MEETING OF THE
Audit and Finance Subcommittee

Date:
December 6, 2018

Starting Time
12:00 p.m.

Location:
Valley Metro
Lake Mead Conference Room (10B)
101 N. 1st Avenue, 10th Floor
Phoenix

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

November 29, 2018

Audit and Finance Subcommittee
Thursday, December 6, 2018
10th Floor, Lake Mead Conference Room (10B)
101 N. 1st Avenue, 10th Floor
12:00 p.m.

Action Recommended

1. Public Comment

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.

1. For information

2. Minutes

Minutes from the October 11, 2018 Audit and Finance Subcommittee meeting are presented for approval.

2. For action

3. Relocation Audit

Mary Modelski, Director, Internal Audit, will present the results of the Relocation Audit to the Audit and Finance Subcommittee for acceptance.

3. For action

4. Internal Audit Update

Mary Modelski, Director, Internal Audit, will provide an update on actions taken in Internal Audit.

4. For information

5. Internal Audit Exceptions Update

Mary Modelski, Director, Internal Audit, will provide an update to the Audit and Finance Subcommittee on the progress of audit exceptions.

5. For information
6. **Respect the Ride Update – Station Ambassadors**

Scott Smith, CEO, will provide an informational update on the next phase of Respect the Ride and the Station Ambassadors program.

7. **Staffing Update**

Scott Smith, CEO, will provide a staffing consultant conversion update.

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

Scott Smith, CEO, will provide an update on upcoming intergovernmental agreements, contract awards, amendments and change orders.

9. **Future Agenda Items**

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

10. **Next Meeting**

The next meeting of the Audit and Finance Subcommittee is **January 10, at 12:00 p.m.**

Qualified sign language interpreters are available with 72 hours notice. Materials in alternative formats (large print, audiocassette, or computer diskette) 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).
AGENDA ITEM 1

November 29, 2018

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.

BACKGROUND | DISCUSSION | CONSIDERATION
None

COST AND BUDGET
None

COMMITTEE PROCESS
None

RECOMMENDATION
This item presented for information only.

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

ATTACHMENT
None
Minutes
November 29, 2018

AGENDA ITEM 2

Audit and Finance Subcommittee
Thursday, October 11, 2018
Lake Mead Conference Room
101 N. 1st Avenue, 10th Floor
12:00 p.m.

Meeting Participants
Councilmember Eric Orsborn, City of Buckeye, Chair
Mayor Thelda Williams, City of Phoenix, Vice Chair
Councilmember Robin Arredondo-Savage, City of Tempe
Councilmember Skip Hall, City of Surprise – by phone
Vice Mayor Brigette Peterson, Town of Gilbert – by phone

Chair Orsborn called the meeting to order at 12:00 p.m.

1. Public Comment
None.

2. Minutes
Minutes from the September 13, 2018, Audit and Finance Subcommittee meeting presented for approval.

IT WAS MOVED BY MAYOR WILLIAMS, SECONDED BY COUNCILMEMBER ARREDonDO-SAVAGE AND UNANIMOUSLY CARRIED TO APPROVE THE SEPTEMBER 11, 2018 AFS MINUTES.

3. City of Phoenix Credit Card Audit
Mary Modelski, Director, Internal Audit presented the results of the City of Phoenix - Public Transit Department Valley Metro Purchasing Cards Audit to the AFS for acceptance.

Mayor Williams asked if the deficiencies have been completed.

Ms. Modelski said they are completed and closed.

Chair Orsborn asked for a motion.

IT WAS MOVED BY COUNCILMEMBER ARREDonDO-SAVAGE, SECONDED BY MAYOR WILLIAMS AND UNANIMOUSLY CARRIED TO ACCEPT THE CITY OF PHOENIX – PUBLIC TRANSIT DEPARTMENT-VALLEY METRO PURCHASING CARD AUDIT.
4. FTE Addition Audit

Mary Modelski, Director, Internal Audit presented the results of the Full Time Employee (FTE) Addition Audit to the AFS for acceptance.

A discussion of the FTE Addition Audit took place. Councilmember Arredondo-Savage requested justification of the number of additional FTEs and the purpose for each one. Mr. Hodgins said that staff will provide more detail as requested during the budget process.

Councilmember Hall requested that a breakdown of the total amount of funding for FTEs and consultants. Mr. Hodgins said that staff will provide this breakdown.

Vice Mayor Peterson asked about the conclusion of the audit. Ms. Modelski referred the AFS members and read the narrative from page two, paragraph four which stated, “Since the mid and annual fiscal year budget was approved by the Board of Directors which allowed for changes and increase in funding which could be used for staff costs and the ARS 48- 5122.3 grants the powers, duties, and responsibilities to the Chief Executive Officer for hiring, no exceptions were noted for the process of adding full time employees for the timeframe under review.” Ms. Modelski said this is the conclusion for this audit.

Vice Mayor Peterson said that there is no overhead for Valley Metro staff but there is for consultants. Ms. Modelski said that the Capital and Service Development Division tracks these positions and make the conversions from consultant to staff at their discretion. Mr. Smith said that Valley Metro does conduct a burden analysis rate.

Councilmember Hall asked that staff share during the budget process what divisions are converting consultants to FTEs.

Chair Orsborn expressed concern over the number of staff turnover. Mr. Hodgins said that most of the turnover is from Operations, the Customer Service Agents, LRV Technicians, etc. and that it was due mostly to the starting salary. Valley Metro has since raised the starting salary of the Customer Service Agents in hopes to retain more Customer Service staff.

Mayor Williams said she would like to see an update report in six months regarding the retention rate of customer service staff. She asked how the new sick leave rule that came with the increase of federal minimum wage impacts the customer service staff salary. Mr. Smith said sick leave is figured into the Paid Time Off and that there is no separate back for vacation or sick leave. He said that as PTO hours are accrued, 40 hours are designated for sick leave.

Chair Orsborn asked what happens with consultants and staff that are paid from a project funding and if those positions are eliminated when the project is complete. Mr. Smith said that the funding of projects determines the elimination of staff.

Councilmember Arredondo-Savage that the justification of FTEs be added to Ms. Modelski’s two year audit plan starting with FY20-21.
Chair Orsborn asked for a motion to accept the Full Time Employee Addition Audit.

IT WAS MOVED BY COUNCILMEMBER ARREDONDO-SAVAGE, SECONDED BY MAYOR WILLIAMS AND UNANIMOUSLY CARRIED TO ACCEPT THE FULL TIME EMPLOYEE ADDITION AUDIT.

