Services



	FY20 Actual	FY21 Budget	FY22 Budget
Demand Services -Disbursements			
Operation Services	\$ 17,122,000	\$ 6,659,000	\$ 13,674,000
Total Operation Services	\$ 17,122,000	\$ 6,659,000	\$ 13,674,000
Demand Services -Disbursements	\$ 17,122,000	\$ 6,659,000	\$ 13,674,000

17

17

Additional Information



18

18

FY22 Five-Year Forecast Comparisons



FY22 Source ----->	Forecasted FY22 Amount (\$ millions)				Proposed FY22 Budget
	FY18-22	FY19-23	FY20-24	FY21-25	
Fixed Route Operations	\$ 105.1	\$ 103.8	\$ 103.6	\$ 105.3	\$ 107.8
Demand Services	45.7	46.9	43.5	42.5	37.9
Vanpool Operations	1.1	1.0	0.9	1.0	1.0
Planning	2.8	3.1	2.2	2.1	2.1
Commuter Solutions	1.3	1.3	1.4	1.3	1.3
Regional Services	12.7	12.8	13.6	14.2	13.0
Administration and Finance	3.8	3.8	4.2	3.7	3.5
Operating Contingency	1.9	2.2	0.6	0.5	0.5
Total Operating	\$ 174.3	\$ 175.0	\$ 170.0	\$ 170.5	\$ 167.0

19

19

Restricted Reserves



- **Capital Reserve Fund**
 - Proceeds from sale of capital assets

- **Vanpool Reserve Fund**
 - Revenues from vanpool program

- **Emergency Reserve Fund**
 - PTF

20

20



Unrestricted Fund Balance

- **General Operating Fund Balance**
 - Bus PTF balance

- **Working Capital Fund Balance**
 - Rail PTF balance

21

21



Fund Balances and Targets

Reserve Fund	Type	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
General Operating Fund Balance	Unrestricted	\$25.6	\$26.1	\$27.7	\$26.7	\$28.4	\$30.0	\$31.5	\$32.9	\$34.5
Working Capital Fund Balance	Unrestricted	1.2	1.4	10.5	3.5	2.3	2.9	15.1	20.6	6.5
Capital Reserve Fund	Restricted	5.2	4.0	3.4	3.4	3.2	0.9	2.0	1.6	1.7
Vanpool Reserve Fund	Restricted	3.4	3.5	3.6	3.6	2.4	2.7	3.0	3.4	3.7
Emergency Reserve Fund	Restricted	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Sub-Total Unrestricted Fund Balance		\$26.7	\$27.5	\$38.2	\$30.3	\$30.7	\$32.9	\$46.6	\$53.4	\$41.0
Sub-Total Restricted Funds		\$9.6	\$8.5	\$8.1	\$8.0	\$6.6	\$4.7	\$6.0	\$6.0	\$6.4
Forecasted Unrestricted Fund Balance		\$104.5	\$82.0	\$66.5	\$68.0	\$58.9	\$71.4	\$95.1	\$73.6	\$37.6
Forecasted Restricted Funds		\$9.6	\$8.5	\$8.1	\$9.1	\$9.2	\$9.4	\$9.5	\$9.7	\$9.8

22

22

FY22 Proposed Budget



23

23

PTF Forecast

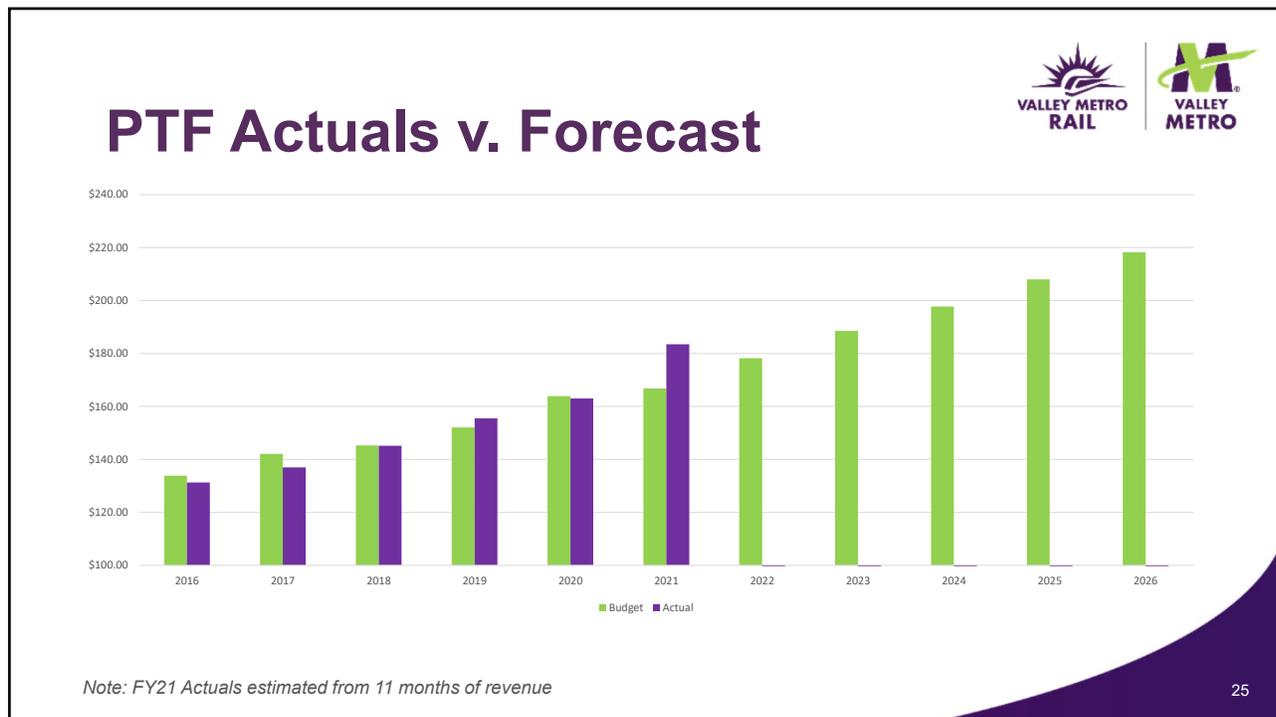


Fiscal Year	2020 ADOT Forecast
2021	\$170.82
2022	\$178.21
2023	\$188.53
2024	\$197.72
2025	\$207.98
2026	\$127.30
TOTAL 22-26	\$899.75

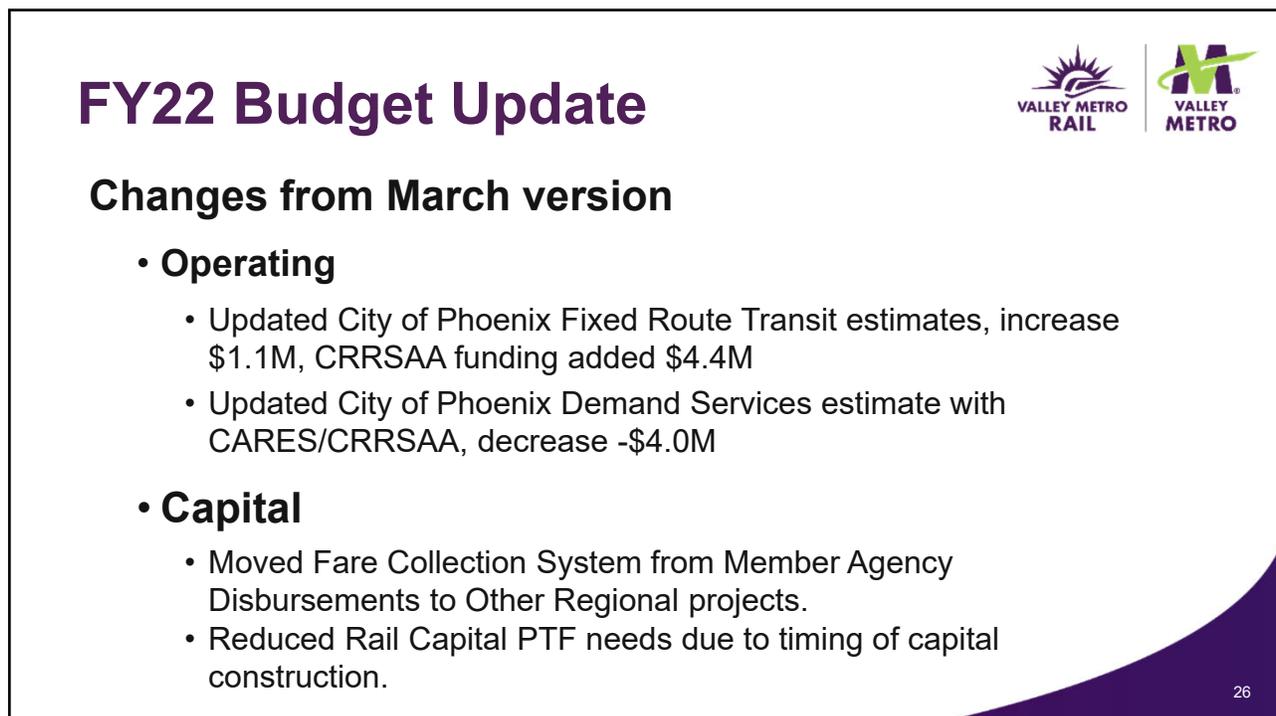
FY22 Budget is based on ADOT's official forecast

24

24



25



26

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



Uses of Funds	March	May	Change \$	Change %
Fixed Route Operations	\$106.7	\$107.8	\$1.1	1%
Demand Service Operations	41.9	37.9	(4.0)	-10%
Vanpool Operations	1.0	1.0	0.0	0%
Planning	2.1	2.1	0.0	0%
Commuter Solutions	1.3	1.3	0.0	2%
Administration and Finance	4.0	4.0	0.0	0%
Regional Services	12.9	13.0	0.1	1%
Sub-Total RPTA Operating	\$169.9	\$167.0	(\$2.8)	-2%
VMR Personnel Costs	\$30.2	\$30.2	\$0.0	0%
VMR RARF Disbursements	0.5	0.5	0.0	0%
AZ Lottery Funds Disbursements	11.2	11.2	0.0	0%
Sub-Total Pass-Through Funds	\$41.9	\$41.9	\$0.0	0%
Total Operating Uses	\$211.8	\$208.9	(\$2.8)	-1%

27

27

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



Uses of Funds	March	May	Change \$	Change %
Regional Fleet	\$37.6	\$37.8	\$0.2	1%
Regional Facilities	5.3	5.3	0.0	0%
Other Regional Projects	1.2	1.9	0.7	57%
Member Agency Disbursements	5.3	4.2	(1.1)	-20%
Debt Service	24.5	24.5	0.0	0%
Sub-Total RPTA Capital	\$73.9	\$73.7	(\$0.1)	0%
Rail Program Disbursements	\$58.0	\$40.7	(\$17.3)	-30%
Reserved for Future Use	0.0	18.2	18.2	0%
Sub-Total VMR Capital	\$58.0	\$58.9	\$0.9	2%
Total Capital Uses	\$131.9	\$132.6	\$0.8	1%

28

28

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



Source of Funds	FY21	FY22	Change \$	Change %
Public Transportation Funds	\$62.4	\$84.0	\$21.6	35%
Regional Area Road Funds	5.2	4.8	(0.4)	-8%
Transit Service Agreements	28.4	39.2	10.8	38%
MAG Funds	0.2	0.2	0.0	0%
Federal Grants	7.5	11.0	3.5	46%
Federal CARES Act	49.8	1.7	(48.1)	-97%
Federal CRRSA Act	0.0	20.5	20.5	0%
Fare Revenues	2.9	4.5	1.6	53%
Other Revenues	0.4	0.4	0.0	0%
Carry Forward and Reserves	0.8	0.7	(0.1)	-14%
RPTA Operating	\$157.5	\$167.0	\$9.5	6%

29

29

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



Uses of Funds	FY21	FY22	Change \$	Change %
Fixed Route Operations	\$103.8	\$107.8	\$4.0	4%
Demand Service Operations	31.4	37.9	6.5	21%
Vanpool Operations	1.0	1.0	0.0	0%
Planning	2.0	2.1	0.1	3%
Commute Solutions	1.3	1.3	0.0	0%
Administration and Finance	4.1	4.0	(0.1)	-3%
Regional Services	13.9	13.0	(0.9)	-6%
RPTA Operating	\$157.5	\$167.0	\$9.5	6%

30

30

Pass-thru Funds: Operating (\$,000,000)



Sources of Funds - Operating	FY21	FY22	Change \$	Change %
VMR Reimbursements	\$27.3	\$30.2	\$2.9	10%
AZ Lottery Funds	11.2	11.2	0.0	0%
Regional Area Road Funds	\$0.5	\$0.5	0.0	0%
Total Operating Sources of Funds	\$39.0	\$41.9	\$2.9	7%

Uses of Funds - Operating	FY21	FY22	Change \$	Change %
VMR RARF Disbursements	\$0.5	\$0.5	\$0.0	0%
AZ Lottery Funds Disbursements	11.2	11.2	0.0	0%
VMR Personnel Costs	27.3	30.2	2.9	10%
Total Operating Uses of Funds	\$39.0	\$41.9	\$2.9	7%

31

31

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



Sources of Funds	FY21	FY22	Change \$	Change %
Public Transportation Funds	\$39.5	\$34.2	(\$5.3)	-14%
Federal Funds	43.4	33.5	(9.9)	-23%
Other Revenues	0.2	0.2	0.0	0%
Carry Forward and Reserves	1.6	5.9	4.3	266%
Sub-Total RPTA Capital	\$84.7	\$73.7	(\$11.0)	-13%

32

32

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



Uses of Funds	FY21	FY22	Change \$	Change %
Regional Fleet	\$49.4	\$37.6	(\$11.8)	-24%
Regional Facilities	4.1	5.3	1.2	29%
Other Regional Projects	2.0	1.9	(0.1)	-7%
Member Agency Disbursements	4.7	4.5	(0.2)	-3%
Debt Service	24.5	24.5	(0.0)	0%
RPTA Capital	\$84.7	\$73.7	(\$11.0)	-13%

33

33

Pass-thru Funds: Capital (\$,000,000)



Sources of Funds - Capital	FY21	FY22	Change \$	Change %
VMR PTF Rail Program	\$53.9	\$58.9	\$5.0	9%
Total Capital Sources of Funds	\$53.9	\$58.9	\$5.0	9%

Uses of Funds - Capital	FY21	FY22	Change \$	Change %
Rail Program Disbursements	\$53.9	\$58.9	\$5.0	9%
Total Capital Uses of Funds	\$53.9	\$58.9	\$5.0	9%

34

34

RPTA

FY22-26 Five-Year Forecast

May 2021



35

5-Year Operating Assumptions



Fixed Route Service Changes

- FY22-26 SRTP Changes as of February 2021

Demand Service

- Paratransit trips forecasted to increase 3% annually from FY22
- RideChoice trips forecasted to increase 3% annually from FY22

Fare Revenue

- Increase in average fare in FY22 to \$0.51 for return to front door boarding; FY23, FY25 and FY 26 slight increases; FY24 50% increase due to replacement fare collection system and control of reduced fare at point of sale.
- Ridership increases 25% per year to return to pre-COVID level in FY 26.

Federal PM revenue

- FY22-26 increases 1.9% each year

36

36

5-Year Operating Assumptions



	FY22	FY23	FY24	FY25	FY26
Ridership (,000)					
RPTA Fixed Route Service	5,557	6,946	8,683	10,854	13,567
Phoenix Fixed Route Service	1,191	1,215	1,822	1,859	1,952
Total Ridership	6,748	8,161	10,505	12,712	15,519
Avg Fare - RPTA	\$ 0.51	\$ 0.52	\$ 0.78	\$ 0.79	\$ 0.83
Avg Fare - Phoenix	\$ 0.56	\$ 0.57	\$ 0.85	\$ 0.87	\$ 0.91

37

37

5-Year Operating Assumptions (cont'd)



	FY22	FY23	FY24	FY25	FY26
Miles (,000)					
RPTA Fixed Route Service	12,652	12,858	13,102	13,589	13,870
Phoenix Fixed Route Service	1,731	1,731	1,731	1,731	1,731
Total Miles	14,383	14,589	14,833	15,320	15,601
Cost/Mile - RPTA	\$ 7.30	\$ 7.43	\$ 7.62	\$ 7.57	\$ 7.64
Cost/Mile - Phoenix	\$ 8.44	\$ 8.74	\$ 9.04	\$ 9.36	\$ 9.68

38

38

5-Year Operating Assumptions (cont'd)



	FY22	FY23	FY24	FY25	FY26
Trips (,000)					
Paratransit	413	426	438	451	465
Ridechoice	191	197	203	209	215
Total Trips	604	622	641	660	680
Cost/Trip - Paratransit	\$ 50.00	\$ 48.41	\$ 49.74	\$ 50.77	\$ 51.82
Cost/Trip - Ridechoice	\$ 18.46	\$ 18.83	\$ 19.20	\$ 19.58	\$ 19.90

39

39

5-Year Operating Sources and Uses



	5 Year Total
Operating (\$,000)	
Sources of Funds	
Public Transportation Funds	\$ 531,146
Regional Area Road Funds	25,215
Transit Service Reimbursements	241,333
VMR Reimbursements	167,937
AZ Lottery Funds	56,050
Federal Funds	57,203
Federal Funds - CARES Act	1,687
Federal Funds - CRRSAA Fund	20,537
Fares	44,777
MAG Funds	1,125
Other	1,847
Total Sources of Funds	1,148,858
Uses of Funds	
Fixed Route Operations	\$ 578,205
Demand Service Operations	217,979
Vanpool Operations	5,341
Planning	10,918
Commute Solutions	6,796
Regional Services and Administration	83,921
Administration and Finance	18,219
Operating Contingency	2,500
Pass-through Disbursements	224,978
Total Uses of Funds	1,148,858

40

40

5-Year Capital Assumptions:



- **Bus Fleet - \$102.0 Million**
 - 267 replacement units; 15 expansion units
 - 85% Federal /15% PTF
- **Vanpool Fleet - \$17.2 Million**
 - 218 replacement units; 125 expansion units 100% Federal STP
- **Paratransit Fleet - \$8.6 Million**
 - Agency owned replacement fleet- 85% Federal / 15% PTF
 - Regional fleet replacements – Local match PTF
- **Facilities and Equipment - \$13.5 Million**
 - Glendale Park & Ride, Avondale bus stops - Local match PTF
 - Fare Collection System Upgrade- Local match PTF
 - Mesa Bus Facility Upgrades- 100% PTF
 - Mid-Life Bus Engine Rebuilds (225 units) - 95% Fed / 5% PTF
 - IT Infrastructure Upgrades - 100% PTF

41

41

5-Year Capital Sources and Uses



	5 Year Total
Capital (\$,000)	
Sources of Funds	
Public Transportation Funds	147,606
Federal Funds	117,066
Other	623
Carry Forward & Reserves	10,342
VMR Public Transportation Funds Prog	299,575
VMR Public Transportation Funds Rese	130,580
Total Sources of Funds	705,791
Uses of Funds	
Regional Fleet	127,825
Regional Facilities	7,205
Other Regional Projects	6,282
Member Agency Disbursements	22,237
Debt Service	112,087
Rail Program Disbursements	415,212
VMR Reserve for Future Use	14,943
Total Uses of Funds	705,791

42

42

Budget Schedule



Committee/Boards/FWG

Sep 15, 2020	Present Key Assumptions to FWG
Oct 15, 2020	Present Key Assumptions to AFS
January	Board Study Session
February	Present annual budget to FWG
February	Present update of Key Assumptions to AFS
March	Present Annual Budgets to Committees/Boards for Info
March	Present 5-year plans to FWG
April	Present 5-year plans to AFS
May	Board Study Session
May	Present Annual Budget and 5-Year Plans to Committees/Boards for Action
June	Present Annual Budget and 5-Year Plans to Committees/Boards for Action



43

43

Recommendation



Staff recommends that the Board of Directors approve the Fiscal Year 2022 Proposed Operating and Capital Budget and for acceptance the FY22-26 Five-Year Operating and Capital Forecast.

