



MEETINGS OF THE

# Boards of Directors

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

February 17, 2022

Starting Time

**12:30 p.m.**

**Please note  
Time Change**

**Meetings to occur sequentially**

Location:

Valley Metro

Boardroom/Webex

101 N. 1<sup>st</sup> Avenue, 10<sup>th</sup> Floor

*In compliance with the Federal Transportation Security Administration's mask mandate, Valley Metro continues to require the use of face coverings in its facilities. Employees and guests must wear masks, regardless of vaccine status, in hallways, common areas, and any time social distancing cannot be maintained. If you are in a conference room where 6' distance cannot be maintained, masks are to be worn. We appreciate your cooperation in complying with this federal law.*

**If you require assistance accessing the meetings on the 10<sup>th</sup> floor, call 602.262.7433.**



# Agenda

February 11, 2022

## Joint Meeting Agenda Valley Metro RPTA And

## Valley Metro Rail

Thursday, February 17, 2022

Valley Metro, 101 N. 1<sup>st</sup> Avenue, 10<sup>th</sup> Floor

**Boardroom/Webex**

**12:30 p.m.**

### Action Recommended

#### 1. Executive Session

1. For action

The Boards of Directors may vote to adjourn and enter into Executive Session pursuant to A.R.S. Sections 38-431.03(A)(1) for the purpose of discussion concerning applications for employment or appointment of the Chief Executive Officer.

#### 2. Public Comment

2. For information

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

#### 3. Chief Executive Officer's Report

3. For information

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

#### 4. Audit and Finance Subcommittee Update

4. For information

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



## CONSENT AGENDA

5A. Minutes

5A. For action

Minutes from the January 20, 2022 Joint Boards meeting are presented for approval.

5B. 2022 Valley Metro Federal Public Transportation Agenda

5B. For action

Staff recommends that the Boards of Directors approval of the 2022 Federal Public Transportation Agenda.

5C. City of Phoenix Grant Pass-Through Intergovernmental Agreement Change Orders

5C. For action

Staff recommends that the Boards of Directors authorize the CEO to execute IGAs and change orders with the City of Phoenix for the listed grants.

## REGULAR AGENDA

6. Quarterly Reports

6. For information

Fiscal Year 2022 Quarterly Reports are presented for information.

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.

8. Report on Current Events and Suggested Future Agenda Items

8. For information

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

9. Next Meeting

9. For information

The next meeting of the Joint Boards is scheduled for **Thursday, March 17, 2022 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](http://www.valleymetro.org).



# Information Summary

**DATE**

February 11, 2022

**AGENDA ITEM 1****SUBJECT**

Executive Session

**PURPOSE**

The Boards of Directors may vote to adjourn and enter into Executive Session pursuant to A.R.S. Sections 38-431.03(A)(1) for the purpose of discussion concerning applications for employment or appointment of the Chief Executive Officer.

**COST AND BUDGET**

None

**RECOMMENDATION**

The Boards of Directors may vote to enter into Executive Session.

**BACKGROUND | DISCUSSION | CONSIDERATION**

None

**COMMITTEE PROCESS**

None

**CONTACT**

Scott Smith

Chief Executive Officer

602-262-7433

[ssmith@valleymetro.org](mailto:ssmith@valleymetro.org)

**ATTACHMENT**

None



# Information Summary

**DATE**

February 11, 2022

**AGENDA ITEM 2****SUBJECT**

Public Comment

**PURPOSE**

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

**COST AND BUDGET**

None

**RECOMMENDATION**

This item is presented for information only.

**BACKGROUND | DISCUSSION | CONSIDERATION**

None

**COMMITTEE PROCESS**

None

**CONTACT**

Scott Smith  
Chief Executive Officer  
602-262-7433  
[ssmith@valleymetro.org](mailto:ssmith@valleymetro.org)

**ATTACHMENT**

None



# Information Summary

**DATE**

February 11, 2022

**AGENDA ITEM 3****SUBJECT**

Chief Executive Officer's Report

**PURPOSE**

Scott Smith, Chief Executive Officer, will brief the Boards of Directors 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](mailto:ssmith@valleymetro.org)

**ATTACHMENT**

None



# Information Summary

**DATE**

February 11, 2022

**AGENDA ITEM 4****SUBJECT**

Audit and Finance Subcommittee (AFS) Update

**PURPOSE**

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

**BACKGROUND | DISCUSSION | CONSIDERATION**

The draft minutes from the February 3, 2022 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**

Jim Hillyard  
Acting Chief Financial Officer  
602-262-7433  
[jhillyard@valleymetro.org](mailto:jhillyard@valleymetro.org)

**ATTACHMENT**

Draft February 3, 2022 AFS meeting minutes





# Minutes

February 10, 2022

## AGENDA ITEM

Audit and Finance Subcommittee  
Thursday, February 3, 2022  
Via WebEx/Phone  
12:00 p.m.

### **Meeting Participants**

Councilmember Bill Stipp, City of Goodyear, Chair  
Councilmember Lauren Tolmachoff, City of Glendale  
Councilmember Francisco Heredia, City of Mesa  
Vice Mayor Laura Pastor, City of Phoenix  
Councilmember Robin Arredondo-Savage, City of Tempe

Ms. Dillon said Chair, I can take a roll if you would like.

Chair Stipp said sure.

Roll call by Pat Dillon.

Councilmember Lauren Tolmachoff, City of Glendale? Here.

Councilmember Bill Stipp, City of Goodyear? Present.

Councilmember Francisco Heredia, City of Mesa? Is not attending today.

Vice Mayor Laura Pastor, City of Phoenix? She should be joining shortly.

Councilmember Robin Arredondo-Savage, City of Tempe? Here, ma'am.

Ms. Dillon: We have a quorum, Chair.

Chair Stipp said thank you, Pat. I appreciate it. We will, obviously, call to order the Audit and Finance Subcommittee meeting of Thursday, February 3rd.

### 1. **Public Comment**

Chair Stipp said now, is the time for public comment. Is there anyone in the Boardroom?

Ms. Dillon said yes, sir. Blue Crowley is here today.

Chair Stipp said good afternoon, Mr. Crowley.



Ms. Dillon: He's making his way to the podium.

Mr. Crowley said good afternoon, your honor. I'm taking two of the pages from the rail part. I only have this much more to go through before I've finished reading everything you guys are going to be covering today, but in it it has on capital assets and long-term debt, capital assets, it's got one in here, bus shelter. And it says, while the amount that you're expending is decreased by 18%, I didn't know that rail was doing things as bus shelters because with the lack on the new extension of the system being multi-modal as in what are there, five bus routes on that extension out to the Park and Ride that have no stops so they're not intermodal. Part of the reason Mr. Smith is controlling both agencies was so that they worked together. And on the capital plan, there are two streets, 7th and 15th, no rail stop.

And then on one of the other pages, it's future expansion and you'll note that it has these two grey areas that are future expansion over the next X amount of years. Well, one of them we know for sure since the City of Glendale said you will not put something down Glendale Avenue. And that the City of Phoenix from Camelback all the way through that has given up the right of way and said this isn't where it's going to be going. I asked when they were selling it, why are you doing this if this is where going to be going? And we're talking that we had easement at 24th and Camelback and said, no, we're not going to do that so when I see those two on there, I'm going, what is it that you are actually stating?

Also, yesterday when I was at manager's and they were going over cost, et cetera, it showed maintenance for the rail. I thought that maintenance is an operating cost and that should be paid for by what? The participating cities because they pay operating for the rail so why it had maintenance in there as a part of what you guys are covering, I don't understand.

Have a pleasant. I will enjoy your meeting.

Chair Stipp said thank you, Mr. Crowley. Does anybody have any questions or comments before we move forward? If not, is there anyone else to speak?

Ms. Dillon said no, sir.

Chair Stipp said okay. Great.

## 2. Chief Financial Officer's Report

Chair Stipp said Mr. Hillyard are you presenting the CFO Report today.

Mr. Hillyard said I am, Chair Stipp. Thank you. Good morning members. There's one item I would like to highlight to you before I hand off to Tyler Olson to update you on our most recent Financial Working Group meetings.



And that is challenges that we're currently facing in our labor market. I suspect no one is surprised to hear that. Every business I think we all know has a now hiring sign and Domino's will pay you \$3 to pick up your own pizza because they can't get drivers. However, we wanted to highlight the challenges that we're facing because as you will see in a minute, for the most part, they have remained behind the scenes and might not be apparent to you or the other Board members. You'll see on the slide on the screen the average vacancy level for a number of our key frontline functions both for VMR and RPTA. In a number of these cases, they are functions that are contracted like light rail vehicle and facility cleaning and our bus operations contracts in both the East and West Valley. In other cases, Valley Metro staff as in our maintenance of way and maintenance of equipment functions. But what you can see is in most cases, we're facing significant shortfalls in having the number of folks that we need to complete these key frontline positions.

Now, as concerning I think as those numbers are at the summary level, averages have a way of having the highs wash out the lows and sometimes, hiding some of the greater challenges at a little deeper level.

So if we go to the next slide, what you'll see are five specific positions that we're struggling with within those averages. Starting with our West Valley bus contract, they now have a 56% deficit in bus mechanics. In our maintenance of way area, we're down 40% for communication system technicians that work on the communication systems along the rail alignment. In our maintenance of equipment, which is maintenance of the light rail vehicles themselves, we're down 40% in electromechanics and 39% in LRV inspectors. And then lastly, our security contract, Allied Universal, is unable to staff -- actually, that number says 35 it should have been updated to 32% of shifts on any given day so 1 in 3 of the shifts that we contract for with them are uncovered.

So it may appear that there's a bit of a bright spot in the next table and that's showing you the impact that these shortages are currently having on our bus contracts ability to put to service. And so, while you'll see that on the one hand, the number of missed trips has approximately tripled between November and December, you know, they remain at a relatively low level of 2.5 to not quite 3%. While that is good news, the fact that the top 4 of the 5 positions with the greatest shortages on the table above are maintenance is probably worse news than initially meets the eye.

And that's because where a missed trip is bad, you know, you start fresh with a schedule the next day. That's not the case in maintenance. These levels of vacancy mean that all of our maintenance staff both on the bus and the rail side are simply dealing with the break fix that allows us to put out service each day and that the critical preventative maintenance that keeps our assets in a state of good repair is simply being deferred and that deferral doesn't go away. It just continues to pile up. It has to be addressed eventually or what we will see if more missed trips because of vehicle



failures and even more concerning the hundreds of millions of dollars of capital assets that we maintain wearing out prematurely and having to be replaced prematurely.

And so, we recognize that these are some very concerning trends that we're seeing. They're going to have to be addressed. We're not bringing to you a solution today because frankly, this is really taken off in the last several months and so, we want to make sure we are doing a thoughtful job of bringing a proposal to you. In the Financial Working Group, we asked our other participating cities what challenges they were seeing and how they were addressing them. We're also reaching out to other transit agencies asking them what they are seeing work and not work so that we can come back to you in the weeks to come with a proposal to address these challenges in as thoughtful as possible a way. However, they're clear and present for us in our day to day operations, as I say, particularly in maintenance, security and so, we wanted to make sure that you were aware of them and aware that we're doing everything we can to bring you a proposal as quickly as we can.

So I'll pause for a second and see if there's questions that I can answer here before handing it off to Tyler to talk about Financial Working Group.

Chair Stipp said does anyone have questions for Jim on this? Councilmember Tolmachoff.

Councilmember Tolmachoff said thank you, Chair Stipp. Are these numbers, I mean, comparable to other, you know, other places in the country? Are these higher or lower? I mean, I know there's staffing issues, you know, basically, nationwide, but are we basically, kind of in line with what other agencies are seeing?

Mr. Hillyard said that's a great question, Councilmember. We're in the process of that outreach more broadly right now. What is seems to be a little idiosyncratic in the sense that we know there are a number of properties like DC Metro that's had to cut back their schedules, their service schedules because they couldn't get drivers, couldn't get operators. As you saw on the previous slide, we're struggling for operators, but they're not our biggest pain point. Our biggest pain point are the more skilled trades involved in the maintenance program. So I think that seems to be a bit of a difference between our region and some of the ones we've talked to thus far, but gathering that data and understanding what folks are doing and what seems to be working is part of the reason that we're -- that we're not bringing a proposal today. We want to make sure it is as fully informed as possible.

Councilmember Tolmachoff said okay. So it would be interesting to -- I don't know how you could find it out whether it's just the fact that there's not enough people with that skill set or there's too many jobs for people with that skill set? You know, exactly what the actual meat of the issue is. I don't know if there's a way to find that out, but it's -- I mean, it's an interesting thing. I know all cities are kind of struggling to, you know, to



find people. Every industry even is struggling to find people so, you know, it's not a -- certainly, not an anomaly, it's just I don't know how we fix that.

Mr. Hillyard said yeah.

Councilmember Tolmachoff said it obviously, you know, we don't want to have to cut services.

Mr. Hillyard said exactly. And, you know, I think one of the things that we're seeing initially in both our conversations with both our staff and with other properties is there is certainly a shortage of labor nationwide that's bidding up rates and we're seeing folks feeling, you know, much more free to change jobs and go looking for better circumstances both from a compensation perspective and a quality of life perspective. I think one of the challenges of the transit business in general is we're a 24/7 shop. And so, virtually everybody you see on the list before is working shift work and, you know, if shift work and a 9 to 5 job is paying more or less the same, virtually everybody is going to want to take a 9 to 5 job.

So we are looking at are there ways that we could mitigate the impact of the fact that it's going to have to be a 24/7 operation with, you know, could we look at different scheduling options. So, for example, our maintenance of equipment team is now assessing could we go to a 4/10 and might that make that work a little more appealing to, you know to potential applicants. That's not quite as simple an analysis as it is at an office setting because, you know, across those three shifts we have to have the right mix of folks with the right skills to get the work done. Whereas, in a typical office setting, it's everybody has to get their 40 hours call it good. So, again, that's the kind of analysis we're doing to try to bring to you the most well thought out proposal possible.

Councilmember Tolmachoff said very good. Thank you. That's it for me.

Councilmember Arredondo-Savage said thank you, Chair Stipp. I was just kind of wondering too, Jim. You mentioned a lot about "we" and I'm wondering when you're talking about "we" are you incorporating our contractors? And have the contractors, you know, weighed into this? And, you know, do they have any thoughts or suggestions? I mean, because obviously, they're probably going to be responsible too for hiring employees for contract.

Mr. Hillyard said yes, absolutely. Thank you. And, in fact, if you could flip back to the previous slide, please, Pat. You'll see there that, you know, probably half or slightly more of the frontline positions we're really struggling with are contracted functions. And so, we're absolutely in conversation with them. The other thing honestly, we're looking closely at are our contracts themselves because in some cases, those contract have provisions that allow us to make adjustments for unforeseen circumstances, but in others, that's not readily apparent. And so, we're going to really have to assess what



we can do vis-a-vis our contractors to help them be more competitive with, you know, within the contracts that currently exist.

Chair Stipp said okay. Any other questions? Jim, the only question that I have on this is are you setting the table for FY23 budget discussions regarding this? Or is this something that is more long range?

Mr. Hillyard said Chair Stipp, yes, I think we think this is not only an FY23 issue in all likelihood and clearly, one that wasn't incorporated in our October preliminary estimates, but also, not one that can wait the next five months. Were this level of vacancy to persist, by the time we were in FY23, the backlog would be almost impossible to deal with because as you know, our current maintenance staffing is geared around keeping up, not catching up. And so, that hole only gets deeper the longer this situation persists so I think we see this as both an adjustment as actions we will need to take in '22 and something that will flow through to be annualized in the '23 budget that's presented to you.

Chair Stipp said okay. Great. Thank you for that update. And I think there's a part two to this if I'm not mistaken.

Vice Mayor Pastor said one question. Chair.

Chair Stipp said oh, Vice Mayor, welcome.

Vice Mayor Pastor said the question is: Okay. We know that this is happening, and I know, you know, this is the narrative. What are we doing or what are the contractors doing in trying to recruit and maintain talent?

Vice Mayor Pastor said you could give me the answer. I don't know if you know it or not, but I'm thinking about all these opportunity for you, students or people that are just idling and then I'm also thinking of all these high schoolers that are graduating and possibly getting them into these areas of interest and make an appealing package for them to get their CDL and all this other stuff. So I'm wondering what these contractors are doing in order to recruit?

Mr. Hillyard said yes, thank you, Vice Mayor. That's an excellent question. It's one we've had for our contractors as well. And so, one of the things we've started doing is compiling a list not only of the staffing issues on each month, but the actions that the contractors are taking. Those include higher bonuses, referral bonuses, outreach to trade schools. If it would help, we would be happy to send you a copy of that most recent list so you can get a sense of what they're doing proactively. Because we're being very clear to them. We have a contract with you. You have an obligation to us. We expect you to meet it. And so, we expect to see proactive steps from them.





Vice Mayor Pastor said yeah. If you could send it out to everybody that would be great because I think we have such a large enough Board that maybe others might have some ideas or areas that they could say go here, go there. But I think it would be good for us as a Board to be this informed and also, maybe engaged to assist in connecting some of the contractors, some of the things maybe we're doing within our city.

Mr. Hillyard said great. Will do.

Councilmember Tolmachoff said I have another question.

Chair Stipp said yes, ma'am, but I just want to make sure that the Vice Mayor's all done. Okay. She is so go ahead, Councilmember Tolmachoff.

Councilmember Tolmachoff said do we have an internship program? I know especially in a challenging labor market, you know, you can -- I mean, you can't fill in all the gaps, but you can, you know, I mean, you know, do we have any IGA's with any of the universities? I mean, they're all in close proximity to, you know, where you guys are. I mean, U of A is downtown, NAU is downtown, they're all downtown, but I know that that's -- I've heard anyway that that's been successful and a way to kind of, you know, give people that are -- all these engineers and other professions kind of an inside and maybe a, you know, a fire in their belly to do this kind of work. And it's a way to kind of grow you own workforce too. So I'm just wondering if we've ever even engaged in any internship program?

Mr. Hillyard said yes. Great question. We do. We have a very active internship program. As you alluded to, it's been really successful for us in the professional and technical functions. So, for example, we get a lot of our IT staff filling positions through their internships. Also, engineers, city planners, we actively recruit and partner with ASU and other universities in internships for those roles. I think the place that we're struggling the most now are more the skilled trades at an entry level position. And so, I think we need to look at whether there are ways that we could work more closely with trade schools, but for example, in electromechanic areas, you know, there aren't a lot of trade schools teaching high voltage DC work. And so, some it that I think we can do a better job in trying to engage them. In other cases, it's challenging because the nature of the work that we do is fairly specialized.

Councilmember Tolmachoff said okay. Thank you.

Chair Stipp said any other questions? Jim, I think to Councilmember Tolmachoff's point. One of the other things we should maybe be thinking about directing our contractors toward is the -- I think it's Universal Technical Institute. There's a -- I think their large campus is in Avondale actually and it's a, for lack of a better phrase, it's a school for mechanics. That may be a place that we want to think about suggesting to our contractors to reach out to them as well if they haven't.



Mr. Hillyard said thank you.

Chair Stipp said the other thing that I think is interesting with these is these slides have been very informative, but they are not I don't think in our packet. Can you send these few slides out to the Board members of AFS so that we have this information?

Mr. Hillyard said absolutely. Yeah. Absolutely.

Chair Stipp said okay. Great. Thank you. Any other comments on the Chief Financial Officer's Update?

Mr. Hillyard said and if not, Chair Stipp, we'll pass it off to Tyler for a quick recap of our recent Financial Working Group meetings.

Chair Stipp said perfect. Thank you.

Mr. Olson said good afternoon, Chair Stipp and members of the Subcommittee. Hopefully, you guys can hear me okay. I typically like to be in the room for these meetings, but I'm still quarantined at home here getting over COVID so if I'm too low, please tell me.

Last month's meeting with Financial Working Group, we did discuss the updated FY23 service level budget assumptions that we're going to discuss with you today. Really updating those assumptions from the last time that we met with Financial Working Group back in September. We had some good discussions and appreciate your city staff in participating in the challenges that you are all facing at your cities for essential workers.

Other than that, went through the regular monthly variance reports for each agency. That concludes my update.

Chair Stipp said great. Any questions for Tyler? Seeing none. Is there any other information under the Chief Financial Officer's Update?

Mr. Hillyard said no, Chair Stipp.

Chair Stipp said calendar coming up.

Ms. Dillon said yes, Chair. It's just the future meetings coming up for the Board on the potential study session and then the start time has changed for the Board meeting on the 17th. There will be more formal communication coming out in the next week or so regarding those times. And then the March timeline.

Chair Stipp said okay. I had a conversation -- this is not the appropriate agenda item to talk about the conversation that I had with Mr. Smith the other day, so I'd like to be able



to come back to this when we talk about the budget study session and perhaps changing the timeline for that.

Mr. Smith said and Mr. Stipp, I did share that information with Chair Heredia and expressed what you and I had talked about, and you may want to follow up with him to formalize that. I just expressed -- I gave him that information about the possibility of changing that presentation so you two can talk further about that.

Chair Stipp said okay. I'll -- I don't want to do it here. I want to do it when we talk about the quarterly budget reports, so we don't get into a -- not the right agenda items so with that we'll move forward and we'll do it later. If everyone is okay with that so.

This item presented for information only.

3. Minutes

Chair Stipp said the minutes from the January 6, 2022, meeting are presented for approval. If anyone has any questions or comments. I'll entertain a motion to approve them.

Motion by Councilmember Arredondo-Savage, second by Councilmember Tolmachoff.

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

**IT WAS MOVED BY COUNCILMEMBER ARREDONDO-SAVAGE, SECONDED BY COUNCILMEMBER TOLMACHOFF, AND UNANIMOUSLY CARRIED TO APPROVE THE JANUARY 6, 2022 AFS MEETING MINUTES.**

4. Fiscal Year 2021 (FY21) Regional Public Transportation Authority (RPTA) and Valley Metro Rail, Inc. (VMR) Annual Comprehensive Financial Report (ACFR) and Single Audit Reporting Package (SARP)

Ms. Rozzell said thank you, Chair Stipp, members of the Committee. I'm here to present to you as the Chair indicated, the FY21 RPTA and VMR Annual Comprehensive Report and the Single Audit Reporting Package. CliftonLarsonAllen, our external auditors, have completed their audit work and issued an unmodified opinion for both entities formally, you know, also known as a clean opinion.

There were no unrecorded misstatements with respect to FY21 and once again, for FY20 which -- this lags a year; we were obtained the GYOA's award for Excellence in Financial Reporting. That is -- although the volume of information in your packet is large, my comments are few, but that concludes my comments unless I can answer any questions for you.



Chair Stipp said I appreciate you not taking the amount of time compared to the number of pages that was in the packet. Does anybody have any questions regarding the Annual Comprehensive Financial Report or the Single Audit Reporting Package?

Seeing none. I'll entertain a motion that we accept the Annual Comprehensive Financial Reports and Single Audit Reporting Packages for the period ending June 30, 2021. Is there a motion?

**IT WAS MOVED BY VICE MAYOR PASTOR, SECONDED BY COUNCILMEMBER TOLMACHOF AND UNANIMOUSLY CARRIED TO ACCEPT THE FISCAL YEAR (FY21) REGIONAL PUBLIC TRANSPORTATION AUTHORITY (RPTA) AND VALLEY METRO RAIL, INC (VMR) ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) AND SINGLE AUDIT REPORTING PACKAGE (SARP).**

5. Internal Audit Update

Ms. Beckstrom said thank you, Chair Stipp. For our audit update this month, Internal Audit conducted follow-up work for two audits in the month of January.

For the Planning and Community Relations Support Services Contract audit, we found that capital development had implemented the use of a pre-approval form for all subcontractor travel. And we were able to do follow-up work to confirm that.

And then for the Mobility Center Cash audit, we found that a new point of sale system is in the process of being procured and it should not only satisfy the recommendation for reporting and reconciliation but will also accommodate the use of credit and debit cards which will reduce the amount of check and cash processing going forward. And, again, that's in the process. They're still working out purchasing that system so we'll -- their due date for that one is the end of this month so that's still in process.

And then we added the Rail Transportation Service recommendations from the audit that we presented last month to our tracking for follow up in the future.

Move to the next slide. And in the way of work that we're completing going forward, we have two audits that will be presented for acceptance in March. Those will be -- the first being the Continuous Change Order Review. The first review is nearly complete, and we'll have those results for you next month as well as the Federal Government Consulting Services Contract audit will be presented next month.

We're also in the process of completing the Travel Reimbursement audit as part of the continuous travel work as well as we've opened up the Credit Card Transactions audit for this year as well.

That concludes my remarks for today.



Chair Stipp said great. Thanks, Sebrina. Does anybody have questions or comments regarding any of the audit materials that were presented? Seeing none. This is for information only so there is no action. Sebrina, appreciate the work that you guys have done. I know you had a small COVID outbreak in your department so for the rest of the AFS Board that's why a couple of these are delayed. So thanks for working through that.

This item was presented for information only.

#### 6. Fiscal Year 2023 Service Level Budget Assumptions Update

Mr. Olson said yes, thank you, Chair Stipp and members of the Subcommittee. We wanted to give you an update to the presentation that we shared with this Subcommittee back in October regarding the '23 service level budget assumptions.

These are the assumptions that are really just focused on the transit service budget so what your cities fund through the IJ process so. We also presented that as I mentioned to your city staff through Financial Working Group last month, appreciate their input in areas particularly fare revenues and some of the challenges with labor markets.

So as far as revenue forecasts, no change to Prop 400 and federal assumptions. We are using the official ADOT forecast which we've shared with this group previously and I'll have another slide on that as well. Also, want to reiterate that there are no COVID relief funds remaining for FY23. That's based on member city input to draw down those funds as fast as possible so your member city contributions will be significantly higher, you know, in '23 that the last couple of years when we had that funding available and potentially, even higher than pre-pandemic levels until we get back to our full ridership in fare revenues.

I want to note that we did add the advertising program here, the new program for local routes and participating circulators. We want to include conservative estimates for FY23 since this program is new and we're growing into it, similar as we've done on the Valley Metro Rail when we started that program.