5. Contract Options Years for Investment Management Services (IMS)

Paul Hodgins, Chief Financial Officer, provided justification and detail of the options of years three and four with PFM Asset Management, LLC.

Chair Orsborn asked for a motion.

IT WAS MOVED BY COUNCILMEMBER HALL, SECONDED BY COUNCILMEMBER ARREDONDO-SAVAGE AND UNANIMOUSLY CARRIED TO FORWARD TO THE BOARDS OF DIRECTORS FOR THE CHIEF EXECUTIVE OFFICER TO EXECUTE OPTIONS YEARS THREE AND FOUR WITH PFM ASSET MANAGEMENT LLC FOR INVESTMENT MANAGEMENT SERVICES (IMS).

6. Internal Audit Update

Mary Modelski, Director, Internal Audit, provided an update on actions taken in Internal Audit.

Policies

- Ethics Policy – General Counsel rolled out policy on September 11, 2018. Human Resources advised all but five individuals have not acknowledged the policy. Four employees are out of the office on medical leave and one intern who will be signing tomorrow upon their return. Internal Audit has not validated these numbers as we had received them last night.

- Procurement Policy – COP rejected manual for two issues. Mr. Hodgins and Mr. Cummings are working to provide additional procedures to address issues by the end of 2018 calendar year.

- Credit Card Policy - Policy has been updated. Mr. Hodgins is routing for management signature and will schedule training for credit cardholders. Mr. Hodgins said credit card training is scheduled for next week.

Work in Progress

- COP: Purchasing card audit – Ms. Modelski said that AFS authorized her to post to Valley Metro website.

- Relocation Audit - Ms. Modelski said that Tempe’s City Auditor completed fieldwork and will be presenting in December.
Non-contract procurement audit – Ms. Modelski said that Internal Audit staff are finishing testing and will be presenting management with issues for response. Mayor Williams asked about recurring credit card charges and whether they had annual limits. Ms. Modelski said that the recurring charge would go under the daily and monthly limit. Mr. Smith said this is a habit that we are trying to change. The idea is to generate a standard or blanket purchase order for recurring purchases. The controls on the credit card are that there are limits on every credit card per transaction and per balance. So credit cardholder cannot exceed a certain balance amount. Mr. Hodgins added that certain vendors only accept credit card payments, particularly in Information Technology. He said Mr. Cummings is working with the credit card administrator to identify which vendors only accept credit card payments and work with them to eliminate credit card payments.

Contract management audit – Ms. Modelski said Internal Audit staff began collecting preliminary information to kick-off an audit after selecting specific contracts.

ERP Implementation audit – Ms. Modelski said that Internal Audit staff is working with the Human Resource Project Manager to determine when to complete pre-implementation audit.

Credit card audit – Ms. Modelski said that testing is underway.

Travel and entertainment audit – Ms. Modelski said testing is underway for this audit.

Human Resources – Ms. Modelski said that she will be recruiting for a second position.

7. Internal Audit Exceptions Update

Mary Modelski, Director, Internal Audit, provided an update on the progress of audit exceptions. She said that she has received many updates to deficiencies, particularly related to Information Technology, the Travel Policy, and small dollar purchasing monitoring procedure and small dollar purchasing aggregate. She said she has not had an opportunity for any testing on these items since they were just received yesterday morning. No other items has been added to this log.

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

Mr. Hodgins provided an update on upcoming intergovernmental agreements, contract awards, amendments, and change orders including:

A. Dell, Inc. Contract Award

Execute a five-year contract with Dell, Inc. for standard computer equipment purchases in an amount of $1,880,450 for the period of November 1, 2018 to October 30, 2023.
B. Commercial Property and Liability Insurance Coverage Purchase

Purchase renewal coverage for Valley Metro’s insurance needs for an amount not to exceed $1,966,129. RPTA’s obligation is $207,552. VMR’s obligation is $1,758,577.

C. Oracle Human Resources Information System (HRIS): Phase II Contract Extension

Execute a five-year extended contract with DLT Solutions for professional services and software licensing not to exceed $1,215,720 which includes a $110,520 (10%) contingency for the period of January 1, 2019 to June 30, 2024.

D. First Transit, Inc. Contract Change Order

Execute a contract change order with First Transit, Inc. for the final 4-year option in the amount of $290.1 million for revenue service and engine and transmission rebuilds plus a $9.5 million contingency for unforeseen items such as additional revenue service, enhanced service for special events, transit education and bus bridges or for any other unanticipated costs, for a total of $299.6 million.

E. Federal Transit Administration Pass-Through Grant Agreements – RPTA

Execute IGAs with the City of Phoenix to allow Valley Metro to be reimbursed for eligible activities.

F. Light Rail Vehicle (LRV) Steel Tires and Tie Block Kits Five-Year Supply Contract Award

Execute a 5-year supply contract for LRV steel tires and tire block kits with Penn Machine Company in an amount not to exceed $1,173,515.

G. Federal Transit Administration Pass-Through Agreements – Rail

Execute Intergovernmental Agreements (IGAs) with the City of Phoenix to allow Valley Metro to be reimbursed for eligible activities.

H. Tempe Streetcar Funding Commitment Resolution 2018-10

Affirm the commitment of $99.8 million in regional Public Transportation Funds to the Tempe Streetcar project.

9. Future Agenda Items

None.

10. Next meeting

The next meeting of the Audit and Finance Subcommittee is December 6, 2018 at 12:00p.m.

With no further discussion, the meeting adjourned at 1:22 p.m.
Information Summary

DATE
November 29, 2018

AGENDA ITEM 3

SUBJECT
Relocation Allowance Review

PURPOSE
Present the results of the Relocation Allowance Review to the Audit and Finance Subcommittee (AFS) for acceptance.

BACKGROUND/DISCUSSION/CONSIDERATION
The Fiscal Year 2017/2018 Internal Audit Plan approved by the AFS on June 15, 2017, included a review of New Employee Relocation Expenses. The objective of the audit was to determine if new employee relocation expenses adhere to the documented policy. Due to an independence issue, the City of Tempe Auditor conducted the review on behalf of Valley Metro.

COST AND BUDGET
None

COMMITTEE PROCESS
None

RECOMMENDATION
Staff recommends the Audit and Finance Subcommittee accept the Relocation Allowance Review.