44

44



Information Summary

DATE

June 10, 2021

AGENDA ITEM 4**SUBJECT**

Proposed Fare Policy Changes

PURPOSE

To review proposed fare policy changes in anticipation of public outreach activities.

RECOMMENDATION

This item is for information.

BACKGROUND | DISCUSSION | CONSIDERATION

The current regional fare structure was adopted by the Valley Metro Board and City of Phoenix Council in 2007. The structure took advantage of functionality with the fare collection system (FCS) being implemented in 2007/2008, purchased from Scheidt & Bachmann (S&B). The base fare and associated pass pricing have been increased twice since the FCS was implemented, in 2009 and 2013 to stay current with the value and cost of service. Other minor updates to the policy have been made, most recently in March 2021 updating the requirements in the Platinum Pass Program.

The S&B system is currently being replaced by a modern, open architecture system provided by Vix Technologies. The project is being managed by the City of Phoenix, with support from Valley Metro. The new system will be open and flexible to easily allow changes to incorporate innovative technologies. The Vix system will provide greater control of fare media and usage through account-based technology. While providing greater control for Valley Metro, the system will also allow for more flexibility and options for the riders. The system will provide mobile ticketing, stored value smartcards and a web-based management tool for riders to manage their accounts.

The new system will allow Valley Metro to address the increased use of Reduced Fare media. The reduced fare paper passes have been made widely available through an extensive retail network. This has resulted in a significant increase in use of reduced fare passes far above what would be expected from the number of eligible riders. In January 2019, retailers were required to begin asking for identification to prove eligibility. That proved somewhat successful, as retail sales of reduced fare passes dropped significantly during 2019. Greater control of reduced fares are needed.

The account-based system will allow Valley Metro to control which accounts are eligible for reduced fares. Mobile tickets or stored value smartcards will be associated with



accounts that have been verified as reduced fare eligible in order to benefit from the reduced fare rate. Valley Metro and Vix Technologies, through the recently awarded fare collection customer service contract, will manage the reduced fare eligibility process to ensure that only legitimate reduced fare eligible riders will benefit. A policy change is needed to require a Reduced Fare ID as part of the eligibility process.

Proposed Policy Changes

Valley Metro staff has worked with City of Phoenix staff and Valley Metro member cities to develop fare policy changes that take advantage of the new technology. In addition, Tempe Streetcar will begin operation and a base fare needs to be set that integrates into the regional fare policy and fare technology.

Staff is not proposing changing the base fare. The base fare will remain at \$2.00, or \$1.00 for eligible reduced fare customers. Staff proposes that the Streetcar fare be \$1.00, or \$0.50 for eligible reduced fare customers.

Paper, magnetic stripe passes will be eliminated. Instead, customers will have accounts, either through the mobile app/ticketing or a long-life smart card. The accounts will be stored value, much like gift cards, and the base fare will be deducted from the stored value until certain caps are reached. There will be daily caps set, so that once a rider reaches the cap any additional rides that day would be free. There may be a weekly and a monthly cap. The caps all work in coordination. For instance, for a rider who uses the system every day, after paying for five daily caps, the next two days would be free, as the weekly cap is equivalent to five daily caps. For infrequent riders, there is no need to purchase a weekly or monthly pass up front. Value is only loaded on the account as needed and fares deducted as used.

Staff proposes setting the daily, weekly and monthly caps at the current amount for corresponding paper passes. There is currently a 15-day pass which will be eliminated and not replaced with a 15-day, or semi-monthly cap. There is some debate about whether the weekly cap is needed, or even beneficial for riders. However, it is included in the proposal in order to solicit feedback from the public prior to making a final proposal to the Board of Directors.

The proposed fare policy is included in the attached DRAFT Fare Policy Master document.



Proposed Public Outreach

Staff will conduct a public outreach process, including a formal public hearing, to get feedback on the proposed changes. In addition, staff will conduct a Title VI Fare Equity analysis to determine whether any of the proposed changes have a disparate impact on low income or minority populations. The results of the Title VI Fare Equity analysis, along with public feedback will be brought to the Board in the fall with a request for formal action on the fare policy changes.

COST AND BUDGET

There is no cost to update or implement the policy.

COMMITTEE PROCESS

RTAG: May 18, 2021 for information

TMC: June 2, 2021 for information

Board: June 17, 2021 for information

CONTACT

Paul Hodgins

Chief Financial Officer

phodgins@valleymetro.org

ATTACHMENT

DRAFT Fare Policy Master 4-12-2021

VALLEY METRO REGIONAL PUBLIC TRANSIT FARE POLICY AND UNIFORM FARE STRUCTURE

FARE STRUCTURE

Effective MM DD, 2023

Full Fare Regional Bus, Streetcar and Light Rail

Fare Type	Fare Structure	Fare Policy Rules/Multiples
LOCAL - BUS and LIGHT RAIL		
1-Ride	\$2.00	Base 1-Ride fare for bus or light rail
All-Day Cap	\$4.00	2 x base fare
Weekly Cap	\$20.00	10 x base fare
Monthly Cap	\$64.00	32 x local base fare
EXPRESS/RAPID		
1-Ride	\$3.25	Base 1-Ride fare + \$1.25
All-Day Cap	\$6.5	2 x Express/RAPID 1-ride fare
Monthly Cap	\$104.00	32 x Express/RAPID 1-ride fare
STREETCAR		
1-Ride	\$1.00	Base 1-Ride fare for streetcar
Stored value/mobile app		Streetcar fare contributes toward local and express caps

Reduced Fare Regional Bus, Streetcar and Light Rail

Effective MM DD, 2023, the regional Reduced Fare ID will be required to register mobile and smart card accounts for reduced fare eligibility. The regional Reduced Fare ID will be a smart card which can be used for stored value, reduced fare trip purchases. Alternatively, the reduced fare eligibility may be tied to a single mobile device to enable reduced fare purchases through the mobile app. The Reduced Fare ID (or alternative proof of eligibility when using the mobile app) must be presented to verify eligibility when requested by the operator or security officers.

Reduced Fare Eligibility – Youth ages six to 18, seniors age 65 and over, persons with disabilities and people who have been issued a Medicare card by the Social Security Administration are eligible for Reduced Fares. Any photo ID showing an individual's age is acceptable proof of age for youth and seniors when paying cash for single ride fares or applying for a Reduced Fare ID

or access to reduced fares through the mobile app.

No Reduced Fare is offered on Express/RAPID. A passenger using a Reduced Fare enabled smart card or mobile app for Express/RAPID service will be charged the full fare for Express/RAPID service.

Fare Type	Fare Structure	Fare Policy Rules/Multiples
REDUCED - BUS AND LIGHT RAIL		
1-Ride	\$1.00	0.5 x base fare, rounded down to nearest \$0.05
All-Day Cap	\$2.00	0.5 x local off-board All-Day, rounded down to nearest \$0.05
Weekly Cap	\$10.00	0.5 x local weekly cap rounded down to nearest \$0.25
Monthly Cap	\$32.00	0.5 x local monthly cap rounded down to nearest \$0.25
REDUCED - STREETCAR		
1-Ride	\$0.50	0.5 x streetcar 1-ride rounded down to the nearest \$0.05
Stored value/mobile app		Streetcar fare contributes toward reduced fare caps

Semester Passes – Regional Local Bus, Streetcar and Light Rail

Semester Passes can be purchased by high schools for students at no cost to students and by full-time students enrolled in high schools, technical, trade, college or graduate courses at participating schools. Passes are good for unlimited rides on local bus/rail service for the time period printed on the pass.

Fare Type	Fare Structure	Fare Policy Rules/Multiples <i>Fare calculations are rounded to nearest dollar</i>
SEMESTER PASS		
Spring/Fall	\$230.00	Local monthly cap x 4.5 months less 20% discount
Reduced Spring/Fall	\$115.00	0.5 x Spring/Fall Semester pass
Summer	\$154.00	Local monthly cap x 3.0 months less 20% discount
Reduced Summer	\$77.00	0.5 x Summer Semester pass

Full fare Semester Passes are valid on Express/RAPID for an additional \$1.65 per boarding. Reduced Fare Semester Passes are valid on Express/RAPID for an additional \$2.45 per boarding.

Free Fare

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

Changes in Fare Structure

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

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

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

PROGRAMS

Platinum Pass Program (administered by City of Phoenix)

Platinum Pass is a transit credit card available to companies, agencies, or organizations for their employees, students, tenants, residents, or other individuals permitted to participate by the company, agency, or organization. The cardholder is charged the appropriate fare for each boarding on Local and Express/RAPID bus and rail service. At the end of the month, a bill and an itemized statement is issued for each boarding up to the monthly cap for each pass's usage. Passes are capped at the maximum price of an Express/RAPID pass. A detailed report of actual boardings charged each month can be purchased for an additional cost. The company, agency, or organization is solely responsible for the cost of the program.

Homeless Provider Program (administered by City of Phoenix)

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

Arizona State University (ASU) U-Pass Program (administered by City of Phoenix in collaboration with ASU)

The U-Pass is provided to ASU students by ASU. ASU pays a fixed rate per boarding to the City of Phoenix Regional Fare Depository for students based on the average Platinum Pass fare per boarding for the prior period. The rate is adjusted annually.

Ticket Partnership Program (administered by Valley Metro)

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

Group Field Trip Program (administered by Valley Metro Customer Service)

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

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

The Tempe Youth Transit Pass allows youth ages six to 18 residing in the City of Tempe to ride local bus/rail for free. The pass issued is a Platinum Pass effective for 12 months and subsidized by the City of Tempe. If under 18, the young person must be accompanied by a parent or guardian with proof of residency. Passes can be applied and received from the Tempe Transit Store.

Rural Route Fare (administered by Valley Metro)

Rural Route fares are based on distance travelled. 1-Way travel within the same city is \$2.00; 1-Way travel within multiple cities is \$4.00. Reduced Fare is available to passengers meeting the Reduced Fare criteria. Rural Route fares are distinct from the local and express fares and do not contribute to fare caps.

Special Event Pass Program (administered by City of Phoenix)

The Special Event Pass Program supports major, special events and conventions in Maricopa County interested in sponsoring public transportation travel for their attendees. This program is available to events of two or more days in length and 100 or more participants (or cards). Operating as a Platinum Pass, the event sponsor is charged an up-front fee for the cards; customization of the card's exterior graphics is available with a 4 – 8 week lead time, depending on card volume. Post-event, the event sponsor is charged for actual rides taken via these passes, up to a maximum price of \$5.00/day. For events of four or more days, the daily cap adjusts to a lower rate consistent with average daily pricing of other pass types (see table below).

Interested event sponsors must complete an application and eventually an agreement to take part in this program.

Special Event Duration	Daily Maximum (and Regional Fare Equivalent)
2 – 3 days	\$4.00 (All-Day cap)
4 – 7 days	\$2.85
8 – 15 days	\$2.20
16 or more days	\$2.00

For Private Outlets (administered by City of Phoenix)

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

REFUNDS

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

VALLEY METRO DIAL-A-RIDE

Fare Type	Fare Structure	Fare Policy Rules/Multiples
DIAL-A-RIDE		
1-Ride	\$4.00	2 x local base fare

ADA Dial-a-Ride

There are several ADA Dial-a-Ride providers serving the Maricopa County region. ADA certified passengers pay a flat-rate fare for ADA trips to the Dial-a-Ride provider serving the area where their trip begins. ADA trip rates vary by provider. Regional trips crossing Dial-a-Ride jurisdictions are a flat-rate of \$4.00 for a one-way trip.

ADA Platinum Pass Program

Valley Metro offers the free use of local bus and rail for individuals who are eligible for ADA Dial-a-Ride service and who reside in cities that have elected to participate in the program. ADA Platinum Pass program participants receive a photo ID card which operates as a Platinum Pass. If an individual is eligible to travel with a Personal Care Attendant (PCA), the PCA may also ride for free. If the pass used for Express/RAPID service, the passenger pays the difference in fares.

The card itself is initially free, but there is a charge to replace a lost or stolen pass.

Non-ADA Dial-a-Ride

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

Proposed Fare Policy Changes

June 2021



1

FCS Project Background



2

2

Goals for New Fare Collection System



- Improved fare media control and functionality
- Flexible and expandable
- Introduce innovative fare collection features
- Eliminate paper passes
- Minimize reduced fare abuse
- Minimize use of cash

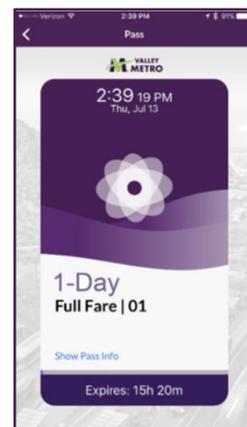
3

3

New Fare Technology



- Account Based System
 - Stored value reloadable accounts
 - Mobile app on smartphones
 - Transit smart cards
 - Fare capping
 - Open payments capable
- Open Architecture
 - Gives full agency control
 - Enables integrations without restrictions



4

4

New Fare Channels



- Flexible Ticket Vending Machines (TVM)
 - Full-Featured cash
 - Express cashless
- Validators for smartcards and mobile tickets
 - Can validate smartcards and barcodes
- Comprehensive Website portals
 - Public website for account management
 - Institutional for account administration



5

5

Retail Services Contract



- Introduce third party retail network
 - Utilize existing “gift card” model to sell and reload smartcards similar to Starbucks, Amazon, iTunes, etc.
 - Retailers include grocery stores, convenience stores, drug stores, etc.
- Increase and improve options for customers
 - Increase quantity and types of stores that sell cards
 - Transit card can be reloaded in same “checkout lane” as groceries or gas

6

6

FCS Project Status



- **Completed Conceptual Design Review**
 - Solution workshops
 - Design review meetings
- **Preliminary Design Phase**
 - Scheduled through May 2021
- **Expedited Mobile App**
 - Includes trip planning, rider alerts

7

7

Key Project Milestones



- | | |
|--------------------------------------------|------------------|
| • Expedited Mobile App | July 2021 |
| • Rail validators installed | May 2022 |
| • Bus validators installed | July 2022 |
| • Mobile ticketing launch (Phase I) | Sep 2022 |
| • TVMs fully installed | Aug 2023 |
| • Smartcard launch (Phase II) | May 2023 |

8

8



Mobile App

- **Fares offered with Phase I launch**
 - One ride
 - Day pass

- Full fare only

Proposed Fare Policy





Fare Policy Changes

- **Effective with Phase II Launch**
- **New FCS is opportunity to update fare policy**
 - Reduced fare ID
 - Base fare – no change
 - Pass prices/cap amounts
 - Passes/caps offered
- **Tempe Streetcar fare**

11

11



ADA Paratransit

- **No impact to ADA Paratransit Fare**
 - No change to base fare of \$2.00
 - ADA Fare remains at \$4.00

12

12



Reduced Fare ID

- **Policy includes requirement for Reduced Fare ID**
 - Customers must demonstrate eligibility to flag account as reduced fare
 - Need to develop plan to implement with current eligible groups
 - Youth
 - Seniors
 - Persons with Disabilities
 - Use Vix customer service to support roll out

13

13



Fare Capping

- **Mobile and reloadable smartcard**
 - Each tap deducts base fare from loaded value
 - Value is no longer deducted when daily cap is reached
 - Value is no longer deducted when weekly cap is reached (5 daily caps)
 - Value is no longer deducted during calendar month when monthly cap is reached (16 daily caps)
- Mobile app and smart card can't be tied to the same account

14

14

Proposed Fare Caps



	Current Passes			Proposed Caps		
	Local	Express	Reduced	Local	Express	Reduced
Base Fare	\$2.00	\$3.25	\$1.00	\$2.00	\$3.25	\$1.00
All-Day						
Price/Cap	\$4.00	\$6.50	\$2.00	\$4.00	\$6.50	\$2.00
7-Day/Week						
Price/Cap	\$20.00	NA	\$10.00	\$20.00	NA	\$10.00
15-Day/Half-Month						
Price/Cap	\$33.00	NA	\$16.50	NA	NA	NA
31-Day/Month						
Price/Cap	\$64.00	\$104.00	\$32.00	\$64.00	\$104.00	\$32.00

15

15

Proposed Streetcar Fare



- **Streetcar fare**
 - \$1.00 for single ride
 - \$0.50 for reduced fare single ride
- **Regional Fare Media accepted**
 - Regional mobile tickets and smartcards accepted
 - Stored value decreased by \$1.00 streetcar fare (\$0.50 reduced)
 - Streetcar rides contribute to local and express caps

16



Smart Card Fee

• Retail Cards

- Fee for initial purchase of smart card
 - Amount set by agency, not specifically in fare policy
- Optional: fee value added to card for new account registration
- \$5.00 fee for replacement card for lost or damaged cards
 - Card must be registered to account, remaining value transferred to new card

• Reduced Fare ID

- No charge for initial card, or replacement for expired cards
- \$5.00 fee for replacement card for lost or damaged cards

17

17

Public Outreach



18

18



Public Process

- **Board/Council process for information**
 - June Board meeting
- **Public outreach/public hearing**
 - July-September
- **Board/Council process for adoption**
 - October process



Information Summary

DATE

June 10, 2021

AGENDA ITEM 5

SUBJECT

2021 Transit Life Cycle Program - Bus Update

PURPOSE

To present the draft 2021 TLCP Bus Update for information.

RECOMMENDATION

This item is presented for information only.

BACKGROUND | DISCUSSION | CONSIDERATION

The TLCP was developed in 2005 to provide guidance for the implementation of the transit component of the Regional Transportation Plan. The TLCP includes Guiding Principles, policies, procedures and financial forecasts to ensure that the program can be balanced. Information presented in the TLCP is a 20-Year summary encompassing the life of the Transportation Excise Tax authorized in Prop 400.

The most recent update to the TLCP was in September 2019. The pandemic created significant uncertainty with the revenues in early 2020 and no TLCP Update was completed in 2020 as a result. It made little sense to present a program based on the then current, higher revenue forecast with the potential of significant declines because of the pandemic.

The pandemic has resulted in a significant reduction in ridership and fare revenue. Through the FY22 budget development process, the Board of Directors has been concerned about the return of ridership and has asked staff to be conservative in its forecasting of ridership. As a result, the 2021 update has a reduction of approximately \$58 million in fare projections for PTF-funded service compared to the 2019 Adopted TLCP.

ADOT updated the Official Forecast in September 2020. The 2021 update, which uses this updated forecast has a reduction of \$10 million in total Bus PTF revenues compared to the 2019 update. Staff has been monitoring revenues throughout FY2021, which are trending approximately 9% higher than the budget.

The current Short Range Transit Plan (SRTP) has identified some service and/or funding changes that are requested to be incorporated into the bus program within the TLCP. The SRTP was developed cooperatively with member city transit staff and includes service improvements that are ready to be implemented in the next two years. It also includes many potential improvements that are not ready for implementation. These improvements will continue to be analyzed and developed and could be recommended for regional funding in a future TLCP Update.