So taking a look at the updated official ADOT forecast for '23 and how that compares to FY22's forecast and '21 actuals, we see the increase versus prior year. In '22, we've gone up 12.8% on the forecast and then '23, another 5.4% on top of '22 so still looking optimistic.

I'll talk about the monthly trends here. We've got FY21 actuals at the far left, followed by '22 budget and then '22 actuals and then the variance. I guess, the key takeaway here is, you know, we're outperforming the forecast and we've had record monthly revenues both September and December were significantly higher than prior year actuals so good things there.



Earlier this week, City of Tempe staff reached out to us and requested us to address local revenue trends, so this slide is not included in your packet, but we did want to share that and facilitate that request. So this bar graph represents year to date growth in local revenues by city as well as Prop 400. And so, really comparing the year-to-date revenue collections from FY21 compared to '22 and Phoenix, Tempe and Mesa have all been over 17% in those collections, Prop 400 at 19.8.

All right. So I know we were all anxious to see how the return to front-door boardings affected our fare revenue collections so this slide will help that discussion. Really showing the monthly collections on bus service that we've seen this year. At the far left, we've got year to date budget, year to date actuals and what that variance is and then the monthly collections, second column from the right. And I think that's what's key to look at. You can see the obvious bump in October of '21 where we returned to front-door boardings so very happy to see that. And that, obviously, went up for November. You know, there's been significant sales to the retail network in both October and November. That revenue is recognized at the time of sale so it could be potentially artificially inflated these couple of months. We want to closely monitor that and essentially, ridership is still around, you know half of what it was pre-pandemic.

And so, on the next slide, we actually two those two months, those two most recent months and we kind of averaged those out and we discussed this with your city staff and kind of getting input and feedback on how, you know, they felt about the forecast, essentially, describing this bar graph here. We've got cumulative year to date fare revenue budget in green and then cumulative actuals in purple. And so, the orange dash line represents the actual collections each month so you can see that uptick in October, November. If we average those two months out and continue that that would be the dotted purple line continued. Now, we hope that it's going to be better than that, but if that does remain the same, you know, we expect our forecast to be around \$2.5 million for the year. Still under budget, which is a little concerning, but, you know, I think based on discussion with your city staff, we want to be conservative at this point. We want to continue to monitor the monthly collections until it stabilizes, get those large purchases to the retail network out of the way and see how it normalizes.

And so, that's the plan that they would like us to do is keep it conservative. We can always adjust upward later in the process, later in the budget development process here if it looks even better that opportunity.

So slight changes here, we're assuming a 50% reduction of the Zoom route. That's based on direction from Avondale and Goodyear and, you know, unfortunately, it does create a bit risk for West Valley cities as far as the contract structure and it being a smaller number of miles in that contract as a whole and this would significantly reduce miles for that contract, and I'll have some detail later in the presentation.



So just one minor update here on the service changes, we did -- that second bullet point, we did ship member cities the mileage assumptions, the detailed mileage assumptions back to your staff in December. And many of the staff provided great feedback and so, we appreciate that. That gets us set up to have our IGA's ready to go in February.

So East Valley, no change here. We know rates for FY23. That contract will expire at the end of FY23, and I think the Board did approve the release of that RFP as well.

Thank you. So no change here, got rates for the first two year, but, again, we've got some additional risk that we didn't anticipate with the change in the Zoom miles which I'll talk about a little bit more later.

So one significant change here in our fuel. We've seen significant increases in recent months, you know, we've discussed this with your city staff at Financial Working Group last month in which, you know, even our midyear budget we anticipate fuel to overrun, but we did commit to keep your cities within their IGA's based on additional contingency that we have in the budget so that trend continuing into '23. We do purchase fuel from City of Tempe's facility. They have a contract in place in which LNG, the fuel is delivered, and it's converted to CNG. We did receive quite a significant increase for '23 from that facility and then we have compressed natural gas piped right out of the Mesa facility so overall 70% increase is what we're looking at.

Chair Stipp said if I can interrupt you for just a second. So before we get into the expense side since you kind of went through revenues upfront. I just want to take a pause for a minute and see if anybody has any questions about the revenue projections and where we are before we get too far into the expense, to the expense side. Sorry to cut you -- I thought there might be a natural break in there.

Mr. Olson said oh, no, you're fine. I think that's a great idea.

Chair Stipp said does anybody have revenue questions before we get into this stuff? Vice Mayor Pastor.

Vice Mayor Pastor said I -- do we have a -- well, I know that we probably couldn't have planned for this, but do we have a plan when we're in this type of situation other than cutting or doing different things? Is there like an emergency plan, I guess, is what I'm trying to say, for this type of situation?

Mr. Olson said thank you for the question. So we do have a reserve policy in case of a emergency crisis. I wouldn't say that, you know, we're there yet. I think, you know, we do have fairly, optimistic public transportation fund reserve right now, but, you know, there are a lot of moving parts in the current, you know, markets and unfortunately, it just creates a lot of risk for us in moving forward.





But we do have reserve policies in place. Does that answer your question?

Vice Mayor Pastor said yeah. I was just curious. Yeah. I was just curious only because I don't know.

Chair Stipp said Tyler, to that point, I'm not seeing. I didn't want to cut off the other two Board members, but Tyler, to that point, if I remember and my numbers may be off slightly, but I thought our quote/unquote reserve policy was in the neighborhood of \$29 or \$30 million. Does that sound about right?

Mr. Olson said it's definitely, you know, I apologize. I don't know the number off the top of my head. I can certainly look at that, but yeah, it's certainly not intended for ongoing operations. It's, you know, purely, you know, to get us by very quickly. But, you know, what we're talking about is, you know, longer term, I believe.

Chair Stipp said sure. No, I absolutely agree with you on that. But if we're looking at the impact of FY22 versus the FY23 that certainly is a resource for us for this current fiscal year and I thought we were well over our established thresholds. I think that was conversation we had last year. I'm going to throw numbers out. They may not be accurate, but I think we determined that that number should be \$25 million or \$22 million, and we actually had something upward of 29 or 32 something like that so.

Mr. Olson said yes.

Chair Stipp said and like you I don't have them committed to memory and nor should you, but I think having that information for AFS might be helpful next month. And then can you talk to how does this PTF, I'm going to say excess, over budget, you know, greater than anticipated, how does that impact these expenses that you're getting ready to talk about? Because we're, you know, as of right now, we're \$18 million over in PTF revenues.

Mr. Olson said as you know, Prop 400 is managed through the Transit Lifecycle Program and essentially, cities program services to be funded with PTF, you know, qualified services and, you know, we monitor that, update that each year. And if there's an excess in revenues that counts toward, you know, a reserve balance at the end of the plan. And so, based on how we utilize that funding, you know, that could be a -- as we've talked about in our discussions with TLCP as well, that that could be used to help offset some of the potential increases that we may be seeing, you know, for contractor rates and such. So it's definitely something we want to look at and I think with the labor market analysis that we're doing, we're also trying to come up with some creative ways on how to manage that, manage those costs.

Chair Stipp said so those options are on the table, I think I just want to rephrase that. So the options are on the table, they're not -- nothing is set in stone, this is preliminary information. Is that a good summary?



Mr. Olson said yes. The current market conditions, obviously, is a reality, but you know, I think we have some options and how we can fund some of this. On the bus side, you know, public transportation funding is fairly, flexible. It can be used for operating and capital unlike the Valley Metro Rail side, you know, PTF cannot be used for operations. That's by statute.

Chair Stipp said oh, okay.

Mr. Hillyard said Chair Stipp, if I could just make sure one thing is clear. Tyler shared with you a number and I've shared with you a number of challenges that have emerged in fiscal year '22, the gas increase you're seeing here, the labor rates we talked about earlier. In spite of those changes, we do not anticipate having a shortfall in fiscal '22. We work very hard to manage our budget. As you know, we maintain some contingency funding within that budget each year for these kinds of unforeseen circumstances and at this juncture, we anticipate in spite of the need to address some of these labor market issues, to remain within our approved budget for fiscal '22. So we just wanted to make sure that was -- that this discussion of these new things wasn't giving the impression we had a current year budget problem. We're seeing changes that will affect the current year and will need to be annualized in the upcoming year, but we are not at this juncture seeking a change in our current year nor do we anticipate doing so.

Chair Stipp said I think that's an important summary and I appreciate that, Jim, thank you. So if there's no other questions, Tyler, you can go ahead and continue with the presentation.

Mr. Olson said okay. Thank you. So for our demand services, we are currently restructuring that contract beginning in FY23 based upon the current contracts expiring so no update there.

Again, no update here. Jim, did you want to add anything?

Mr. Hillyard said maybe just a quick note, Tyler, thank you. Chair Stipp, members, as you're aware, earlier in the year, you approved modifications to the paratransit and Ride Choice programs that would have essentially combined their customer service and scheduling functions to both eliminate administrative duplication and to give us greater control over what riders were using what service so that we could be sure that we were getting folks needs met with the lowest possible cost service.

So we put out an RFP for that program. Unfortunately, we got a single bid and quite frankly, it was a lousy one. The evaluation committee which was composed primarily of members of your city staff decide that it was not in the region's best interest to award a contract based upon that poor bid.



We had a fair amount of dialog with companies in the industry to find out why they didn't bid and while each of them had a slightly different response, the underlying factor seemed to be that, you know, the reservation and scheduling function that we were bidding is essentially all labor because we've changed the model so that we would be providing the software and we would be providing the facilities, et cetera. And in this crazy labor market, where wage rates are changing very rapidly, a lot of companies were very hesitant to take on a new challenge. They weren't sure what wages they should bid in order to be able to fill those positions and didn't want to be on the hook for a contract they couldn't keep.

So we did look quickly at whether we could bring that service in house and do it as cost effectively with Valley Metro staff rather than contract staff and what we found was there's a quirk in our -- the way that we allocate indirect costs in Valley Metro that was going to shift costs from regional PTF which you don't pay for to the paratransit IGA's which you do and that was not going to make sense financially I think for the cities participating. Therefore, we need to continue to try to contract for this service, however, we're very concerned that if we go back out with that RFP in this same period of labor market uncertainty, we'll get the same answer which is people are too skittish to bid.

And so, what you'll be seeing in the March Board cycle is a request to extend the existing paratransit contract. We have extensions, options extensions as part of that contract that we can simply exercise with your support and to extend the existing Ride Choice service model through a quick Ride Choice RFP and really just buy us a year to 18 months under the existing program so that we can go back out with this combined RFP at a time of less labor market uncertainty. So the -- Tyler's slide is accurate.

We're still in the procurement process of this. Rates may change, but we don't know what those are yet. The longer answer is we were hoping to have a one and done on this in an RFP to combine these. The existing labor market hasn't allowed us to do that, therefore, we think we're going to have to buy ourselves a year and come back and try again. And you'll see that in the March cycle of Board memos.

Mr. Olson said thank you, Jim. Next slide. All right. So no change to our (indiscernible) we still want to focus on ridership recovery and identifying West Valley bus facility location. Some of the risks that we've updated, as mentioned, West Valley service reductions based on the Zoom reductions that we've been asked move forward with.

Really, you know, the contract will fall below the quoted rates, the number of miles that they've quoted us for '23 and '24, will fall so significantly less than that that it will force a contract renegotiation most likely in order to cover their fixed costs because as you all know, you know, bus services on a per mile basis, the contractor set up so it's an all in operating maintenance and fixed cost per mile. So that's a concern, for sure.

You know, as Jim mentioned, we don't know the rates yet for the demand services program so that's still out there. And then, of course, the dramatic tightening of the





labor markets, cost of goods, inflation, and, you know, the many vacancies that we're seeing that we'll share with you a little bit in a couple slides, actually, it's the same information that's been presented, but I do want to share a little bit about market trends that we've been researching.

So some of the current market and economy challenges that I'm sure you all are aware of. Consumer price index which is an inflation gauge that measures cost across dozens of items rose 7% in the last 12 months. That's the fastest pace in the last 40 years so very unprecedented times and some of our more local research, City of Phoenix CPI has increased over 9%. Now, that's a City of Phoenix metropolitan area so really a combination of the Valley over 9% in the last 12 months.

Natural gas is up 24% over last year. I just saw a story on it this morning how it continues to rise. Hirer wage growth has been experienced on the lower end, you know, with essential workers, you know, the rank-and-file employees that are, you know, not in leadership or management positions experienced an 8.4% increase to wages. Hospitality workers are up 16%. Retail is up 7%. So, you know, these are some of the opportunities where essential workers can go to find higher wages.

On the supply chain side of things, you know, there's been various disruptions and, you know, the pandemic has really turned the markets upside down. There's significant issues in balancing shipping containers throughout the world caused by factory shutdowns and lockdowns. Panic buying as we all experienced during the pandemic. Lack of labor to ship in process shipments and we've experienced increase shipping pricing and lead times, for sure, on parts so.

Again, it's just a recap of the information that Jim Hillyard has already shared with you. We do appreciate your cities input and the challenges that you've been facing in your cities in these areas as well.

With that, that concludes the RPTA update. Any other questions before moving on to Valley Metro Rail? Okay. Hearing any. We'll move forward.

So revenue forecasts. No change to federal revenue assumptions. Again, we still have some COVID relief month remaining on Valley Metro Rail not that Valley Metro received any additional. It's just a matter of federally approved contracts being able to draw that funding down so it's just taking a little bit longer on Valley Metro Rail. And no change to advertising.

Taking a look at revenues on Valley Metro Rail. Even better on Valley Metro Rail, I don't think they've experienced as much of the fare revenue loss still having security guards in place on the train although they weren't doing, you know, full fare inspections, there was that presence. So, again, kind of the same discussion, you know, looking at the most recent two months you can see that, you know, those dramatically increase since we returned to the full fare inspection. And, you know, one really great thing that



we've been keeping an eye on is we do have an arena, ticket partnership deal with Footprint Arena and that revenue has actually been consistent with pre-pandemic levels. So I think that's also very helpful on the Valley Metro Rail side of things.

So taking those last two months and using that as a forecast on the next slide. Again, you know, same principal here on the forecast. We're averaging those two months October and November. We think that will actually far exceed what we budgeted for Valley Metro Rail getting us close to \$5 million for the year. And, you know, based on Financial Working Group input we want to keep it conservative, again, somewhere around \$5 million or so at least for the first pass of the '23 budget, continue to monitor those revenues and hope for, you know, even better revenues. But if we'll have the opportunity to increase those revenues later in the process if all things look good.

All right. So Tempe Streetcar, no change to streetcar. I will note that based on City of Tempe direction at Financial Working Group, we have heard that Tempe is interested in having a free fare period of 12 months so that's recent information. So we'll plan accordingly for FY23.

No update here just really a big footnote, obviously, you know, on the significant challenges that we're facing with current markets for, you know, all things that we do.

State of good repair just quick updates. I'm not going to go through each one of these, but essentially, last time that we discussed this with you, we used our five-year capital plan and through our Transit Asset Management Team and maintenance staff, they assess the needs each year and update those accordingly so really just truing up the amounts that are locally funded for state of good repair on light rail.  
Next slide.

Mr. Smith said if I could, Tyler, just one thing on that Tempe Streetcar fare and for you, Councilmember Arredondo-Savage. The FTA has recently asked us for some more information on that fare. They have some concerns with the length of that and we'll be able to know -- we'll work with your staff and you and the Council to let you know what that feedback is, but apparently, they say that's usually longer than an introductory fare and they've asked us for some additional information. And so, that conversation is ongoing.

Mr. Olson said okay. Thank you, Scott. So yup just remaining state of good repair updates.

So no change to the initiatives. Again, just highlighting the updated risks with, you know, markets that we've talked about and challenges that we're facing with parts and delays in shipping and -- particularly, on Valley Metro Rail, we get a lot of parts overseas. They're very, unique parts, in some cases, custom for what we do in our vehicles and definitely seeing some increasing shipping costs even what we're quoted,



you know, by the time they ship the item, you know, after it's built, it's significantly higher so.

And then I'm not going to discuss the last two slides because that's really a repeat of what we shared at the RPTA update.

But if there are any questions on Valley Metro Rail, I'd be happy to answer those.

Chair Stipp said anybody have any questions for Tyler on this presentation? Or any of this material. All right. So this is the agenda item I thought it was best to talk about. So I had a discussion with Mr. Smith the other day regarding many of the challenges that both Jim and Tyler talked about and how these inflationary impacts particularly around labor and fuel are probably going to have an impact in our FY23 budget discussions which are supposed to kick off in two weeks with a study session with the Board.

As Mr. Smith alluded to, he has spoken to the Board Chair which I have not yet wanted to wait for this meeting to suggest that perhaps, we give Tyler and his crew another month to work on identifying what some of those challenges may be, find out what the solutions are as we move forward and not have that discussion too soon with the Board.

We've never had a budget study session in February. We've always done it either March or April so I while we're not taking motions, et cetera I would really appreciate everyone's support to suggest to the Board Chair we postpone that study session from February until March. And then there's a hidden benefit to that is with all the CEO recruitment things occurring on the 17th of February, we get a little bit of breathing room that morning as well. So I'd to hear from the rest of the Board on that particular topic. Okay. Nods of heads that this is a good idea.

Vice Mayor Pastor said willing to support it.

Chair Stipp said thank you. I appreciate that. Mr. Smith, I'll reach out to Board Chair Heredia. I was obviously hopeful he was going to be here today, and we could do that, see if we could postpone that. We've got a couple of weeks and I think everybody would appreciate the little bit of breathing room plus we give Tyler the opportunity to work some numbers and not -- I would hate to go through this process too soon.

But I think we should really be collectively on the lookout for what these inflationary impacts are going to be for us going forward and I think we're going to experience, you know, just a soap box moment, I think we're going to experience it at our city levels as well, rising costs of fuel and labor costs so this should be no different. No other -- oh, go ahead, Councilmember Arredondo-Savage.

Councilmember Arredondo-Savage said I'm totally fine with that, Chair. I think that's really, good. I guess, the one thing that I would just ask is if Scott could send over



those FTA concerns in regards to the longevity of the free fares then I'll definitely make sure that we check with our staff and work with the FTA to get that rectified. Thank you.

Mr. Smith said Councilmember, we'll do that. This issue actually just came up in the last week or week and a half so we're still asking them exactly what they would like and the second we get that we will certainly share it with your staff and with you as to what's going on. We're going to, obviously, push hard because the Tempe City Council, you and your council members have -- and staff have been consistent in the one year. And the FTA didn't say no, they just raised concerns and so they want some answers, so we'll let you know, make sure you know when they have it.

Councilmember Arredondo-Savage said I get that, and I appreciate that, but I would just ask if we could loop in our staff today would be really helpful especially if this is something that's already been out there this last week so we're all on the same page. I think that would be a wise thing to do. Thank you, Chair.

Mr. Smith said yeah. Will do. I believe they already know about it, but we'll double check and make sure.

Councilmember Arredondo-Savage said great. Thank you.

Chair Stipp said awesome.

This item was presented for information only.

## 7. FY22 2<sup>nd</sup> Quarter Budget Variance Review

Mr. Olson said yes, thank you, Chair Stipp and members of the Subcommittee. I'll walk you through the 2nd quarter of FY22 budget versus actuals. At this point, our target spent would be 50% if we are right on track.

So starting with RPTA. So total sources of funding and operating, 34% year to date for operating so under running on the sources side, but sources tend to lag especially reimbursements for federal money that's after the fact so expect that to catch up as we approach Q4. And then on the passthrough side, 42%. Those are all passthrough funds for Valley Metro Rail.

Capital sources of revenue still very light. We, you know, there is a lag, again, in getting reimbursed for that although we do know that on the capital expense side of things, we are going to underrun plan for the year just based on delays with vehicles and things like that so we know that sources will also be under budget for the year.

So total operating expenses, again, 41%. These are the areas of each item so fixed route operations, for example, 44% and I will go through each one of these on the coming slides, so we'll get into that.



So fixed route bus operations, 44% spent to date so well within the 50% plan. Demand services coming in at 30%. That's really due to significantly less trips than planned for the year. I'm sure the Omicron isn't helping that. People wanting to not get out as much.

So van pool operations coming in at 37%. You know, again, experience some ridership participation loss in that with a lot of working from home and other options so that's under running for the year so we'll have savings there. Planning coming in at 43%.

Administration and finance, Commute Solutions both within the 50%. Sorry. Van pool is on there, again, shouldn't be. We'll make sure we get that off next time. Capital overview, next slide. Again, not much spent on the capital side at this point. The bulk of RPTA capital budget is for regional fleet which is delivered throughout the year so that will be delayed into next year some of that will get caught up by the end of year.

Any questions before moving on to Valley Metro Rail?

Chair Stipp said no o, I don't believe so. Thank you.

Mr. Olson said Valley Metro Rail side. Sources of funds 32% through Q2. We'll see that, you know, fare revenues are coming in ahead of plan with the return to the full fare inspection in October so good to see that.

Capital side of things not too many sources recorded at this point. Again, you know, lags in federal reimbursements do happen and we have fully drawn down the \$17.4 million of ARPA though that was allocated to the Tempe Streetcar capital project which essentially supplanted local contributions. That was made possible by FTA through the sig ARPA Relief.

All right. So total operating budget coming in at 37% through the 2nd quarter. The delay in revenue service start for the streetcar primarily due to the delay in vehicle deliveries has created some additional savings on VMR so I'll get into some more detail in the coming slides.

All right. So moving on just to light rail only. We're at 42% spent to date. You can see that we have some savings in operations and maintenance of way and admin support especially. Vehicle maintenance is right on track at 50%. We're optimistic, cautiously optimistic in some of the parts increases that we're seeing there. We do have savings in other areas should maintenance go over for the year. Light rail security based on, you know, vacancies that we're seeing, we're under running that budget so we have some savings there at 43%.

Future project development. These costs tend to lag. These costs are pre-engineering activities, pre-capital activities and some of that work does lag as far as the timing of the





billings, but we do expect that to get caught up later this year closer to plan. Agency operating is at 41% so within 50% there.

On the capital side of things, Tempe Streetcar work was significant through 2nd quarter and we expect that to continue throughout the year and even request the Board in January to approve a midyear budget adjustment for that work. And so, this time next quarter we'll see some adjustments to those numbers based on the Board-approved midyear adjustment upward.

OMC expansion project is higher than plan through Q2. That's really just the timing of the project, you know, that project is essentially completed so you'll see, you know, that number be within target for the remainder of the year. Overall, capital is at 26% spent.

With that, that concludes my presentation on rail. I'd be happy to answer any questions on that.

Chair Stipp said anybody have questions for Tyler? Tyler, I do want to go back just real quick to the RPTA budget information. It was the very first slide so I'm just going to use these numbers. We have total sources of funds FY22 actual, right now, at \$98,891,000 so just under \$99 million. Total uses FY22, right now, is \$111 million, but you made the comment that these generally catch up. So if you're just looking at these raw numbers things, obviously, don't look in alignment. Can you just talk about that catch up real quick?

Mr. Olson said basically, we have to spend the money before we can get reimbursed for the federal component of that, so you'll see that uses are typically higher. And then recording, you know, the public transportation fund use is usually, you know, done after the fact so it's kind of a catch up. And so, you'll see this, you know, completely balance out by the end of the year and, you know, that's why, you know, Liz Rozelle and team do great work on the CAFR. That's why we have that to fully ensure that we're meeting, you know, federal guidelines on how to report actuals and record expenses and revenues and such.

Chair Stipp said I think if you just look at those numbers, obviously, you go, wait a minute, we're way off, but having that further explanation I think it's helpful for anybody who is just looking at the numbers without that kind of a footnote in there. And that may be worth consideration, you know, with a little asterisk or something in that thing for the future.

Mr. Olson said yes. Very good point. Thank you.

This item presented for information only.

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

Chair Stipp said that is for information only. Presented background materials for us before it goes to the Board. Does anybody have questions on Item number 8? Not seeing any. Okay.

This item was presented for information only.

9. Future Agenda Items

Chair Stipp said any Board member have anything for that? Okay. I do which is pursuant to our Internal Audit Charter, we are charged to perform the annual performance evaluation of the Chief Auditor in consultation with the CEO and review with the Chief Auditor and provide feedback on, in this case, her performance. That should take place in an Executive Session which I would like to suggest that we do at next month's meeting. Plan for an Executive Session to review Sebrina Beckstrom's performance. She has already completed a self-evaluation and has reviewed with the CEO. I would like to get that into the hands of the AFS Board members, so I don't know if I'm directing that to Scott or to Pat. Can we get a copy of that into their hands long before the meeting materials come out?

Mr. Smith said yes, Chair Stipp. We'll take care of that.

Chair Stipp said okay. And Scott and Sebrina have reviewed that already so you can use that as your guideline, if you will, to comment on Sebrina's work over the past year. While we have been meeting virtually, Sebrina's work has not been virtual so she's done a lot of work for us, her and her team, over the past year so we should look at that. And, Scott, if I can ask you to have staff prepared to talk about one of the last items that we're charged with is approve the annual salary and benefits or any adjustments to them. Can we have Penny, or somebody present to talk about how we achieve that goal as well?

Mr. Smith said well, we certainly may. I'll get Penny involved and she'll be involved in preparing a packet for you which will include the self-evaluation and I'll make sure she includes salary and other information in it.

Chair Stipp said okay. Great. So if that's -- that meets the Board -- the Committee's needs, et cetera, we can proceed that way. So we'll plan to do that in March.

I would suspect and hope that maybe starting in March we may be meeting back in person if that starts to work for everybody. We're, you know, we're already an hour and 20 minutes in so I think these are -- as we get into budget season, these meetings may become longer and longer, and I would love to see your smiling faces so.



Anybody have anything else for this? Seeing none.

The next meeting of the Audit and Finance Subcommittee is scheduled for March 3, 2022, at 12:00 p.m.

And if there's no further business, this meeting is adjourned. Thank you.

Without further discussion, the meeting was adjourned at 2:19 p.m.

DRAFT





# Minutes

February 11, 2022

## AGENDA ITEM 5A

**Joint Boards of Directors**  
Thursday, January 20, 2022  
Lake Powell Conference Room/Webex  
101 N. 1st Avenue, 10<sup>th</sup> Floor  
11:15 a.m.