CONTACT
Mary Modelski
Internal Audit Manager
mmodelski@valleymetro.org
602-262-7433

ATTACHMENT
Relocation Allowance Review
At the request of the Valley Metro Internal Audit Manager and the Valley Metro Audit and Finance Subcommittee, the City of Tempe Internal Audit Office (IAO) has completed a review of Valley Metro employee relocation expense payments from the period of July 1, 2016 to August 26, 2018. As the Valley Metro Audit Manager’s relocation payment was part of the sample population, it was determined that an outside audit office should perform the review to alleviate any perceptions of a conflict of interest. The purpose of this review was to determine if Valley Metro was following internal policies regarding relocation expense payments to applicable Valley Metro Staff.

BACKGROUND
Valley Metro is the regional public transportation agency providing coordinated transit services to residents of metro Phoenix including regional bus, light rail, and paratransit service. Valley Metro’s core mission is to develop and operate a network of transit services.

Valley Metro Management Policy HR-01-01: New Employee, Relocation Expenses (the Policy) was effective August 1, 2016. The Policy stipulates that a relocation expense payment can be made to an employee if there is a “permanent change of residence for a period exceeding 12 months from a distance greater than 100-miles for the Candidate’s primary employment location.” In addition, the policy provides that:
- (the relocation expense payment is) a one-time lump sum allowance detailed on the Employment Offer and reported as taxable income,
- no relocation allowance may be requested after a candidate accepts an employment offer, and that
- the Chief Executive Officer will co-sign any employment offer containing a relocation allowance.
SCOPE AND PROCEDURES
To address the objective noted above, the IAO:

- Reviewed Valley Metro Management Policy HR-01-01: New Employee, Relocation Expenses (effective date 08/01/2016) to determine requirements and policies surrounding employee relocation expenses.
- Obtained a list of employees who received relocation expense payments from July 1, 2016 to August 26, 2016 and reviewed the related offer letters to determine if relocation expense payments were made in accordance with Valley Metro internal policies.
- Obtained and reviewed a list of all Valley Metro employees and selected a sample of employees with hire dates and salary levels consistent with those who received relocation expense payments. For the sample selected, reviewed related offer letters to determine if a relocation expense payment was made and if so, was the payment made in accordance with Valley Metro internal policies.

CONCLUSIONS AND RECOMMENDATIONS
The process established to pay employee relocation expenses provides a one-time lump sum payment added to the employee’s paycheck. As such this payment is included in the employee’s salary and the employee is not required to submit an expense report. (The employee is encouraged to retain receipts and adequate records for tax reporting.) The relocation expense payment process is clearly outlined for the employee in the offer letter and as designed, the process promotes simplicity and efficiency.

Based on the employee addresses on the offer letter, we found that all employees paid relocation expense payments had a permanent change of residence from a distance greater than 100 miles. Further, we found no evidence that relocation allowances were paid after the candidate accepted the employment offer or that relocation expense payments were made to employees who were not eligible.

As noted above, the Policy stipulates that "the Chief Executive Officer will co-sign any employment offer containing a relocation allowance." In 5 of the 6 instances where relocation expense payments were made, the co-signature of the Chief Executive Officer (CEO) was not included on the offer letter nor was a delegation of authority included, or attached to, the offer letter. In all cases, the offer letter was signed by a director level employee or above. As a result, the CEO may not be aware that payments were made or have approved the payment. We recommend that in cases where the CEO is not able to sign the offer letter (for example, while on travel status) that a clear delegation of authority is documented and included with the offer letter.

Please contact me should you have any questions or need any additional information.
DATE
November 28, 2018

SUBJECT
Internal Audit Update

PURPOSE
To update the Audit and Finance Subcommittee on actions taken to continue to build Internal Audit.

BACKGROUND/DISCUSSION/CONSIDERATION
None

COST AND BUDGET
None

COMMITTEE PROCESS
None

RECOMMENDATION
Item presented for information only.

CONTACT
Mary Modelsoki
Internal Audit Manager
mmodelski@valleymetro.org
602-262-7433

ATTACHMENT
None
Valley Metro
Audit and Finance Subcommittee
Internal Audit Update

December 2018

Update:

Policies:

• Ethics – Validated active employees on the payroll as of 10/5/18 had signed the current Ethics policy. One exception noted. However, the employee has since terminated employment.

• Procurement Policy – Revised policy still on-schedule for release 12/31/18. Training on modifications has begun internally to advise the user community of upcoming changes.

Work in progress:

• Relocation audit – Issued 11/2/18 by City of Tempe and presented for acceptance.

• Credit card audit – Testing underway along with discussions with management regarding anomalies.

• Travel and entertainment audit – Exit meeting scheduled for December 10th.

• Audit exceptions – Current status of deficiencies under a separate attachment.

• Human Resources - Phone interviews conducted with first round of candidates.
DATE
November 28, 2018

SUBJECT
Audit exceptions update

PURPOSE
Update the Audit and Finance Subcommittee on the progress of audit exceptions.

BACKGROUND/DISCUSSION/CONSIDERATION
The International Standards for Professional Practice of Internal Auditing (Standards) 2017 version, Standard number 2500 Monitoring Progress states: The chief audit executive must establish and maintain a system to monitor the disposition of results communicated to management.

COST AND BUDGET
Funding for monitoring the progress of audit exceptions is included in the FY 2019 Valley Metro Budget.

COMMITTEE PROCESS
None

RECOMMENDATION
Item presented for information only.

CONTACT
Mary Modelski
Internal Audit Manager
mmodelski@valleymetro.org
602-262-7433