Bus Program

Capital Program

In the 2021 update, there are some adjustments to fleet expenses and facilities construction costs. The number of bus purchases in the current update is increased partly due to the timing of payments and federal reimbursements received. There is an increase in fleet replacements for the City of Phoenix. Paratransit replacements increased as Valley Metro replaces contractor owned vehicles with agency owned vehicles. Vanpool replacements were deferred because of underutilization caused by the pandemic.

There have been some updates to the cost estimates for the North Glendale Park-and-Ride. The North Glendale Park-and-Ride is now estimated to be a smaller project than previously envisioned. There is currently \$2.8 million in PTF programmed in the TLCP for the project, but new preliminary estimates indicate the project will cost between \$1.5 million and \$2.0 million. The smaller project is programmed without federal assistance to expedite project delivery. Glendale is reviewing the preliminary estimates and project scope and will advise how much PTF will be needed for the project.

Operating Program

Valley Metro planning staff developed the SRTP to guide the implementation of new service improvements, including those funded with PTF. The attached *Table 1* shows the service improvements included in the financial model. The table includes improvements approved in the 2019 TLCP model and programmed improvements from the 2021 SRTP.

The fund balance at the end of the program is anticipated to be about \$20.8 million, down from \$42.1 million in the 2019 update. The model is balanced for the life of Prop 400 and annual cash flow shows that the fund balance is positive in all remaining years. The following table summarizes the changes in fund balance.

Comparison of Net Revenues		2021 Update	2019 Update	Change
	Operations Revenue	\$2,033.7	\$2,043.2	(\$9.5)
	Capital Revenue	\$1,037.0	\$976.1	\$60.9
Total Revenue		\$3,070.7	\$3,019.4	\$51.3
	Operations Expenditures	\$1,718.6	\$1,729.1	(\$10.5)
	Capital Expenditures	\$1,331.3	\$1,248.2	\$83.1
Total Expenditures		\$3,049.9	\$2,977.3	\$72.6
Net Revenues less Expenditures		\$20.8	\$42.1	(\$21.3)



The TLCP Guiding Principles require that jurisdictional equity be maintained for the bus program. The policy allows that each sub-region can be within 2.5 percent above or below their policy allocation. In the current model, the East sub-region is within this policy allowance, but the Central and West sub-regions are not. Additionally, the policy allows that regardless of sub-regional percentages, no jurisdiction can be under-allocated by \$7.5 million or more without explicit approval of that city. In the current model, Phoenix meets that condition.

Jurisdictional Equity Summary by Sub-Region				
(millions of dollars)				
May 20, 2021				
Sub-Region	Total Calculated PTF	Total Policy PTF Allocation	JE Under (JE Over)	Percent of JE Calculated
Central	\$424.1	\$439.3	\$15.1	3.4%
East	\$779.7	\$784.6	\$4.9	0.6%
West	\$166.0	\$160.4	(\$5.6)	-3.5%
	\$1,369.8	\$1,384.2	\$14.4	1.0%

Valley Metro will host meetings for the sub-regions to discuss the results of this preliminary model. The goal of the meetings will be to finalize the list of improvements to be included in the model to ensure that cash flow reserve requirements are maintained and that Jurisdictional Equity policies are balanced.

OPTIONS TO SUPPORT THE TLCP AND BALANCE JE

- \$5.0 million of ARP Act money shifted from locally-funded service to PTF-funded service. This will help to offset the increased regional costs as Valley Metro assumes the costs for the new fare collection system retail network and customer services.
- Defer cost allocation shifts to PTF in the SRTP for the West Sub-Region.
- Performance-based service adjustments identified by Service Planning with potential savings of up to \$2.0 million annually in the West Sub-Region.
- Reduction in the PTF allocated to the North Glendale Park & Ride.
- Increased PTF revenue scenarios:
 - Projected FY2021 RPTA PTF revenues based on current trends are \$6.6 million (or 6.8%) higher than the Official ADOT Forecast. FY2021 actual PTF collections will be available in mid-July 2021. The current projection is that FY21 revenues will be higher than the forecast revenues for FY22.
 - Using the projected FY2021 PTF revenues as the baseline amount and applying the annual growth rates assumed in the 2020 Official ADOT Forecast results in a total increase of \$39.3 million above the PTF revenues currently in the TLCP model. The updated ADOT Forecast should be



available in October 2021 and may reflect an increase based on the collections in FY21.

OTHER OUTSTANDING ISSUES

Updated fare revenue projections had the largest negative impact on the financial model. Staff has made a very conservative forecast that fare revenues would return to pre-pandemic levels by 2025. It is unclear how public transit will be affected long term by the pandemic, but an aggressive ridership recovery campaign could help with bringing ridership and fare revenue back more quickly. Additionally, the Board will review the fare policy and could make pricing changes that could lead to increased fare revenues.

City of Phoenix is considering options for how to program funds in the TLCP. Phoenix can program \$4 million to bring its sub-regional jurisdictional equity with the 2.5% policy allowance, and up to \$15 million to be balanced based on the current model.

COST AND BUDGET

Some of the proposed changes to the TLCP bus model have been incorporated into the proposed FY2022 Operating and Capital Budgets and the Five-Year Operating and Capital Forecasts. Revenues and expenditures forecast within the TLCP are balanced as required by State Statute.

COMMITTEE PROCESS

RTAG: May 18, 2021 for information

TMC: June 2, 2021 for information

Board of Directors: June 17, 2021 for information

CONTACT

Paul Hodgins

Chief Financial Officer

phodgins@valleymetro.org

ATTACHMENT

Table 1



Table 1

	Route	Fiscal Year	Description	Status
30	University	2023	Replace local funding, existing service levels in Mesa	Approved
41	Indian School	2023	In Scottsdale, Match Phoenix service span expansion 5AM-Midnight Weekdays and Weekends.	Approved
83	83rd Avenue	2023	Replace local funding, existing service levels in Peoria only	Approved
156	Chandler Boulevard	2023	Extend Route 156 to 40th St and increase peak frequency to 15 minutes to Gilbert Rd.	Approved
170	Bell Road	2023	Replace local funding, existing service levels in Glendale only	Approved
170	Bell Road	2023	In Scottsdale match Phoenix service span expansion 5AM-Midnight Weekdays and Weekends.	Approved
45	Broadway	2024	Replace local funding, existing service levels in Mesa only	Approved
112	Country Club/ Arizona Avenue	2024	Extend route in Chandler.	Approved
96	Dobson	2025	Weekday, improve service in Chandler by extending current service to add one evening round trip.	Approved
104	Alma School	2025	Add Saturday service until 9pm in Chandler.	Approved
112	Country Club	2025	Improve frequency to 15 minutes from Main Street to end of line.	Approved

NOTE:

- Approved status means that the improvement is included in a previously adopted TLCP Financial Model
- Programmed status means the improvement is included in the current TLCP Financial Model but is not included in previously approved TLCP Financial Model



Table 1 (continued)

	Route	Fiscal Year	Description	Status
30	University	2022	Reduce route span of service in Tempe Weekdays and Saturday.	Programmed
61	Southern Avenue	2022	Reduce route span of service in Tempe Weekdays and Saturday.	Programmed
72	Scottsdale/ Rural	2022	Reduce route span of service in Tempe Weekdays and Saturday.	Programmed
77	Baseline Road	2022	Reduce route span of service in Tempe Weekdays and Saturday.	Programmed
81	Hayden/ McClintock	2022	Reduce route span of service in Tempe Weekdays and Saturday.	Programmed
514	Scottsdale Express	2022	Remove the portion of the alignment beyond Mustang Transit Center along Shea to Fountain Hills	Programmed
New	Fountain Hills Mesa Connector	2022	New route connecting Fountain Hills PNR with the Gilbert Road/McDowell Road PNR. This will replace the loss of 514 service.	Programmed
30	University	2023	Improve Saturday frequency in Mesa only to match Tempe	Programmed
30	University	2023	Add Sunday service and frequency in Mesa only to match Tempe	Programmed
72	Scottsdale/ Rural	2023	In Scottsdale implement Pinnacle Peak Extension.	Programmed
138	Thunderbird	2023	Replace local funding, existing service levels in Glendale only	Programmed
136	Gilbert Road	2024	Extend evening service weekdays and Saturdays to Chandler.	Programmed
136	Gilbert Road	2024	Improve peak weekday frequency in Gilbert and Mesa (Main to Elliot).	Programmed

NOTE:

- Approved status means that the improvement is included in a previously adopted TLCP Financial Model
- Programmed status means the improvement is included in the current TLCP Financial Model but is not included in previously approved TLCP Financial Model

Valley Metro RPTA Transit Life Cycle Program 2021 Model Update

June 2021



1

Regional Transportation Plan



2

Regional Transportation Plan



- **Proposition 400 plan development was managed by MAG Transportation Policy Committee**

- Transportation needs were assessed by sub-region
 - Population was used as a guide to ensure each sub-region received an appropriate share of revenues
- Each sub-region prioritized needs among the modes
 - Transit improvements were prioritized more by the East Valley and Phoenix
 - Freeway improvements were prioritized more by the West Valley

Region	Shares from the RTP		
Region	Pop Shares (2006 to 2025)	RTP Shares	RTP Shares w/o LRT
East	35.4%	31.5%	34.2%
Phoenix	39.6%	42.7%	35.9%
West	25.0%	25.8%	29.9%

Regional Shares by Mode

Mode	East	Phoenix	West	Regional	Total
Freeway/Highway	23.9%	34.1%	36.4%	5.5%	100.0%
Arterial Streets	67.0%	5.6%	24.0%	3.4%	100.0%
Bus	43.0%	49.4%	5.8%	1.8%	100.0%
Rail	15.8%	82.1%	2.0%	0.0%	100.0%
Total Transit (Bus & Rail)	30.4%	64.6%	4.1%	1.0%	100.0%
Planning, etc	0.0%	0.0%	0.0%	100.0%	100.0%
Bike/Ped	0.0%	0.0%	0.0%	100.0%	100.0%
AQ	0.0%	0.0%	0.0%	100.0%	100.0%
Total	29.6%	40.5%	24.4%	5.5%	100.0%
With regional % allocated by pop %	31.5%	42.7%	25.8%		100.0%
Population Share	35.4%	39.6%	25.0%		100.0%

Let's Keep Moving!

Regional Transportation Plan

November 25, 2003

Transportation Excise Tax



Proposition 400 approved in November 2004

- Half-cent sales tax for Maricopa County
 - Extension of tax approved in 1985 for freeway improvements
- Provides funding for freeway, arterial and transit improvements
- Funding allocations are in State statutes and revenues cannot be transferred between programs
 - 33.3% for transit program
 - 56.2% for freeway program
 - 10.5% for arterial program

5

5

Revenue Forecast

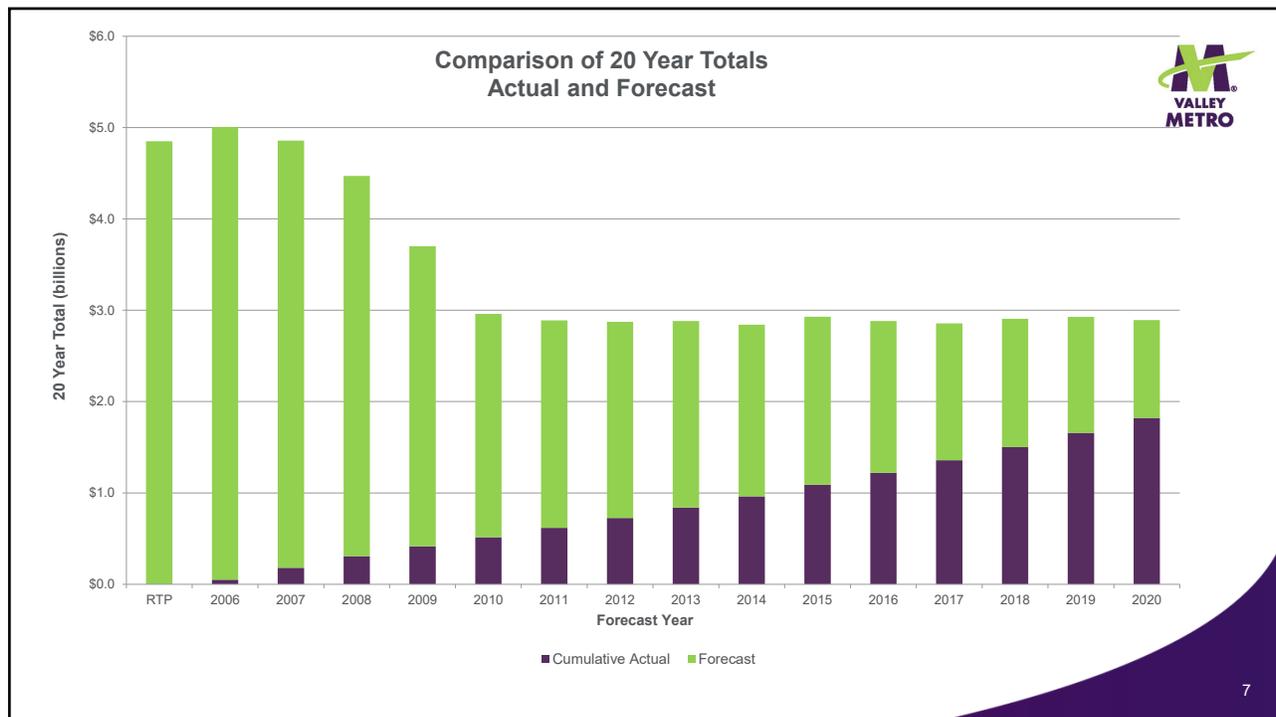


• ADOT manages forecast process

- Risk Analysis Process (RAP)
 - Econometric model
 - Independent variables for each category of tax
- RAP Panel discussion
 - Panelists are experts in various fields and provide forecasts for the independent variables
- Forecast published in September or October each year
 - Most recent forecast published on October 3, 2018

6

6



7

TLCP Policy Allocations



RPTA Board adopted policies for TLCP Oct 2005

- Transit PTF allocated to bus and rail programs
 - 56.76% annually to bus program
 - 43.24% annually to rail program
- Each program has a financial model to ensure balanced revenues and expenditure

8

8

TLCP Guiding Principles



1. A defined and consistent process will be established for allocating funding for projects in the Regional Transportation Plan.
2. A defined and consistent process for Plan amendments and changes will be established.
3. Funding allocations will be regularly monitored and managed.
4. A defined and consistent process will be established to ensure that legislated compliance audit, reporting and performance requirements are met.
5. Budgeting and accounting systems will be established to manage Public Transportation Funds and monitor and report results.
6. Jurisdictional equity will be maintained.

9

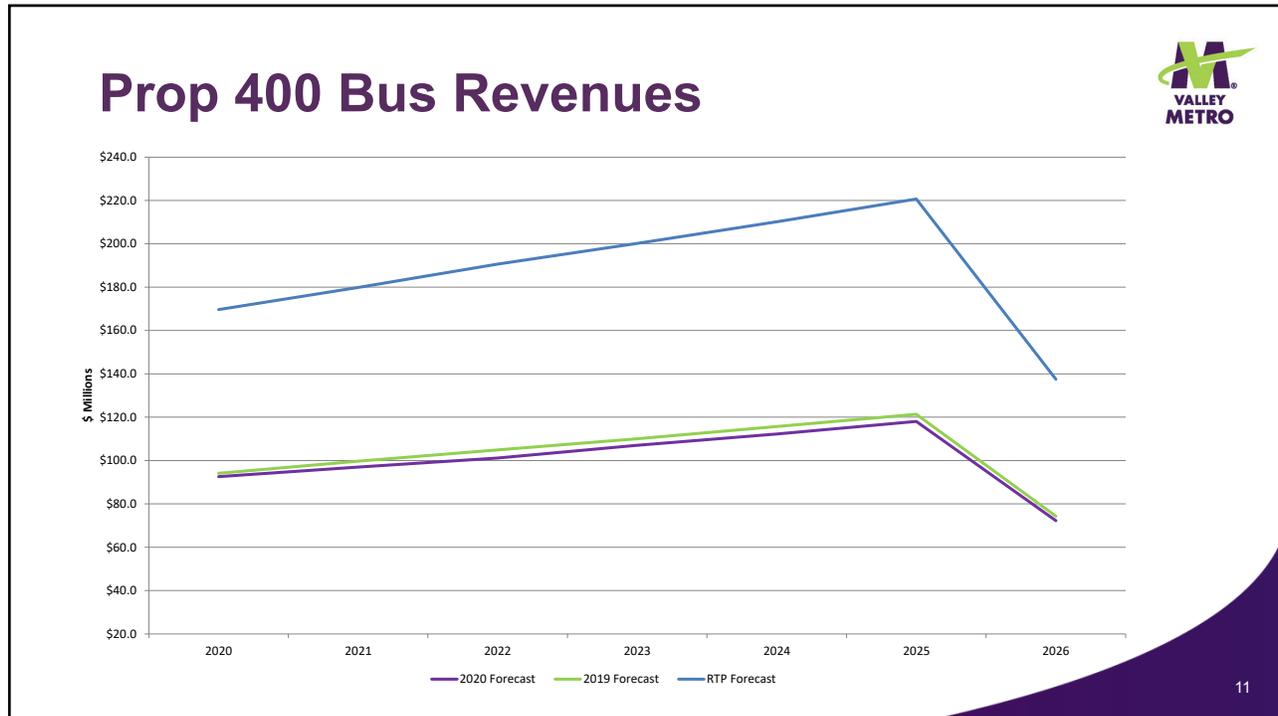
9



Bus Program

10

10



11

Operating Program Changes

Revenues

- 2020 ADOT PTF Forecast
- Reduced fare revenue forecast
- Stimulus money (CARES, CRRSAA, ARPA)

Expenses

- Updated existing mileage, contract rates
- SRTP improvements
 - Committed in first 2 years
 - New improvements programmed
- Increased fare collection system costs
 - Retail and customer service

12

12



Service Adjustments Added

	Route	Fiscal Year	Description
30	University	2022	Reduce route span of service in Tempe Weekdays and Saturday.
61	Southern Avenue	2022	Reduce route span of service in Tempe Weekdays and Saturday.
72	Scottsdale/ Rural	2022	Reduce route span of service in Tempe Weekdays and Saturday.
77	Baseline Road	2022	Reduce route span of service in Tempe Weekdays and Saturday.
81	Hayden/ McClintock	2022	Reduce route span of service in Tempe Weekdays and Saturday.
514	Scottsdale Express	2022	Remove the portion of the alignment beyond Mustang Transit Center along Shea to Fountain Hills
New	Fountain Hills Mesa Connector	2022	New route connecting Fountain Hills PNR with the Gilbert Road/McDowell Road PNR. This will replace the loss of 514 service.

13

13



Service Adjustments (continued)

	Route	Fiscal Year	Description
30	University	2023	Improve Saturday frequency in Mesa only to match Tempe
30	University	2023	Add Sunday service and frequency in Mesa only to match Tempe
72	Scottsdale/ Rural	2023	In Scottsdale implement Pinnacle Peak Extension.
138	Thunderbird	2023	Replace local funding, existing service levels in Glendale only
136	Gilbert Road	2024	Extend evening service weekdays and Saturdays to Chandler.
136	Gilbert Road	2024	Improve peak weekday frequency in Gilbert and Mesa (Main to Elliot).