### **RPTA Meeting Participants**

Councilmember Francisco Heredia, City of Mesa - **Chair** (phone)  
Vice Mayor Laura Pastor, City of Phoenix - **Vice Chair**  
Councilmember Bill Stipp, City of Goodyear- **Treasurer** (phone)  
Vice Mayor Veronica Malone, City of Avondale (phone)  
Councilmember Clay Goodman, City of Buckeye (phone)  
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  
Mayor Brigitte Peterson, Town of Gilbert (phone)  
Councilmember Lauren Tolmachoff, City of Glendale  
Supervisor Jack Sellers, Maricopa County  
Vice Mayor Jon Edwards, City of Peoria  
Councilmember Jeff Brown, Town of Queen Creek (phone)  
Councilmember Betty Janik, City of Scottsdale (phone)  
Councilmember Roland F. Winters Jr., City of Surprise (phone)  
Councilmember Robin Arredondo-Savage, City of Tempe  
Mayor Rui Pereira, Town of Wickenburg (phone)  
Mayor Michael LeVault, Town of Youngtown (phone)

### **Members Not Present**

Councilmember Aldofo Gamez, City of Tolleson

### **Valley Metro Rail Participants**

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

Chair Heredia called the meeting to order at 11:16 a.m.

All right. Perfect. Well, welcome again. I know we have a hybrid meeting here. They're some present in the boardroom and online. So folks online, if you can make sure you mute your microphone or your phone or your computer if you're not talking.



And so I also wanted, before we start, just wanted -- I've done a bad job on welcoming new members. I know Councilmember Goodman started a couple meetings ago. So welcome. I know Mayor Ortega from Scottsdale appointed Councilmember Janik. Sorry if I'm mispronouncing your name; but welcome on our board. And then also Councilmember Chris Judd from Surprise as new members.

If I missed anybody, I apologize. I will do a better job at welcoming new members moving forward. But getting with the agenda, first item, public comment.

1. Public Comment

Chair Heredia said the first item on the agenda is public comment. Mr. Crowley.

Mr. Crowley said the document I got, on the second page of such, it says that the state allows our PTA to spend public transportation funds on capital maintenance and operation; however, the Valley Metro rail is very different. They only can use capital utility relocation costs. So operations for light rail is 100 percent locally funded. So that's where the PTF funds go according to the plan.

And then on the light rail, today on agenda Item 4, it says sources of funding for light rail operations. All right. And I look, and I see MAG gives them money and member -- public transportation funds. How can that be in there for operating? The state says you can't do that. Well, I like those PTF funds to go to the bus and such. And I am always trying to get that part of the equation around and dealt with; but when I see that it says one thing in the documents you gave me, and then it says today on agenda Item 4, services of funding public transportation funds, 7.4 million.

You're a matured group because we wanted rail and the bus to be multimodal. Well, I look at the extension on the west part, and I go, well, where's the light rail stop at 7th Avenue? Where's the light rail stop at 43rd Avenue? Where's the light rail stop at 27th Avenue? All of these are bus routes. Is it the rail puts in its line to be as convenient for the rail rather than the passengers or the system?

What we need to do is get the rail to understand that it is a multimodal thing. And I love that it says the currently adopted high-capacity transit, the document passed, is one that shows the Glendale -- which you said, hey, we're not going to have anything here. And the City of Phoenix said, we're not going to go 24th Street up into Paradise Valley. Like I said, I wish I would have had these documents so I could have gotten all of this for them; but I'll see you at the bus one.

Councilmember Tolmachoff said Mr. Chair I would like to move that we go into Executive Session prior to the Consent Agenda in the event the Executive Session runs long.



Ms. Dillon said point of order, Chair. The Executive Session is listed on the RPTA Agenda and not this Joint Agenda. The Executive Session is listed for the admin code, which is the RPTA administrative code. Which is why that Executive Session is on the RPTA agenda.

Councilmember Tolmachoff said that's not what it was requested for though. I have the letter here why it was requested. I guess we need to speak to our attorney.

Mr. Minnaugh said Mr. Chair, Members, it is agendaized on the RPTA calendar as was just expressed by the board secretary. That is a publicly noticed document. And so any issues regarding legal counsel, or anything of that nature, should be discussed within the protections of the Executive Session.

Chair Heredia said only RPTA Agenda, right? Mike?

Mr. Minnaugh said Mr. Chair, it's conditioned on the way -- on the way the subject matter is noticed.

Councilmember Tolmachoff okay. I guess the issue here is it was not noticed for the reason it was requested. So I guess we'll have to address that when we get into Executive Session. Okay. I withdraw the motion.

Chair Heredia said we'll get moving on this agenda then.

## 2. Chief Executive Officer's Report

Chair Heredia Said I'll pass it over to Mr. Scott Smith.

Mr. Smith said thank you, Mr. Chair. Thank you, very much. Few things to go over that have happened that we're excited about at Valley Metro. The first thing is that just this last weekend -- I'm sorry if you were traveling down the I-17 -- we had a very, very important event go on. You can see here in the picture -- excuse me. Our construction crews placed the supports crossing I-17 for our light rail extension, the Northwest 2nd Extension, that extends to the Metro Center. You can see the Metro Center there in the background. This is the first rail-only bridge over the freeway in our system. And we're happy with our crews. Thank you at ADOT for assisting us with this.

This was a 250-foot main span with no pier columns in the freeway, which were designed to minimize the disruptions to freeway traffic. And the work was completed on schedule. If you drive down there now, you'll see our bridge going over the freeway on I-17.

Just a couple weeks ago at that same site, we had the privilege of hosting US Senator Kyrsten Sinema, who joined Valley Metro staff for an up-close look at the Northwest



Extension Phase II Light Rail Project. And we are so grateful for her office, who worked with us to ensure the receipt of the full funding grant agreement that we recently celebrated with Secretary of Transportation Mr. Buttigieg and FTA Administrator Fernandez here in Phoenix. We're thankful for the on-going support of Senator Sinema, her staff, and also for her role in the bipartisan infrastructure law that was recently passed which provides a great future for our region and funding of projects on all modes of transportation. But, of course, many of those projects will be dependent upon our extending of Prop 400. So thank you, very much.

In December, since last time we met, we hosted a large media group out to our operation and maintenance center. Got some very, very good media coverage to celebrate the completion of the extension of that facility. Because of our expanded light rail system, we are almost doubling the size of our fleet and that required to us add substantial workspace and track. At our OMC, we have our first new Siemens light rail vehicles that just a week or so ago went into service. We also have four of the six Brookville Streetcars for the Tempe Streetcar system that are on site, and this new space was essential in being able to house and to maintain those.

Thank you to Dan Filipino and Rob Rosenberg, two Deputy Directors in our Operations Division. You can see here in the middle of the picture, who led the tour, and did a good job of explaining what is happening to the media. Which we got a lot of good coverage over.

Another good event, we also hosted on December 15th, in conjunction with COMTO -- which is an organization dealing with minorities and transportation that we work closely with -- the re-imagining diversity, equity, and inclusion networking forum at the GateWay Community College in Phoenix. We had a full house. COVID, very planned and socially distanced of a 100 people representing agencies and businesses and small businesses. And this that was a special reach out to our BB and small business community. And we're hoping they will continue strong involvement and participation on their part. Kudos to Gary Flunoy, Henry Ikwut-Ukwa, and Patty Clark and their teams our staff who handled both DBE and Capital Development on your procurement working closely with COMPTO to make this happen.

Also in December, we were able to celebrate once again the Mesa Santa Express. This is something we've done now for the last five years -- we didn't do it last year -- that has become a holiday tradition. Several thousand residents were able to enjoy an event where we didn't move trains, but they came in and out of one of our specially decorated holiday trains and were able to enjoy our light rail system and celebrate the holidays. And we hope to continue doing this in future years.

Also, we are celebrating the 17th Annual Cool Transit Stuff third grade art contest. I think you recognize that we have many of these community events on artwork at all different levels, elementary, middle school, and high school. This year we received 393



entries from 32 schools throughout the Valley. Seventeen third grade winners have their artwork printed in the 2022 Valley Metro Desk Calendar, which hopefully you received. We mailed one to each board member. The best of show winner was Evan B. Whose art is on the cover of that. Evan attends Basis Phoenix Central, and we have 12 top winners whose art is featured on the month and four honorable mention winners. 17 additional third graders were special recognition winners. So we spread the wealth around, but there was a lot of good work done by our youth, and they also connect with transportation.

As requested by the Board, you have also the last two months of ridership report. I want to highlight a couple things, and that is that from 2020 to 2021, which are both pandemic years, you can see we have had a substantial increase in ridership month over month. Both in year over year both in December and in November on bus and light rail. Especially light rail, the recovery in December year over year was almost 60 percent, and so we're seeing people come back to transit. But it is not a rapid recovery. They are trickling back. We are still down from pre-pandemic areas about 46, 47 percent. We're working on adapting to new a reality and monitoring the change in the workplace, and, of course, with the Omicron variant creating more disruptions, we are still operating at a fairly high level of ridership, although, it is down significantly, and we look forward to that going forward.

Speaking of operations, I just want to make you aware that we, for the most part, as an entity, have been somewhat immune to the impacts of COVID and the pandemic. From an operations stand point, we have been very, very grateful for that. Although, we have been -- our staff and operations on both on the bus and the rail side and paratransit have all been operating, you know, just heroes.

The last two or three months, you need to be aware that we have had impact from this. And just to give you an example, on the bus side Valley Metro operates 70,000 bus trips each month. Normally, our operation does an amazing job, and we average between 25 and 30 missed trips per month. That's 25 to 30 out of 70,000. We are credibly dependable in being there when we say we're going to be there.

That changed in November and December. November the missed trips -- and the missed trips are due solely so lack of staff available, lack of operators to operate buses. We increased from about 30 missed trips to about 425 in November and that ballooned to over 725 in December. Now, that's all still -- if you think 700 of 70,000 is a very small percentage. But in Valley Metro and our system, most of our routes operate on the 30 or 60-minute headways. So even if we miss a single route, it has an impact on people.

I just want to make you aware we are -- we are working, but we are experiencing, like other systems around the country, like your cities, positions are very difficult to fill. And we have had outbreaks of the Omicron COVID that have hampered our operations. And we will keep you and your staff up to date if it gets any worse than what it is right



now. We have, so far, been able to dodge the bigger bullet that many other systems -- we have some system around the country who have had to cut their schedules by 20 to 25 percent due to staffing shortages and the pandemic. And we are nowhere near that; but I just want to make you aware that we are seeing the impacts both the ability to recruit and maintain staff and outages due to COVID.

Our calendar, as you can see the TMC/RMC, Audit and Finance and the next regularly scheduled Board meeting is February 17th. I know there will be some discussion on other things that may take place outside of that. One thing to make sure you're aware of that is in that meeting, we will have a presentation in the study session format of our 2023 Operations and Capital Budget for the entire Board to go over.

And, Mr. Chair, that is my report.

### 3. Audit and Finance Subcommittee Meeting Update

Chair Heredia said I'll call on Councilmember Stipp to provide this update.

Councilmember Stipp said thank you, Mr. Chair. I'll be extremely brief. We had a very short meeting. We've reviewed the contract management Rail Transportation Services Audit. That was approved by the Audit and Finance Subcommittee. We had an update on the transit life cycle program from the staff that is going to now start through the RTAG process. So everyone's staff should start to see that and have that discussion. Part of that was the rebalancing.

We had a discussion last year about the need to look at subregional equity. That, with the increase in revenue, seems to have stabilized. So your staff should be having great discussions on that, and it should come back to the full board. The minutes are attached to the agenda for today. It was a fairly short meeting, but it was very in depth. I think the minutes provide the rest of the information if you care to see the detail. And with that, that ends my update. And I will subject to questions.

Thank you that Councilmember Stipp.

### 4. Consent Agenda

Chair Heredia said the Consent Agenda is presented for action. If folks have any questions or comments on the Consent Agenda, I'll take them now. If not, I request a motion and a second to approve the consent agenda.

**IT WAS MOVED BY MAYOR HARTKE, SECONDED BY VICE MAYOR PASTOR AND UNANIMOUSLY CARRIED TO APPROVE THE CONSENT AGENDA.**





5. Momentum 2050

Chair Heredia said I'll pass it over to Mr. Smith to provide the intro.

Mr. Smith said thank you, Mr. Chair and everybody else. I will introduce Audra Koester Thomas from MAG, who will give the board a report on both Momentum 2050, which basically is the Prop 400 Extension, and also the legislative initiatives that are underway right now related to that, and how(inaudible).

Ms. Koester Thomas said good morning, Chairman Heredia, members of the Valley Metro Board's, on behalf of your member agencies who also sit at the Maricopa Association of Governments and the others that complete the 32 cities, towns, counties, and native nations that make up the Maricopa Association of Governments, thank you so much for inviting us to be here to give a presentation on the latest developments.

Momentum, our long-range transportation plan to inform, an extension of Prop 400, the dedicated half-cent sales tax first established by Maricopa County voters back in 1985. This is a short and brief presentation, so much more of this story to tell. Certainly, over the development of the last three years. As always, we stand ready, working with your staffs offline to answer any additional questions or do deeper dives if you're so interested. But the time today perhaps we won't be able to address. With that next slide.

I'm going to provide just a brief overview of the investment that we have committed to over the course of the last 35 years and into the next generation. And the work really that's culminated in over two years' worth of a public process. Talk a little bit about some of the technical aspects which guide how we develop a long-range plan, both guided by federal statute and state statute, before talking about next steps associated with our success.

Just for point of reference, Maricopa Association of Governments planning area encompasses all of Maricopa County. Back in 2010, after our urbanized area started to grow into the southeast valley and northern Pinal County, because our urbanized areas need to be continuous, which drives a large portion of the federal formula funding that comes to the region, our planning area needed to be expanded. And the Governor did so. Opening up our planning area to the northern Pinal County portions including all of the city of Maricopa, the entirety of the Gila River Indian community, down to the town of Florence, and up through Apache Junction. Were 10,000 square miles of coverage, large than the state of Maryland in terms of a planning area, and as all you know, that's a considerably diverse portfolio of transportation needs, different develop patterns that makes our jobs both exciting and challenging.

The half-cent sales tax, first passed by voters back in 1985, has been instrumental for developing the Phoenix metropolitan region as the economic engine for the State of



Arizona. You'll see here, the major corridors established funded and approved. Through the dedicated half-cent sales tax, first with Proposition 300, a freeway focused entity and then into Proposition 400 passed by voters in 2004, it became multimodal in part because of a previous vote, which was intended to establish a second half-cent dedicated to transit. That failed at the ballot and one of the many reasons Proposition 400 became a multimodal tax, including contributing to the establishment of that light rail soon Streetcar. Contributing some regional funding to bus operations to ensure continuous service crossing borders, as well arterial and other programmatic invests spanning active transportation to safety.

You'll see here just some of those investments highlighted, but certainly not all of them. And something we're certainly proud of, the 35-year history delivering transportation throughout the region.

You know the impacts of these investments. The freeway system alone saves the average motorist approximately 105 hours a year in commute time. Over 80 percent of our jobs are located within a mile or two of a freeway corridor or a light rail corridor. And you all very much know the valuation impact, certainly documented in your quality-of-life report issued by Valley Metro as part of the 10th anniversary celebration of light rail in this region. The compounding benefits of transportation investments really do unlock potential and prosperity for all of us.

So what does our future look like? We are required to take a long view when we do these development plans. And what you'll see here, using the sophisticated transportation demand model that we have invested in at MAG over the course of the last several years. If you look out to the year 2050, if we don't continue transportation investments like we have, we stop investing in transportation and the expansion of a system, what you see here depicted in 2005 is almost every one of our facilities stuck in gridlock in afternoon congestion. That's clearly what we don't want to occur. We are rapidly growing. We will continue to see congestion grow as more people discover the quality of life that we all here enjoy. We want to mitigate as best we can. That's our challenge. That's our job at MAG, to mitigate those impacts the best we can.

I was asked by Chairman Heredia, specifically, to touch a little bit on the public involvement that was included in the development of the plan. I was happy to hear some interest in focusing on this a little bit as part of today's presentation. We have over now three years' worth of commitment to public engagement and research. That really guided the development of the plan that we'll present here today.

We first started this effort doing values mapping, research, going out and asking what residents here in this region value most. We wanted, certainly, to protect those values and use them to guide the development and investment choices that we had. Some of those takeaways include constituents very much valuing that there is a vision for transportation. We did some focus groups. A lot of folks referenced the founding





fathers of this region and how wise they were in proactive transportation investments. People don't necessarily know who is responsible for that work, but they certainly value that there is a long-range vision and champion that.

Folks really care a lot about choice, mobility, and connectivity. They like how the region was built. They like that you can choose your individual communities based on their preferences or the amenities that you offer and that there's a transportation system that connects them to the other places that they want to go, whether that's jobs or education.

They want and agree that we need to be flexible into the future. I joke that the engineers and transportation planners that came before us had a much easier job than we have today. A few tools in the toolbox today, we don't even know what some of those future tools are. And so we want to make sure that government is nibble into the future and can pivot as necessary to emerging technologies.

And finally, discreet and substantial support for continued and expanded transportation investment in this region. Uniquely a higher rate of support than is seen in other parts of the country.

In 2020 we are starting the plan development process. Looking at goals and objectives, asking member agencies to provide us their ideas, project needs. We also ask the public what they saw for their future and what they wanted to prioritize.

What you see here are some those summery, feedback that we received. Certainly, continued expansion of transportation options throughout the region. People like choice. You'll see a recognition here of constituents that we will continue to grow. So this is unique. Folks recognize that people are going to continue to come. There isn't necessarily the mentality of shutting the door behind the last person in. We just want to be able to stay ahead of growth and be responsive to it.

You'll see here there's a high level of import placed on protecting and maintaining the system investments we have already made. Constituents absolutely want to ensure good maintenance and high-quality transportation investments long run. You'll also see here a high value placed on safety. Constituents continue to tell us they want a safe system above all else. This helped to guide some of the investment choices that we have made.

And then finally, a discreet interest in ensuring that transportation decisions aren't isolated, and they can work in concert with other goals, including both public health outcomes as well as environmental sustainability.

Our mayors also asked us to go out and do some polling. Recognizing that we can build a good plan, we can pass a good plan, but ultimately, this is supported by dedicated half-cent sales tax that voters have also approved. So we were directed last



year to go out and do polling of highly likely voters in Maricopa County to ensure that we were still on track and responsive to those needs. We went out early in the year, January and February. The margin of errors just over three percent, having interviewed over a thousand individuals using landline, cell phone, and online panel.

I'll share just a few slides from our research. In sort, it continues to consistently replicate what we have been hearing in all of our other public engagement. We do have all of these findings documented if you're interested in digging deeper, but by did want to share just a few slides for your benefit.

You'll see here when asked what is the one most important transportation investment that we can make, you'll see reported here those specific mentions. And what you see here is the takeaway is that folks want a multimodal system. You'll see light rail and transit, highway and freeway, streets and roads all competing for the top spots. And this, again, replicates the feedback we continue to see that folks recognize that we need a multimodal portfolio. And we need to continue to expand the system in all of those varying ways.

You'll see here this slide, what we ended up doing is going back and asking for people's level of importance on investments on eight discreet types of transportation investments. So these were different kinds of categories that we were anticipating. Potential investment in and wanting to make sure they're reflected also, the values of our constituency. And what you see here, on a five-point rating scale, where five is a very high priority, and four is a high priority. All eight of these items, at least 50 percent of those who are responding to our survey, indicated a high or very high level of support for the top being future transportation technologies and merging technologies, being ready for a future that's uncertain. But you continue to see major street and intersection investments being really that important. Increasing the number of lanes on our freeway and highway system, expanding the bus system to new areas of the Valley. Light rail, expand transit light rail system like BRT. Making bus service more frequent, as well as building more sidewalks and activity transportation.

We also asked about constituents' recognition and their level of value in regionally invested investments. So the focus of Proposition 300 and 400 has been on those big projects that one community can't carry on their own. That we come together to invest in as a region and wanted to make sure that residence, constituents here in this region still value that regional focus. And what you see here is an overwhelming amount of support for a continuation of regionally focused investments. Voters understand that even if a specific project isn't in their backyard, it benefits the whole system and that we're in this together.

So we'll talk a little bit now about the building of the plan itself. You'll see here the six different goals that guide the development of the plan. Nothing necessarily shocking or surprising, unique here. Bread and butter, of course, to the Valley's transportation and



your work on every day. But I do want to point out the responsiveness goal in the upper right-hand corner. To of mind, for Majors in particular, is that need that we're challenged with having to plan out and make decisions out to the year 2050, but not necessarily knowing all the technology or specific solutions today. So I think our Mayors gave us the charge that we want to make sure we identify major corridors that need investment in, but also at recognition that we could need to pivot and change in the future.

This is the performance-based evaluation process. I won't spend a lot of time here, other than to emphasis the amount of data, research analysis that went into this work. We are guided, as I mentioned, by federal law in using data in making our performance-based decisions. This was critically important because of the tremendous amount of transportation need -- demonstrated transportation need in this region and the need to the fiscally constrained portfolio.

You'll see that illustrated in this map that shows the discreet projects your cities and staff turned in for consideration. These are the ones we can map. There are many more that weren't necessarily in a geographic location, perhaps represented by a potential program or idea that member agency or several offered. What I do want to point out is in the bottom left-hand corner is the dollar amount. There is and this demonstrates a portfolio where \$90 billion worth of demonstrated transportation need in our region. Far exceeding available resources. It made our jobs much more difficult and made Mayors' jobs very difficult in making some tough trade off decisions, and really made us rely on that performance-based evaluation process using data to find our highest priorities.

We used our evaluation process to get down to smaller number of viable projects for consideration, and then we demonstrated the differences and options that really our elected officials have. There isn't just one solution or investment choice. And so what we ended up doing is building two different scenarios using the -- guided by two different philosophies, and given the amount of interest in transportation demonstrated by our member agencies, we illustrated the scenarios, not only at continuation of a half-cent sales tax in Maricopa County, but we felt obligated to also demonstrate what would happen if we could increase our sales tax rate to one cent. The same authority every other county in the State of Arizona already has except for Maricopa County. Felt obligated to be able to demonstrate that. Particularly because the pension transit is so difficult. So we delivered those options for consideration and worked through the spring. Ultimately, to get down to a process where we have fiscally constrained portfolio.

You'll see those options articulated here. We went out and got public feedback on those for alternatives as well. And ultimately guided by the transportation policy committee defined by state statute, a public and private partnership joined by mayors and elected officials, members, the business community. Ultimately in June,



unanimously recommend and regional council approved a portfolio of projects supported by the continuation of the half-cent sales tax for a term of 25 years. In total, when compared or combined I should say, with the federal formula funds that come to the region and our State shared revenues, you'll see a portfolio of just about \$36 billion.

Let's talk about more what's included in the investment plan. Again, you'll see here the different funding sources. We focus a lot, and we talk a lot about the dedicated half-cent sales tax here in Maricopa County. If there's something I want to you take away from today, is recognition that makes up about half of our portfolio. It's matched with important federal funding that comes by way of formula, and as noted, our share of the State Highway Revenue Fund. And, again, totaling approximately \$36.7 billion.

You'll see here a map of the discreet capital projects included in the funded plan. We won't spend a lot of time on this map. There are several-hundred projects depicted here. But I do want to focus on a few, knowing my audience, and focus in transit in specific. You'll see two extensions of light rail west supported with this plan. On I-10 West, as well as a West Phoenix option. The locally preferred alternative to be determined.

Both of these project's support, in concert with T2550 and City of Phoenix's dedicated investment in light rail expansion, matching those local funds with the anticipation this region will continue to be extremely competitive and successful in acquiring discretionary funding from the FTA. That 40 or 50 percent that we have routinely been able to deliver bringing new funds, federal funds coming into this region and state.

We're really excited about the potential of bus rapid transit in this region. We have identified support, regional support to compliment local funding for three bus rapid transit projects. One on 35th Avenue, as you'll see. Another on Scottsdale/Rural Road, and the another into the East Valley along Arizona Avenue and into Mesa.

In addition to all these discreet projects, you'll see several expansions of our freeway network, finishing out the HOV network, and adding important DHOV lanes, which really help maximize our bus transit or commuter bus option as well.

In addition to these discreet capital projects, we have several programs that I want to spend some time focusing on. You'll see here some fast facts and lane miles to give you a quantitative view what this investment portfolio contains, but as mentioned in the salmon color on the bottom, you'll see some discreet programs. This is one of the ways that we're being nibble into our future and flexible. Setting aside funding that over the course of every couple of years member agency, cities, towns, counties can chase. Finding the best projects in the region and awarding funding through our very well-established call for projects process over at the Maricopa Association of Governments.



These programs in particular, some of them are an expansion or a continuation of successful Proposition 400 era programs; but we have some new ones as well. Hearing the feedback, not from the public, but also from our mayors as well. And I want to make sure we spend a little time focused on those investments.

You'll see active transportation listed here first. Over a billion dollars set aside for bicycle, pedestrian investments. We hear so much support from the public for a continuation and expansion of non-motorized network throughout our region. And as such, we have responded with over a billion dollars set aside for active transportation investment.

Continuation of our air quality program, as you are familiar with. Some of that support comes to the Vanpool Program and Share the Ride. That's part of federal air quality conformity process. We have several mitigation factors in order to stay on target and continue those federal formula funds coming into the region, continuation of this air quality program. Continuation and expansion of our arterial investments. Bus transit is noted, you all know we have a regionally branded but largely locally funded transit network in this region. As part of Proposition 400, there is some funding that goes to the super grid to help make for continuous investments across jurisdictional boundaries. We're able to nearly double the amount of funding to support bus investments throughout the region as part of this investment package. We'll talk a little bit more about some of the details here in a few minutes.

Emerging technology, setting aside funding for those solutions, technology smart region investments that we want to make but perhaps don't know the details yet today. Continuation of our ITS investments, those technologies that make us move safer and more efficiently throughout the region. Expansion of our safety program. Again, specifically in response to public feedback. And then expansion of a true regional transportation demand management. Again, this is ways to operationalize the system investments we have already made. Figuring out activities, strategies to reduce the number of single occupant vehicles on our roadways.