ATTACHMENT
Audit exceptions log
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<tr>
<th>Finding Title</th>
<th>Department</th>
<th>Report Number</th>
<th>Finding Number</th>
<th>Finding Description</th>
<th>Recommendations</th>
<th>Management Response</th>
<th>Report Date</th>
<th>Due Date</th>
<th>Responsible Party</th>
<th>AF5 Notes</th>
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<tbody>
<tr>
<td>Outdated policies and procedures over Information Technology (IT)</td>
<td>IT</td>
<td>12/2017</td>
<td>1</td>
<td>Valley Metro did not have current policies and procedures in place to address necessary areas of risk related to hardware and/or software. The current version of policies and procedures provided by IT management was dated 2013. This version of the policies and procedures lacked sufficient direction and instruction on the following areas including, but not limited to; • Remote access to the system • Approved and appropriate use of personal devices on the network • Naming convention • Patch implementation, testing and oversight • Process for ensuring new software and hardware populates correctly and completely in Lansweeper, etc. and • Acquisition of hardware and software IT management and staff have changed significantly since 2013. These changes have resulted in undocumented directives and philosophies as to how to manage and lead IT. Insufficient direction and instruction allowed for inconsistent processes and practices within the environment. Best practices would be to have a documented consistent process in place in order to mitigate risk and ensure strategies are carried out.</td>
<td>Management should define a process by which on an annual basis policies and procedures are reviewed and updated as needed and appropriate. Updates should be communicated and appropriate training provided to necessary individual in order for such individuals to execute their duties or provide backup support of other team members. The user community should also be educated on updates made to applicable policies and procedures to allow for consistent enforcement.</td>
<td>02/07/18</td>
<td>03/31/18</td>
<td>Manager, Information Technology &amp; Executive Leadership Team</td>
<td>11/8/18: Per IT Manager, Policies are being wrapped up and will be sent to Document Control for finalization process and publishing in the upcoming weeks.</td>
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| Travel Policy Clarification | Finance   | 04/2018       | 1              | The Travel policy:  
• Encourages individuals to stay at the conference or training host hotel site. If the host hotel nightly rate exceeds the GSA Lodging Rate Schedule, the excess host hotel rate is authorized. GSA §301-11.303 states: "The maximum amount that you may be reimbursed under actual expense is limited to 300 percent (rounded to the next higher dollar) of the applicable maximum per diem rate."  
17 of 93 travel instances were identified where the daily rate for lodging was in excess of the GSA published rate but under the 300 percent cap. The rates ranged from $35 to over $100 per night above the allowed GSA rate. Total spending on lodging for travel during fiscal year 2017 was $59,551, of which a total of $2,539 was spent in excess of GSA lodging limits (4.26%).  
Additionally, the Travel Authorization form states "Hotel expenses are reimbursable up to the maximum GSA hotel rate". Also, "the traveler is responsible for the difference in the rates." Evidence of reimbursement by the traveler of the amount in excess of the GSA rate did not exist.  
• Defines: "Agency Travel, Conference and Out-of-County Training form – The Valley Metro (Agency) form used to process all authorized and budgeted Agency travel. This form requires Division Head, Chief Financial Officer (CFO) and Chief Executive Officer (CEO) signature approval".  
Management should align the Travel policy intent with associated forms and practices. If circumstances warrant travel to be completed in less than 21-day of the submission the Agency Travel, Conference and Out-of-County Training form, the policy should reflect such verbiage. The Travel Authorization form should be revised to include identification if the user is staying at the host hotel and the rate exceeds the GSA rate. Otherwise, revisions to verbiage related to "hotel expense are reimbursed up to the maximum GSA hotel rate" and a traveler is responsible for the difference in the rates" should be considered.  
Management concurs with the recommendation. Additional clarity is being added to the Travel Policy and procedures will be updated to ensure that documentation is proper and complete.  
| Of the 93 forms completed, two Division Head signatures were found not to be present.  
• Identifies one of the responsibilities of the traveler is to "submit actual post-travel expenses with itemized receipts and the Agency Travel, Conference and Out-of-County Training form to Travel Administrator with five (5) working days after completing travel". Of the 93 forms submitted, we found 45 forms were not submitted within five working days, based upon the date of the Expense Report. Below is a table outlining the number of days, after travel was completed, the Expense form was dated:  
| 2-5 Days | 6-9 Days | 11-15 Days | Over 18 Days | 22 forms | 11 forms | 5 forms | 7 forms | States: "The Traveler will adjust the Per Diem amount for meals provided by business host or conference when applicable. If hotel has full breakfast included it will be deducted from per diem, continental breakfasts provided will not be deducted". We found six occasion where a traveler requested per diem when food was to be provided by the host. The policy is silent on situation where the traveler may not be able to take part in others meals provided, due to dietary restrictions or timing of the meal coincides with business requirements. The Travel policy provides the foundation by which travelers and administrators are to operate. Clear direction and instructions as to what is expected, allowed further clarity should be added to the Travel policy advising the traveler if they are taking part in the meal provided by the host, the per diem amount should reflect accordingly. Travelers should be held accountable for submission of their Expense form within the five-days after travel has been completed. Finally, management should ensure appropriate signatures are gained prior to booking or reconciling final travel expenses.  

04/06/18 | 05/31/18 | Chief Financial Officer | 11/8/18: Controller has stated Policy was updated July 2018, Travel Forms were updated Oct 2018 and training on updates to the applicable user community is scheduled for the end of Nov 2018.  