14

14

Capital Program Changes



Facilities plan changes

- North Glendale Park-and-Ride programmed with local and PTF funds only, reduced scope

Fleet plan changes

- Bus fleet replacements increased to match current fleet replacement plans
- Paratransit replacements increased to replace contractor provided vehicles
- Vanpool replacements decreased due to COVID underutilization

15

15

Fleet Purchases



	<u>2021</u> <u>Update</u>	<u>2019</u> <u>Update</u>	<u>Change</u>	<u>% Change</u>
Fixed route buses	1,562	1,404	158	11.3%
Paratransit vehicles	751	596	155	26.0%
Rural route buses	35	30	5	16.7%
Vanpools	1,398	1,480	-82	-5.5%
Total Fleet	3,746	3,510	236	6.7%

16

16



Expenditure Summary

	2021 Update	2019 Update	Change	% Change
Operations Expenditure				
Fixed Route Operations	974.6	\$984.3	(\$9.7)	-1.0%
ADA & Alternatives	\$481.0	\$500.4	(\$19.4)	-3.9%
Regional Expenditures	262.9	\$244.4	\$18.5	7.6%
<i>Sub-Total Operations Expenditures</i>	\$1,718.6	\$1,729.1	(\$10.5)	-0.6%
Capital Expenditure				
Debt Service	\$67.3	\$71.4	(\$4.1)	-5.7%
Fleet	\$987.9	\$897.1	\$90.8	10.1%
Facilities	\$276.1	\$279.7	(\$3.6)	-1.3%
<i>Sub-Total Capital Expenditures</i>	\$1,331.3	\$1,248.2	\$83.1	6.7%
Total Expenditures	\$3,049.9	\$2,977.3	\$72.6	2.4%

17

17



Revenue Summary

	2021 Update	2019 Update	Change	% Change
Revenue Operations				
PTF	\$1,641.6	\$1,651.3	(\$9.7)	-0.6%
RARF	\$92.4	\$92.8	(\$0.4)	-0.4%
Fares	\$150.4	\$207.2	(\$56.8)	-27.4%
Federal	\$123.1	\$67.1	\$56.0	83.4%
Other revenues	\$26.2	\$24.8	\$1.4	5.8%
<i>Sub-Total Operations Revenue</i>	\$2,033.7	\$2,043.2	(\$9.5)	-0.5%
Revenue Capital				
Federal - Capital	\$957.7	\$896.9	\$60.8	6.8%
Financed Revenue	\$58.3	\$58.3	\$0.0	0.0%
Other revenues	\$20.9	\$20.9	\$0.0	0.2%
<i>Sub-Total Capital Revenue</i>	\$1,037.0	\$976.1	\$60.9	6.2%
Total Revenue	\$3,070.7	\$3,019.3	\$51.4	1.7%

18

18

Cash Flow Summary



Bus Program			Funding Surplus / Shortfall
	TLCP Totals		
Total Program Revenues	\$3,070.7		
Total Operating Costs	(\$1,701.3)		
Funding surplus before capital and financing			\$1,369.4
Total Capital Costs	(\$1,331.3)		
<u>Financing Needs anticipated:</u>	<u>Proceeds</u>	<u>Debt Service</u>	
Series 2009/2016/2019	\$50.0	(\$67.3)	
Total Financing	\$50.0	(\$67.3)	(\$17.3)
Total Program Cost 2026	(\$3,049.9)		
Net Fund Balance			\$20.8

19

19

Annual Cash Flow



	FY2006-2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	Total
Revenues								
PTF	\$1,033.8	\$97.0	\$101.2	\$107.0	\$112.2	\$118.1	\$72.4	\$1,641.6
Federal	693.3	72.1	86.0	54.9	59.4	59.9	55.3	1,080.8
Fares	109.7	1.9	6.2	7.3	8.5	10.3	6.4	150.4
Other	163.5	5.8	5.9	6.0	6.2	6.4	4.1	197.9
Total Revenues	\$2,000.3	\$176.8	\$199.2	\$175.2	\$186.3	\$194.7	\$138.2	\$3,070.7
Expenditures								
Operations	(\$593.4)	(\$55.9)	(\$59.8)	(\$67.4)	(\$74.5)	(\$77.1)	(\$46.5)	(\$974.6)
ADA	(290.6)	(24.2)	(26.1)	(32.9)	(40.3)	(41.7)	(25.3)	(481.0)
Regional Services	(172.5)	(16.4)	(15.8)	(14.9)	(15.3)	(17.5)	(10.5)	(262.9)
Fleet	(633.3)	(54.6)	(66.0)	(41.1)	(64.3)	(66.1)	(62.4)	(987.9)
Facilities	(241.2)	(14.6)	(6.7)	(6.4)	(6.9)	(0.2)	(0.1)	(276.1)
Debt Service	(45.8)	(4.5)	(4.2)	(4.5)	(4.2)	(4.2)	-	(67.3)
Total Expenditures	(\$1,976.7)	(\$170.3)	(\$178.6)	(\$167.2)	(\$205.5)	(\$206.8)	(\$144.8)	(\$3,049.9)
Excess (Deficit) Rev over Exp	\$23.5	\$6.5	\$20.6	\$8.0	(\$19.1)	(\$12.1)	(\$6.6)	\$20.8
Fund Balance	\$23.5	\$30.0	\$50.6	\$58.7	\$39.5	\$27.4	\$20.8	

* Fund Balance is for Bus PTF only, does not include other reserves held by RPTA

20

20

Jurisdictional Equity



21

Jurisdictional Equity



TLCP Guiding Principle to maintain jurisdiction equity

- Applies to half-cent revenues for the bus program only
- Policy allocations were determined based on projects and planning cost estimates from 2002 Regional Transportation Plan
- Actual and forecast costs for services, fleet, capital facilities are allocated to cities
- Each sub-region to be within 2.5% of policy allocation

22

22

Regional PTF Costs



Category	Amount
Regional services	\$154.6
ADA certification	\$40.5
Planning and Administration	\$4.5
Regional VMS/FCS/IT	\$19.1
Vanpool vans	\$2.6
Debt service	\$17.3
Minimum cash balance	\$6.4
Total Regional Costs	\$245.0

23

23

Jurisdiction Equity Summary by Sub-Region



(millions of dollars)				
May 20, 2021				
<u>Sub-Region</u>	<u>Total Calculated PTF</u>	<u>Total Policy PTF Allocation</u>	<u>JE Under (JE Over)</u>	<u>Percent of JE Calculated</u>
Central	\$424.1	\$439.3	\$15.1	3.4%
East	\$779.7	\$784.6	\$4.9	0.6%
West	\$166.0	\$160.4	(\$5.6)	-3.5%
	\$1,369.8	\$1,384.2	\$14.4	

24

24

Options to Support the TLCP



25

25



American Rescue Plan

26



ARP Act Distribution

- **Shift \$5 million additional ARP Act funds to support TLCP**
 - Reduces amount available to support locally funded bus and paratransit
- **TLCP includes additional costs for Fare Collection**
 - Fare media and distribution costs were previously borne by all, netted off fare revenue collected
 - New costs for customer service and reduced fare ID
- **Supports a balanced TLCP moving into Prop 400 Extension**

27

27

ARPA Distributions Scenario 1

Same allocation methodology as CARES



Phoenix-Mesa UZA

Jurisdiction	Bus PTF	Bus Local	Paratransit	Total
Chandler	\$ 3,477,000	\$ 981,000	\$ 784,000	\$ 5,243,000
County	-	-	258,000	258,000
El Mirage	31,000	-	31,000	62,000
Fountain Hills	14,000	20,000	-	34,000
Gilbert	2,159,000	-	784,000	2,943,000
Glendale	114,000	-	561,000	675,000
GRIC	-	16,000	-	16,000
Guadalupe	129,000	-	-	129,000
Mesa	7,190,000	2,968,000	1,402,000	11,561,000
Paradise Valley	-	-	14,000	14,000
Peoria	146,000	573,000	358,000	1,077,000
Phoenix	1,014,000	5,103,000	1,986,000	8,103,000
Scottsdale	2,907,000	-	483,000	3,390,000
Surprise	-	23,000	76,000	99,000
Tempe	3,624,000	10,512,000	497,000	14,633,000
Tolleson	-	224,000	17,000	241,000
Youngtown	-	-	23,000	23,000
Total	\$ 20,805,000	\$ 20,420,000	\$ 7,275,000	\$ 48,500,000

28

28

ARPA Distributions Scenario 2

Additional \$5 M in PTF



Phoenix-Mesa UZA

Jurisdiction	Bus PTF	Bus Local	Paratransit	Total
Chandler	\$ 4,313,000	\$ 741,000	\$ 123,000	\$ 5,177,000
County	-	-	258,000	258,000
El Mirage	38,000	-	24,000	62,000
Fountain Hills	18,000	15,000	-	33,000
Gilbert	2,678,000	-	265,000	2,943,000
Glendale	141,000	-	534,000	675,000
GRIC	-	12,000	-	12,000
Guadalupe	159,000	-	-	159,000
Mesa	8,918,000	2,242,000	251,000	11,411,000
Paradise Valley	-	-	14,000	14,000
Peoria	181,000	433,000	463,000	1,077,000
Phoenix	1,257,000	3,854,000	2,992,000	8,103,000
Scottsdale	3,606,000	-	-	3,606,000
Surprise	-	17,000	82,000	99,000
Tempe	4,495,000	7,938,000	2,175,000	14,608,000
Tolleson	-	169,000	72,000	241,000
Youngtown	-	-	23,000	23,000
Total	\$ 25,804,000	\$ 15,421,000	\$ 7,275,000	\$ 48,500,000

29

29

ARPA Distributions Comparison



Phoenix-Mesa UZA

Jurisdiction	Scenario 1	Scenario 2	Difference
Chandler	\$ 5,243,000	\$ 5,177,000	\$ (66,000)
County	258,000	258,000	-
El Mirage	62,000	62,000	-
Fountain Hills	34,000	33,000	(1,000)
Gilbert	2,943,000	2,943,000	-
Glendale	675,000	675,000	-
GRIC	16,000	12,000	(4,000)
Guadalupe	129,000	159,000	30,000
Mesa	11,561,000	11,411,000	(150,000)
Paradise Valley	14,000	14,000	-
Peoria	1,077,000	1,077,000	-
Phoenix	8,103,000	8,103,000	-
Scottsdale	3,390,000	3,606,000	216,000
Surprise	99,000	99,000	-
Tempe	14,633,000	14,608,000	(25,000)
Tolleson	241,000	241,000	-
Youngtown	23,000	23,000	-
Total	\$ 48,500,000	\$ 48,500,000	\$ -

30

30

Cash Flow Summary



Bus Program		TLCP Totals	Funding Surplus / Shortfall
Total Program Revenues		\$3,075.7	
Total Operating Costs		(\$1,701.3)	
Funding surplus before capital and financing			\$1,374.4
Total Capital Costs		(\$1,331.3)	
<u>Financing Needs anticipated:</u>	<u>Proceeds</u>	<u>Debt Service</u>	
Series 2009/2016/2019	\$50.0	(\$67.3)	
Total Financing	\$50.0	(\$67.3)	(\$17.3)
Total Program Cost 2026		(\$3,049.9)	
Net Fund Balance			\$25.8

31

31

JE Impact of ARPA – Scenario 2



Jurisdiction Equity Summary				
by Sub-Region				
(\$ in millions)				
May 20, 2021				
<u>Sub-Region</u>	<u>Total Calculated PTF</u>	<u>Total Policy PTF Allocation</u>	<u>JE Under (JE Over)</u>	<u>Percent of JE Calculated</u>
Central	\$423.9	\$439.3	\$15.4	3.5%
East	\$775.0	\$784.6	\$9.6	1.2%
West	\$165.9	\$160.4	(\$5.6)	-3.5%
	\$1,364.8	\$1,384.2	\$19.4	

32

32



Potential Service Changes

33

33



WV Over-allocation

- **Minimum reduction of \$1.6 million to be within 2.5% policy**
- **\$5.6 million reduction to balance sub-region**

- **Options for WV cities to consider**
 - Defer funding changes
 - Performance based service adjustments
 - Capital project funding

- **Potential increased revenue forecast**

34

34



JE by City for WV

Jurisdiction	Total Calculated PTF	Total Policy PTF Allocation	JE Under (JE Over)
Avondale	\$19.2	\$21.3	\$2.0
Buckeye	\$4.7	\$1.0	(\$3.7)
County W	\$14.2	\$9.0	(\$5.2)
El Mirage	\$1.4	\$3.1	\$1.8
Gila Bend	\$0.0	\$1.9	\$1.9
Glendale	\$82.3	\$78.6	(\$3.7)
Goodyear	\$4.7	\$3.6	(\$1.1)
Litchfield Park	\$0.0	\$3.1	\$3.1
Peoria	\$29.6	\$30.7	\$1.1
Surprise	\$5.0	\$3.2	(\$1.8)
Tolleson	\$4.4	\$4.3	(\$0.1)
Wickenburg	\$0.0	\$0.3	\$0.3
Youngtown	\$0.6	\$0.2	(\$0.4)
	\$166.0	\$160.4	(\$5.6)

35

35



S RTP Funding Changes

Route Number	Route	City	Fiscal Year	Description	Est. Annual Savings
83	83rd Av	Peoria	FY23	Begin PTF funding of route in Peoria.	\$ 1,370,000
138	Thunderbird	Glendale	FY23	Begin PTF funding of route in Glendale.	\$ 160,000
170	Bell Rd	Glendale	FY23	Begin PTF funding of Route 170 in Glendale.	\$ 530,000

36

36

Performance-Based WV Adjustments Weekdays



Route Number	Route Name	Change Description
17	McDowell/McKellips	Reduce trips past 99th Ave to 4 per peak. Reduce 20-minute peak service to 30 minutes in West section of route. Eliminate service West of 83rd Ave after 8 PM.
59	59th Ave	Make service North of Olive hourly.
70	Glendale Ave	Reduce LAFB Trips to 4 per peak. Reduce service after 8 PM.
83	83rd/75th Ave	Reduce service to hourly after 8 PM.
90	Dunlap/Olive	Reduce service to hourly west of 43rd Ave after 8 PM.
106	Peoria/Shea	Remove service West of 83rd Ave. Cut back to hourly peak service.
138	Wadell/Thunderbird	West of 83rd Ave: Reduce to hourly service on weekdays; end service at 8 PM.
170	Bell Rd	End service West of 51st Ave after 8 PM.
562	GY Express	Cut one trip inbound and outbound.

37

37

Performance-Based WV Adjustments Weekends



Route Number	Route Name	Change Description
3	Van Buren St	Reduce Saturday span to match Sunday span West of 83rd Ave. Eliminate evening service.
17	McDowell/McKellips	Eliminate weekend service West of 99th Ave. Eliminate early AM service on Saturdays West of 99th Ave.
59	59th Ave	End service after 8 PM on weekends.
67	67th Ave	Reduce service to 30-minute headways after 8 PM. End evening service at 11 PM.
70	Glendale Ave	Reduce LAFB weekend trips to 3 during peaks. Reduce service span to 6 AM - 6 PM.
83	83rd/75th Ave	End span of service at 9 PM.
138	Wadell/Thunderbird	Remove Sunday service West of 83rd Ave.

38

38

Performance-Based WV Adjustments



Jurisdiction	PTF Annual Cost Savings	Local Annual Cost Savings	Total Annual Cost Savings
Avondale	\$ 372,000	\$ -	\$ 372,000
County	424,000	-	424,000
Glendale	743,000	116,000	859,000
Goodyear	287,000	-	287,000
Peoria	133,000	49,000	182,000
Tolleson	43,000	-	43,000
Youngtown	68,000	-	68,000
Total	\$ 2,070,000	\$ 165,000	\$ 2,235,000

Service Planning identified performance-based adjustments that could save up to \$2.2 M annually

North Glendale P&R



- \$2.8 M currently programmed in TLCP for P&R
- Scaled-down project has preliminary estimated costs of \$1.5 M - \$2.0 M
- Glendale to evaluate amount of PTF needed for the project



Potential PTF Forecast Changes

41

41



More Optimistic PTF Scenario

- Projected FY2021 RPTA PTF revenues: \$6.6 million higher than the Official ADOT Forecast.
 - FY2021 actual PTF collections will be available in mid-July 2021.
- New ADOT forecast may result in increase of \$39 M in RPTA PTF
 - Using the baseline amount above and applying the 2020 Official ADOT Forecast's annual growth rates to FY2022 through the end of Prop 400
 - New Official ADOT Forecast should be available in October 2021

42

42

Adjusted PTF Scenario



(\$ in millions)

Fiscal Year	PTF	Bus	Rail	Annual Growth
2021	\$182.4	\$103.6	\$78.9	
2022	189.6	107.6	82.0	4.3%
2023	200.6	113.9	86.7	5.8%
2024	210.4	119.4	91.0	4.9%
2025	221.3	125.6	95.7	5.2%
2026	135.5	76.9	58.6	5.1%
TOTALS	\$1,139.8	\$646.9	\$492.8	5.0%

ADOT Forecast Total	\$1,070.6	\$607.7	\$462.9	5.0%
---------------------	-----------	---------	---------	------

Difference	\$69.2	\$39.3	\$29.9	0.0%
-------------------	---------------	---------------	---------------	-------------

43

43

Adjusted PTF Scenario – JE Impact



Jurisdiction Equity Summary

by Sub-Region

(\$ in millions)

May 20, 2021

<u>Sub-Region</u>	<u>Total Calculated PTF</u>	<u>Total Policy PTF Allocation</u>	<u>JE Under (JE Over)</u>	<u>Percent of JE Calculated</u>
Central	\$424.1	\$451.7	\$27.6	6.1%
East	\$779.7	\$806.8	\$27.1	3.4%
West	\$166.0	\$164.9	(\$1.1)	-0.7%
	\$1,369.8	\$1,423.3	\$53.5	

44

44



Other Outstanding Issues

45

45



Higher Fare Revenue Projections

- Fare revenue projections for PTF-funded service decreased \$(58) M since the 2019 update
 - Federal COVID relief has helped fill this gap
- Conservative estimate that fare revenues will take 4-5 years to return to pre-pandemic levels
- A faster than expected return to pre-pandemic ridership levels will improve the JE
 - Adjusted fare media pricing with new FCS could increase revenue

46

46

Phoenix Projects



- Phoenix to determine projects to program
 - Minimum \$4.1 million to be within 2.5% policy
 - \$15 million to balance

47

47

Next Steps



- Address issues within model
 - West and Central Sub-regional JE out of balance
- Finalize changes and improvements
 - Sub-regional meetings in May and June
 - Identify projects for Phoenix
 - Continue refinements to assumptions
- August committee process for approval

48

48



Information Summary

DATE

June 10, 2021

AGENDA ITEM 6

SUBJECT

FY22-26 Short Range Transit Program

PURPOSE

To provide an update on the FY22-26 Short Range Transit Program (SRTTP) report.

RECOMMENDATION

This item is for information only.

BACKGROUND | DISCUSSION | CONSIDERATION

This information item is to pair with information regarding the Transit Life Cycle Program (TLCP). The SRTTP database reflects the items which are programmed into the current update of the TLCP. Decisions made by the working groups, Committees, and Board will guide the final composition of the SRTTP.