I wanted to focus just a little bit on some of the specific elements associated with transit policy. All funding decisions will be centralized at the Maricopa Association of Governments. That's in part due to the number of different federal funding, state funding, in addition to that, of course, the sales tax funding that comes into the region where we're being a little bit more nibble about -- maybe more deliberate is the word I should use -- about the funding choices. We committed some search and analyzing the cost can of federalizing projects as part of Proposition 400.

We actually made the decision to put federal funding on some of our smaller projects. We've learned that adds considerable time and cost to projects, and because we want to be a little bit more nibble and deliberate about when we use federal funding versus how we use sales tax funding, we need those decisions centralized and then continue



our partnership with our partners, ADOT and Valley Metro and implementing those projects.

You'll see here some notable changes to the transit program. We have dedicated funding set aside for Park and Rides and transit centers. You'll see bus operating assistance will be guided in two formats. One, a continuation of a base allocation which represents the 2019 TLCP regional bus operating assistance. One of the things we that heard strongly from our mayors and specifically from your city that managers was the desire to keep constant or hold constant the amount of funding coming out of Proposition 400 into the next generation. So we're doing that by establishing the base allocation. Jurisdiction will see that fixed over the life of the extension. But you'll note, we've added funding, a little more funding, to bus transit. And we'll be allocating that based on the second element of the bus operating guidance, which is by formula. Which is using 50 percent boarding, 50 percent revenue miles, ever two years allocating out bus operating assistance based on performance.

In other words, cities, as you're making your local decisions on transit, where you're going to extend or improve bus routes, as you continue to make those decisions, those that have the highest performance will likely be able to receive more funding. And recognizing that we only have a limited regional pot to assert towards bus transit, we wanted to make it performance based.

You'll also see here some set aside for seed funding. We heard loud and clear, and we certainly know transit demand will continue to grow throughout this region. We want to partner with local jurisdictions by setting aside some seed funding. Where the region takes on a higher amount of risk to test out and see if there's transit viability in new emerging markets. And over the course of four years, the region taking a smaller and smaller share, that local jurisdiction or local jurisdictions picking up a larger share. At the end of a four-year term, the cities or jurisdictions can determine whether they want to continue to fund that transit service and make it eligible for potential funding in that formula, or if the viability of transit demand isn't there, make the decision to discontinue service in that seed funded route.

You'll also see here, set aside for commuter bus or express bus. That unique very regionally focused service that pulls individuals from where they live to employment destinations. Those will be wholly, regionally funded, and decided and determined based off a region-wide planning process.

As we move from planned development, now to plan education, we'll be continuing to use our website, but loading it full of more educational information. These decisions were approved in the summer wrapped up into our federally required regional transportation plan and unanimously adopted on December 1st by MAG Regional Council.





We do, as you know, are in a non-attainment area for air quality. We did have to wait for federal concurrence and did receive on the 16th of December notification from the Federal Highway Administration and the Federal Transit Administration in a concurrence of finding of air quality conformity. So we're not quite done yet with our work and that really now is our focus as we move from that planned development, really, to the political side of the equation.

You'll see here, on the bottom of this slide, our focus now is squarely with the 2022 legislative session. Unique to Maricopa County for a continuation of the proposition of a half-cent sales tax. We cannot go directly to our voters. We first have to go to the state legislature. In fact, very few folks probably recognize that we have over two dozen different statutes guiding how we do business, what we can fund, what we can't fund. That's very unique to Maricopa County and our work. We have spent, really, the last four months or so focused on pivoting now to, what we call, enabling legislation, to enable us to go out and ask our voters for a continuation. In this case, a 25-year continuation of the dedicated half-cent sales tax.

We are currently focused wholly on that work. We expect the bill to drop any moment. Our sponsors will be dual instruction in both the House and Senate. Senator Pace, bill sponsor in the Senate and Representative Carroll in the House. We'll continue to provide information and updates as Scott and the rest of your team will do, as well. Certainly, am able to answer any questions offline, if you're interested.

So with that that completes my presentation. I want to acknowledge your picture of the Transportation Policy Committee. A few members here of the Valley Metro's Board pictured here and really a lot of tough work to our elected officials and really your staff, who spent and committed hours and hours, evenings and weekends working alongside us over the course of last year, and we'll continue to as we work into session.

A deep amount of appreciation on behalf of all of the staff at the Maricopa Association of Governments, as well as our partners, Valley Metro and ADOT, in partnering with your efforts to continue to sustain this important transportation investment now for another 25 years.

Chairman Heredia, Members of the Valley Metro Boards, pleased to answer any questions that you have.

Chair Heredia said perfect. Thank you. Lot of great information here. Folks have any questions or comments? Pat, if you can help me. Folks in the room there have questions?

Mayor Hartke said just to a comment, I want to thank Audra. We have been obviously working as a Transportation Policy Committee for a long time and MAG, and good job of summarizing. And we still got a lot of heavy lifting that we're going to need Mayors and



councils to get our legislators and governors to get this to a vote for November. And there's still a lot of decision points on this. So I know we'll be -- we are and we'll be continuing to reach out to cities to help us get this across the finish line. Thank you.

Chair Heredia said thank you, Mayor. Anyone else? Perfect. We'll move forward. Thank you.

Ms. Dillon said we are on Item Number 6. And I believe Gregg Moser is on the call.

6. Chief Executive Officer Recruitment- Update

Chair Heredia said Gregg Moser Krauthamer and Associates. He's with the search firm that we contracted to help us recruit the next CEO. Go ahead, Gregg.

Mr. Moser said thank you, very much. I just wanted to provide a brief update for everybody in attendance today. The search is going along well and as planned. We've had a number of meetings at the ad hoc recruitment committee in terms of determining process and approach for the recruitment. As many of you know, we have been advertising the position for the last, say, almost 60 days. The position closes this Friday afternoon. So that's the end of the deadline for submission of resumes.

I'm still receiving resumes, and I'm carefully reviewing those resumes to determine if those candidates meet minimum qualifications. I have been and will continue to spend time interviewing candidates and that meet the qualifications to determine which ones fit the goals and what you've set out in terms of asking me to look for in your next CEO.

I am pleased to report, I think we have a strong and diverse slate of candidates to consider to the committee. We are going to be reviewing resumes I believe next week. We have a date set to review resumes. You will be receiving packages of resumes to review. And then the plan is to select the candidates we want to interview. We have dates set aside and hopefully everybody has those on their calendar to interview those resumes. And we've got a process in place for the committee and members to interview candidates to make the selections.

As asked of me, I just want to make sure everybody who's on the committee is aware, in addition to the resumes, I am providing you with an evaluation sheet you can utilize at your discretion to help assess those candidates. The way I came up with the different criteria on that sheet is based on the job description we all put together. So I tried to pull areas and themes that I thought were important, and I saw highlighted in the job description. And then you could then look through the resumes, look through the cover letters of the candidate to determine your own evaluation of the feedback.

I will be participating in the meeting next week to review resumes. So I'm certainly happy to answer any questions you may have as we're going through and evaluating



and determining which candidates we'll be moving forward with for interviews. With that, I'll stop and answer any questions you may have.

Chair Heredia said all right. Any questions for Gregg and the CEO search? I know he mentioned the working diligently with ad hoc committee that's running this process with Gregg and hopefully can move this further. So any questions or comments that people have? All right. Thank you, Gregg, appreciate it.

#### 7. Contract Authority Monitoring and Reporting

Chair Heredia said I'll pass it over to Scott Smith to introduce this item.

Mr. Smith said thank you, Mr. Chair. I'm going to introduce Jim Hillyard.

Mr. Hillyard said thank you, Scott. Thank you, Mr. Chairman, Members. Yes, I'd like to provide a little bit of quick context to the polls that we have developed and then describe how that policy would be implemented. Before I do though, I'd like to thank the AFS and particularly Councilmember Pastor. They reviewed the draft policy at their November meeting. Councilmember Pastor provided some terrific comments. They have been incorporated in their entirety. So we appreciated having that opportunity to get their feedback and to incorporate their thoughts.

So I'm sure, as you recall, the genesis of this policy was in considering the adjustments to Valley Metro's lobbying contract authority. Mayor Gallego asked that we develop a process to ensure that changes in contract spending that will exhaust a contract authority be communicated to the Board in a reasonable time. So in many cases that's a straight forward affair. Cities choose to increase bus service, that increases the number of revenue miles being paid through our bus contract. And we draft a memo and bring it to you.

Unfortunately, the world frequently isn't quite that simple, and as a result, the report that this policy establishes has to account for a couple different kinds of uncertainty. I would just like to highlight those. So as you read the policy and the reporting process, you understand sort of why we have taken the approach that we have.

So the first type of uncertainty is just the normal dynamism of running an \$800 million organization. So gas prices go up and they go down, and demand for ride choice goes up and it goes down. And in some years more cars hit LRVs and some years less do. And so when you're dealing with contracts that are five or more years long, especially in the initial several years of the contract, it can be almost impossible to know whether those normal changes are going to net themselves out over time, and you'll come in at or below your original estimate or whether they won't.



And so what you'll see in this policy is we classify those contracts where we think there's possible but not a certainty that the authority will be exhausted prior to the calendar end of the contract as at risk. And we have reporting requirements for those. So we're trying to create transparency there in spite of the fact that we don't really know whether ultimately an adjustment in the authority will be need or not.

The second type of uncertainty that this report has to deal with are cases where an issue occurred that we know is going to result in a need to change authority, but we don't yet know what new amount should be requested. And maybe the perfect example of that is COVID. You know, we know that the pandemic impacted our cleaning costs, our printing costs, our advertising costs, you know, IT costs and many other contracts. But, you know, the amount of the adjustments of those contracts needed were really going to be driven by the length of the pandemic. And, at least, I for one have guessed that wrong every single time.

And so there are times when an issue arises, we know it's going to have an impact, but we don't yet have enough information to know what new amount should be requested. And so you'll see in the policy, those contracts are classified as likely to exhaust their authority, and then in both cases, both where we know where a contract is at risk and a contract is likely.

We'll be providing transparency to the Board by including a new report in our standard quarterly reports that lists all of those contracts. Contracts that are likely to exceed their authority will be noted by the contract name; we'll note the issue that we believe is causing, you know, that to occur; when we became aware of that issue; what's being done to mitigate that impact, if there's something that can be done; and lastly, when we would anticipate having enough information to bring it to the Board in a memo to request the adjustment.

Contracts that are likely to prematurely exhaust their authority will have all the same information except, of course, the date that we will be bringing it to the board because, of course, we wouldn't know whether that was the case or not.

And so, you know, by including this report, we will both bring contracts to the Board for adjustments as soon as we're aware of them, and we have enough information to request change. But we'll have the secondary mechanism to the quarterly report to ensure that the Board has transparency in cases where we think there's possibly but don't yet have enough information to bring it to the board for a full presentation for recommendation. So with that brief recap, I'd be happy to answer any questions.

Chair Heredia said are there any questions from board members? All right. Thank you. Appreciate it.



8. Travel, Expenditures and Solicitations

Chair Heredia said this item is presented for information only. Are there any questions, take them now. If no, no action is required.

9. Report on Current Events and Suggested Future Agenda Items

Chair Heredia said are there any reports or agenda items for future meetings? Seeing none. All right.

10. Next Meeting

Chair Heredia said the next meeting is Joint Boards is schedule for Thursday, February 17th, at 11:15. All right.

With no further discussion the meeting adjourned at 12:21 p.m.

# Information Summary

**DATE**

February 11, 2022

**AGENDA ITEM 5B****SUBJECT**

2022 Valley Metro Federal Public Transportation Agenda

**PURPOSE**

To request approval of the 2022 Valley Metro Federal Public Transportation Agenda.

**COST AND BUDGET**

None

**RECOMMENDATION**

Staff recommends Boards of Directors approval of the 2022 Federal Public Transportation Agenda.

**BACKGROUND/DISCUSSION**

To meet strategic funding objectives, each year Valley Metro works with its federal consultants to develop a federal public transportation legislative agenda. The agenda provides information to member cities and regional stakeholders to bring to attention the importance of federal funding and transit investments to the Phoenix metropolitan region. This includes the development of public transit priorities and goals, critical strategy, guidance and coordination in securing discretionary grants from U.S. Department of Transportation (USDOT) and the Federal Transit Administration (FTA), including but not limited to, the Buses and Bus Facilities discretionary grant, Rebuilding American Infrastructure with Sustainability and Equity (RAISE) transportation grant, Low or No Emission (Low-No) Vehicle & Infrastructure program, Capital Investment Grants (CIG), Integrated Mobility Innovation, Transit Oriented Development and other competitive grant programs as they become available and in the maximum amount possible.

In November 2021, Congress passed, and President Biden signed into law the bipartisan Infrastructure and Investment Jobs Act (IIJA). Included in the law was a long-awaited renewal of the Fixing America's Surface Transportation (FAST) Act, which is a five-year reauthorization of surface transportation programs and funding levels for FY 2022 through FY 2026.

Staff has developed the attached federal agenda for 2022 with goals to:

- Encourage Congress to support additional transit funding, federal funds flexibility and emergency mitigation strategies to support transit operations through the ongoing pandemic;
- Encourage Congress to support budget and appropriations bills that fully fund authorized amounts for public transportation in the bipartisan Infrastructure Investment and Jobs Act;
- Extend or increase tax provisions and related financing mechanisms to benefit public transportation, but not at the expense of overall federal funding; and





- Maintain authorized funding levels for the Capital Investment Grant (CIG) program and increase the federal share of project funding to continue funding rail projects in the pipeline that include South Central Extension/Downtown Hub, Northwest Phase II Extension, Tempe Streetcar and State Capitol and I-10 West Extensions.

Valley Metro staff and contract lobbyists will continue to monitor these developments, and additional opportunities as they become available, to advocate and advance our region's federal funding and policy priorities.

#### **COMMITTEE ACTION**

RTAG: January 18, 2022 for information

TMC/RMC: February 2, 2022 approved

Boards of Directors: February 17, 2022 for action

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#### **ATTACHMENT**

2022 Valley Metro Federal Public Transportation Agenda

## **2022 Federal Public Transportation Agenda**

Valley Metro continued to move forward while facing unprecedented challenges presented by the COVID-19 pandemic over the past two years. Thanks to significant federal support in the form of operating funds and full funding grant agreements for major projects, Valley Metro has been able to successfully advance its mission of “Connecting Communities and Enhancing Lives” by providing critical transportation services and public transit options in the Metro Phoenix region. We anticipate further challenges that will require building on the close relationships we have established with our federal partners at the U.S. Department of Transportation and the Federal Transit Administration. With the likelihood of ongoing reductions in farebox revenue, it will be critical that federal funding opportunities continue and offer maximum flexibility.

The Valley Metro Boards of Directors thanks our Arizona Congressional delegation for their efforts in the passage of a new five-year Surface Transportation authorization as part of the bipartisan Infrastructure Investment and Jobs Act (IIJA) signed into law by President Biden on November 15, 2021. The long-awaited renewal of the FAST Act provides us with the funding certainty needed to invest and advance critical regional transit projects as well as the expansion of the light rail system.

The Valley Metro Board of Directors encourages Congress to:

### **Continue to support public transit during the COVID-19 pandemic.**

- Valley Metro supports continued federal funds flexibility in allowing reimbursement for operating costs to maintain service, purchase of personal protective equipment, and paying for administrative leave of operations personnel due to any reductions in service and CDC-recommended quarantine periods after potential exposure to COVID-19.
- Valley Metro supports FTA continuing the federal share for Transportation Infrastructure Grants, at the option of the recipient, up to 100 percent for all eligible expenses.
- Valley Metro urges USDOT to continue to utilize the emergency docket to mitigate challenging FTA administrative and statutory requirements because of COVID-19 impacts to grantees.

**Support budget and appropriations bills that fully fund authorized amounts in the Infrastructure Investment and Jobs Act** – investing in transportation infrastructure results in higher economic growth.

**Implementation of new legislation** – Familiarize the region with new policy and funding priorities of the Biden-Harris Administration and pursue grants for local projects as feasible.

- The Infrastructure Investment and Jobs Act provides increased funding levels and amendments to existing programs, as well as the creation of new discretionary and formula grant programs for public transit systems. Pending legislation may provide further funding opportunities to advance capital projects. Valley Metro will ensure the region is well versed in these new opportunities to advance priority projects.

**Pursue federal funding opportunities** –The region will seek federal grant opportunities, including but not limited to the Buses and Bus Facilities discretionary grant, Rebuilding American Infrastructure with Sustainability and Equity (RAISE) transportation grant, Low or

No Emission (Low-No) Vehicle & Infrastructure program, Capital Investment Grants (CIG), Integrated Mobility Innovation, Transit Oriented Development and other competitive grant programs as they become available.

**Maintain authorized funding levels for the Capital Investment Grant (CIG) program** – Valley Metro light rail system provides significant economic development opportunities along the corridor. Despite the pandemic, Valley Metro continued construction on nearly \$1.5 billion in infrastructure projects providing much needed employment and economic activity. Several extensions of this system are in various stages of development and construction, which include the following:

- **South Central Light Rail Extension/Downtown Hub** – A 5.5-mile extension from downtown Phoenix on Central Avenue to Baseline Road. FTA awarded a Full Funding Grant Agreement to Valley Metro for \$529 million of the total \$1.3 billion project in January 2021. An additional \$81.3 million was allocated to the project as part of the American Rescue Plan Act of 2021.
- **Northwest Extension Phase II** – A 1.6-mile extension from the current end of line in Phoenix, from 19<sup>th</sup> Avenue and Dunlap across I-17 to the former Metrocenter Mall complex. The project entered engineering in March 2020 and \$100M has been set-aside from FTA's budget. A \$158M full funding grant agreement was signed by USDOT Secretary Pete Buttigieg in a ceremony held on November 19, 2021.
- **Tempe Streetcar** – Construction for this the \$192 million project, which is scheduled to open for service in Spring 2022. A \$75M federal grant agreement was awarded to Valley Metro in September 2019. An additional \$17.4 million was allocated to the project as part of the American Rescue Plan Act in 2021.
- **Capitol and I-10 West Extensions** – Connect existing light rail service in downtown Phoenix to the State Capitol area and the West Valley. Further analysis and coordination with stakeholders are occurring on the alignment, and it is expected that environmental and preliminary engineering work will continue in 2022.

**Tax Law** – Extend or increase tax provisions and related financing mechanisms to benefit public transportation. However, do not replace federal funding with financing.

- Extend the alternative fuels tax credit that encourages investment in low/no emissions vehicles.
- Tax Credit Bonds or Private Activity Bonds – Authorize Qualified Tax Credit Bonds and enhance the availability of PABs for transit.
- Municipal Bonds and Advanced Refunding – Reinstate the ability for local governments to issue tax-exempt advanced refunding bonds.
- Federal Tax Credits for Special Taxing Districts/ Tax Increment Financing – Provide tax incentives for private equity investments in transit that conform with state law.

**Support legislative efforts of the American Public Transportation Association (APTA), Bus Coalition, Capital Investment Grant (CIG) Working Group, Community Streetcar Coalition, and other affiliated organizations.**

Valley Metro appreciates our federal partnership and looks forward to working at all levels to maintain and build upon transit in the region for our customers and the overall economy.



# Information Summary

**DATE**

February 11, 2022

**AGENDA ITEM 5C****SUBJECT**

City of Phoenix Grant Pass-Through Intergovernmental Agreement Change Orders

**PURPOSE**

To request authorization for the Chief Executive Officer (CEO) to execute change orders with City of Phoenix extending the term of grant pass-through IGAs.

**RECOMMENDATION**

Staff recommends that the Boards of Directors authorize the CEO to execute IGAs and change orders with the City of Phoenix for the listed grants.

**BACKGROUND | DISCUSSION | CONSIDERATION**

Valley Metro has requested extensions to the pass-through IGAs for AZ-2018-009, AZ-2018-014, AZ-2018-025, and AZ-2019-015. The extensions are needed to allow additional time to complete the project identified in the grant. The table below summarizes the requested changes:

Grant	Source	Extension
AZ-2018-009	Section 5307 Capital Funds	31-Mar-23
AZ-2018-014	Section CMAQ	31-Mar-23
AZ-2018-025	Section STP FLEX (Vans)	30-Jun-24
AZ-2019-015	Section 5307 Operating Funds	31-Mar-23

Grant AZ-2018-009 has \$2,698,822 of funding remaining from the original award amount of \$28,817,725. The funding will be used to pay for one replacement bus and seven replacement 40-foot articulated buses. The grant award expired on 31-Dec-21. An extension until 31-Mar-23 is needed for additional time to purchase replacement buses.

Grant AZ-2018-014 has \$4,586,664 of funding remaining from the original award amount of \$9,647,484. The funding will be used to pay for nine 40-foot expansion buses. The grant award expired on 31-Dec-21. An extension until 31-Mar-23 is needed because expansion plans were delayed in response to the COVID-19 pandemic.



Grant AZ-2018-025 has \$124,301 of funding remaining from the original award amount of \$9,647,484. The funding will be used to pay for the Price Corridor study costs and for replacement paratransit vans. The grant award expired on 9-Dec-21. An extension until 30-Jun-24 is needed as City of Chandler would like to delay the start of the study to gather more data from the Price FlexTransit study and to provide time for paratransit van purchases.

AZ-2019-015 has \$781,162 of funding remaining from the original award amount of \$2,590,625. The funding will be used to pay for operating cost assistance and 40-foot bus replacements. This grant award expired on 20-Nov-2021. An extension until 31-Mar-23 is needed because federal COVID-19 emergency relief funding was utilized in lieu of operating assistance and to provide time for replacement bus purchases.

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

## **COST AND BUDGET**

The change orders will not result in changes in cost and budget.

## **COMMITTEE PROCESS**

RTAG: January 18, 2022 for information

TMC: February 2, 2022 approved

AFS: February 3, 2022 for information

Board: February 17, 2022 for action

## **CONTACT**

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## **ATTACHMENT**

None



# Information Summary

**DATE**

February 11, 2022

**AGENDA ITEM 6****SUBJECT**

Quarterly Reports

**PURPOSE**

To provide an informational update of activities at Valley Metro.

**COST AND BUDGET**

None

**RECOMMENDATION**

This item is presented for information only.

**BACKGROUND | DISCUSSION | CONSIDERATION**

Quarterly Reports are provided as an informational update of Valley Metro activities

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

**COMMITTEE PROCESS**

TMC/RMC: February 2, 2022 for information

Boards of Directors: February 17, 2022 for information

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# Fiscal Year 2022 2<sup>nd</sup> Quarter Reports

February 2022



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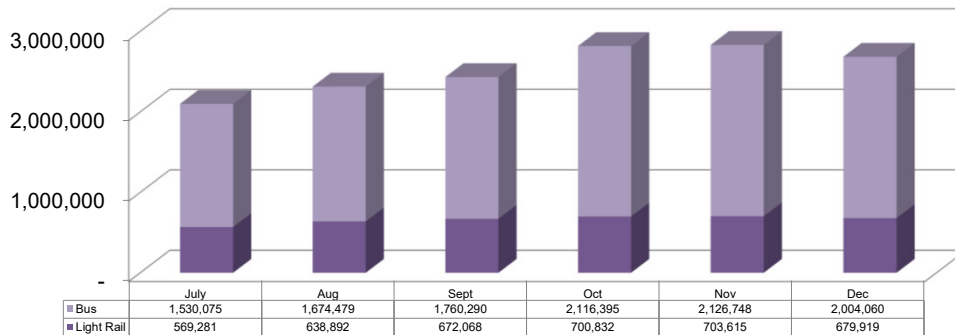
## Operations



February 2022

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## Regional Ridership



	FY22 Q1	FY21 Q2	FY22 Q2
Bus	4,964,844	5,532,001	6,247,203
Light Rail	1,880,241	1,541,169	2,084,366
Total	<b>6,845,085</b>	<b>7,073,170</b>	<b>8,331,569</b>

3

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## Fixed Route Bus – East Valley



Performance Indicator	Target	FY22 Q1	FY21 Q2	FY22 Q2
On-Time Performance	≥ 92%*	85%	89%	84%
Complaints Per 100,000 Boardings	≤ 45	93	61	61
Mechanical Failures Per 100,000 Revenue Miles	≤ 12	6.6	3.8	5.8
Revenue Service Completed	≥ 99.85%	99.88%	99.96%	98.57%
Preventable Accidents per 100,000 Miles	≤ 0.90	0.57	0.95	1.14
Ridership	--	1,210,810	1,458,783	1,658,774

\* The on-time performance target is currently being re-evaluated to more align with the new Clever/CAD system parameters.

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## Fixed Route Bus – West Valley



Performance Indicator	Target	FY22 Q1	FY21 Q2	FY22 Q2
On-Time Performance	≥ 92%*	86%	88%	89%
Valid Complaints Per 1,000 Boardings	≤ 0.25	0.40	0.44	0.52
Mechanical Failures Per 10,000 Revenue Miles	≤ 1.2	0.44	0.63	0.50
Revenue Service Completed	≥ 99.85%	99.85%	99.66%	99.39%
Preventable Accidents per 100,000 Miles	≤ 1.50	0.58	1.40	1.33
Ridership	--	37,121	36,025	42,421

\* The on-time performance target is currently being re-evaluated to more align with the new Clever/CAD system parameters.