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<tr>
<td>Travel Policy Exceptions</td>
<td>Finance</td>
<td>04/2018</td>
<td>2</td>
<td>After reviewing 93 travel requests, 87 instances were in compliance. In six instances, documentation was insufficient to determine whether costs were appropriate. The six instances were: • One traveler requested to arrive at a more distant airport and rent a car to a different city where the conference was held. The traveler indicated on the Travel Authorization form the arrival city would be a savings. Additionally, a copy of the airfare cost comparison nor explanation was not included. Therefore evidence to verify the saving was not present. • One traveler used a more expensive vehicle option for transportation for a San Francisco hotel to the Oakland airport at the end of the conference. The cost was $96. An explanation as to why this vehicle was selected did not exist within the travel file. • One traveler utilized the terminal parking at Phoenix Sky Harbor airport for two days. Resulting in a reimbursed expense of $50.00 ($25 a day) verses $22 ($11 a day). The Travel policy states: “economy parking should always be used”. This was the travelers’ first trip for Valley Metro and was unaware of the Travel policy parking requirements.</td>
<td>Management should require travelers acknowledge review of the current Travel policy on an annual basis. Travel Administrators should document within the travel file any unusual requests for travel expenses and receive appropriate approval for such requests prior to booking. Travelers should be required to explain any unusual expenses incurred on the Expense form prior to being approved for reimbursement.</td>
<td>Management concurs with the recommendation. Annual refresher training will be provided to ensure compliance with the Travel Policy.</td>
<td>04/06/18</td>
<td>05/31/18</td>
<td>Chief Financial Officer</td>
<td>11/8/18: Controller has stated Policy was updated July 2018, Travel Forms were updated Oct 2018 and training on updates to the applicable user community is scheduled for the end of Nov 2018.</td>
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<td>Human Resources</td>
<td>Memo - 02/2018</td>
<td>0</td>
<td>During the course of the Non-Revenue Fleet Management Audit, we discovered 33 individuals received Management Expense Reimbursement Compensation (stipend). The policy (revised May 1, 2012) states the: Purpose: &quot;to define methods of expense reimbursement compensation for management, CEO, Directors and Managers&quot;. Policy: &quot;In lieu of having to submit for local monthly expenses and parking expenses, the following allowances are in effect: CEO: Set By Board of By Contract Directors: $250/Monthly (Paid Out Bi-Weekly $115.38) Managers: $100/Monthly (Paid Out Bi-Weekly $46.15)&quot; On August 26, 2016 a meeting took place between Human Resources and the Chief Executive Officer (CEO) and the decision was made &quot;From this point forward, be sure that no employment offers/promotional/ letters include any management stipend or cellular phone allowance wording.&quot; (Source: Human Resource Generalist). After discussion with the CEO on January 8, 2018, he clarified any stipends in effect prior to August 26, 2016 would continue. As individuals get promoted or leave the organization, such stipends will cease. Our review of the policy did not provide clear direction as to how program would be phased out for those grandfathered. In addition, clarity as to what the stipend specifically covered would provide direction for those within the program as to what can and cannot be requested for reimbursement. Consistency in application of a policy is key to ensuring fair and equitable distribution of benefits to employees without bias or creating an unfair environment for employees. We recommend additional context be added to the policy to define how individuals grandfathered into the program would continue or cease to receive stipends as they move within or outside the organization. In addition, further definition of what the stipend is to be used for should be outlined and communicated to those grandfathered into the program. Human Resources will update its procedure to grandfather 33 agency employees receiving the stipend, prior to the implementation of the new rules, effective August 26, 2016. The procedure will include clarification of use and intent of the management expense reimbursement stipend and will denote how the program will be phased out. A draft revision of the procedure will be prepared by March 9, 2018 for review. Please let me know if you need anything additional from me to ensure compliance with the August 26, 2016 change.</td>
<td>02/10/18</td>
<td>08/26/18</td>
<td>Human Resource Director</td>
<td>11/9/18: Per HR Director. The procedure was sent to Document Control for finalization process and will be published in the upcoming weeks.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finding Title</td>
<td>Department</td>
<td>Report Number</td>
<td>Finding Number</td>
<td>Finding Description</td>
<td>Recommendations</td>
<td>Management Response</td>
<td>Report Date</td>
<td>Due Date</td>
<td>Responsible Party</td>
<td>AFS Notes</td>
</tr>
<tr>
<td>---------------</td>
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</tr>
<tr>
<td>Small Dollar Purchases-Monitoring Procedures (Personal Services Contracts &amp; Sole Source Procurements)</td>
<td>Finance/Procurement</td>
<td>PHX-1170062</td>
<td>3.2</td>
<td>Two personal services contracts were not monitored to ensure appropriate CEO or Board approvals. The personal services contracts were initially created for short periods and small dollar values; however, through change orders these contracts were extended for several years with increased values. In our test sample, we identified two vendors which were engaged with Valley Metro as independent contractors under personal service contract. One personal services contract for videography was created on November 23, 2013, for services occurring from December 1, 2013 through June 30, 2014, and at a sum not to exceed $20,000. This personal services contract was amended five times extending services through June 30, 2017 and increasing the total value to $142,130. This contract was not competitively bid and CEO approval was not obtained as required by VMR policy for a contract of this dollar amount. Of the FY16 payment to this vendor, $5,200 was identified as FTA funds. Another personal services contract for graphic design consulting services was procured by RPTA for the period of September 23, 2013 through November 29, 2013, and at a sum not to exceed $9,200. Through several change orders this contract was extended through June 30, 2016, with an increased contract value to $89,200.</td>
<td>Work with Valley Metro to develop monitoring procedures for personal service contracts and sole source procurements to ensure compliance with policies and procedures.</td>
<td>Public Transit with work with Valley Metro to ensure development of procedures that include monitoring of personal service contracts and sole source procurements to ensure compliance with all applicable policies and procedures.</td>
<td>08/17/17</td>
<td>01/31/18</td>
<td>Chief Financial Officer</td>
<td>11/7/18: CFO has stated that the revised policy is still on-schedule for release 12/31/18. Training on modifications has begun internally to advise the user community of upcoming changes.</td>
</tr>
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<td>Two sole source procurements for consulting services performed by the same vendor did not provide the required analysis that the vendor’s costs were fair and reasonable. Accounting records reflected payments to a vendor totaling $89,500 for consulting services rendered from February through September 2016, split equally ($44,750) between VMR and RPTA. On April 15, 2016, a purchase order and sole source justification memo to pay the vendor were completed after the vendor already started providing services to Valley Metro. Section 2 of the sole source justification memo requested, “...a detailed explanation as to how the anticipated costs to Valley Metro are fair and reasonable and the steps taken to make the determination.” The memo indicated that the dollar amount of services by the vendor to Valley Metro was not to exceed $50,000 and six months. On July 7, 2016, an additional purchase order and sole source memo were submitted to pay the vendor for services. The sole source justification reflected that services were not to exceed $50,000 or six months. Neither of the sole source justification memorandums provided analysis or comparison of the vendor’s anticipated costs with that of similar consulting services to determine reasonableness of the costs.</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Finding Title</td>
<td>Department</td>
<td>Report Number</td>
<td>Finding Number</td>
<td>Finding Description</td>
<td>Recommendations</td>
<td>Management Response</td>
<td>Report Date</td>
<td>Due Date</td>
<td>Responsible Party</td>
<td>AFS Notes</td>
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</tr>
<tr>
<td>Small Dollar Purchases-Review Aggregate Purchases Procedures</td>
<td>Finance/Procurement</td>
<td>PHX - 1170062</td>
<td>3.3</td>
<td>VMR procurements at OMC employed reasonable competition, were transparent, and well documented. We did note that there was no procedure in place that required the consistent review of aggregate vendor purchases to determine if contracts were needed. We tested ten vendors with transactions totaling over $400,000. Competition was used in 38% ($156,188), no competition in 45% ($185,642), and micro purchases, which did not require competition, made up the remaining 17% ($68,321). Several of the sole source procurements were required due to the manufacturer’s warranty on the LRV, that necessitated the use of original equipment manufacturer parts. In interviews with OMC staff, we learned that there is no policy requiring the review of aggregate vendor purchases to determine if contracts are necessary or would be beneficial to the organization. Staff indicated that in November 2016, they implemented their own internal annual review of vendor purchases. A review of Ellipse purchases reflected that there were several made to the same vendor that in aggregate were over $50,000, while competition was employed, contracts were not obtained. Contracts may provide Valley Metro with enhanced competitive pricing and purchase protection.</td>
<td>Work with Valley Metro OMC to develop procedures to the consistent review of inventory purchases to determine when contracts should be obtained. Public Transit with work with Valley Metro to ensure development of procedures for the consistent review of inventory purchases to determine when contracts should be obtained.</td>
<td>08/17/17</td>
<td>01/31/18</td>
<td>Chief Financial Officer</td>
<td>11/7/18: CFO has stated that the revised policy is still on schedule for release 12/31/18. Training on modifications has begun internally to advise the user community of upcoming changes.</td>
<td></td>
</tr>
</tbody>
</table>
Information Summary

DATE
November 29, 2018

AGENDA ITEM 6

SUBJECT
Respect the Ride Update – Station Ambassadors

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to implement the next phase of the Respect the Ride program involving Station Ambassadors.