The SRTTP documents potential transit service modifications throughout the region over the next five years and builds upon previous planning efforts. It identifies regional and local transit service improvements programmed in the TLCP and includes services proposed and funded by member cities. This document provides a platform on which all short-range transit plans for the region may be shared, collectively coordinated, and integrated to maximize efficiency and effectiveness in service provided to the public. It also serves as input for the TLCP, Fleet Management Plan (FMP), bi-annual service changes and the TIP.

The SRTTP includes two planning periods, the short-term (one to three years), known as production years, and the longer-term (four to five years), known as development years. Production year services must have committed funding sources and an implementation schedule. Development year services may require further analysis. For the production years, the SRTTP analyzes all potential regionally funded modifications through a set of guiding principles and city feedback. The recommendations are developed concurrently with the annual TLCP update and are included therein.

COST AND BUDGET

The costs of service and funding changes will be reflected in the annual Transit Life Cycle Program (TLCP) and bi-annual service change process.

SRTTP Annual Update Process and Guiding Principles:

Staff worked with Valley Metro cities to document service modification requests and, if applicable, analyze the service requests using six Guiding Principles, which are built around the TLCP and Board adopted Transit Standards and Performance Measures. The Principles consider the following:



1. Financially Sustainable (Operations)
2. Financially Sustainable (Capital)
3. Current Transit Performance Threshold Quartile
4. Route in Original Proposition 400 Plan
5. Supports Major High-Capacity Transit Investments
6. Future Performance

The principles are used to evaluate regionally-funded service changes requested, by fiscal year, for consideration to include them in the SRTP, as well as to update priorities. The principles are only used for significant service changes such as route extensions or new routes, and are not used to analyze minor modifications, such as small trip or weekend adjustments. Fleet availability is also an important consideration in determining the ability to implement service changes and the year in which to include them.

As called for in Guiding Principle 3, performance threshold quartiles are developed using five performance measures to evaluate existing transit services:

- On-Time Performance
- Boardings per revenue mile
- Boardings per revenue trip
- Farebox Recovery

Based on the FY20 Transit Performance Report, routes that were within the top or bottom quartile on any two of these performance measures were analyzed to identify potential performance improvements. Top performing routes are included if enhancements are needed to alleviate overcrowding. Each service type (such as local, key local, express, etc.) is ranked and analyzed separately.

Staff met several times with the Service Planning Working Group and held five sub-regional meetings to review proposed changes and the analysis, and to determine production and development year services for the FY22-26 SRTP update. Production year services will be considered for the bi-annual service change process and annual TLCP updates.

COMMITTEE PROCESS

RTAG: May 18, 2021 for information

TMC: June 2, 2021 for information

Board of Directors: June 18, 2021 for information

ATTACHMENT

None

CONTACT

Jim Hillyard

Chief Administrative Officer

jhilliard@valleymetro.org



Information Summary

DATE

June 14, 2021

AGENDA ITEM 7

SUBJECT

Fiscal Year 2022 (FY22) Election of Valley Metro RPTA Board Officers and Subcommittee Positions

PURPOSE

The Board will vote to elect Board officer and Board subcommittee positions for FY22.

RECOMMENDATION

Based upon the letters of interest received, it is recommended that the RPTA Board of Directors elect officers and subcommittee members to serve from July 1, 2021 to June 30, 2022 for the following positions:

Board Officers

- RPTA Board Chair – Councilmember Francisco Heredia, City of Mesa
- RPTA Board Vice Chair – Mayor Kate Gallego, City of Phoenix
- RPTA Board Treasurer – Vice Mayor Bill Stipp, City of Goodyear

Audit and Finance Subcommittee

- Vice Mayor Bill Stipp, City of Goodyear – for RPTA (2nd term)
- Councilmember Francisco Heredia, City of Mesa – for RPTA (2nd term)

Valley Metro RPTA and Valley Metro Rail Joint Board Subcommittee

- Mayor Kevin Hartke, City of Chandler – for RPTA
- Vice Mayor Jon Edwards, City of Peoria – for RPTA

BACKGROUND/DISCUSSION/CONSIDERATION

RPTA Board officer and subcommittee elections are scheduled for June of each year. On May 22, 2020 a memo was distributed to Board members announcing that election of officers and subcommittee appointments would be brought forward at the June meeting for the following positions:

- Chair of the Board of Directors;
- Vice Chair of the Board of Directors;
- Treasurer of the Board of Directors;
- Audit and Finance Subcommittee member (two RPTA positions, expiring June 2021); and
- RPTA/VMR Joint Board Subcommittee members (two RPTA positions).



The May 21, 2021 memo requested letters from Board members interested in filling the positions above for FY20. The letters were due June 9, 2021. As of the due date, one letter of interest was received for each of the open positions and are available upon request for your information.

COST AND BUDGET

There is no fiscal impact.

COMMITTEE PROCESS

Board of Directors: June 17, 2021 for action

CONTACT PERSON

Vice Mayor Jon Edwards, Chair
City of Peoria

ATTACHMENT

None

Letters of Interest are available upon request.



Information Summary

DATE

June 10, 2021

AGENDA ITEM 8**SUBJECT**

Future Agenda Items Request and Report on Current Events

PURPOSE

Chair Edwards will request future agenda items from members, and members may provide a report on current events.

COST AND BUDGET

None

RECOMMENDATION

This item is presented for information only.

BACKGROUND | DISCUSSION | CONSIDERATION

None

STRATEGIC PLAN ALIGNMENT

None

COMMITTEE PROCESS

None

CONTACT

Scott Smith

Chief Executive Officer

602-262-7433

ssmith@valleymetro.org

ATTACHMENT

None

Pending Items Request

Item Requested	Date Requested	Planned Follow-up Date



Agenda

June 10, 2021

Valley Metro Rail
Thursday, June 17, 2021
Via Webex/Phone
11:15 a.m.

Action Recommended

1. Public Comment

1. For Information

Public comment is being taken in written format and will be entered into the official minutes of the meeting.

CONSENT AGENDA

2A. Minutes

2A. For action

Minutes from the May 20, 2021 Board meeting are presented for approval.

2B. Light Rail Vehicle (LRV) Repair Costs Contract Award

2B. For action

Staff recommends that the Board of Directors authorize the CEO to execute a contract with Kinkisharyo International, LLC for the cost needed to repair an LRV that was substantially damaged in a derailment in an amount not to exceed \$1,162,867.

2C. Sole Source Purchases of Parts Inventory for the Operations & Maintenance Center (OMC)

2C. For action

Staff recommends that the Board of Directors authorize the CEO to execute contracts with original equipment manufacturers (OEM), see attached list, over a three-year period for the supply of sole source parts inventory for light rail vehicles and the maintenance of way (MOW) division in an amount not to exceed \$3,333,885.



2D. Tempe Streetcar Operations and Maintenance Agreement

2D. For action

Staff recommends that the RMC forward to the Board of Directors authorization for the CEO to execute a Streetcar O&M Agreement with the City of Tempe.

REGULAR AGENDA

3. Program Management/Construction Management Contract - Exercising Two One-Year Options and Additional Funding

3. For action

Staff recommends that the RMC forward to the Board of Directors authorization for the CEO to amend the Hill International, Inc. contract for Program Management/Construction Management support to add up to \$15 million for an extension period through September 2023.

4. Valley Metro Rail, Inc. Fiscal Year 2022 (FY22) Proposed Operating and Capital Budget and Five-Year Operating Forecast and Capital Program (FY22 through FY26)

4. For action

Staff recommends that the Board of Directors approve the Fiscal Year 2022 Proposed Operating and Capital Budget and for acceptance the FY22-26 Five-Year Operating and Capital Forecast.

5. 2021 Transit Life Cycle Program - Rail Update

5. For information

Staff will present the draft 2021 TLCP Rail Update for information.

6. Fiscal Year 2022 (FY22) Election of Valley Metro Rail (VMR) Board Officers and Subcommittee Positions

6. For action

The Board will vote to elect Board officers and Board subcommittee positions for FY 2022.



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

Chair Heredia will request future Board agenda items from members and members may provide a report on current events.

8. Next Meeting 8. For information

The next Board meeting is scheduled for **Thursday, August 19, 2021 at 11:15 a.m.**

Qualified sign language interpreters are available with 72 hours notice. Materials in alternative formats (large print or flash drive) are available upon request. For further information, please call Valley Metro at 602-262-7433 or TTY at 602-251-2039. To attend this meeting via teleconference, contact the receptionist at 602-262-7433 for the dial-in-information. The supporting information for this agenda can be found on our web site at www.valleymetro.org



Information Summary

DATE

June 10, 2021

AGENDA ITEM 1**SUBJECT**

Public Comment

PURPOSE

Public comment is being taken in written format and will be entered into the official minutes of the meeting.

COST AND BUDGET

None

RECOMMENDATION

This item is presented for information only.

BACKGROUND | DISCUSSION | CONSIDERATION

None

COMMITTEE PROCESS

None

CONTACT

Scott Smith

Chief Executive Officer

602-262-7433

ssmith@valleymetro.org

ATTACHMENT

None



Minutes

June 10, 2021

AGENDA ITEM 2A

Board of Directors
Thursday, April 22, 2021
Webex/Phone
11:15 a.m.

Meeting Participants

Councilmember Francisco Heredia, City of Mesa (phone) **(Chair)**
Mayor Kate Gallego, City of Phoenix (phone) **(Vice Chair)**
Mayor Kevin Hartke, City of Chandler (phone)
Councilmember Robin Arredondo-Savage, City of Tempe (phone)

Chair Heredia called the meeting to order at 1:03 p.m.

1. Public Comment

No public comment was received.

2. Minutes

Approval of the minutes is included in the consent agenda action item.

3. Consent Agenda

Chair Heredia said items are presented on the consent agenda for approval. Are there any questions? The minutes will be included in the consent agenda. Hearing none I will take a motion to approve the consent agenda.

IT WAS MOVED BY MAYOR GALLEGO, SECONDED BY COUNCILMEMBER ARREDONDO-SAVAGE AND UNANIMOUSLY CARRIED TO APPROVE THE CONSENT AGENDA INCLUDING THE BOARD MEETING MINUTES FROM APRIL 22, 2021.

4. Valley Metro Rail, Inc. Fiscal Year 2022 (FY22) Proposed Operating and Capital Budget and Five-Year Operating Forecast and Capital Program (FY22 through FY26)

This item was not presented and will be placed on the June 17, 2021 Board meeting agenda.



5. Future Agenda Items Request and Report on Current Events

Chair Heredia said anyone have any agenda items that they want to include in a future meeting? Hearing none. Perfect.

6. Next Meeting

The next meeting of the Board is scheduled for Thursday, June 17, 2021 at 11:15 a.m.

The meeting is adjourned.

With no further discussion the meeting adjourned at 1:05 p.m.



Information Summary

DATE

June 10, 2021

AGENDA ITEM 2B**SUBJECT**

Light Rail Vehicle (LRV) Repair Costs Contract Award

PURPOSE

To request authorization for the Chief Executive Officer (CEO) to execute a contract with Kinkisharyo International, LLC for the cost needed to repair an LRV that was substantially damaged in a derailment in an amount not to exceed \$1,057,152 plus a contingency of \$105,715, for a total of \$1,162,867.

RECOMMENDATION

Staff recommends that the Board of Directors authorize the CEO to execute a contract with Kinkisharyo International, LLC for the cost needed to repair an LRV that was substantially damaged in a derailment in an amount not to exceed \$1,162,867.

BACKGROUND | DISCUSSION | CONSIDERATION

On March 14, 2021, LRV 109 was involved in a derailment with two other LRVs. One LRV was totaled, the other LRV had minor damages and repairs were made by Valley Metro personnel at the OMC. LRV 109 incurred major structural damage and needed to be towed back to the Rail Operations & Maintenance Center (OMC) for inspection. Valley Metro staff quickly determined that the structural damage was too extensive to be repaired at the OMC. Valley Metro staff contacted the vehicle manufacturer to assess the damage and provide an estimate to repair the LRV back to its Original Equipment Manufacturing (OEM) standards. It is necessary to repair this LRV to sustain an adequate spare fleet ratio and to maintain fleet availability at standards needed to deliver service under our current operations standards.

The recommended vendor to perform the repairs is Kinkisharyo International, LLC and the repairs would be performed through a sole source procurement mechanism. Sole source is warranted and appropriate because as a result of the extensive damage to the structure of the vehicle, Kinkisharyo is the only company that has the needed information and engineering resources to repair the vehicle to OEM standards. No other company has source documentation to repair the vehicle. The LRV will be shipped to Kinkisharyo's facility in New Jersey to complete the repairs and then shipped back to the OMC when repairs have been completed and accepted by Valley Metro.

COST AND BUDGET

The cost to repair the damaged LRV is estimated to be \$1,057,152 which includes all freight costs. A contingency amount of \$105,715 (10%) is also requested as the repair cost is a best estimate at this time and may require adjustment if during the repair



process unforeseen issues or hidden damage is revealed that calls for additional repair services in order to safely and securely repair the LRV. Should additional unforeseen damage be discovered at any time during the repair process, the estimate will be reviewed, independently evaluated and submitted to Travelers for recovery.

Travelers has acknowledged responsibility to cover the cost of LRV repairs and has approved reimbursement to Valley Metro for all repair costs related to this incident, less a standard \$100,000 deductible, for which Valley Metro is obligated to pay for under the insurance policy.

COMMITTEE PROCESS

RTAG: May 18, 2021 for information

RMC: June 2, 2021 approved

Board of Directors: June 17, 2021 for action

CONTACT

Ray Abraham

Chief Operations Officer

602-652-5054

rabraham@valleymetro.org

ATTACHMENTS

None



Information Summary

DATE

June 10, 2021

AGENDA ITEM 2C**SUBJECT**

Sole Source Purchases of Parts Inventory for the Operations & Maintenance Center (OMC)

PURPOSE

To request authorization for the Chief Executive Officer (CEO) to execute contracts with original equipment manufacturers (OEM), see attached list, over a three-year period for the supply of sole source parts inventory for light rail vehicles and the maintenance of way (MOW) division in an amount not to exceed \$3,333,885.

RECOMMENDATION

Staff recommends that the Board of Directors authorize the CEO to execute contracts with original equipment manufacturers (OEM), see attached list, over a three-year period for the supply of sole source parts inventory for light rail vehicles and the maintenance of way (MOW) division in an amount not to exceed \$3,333,885.

BACKGROUND | DISCUSSION | CONSIDERATION

Valley Metro Operations and Maintenance Center (OMC) plans to execute a three-year sole source contract with the contractors who are Original Equipment Manufacturers (OEM) of the Kinkisharyo Light Rail Vehicles or Maintenance of Way infrastructure. These vendors have produced the prototype components and/or molds enabling these companies to supply the original equipment parts and ensure the parts will interface with the vehicles and infrastructure. These components have been designed to function with existing vehicle components and for safety reasons cannot be ordered from untested suppliers.

These inventory parts are typically purchased within the \$50,000 Small Purchase limit as established in the Valley Metro Joint Procurement Manual. However, when more replacement parts are required and the costs exceed the \$50,000 limit, additional time is necessary to establish contracts to purchase the parts. Establishing 3-year contracts will create efficiencies in the purchasing process and establish price certainty to support cost containment efforts.

On February 25, 2021 and April 1, 2021, Valley Metro issued two rounds of public notices explaining the intent to award multiple sole source contracts with the original equipment manufacturer. The public notice included the manufacturers' names and the specialty parts. The vendor community was encouraged to submit responses to refute



the original equipment manufacturer determination. There was no opposition to these public notices.

Each sole source contract will be established for a three-year period with a not-to-exceed limit to replenish inventory in a timely manner. The dollar amounts on the attached list is based on history of usage over the last 3-years and forecasted needs for the future. Dollar amounts include freight costs. The attached list identifies each sole source vendor and their respective not-to-exceed limit. Each sole source vendor has submitted a letter attesting they are the original equipment manufacturer.

COST AND BUDGET

The cost for the supply of OMC sole source parts inventory over three years is in an amount not to exceed \$3,333,885. The cost for the supply of the parts inventory is included in the Valley Metro Rail Proposed FY 2022 Operating and Capital Budget. Contract obligations beyond FY 2022 are incorporated into the Valley Metro Rail Five-Year Operating Forecast and Capital Program (FY2022 thru FY2026).

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

COMMITTEE PROCESS

RTAG: May 18, 2021 for information

RMC: June 2, 2021 approved

Board of Directors: June 17, 2021 for action

CONTACT

Ray Abraham

Chief Operations Officer

602-652-5054

rabraham@valleymetro.org

ATTACHMENTS

Sole Source Vendor List & Contract Values

Sole Source Vendor List & Contract Values

Vendor / OEM	Specialty or System	Contract Value
ABB ELECTRIFICATION CANADA ULC	Relays & Contactors	\$ 10,000
AIRSERCO INC. AKA AIRTEK INC.	LRV Specialty Air System Products	\$ 140,000
ALSTOM SIGNALING, INC.	Signaling Products & Systems	\$ 5,000
ARC DOCUMENT SOLUTIONS, INC.	LRV Interior Decals	\$ 5,000
ARIZONA PLASTICS, LLC	TVM Specialty Fabricated Plastics	\$ 15,000
ARMORCAST PRODUCTS COMPANY	MOW Concrete Covers	\$ 10,000
AUDIOSEARS CORPORATION	Cab Handset	\$ 500
AWARD WINNING RESTORATIONS INC.	LRV Damage Specialist	\$ 25,000
BELLEFLX TECHNOLOGIES, LLC	Fastener Component	\$ 2,000
BENDER INCORPORATED	MOW Alignment Ground Detectors	\$ 25,000
CUPPS INDUSTRIAL SUPPLY	LRV Specialty Seals	\$ 10,000
DELLNER, INC.	Coupler System & Components	\$ 120,000
DEVICE TECHNOLOGIES, INC.	HVAC Seal	\$ 31,000
ELECTROSWITCH CORPORATION	Cab Operator Switch	\$ 3,500
EQUALIZER INDUSTRIES	Specialty Window Tools-US Distributor	\$ 5,000
HANNING & KAHL L.P.	Power Distribution	\$ 32,500
HUBNER MANUFACTURING CORPORATION	LRV Bumper Systems	\$ 250,000
HUTCHINSON AEROSPACE & INDUSTRY INC.	Motor/Center Truck Components	\$ 45,000
ICE QUBE, INC.	TVM AC Parts	\$ 43,000
IFM EFECTOR, INC.	Sensor, Flange Lube Tank	\$ 4,000
IGW USA, LLC	Bearing & Coupling	\$ 35,000
JAMES L HOWARD & COMPANY, INC	LRV Lock Assemblies	\$ 20,000
KINKISHARYO INTERNATIONAL, LLC	Specialty Fabrication	\$ 300,000
KOBOLD INSTRUMENTS, INC.	Flow Meters & Pressure Sensors	\$ 35,000
KOOLTRONIC, INC.	AC Fans & Sensors	\$ 15,000
K-ZELL METALS, INC.	LRV Specialty Fabrication	\$ 6,000
LEACH INTERNATIONAL CORPORATION	Relays	\$ 7,000
LED SMART INC.	LED Lighting	\$ 10,000
LS TECHNOLOGIES INC.	Gas Struts, Car Body & Cab Equipment	\$ 25,000
MCCAIN, INC.	Signal Components	\$ 5,000
MERAK NORTH AMERICA	HVAC Condensor Fan Motor	\$ 18,000
MICROELETTRICA USA LLC	High Speed Circuit Breaker & Switches	\$ 90,450
NASG HOLDINGS, LLC	LRV Specialty Windows	\$ 25,000
NELSON ENGINEERING CO.	LRV Special Fabrication	\$ 95,000

Sole Source Vendor List & Contract Values

Vendor / OEM	Specialty or System	Contract Value
PENN MACHINE COMPANY	LRV Wheel & Axle Components	\$ 100,000
POST GLOVER RESISTORS	Brake Resistor Components	\$ 6,000
PROFESSIONAL PLASTICS	Specialty LRV Plastic Components	\$ 50,000
RAILWAY EQUIPMENT COMPANY	Specialized Railroad Gate, Lamps & Arms	\$ 21,000
REMOTE CONTROL SYSTEMS	Circuit Boards & Electronics	\$ 6,500
SAFT AMERICA, INC.	LRV Battery	\$ 5,000
SCHEIDT & BACHMANN USA, INC.	Ticket Vending Machine	\$ 150,000
SCHUNK CARBON TECHNOLOGY, LLC	Truck & Pantograph Ccomponents	\$ 40,000
SIEMENS MOBILITY, INC.	Alignment Specialty Signal Components; LRV Circuit Boards & Sensors	\$ 425,000
STATE SEAL COMPANY	Custom Gaskets	\$ 7,100
TRACTION SYSTEMS INC.	Traction Motors	\$ 50,000
TRAFFIC SAFETY CORPORATION	Traffic Lighting Products	\$ 35,000
TRANSTECH OF S. C., INC.	Pantograph	\$ 260,000
TWINCO MFG. CO., INC.	Impedance Bonds	\$ 15,000
UMPCO INC.	P-Clamps	\$ 500
U.S. TRAIN PRODUCTS, LLC	LRV Specialty Systems	\$ 80,000
UNITED SAFETY & SURVIVABILITY CORPORATION	LRV Seating	\$ 35,160
VAPOR STONE RAIL SYSTEMS	LRV System Circuit Boards & Relays	\$ 108,675
VISIONTRON CORPORATION	LRV Car Barrier Parts	\$ 55,000
VOESTALPINE NORTRAK, INC	LRV Track Components	\$ 300,000
WABTEC CORPORATION	LRV Circuit Boards & Electrical Components	\$ 36,000
ZEP INC.	Specialized Vehicle Cleaning Products	\$ 80,000
TOTAL		\$ 3,333,885



Information Summary

DATE

June 10, 2021

AGENDA ITEM 2D**SUBJECT**

Tempe Streetcar Operations and Maintenance Agreement

PURPOSE

To request authorization for the Chief Executive Officer (CEO) to execute a Streetcar Operations and Maintenance (O&M) Agreement with the City of Tempe.