5

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## Light Rail



Performance Indicator	Target	FY22 Q1	FY21 Q2	FY22 Q2
On-Time Performance	≥ 95%	84%	93%	73%
Complaints Per 100,000 Boardings	≤ 3.0	1.01	0.71	1.10
Preventative Maintenance Inspections - % On-Time (LRV)	≥ 80%	100%	98%	99%
Preventative Maintenance Inspections - % On-Time (Systems)	≥ 80%	97%	98%	94%
Preventable Accidents per 100,000 Miles	≤ 0.90	0.00	0.13	0.27
# of Employee Injuries - Lost Time (MOE & MOW)	0	1	0	3
Ridership	--	1,880,241	1,541,169	2,084,366

6

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## Customer Service – Call Center



Performance Indicator	Target	FY22 Q1	FY21 Q2	FY22 Q2
Calls Received	--	182,800	162,195	176,761
Complaints Processed	--	6,587	4,911	6,728
NextRide Inquiries Handled by Interactive Voice Response (IVR)	--	155,963	129,702	135,074
NextRide Inquiries Handled by Text Messaging	--	382,850	388,171	322,131
Average Talk Time	--	2:19	2:10	2:30
Average Speed of Answer	≤ 1.00	:40	:23	:48

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## Customer Experience Coordinators (CEC)



Location	Cust. Cont.	Cust. Ast.	RTR Ed.	Fac. Ast.	Sec. Ast.	Ops. Ast.	Drinks Addr.	Animals Addr.	Platforms Visited	TVM Issues	Complaints	Observations	
												Total Animals	Total Drinks
Central Phoenix	18,281	3,616	1,839	4,570	60	70	688	64	1,140	101	1	124	922
East/Mesa	11,824	4,664	1,523	3,673	61	96	528	36	673	76	1	72	804
East/Tempe	8,590	2,107	766	1,803	41	76	294	27	604	64	-	44	407
West Phoenix	7,872	1,343	365	1,213	53	38	235	24	316	37	-	33	271
<b>Grand Total</b>	<b>46,567</b>	<b>11,730</b>	<b>4,493</b>	<b>11,259</b>	<b>215</b>	<b>280</b>	<b>1,745</b>	<b>151</b>	<b>2,733</b>	<b>278</b>	<b>2</b>	<b>273</b>	<b>2,404</b>

### Locations:

Central Phoenix - Roosevelt to Airport  
 East/Mesa - Sycamore and East  
 East/Tempe - 50th Street to Price/Apache  
 West Phoenix - McDowell to Dunlap

### Definitions:

Cust. Cont. - Any verbal interaction with customer from CEC (ex: Hello, Good Morning, Thanks for riding, etc.)  
 Cust. Ast. - When a customer asks for assistance or has a question for the CEC  
 RTR Ed. - Education on "Respect the Ride"  
 Fac. Ast. - Pick-up trash on platforms and trains  
 Sec. Ast. - Assist Security with customer needs  
 Ops. Ast. - Assisting Operator/Operations  
 Drinks Addr. - Drinks that don't meet Valley Metro's policy addressed by CEC  
 Animals Addr. - Animals addressed by CEC on whether they are considered service animals  
 Platforms Visited - Number of platforms visited by CEC  
 TVM Issues - Observed TVM not working  
 Complaints - Customer files a complaint with CEC  
 Total Animals - Service or unknown service animals observed  
 Drinks - Doesn't meet Valley Metro's policy (Only spill proof cups)

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# Safety, Security & Quality Assurance



February 2022

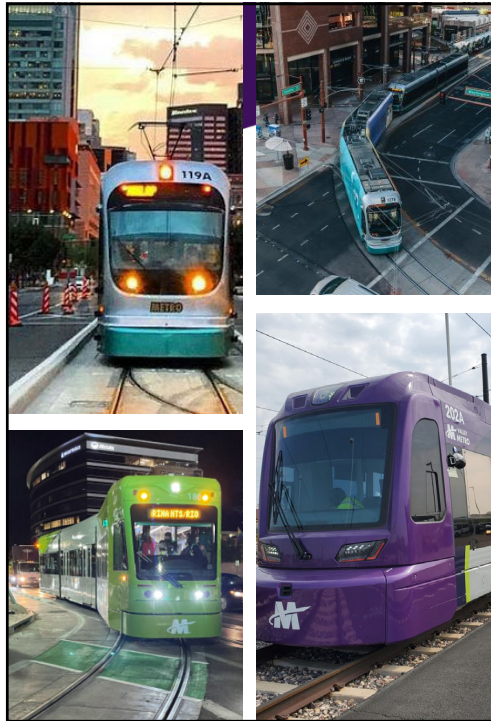
9

## Safety – Rail (VMR)

Agency Safety Plan Metrics  
CY 2021 | October through December



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## Rail Safety Performance Targets

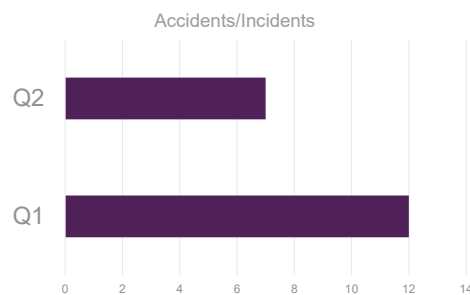
Rail	
Injuries	5% reduction in both number of events and rate per 100,000 revenue miles from CY2020
Employee Injuries	Below OSHA industry average
Passenger Falls on LRVs	5% reduction in both number and rate per 100,000 passenger boarding's from CY2020 (falls with no impairment noted)
Fatalities	Zero
Safety Events	5% reduction in both number of events and rate per 100,000 revenue miles from CY2020
System Reliability	According to manufacturer's established performance standards
Red Signal Overruns (Unauthorized)	10% reduction from CY2020



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## Safety Events

Total number of reportable accidents/incidents, and red signal overruns.



CY 2022 Q1	CY 2022 Q2
12	7

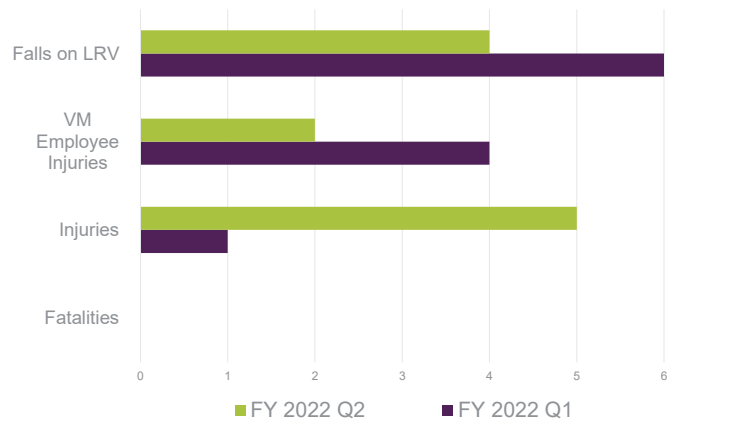


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## Falls on LRV, Employee Injuries, Customer Injuries & Fatalities



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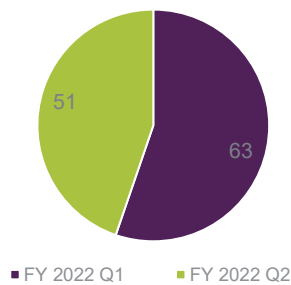
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## System Reliability

The National Transit Database defines a major mechanical system failure as a failure of some mechanical element of the revenue vehicle that prevents the vehicle from completing a scheduled revenue trip or starting the next scheduled revenue trip because vehicle movement is limited or due to safety concerns.

National average for major mechanical failures is 17,576

VMR incurs a major mechanical failure every: **19,090 miles.**



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# Safety – Bus (RPTA)

## Agency Safety Plan Metrics

CY 2021 | October through December



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## Bus Safety Performance Targets

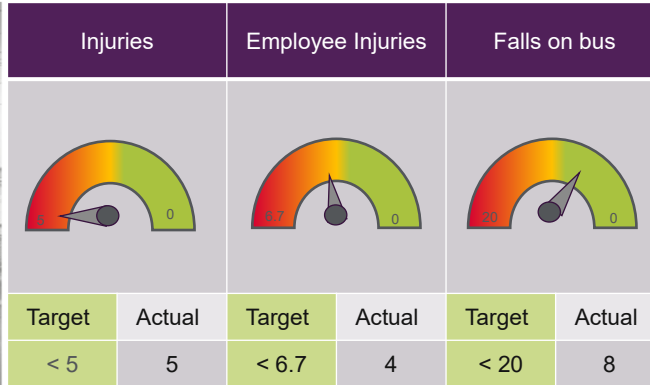
Bus	
Injuries	5% reduction in both number of events and rate per 100,000 revenue miles from CY2020
Employee Injuries	Below OSHA industry average
Passenger Falls	5% reduction in both number and rate per 100,000 passenger boardings from CY2020 (falls with no impairment noted)
Safety Events	5% reduction in both number of events and rate per 100,000 revenue miles from CY2020
Fatalities	Zero
Operator Assaults	10% reduction from CY2020 in both number and rate of injury per hours worked
System Reliability	According to manufacturer's established performance standards



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## Bus Safety - Injuries, Employee Injuries, and Falls on Bus



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## Bus Safety Events

Total number of reportable events (accidents, incidents) per total bus revenue miles

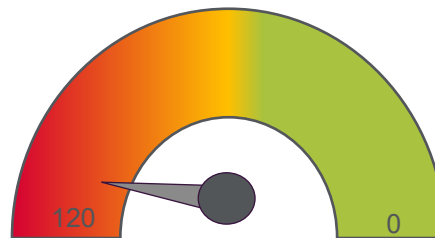
**Target:** 5% reduction in number of events from CY2021

### CY 2021 Data October Through December

Number of Events	Revenue Miles
120	8,436

### CY 2022 Targets

Events	< 345
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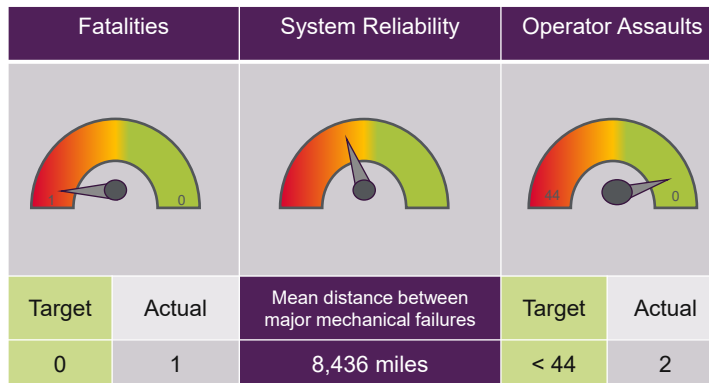
Possible Contributing Factors:

- Increase in motor vehicle traffic when compared to CY2021
- Challenges attracting and retaining bus operators. Skilled workforce

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## Safety Bus - Fatalities, Operator Assaults, and System Reliability



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## Security – Rail (VMR)

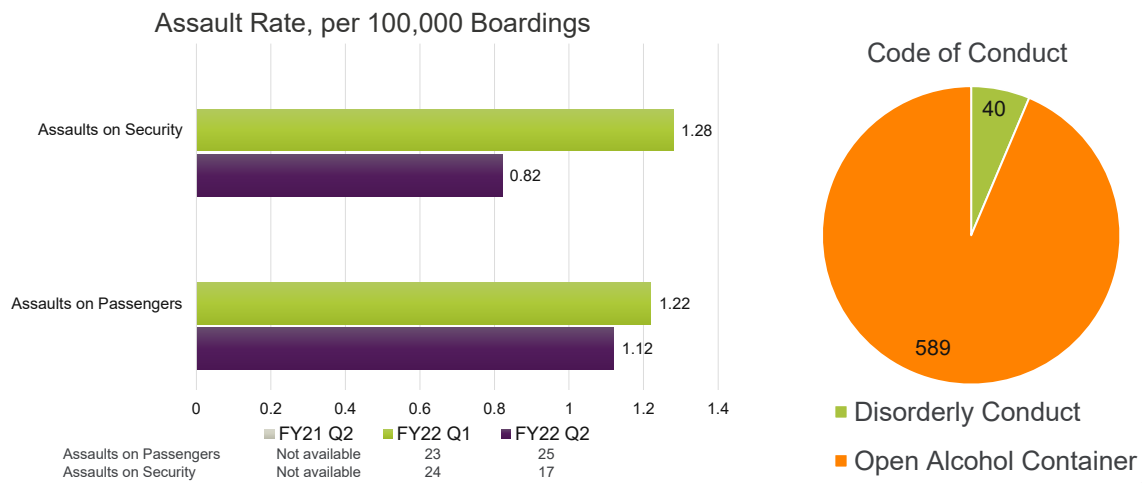
Fiscal Year 2022 – 2<sup>nd</sup> Quarter  
Metrics



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## Incidents - Rail

Coronavirus Mitigations-Environment



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## Activity

Coronavirus Mitigations-Environment



Activity		FY22 Q1	FY22 Q2
Property Crimes	System	8	6
Crimes Against Persons	System	22	25
Code of Conduct	System	371	629
Activity		FY22 Q1	FY22 Q2
Medical Responses	System	195	142

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# Incident Table – Current Quarter

Coronavirus Mitigations-Environment



	City Jurisdiction		
	Phoenix	Tempe	Mesa
Crimes Against Persons	15	3	7
Property Crime	5	1	0
Code of Conduct	512	71	46
<b>Grand Total</b>	<b>532</b>	<b>75</b>	<b>53</b>

City	Platform Activity					
	Phoenix		Tempe		Mesa	
Total Platforms Per City	<b>27</b>		<b>10</b>		<b>7</b>	
Crimes Against Persons	19DL	3	VWCL	2	GIMN	3
	19CB	2	UNRR	1	CCMN	2
	10 stations with 1 each	1			ASMN	1
					MEMN	1
Property Crimes	19DL	1	PCAP	1		
	NO19	1				
	GL19	1				
	CNCB	1				
	ISCN	1				
Code of Conduct	19DL	181	ML3	13	GIMN	18
	24WA	41	PRWA	11	ASMN	8
	GL19	35	MCAP, DOAP	10	SYMN	7
	44WA	26	UNRR	9	CCMN, STMN	4
	MO19	25	PCAP	7	CEMN	3

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## Security – Bus (RPTA)

Fiscal Year 2022 – 2<sup>nd</sup> Quarter

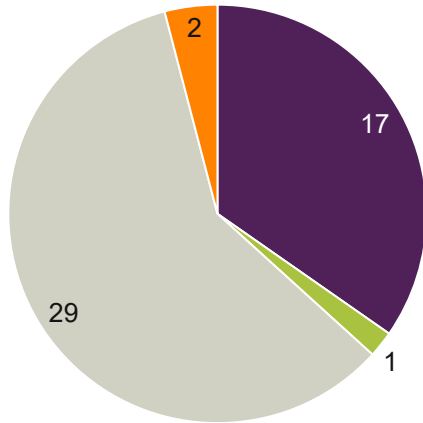
Metrics



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## Incidents - Bus

Coronavirus Mitigations-Environment



- Criminal Damage  
29% reduction (25 last quarter)
- Assaults on Passengers  
80% reduction (5 last quarter)
- Disorderly Conduct  
16% increase (25 last quarter)
- Assaults on Operators  
78% reduction (9 last quarter)

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## Finance



February 2022

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# Valley Metro RPTA Operating Results – Q2



## RPTA Budget vs. Actual Report

For the quarter ending December 31, 2021

Operations Expenditures	2nd Quarter			Year to Date		
	Budget	Actual	Variance (Unfav.)	Budget	Actual	Variance (Unfav.)
Fixed Route Bus	26.9	23.8	3.2	53.9	47.9	6.0
Paratransit	9.5	9.6	(0.1)	18.9	11.3	7.6
Vanpool	0.3	0.2	0.1	0.5	0.4	0.1
Regional Services	3.6	3.3	0.3	7.1	5.9	1.2
Planning	0.5	0.5	0.0	1.0	1.0	0.0
Administration	1.0	0.8	0.2	2.0	1.5	0.5
METRO Rail (Salary, Fringe, OH)	7.7	7.2	0.5	15.3	13.0	2.3
Total Operations Expenditures	49.5	45.3	4.1	98.7	81.0	17.7

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# Valley Metro RPTA Capital Results – Q2



## RPTA Budget vs. Actual Report

For the quarter ending December 31, 2022

Capital Expenditures	2nd Quarter			Year to Date		
	Budget	Actual	Variance (Unfav.)	Budget	Actual	Variance (Unfav.)
Bus Purchases						
Valley Metro	8.2	0.0	8.2	16.3	0.0	16.3
Lead Agency	0.9	0.0	0.9	1.9	0.0	1.9
Paratransit Vehicles						
Lead Agency	0.6	0.0	0.6	1.1	0.0	1.1
Vanpool Vehicles	0.8	0.0	0.8	1.6	0.0	1.6
Other Capital	1.8	1.1	0.7	3.6	2.0	1.6
METRO Rail	14.7	12.9	1.8	29.4	28.2	1.2
Total Capital Expenditures	27.0	14.0	13.0	53.9	30.2	23.7

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# Valley Metro Rail Operating Results – Q2



## VMR Budget vs. Actual Report

For the quarter ending December 31, 2022

\$ Millions

	2nd Quarter			Year to Date		
	Budget	Actual	Variance (Unfav.)	Budget	Actual	Variance (Unfav.)
<b>Operations Expenditures</b>						
Rail Operations/Security	15.1	14.7	0.4	30.3	25.6	4.7
Future Project Development	3.0	2.1	0.9	6.0	2.9	3.1
Agency Operating	0.5	0.5	0.0	1.0	0.8	0.2
<b>Total Operating Activities</b>	<b>18.6</b>	<b>17.3</b>	<b>1.3</b>	<b>37.3</b>	<b>29.3</b>	<b>8.0</b>

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# Valley Metro Rail Capital Results – Q2



## VMR Budget vs. Actual Report

For the quarter ending December 31, 2022

\$ Millions

	2nd Quarter			Year to Date		
	Budget	Actual	Variance (Unfav.)	Budget	Actual	Variance (Unfav.)
<b>Capital Expenditures</b>						
Rail Projects						
Tempe Streetcar	1.9	3.0	(1.1)	3.6	4.6	(1.0)
Gilbert Rd	1.1	0.6	0.5	1.7	1.1	0.6
South Central	75.2	45.4	29.8	149.7	70.2	79.5
Northwest Phase II	36.3	20.4	15.9	57.1	34.3	22.8
OMC Expansion	2.9	3.0	(0.1)	5.2	3.5	1.7
System-wide Improvements	6.2	2.4	3.8	9.4	4.2	5.2
State of Good Repair	3.2	0.9	2.3	6.4	1.4	5.0
<b>Total Capital</b>	<b>126.8</b>	<b>75.9</b>	<b>50.9</b>	<b>233.0</b>	<b>119.3</b>	<b>113.6</b>

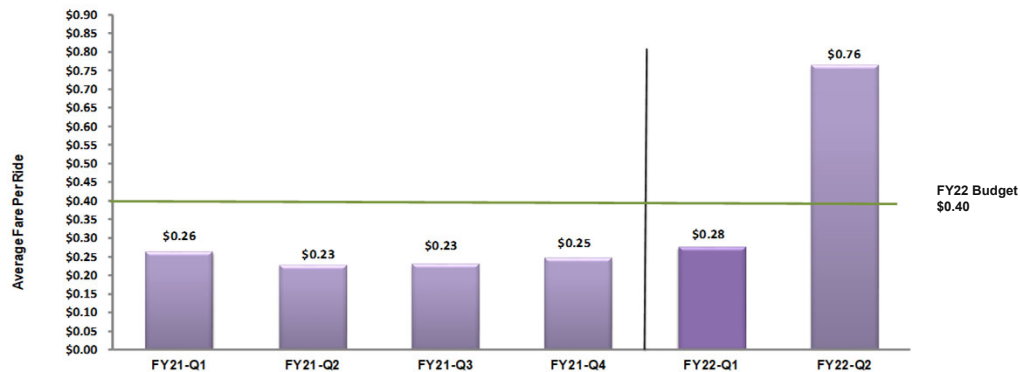
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# Rail - Average Fare FY21 History / FY22 2nd Quarter



## Average Fare – by Quarter



Q2	
Fare Revenue Budget	\$630,250
Fare Revenue Collected	\$1,593,469
Variance	\$963,219

Q2	
Fare Recovery Budget	4.2%
Fare Recovery Actual	13.4%

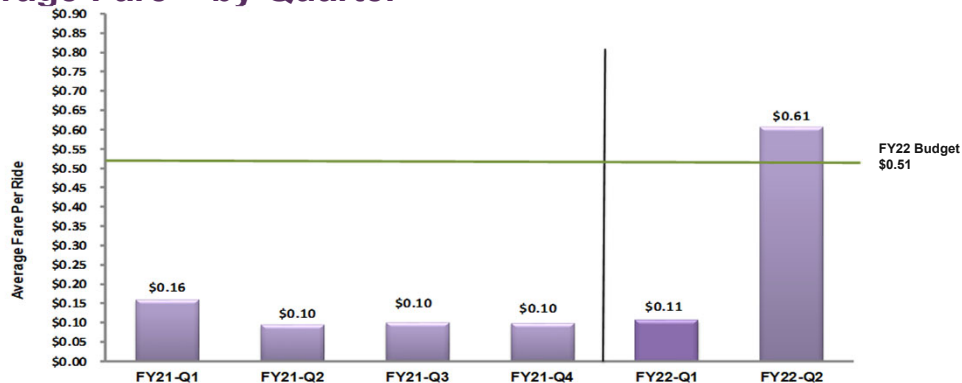
31

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# Bus - Average Fare FY21 History / FY22 2nd Quarter



## Average Fare – by Quarter



Q2	
Fare Revenue Budget	\$707,175
Fare Revenue Collected	\$1,032,456
Variance	\$325,281

Q2	
Fare Recovery Budget	3.1%
Fare Recovery Actual	4.7%

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# Capital and Service Development



February 2022

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## Transit Planning Projects



Name	Completion Date	Status
<b>Gilbert Transit Planning Study</b>	Spring 2022	<ul style="list-style-type: none"> <li>Drafted outreach materials for January-February 2022 outreach period.</li> <li>Compiled finance information and held monthly project management meetings.</li> </ul>
<b>Transit Stop Inventory Reconciliation and Bus Stop Database</b>	Spring 2022	<ul style="list-style-type: none"> <li>Finalized software application and began gathering final input from city partners before rolling out to the full system.</li> </ul>
<b>Short Range Transit Program (SRTP) Update</b>	Summer 2022	<ul style="list-style-type: none"> <li>Held regular subregional meetings to manage proposed service changes and communicate financial situations.</li> <li>Received minor adjustments from cities on short-term requests.</li> </ul>
<b>Ridership and COVID Response</b>	Summer 2022	<ul style="list-style-type: none"> <li>Coordinated with other divisions for agencywide response.</li> <li>Monitoring ridership data and provided regular ridership updates.</li> </ul>

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## Transit Planning Projects



Name	Completion Date	Status
<b>Climate Action Plan</b>	Spring 2022	<ul style="list-style-type: none"> <li>Completed draft of plan.</li> <li>Began internal engagement in January (ongoing through March 2022).</li> </ul>
<b>Quality of Life Update</b>	Spring 2022	<ul style="list-style-type: none"> <li>Completed substantial data collection.</li> <li>Coordination with Marketing and Communications is underway to design the Quality of Life website.</li> </ul>
<b>West Valley Flex Transit Study</b>	2023	<ul style="list-style-type: none"> <li>Finalized scope of work.</li> <li>Held kickoff meeting mid-December 2021.</li> <li>Collected preliminary existing conditions data.</li> </ul>
<b>Transit Mitigation Opportunities for the Broadway Curve Project</b>	2024	<ul style="list-style-type: none"> <li>Coordinating with MAG to provide \$400,000 in Broadway Curve-specific support for Commute Solutions.</li> <li>Valley Metro will provide additional information for mitigation strategies as requested.</li> </ul>

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## Corridor and Facilities Planning



Name	Project Complete	Current Phase	Phase Complete	Status
<b>Price Road Flexible Transit Study</b>	Fall 2021	Service Planning	Fall 2021	<ul style="list-style-type: none"> <li>Finalized report and presented to Chandler Transportation Commission.</li> <li>Coordinating rollout of recommended service after city was awarded \$2M grant for microtransit.</li> </ul>
<b>Capitol Extension</b>	TBD	Preliminary Engineering	Spring 2023	<ul style="list-style-type: none"> <li>Revised route approved by Phoenix City Council and Valley Metro Rail Board in November 2021.</li> <li>Completed the Survey and continued Subsurface Utility Engineering.</li> <li>Began drafting typical road cross-sections.</li> <li>Continued stakeholder engagement.</li> </ul>
<b>I-10 West Extension</b>	TBD	Planning	Summer 2022	<ul style="list-style-type: none"> <li>Revised route passed by Phoenix City Council in November 2021 and Valley Metro Rail Board in January 2022.</li> <li>Continued additional planning activities to develop a refined conceptual design, cost estimates, funding analysis and implementation plan.</li> <li>Continued stakeholder engagement.</li> </ul>

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## Corridor and Facilities Planning



Name	Project Complete	Current Phase	Phase Complete	Status
<b>West Phoenix High-capacity Transit Alternatives Analysis</b>	TBD	Alternatives Analysis	TBD	<ul style="list-style-type: none"> <li>Phoenix City Council approved initiation of study in November 2021.</li> <li>Submitted two federal grant applications, Areas of Persistent Poverty (AoPP) and Route Planning Restoration grant, to help fund the study.</li> </ul>
<b>Rio East/Dobson Streetcar Extension</b>	TBD	Alternatives Analysis	TBD	<ul style="list-style-type: none"> <li>Finalizing budget and scope of work to begin study.</li> </ul>

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## Avondale Bus Stop Improvements



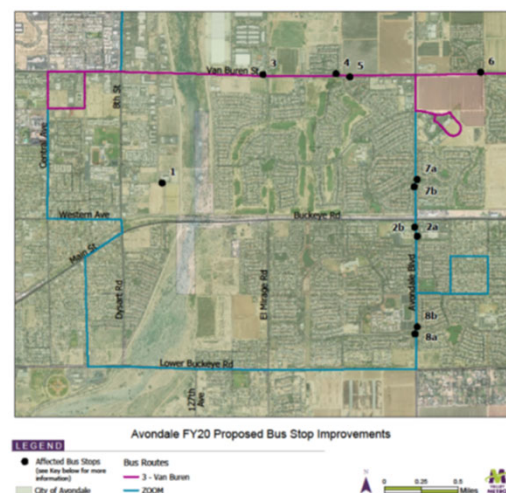
Project Complete	Current Phase	Phase Complete
Summer 2022	Design/Construction	TBD

### Status

- Approximately half of the \$500,000 budget used.
- Highest priority stop (Riley/10th St) has been completed.
- Two bus stops have been selected to advance toward construction for project close-out.
- Redesign underway for one bus stop (Van Buren/Links Dr EB) requested.