BACKGROUND/DISCUSSION/CONSIDERATION
The Respect the Ride program continues to evolve with the next phase focused on greater presence and visibility of system personnel on platforms and trains. Station Ambassadors would be added to Valley Metro Rail’s field support team to engage customers and serve as additional “eyes and ears” on the rail system.

The Respect the Ride program is centered on ensuring all passengers have a safe, secure and comfortable ride. Layers of enhanced security, signage, education and communications have been implemented to reset the expectations and experiences on board light rail. The next step is to more prominently “own the platform” with a physical presence focused on engaging customers, reporting and responding to issues, ensuring cleanliness and well-maintained equipment and, ultimately, deterring disrespectful behavior.

Respect the Ride is a multi-layered program and the concept of increased system presence has consistently been a part of the strategy. Over the last year, the concept has been operationalized to include an increase of Allied Universal and sworn officers as well as this ambassador-style program. The need for ambassadors continues to be affirmed related to recent ridership declines – including, for the first time, dips in light rail ridership – paired with a persistent, public outcry regarding the negative perception of light rail system safety and security.

Additionally, the ambassador concept of assigned, in-field, customer support representatives is a common best practice used by many downtown/community organizations and transit industry peers. DART (in Dallas), as an example, has an extensive Station Concierge program consisting of approximately 50 employees dedicated to providing customer service, transit information and a “friendly” face to the organization.
Valley Metro Rail (VMR) Station Ambassadors will work in zones, across 3 – 5 station platforms, largely concentrated in the downtown areas. They will work in partnership with Allied Universal officers, operational field supervisors and the Operations Control Center staff across the peak service day (from approximately 6 a.m. – 10 p.m.). They will have customer service experience, wear an official uniform and be seen and trained as having authority over the platform and the customer experience. In many ways, this staff will contribute to increasing the positive impression of VMR.

Currently, Valley Metro is recruiting for these positions and anticipates having ambassadors available beginning in spring 2019. They will report to Operations & Maintenance with strong coordination with Safety, Security and Quality Assurance and Communications & Strategic Initiatives Divisions.

Moving forward, the different facets of the Respect the Ride program will continue to be monitored and adjusted as needed. The next step involves an evaluation of the agency’s security staffing model and how to increase the presence of sworn officers.

COST AND BUDGET
The approximate cost of this program is $750,000 per year. Staff anticipates spending approximately $250,000 in FY19 with the program being deployed in the final quarter of this year. All FY19 costs can be accommodated within the adopted budget. The ongoing, annual cost will be incorporated into the FY20 budget and five-year plan.

STRATEGIC PLAN ALIGNMENT
This item relates to the following goals and strategies in the Five-Year Strategic Plan, FY 2016 – 2020:

- Goal 1: Increase customer focus
  - Tactic A: Improve customer satisfaction
  - Tactic B: Evaluate and enhance passenger safety and security
  - Tactic C: Enhance customer service to member cities
- Goal 3: Grow transit ridership
  - Tactic A: Expand and improve transit services to reach new markets
  - Tactic C: Communicate the availability, attractiveness and safety of transit service

COMMITTEE PROCESS
RTAG: November 20, 2018 for information
RMC: December 5, 2018 for action
Board of Directors: December 13, 2018 for action

RECOMMENDATION
Staff recommends that the RMC forward to the Board of Directors authorization for the CEO to implement the next phase of the Respect the Ride program involving Station Ambassadors.
CONTACTS
Ray Abraham
Chief Operations Officer
rabraham@valleymetro.org
602-652-5054

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

ATTACHMENT
None
Respect the Ride Update – Station Ambassadors

December 2018

Respect the Ride Update

• Goal: Enhance the transit experience for all riders through a multi-faceted program:
  • Strengthened Code of Conduct
  • Installation of Paid Fare Zones
  • Launch of Right & Rong educational campaign
  • Launch of safety & security mobile app (AlertVM)
  • Increased system presence
Station Ambassadors

• OWN PLATFORM through:
  • Customer engagement
  • Presence – additional “eyes and ears”
  • Issue resolution
  • Cleanliness + maintenance
  • Ultimately, a deterrent to disrespectful behavior

• Rationale:
  • Important layer to Respect the Ride
  • Meets expressed customer need
    • Persistent concern re: system safety + security
  • Helpful to reversing ridership decline
    • Pro-active approach to revenue loss
  • Local + national best practice

How They’ll Work

• Work in 3 – 5 station zones
  • Across majority of day (~6 a.m. – 10 p.m.)
  • Concentrated in downtown areas
  • In partnership with security + operations staff
    • Including close coordination with Control Center

• Equipped with:
  • Official uniform
  • Radio + transit information
  • Extensive training

• Will adjust based on need
Respect the Ride Next Steps

- Next level of security staffing
  - Evaluate staffing model + how to incorporate more sworn officers
- Adjustment + evolution of program components, including:
  - More Right & Rong messaging
  - Learn from AlertVM trends
  - System maintenance
    - Keeping trains + stations in excellent condition
Information Summary

DATE
November 29, 2018

SUBJECT
Staffing Update

PURPOSE
To provide an update on the conversion of consultant positions to staff.

BACKGROUND | DISCUSSION | CONSIDERATION
During the FY18 Annual Budget development process, staff presented an initiative to hire a number of staff positions to replace existing consultants and temporary staff and to hire new staff in lieu of consultants. Historically, capital projects were delivered primarily with consultant staff. With the level of activity related to design and construction, particularly for Valley Metro Rail, increasing significantly and remaining high for many years, staff proposed hiring a base level of the resources needed to support those projects. In addition, several full time administrative staff needs were being filled with consultant or temporary staff in an effort to not increase the FTE count, which made it appear as though personnel costs were managed well.