RECOMMENDATION

Staff recommends that the Board of Directors authorize the CEO to execute a Streetcar O&M Agreement with the City of Tempe.

BACKGROUND | DISCUSSION | CONSIDERATION

The O&M Agreement defines performance obligations concerning streetcar operating procedures and guidelines and prescribes specific maintenance responsibilities along the streetcar corridor. For instance, general maintenance requirements include track work, streets, landscaping, street lighting, traffic signals and signage. The O&M Agreement sets forth how parties will notify the other of certain activities, acquire permits and gain access to property - this includes emergency access procedures and coordination with emergency response personnel. The O&M Agreement also identifies insurance requirements, defense and indemnification arrangements, and generally accepted instruction related to interface, compliance and operational functions in order to deliver reliable, safe and secure service.

COST AND BUDGET

Operations and maintenance costs are allocated to member cities based upon the proportion of light rail and streetcar miles operating within each jurisdiction. Valley Metro Rail establishes an operations and maintenance budget annually subject to Board approval.

COMMITTEE PROCESS

RTAG: May 18, 2021 for information

RMC: June 2, 2021 approved

Board of Directors: June 17, 2021 for action

CONTACT

Henry Ikwut-Ukwa, PhD, PE
Director, Capital Development
602-322-4420

hukwa@valleymetro.org

ATTACHMENTS

None

The draft agreement is available upon request.



Information Summary

DATE

June 10, 2021

AGENDA ITEM 3

SUBJECT

Program Management/Construction Management Contract - Exercising Two One-Year Options and Additional Funding

PURPOSE

To request authorization for the Chief Executive Officer (CEO) to execute two one-year extensions to the current contract with Hill International, Inc. for Program Management/Construction Management (PMCM) and provide additional contract budget authority in the amount of \$15million.

RECOMMENDATION

Staff recommends that the Board of Directors authorize the CEO to amend the Hill International, Inc. contract for Program Management/ Construction Management support to add up to \$15 million for an extension period through September 2023.

BACKGROUND | DISCUSSION | CONSIDERATION

In September 2016, following a competitive procurement, the CEO was authorized to execute a contract with Hill International, Inc. for Program Management/Construction Management Services (PMCM). The contract includes a five-year base with three, one-year extension options, for up to eight years. Task orders are issued on an annual fiscal year basis. The five-year base period for this contract ends in September 2021. Board approval is required to exceed the \$55 million approved expenditure limit and to extend the contract by two years.

The PMCM consultant is utilized for the following:

- Project Management and other construction administrative staff
- Cost Estimating and Schedule Oversight
- Construction Inspections
- Safety and Security Oversight and Systems Integration
- Regulatory expertise and support related to Buy America and DBE
- Specialized expertise including Construction Claims, Rail Vehicles, and Fare Vending support

The contract provides full- and part-time consultant staff who serve as an extension of Valley Metro staff, as well as specialized expertise to meet specific needs.



This type of multi-year support services contract is beneficial for the following reasons:

- Staffing continuity is critically important across multi-year, corridor projects to ensure effective coordination and expeditious project development.
- Creates familiarity of the Valley Metro organization and priorities across a consistent consultant team. Key members of the consultant team co-locate with Valley Metro, which also maximizes coordination and communication.
- Ensures consistent and timely coordination with the Federal Transit Administration and its Program Management Oversight Contractor.
- Provides quick access, when needed, to specialized experts who are familiar with Valley Metro's work practices and priorities.

COST AND BUDGET

Work under the PMCM contract began in September 2016, for an amount not to exceed \$55 million for an initial five-year term that will end in September 2021. The contract includes an option to extend work up to three additional years. This request is to extend the contract by two years and add \$15 million in contract budget authority to the contract for anticipated work through September 2023. This allows for continued support for the expansion of High Capacity Transit Projects. Anticipated projects requiring support beyond September 2021 include Tempe Streetcar, Operations and Maintenance Center Expansion, South Central Extension/Downtown Hub, Northwest Extension Phase II, and other potential Bus or Rail Capital Projects.

5-year Base Contract Expenditures	
Original Contract Value	\$55,000,000
Deduct Actual Expenditures (9/2016 thru 2/2021)	-\$32,470,994
Deduct Estimated Expenditures (3/2021 thru 9/2021)	-\$8,218,416
Estimated Contract Authority Remaining:	\$14,310,590
Proposed 2-Year Extension Expenditures	
Estimated Expenditures (10/2021 thru 9/2023):	\$29,304,982
Deduct Estimated Contract Authority Remaining	-\$14,310,590
Need for additional contract value thru 9/2023	\$14,994,392
Request for additional contract value (Rounded)	\$15,000,000
Original contract value:	\$55,000,000
New contract value:	\$70,000,000

Fiscal management is controlled and will continue to be controlled at the project funding level; prior to issuing a task order for the commencement of work, each project's funding sources will have been identified and regional, local or federal grant dollars will be confirmed or anticipated. Annual funding amounts and revenue sources will be identified in the fiscal year budgets.



Funds for PMCM activities are included in the adopted VMR FY21 Operating and Capital Budget. Contract obligations beyond FY21 are incorporated into the Five-Year Operating Forecast and Capital Program (FY22 thru FY26); this request extends the contract into FY24. The projects supported by this consultant are funded by a mix of federal, regional and local dollars.

COMMITTEE PROCESS

RTAG: May 18, 2021 for information

RMC: June 2, 2021 approved

Board of Directors: June 17, 2021 for action

CONTACT

Henry Ikwut-Ukwa, PhD, PE
Director, Capital Development

602-322-4420

hukwa@valleymetro.org

ATTACHMENT

None



Information Summary

DATE

June 10, 2021

AGENDA ITEM 4

SUBJECT

Valley Metro Rail, Inc. Fiscal Year 2022 (FY22) Proposed Operating and Capital Budget and Five-Year Operating Forecast and Capital Program (FY22 through FY26)

PURPOSE

To provide an overview of the FY22 Proposed Operating and Capital Budget and the Five-Year Operating Forecast and Capital Program (FY22 through FY26).

RECOMMENDATION

Staff recommends that the Board of Directors approve the Fiscal Year 2022 Proposed Operating and Capital Budget and for acceptance the FY22-26 Five-Year Operating and Capital Forecast.

BACKGROUND | DISCUSSION | CONSIDERATION

The Valley Metro Rail, Inc. (VMR) FY22 combined operating and capital budget (the budget) is \$545.6 million (M) and includes \$40.7M in projects funded with Proposition 400 Public Transportation Fund (PTF) revenues for light rail/high capacity transit capital.

The proposed FY22 budget has been prepared with the goal of delivering a fiscally prudent, balanced budget using carry forwards, reserves and bond proceeds. The budget was developed in compliance with Board of Directors' adopted budget, financial and Transit Life Cycle Program (TLCP) policies.

The annual budget is prepared on a modified accrual basis and adopted by the Board of Directors each fiscal year. The legal level of budgetary control is the total annual appropriated budget. With respect to Capital Budgets, project contingency accounting is used to control expenditures within available project funding limits. With respect to Operating Budgets, encumbrance accounting is not used and all appropriations lapse at the end of the year. Prior to final adoption, a proposed budget is presented to the Board of Directors for review and public comment is received. Final adoption of the budget must be on or before June 30 of each year.

FY22 Budget Overview

The total operating budget of \$78.9M represents a \$6.9M (10%) increase from the previous year's operating budget of \$72.0M. The total capital budget of \$466.7M represents a \$54.8M (11%) decrease from the previous year's capital budget of \$521.4M.



Light rail operations, maintenance and security is increasing by 5 percent, or \$2.9 million. More than \$1.1 million of that increase is due to higher insurance premiums. Additionally, maintenance employees have been a challenge to recruit and retain. As a result, Human Resources (HR) staff worked with the maintenance managers to redefine positions and job descriptions to better describe the duties. After positions were updated, HR conducted market surveys for comparable positions and updated pay and pay ranges for maintenance employees resulting in an 7% increase to base pay for maintenance staff which is reflected in this budget increase.

The Tempe Streetcar is expected to begin revenue service in FY22 and this accounts for \$4.3 million of the \$6.9 million increase from FY21 to FY22. Streetcar operations, for budget purposes, is assumed to begin revenue operations on October 1, 2021. VMR staff continue discussions with Tempe staff to refine the operating assumptions and associated operating costs. The amount included in the budget represents a not-to-exceed amount for budget purposes.

The RPTA and Valley Metro Rail (VMR) budgets are developed with a unified staff plan, with department managers planning the level of effort required to meet the bus and rail activities. Salary and overhead charges to bus and rail projects are based on actual time worked on each project. For FY22 there are 451 employees budgeted in the integrated agency, with 246 FTE's budgeted to RPTA/Shared agency activities and 205 budgeted to VMR only activities.

Review of Previous Forecasts

The FY22 Proposed Operating Budget is consistent with previous forecasts provided. The table below summarizes the FY22 Operating Forecast as presented in previous Five-Year Operating Forecasts and compares to the Proposed FY22 Operating Budget.

FY22 Source ----->	Forecasted FY22 Amount (\$ millions)				Proposed FY22 Budget
	FY18-22	FY19-23	FY20-24	FY21-25	
Operating					
Operations	\$ 27.0	\$ 29.2	\$ 18.7	\$ 18.3	\$ 19.0
Vehicle Maintenance	10.3	11.5	9.3	11.0	9.6
Maintenance of Way	16.2	15.4	15.3	15.3	15.8
Administrative Support	8.3	10.7	11.0	11.3	8.0
Insurance	-	-	-	-	3.1
Security	-	-	10.8	9.6	9.5
Project Development Planning	8.4	10.7	11.3	8.0	12.0
Agency Operating Budget	1.8	1.9	2.3	1.9	2.1
Total Operating	\$ 72.0	\$ 79.5	\$ 78.7	\$ 75.4	\$ 78.9

Over the years, some costs have been broken out to provide greater clarity. Insurance was historically included in Administrative Support and Security costs were included in Operations. The increase in the forecast between the FY18-22 and the FY19-23 forecasts is attributable to the increased focus on the Code of Conduct, Respect the Ride, AlertVM and increased security presence.



Five-Year Forecast Overview

The total operating forecast of \$434.8M assumes that several new extensions and services will become operational during the forecast period. Tempe Streetcar will begin revenue service during FY22, followed by the Northwest Extension Phase II in FY24 and South Central Extension/Downtown Hub in FY25. The total capital program of \$1,452.0M assumes the completion of the new extensions, along with significant progress on the Capitol/I-10 West Phase I project.

Federal COVID-19 support from CARES Act and CRRSAA are assumed to be fully spent in FY22. The current forecast does not include funds from the recently passed American Rescue Plan (ARP) Act. Once final allocations have been approved by MAG, staff will work through the Financial Working Group to distribute funds to the member cities. This will be handled internally and will not impact overall budget authority for FY22.

Ridership is assumed to gradually return to pre-COVID levels in FY26. Likewise, fare revenues will gradually return with ridership. The new fare collection system currently being implemented will be fully operational in FY24. The additional options and controls over reduced fare is expected to increase the average fare collected and therefore a larger increase in fare revenues is anticipated. For planning purposes, the Tempe Streetcar fare is assumed to be \$1.00 for a single ride, with all regional fare media also accepted as payment. Fare collection on Streetcar is assumed to begin in FY23 after an initial free fare period. The Streetcar fare will be amended into the regional fare policy in fall 2021.

Operating costs, on a per revenue mile basis, are expected to increase by approximately 2 percent per year. Operating costs for Streetcar are based on 10 minute headways with similar security levels as on light rail. However, the service levels are currently being reviewed and discussed with Tempe staff and the budget and forecast will be updated based on the agreed upon service.

COMMITTEE PROCESS

Preliminary Budget Review:

Financial Working Group: February 16, 2021 for information

RMC: March 3, 2021 for information

AFS: March 4, 2021 for information

Board of Directors: March 18, 2021 for information

Proposed Budget Adoption:

Financial Working Group: April 20, 2021 for information

RMC: May 5, 2021 approved

AFS: May 6, 2021 for information

Board of Directors: May 20, 2021 for action

AFS: June 3, 2021 for information



Board of Directors: June 17, 2021 for action

CONTACT

Paul Hodgins

Chief Financial Officer

602-523-6043

phodgins@valleymetro.org

ATTACHMENT

None

Valley Metro Rail

FY22 Proposed Budget and Five-Year Forecast

June 2021



1

Rail Service – Budget Drivers



Light Rail

- Revenue Miles flat
- ACI Contractor rate increases by 4% per contract
- Insurance up \$1.1M or 48% over FY21, tightening insurance market for transit liability risk



Streetcar

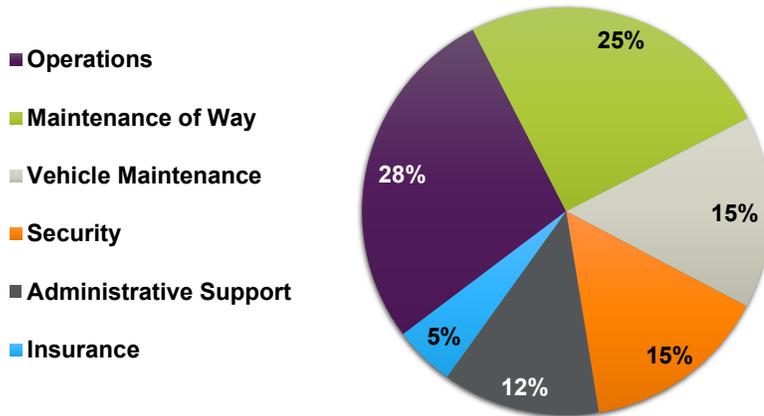
- Revenue start date of Sep/Oct 2021
- 4 new maintenance staff
- Additional operators and supervisors from ACI contract



2

2

Uses of Funds: FY22 Light Rail Service



3

Uses of Funds: Light Rail



	FY20 Actual	FY21 Budget	FY22 Budget
Operations			
Personal Services	\$ 121,000	\$ 221,000	\$ 584,000
Contractual Services	14,000	3,000	15,000
Fuel & Lubricants	22,000	30,000	30,000
Propulsion Power	2,609,000	3,020,000	2,800,000
Transit Services	11,566,000	12,636,000	13,180,000
Allocated Overhead	10,000	20,000	188,000
Total Operations	\$ 14,342,000	\$ 15,930,000	\$ 16,797,000

4

Uses of Funds: Light Rail



	FY20 Actual	FY21 Budget	FY22 Budget
Vehicle Maintenance			
Personal Services	\$ 4,483,000	\$ 5,137,000	\$ 5,243,000
Contractual Services	666,000	957,000	801,000
Parts	2,178,000	3,509,000	2,672,000
Allocated Overhead	341,000	446,000	483,000
Other	12,000	-	45,000
Total Vehicle Maintenance	\$ 7,680,000	\$ 10,049,000	\$ 9,244,000

5

5

Uses of Funds: Light Rail



	FY20 Actual	FY21 Budget	FY22 Budget
Maintenance of Way			
Personal Services	\$ 4,230,000	\$ 5,385,000	\$ 5,785,000
Computers & Software	47,000	181,000	208,000
Contractual Services	4,957,000	4,267,000	5,415,000
Equipment	726,000	30,000	-
Fuel & Lubricants	312,000	288,000	340,000
Parts	1,550,000	1,252,000	1,210,000
Supplies	-	1,000	-
Utilities	1,430,000	1,589,000	1,556,000
Allocated Overhead	315,000	460,000	523,000
Other	21,000	105,000	113,000
Total Maintenance of Way	\$ 13,588,000	\$ 13,558,000	\$ 15,150,000

6

6

Uses of Funds: Light Rail



	FY20 Actual	FY21 Budget	FY22 Budget
Administrative Support			
Personal Services	\$ 2,447,000	\$ 2,988,000	\$ 2,846,000
Advertising	442,000	448,000	411,000
Computers & Software	56,000	127,000	-
Contractual Services	948,000	1,074,000	1,267,000
Equipment	6,000	64,000	-
Furniture & Fixtures	10,000	-	20,000
Leases/Rent	-	50,000	50,000
Non-Revenue Vehicles	-	90,000	146,000
Site Improvements	3,000	3,000	73,000
Supplies	212,000	101,000	109,000
Travel & Meetings	8,000	3,000	58,000
Allocated Overhead	1,043,000	1,459,000	1,184,000
Other	1,047,000	1,143,000	1,101,000
Contingency	-	300,000	301,000
Total Administrative Support	\$ 6,222,000	\$ 7,850,000	\$ 7,566,000

7

7

Uses of Funds: Light Rail



	FY20 Actual	FY21 Budget	FY22 Budget
Insurance			
Insurance	1,889,000	2,109,000	3,130,000
Property Damage Recoveries	(1,504,000)	(269,000)	(218,000)
Total Insurance	\$ 385,000	\$ 1,840,000	\$ 2,912,000