**Avondale**  
Aspiring. Achieving. Accelerating.

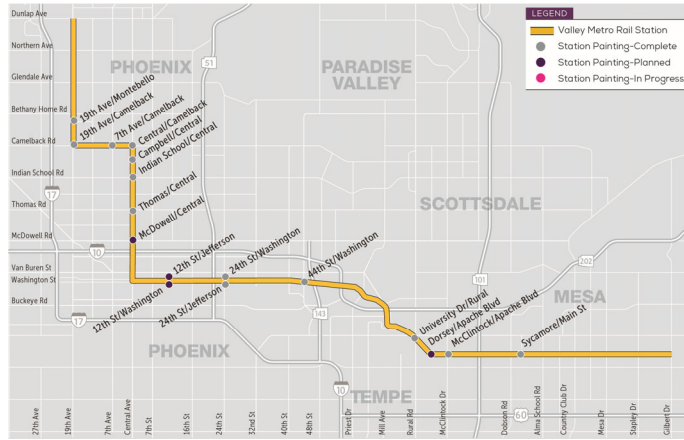
Data as of December 2021.



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# Light Rail Station Painting



Project Complete	Current Phase	Phase Complete
Summer 2023	Construction	Summer 2023

## Status

- Thirteen station platforms completed.
- One station planned for FY22 (Dorsey/Apache Blvd)
- Three remaining to be performed in FY2023.



Data as of January 2022.

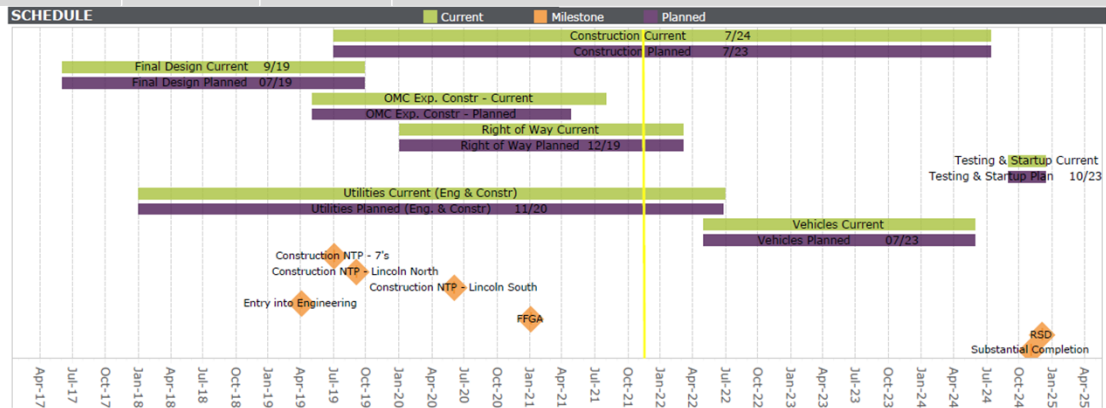
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# South Central Extension/ Downtown Hub



Project Complete	Current Phase	Phase Complete	Status
2024	Construction	2024	<ul style="list-style-type: none"> <li>• Construction continues in downtown Phoenix and south of Lincoln Street.</li> <li>• Completed replacement of CityScape Bridge.</li> </ul>



Data as of September 2021. Schedule re-baselined at FF&GA Award.

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## South Central Extension/ Downtown Hub



### Expenditures to Date

Description	Expended (\$M)	Budget (\$M)
Contracted Services	\$314.5	\$986.2
Light Rail Vehicles	\$25.7	\$75.8
Right of Way	\$16.8	\$52.8
Professional Services	\$102.3	\$230.3
<b>Total</b>	<b>\$459.3</b>	<b>\$1,345.1</b>

### Contingency Utilization

Description	Dollars (\$M)
Total Contingency	\$151.3
Executed Change Orders & Budget Transfers	\$(6.3)
<b>Total Project Contingency Remaining</b>	<b>\$145.0</b>

Data as of December 2021.

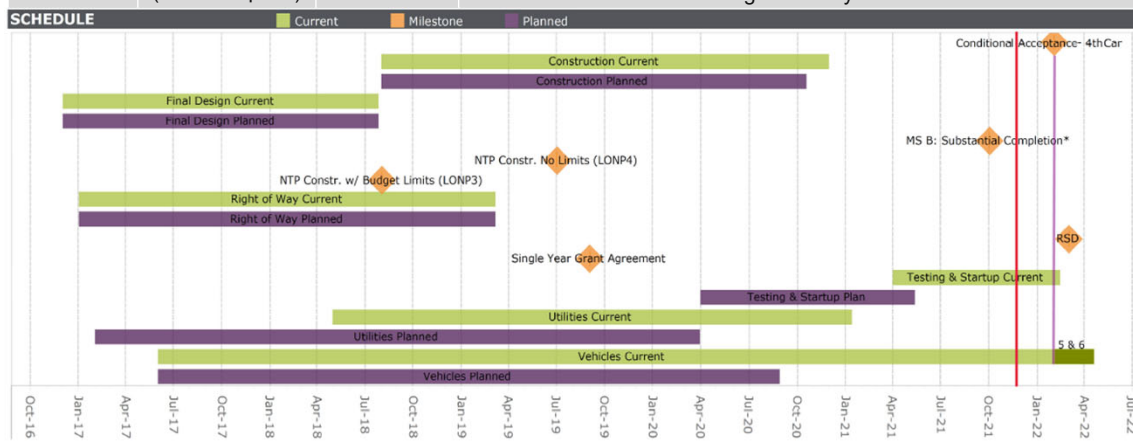
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## Tempe Streetcar



Project Complete	Current Phase	Phase Complete	Status
2021	Integrated Testing (65% complete)	Spring 2022	<ul style="list-style-type: none"> <li>Continue traction Power substation (TPSS) screen wall construction.</li> <li>Vehicle deliveries and testing underway.</li> </ul>



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# Tempe Streetcar



## Expenditures to Date

Description	Expended (\$M)	Budget (\$M)
Contracted Services	\$112.9	\$117.9
Streetcar Vehicles	\$30.5	\$38.4
Right of Way	\$0.5	\$1.9
Professional Services	\$33.9	\$34.2
<b>Total (including contingency)</b>	<b>\$173.5</b>	<b>\$192.4</b>

## Contingency Utilization

Description	Dollars (\$M)
Total Contingency	\$37.5
Executed Change Orders & Budget Transfers	\$(31.3)
<b>Total Project Contingency Remaining</b>	<b>\$6.2</b>

Data as of December 2021.

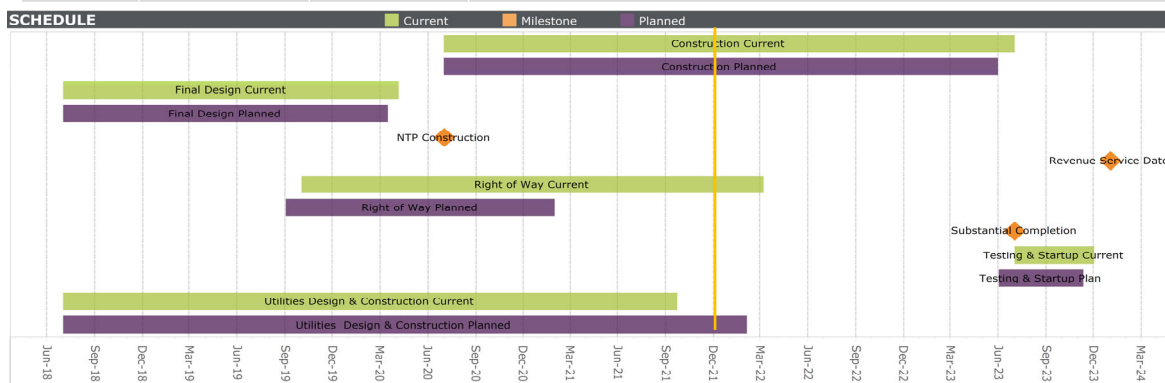
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# Northwest Extension Phase II



Project Complete	Current Phase	Phase Complete	Status
2024	Construction	2024	<ul style="list-style-type: none"> <li>Full Funding Grant Agreement (FFGA) Awarded.</li> <li>I-17 Bridge steel tub girders set over I-17.</li> <li>Arizona Canal Diversion Channel Bridge under construction.</li> </ul>



Data as of December 2021.

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## Northwest Extension Phase II



### Expenditures to Date

Description	Expended (\$M)	Budget (\$M)
Contracted Services	\$77.8	\$254.9
Third Party Utilities	\$4.2	\$19.6
Right of Way	\$9.2	\$28.0
Professional Services	\$36.2	\$98.8
<b>Total (including contingency)</b>	<b>\$127.4</b>	<b>\$401.3</b>

### Contingency Utilization

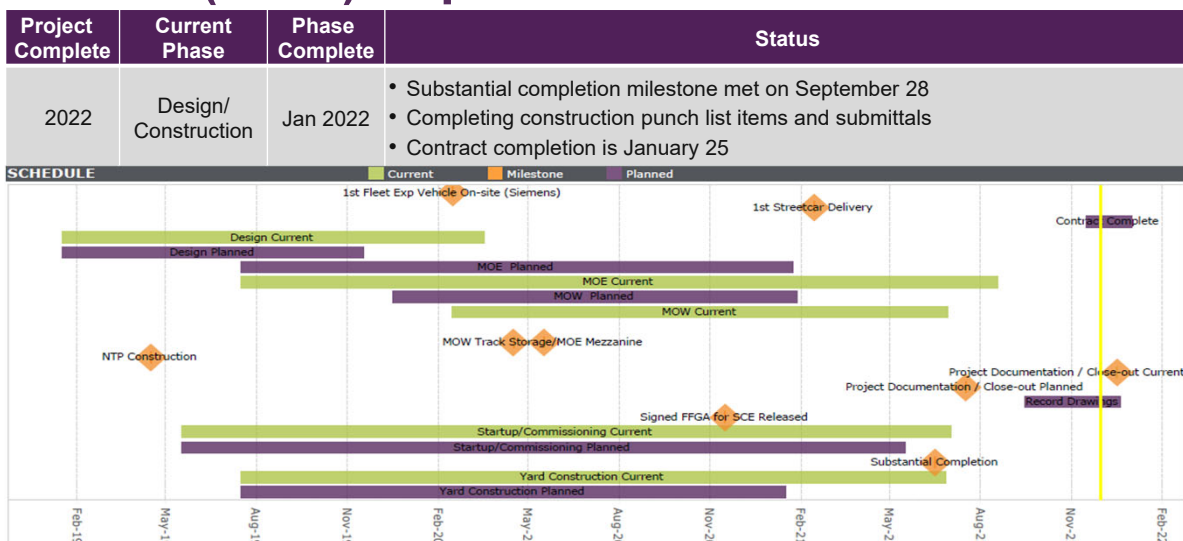
Description	Dollars (\$M)
Total Contingency	\$49.9
Executed Change Orders & Budget Transfers	\$(0.7)
<b>Total Project Contingency Remaining</b>	<b>\$49.2</b>

Data as of December 2021.

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## Operations & Maintenance Center (OMC) Expansion



Data as of December 2021. For more details, visit valleymetro.org

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# OMC Expansion



## Expenditures to Date

Description	Expended (\$M)	Budget (\$M)
Contracted Services	\$87.8	\$87.8
Professional Services	\$5.5	\$7.1
<b>Total</b>	<b>\$93.3</b>	<b>\$94.9</b>

## Contingency Utilization

Description	Dollars (\$M)
Total Contingency	\$9.6
Executed Change Orders & Budget Transfers	\$(7.5)
<b>Total Project Contingency Remaining</b>	<b>\$2.1</b>

Data as of December 2021.

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# Communications & Strategic Initiatives



February 2022

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## Communications Update

- Provided media relations support for the NWEI federal funding event on Nov. 19
- Celebrated the Rail OMC Expansion with a tour and media day on Dec. 8
  - Covered by broadcast stations 3/5, 10, 12, 15 and Arizona Republic generating 889,000 views
- Promoted return of Coors Light Free Rides on New Year's Eve for bus, rail and paratransit
- Inside the Ride blog averages 1,400 unique visitors/month
- Actively monitoring AlertVM safety and security app
  - 9,480 total downloads
  - Responded to 630 reports in Q2



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## Community Relations Update

- Organized event for NWEI full funding grant agreement on Nov. 19
  - Featuring USDOT, FTA, U.S. and local leaders
- CAPEX/10WEST: Received City Council approval
- Completed Cool Transit STUFF 3<sup>rd</sup> Grade Art Contest with 393 entries from 32 schools
- Agency Outreach:
  - October & April service changes
  - Mesa Santa Express logistics & volunteers
- Business Assistance:
  - Mailed "shop local" coupons to 52,000+ households along NWEI, SCE/DH and TSC
  - SBFAP: 59 businesses funded at \$333k+
  - Held two Friends of Transit-sponsored lunch events
  - Tabled at ASU and Tempe events for TSC businesses



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## Commute Solutions Update

- Hosted 34th Annual Clean Air Campaign Awards & Luncheon on Oct. 29
  - Recognized 17 awardees with nearly 200 in limited attendance at the Heard Museum
- Initiated the South Tempe Transportation Management Association (TMA) quarterly meeting on Dec. 7
  - 24 individuals participated
  - Shared Broadway Curve Project and related information
- Conducted quarterly survey of downtown Phoenix employers to monitor return to work plans
  - 70% of employers responding intend to return to work in 3-6 months
- Increased ShareTheRide.com registered users by 30% to 18,018



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## Marketing Update

- Launched media campaign for return to front door boarding on Oct. 11
- Developed the annual holiday bus & train wraps
  - Including staff-led effort to decorate interiors
- Designed materials & provided marketing support for:
  - Artsline Artist Jerome Fleming
  - Clean Air Campaign Luncheon
  - October Service Changes Outreach
  - 2022 Transit Education Calendar
  - Holiday mailers for NWEI & SCEDH businesses



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# Accessible Transit Services



February 2022

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## Paratransit



Performance Indicator	Target	FY22 Q1	FY21 Q2	FY22 Q2
One-Way Trips	--	72,062	58,987	71,051
On-Time Performance	≥ 95%	89.6%*	93.6%	85.3%*
Complaints Per 1,000 Trips	≤ 1.5	2.5	1.5	3.0
Gross Cost Per Trip Fully Allocated at Contractor Level **	--	\$54.60	\$57.97	\$54.65

\* Challenges with Driver recruitment and trip demand increases impacting the on-time performance

\*\* Includes Fixed Costs, Fuel and LDs. Agency OH is not included

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## RideChoice



Performance Indicator	FY22 Q1	FY21 Q2	FY22 Q2
One-Way Trips	39,357	33,042	40,781
On-Time Performance	95.6%	95.0%	92.3%
Complaints Per 1,000 Trips	2.0	2.2	1.8
Gross Cost Per Trip	\$21.66	\$22.67	\$23.04

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## Other Accessibility Services



Performance Indicator	FY22 Q1	FY21 Q2	FY22 Q2
Travel Training	32	17	57
Platinum Pass Trips	4,887	5,304	49,414
Cost Per Trip	\$1.03	\$0.93	\$0.70
ADA Applicants	520	734	573
Unconditional	67%	72%	68%
Conditional	30%	21%	27%
Temporary	3%	7%	5%
Denials	<1%	<1%	<1%

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## ATS Highlights



- 26 Replacement Paratransit Vehicles (ordered March 2021) Changing Chassis
- Call And Control Center (Broker) RFP
  - RFP released September 3, 2021
  - Pre-Proposal Conference September 22, 2021
  - Proposal's submittals due October 20, 2021
  - Evaluation Committee recommended cancellation of award
  - Alternative strategy forthcoming
- Operations and Maintenance RFP
  - City of Phoenix review – TBD – Alternative Strategy forthcoming
  - RFP release date – TBD
  - Pre-proposal conference – TBD
  - Proposals due – TBD
  - Recommendation of award - TBD
- Paratransit scheduling and dispatch software
  - Trapeze being moved from Transdev to Valley Metro IT servers
  - Working with Trapeze to implement new modules for RideChoice management

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## ATS Highlights



- **Valley Metro Accessibility Advisory Group (VMAAG) Activity**
  - April 2022 Fixed Route Service Change
  - Fixed Route / Light Rail Customer Comment review
  - RideChoice and Paratransit service update
  - Proposed changes to VMAAG structure
    - Steering Committee
    - Member Chair and Co-Chair

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# Information Summary

**DATE**

February 11, 2022

**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.

**BACKGROUND | DISCUSSION | CONSIDERATION**

None

**COST AND BUDGET**

None

**COMMITTEE PROCESS**

None

**RECOMMENDATION**

This item is presented for information only.

**CONTACT**

Jim Hillyard  
Acting Chief Financial Officer  
602-262-7433  
[jhillyard@valleymetro.org](mailto:jhillyard@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  
12/1/21 through 12/31/21

Job Title	Purpose of Travel	Location	Dates Traveled	Total Travel Cost	Airfare	Other Transport	Lodging	Meals	Misc.
Chief Administrative Officer	APTA TRANSform Conference	Orlando, FL	11/7/21-11/9/21	\$1,313.42	\$520.80	\$54.26	\$565.86	\$172.50	\$0.00
Labor Compliance Specialist	Ignite LCP Tracker Conference	San Diego, CA	11/15/21-11/17/21	\$1,391.07	\$154.79	\$323.09	\$765.69	\$147.50	\$0.00

Total this reporting period

\$2,704.49

**Year to Date**

**\$10,337.66**

*Report reflects Out of State (AZ) Travel*

**Valley Metro Regional Public Transportation Authority**  
**Monthly AP Payments over \$25,000**  
**December 2021**

<b>Payment Number</b>	<b>Date</b>	<b>Supplier or Party Name</b>	<b>Transaction Description</b>	<b>Amount</b>
10000218	12/3/2021	First Transit Inc	Oct 2021 Transit Services + Preventative Maintenance for East Valley Routes	5,822,332.48
10000275	12/29/2021	First Transit Inc	Nov 2021 Transit Services + Preventative Maintenance for East Valley Routes	5,587,537.35
10000278	12/29/2021	Hill International Inc	VMR - Aug, Sept + Oct 2021 PMCM Services: SCE, TSC, TSCE, NWE	2,763,071.51
10000239	12/10/2021	Transdev Services Inc	Oct 2021 General Paratransit Service	1,172,264.57
90000026	12/3/2021	ADP LLC	PPE 11/28/21 Payroll Liabilities	1,122,072.15
10000229	12/10/2021	Allied Universal Security Services	VMR - Sept + Oct 2021 Fare Inspection and Security Services	1,028,068.99
10000258	12/17/2021	Total Transit Enterprises LLC	Oct 2021 West Valley Contracted Fixed Route and Maintenance Services	1,016,336.95
90000038	12/29/2021	ADP LLC	PPE 12/26/21 Payroll Liabilities	1,014,458.28
90000035	12/17/2021	ADP LLC	PPE 12/12/21 Payroll Liabilities	918,254.12
10000268	12/22/2021	Hill International Inc	VMR - Jul 2021 PMCM Services: SCE, TSC, TSCE, NWE	866,472.50
10000225	12/3/2021	City of Phoenix	Nov 2021 FR Bus Service, DAR, FR Svc Op Supp	715,311.83
10000232	12/10/2021	Denovo Ventures LLC	ERP-EAM System Software Implementation	683,075.75
10000284	12/29/2021	City of Phoenix	Dec 2021 FR Bus Service, DAR, FR Svc Op Supp	570,959.02
10000277	12/29/2021	HDR Engineering Inc	VMR - Sept 2021 PCRS Services	509,950.11
90000034	12/17/2021	Cigna Health and Life Insurance Company	Dec 2021 Health Insurance Premiums	442,361.37
1000314	12/10/2021	American Logistics Company LLC	Oct 2021 RideChoice Management Services	311,991.08
10000220	12/3/2021	HDR Engineering Inc	VMR - Aug 2021 PCRS Services	309,427.22
1000340	12/29/2021	American Logistics Company LLC	Nov 2021 RideChoice Management Services	270,241.44
90000036	12/29/2021	ASRS	PPE 12/26/21 ASRS Contributions & LTD	266,655.80
90000025	12/3/2021	ASRS	PPE 11/28/21 ASRS Contributions & LTD	264,606.62
90000033	12/17/2021	ASRS	PPE 12/12/21 ASRS Contributions & LTD	255,336.57
1000305	12/3/2021	Hye Tech Network & Security Solutions	Cisco Security Products Enterprise Agreement-Subscription Costs	229,425.16
10000231	12/10/2021	Creative Software Solutions LLC	Ridechoice Mgmt Svcs + EZT Setup Implementation Fee	184,000.00
10000251	12/17/2021	DMS Facility Services Inc	VMR - Oct + Nov 2021 Facilities Maintenance Services	140,185.90
10000270	12/29/2021	ARCADIS	VMR - Jul + Aug 2021 Consulting Support Services	130,708.76
90000039	12/31/2021	Surepays	RPTA Dec 2021 Utilities	114,474.10
10000236	12/10/2021	Medical Transportation Management Inc	Oct 2021 Paratransit Eligibility Assessment and Fixed-Route Travel Training Services	96,750.11
10000280	12/29/2021	Medical Transportation Management Inc	Nov 2021 Paratransit Eligibility Assessment and Fixed-Route Travel Training Services	95,414.37
10000244	12/10/2021	Senergy Petroleum LLC	Bulk Fuel	88,661.26
10000274	12/29/2021	Environmental Systems Research Institut	ArcGIS Enterprise License Agreement Annual Renewal	82,355.69

10000238	12/10/2021	Second Generation Inc, dba Ajo Transpor	Nov 2021 Rural Connector Services	56,742.22
10000286	12/29/2021	Senenergy Petroleum LLC	Bulk Fuel	56,147.86
1000343	12/29/2021	CopperPoint Insurance Company	Jan 2022 Rent for Mobility, Call Center and Parking	56,067.93
1000332	12/17/2021	QCM Technologies Inc	Dec 2021 Information Technology Solutions + Services	53,331.98
10000227	12/3/2021	Senenergy Petroleum LLC	Bulk Fuel	52,042.81
10000246	12/17/2021	Allied Universal Security Services	VMR - Oct 2021 Fare Inspection and Security Services	51,828.70
90000032	12/10/2021	Wells Fargo Bank	Nov 2021 Credit Card Charges	48,080.65
10000267	12/22/2021	ARCADIS	VMR - Sept 2021 Consulting Support Services	47,253.36
10000252	12/17/2021	Enterprise Rideshare	Oct 2021 Contract Year 9-Van Pool Services for FY22	47,049.64
10000219	12/3/2021	Guidesoft Inc	Dec 2021 Managed Services Provider	46,377.60
10000250	12/17/2021	DLT Solutions LLC	Aug - Nov 2021 Oracle Products + Services-Subscription Costs - ERP Cloud Fusion	45,026.94
10000240	12/10/2021	URW LLC	Nov 2021 Landscape Maintenance Services - Rail Stations/MBOM/Mesa Transit Center	39,203.94
1000322	12/10/2021	CopperPoint Insurance Company	December 2021 Workers Comp	30,479.00
1000325	12/17/2021	Bentley Systems Inc	ProcureWare Annual renewal	28,779.00
10000266	12/17/2021	Senenergy Petroleum LLC	Bulk Fuel	27,653.48
				27,758,826.17

**Valley Metro Rail, Inc**  
**Monthly AP Payments over \$25,000**  
**December 2021**

<b>Payment Number</b>	<b>Date</b>	<b>Supplier or Party Name</b>	<b>Transaction Description</b>	<b>Amount</b>
50000183	12/10/2021	Kiewit-McCarthy, a Joint Venture	Oct 2021 CMAR Services for South Central-Downtown Hub	7,006,335.29
50000172	12/3/2021	Kiewit-McCarthy, a Joint Venture	Sept 2021 CMAR Services for South Central-Downtown Hub	5,904,587.81
50000192	12/10/2021	Siemens Mobility	Light Rail Vehicles	1,175,028.00
50000205	12/17/2021	Siemens Mobility	Light Rail Vehicles	1,057,123.55
50000179	12/10/2021	Brookville Equipment Corp	Street Car Vehicles	981,705.60
50000182	12/10/2021	Jacobs Engineering	Sept + Oct 2021 Design Services for Northwest Phase II	364,610.90
50000191	12/10/2021	SRP	Jul-Aug-Sept 2021 NWEII + SCE Transmission Utility Relocation	350,530.64
90000006	12/31/2021	Surepays	VMR Dec 2021 Utilities	320,920.26
5000360	12/29/2021	PGH Wong Engineering Inc	Oct 2021 System Design Services	219,984.73
50000169	12/3/2021	CDW Government LLC	Ethernet Switches	179,925.09
50000207	12/29/2021	101 North First Ave LLC	Jan 2022 Rent + Storage Room Leases	170,214.56
50000167	12/3/2021	101 North First Ave LLC	Dec 2021 Rent	168,846.92
50000187	12/10/2021	Stacy and Witbeck Inc	Sept 2021 CMAR Services for Tempe Street Car	159,338.22
50000204	12/17/2021	Stacy and Witbeck Inc	Oct 2021 CMAR Services for Tempe Street Car	153,726.16
50000174	12/3/2021	Penn Machine Company LLC	Truck Tire Mounting Kits	100,402.80
50000202	12/17/2021	Penn Machine Company LLC	Gearbox/Axle Overhaul - IGW	87,734.00
50000197	12/17/2021	DLT Solutions LLC	Aconex Project Control System (02/26/2021 to 12/31/2023)	77,306.10
50000203	12/17/2021	Scheidt & Bachmann USA Inc	Year 3 Service Desk Hardware and Software Support	65,328.32
50000195	12/17/2021	Award Winning Restorations	Light Rail Vehicle Painting	50,147.43
50000200	12/17/2021	Hensel Phelps Construction Co	Nov 2021 OMC Expansion-Deisgn Build Services	39,742.00
50000211	12/29/2021	Knorr Brake Corporation	LRV Friction Brake Equipment	28,000.00
5000369	12/29/2021	Moon Valley Country Club Inc	NWEII Water reimbursement from Intake Line Relocation	26,789.36
				18,688,327.74





**Procurement Report  
for February 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
Barb H	VMR	Sole Source	LRV Midlife Overhaul Parts (Transit Design Group)	Yes	December 2021	N/A	N/A	\$115,455.00	1 year + 1 option	In Negotiation
Kianie K	Joint	RFP	Printing Services	No	May 2021	June 2021	October 2021	\$1,324,000.00	3 year + 2 options	Routed for Signature
Christian J	RPTA	RFP	Centralized Call Center for Regional ADA Paratransit Services & RideChoice	Yes	September 2021	October 2021	February 2022	\$41,519,762.00	5 years + 3 options	Cancelled
Rick W	VMR	RFP	Rail Testing	No	August 2021	September 2021	November 2021	\$300,000.00	3 years + 2 opt yrs	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	Water Fountain Covers	No	January 2022	January 2022	N/A	\$133,760.00	1 year	Initiating Documents
Barb H	VMR	RFP	LRV Electrical Component Repair	Yes	February 2022	March 2022	May 2022	\$300,000.00	3 years + 2 options	SOW Development
Susanna H	Joint	RFP	Community Relations Support Services	Yes	January 2022	February 2022	July 2022	\$6,500,000.00	3 years + 2 options	SOW Development
Ed N	Joint	RFQ	Planning Support Services	Yes	December 2021	February 2022	June 2022	\$30,000,000.00	3 years + 2 options	Solicitation Issued
Rick W	RPTA	RFP	CNG Gas Detection System	No	November 2021	January 2022	March 2022	\$200,000.00	one time purchase	Solicitation Issued
Christian J	RPTA	COOP	Paratransit Vehicles	Yes	N/A	N/A	January 2022	\$4,594,814.00	one time purchase	Initiating Documents
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	RFP	East Valley Fixed Route Bus Services	Yes	May 2022	August 2022	November 2022	\$400,000,000.00	5 yrs + 3yr/2yr opt	SOW Development
Barb H	RPTA	RFP	Autonomous Vehicle Research	Yes	May 2022	TBD	TBD	\$250,000.00	5 years	SOW Development
Barb H	VMR	Sole Source	SCV Managed Inventory Program	No	July 2022	N/A	November 2022	TBD	5 years	SOW Development
Christian J	Joint	RFP	Regional ADA Paratransit Services Operations & Maintenance	Yes	January 2022	TBD	July 2022	TBD	TBD	SOW Development
Rick W	RPTA	RFP	Rural Connector Service	Yes	January 2022	TBD	TBD	TBD	TBD	SOW Development
Christian J	VMR	COOP	Time Management Solution	No	April 2022	N/A	TBD	\$65,000.00	5 years	SOW Development
Ed N	RPTA	Sole Source	Cash Only Fareboxes	Yes	February 2022	N/A	March 2022	\$15,000,000.00	2 years	Initiating Documents
Christian J	Joint	RFP	Agency Owned Vehicle Fleet Maintenance Services	No	April 2022	TBD	TBD	\$700,000.00	5 years	Initiating Documents

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



# Information Summary

**DATE**

February 11, 2022

**AGENDA ITEM 9****SUBJECT**

Report on Current Events and Suggested Future Agenda Items

**PURPOSE**

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

**COST AND BUDGET**

None

**RECOMMENDATION**

This item is presented for information only.