The following table lists the positions that have been filled over the past 18 months.

<table>
<thead>
<tr>
<th>Consultant Replacement</th>
<th>New Position (In lieu of Consultants)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountant II</td>
<td>Administrative Assistant II</td>
</tr>
<tr>
<td>Construction Inspector</td>
<td>Business Assistance Coordinator</td>
</tr>
<tr>
<td>Document Control Specialist</td>
<td>Civil Engineer</td>
</tr>
<tr>
<td>IT Administrative Specialist</td>
<td>Construction Inspector</td>
</tr>
<tr>
<td>Office Engineer</td>
<td>Manager, IT</td>
</tr>
<tr>
<td>Planner I</td>
<td>Program Coordinator, Community Relations</td>
</tr>
<tr>
<td>Planner II</td>
<td>Program Coordinator, Community Relations</td>
</tr>
<tr>
<td>Program Controls Specialist</td>
<td>Program Coordinator, Community Relations - bilingual</td>
</tr>
<tr>
<td>Public Art Specialist</td>
<td>Project Controls Manager</td>
</tr>
<tr>
<td>Resident Engineer</td>
<td>Urban Designer</td>
</tr>
<tr>
<td>Project Assistant</td>
<td></td>
</tr>
<tr>
<td>Senior Project Certification Coordinator</td>
<td></td>
</tr>
<tr>
<td>Sr. Project Manager - Design</td>
<td></td>
</tr>
</tbody>
</table>
To support the increased activity in project development, several administrative positions were also hired in the Human Resources, Finance and Procurement areas.

<table>
<thead>
<tr>
<th>New Support Positions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountant I</td>
</tr>
<tr>
<td>HR Program Manager</td>
</tr>
<tr>
<td>HR Training and Development Administrator</td>
</tr>
<tr>
<td>Contracts Administrator</td>
</tr>
</tbody>
</table>

The following table summarizes the savings associated with bringing staff in-house rather than continue with consultants. While savings have been achieved, they are partially offset by the additional staff needed to support the increased project activity. The staff costs include estimates for fringe and overhead.

<table>
<thead>
<tr>
<th>Consultant Costs</th>
<th>$4,758,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff Costs</td>
<td>$3,099,000</td>
</tr>
<tr>
<td><strong>Personnel Cost Savings</strong></td>
<td><strong>$1,659,000</strong></td>
</tr>
<tr>
<td>Support Staff Costs</td>
<td>$537,000</td>
</tr>
<tr>
<td><strong>Net Cost Savings</strong></td>
<td><strong>$1,122,000</strong></td>
</tr>
</tbody>
</table>

**COST AND BUDGET**
This is item is presented for information only and there are no cost or budget implications.

**COMMITTEE ACTION**
Audit and Finance Subcommittee: December 6, 2018 for information.

**RECOMMENDATION**
This item is presented for information only.

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

**ATTACHMENT**
None
Information Summary

DATE
November 29, 2018

AGENDA ITEM 8

SUBJECT
Intergovernmental Agreements, Contract Change Orders, Amendments and Awards

PURPOSE
To provide an update to the Audit and Finance Subcommittee on upcoming Intergovernmental Agreements, Contract Amendments and Awards that will be presented to the Boards of Directors for action. For additional background information, the Board Information Summaries are included.

The following items will be presented to the Boards of Directors for approval:

A. **Enterprise Resource Planning (ERP) Consultant services Two-Year Contract Award**

   Execute a 2-year ERP Consultant Services contract with Plante & Moran PLLC in an amount not to exceed $852,720.

B. **Marketing and Advertising Support Services Contract Awards**

   Execute one-year contract with two one-year extensions with Owens, Harkey and Associates, LLC and with Magnetry, LLC for marketing and advertising support services for an amount not to exceed $3,600,000.

C. **In-ground Vehicle Lifts Contract Award**

   Execute a contract with Southwest Lift & Equipment, Inc. through the State of Arizona Cooperative Purchasing Program and the National Association of State Procurement Officials (NASPO) for the installation of in-ground vehicle lifts at the Mesa Bus Operations and Maintenance facility for an amount not to exceed $1,038,400.

D. **2019 Origin and Destination Study Contract Award**

   Execute a contract with ETC Institute for the 2019 Origin and Destination Study for an amount not to exceed $852,773.

E. **Light Rail Vehicle (LRV) Brake Equipment Overhaul Contract Award**

   Execute a contract to complete a brake overall program for the light rail vehicles with Knorr Brake Company for an amount not to exceed $2,280,000.

F. **Light Rail Vehicle (LRV) Body Repair Services Five-Year Contract Award**

   Execute a 5-year contract for LRV body repair services with Award Winning Restorations in an amount not to exceed $1,700,000.
G. **Vendor Managed Light Rail Vehicle Parts Inventory Program Contract Award**

Award a 5-year contract with Siemens Mobility Inc. for an amount not to exceed $3,000,000 to provide a managed parts inventory program for light rail vehicles.

H. **SCADA Upgrade Contract Change Order**

Execute a change order with B & C Transit, Inc. for an amount not to exceed $378,060 to complete additional SCADA upgrade work for the Gilbert Road Extension and the 50th Street Station.

I. **South Central/Downtown Hub Light Rail Extension Construction Manager at Risk Contract Award**

Increase the South Central/Downtown Hub Light Rail Extension CM@Risk contract with Kiewit Infrastructure West Co. by $22,000,000.

J. **Northwest Phase II LRT Extension Third-Party Utilities – Design Amendment**

Increase the third-party utility companies design activities by $131,200 for work on the Northwest Phase II LRT Extension.

**RECOMMENDATION**
For information only.

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

**ATTACHMENT**
Information Summaries for items listed above
DATE
November 29, 2018

AGENDA ITEM 8A

SUBJECT
Enterprise Resource Planning (ERP) Consultant Services Contract Award

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to execute a 2-year ERP consulting services contract with Plante & Moran, PLLC in an amount not to exceed $852,720, which includes a 10% contingency of $77,520.

BACKGROUND | DISCUSSION | CONSIDERATION
Valley Metro currently has multiple financial systems that are not integrated and/or unable to integrate with each other. Certain aspects of these systems have been in use for more than 10 years. Valley Metro staff has begun to evaluate the various systems in use, however the time and knowledge needed to fully evaluate these systems is not currently available to perform the comprehensive evaluation that is needed.