8

8

Uses of Funds: Light Rail

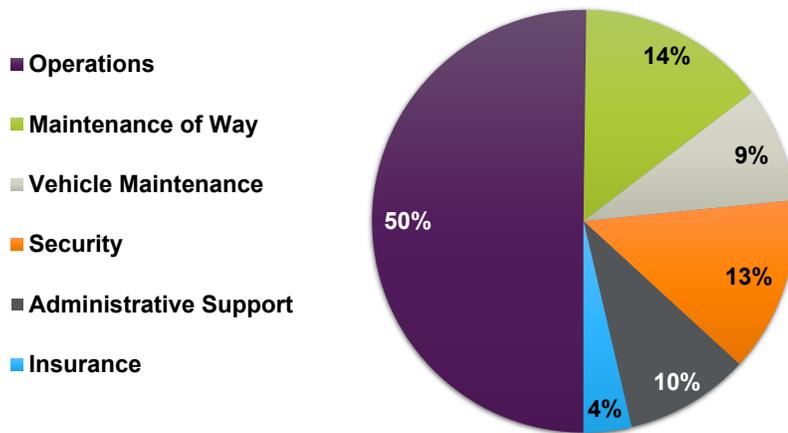


	FY20 Actual	FY21 Budget	FY22 Budget
Security			
Personal Services	\$ 834,000	\$ 840,000	\$ 1,139,000
Computers & Software	38,000	-	39,000
Contractual Services	7,556,000	7,403,000	7,425,000
Supplies	5,000	11,000	2,000
Travel & Meetings	7,000	2,000	2,000
Allocated Overhead	237,000	227,000	304,000
Other	32,000	6,000	4,000
Total Security	\$ 8,709,000	\$ 8,489,000	\$ 8,915,000

9

9

Uses of Funds: Streetcar



10

10

Uses of Funds: Streetcar



	FY20 Actual		FY21 Budget		FY22 Budget	
Operations						
Personal Services	\$	-	\$	2,000	\$	21,000
Fuel & Lubricants		-		-		1,000
Propulsion Power		-		77,000		393,000
Transit Services		-		326,000		1,747,000
Allocated Overhead		-		1,000		2,000
Total Operations	\$	-	\$	406,000	\$	2,164,000

11

11

Uses of Funds: Streetcar



	FY20 Actual		FY21 Budget		FY22 Budget	
Vehicle Maintenance						
Personal Services	\$	-	\$	4,000	\$	255,000
Contractual Services		-		6,000		34,000
Parts		-		25,000		67,000
Allocated Overhead		-		1,000		24,000
Total Vehicle Maintenance	\$	-	\$	36,000	\$	380,000

12

12

Uses of Funds: Streetcar



	FY20 Actual	FY21 Budget	FY22 Budget
Maintenance of Way			
Personal Services	\$ -	\$ 8,000	\$ 224,000
Computers & Software	-	-	1,000
Contractual Services	-	55,000	331,000
Fuel & Lubricants	-	3,000	3,000
Parts	-	3,000	10,000
Utilities	-	5,000	29,000
Allocated Overhead	-	4,000	22,000
Total Maintenance of Way	\$ -	\$ 78,000	\$ 620,000

13

13

Uses of Funds: Streetcar



	FY20 Actual	FY21 Budget	FY22 Budget
Administrative Support			
Personal Services	\$ -	\$ 6,000	\$ 58,000
Advertising	-	-	16,000
Contractual Services	-	-	18,000
Supplies	-	14,000	5,000
Allocated Overhead	-	6,000	25,000
Contingency	-	34,000	289,000
Total Administrative Support	\$ -	\$ 60,000	\$ 411,000

14

14

Uses of Funds: Streetcar



	FY20 Actual	FY21 Budget	FY22 Budget
Insurance			
Insurance	-	33,000	157,000
Total Insurance	\$ -	\$ 33,000	\$ 157,000

15

15

Uses of Funds: Streetcar



	FY20 Actual	FY21 Budget	FY22 Budget
Security			
Personal Services	\$ -	\$ 11,000	\$ 24,000
Contractual Services	-	93,000	531,000
Allocated Overhead	-	6,000	12,000
Other	-	-	11,000
Total Security	\$ -	\$ 110,000	\$ 578,000

16

16

FY22 Five-Year Forecast Comparisons



FY22 Source ----->	Forecasted FY22 Amount (\$ millions)				Proposed FY22 Budget
	FY18-22	FY19-23	FY20-24	FY21-25	
Operating					
Operations	\$ 27.0	\$ 29.2	\$ 18.7	\$ 18.3	\$ 19.0
Vehicle Maintenance	10.3	11.5	9.3	11.0	9.6
Maintenance of Way	16.2	15.4	15.3	15.3	15.8
Administrative Support	8.3	10.7	11.0	11.3	8.0
Insurance	-	-	-	-	3.1
Security	-	-	10.8	9.6	9.5
Project Development Planning	8.4	10.7	11.3	8.0	12.0
Agency Operating Budget	1.8	1.9	2.3	1.9	2.1
Total Operating	\$ 72.0	\$ 79.5	\$ 78.7	\$ 75.4	\$ 78.9

17

17

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



Uses of Funds	October	March	May	Change \$	Change %
Light Rail O&M	\$54.4	\$52.3	\$51.7	(\$0.6)	-1%
Light Rail Security	9.8	9.6	8.9	(0.6)	-7%
Streetcar O&M	4.2	4.3	3.7	(0.5)	-12%
Streetcar Security	0.7	0.7	0.6	(0.1)	-17%
Future Project Development		12.2	12.0	(0.2)	-1%
Agency Operating	2.2	2.1	2.1	(0.0)	-1%
Total Operating Uses		\$81.0	\$78.9	(\$2.1)	-3%

Preliminary Ops Categories **\$71.3** **\$68.9** **\$67.0**
Change from Oct % **-3.4%** **-6.1%**

18

18

FY22 Budget Update



Changes from March version

- **Operating**

- Updated contractor rates for fare inspection and operations services
- Other efficiencies realized

Light Rail -\$1.2M Streetcar -\$0.6M

- **Capital**

- Systemwide improvements decreased \$16.4M by moving track crossover to FY23.

19

19

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



Uses of Funds	October	March	May	Change \$	Change %
Light Rail O&M	\$54.4	\$52.3	\$51.7	(\$0.6)	-1%
Light Rail Security	9.8	9.6	8.9	(0.6)	-7%
Streetcar O&M	4.2	4.3	3.7	(0.5)	-12%
Streetcar Security	0.7	0.7	0.6	(0.1)	-17%
Future Project Development		12.2	12.0	(0.2)	-1%
Agency Operating	2.2	2.1	2.1	(0.0)	-1%
Total Operating Uses		\$81.0	\$78.9	(\$2.1)	-3%

20

20

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



Uses of Funds	March	May	Change \$	Change %
Tempe Streetcar	\$5.6	\$5.5	(\$0.0)	0%
South Central/Downtown Hub	291.5	291.4	(0.0)	0%
Northwest Phase II	129.8	129.7	(0.0)	0%
OMC Expansion	5.2	5.2	(0.0)	0%
Gilbert Road Extension	3.2	3.4	0.1	4%
50th Street Station	0.0	0.0	0.0	-
Central Mesa Extension	0.0	0.0	0.0	-
Systemwide Improvements	35.0	18.6	(16.4)	-47%
State of Good Repair	12.9	12.8	(0.0)	0%
Total Capital Uses	\$483.0	\$466.7	(\$16.4)	-3%

21

21

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



Sources of Funds	FY21	FY22	Change \$	Change %
Advertising	\$0.3	\$0.7	\$0.4	140%
Fares	2.7	2.5	(0.2)	-7%
Federal Funds	1.5	5.1	3.6	232%
Federal Funds - CARES	43.0	0.0	(43.0)	-100%
Federal Funds - CRRSAA	0.0	18.5	18.5	-
MAG Funds	0.5	0.5	0.0	0%
Member City Contributions	12.9	43.6	30.7	238%
Public Transportation Funds	10.5	7.4	(3.1)	-29%
Regional Area Road Funds	0.5	0.5	0.0	0%
Other	0.1	0.1	0.0	0%
Total Operating Sources	\$72.0	\$78.9	\$6.9	10%

22

22

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



Uses of Funds	FY21	FY22	Change \$	Change %
Light Rail Operations & Maintenance	\$49.2	\$51.7	\$2.4	5%
Light Rail Security	8.5	8.9	0.4	5%
Streetcar Operations & Maintenance	0.6	3.7	3.1	510%
Streetcar Security	0.1	0.6	0.5	425%
Future Project Development	11.7	12.0	0.3	3%
Agency Operating	1.9	2.1	0.2	11%
Total Operating Uses	\$72.0	\$78.9	\$6.9	10%

23

23

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



Sources of Funds	FY21	FY22	Change \$	Change %
Federal Funds	309.9	170.5	(139.4)	-45%
Member City Contributions	159.8	262.8	103.1	65%
Public Transportation Funds	51.8	33.3	(18.5)	-36%
Total Capital Sources	\$521.4	\$466.7	(\$54.8)	-11%

24

24

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



Uses of Funds	FY21	FY22	Change \$	Change %
Tempe Streetcar	\$39.8	\$5.5	(\$34.3)	-86%
South Central/Downtown Hub	316.3	291.4	(24.9)	-8%
Northwest Phase II	114.0	129.7	15.8	14%
OMC Expansion	27.9	5.2	(22.7)	-81%
Gilbert Road Extension	3.3	3.4	0.1	2%
50th Street Station	0.0	0.0	0.0	-
Central Mesa Extension	0.0	0.0	0.0	-
Systemwide Improvements	11.5	18.6	7.1	62%
State of Good Repair	8.7	12.8	4.2	48%
Total Capital Uses	\$521.4	\$466.7	(\$54.8)	-11%

25

25

VMR

FY22-26 Five-Year Forecast

May 2021



26

5-Year Operating Assumptions:



New Service

- Tempe Streetcar (3.0 miles) - October 2021
- Northwest Ext. II (1.6 miles) – Jan 2024
- South Central (5.0 miles) – Dec 2024

Fare Revenue

- Minor increases in avg fare thru FY23, and FY 25 and 26; 15% increase in FY24 with replacement fare collection system and control of reduced fare at point of sale.
- Ridership increases 22% per year to return to pre-COVID level in FY26.

Federal PM revenue

- FY22-26 increases 1.5% each year

27

27

5-Year Operating Assumptions:



	FY22	FY23	FY24	FY25	FY26
Ridership (,000)					
Phoenix	3,948	4,822	6,289	9,009	11,494
* Tempe	1,531	1,986	2,388	2,866	3,401
Mesa	1,131	1,381	1,687	2,061	2,517
Total Ridership	6,610	8,189	10,364	13,936	17,412
Avg Fare - Rail	\$0.40	\$0.42	\$0.86	\$0.90	\$0.92
Avg Fare - Streetcar	\$0.00	\$0.21	\$0.43	\$0.87	\$0.91

*Streetcar included in ridership numbers, however fares not anticipated to be collected until FY23.

28

28

5-Year Operating by Segment



	FY22	FY23	FY24	FY25	FY26	Total
Operations (,000)						
Base 27.9 miles	\$ 60,584	\$ 63,105	\$ 63,267	\$ 65,828	\$ 68,119	\$ 320,904
South Central	-	-	-	5,547	11,299	16,846
Northwest 2	-	-	1,367	3,362	3,429	8,159
Tempe Streetcar	4,310	6,659	6,792	6,928	7,067	31,756
Total Operations	\$ 64,894	\$ 69,764	\$ 71,427	\$ 81,666	\$ 89,915	\$ 377,665
Light Rail Cost per Mile	\$17.12	\$17.46	\$17.81	\$18.17	\$18.53	
Streetcar Cost per Mile	\$29.72	\$31.86	\$32.50	\$33.15	\$33.81	

29

29

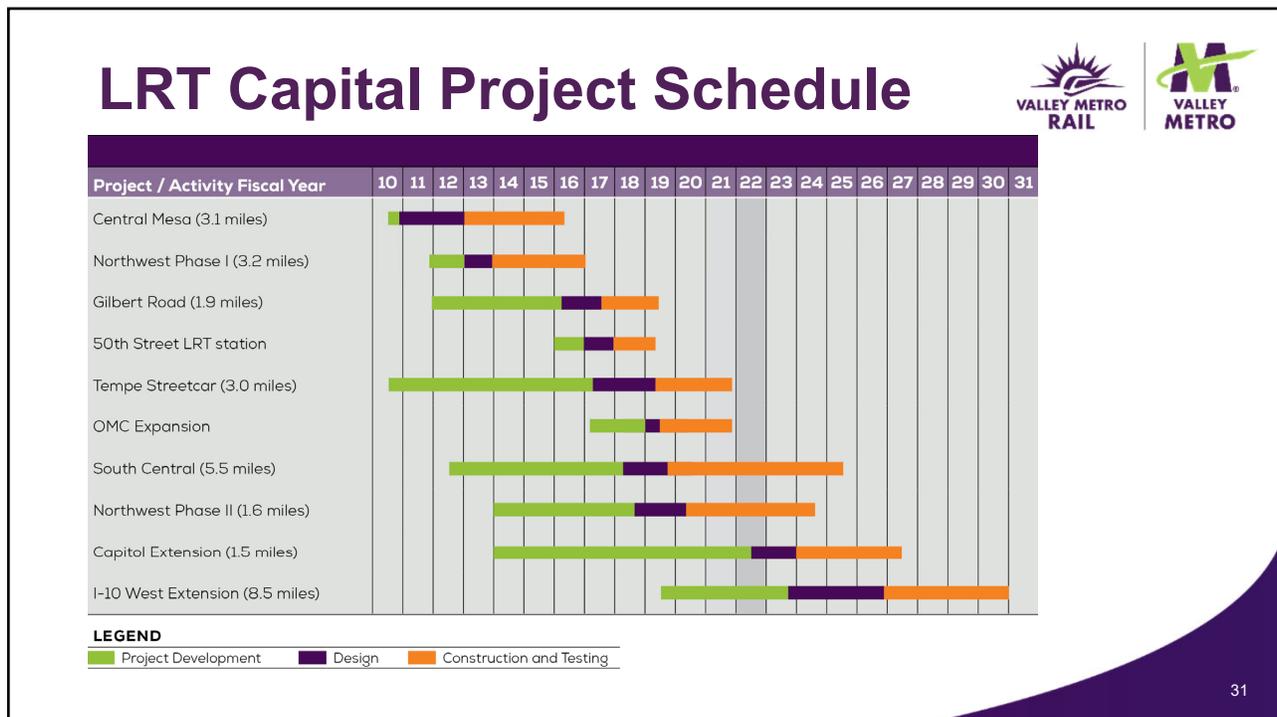
5-Year Operating Sources and Uses



	5-Year Total
Operating (\$,000)	
Sources of Funds	
Advertising	\$ 3,405
Fares	43,064
Federal Funds	12,326
Federal Funds - CRSSA	18,530
MAG Funds	2,500
Member City Contributions	314,927
Other	650
Public Transportation Funds	36,866
Regional Area Road Funds	2,500
Total Sources of Funds	434,768
Uses of Funds	
Operations & Maintenance	322,505
Security	55,160
Future Project Development	46,108
Agency Operating	10,995
Total Uses of Funds	\$ 434,768

30

30



31

5-Year Capital Sources and Uses




	5-Year Total
Capital (\$,000)	
Sources of Funds	
Federal Funds	\$ 716,848
Member City Contributions	364,437
Public Transportation Funds	370,643
Total Sources of Funds	1,451,928
Uses of Funds	
Tempe Streetcar	10,227
South Central	835,426
Northwest Phase II	242,374
OMC Expansion	5,159
Gilbert Road Extension	3,837
Capitol Extension	241,700
Systemwide Improvements	87,148
State of Good Repair	26,057
Total Uses of Funds	\$ 1,451,928

32

Budget Schedule



Committee/Boards/FWG

Sep 15, 2020	Present Key Assumptions to FWG
Oct 15, 2020	Present Key Assumptions to AFS
January	Board Study Session
February	Present annual budget to FWG
February	Present update of Key Assumptions to AFS
March	Present Annual Budgets to Committees/Boards for Info
March	Present 5-year plans to FWG
April	Present 5-year plans to AFS
May	Board Study Session
May	Present Annual Budget and 5-Year Plans to Committees/Boards for Action
June	Present Annual Budget and 5-Year Plans to Committees/Boards for Action



33

33

Recommendation



Staff recommends that the Board of Directors approve the Fiscal Year 2022 Proposed Operating and Capital Budget and for acceptance the FY22-26 Five-Year Operating and Capital Forecast.

34

34



Information Summary

DATE

June 10, 2021

AGENDA ITEM 5

SUBJECT

2021 Transit Life Cycle Program - Rail Update

PURPOSE

To present the draft 2021 TLCP Rail Update for information.

BACKGROUND | DISCUSSION | CONSIDERATION

The TLCP was developed in 2005 to provide guidance for the implementation of the transit component of the Regional Transportation Plan. The TLCP includes Guiding Principles, policies, procedures and financial forecasts to ensure that the program can be balanced.

The most recent update to the TLCP was in September 2019. The pandemic created significant uncertainty with the revenues in early 2020 and no TLCP Update was completed in 2020 as a result. It made little sense to present a program based on the then current, higher revenue forecast with the potential of significant declines because of the pandemic.

ADOT updated the Official Forecast in September 2020. The new forecast is slightly lower than the forecast used in the 2019 Adopted TLCP. Staff has been monitoring revenues throughout FY2021, which are trending approximately 9% higher than the budget through 10 months. The forecast of PTF for the rail program is approximately \$6.1 million lower for the remaining years of the TLCP (FY2021-2026) compared to the 2019 TLCP.

Rail/High Capacity Transit Program

The baseline rail model has some changes from the adopted 2019 TLCP Update. Among the changes are changes in the cost estimates for the Capitol/I-10 West Phase I, Gilbert Road Extension, and systemwide improvements, such as crossovers, switches and secondary entrances for certain rail stations.

Below is a summary of the proposed changes to the projects.

Capitol/I-10 West Phase I – The project cost has increased to \$360 million, which does not include an estimate for finance costs incurred by the City of Phoenix. Cost projection increases are due to additional estimated track miles, industry and materials price increases, COVID-19 related uncertainties, and an updated utility relocation



assessment that includes high-tech communications around Capitol area. The timeline of this project has been delayed and some of these capital construction costs will be incurred after the expiration of Prop 400. The project is currently in the planning phase.

Gilbert Road Extension – The project cost forecast has decreased to \$174 million, which does not include an estimate for finance costs incurred by the City of Mesa. The cost decrease is due not spending all of the programmed contingency. This extension is operational, but there are still some outstanding expenses light rail vehicle purchases.

Systemwide Improvements – The rail model programs \$12 million in PTF in FY2023-FY2026 for secondary entrances to certain rail platforms, crossovers and switches, including a storage track. This will provide a local match if these projects receive federal funding.

Corridor	2019 TLCP Open Year	2021 TLCP Open Year
Tempe Streetcar	2021	2021
Capitol/I-10 West Phase I	2023	2026
Northwest Phase II	2023	2024
South Central	2023	2024
West Phoenix	2040	2040
Capitol/I-10 West Phase II	2030	2030
Northeast Phoenix	2040	2040

Currently, the rail program preliminary financial model is balanced, with a surplus of \$26 million remaining. The rail program currently anticipates financing needed. The financing needs are driven by the construction of three projects simultaneously in the City of Phoenix and will likely change as those projects advance. The financing needs in this model are assumed to be provided either by the City of Phoenix, leaving PTF funds “pay-as-you-go”.