**BACKGROUND/DISCUSSION/CONSIDERATION**

None

**COMMITTEE PROCESS**

None

**CONTACT**

Scott Smith  
Chief Executive Officer  
602-262-7433  
[ssmith@valleymetro.org](mailto:ssmith@valleymetro.org)

**ATTACHMENT**

None.

**Pending Items Request**

Item Requested	Date Requested	Planned Follow-up Date



# Agenda

February 11, 2022

**Valley Metro RPTA  
Board of Directors**  
Thursday, February 17, 2022  
**Boardroom/Webex**  
**Valley Metro, 101 N. 1<sup>st</sup> Avenue, 10<sup>th</sup> Floor**  
**12:30 p.m.**

## Action Recommended

### 1. Public Comment

1. For Information

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

## CONSENT AGENDA

### 2A. Minutes

2A. For action

Minutes from the January 20, 2022 Board meeting are presented for approval.

### 2B. New Regional Fare Collection System Cash-only Bus Fareboxes

2B. For action

Staff recommends that the Board of Directors authorization for the CEO to execute a two-year contract with Scheidt & Bachmann for new regional cash-only fareboxes for the entire regional fleet of buses with a not-to-exceed amount of \$15,454,000 (contract value of \$14,049,000 with a 10% contingency of \$1,405,000).



2C. Intergovernmental Agreement (IGA) with the Arizona Department of Transportation (ADOT)

2C. For action

Staff recommends that the Board of Directors authorization for the CEO to pre-sign an IGA with ADOT for any award of Section 5311 (Rural Transit) pass-through funding for Rural Route 685 for Federal Fiscal Year 2022 (FFY22) and 2023 (FFY23).

2D. Single Chief Executive Officer Intergovernmental Agreement

2D. For action

Staff recommends that the Board of Directors adopt the updated single CEO IGA between the RPTA and VMR.

### REGULAR AGENDA

3. Valley Metro RPTA Administrative Code

3. For discussion only

Chair Heredia will lead a discussion on possible modifications to the Valley Metro RPTA Administrative Code.

4. Report on Current Events and Suggested Future Agenda Items

4. For information

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

5. Next Meeting

5. For information

The next Board meeting is scheduled for **Thursday, March 17, 2022 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](http://www.valleymetro.org)



# Information Summary

**DATE**

February 11, 2022

**AGENDA ITEM 1****SUBJECT**

Public Comment

**PURPOSE**

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

**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](mailto:ssmith@valleymetro.org)

**ATTACHMENT**

None



# Minutes

February 11, 2022

## AGENDA ITEM 2A

### **Board of Directors**

January 20, 2022  
Boardroom/Webex  
11:15 a.m.

### **RPTA Meeting Participants**

Councilmember Francisco Heredia, City of Mesa - **Chair** (phone)  
Vice Mayor Laura Pastor, City of Phoenix - **Vice Chair**  
Councilmember Bill Stipp, City of Goodyear- **Treasurer** (phone)  
Vice Mayor Veronica Malone, City of Avondale (phone)  
Councilmember Clay Goodman, City of Buckeye (phone)  
Mayor Kevin Hartke, City of Chandler (phone)  
Vice Mayor Monica Dorsey, City of El Mirage (phone)  
Councilmember Mike Scharnow, Town of Fountain Hills (phone)  
Councilmember Lauren Tolmachoff, City of Glendale  
Mayor Brigitte Peterson, Town of Gilbert (phone)  
Councilmember Lauren Tolmachoff, City of Glendale  
Supervisor Jack Sellers, Maricopa County  
Vice Mayor Jon Edwards, City of Peoria  
Councilmember Jeff Brown, Town of Queen Creek (phone)  
Councilmember Betty Janik, City of Scottsdale (phone)  
Councilmember Roland F. Winters Jr., City of Surprise (phone)  
Councilmember Robin Arredondo-Savage, City of Tempe  
Mayor Rui Pereira, Town of Wickenburg (phone)  
Mayor Michael LeVault, Town of Youngtown (phone)

### **Members Not Present**

Councilmember Aldofo Gamez, City of Tolleson

Chair Heredia called the meeting to order at 12:28 p.m.

#### **1. Public Comment**

Chair Heredia said we have first item for public comment. I imagine Mr. Crowley is there, Pat?

Ms. Dillon said yes he is.

Chair Heredia said you have three minutes.

Mr. Crowley said thank you. One of the things you just did on the procurement opportunities was and documented here. It had community relation support services and planning support services and central call center. As I have tried to point out to you all in the past, you don't have 24-hour service on that. You don't even have it operating



all the time that the buses and the rail are operating. Please, in this contract, you know, we're only talking about, what, \$71 million. That that be a part of it. That you're doing things for your ridership, that your customers, the ones that need it, are able to find these things out. Especially since you are not going to have the bus book printed again.

Now, with your item of the Executive Session. I didn't find out about that until the Council woman said something. I can see now what it is because I did ask would you please give that to me now and let me find out about it. Which was about three minutes ago. And with what you're doing on that, it reminds me of when you did the Waymo thing. Chairwoman, if you'll recall, I had stopped into the offices, and they said, well, we had posted it on the wall, and the meetings was the next day. Nobody let me know, hey, we just posted it. We're going to do a Waymo thing on the wall.

So I understand, I get my documents in the mail, et cetera. But on this one, why I wasn't contacted, let me know because according to them, it says the public is to know. You guys find out via e mail and such and that it's posted on the wall. Well, being that I am a participant in the public, give me a call. Let me know it's on the agenda, or give me this when I come in.

Thank you for your time. I gave you 30 seconds back. What you need to do is make this multimodal, as I pointed out at the Joint Meeting with that rail, it's not. Why when you're building stuff don't you consider the humanity and the public.

And lastly, is there any reason we don't have a standard for bus stops? The industry is every quarter mile. And what are you doing, Valley Metro, to make sure every one of them has a covered stop. Because when it's 117 in the shade, you're killing people if you ain't got it.

Chair Heredia said thank you, Mr. Crowley. And just to note on the agenda, we do have a Consent Agenda.

## 2. Consent Agenda

Chair Heredia said this is the only item for action. So we can push this through and go into the next item, which is Executive Session.

Ms. Dillon said Chair, I'll take a roll call of the vote once there's a motion and a second.

**It was moved by Mayor Hartke, seconded by Vice Mayor Pastor to approve the consent agenda.**

Ms. Dillon said Vice Mayor Veronica Malone?

Ms. Dillon said Councilmember Clay Goodman? Aye.

Ms. Dillon said Mayor Kevin Hartke? Yes.

Ms. Dillon said Vice Mayor Monica Dorsey? Yes.

Ms. Dillon said Councilmember Mike Scharnow?



Ms. Dillon said Mayor Brigitte Peterson? Yes.  
Ms. Dillon said Councilmember Lauren Tolmachoff? Aye.  
Ms. Dillon said Councilmember Bill Stipp? Yes?  
Ms. Dillon said Supervisor Jack Sellers? He answered, yes.  
Ms. Dillon said Councilmember Francisco Heredia? Yes.  
Ms. Dillon said Councilmember Jon Edwards? Yes.  
Ms. Dillon said Vice Mayor Laura Pastor? Yes.  
Ms. Dillon said Councilmember Jeff Brown? Yes.  
Ms. Dillon said Councilmember Betty Janik? Yes.  
Ms. Dillon said Councilmember Chris Judd? Yes.  
Ms. Dillon said Councilmember Robin Arredondo Savage? Yes.  
Ms. Dillon said Mayor Rui Pereira? Yes.  
Ms. Dillon said Mayor Michael LeVault? Yes.

**Ms. Dillon said motion passes, Chair.**

### 3. Executive Session

Chair Heredia said we have Executive Session. Board may vote to enter Executive Session pursuant to Arizona Revised Statute for the purpose of discussion, consultation for legal advice concerning the authority or its obligations under the administrative code of the Regional Public Transportation Authority has adopted November 21st, 2013, of the Board and Chief Executive Officer and Chief Financial Officer. Request a motion and a second to enter into Executive session.

**It was moved by Vice Mayor Pastor, seconded by Councilmember Tolmachoff to adjourn into Executive Session.**

Ms. Dillon said Vice Mayor Veronica Malone?  
Ms. Dillon said Councilmember Clay Goodman? Present.  
Ms. Dillon said Mayor Kevin Hartke? Yes.  
Ms. Dillon said Vice Mayor Monica Dorsey? Yes.  
Ms. Dillon said Councilmember Mike Scharnow?  
Ms. Dillon said Mayor Brigitte Peterson? Yes.  
Ms. Dillon said Councilmember Lauren Tolmachoff? Yes.  
Ms. Dillon said Councilmember Bill Stipp? Yes.  
Ms. Dillon said Supervisor Jack Sellers? Here.  
Ms. Dillon said Councilmember Francisco Heredia? Yes.  
Ms. Dillon said Councilmember Jon Edwards? Yes.  
Ms. Dillon said Vice Mayor Laura Pastor? Yes.  
Ms. Dillon said Councilmember Jeff Brown? No.  
Ms. Dillon said Councilmember Betty Janik? Yes.  
Ms. Dillon said Councilmember Chris Judd? Yes.  
Ms. Dillon said Councilmember Robin Arredondo Savage? Yes.  
Ms. Dillon said Mayor Rui Pereira? Yes.  
Ms. Dillon said Mayor Michael LeVault? Yes.



**Ms. Dillon said Chair, the motion passes.**

I have sent a confidential link out to all of the Board Members. If you can please disconnect from this Webex and connect to the Webex that I sent out. We will join you shortly in another room and join that same Webex.

The regular meeting adjourned into Executive Session at 12:30 p.m.  
The regular meeting reconvened at 1:57 p.m.

4. Report on Current Events and Suggested Future Agenda Items

Chair Heredia said anyone have anything to add on this? Hearing none.

5. Next Meeting

The next Board meeting is scheduled for Thursday, February 17, 2022 at 11:15 a.m.  
Chair Heredia said thank you, everybody. Sorry for the long meeting here. I think you appreciate you sticking on and those on VMR stick on for a couple more minutes here.

The meeting is adjourned.

With no further discussion the meeting adjourned at 1:58 p.m.



# Information Summary

**DATE**

February 11, 2022

**AGENDA ITEM 2B****SUBJECT**

New Regional Fare Collection System Cash-only Bus Fareboxes

**PURPOSE**

To request authorization for the Chief Executive Officer (CEO) to execute a two-year sole source contract with Scheidt & Bachmann for new regional cash-only fareboxes for the entire regional fleet of buses. The total capital cost for the fareboxes and installation will not exceed \$15,454,000 (contract value of \$14,049,000 with a 10% contingency of \$1,405,000) and will be complete by FY2024.

**RECOMMENDATION**

Staff recommends that the Board of Directors authorize the CEO to execute a two-year contract with Scheidt & Bachmann for new regional cash-only fareboxes for the entire regional fleet of buses with a not-to-exceed amount of \$15,454,000 (contract value of \$14,049,000 with a 10% contingency of \$1,405,000).

**BACKGROUND | DISCUSSION | CONSIDERATION**

The Valley Metro region has been working on a multi-phase Fare Collection System Modernization (FCSM) project since 2015 when Valley Metro retained the services of a fare collection consultant to aid the region in assessing options, writing detailed specifications, and guiding us through the procurement and contract processes.

The main elements of the modernization project include implementing a cloud-hosted new mobile ticketing application and reloadable smartcard program to include reduced fare registration ID, a robust retail network for the smartcard program, and a call center for customer service for the mobile ticketing application and reloadable smartcards. The City of Phoenix procured the contract for the mobile ticketing application and the reloadable smartcard program – Vix Technologies is the vendor. Valley Metro procured the contracts for the retail network and the call center – InComm is the retail network vendor and Vix Technologies is the call center vendor.

The three contracts are intricately connected and require both agencies to work together to order to successfully launch all the elements. The mobile ticketing application and its customer service call center are tentatively schedule for a December 2022 launch, in time for the Super Bowl. The reloadable smartcard program and its associated retail network are projected to go live in August 2023.

While the implementation of the mobile ticketing application and the reloadable smartcard system will offer significant improvements over the current fare purchasing



options resulting in fewer riders using cash on the bus, there will always be a need to take cash fares on the buses. The current fareboxes were implemented in 2006 and, while still functional, are approaching the end of their useful life and use an outdated design with problematic bill acceptors/cash validators that require frequent maintenance and delay bus boarding. The current fareboxes allow the use of cash, the magnetic stripe media along with Platinum Pass cards. As a result, the final phase of the modernization project upgrades the farebox back office (fare tariff and ridership data) and provides new fareboxes with improved hardware to be more reliable that will be solely for cash fares.

The initial plan for the new fare collection system assumed the City of Phoenix would procure the new fare boxes and associated software. However, as the implementation of the new system has progressed, both agencies determined it made more sense for these regional products to be procured by Valley Metro. Due to current supply chain issues, Valley Metro will need to place farebox orders in the spring of 2022. Installation will be complete in FY 2024. Valley Metro and the City of Phoenix will establish separate contracts for the ongoing maintenance of the fareboxes and associated software.

Valley Metro and the City of Phoenix both recommend the new cash-only fare boxes be procured via a sole source contract with Scheidt & Bachmann. This recommendation is driven by three factors:

1. Avoidance of \$1 million in cash vault replacement costs -- The region has six operating bus garages (three for Phoenix; three for RPTA) with a total of 13 cash handling vaults. Cash vaults are robust stainless-steel devices built into secure rooms at each garage. Each farebox includes a cash box into which fare revenues are collected. At the end of each operating day when the bus returns to the garage, the cash box is removed from the farebox and inserted into the vault receiver. The cash is then automatically transferred from the cash box to the vault without human cash handling to ensure the integrity of the process. These vaults are in good to excellent condition. The cash boxes and vaults are also proprietary. As a result, while new Scheidt & Bachmann fare boxes will continue to work with the existing vault infrastructure, the use of any other company's fareboxes (and their associated cash boxes) would require their replacement. The City of Phoenix estimates the cost to purchase and install new vaults at approximately \$1 million. This includes capital improvement projects at each garage to retrofit buildings for new cash handling vaults.
2. Meeting the region's current and future requirements -- The City of Phoenix hosts the farebox back-office software. In 2020, potential cybersecurity vulnerabilities and software end-of-life support issues required the City of Phoenix to upgrade to Scheidt & Bachmann's fare box back-office software. This upgrade is in its final



months and moves the fare collection back office to an open architecture platform that Vix Technologies, the vendor for mobile app and smartcard systems, has confirmed readily integrates with its systems. As a result, the continued use of this platform will ensure a single database for all fare revenue and ridership data.

Over the 15 years of using the current fareboxes, agency staff have provided critical, constructive feedback to Scheidt & Bachmann. That feedback has been incorporated into the design of the new cash-only farebox. The improvements include bill acceptance, cashbox design, and interior improvements for ease of access. The City of Phoenix and RPTA have participated in farebox demonstrations (hands on) for the new model and believes it addresses the shortcomings of the current model and will be easier and more cost efficient to maintain over time. The new bill acceptor/validator design includes a highly reliable and commercially available bill acceptor/validator (not proprietary) that has been in service across numerous vendors and is thus industry-proven. The new Scheidt & Bachmann farebox design has placed more emphasis on commercial-off-the-shelf parts.

3. Competitive Pricing – in preparation for procuring new cash-only fareboxes, the City of Phoenix's fare collection consultants developed an independent cost estimate (ICE) based on recent market data from other transit systems. The ICE provides a range of expected farebox costs, depending on options selected and quantities, to vary between \$11,000 and \$14,000 per farebox. The Scheidt & Bachmann proposal indicates a price of \$12,320 per farebox,

Installation costs for the fareboxes has a range of \$163 to \$288 per farebox. The Scheidt & Bachmann proposal has an installation cost of \$225 per farebox. Other project costs – farebox software integration into Vix backoffice, farebox testing, old farebox removal, unpacking of new fareboxes, disposal of old fareboxes, and optional equipment are part of the project and separate from installation.

Overall, the ICE indicates a total project cost range of \$12,814,800 to \$15,909,900. As noted above, Scheidt & Bachmann's pricing, \$14,049,000, is well within this estimate. All amounts are inclusive of sales tax. As a result, the Scheidt & Bachmann cost proposal has been determined to be fair and reasonable.

The use of a sole source contract is currently being reviewed and must approved by the City of Phoenix before Valley Metro will proceed.



### **COST AND BUDGET**

The sole source contract with Scheidt & Bachmann is for the manufacturing and installation of new, cash-only fareboxes will not exceed \$15,454,000 (contract value of \$14,049,000 with a 10% contingency of \$1,405,000). Of this amount, 80% (\$12,636,000) will be funded by Federal Transit Administration funding. The remaining 20% (\$3,091,000) will be funded by regional Public Transportation Fund (PTF) funds.

### **COMMITTEE ACTION**

RTAG: January 18, 2022 for information

TMC/RMC: February 2, 2022 approved

Board of Directors: February 17, 2022 for action

### **CONTACT**

Jim Hillyard

Chief Administrative Officer and Acting Chief Financial Officer

[jhillyard@valleymetro.org](mailto:jhillyard@valleymetro.org)

### **ATTACHMENT**

None



# Information Summary

**DATE**

February 11, 2022

**AGENDA ITEM 2C****SUBJECT**

Intergovernmental Agreement (IGA) with the Arizona Department of Transportation (ADOT)

**PURPOSE**

To request authorization for the Chief Executive Officer (CEO) to enter into an IGA with ADOT for Section 5311 (Rural Transit) pass-through funding for Rural Route 685 for Federal Fiscal Year 2022 (FFY22) and 2023 (FFY23).

**RECOMMENDATION**

Staff recommends that the Board of Directors authorize the CEO to pre-sign an IGA with ADOT for any award of Section 5311 (Rural Transit) pass-through funding for Rural Route 685 for Federal Fiscal Year 2022 (FFY22) and 2023 (FFY23).

**BACKGROUND | DISCUSSION | CONSIDERATION**

Valley Metro staff will apply for an estimated \$1,372,886 of FTA Formula Grants for Other than Urbanized Areas (Section 5311) funds for the FFY22 (expenditure period - October 2022 through September 2023) and FFY23 (expenditure period - October 2023 through September 2024). ADOT's application process includes two years of funding.

The application will include administrative, insurance, preventive maintenance, and operating assistance for Route 685 Gila Bend and operating assistance and preventive maintenance for shortened round trips between the Buckeye Community Center and the Buckeye Municipal Court. No PTF funds are used for the shortened trips.

ADOT is the designated recipient for FTA 5311 rural formula grant funds for the state and Valley Metro must submit an application to receive this funding for the service identified above. ADOT's application process requires submittal of an IGA for funding and it must be signed by Valley Metro for the application to be accepted. Award notification is expected in summer 2022, and ADOT will finalize the IGA with the actual awarded amount.

Public outreach will be held in the project area about the requested funding prior to award of any funds.





## **COST AND BUDGET**

The funding to be requested from ADOT for Section 5311 for FFY22 and FFY23 is estimated to be \$1,372,886. The following table summarizes funding sources and approximate amounts applicable to this Board action.

<b>Funding Source</b>	<b>FFY22</b>	<b>FFY23</b>	<b>Total</b>
<b>FTA Section 5311 (ADOT)</b>	\$676,387	\$696,499	\$1,372,886
<b>PTF (Local Match)</b>	\$351,890	\$362,401	\$714,291
<b>City of Buckeye (Local Match)</b>	\$53,070	\$54,662	\$107,732
<b>Total IGA Amount</b>	<b>\$1,081,347</b>	<b>\$1,113,562</b>	<b>\$2,194,909</b>

Route 685 is in the Valley Metro budget and is programmed in the Transit Life Cycle Program (TLCP) with Public Transportation Funds (PTF) which serve as the required source of local match funds. Local match funds for the shortened round trips are provided by the City of Buckeye.

## **COMMITTEE PROCESS**

Board of Directors: February 17, 2022 for action

## **CONTACT**

Henry Ikwut-Ukwa  
Director, Capital Development  
[hukwa@valleymetro.org](mailto:hukwa@valleymetro.org)

## **ATTACHMENT**

None



# Information Summary

**DATE**

February 11, 2022

**AGENDA ITEM 2D****SUBJECT**

Single Chief Executive Officer Intergovernmental Agreement Renewal

**PURPOSE**

To request authorization for the Regional Public Transportation Authority ("RPTA") to renew the Intergovernmental Agreement ("IGA") with Valley Metro Rail, Inc. ("VMR") that continues Valley Metro's single Chief Executive Officer ("CEO") personnel structure.

**COST AND BUDGET**

There are no costs associated with this IGA.

**RECOMMENDATION**

Staff recommends that the Board of Directors reauthorize the single CEO IGA between the RPTA and VMR.

**BACKGROUND/DISCUSSION/CONSIDERATION**

On March 1, 2012, Valley Metro implemented the single CEO IGA between RPTA and VMR that authorizes RPTA and VMR to maintain their separate corporate and legal identities, while streamlining delivery of transit service and managing the affairs of RPTA and VMR with one CEO. For the past 10 years, the single CEO IGA has defined Valley Metro's CEO personnel structure and shared cost between RPTA and VMR for the CEO salary. The current single CEO IGA expires on March 1, 2022. The new IGA continues the same single CEO structure for the next five years with a five-year extension.

**COMMITTEE PROCESS**

Boards of Directors: February 17, 2022 for action

**CONTACT**

Michael J. Minnaugh  
General Counsel  
Legal Division  
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**ATTACHMENT**

Available upon request



# Information Summary

**DATE**

February 11, 2022

**AGENDA ITEM 3****SUBJECT**

Valley Metro RPTA Administrative Code

**PURPOSE**

Chair Heredia will lead a discussion on possible modifications to the Valley Metro Administrative Code.

**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](mailto:ssmith@valleymetro.org)

**ATTACHMENT**

None



# Information Summary

**DATE**

February 11, 2022

**AGENDA ITEM 4****SUBJECT**

Report on Current Events and Suggested Future Agenda Items

**PURPOSE**

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

**COST AND BUDGET**

None

**RECOMMENDATION**

This item is presented for information only.

**BACKGROUND | DISCUSSION | CONSIDERATION**

None

**COMMITTEE PROCESS**

None

**CONTACT**

Scott Smith  
Chief Executive Officer  
602-262-7433  
[ssmith@valleymetro.org](mailto:ssmith@valleymetro.org)

**ATTACHMENT**

None

**Pending Items Request**

Item Requested	Date Requested	Planned Follow-up Date



# Agenda

February 11, 2022

Valley Metro Rail  
Board of Directors  
**Thursday, February 17, 2022**  
Boardroom/Webex  
Valley Metro, 101 N. 1<sup>st</sup> Avenue, 10<sup>th</sup> Floor  
**12:30 p.m.**

## Action Recommended

### 1. Public Comment

1. For Information

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

## CONSENT AGENDA

### 2A. Minutes

2A. For action

Minutes from the January 20, 2022 Board meeting are presented for approval.

### 2B. Portable Lift System Contract Change Order

2B. For action

Staff recommends that the Board of Directors authorize the CEO to execute a contract change order with SEFAC USA, Inc. for the LRV portable lift system in an amount not to exceed \$20,000 and to extend the contract term for an additional year from March 23, 2022 to March 22, 2023.

### 2C. Northwest Extension Phase II Grant Pass-Through Agreement with the City of Phoenix

2C. For action

Staff recommends that the Board of Directors authorize the CEO to execute the IGA with the City of Phoenix for the Northwest Extension Phase II Grant.



2D. Single Chief Executive Officer Intergovernmental Agreement

2D. For action

Staff recommends that the Board of Directors adopt the updated single CEO IGA between the RPTA and VMR.

2E. Rail Transportation Services Contract Change Order

2E. For action

Staff recommends that the Board of Directors authorize the CEO to execute a contract change order with Alternate Concepts, Inc. (ACI) for the 3-year option period beginning July 1, 2022, in an amount not to exceed \$50,318,335 for the provision of Rail Transportation Services.

### REGULAR AGENDA

3. Report on Current Events and Suggested Future Agenda Items

3. For information

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

4. Next Meeting

4. For information

The next meeting of the Board is scheduled for **Thursday, March 17, 2022 at 12:15 p.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](http://www.valleymetro.org)



# Information Summary

**DATE**

February 11, 2022

**AGENDA ITEM 1****SUBJECT**

Public Comment

**PURPOSE**

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

**COST AND BUDGET**

None

**RECOMMENDATION**

This item is presented for information only.

**BACKGROUND | DISCUSSION | CONSIDERATION**

None

**COMMITTEE PROCESS**

None

**CONTACT**

Scott Smith

Chief Executive Officer

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**ATTACHMENT**

None





# Minutes

February 11, 2022

AGENDA ITEM 2A

## Board of Directors

January 20, 2022  
Boardroom/Webex  
11:15 a.m.

### Valley Metro Rail Participants

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

Chair Heredia called the meeting to order at 1:59 p.m. welcomed members to the Valley Metro Rail meeting.

#### 1. Public Comment

Chair Heredia said the first item, public comment. Pat, do we have anybody there or?

Ms. Dillon said yes, Blue Crowley is here.

Chair Heredia said perfect. Mr. Crowley, you have three minutes.

Mr. Crowley said all right. I've got documents here. One for Valley Metro rail, and it's says sources of funding, operating revenue, sources of funding PFT. Those are the Prop 400 funds. This isn't operating revenues. Why is it there since supposedly there are no PFT funds for operating the rail?

With your procurement of the other thing, I'd like to point out, again, that we need to have the community relation support services and the call center operating all the time that the rail is operating. And since we are paying what is it just under \$80 million for all these planning and support services over three to five years, please try to get it right.

On the alignment for that extension to the west, why is rail so opposed to being multimodal? When I see one, two, three, four, five, six, seven different road crossings of light rail with the bus, why aren't there stops. If we're being multimodal, if you're working if you're trying to get rid of the air pollution, you make the system work together. And that you don't put one, two, three, four, five stops that aren't there.

I had to point out to you on the first segment that you did that you needed to have a stop at 44th and Priest. That didn't get put in later. I have continually said to you, while you're building this thing, make it so you can put stops in. But what do you do about that?



And then the last thing I'd like to cover today is your right and wrong on the rail. The document that you have for the public has six different items. In your code of conduct, you have 37 and if you count the bullet points, it comes up to 41. And I keep on asking when you get the quarterly report, could you please break it down to let us know on the 41 different ones, what it is that you're upset with? My favorite one in here is if you're chewing tobacco, it's a problem. And the one that I find to be the most abhorrent it says, fighting, taunting, or aggressive disorderly behavior is prohibited. And it says, not being loud, abrasive, and decent, profane, or disruptive.

Well, for me, if somebody's wearing a MAGA hat, that to me is being loud, abrasive, and decent, profane and disruptive. And for my own self, I wear the Cardinals, the Diamondbacks, and Suns. And if I see you wearing a New York Yankee's cap, I will let you know you're a loser. And if you're wearing a Cowboy's cap, the same.

Chair Heredia said thank you Mr. Crowley.

## 2. Consent Agenda

Chair Heredia said we have with the Consent Agenda here. The Consent Agenda is presented for action. I'll ask the committee if you have any questions or items to pull from the Consent Agenda. Seeing none, I request a motion and a second to approve the Consent Agenda.

**It was moved by Councilmember Arredondo-Savage and seconded by Mayor Hartke to approve the consent agenda.**

Chair Heredia said perfect. Pat, can you take a quick roll call vote?

Ms. Dillon said Mayor Hartke, City of Chandler? Yes.

Ms. Dillon said Councilmember Francisco Heredia, City of Mesa? Yes.

Ms. Dillon said Councilmember Laura Pastor, City of Phoenix? Here.

Ms. Dillon said Councilmember Robin Arredondo Savage? Yes.

**Ms. Dillon said the motion passes.**

## 3. I-10 West Extension – Amended Locally Preferred Alternative and Transit Type

Chair Heredia said I'll ask Mr. Scott Smith to present this item.

Mr. Smith said Josh Matthews will provide this presentation.

Mr. Matthews said as Scott said, my name is Joshua Matthews, and I'm the Project Manager of the I 10 West Extension. And will be presenting today on the revised alignment and transit type recommendation.



To get ourselves oriented, we are talking about the I 10 West Extension within the regional transportation plan. It's out along the I 10 out to 79th Avenue.

The purpose of the I 10 West Extension I think it's important to note because it is a very unique extension within our regional high-capacity transit system. I think we all are aware that the I 10 is very congested. Often in the evening heading out west, it's quite the challenge to traverse. And so we really see this I 10 West Project as providing an alternative mode of transportation along this corridor. We see it as providing a shorter, more reliable travel time.

Right now, we know that single occupancy vehicles, as well as our express buses, have unpredictable travel times ranging from upwards of over 40 minutes, and sometimes evening longer along this stretch of the highway.

In 2012, Phoenix City Council and the Valley Metro Board of Directors approved a locally preferred alternative, the alignment that you see today, for what was then known as Capital I 10 West Extension Phase I and Phase II.

Since then time, the projects were renamed, The Capital Extension, which was brought to the Board a few months back, and then the extension that we're talking about today, the I 10 West Extension or what used to be known as Phase II. This project goes along Van Buren, west, north up on the I 17 frontage road. Traverses along west the I 10. In the center of the highway until approximately 47th Avenue, and then it heads up to the north side of I 10, heading out to 79th Avenue Park and Ride.

In April of 2019, Phoenix City Council asked us to revisit both projects. Capital Extension and I 10 West. Specifically, there was a request for reengage with the public through an extended public hearing process, public meeting process, to look at extending the 10 West Project out to the Desert Sky Transit Center, to consider other transit modes for the 10 West project, to consider accelerating the project, and how we can get it built sooner. Look at funding, as well as to engage our West Valley partners to look at this from a regional approach.

Just wanted to note today will be talking about at first three bullets. And after today, the project team will begin working to the last three bullets.

I'm going to go over our public outreach and talk about our technical analysis. This first section we'll just talk about the process, and then when we get into the next two sections, we'll talk about some of the results that we have from the technical analysis, as well as from what we heard from the public. We went through a fairly robust engagement process that lasted over two years, if you count our numerous stake holder meetings that we continue to engage in. Started in the middle of 2019, where we engaged with the public through multiple meetings, as well as virtual format.

In January of 2020, right before COVID 19 started, we had three of in person public meetings within the community. These were well attended. We highlighted the history



of the project which is diverse as everyone knows. We also highlighted the current status and what Council directed us to look at. We talk about the potential extension to Desert Sky Transit Center. We looked at how we can move the project forward a little quicker.

Our second round of engagement came after COVID 19 began. And so we had really what was our first fully virtual engagement series that we've had on this project. Then about a month-long period where there was a website that residents could access, engage, watch videos, look through presentations, understand the information about the project and as well as provide comments and feedback that the project team requested.

For those that could not access the online portion, we also hosted two call-in sessions and both were in English and Spanish on a couple days that were during that period of time. And we received a robust amount of information. This was very well attended virtual format engagement series. Again, we talked about the history and the status. On this meeting, we discussed the transit type analysis that the team had performed. Which I'll highlight here shortly. And, again, we visited the extension to Desert Sky Transit Center.

So first I want to talk about that extension to Desert Sky Transit Center. As I mentioned, the original 2012 Locally Preferred Alternative ended at the existing 79th Avenue Park and Ride located on the southeast corner of McDowell and 79th Avenue. The request was to look at extending the alignment north, approximately a mile, along 79th Avenue going past Ak Chin Pavilion, Desert Sky Mall and then ending at the existing Desert Sky Transit Center.

The technical team looked at this possible extension from a number of viewpoints and saw a lot of potential from a ridership perspective. Specifically, we saw almost 20 percent more ridership from our modeling. We also noted that the feedback we have received, both from the community, as well as within community documents such as the Maryvale Village Core Design Plan, noted the desire for the extension of light rail or high-capacity transit along 79th Avenue. We also noted the connections to those activity centers and the significant amount of development that is being proposed along 79th Avenue.

And lastly, that connection to Desert Sky Transit Center really connects into that local bus system. Providing that multimodal approach, as well as the possibility of future BRT line through Phoenix's BRT program.

The community input, as I mentioned, we asked the community about this extension twice at both engagement both public meeting series. And as you can see, we had overwhelmingly positive responses, with on average 80 percent total of our almost 400 responses affirming that this was desired.



Based on the technical analysis as well as based on that technical analysis and that input that we received, we are recommending that the extension to the Desert Sky Transit Center be brought into the LPA.

So the second point that we looked at, and we discussed with the public and from a technical perspective, was the transit type. Back in 2012, this was originally envisioned as a light rail corridor. And so we revisited that to make sure that that analysis was sound; but also performed a comparative analysis looking at another transit high capacity transit option, bus rapid transit.

So our technical analysis looked at a number of criteria. And I won't highlight all of the results, but I just wanted to provide a couple high level ones from each one of our categories. So light rail, when compared to bus rapid transit, has a much higher ridership potential, approximately 50 percent more riders. However, BRT has a lower upfront capital cost to build. And from a constructability perspective, there are fewer challenges.

One major benefit to light rail though is it would be able to integrate into our regional light rail system and provide service to North Phoenix, East Valley and South Phoenix after South Central Extension opens.

Light rail is also consistent with a number of local plans and policies that the City of Phoenix and the region has passed. Light rail also has a higher economic development potential because of its permanence and its visibility. And then lastly, that community input, which I'll note on the next slide, preferred light rail.

As I said, during that second engagement series, we asked the public about this comparative analysis and which transit type they would prefer. Three quarters of the 150 responses that we received preferred light rail. With another 8 percent noting they had no preference, as long as high-capacity transit came out to the West Valley. So kind of very overwhelmingly positive response.

So as such, the project team is recommending that the new Locally Preferred Alternative provides alignment, includes Desert Sky Transit Center, and that the transit type be light rail.

Staff recommends that the Board of Directors approve the extension to Desert Sky Transit Center and reaffirm light rail as transit type for the 10 West amended Locally Preferred Alternative.

That concludes my presentation. I'd be happy to take any questions or comments from the Board. Thank you.

Chair Heredia said thank you, Joshua. Appreciate it. Good information here. Any questions, comments from other board members?



Ms. Dillon said there aren't any questions in the boardroom.

Chair Heredia said okay. If no questions, request a motion and second to approve the extension to Desert Sky Transit Center, and reaffirm light rail as transit type for the 10 West Amended Locally Preferred Alternative.

**It was moved by Vice Mayor Pastor, seconded by Councilmember Arredondo-Savage to approve the extension to Desert Sky Transit Center, and reaffirm light rail as transit type for the 10 West Amended Locally Preferred Alternative.**

Chair Heredia said perfect. Pat, quick roll call.

Ms. Dillon said Mayor Kevin Hartke? Yes.

Ms. Dillon said Council Member Francisco Heredia? Yes.

Ms. Dillon said Vice Mayor Laura Pastor? Yes.

Ms. Dillon said Council Member Robin Arredondo Savage? Yes.

**Ms. Dillon said the motion passes.**

#### 4. Valley Metro Rail Fiscal Year 2022 Midyear Budget Adjustment

Chair Heredia said Mr. Smith?

Mr. Smith said thank you, Mr. Chair. I'd like to introduce Tyler Olson, Budget Director.

Mr. Olson said good afternoon, Chairman Heredia, Members of the Valley Metro Board. I'll be presenting our FY22 Midyear Budget Adjustment today.

Each year we develop an annual operating and capital budget nine months ahead of the fiscal year start.

The vast majority of this adjustment request is really for capital construction activities and timing of that work. Just an update of the timing, no change to the total project costs.

Beginning with operations, annual expenditures for light rail operations have increased based upon the recent commercial property and liability insurance renewal. It was approved by the boards during the Joint Meeting in November. The overall premium increase is really a result of multiple factors, including the increased exposures associated with the expanding transportation network; as well as the light rail vehicle incidents and loss history and the implications of continued hardening insurance market; as well as limited opportunities for transit risk coverage because declining number of insurers out there willing to offer public transit coverage to public entities.

So here's a look at the sources of funds for operations. So member city contributions are up by two percent. I will note that we have identified year to date savings and



operations as a result of operating at a reduced frequency. So that savings can help fund this. We'll continue to look for savings in other areas through the end of the year in order to keep each of your cities within their respective annual IGAs.

Uses of funds. With this adjustment, our operating budget increases by one percent in total. Moving on to your capital program, which, again, is the majority of the adjustment. Annual expenditures have increased for three capital projects. Really, again, due to the timing of the scheduled work, total project costs are really a multi year budget that is approved by the FTA. And so no increase to the total cost. We're just accelerating, adjusting some of the timing of those assumptions.

And for Tempe Streetcar, this is primarily due to realigning vehicle milestone payments for the new fleet to more accurately reflect the updated delivery schedule. The remainder of the increase is due to various project elements including signals, drainage, safety, operational improvements that will be funded with Capital Improvement Grant money from the American Rescue Plan Act or ARP.

I do want to note, we have adjusted this number upwards since the last time it was presented by \$5.5 million. Again, that's really based upon additional updates that we have. So our construction contractor provided an updated schedule, as well as continued discussions with City of Tempe staff regarding some of those final remaining work items. Again, no additional funding is needed for the overall project. We're just updating the timing.

As far as South Central, the increase is primarily for work that construction contractor's currently completing. Combined with increase utility work, and archeological support, additional support that's needed.

For Northwest II, upward adjustments is really a result of the updated cash flow from the contractor. Again, all costs are within the life of the project.

Sources of funds, really, primarily funded with federal funding. So total increase to the operating side, \$50.2 million.

Again, \$50.2 million. As far as uses for the three projects I mentioned, so expanding our authority to spend based upon the updated timing of these projects, increasing the capital budget by 11 percent.

With that, Chairman Heredia, Members of the Board, the recommendation is before you. Happy to answer any questions that you may have at this time.

Chair Heredia said are there any questions or comments on this?

Ms. Dillon said not in the boardroom, Chair.





Chair Heredia said all right. Hearing none, I request a motion and a second to authorize the midyear budget adjustment update to Valley Metro rail operating in capital budget for fiscal year 2022.

**It was moved by Vice Mayor Pastor, seconded by Councilmember Arredondo-Savage to authorize the midyear budget adjustment update to Valley Metro rail operating in capital budget for fiscal year 2022.**

Ms. Dillon said Mayor Kevin Hartke? Yes.

Ms. Dillon said Councilmember Francisco Heredia? Yes.

Ms. Dillon said Vice Mayor Laura Pastor? Yes.

Ms. Dillon said Council Member Robin Arredondo Savage? Yes.

**Ms. Dillon said the motion passes.**

5. Report on Current Events and Future Agenda Items

Chair Heredia said anyone have anything? Don't hear anything. Perfect.

6. Next Meeting

Chair Heredia said the next meeting is Thursday, February 17, 2022. Thank you everybody have a great weekend.

Meeting adjourned.

With no further discussion the meeting adjourned at 2:21 p.m.

# Information Summary

**DATE**

February 11, 2022

**AGENDA ITEM 2B****SUBJECT**

Portable Lift System Contract Change Order

**PURPOSE**

To request authorization for the Chief Executive Officer (CEO) to execute a contract change order with SEFAC USA, Inc. for the LRV portable lift system in an amount not to exceed \$20,000 and to extend the contract term for an additional year from March 23, 2022 to March 22, 2023.

**RECOMMENDATION**

Staff recommends that the Board of Directors authorize the CEO to execute a contract change order with SEFAC USA, Inc. for the LRV portable lift system in an amount not to exceed \$20,000 and to extend the contract term for an additional year from March 23, 2022 to March 22, 2023.

**BACKGROUND | DISCUSSION | CONSIDERATION**

In January 2021, Valley Metro issued a competitive invitation for bid solicitation. In March 2021, Valley Metro issued a contract award under the CEO's authority to SEFAC USA, Inc. to provide a portable lift system for light rail vehicles for a one year term in an amount not to exceed \$146,870. The one year term began March 23, 2021 and ends March 22, 2022. The portable lift system is being manufactured in France and freight costs were included in the above not to exceed amount.

The portable lift system requires the shipping of a 350 pound mobile control console and twelve jacks each approximately 1100 pounds for a combined weight of 13,550 pounds. This system will be sealed in one 40 foot shipping container and shipped across international waters. Once the shipment arrives in port, the container will be delivered by semi-trailer truck. The Contractor notified Valley Metro of the increased shipping cost plus the shortage of shipping containers and truck drivers due to the worldwide pandemic issues.

A change order to this contract is an exception as transportation costs have increased substantially after the contract execution and during the COVID pandemic. Therefore, an additional \$20,000 is needed to cover the increase in freight costs from France. The revised contract will not exceed \$166,870. The change order amount will exceed the CEO's spending authority and therefore requires Board approval. Also, there is a current worldwide shortage of electronic parts and components. Due to this supply shortage, the delivery of the portable lift system will not be delivered during the initial



term of the contract that ends March 22, 2022. This change order will extend the term for an additional year beginning March 23, 2022. Valley Metro still expects the delivery of the portable lift system by the end of the fiscal year, June 30, 2022.

This contract's Exhibit D. General Terms and Conditions contains a change clause for an equitable adjustment. The increased freight cost and delivery delays could not have been anticipated at the contract's March 2021 execution.

### **COST AND BUDGET**

The cost of the change order to the portable lift system contract with SEFAC USA, Inc. is an amount not to exceed \$20,000. The cost of the change order is included in the Rail Adopted FY22 Operating and Capital Budget. Contract Obligations beyond FY22 are incorporated into the Adopted Valley Metro Rail Five-Year Operating Forecast and Capital Program (FY2022 thru FY2026).

The source of funding is from member cities.

### **COMMITTEE PROCESS**

RTAG: January 18, 2022 for information

RMC: February 2, 2022 approved

Board of Directors: February 17, 2022 for action

### **CONTACT**

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### **ATTACHMENTS**

None



# Information Summary

## DATE

February 11, 2022

## AGENDA ITEM 2C

## SUBJECT

Northwest Extension Phase II Grant Pass-Through Agreement with the City of Phoenix

## PURPOSE

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

## RECOMMENDATION

Staff recommends that the Board of Directors authorize CEO to execute an IGA with the City of Phoenix for the Northwest Extension Phase II Grant.

## BACKGROUND | DISCUSSION | CONSIDERATION

The Northwest Extension Phase II consists of an approximately 1.6-mile-long extension of the existing light rail line west on Dunlap Avenue from 19<sup>th</sup> Avenue, then north on 25<sup>th</sup> Avenue, and across the I-17 freeway on Mountain View Road with a terminus on the west side of the freeway near the former site of Metrocenter Mall. The project also includes new stations, including the system's first elevated station, and public art.

The cost estimate for the project is \$401.3 million. Funding is programmed through a combination of regional Public Transportation Fund (PTF), local Proposition 104 funds (T-2050), and federal funding (FTA Capital Investment Grant New Starts). The following table summarizes the funding for the project:

Source	Amount
CIG - New Starts	\$158,121,969
T-2050	\$213,202,825
PTF	\$30,000,000
<b>Total</b>	<b>\$401,324,794</b>

On November 19, 2021, the Federal Transit Administration (FTA) signed a Full Funding Grant Agreement (FFGA) for \$158.1 million in Capital Investment Grant (CIG) funding for the project. Of the \$158.1 million, the FTA has allocated \$100 million for the project thus far. Valley Metro anticipates that FTA will allocate an additional \$50 million and \$8.1 million in federal fiscal years 2022 and 2023, respectively.

The City of Phoenix is the designated grant recipient and this IGA is required to allow Phoenix to pass the funds to Valley Metro to reimburse for eligible expenses.

**COST AND BUDGET**

All expenses are included in the FY22 Operating and Capital Budget. Obligations beyond FY22 are incorporated into the Valley Metro Five-Year Operating Forecast and Capital Program (FY2022 thru FY2026). The grant funds will offset expenses, reducing the net cost to the Public Transportation Fund and member agency budgets.

**COMMITTEE PROCESS**

RMC: February 2, 2022 approved

Board of Directors: February 17, 2022 for action

**CONTACT**

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**ATTACHMENT**

None



# Information Summary

**DATE**

February 11, 2022

**AGENDA ITEM 2D****SUBJECT**

Single Chief Executive Officer Intergovernmental Agreement Renewal

**PURPOSE**

To request authorization for the Regional Public Transportation Authority ("RPTA") to renew the Intergovernmental Agreement ("IGA") with Valley Metro Rail, Inc. ("VMR") that continues Valley Metro's single Chief Executive Officer ("CEO") personnel structure.

**COST AND BUDGET**

There are no costs associated with this IGA.

**RECOMMENDATION**

Staff recommends that the Board of Director reauthorize the single CEO IGA between the RPTA and VMR.

**BACKGROUND/DISCUSSION/CONSIDERATION**

On March 1, 2012, Valley Metro implemented the single CEO IGA between RPTA and VMR that authorizes RPTA and VMR to maintain their separate corporate and legal identities, while streamlining delivery of transit service and managing the affairs of RPTA and VMR with one CEO. For the past 10 years, the single CEO IGA has defined Valley Metro's CEO personnel structure and shared cost between RPTA and VMR for the CEO salary. The current single CEO IGA expires on March 1, 2022. The new IGA continues the same single CEO structure for the next five years with a five-year extension.

**COMMITTEE PROCESS**

Board of Director: February 17, 2022 for action

**CONTACT**

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**ATTACHMENT**

Available upon request

# Information Summary

**DATE**

February 11, 2022

**AGENDA ITEM 2E****SUBJECT**

Rail Transportation Services Contract Change Order

**PURPOSE**

To request authorization for the Chief Executive Officer (CEO) to execute a contract change order with Alternate Concepts, Inc. (ACI) for the 3-year option period beginning July 1, 2022, in an amount not to exceed \$48,318,335 for the provision of Rail Transportation Services plus a contingency of \$2,000,000 for a total not to exceed amount of \$50,318,335.

**RECOMMENDATION**

Staff recommends that the Board of Directors authorize the CEO to execute a contract change order with Alternate Concepts, Inc. (ACI) for the 3-year option period beginning July 1, 2022, in an amount not to exceed \$50,318,335 for the provision of Rail Transportation Services.

**BACKGROUND | DISCUSSION | CONSIDERATION**

Rail Transportation Services are currently provided to Valley Metro under a 5-year base contract plus one 3-year option and one 2-year option with ACI. In March 2017, the Board of Directors authorized the CEO to execute a contract with ACI to provide rail transportation services from January 1, 2017 to June 30, 2027. The award amount was \$56,140,384 for the 5-year base term of the contract. The contract includes rail transportation services for the original 20-mile rail alignment, Central Mesa Extension, and the Northwest Extension.

In June 2019, the Board of Directors authorized the CEO to execute a change order to the contract for the Gilbert Road Extension (GRE) for \$2,509,838 and in January 2020, for additional staffing in the amount of \$2,018,794.

ACI manages, coordinates and controls all activities necessary for light rail operations. Work being performed under this contract includes: providing qualified Light Rail Vehicle (LRV) operators, managers, supervisors, administrative and support staff, and Operations Control Center (OCC) staffing. Other activities under the contract include initial and continual training for personnel; assisting Valley Metro with start-up and light rail extension activities; coordination of special events and activities along the light rail alignment; management and mitigation of any situation impacting light rail operations; and accident investigation and reporting.



This request for a change order to the Rail Transportation Services contract is to exercise the 3-year option period beginning July 1, 2022. This change order includes costs to operate the current 28-mile rail alignment and the Tempe Streetcar alignment. Valley Metro will come back to the Board for an additional change order in FY24 to include the Northwest Extension II and the South Central extension once the staffing needs are determined.

### **COST AND BUDGET**

The cost of the change order with ACI over the 3-year option period of the contract is for an amount not to exceed \$48,318,335 and is detailed in the chart below:

	FY 23	FY 24	FY 25	Total
<b>3-Year Option</b>	\$15,087,003	\$16,076,172	\$17,155,160	<b>\$48,318,335</b>

A contract contingency not to exceed \$2,000,000 is established for additional costs associated with future light rail extensions and any unanticipated changes. The cost for the 3-year option period is included within the VMR Proposed FY 2023 Operating and Capital Budget. Contract obligations beyond FY 2023 are incorporated into the Valley Metro Rail Five-Year Operating Forecast and Capital Program (FY2023 thru FY2027).

The source of funding is from member cities.

### **COMMITTEE PROCESS**

RTAG: January 18, 2022 for information

RMC: February 2, 2022 approved

Board of Directors: February 17, 2022 for action

### **CONTACT**

Ray Abraham

Chief Operations Officer

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### **ATTACHMENT**

None



# Information Summary

**DATE**

February 11, 2022

**AGENDA ITEM 3****SUBJECT**

Report on Current Events and Suggested Future Agenda Items

**PURPOSE**

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

**COST AND BUDGET**

None

**RECOMMENDATION**

This item is presented for information only.

**BACKGROUND/DISCUSSION/CONSIDERATION**

None

**COMMITTEE ACTION**

None

**CONTACT**

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**ATTACHMENT**

None

**Pending Items Request**

Item Requested	Date Requested	Planned Follow-up Date