COST AND BUDGET

The proposed changes to the TLCP rail model have been incorporated into the proposed FY2022 Operating and Capital Budgets and the Five-Year Operating and Capital Forecasts. Revenues and expenditures forecast within the TLCP are balanced as required by State Statute.

COMMITTEE PROCESS

RTAG: May 18, 2021 for information

RMC: June 2, 2021 for information

Board of Directors: June 17, 2021 for information



RECOMMENDATION

This item is presented for information only.

CONTACT

Paul Hodgins

Chief Financial Officer

602-523-6043

phodgins@valleymetro.org

ATTACHMENT

None

Valley Metro VMR Transit Life Cycle Program 2021 Model Update

June 2021



1

Transportation Excise Tax

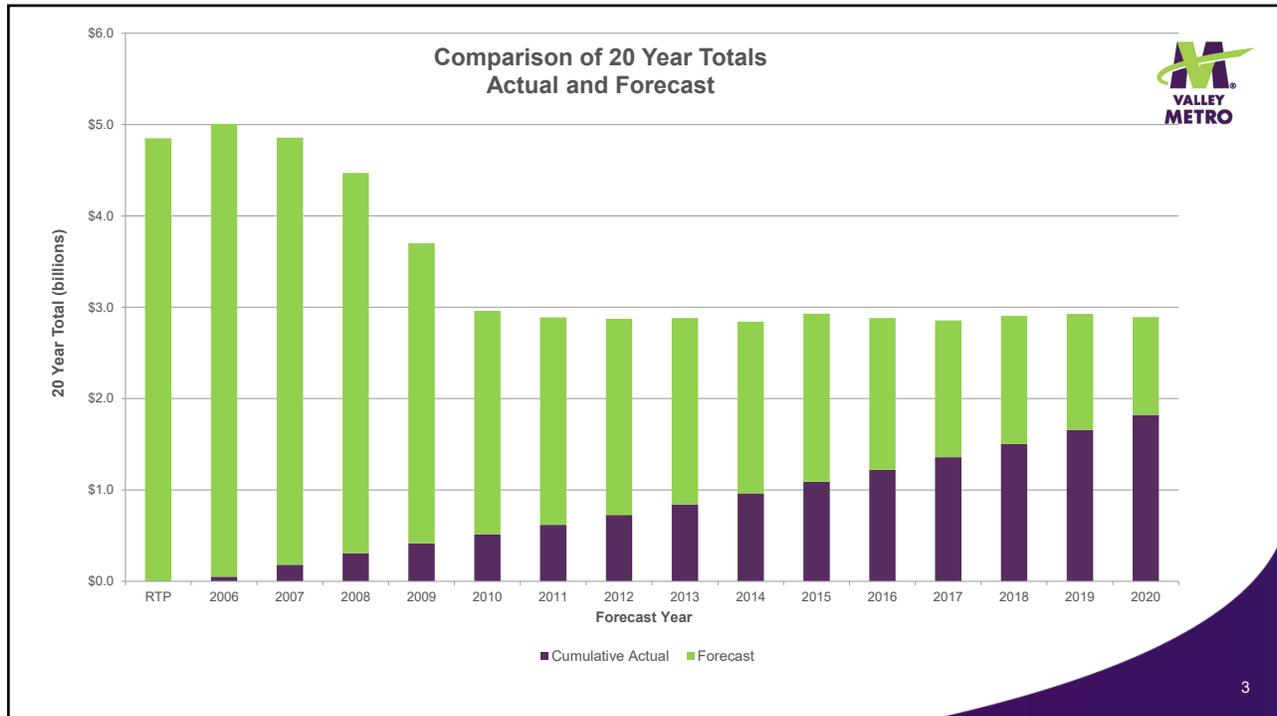
Proposition 400 approved in November 2004

- Half-cent sales tax for Maricopa County
 - Extension of tax approved in 1985 for freeway improvements
- Provides funding for freeway, arterial and transit improvements
- Funding allocations are in State statutes and revenues cannot be transferred between programs
 - 33.3% for transit program
 - 56.2% for freeway program
 - 10.5% for arterial program



2

2



3

TLCP Policy Allocations



RPTA Board adopted policies for TLCP Oct 2005

- Transit PTF allocated to bus and rail programs
 - 56.76% annually to bus program
 - 43.24% annually to rail program
- Each program has a financial model to ensure balanced revenues and expenditure

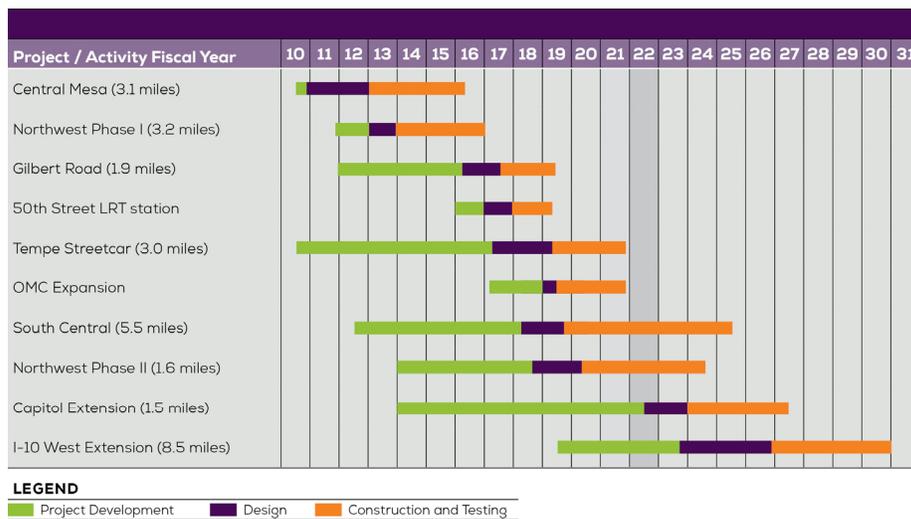
4

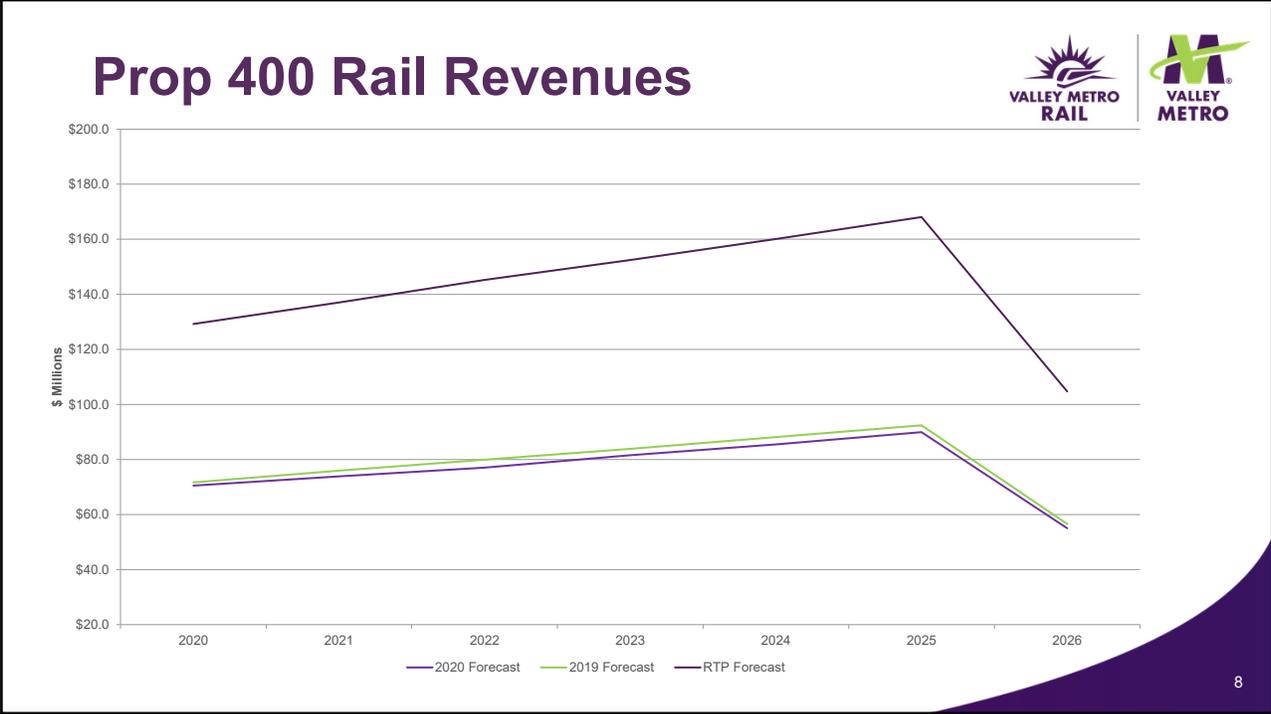
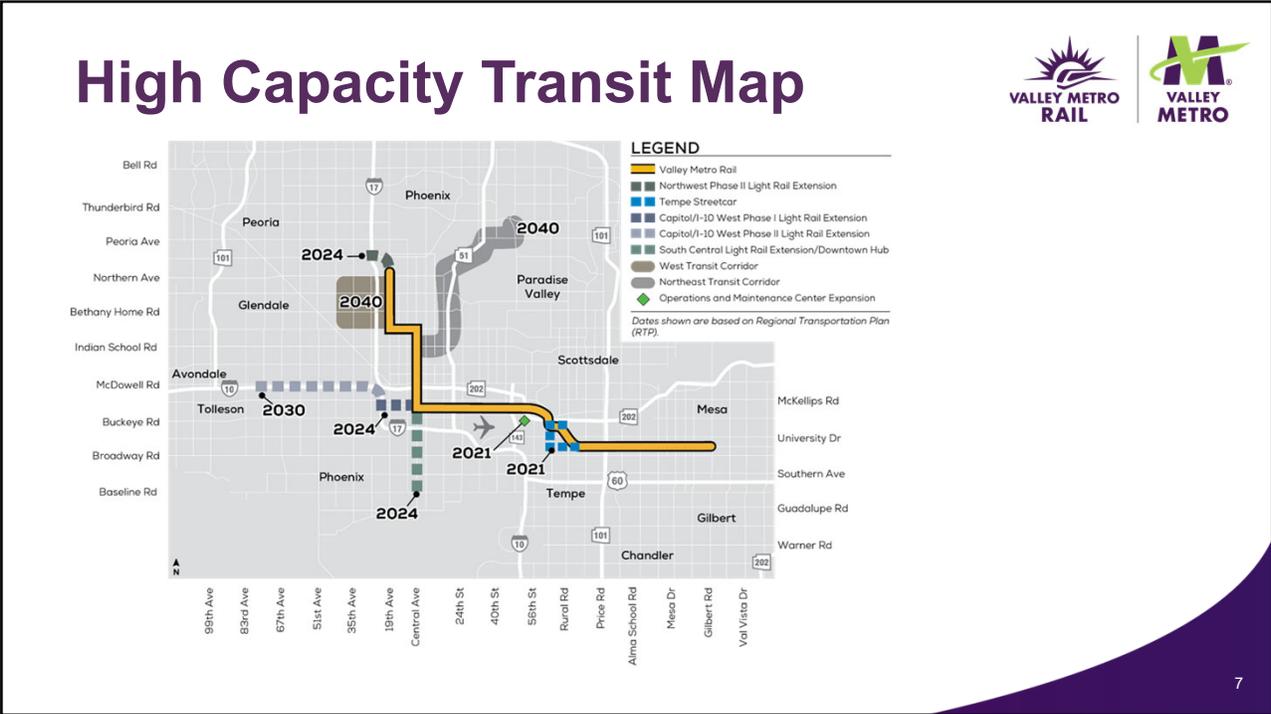
4



Rail Program

Capital Project Schedule





Capital Project Changes



- Capitol/I-10 West Phase I – cost estimate increase
 - Additional track miles; increased construction costs; high-tech communications replacement around Capitol
- Gilbert Road Extension – cost estimate decrease
 - Project underruns/underutilized contingency
- Northwest Phase II – cost estimate increase
 - Increased construction costs
- South Central/Downtown Hub – cost estimate increase
 - Increased construction costs

9

9

Capital Project Changes (contin.)



- Capitol/I-10 West Phase II – Construction deferred beyond Prop 400
- \$12 M in PTF set-aside as a local match
 - Secondary entrances to station platforms
 - Applying for federal RAISE grant money
 - Additional crossovers and switches for original 20-mile line
 - Potential Congressional earmarks

10

10

Capital Funding Changes



- Full Funding Grant Agreement for the South Central/Downtown Hub (SCE/DH) in December 2020
 - Will receive \$530 M from the FTA's Capitol Investment Grants Program
 - Will receive \$108 M from the Federal Highway Administration
- ARPA includes \$81 M in additional federal CIG money for SCE/DH– awaiting guidance from FTA
- ARPA includes \$250 M for Small Starts projects, which has not yet been allocated
 - Tempe Streetcar is a Small Starts project that may be eligible for additional federal funding

11

11

2021 Corridor Cost Estimates



	Base	Utilities	2021 Total	2019 Update	Change
Central Mesa	\$181.3	\$0.6	\$181.9	\$185.1	(\$3.2)
Northwest Phase I	\$292.0	\$31.1	\$323.1	\$323.1	\$0.0
Gilbert Road	\$174.3	\$0.0	\$174.3	\$184.1	(\$9.8)
Tempe Streetcar	\$186.5	\$5.9	\$192.4	\$192.4	\$0.0
Capitol/I-10 West Phase I	\$253.2	\$8.5	\$261.7	\$257.1	\$4.6
Northwest Phase II	\$393.0	\$9.9	\$402.9	\$376.3	\$26.6
South Central/Downtown	\$1,298.4	\$53.4	\$1,351.8	\$1,275.0	\$76.8
West Phoenix	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Capitol/I-10 West Phase II	\$0.0	\$0.0	\$0.0	\$215.6	(\$215.6)
Northeast Phoenix	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<i>Sub-Total Corridor Extensions</i>	<i>\$2,778.7</i>	<i>\$109.4</i>	<i>\$2,888.1</i>	<i>\$3,008.7</i>	<i>(\$120.6)</i>

12

12

2021 Other Capital Costs



Other Capital Expenditures	Base	Utilities	2021 Total	2019 Update	Change
LRV Acquisition	\$105.8	\$0.0	\$105.8	\$98.7	\$7.1
50th Street Station	\$23.6	\$0.0	\$23.6	\$24.4	(\$0.8)
OMC Expansion	\$60.8	\$0.0	\$60.8	\$68.2	(\$7.4)
CP/EV Regional Reimbursements	\$198.8	\$73.6	\$272.4	\$272.4	\$0.0
State of Good Repair	\$26.4	\$0.0	\$26.4	\$46.8	(\$20.4)
System-wide Support Infrastructure	\$62.2	\$0.0	\$62.2	\$29.4	\$32.8
Corridor Planning/CPDA	\$56.7	\$0.0	\$56.7	\$58.4	(\$1.7)
Design Standards & System Planning	\$111.0	\$0.0	\$111.0	\$101.1	\$9.9
Sub-Total Other Capital	\$645.3	\$73.6	\$718.9	\$699.4	\$19.5

13

13

2021 Capital Revenues



	2021 Update	2019 Update	Change	% Change
PTF	\$1,250.5	^{H11} _{L15} _{HJ5} \$1,258.5	(\$8.0)	-0.6%
FTA 5309	\$943.0	\$1,045.6	(\$102.6)	-9.8%
CMAQ	\$427.5	\$423.9	\$3.6	0.8%
Other federal	\$54.3	\$40.7	\$13.6	33.4%
Phoenix T2050	\$907.6	\$906.1	\$1.5	0.2%
Mesa	\$11.5	\$14.1	(\$2.6)	-18.4%
Glendale	\$0.1	\$0.1	\$0.0	0.0%
Tempe	\$13.6	\$13.2	\$0.4	3.0%
Chandler	\$0.7	\$0.7	\$0.0	0.0%
MAG / RPTA	\$19.9	\$23.4	(\$3.5)	-15.0%
Sub-Total Capital Revenue	\$3,628.7	\$3,726.3	(\$97.6)	-2.6%

14

14

2021 Cash Flow Summary



			Funding Surplus/ (Shortfall)
		TLCP Totals	
Total Program Revenues		\$3,628.7	
Total Base Program Cost		(\$3,378.1)	
Funding surplus before PTF utility expenses and financing			\$250.6
Non-Prior Right Utility Relocations		(\$183.0)	\$67.6
<u>Financing Needs anticipated:</u>	<u>Proceeds</u>	<u>Debt Service</u>	
Series 2009/2016/2019	\$84.1	(\$102.7)	
Series 2014	\$135.4	(\$156.9)	
Advance Funds by Phoenix	\$60.0	(\$62.3)	
Total Financing	\$279.5	(\$321.9)	(\$42.4)
Total Program Cost 2026		(\$3,607.0)	
Net Fund Balance			\$25.5

Next Steps



- RAISE Grant Application for secondary entrances to rail platforms
- August committee process for approval



Information Summary

DATE

June 14, 2021

AGENDA ITEM 6**SUBJECT**

Fiscal Year 2022 (FY22) Election of Valley Metro Rail (VMR) Board Officers and Subcommittee Positions

PURPOSE

The VMR Board will vote to elect Board officers and subcommittee positions for FY21.

RECOMMENDATION

Based on letters of interest received, it is recommended that the VMR Board of Directors elect officers and subcommittee members to serve from July 1, 2021 to June 30, 2022 for the following positions:

Board Officers

- VMR Board Chair – Mayor Kate Gallego, City of Phoenix
- VMR Board Vice Chair – Councilmember Robin Arredondo-Savage, City of Tempe

Audit and Finance Subcommittee

- *No positions available/up for election for FY22*

Valley Metro RPTA and Valley Metro Rail Joint Board Subcommittee

- Mayor Kate Gallego, City of Phoenix
- Councilmember Francisco Heredia, City of Mesa

BACKGROUND/DISCUSSION/CONSIDERATION

Board officer and Board subcommittee elections are scheduled for June of each year. At the May 2020 Board meeting, it was announced that election of officers and subcommittee appointments would be brought forward at the June meeting for the following positions:

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



Following the May 2020 Board meeting, the Chair distributed a memorandum requesting letters from Board members interested in filling the above positions for FY21. The letters were due June 9, 2020.

COST AND BUDGET

There is no fiscal impact.

COMMITTEE PROCESS

Board of Directors: June 17, 2021 for action

CONTACT PERSON

Chair Francisco Heredia
Councilmember, City of Mesa

ATTACHMENT

None

Letters of Interest are available upon request.



Information Summary

DATE

June 10, 2021

AGENDA ITEM 7**SUBJECT**

Future Agenda Items Request and Report on Current Events

PURPOSE

Chair Heredia will request future agenda items from members, and members may provide a report on current events.

COST AND BUDGET

None

RECOMMENDATION

This item is presented for information only.

BACKGROUND/DISCUSSION/CONSIDERATION

None

COMMITTEE ACTION

None

CONTACT

Scott Smith
Chief Executive Officer
602-262-7433
ssmith@valleymetro.org

ATTACHMENT

None

Pending Items Request

Item Requested	Date Requested	Planned Follow-up Date