In February 2018 the Board authorized the CEO to issue a Request for Proposals (RFP) for Enterprise Resource Planning (ERP) Consultant Services. The RFP issued requested ERP Consultant Service to assist in the comprehensive evaluation of the various applications currently in use throughout Valley Metro against business needs and best practices for transit agencies. The objectives of the evaluation are to:

- Understand the current system capabilities and compare those against business needs and best practices/current software functionality available in the today’s market;
- Identify areas where the current application is capable of meeting needs, but additional staff training is needed to utilize the application to it’s potential;
- Identify if there is a need for Valley Metro to replace its current systems and prepare a work scope for potential new systems.

In July 2018, Valley Metro issued a federally compliant RFP for the ERP Consultant Services. A total of five firms submitted proposals. A selection committee, comprised of Valley Metro staff evaluated the proposals and conducted in-person interviews with three of the five firms. Based on the proposals and in-person interviews Plante & Moran PLLC was selected.
There are four distinct phases that will be performed by the ERP Consultant under this contract. These phases are:

1. ERP Software – Needs Assessment
2. ERP RFP Development
3. ERP Vendor Evaluation & Selection
4. ERP Installation & Implementation

Based on the results of each phase, a determination will be made whether to move forward to the next phase.

COST AND BUDGET
The cost for the ERP Consultant Service will be funded equally by RPTA and VMR. Funds available in the Fiscal Year 2019 Budget for Phase I. Budget for future phases will be included in FY 2020 budget. The budget for Phase IV may be renegotiated based on the level of effort identified through the previous phases.

<table>
<thead>
<tr>
<th>Phase</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Needs Assessment</td>
<td>$92,400</td>
</tr>
<tr>
<td>II. RFP Development</td>
<td>51,600</td>
</tr>
<tr>
<td>III. Vendor Evaluation and Selection</td>
<td>55,200</td>
</tr>
<tr>
<td>IV. Installation and Implementation</td>
<td>576,000</td>
</tr>
<tr>
<td>Total Cost</td>
<td>$775,200</td>
</tr>
<tr>
<td>Contingency</td>
<td>77,520</td>
</tr>
<tr>
<td>Total Contract Authority</td>
<td>$852,720</td>
</tr>
</tbody>
</table>

COMMITTEE ACTION
RTAG: November 20, 2018 for information
TMC/RMC: December 5, 2018 for action
Boards of Directors: December 13, 2018 for action

RECOMMENDATION
Staff recommends that the TMC/RMC forward to the Boards of Directors authorization for the CEO to execute a 2-year ERP Consultant Services contract with Plante & Moran PLLC in an amount not to exceed $852,720.

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

ATTACHMENT
None
DATE
November 29, 2018

AGENDA ITEM 8B

SUBJECT
Marketing and Advertising Support Services Contract Awards

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to execute one-year contracts with two one-year extensions with Owens, Harkey and Associates, LLC (OH) and with Magnetry, LLC (Magnetry) through the State of Arizona Cooperative Purchasing Contract for marketing and advertising support services for an estimated amount not to exceed $3,600,000. All projects assigned to these two agencies will be task-order based and will be assigned to each agency as needed during the contract years.

BACKGROUND | DISCUSSION | CONSIDERATION
Valley Metro utilizes marketing and advertising support services to provide unique support to Valley Metro’s in-house marketing and communications teams to assist with the implementation of strategic marketing. Support from outside creative firms allows Valley Metro to sustain existing riders, target discretionary riders and develop custom tactics to increase overall system ridership and community support for transit.

This support is critical to the success for some of the highest profile marketing and communications seen throughout the region including campaigns such as: Respect the Ride; Right & Rong; Quality of Life; value of transit initiatives; safety and security education; ridership attraction and retention; and more.

Valley Metro will engage the selected firms in the following areas:

- Marketing Campaign Development and Public Relations Services such as traditional campaign strategy development, creative concepting, campaign implementation, campaign evaluation through metrics analysis and reporting.

- Digital/Social Media Marketing Campaign Development with an emphasis on digital strategy development, creative development of digital content, and digital campaign implementation.

- Media Planning and Buying which will include recommending a multi-media plan to support initiatives and effectively reach target audience(s) through multiple media channels such as digital ads, newspaper, radio and other mass media.

- Web Support, including creative development of website(s) graphics and promotions, smart phone/tablet applications development, user experience
services, gaining knowledge of users through research and web-based surveys, co-promotional opportunities and placing internet advertising.

- Services under this contract will also be available to the City of Phoenix for T2050 for approximately $250,000 each year.

Valley Metro will use the State of Arizona Cooperative Purchasing Contracts. These contracts are competitively solicited and awarded with cooperative language that allows public agencies to utilize them. It is anticipated that 80% of the marketing support services would be handled by OH with the remaining 20% being performed by Magnetry.

The cooperative contracts comply with Federal Transit Administration requirements. This State of Arizona cooperative purchasing contract expires August 31, 2019 and has two one-year extensions. While staff anticipates the State of Arizona contract being renewed through August 31, 2021, if it is not renewed Valley Metro would issue a competitive solicitation for these services.

COST AND BUDGET
The estimated $1,200,000 for first-year costs are included in the FY19 Valley Metro RPTA and VMR budgets. All future year costs will be reflected in the annual Valley Metro RPTA and VMR budgets. The total contract cost is estimated at $3,600,000.

STRATEGIC PLAN ALIGNMENT
FY 2016 – 2020:
- Goal 1: Increase customer focus
  o Tactic A: Improve customer satisfaction
- Goal 3: Grow transit ridership
  o Tactic A: Expand and improve transit services to reach new markets
- Goal 5: Advance the value of transit
  o Tactic A: Communicate and inform public on value of transit

COMMITTEE PROCESS
RTAG: November 20, 2018 for information
TMC: December 5, 2018 for action
Board: December 13, 2018 for action

RECOMMENDATION
Staff recommends that the TMC/RMC forward to the Boards of Directors authorization for the CEO to execute one-year contract with two one-year extensions with Owens, Harkey and Associates, LLC and with Magnetry, LLC for marketing and advertising support services for an amount not to exceed $3,600,000.
CONTACT
Rob Antoniak
Chief Operating Officer
602.495.8209
rantoniak@valleymetro.org

ATTACHMENT
None
In-ground Vehicle Lifts Contract Award

To request authorization for the Chief Executive Officer (CEO) to execute a contract with Southwest Lift & Equipment, Inc. through the State of Arizona Cooperative Purchasing Program and the National Association of State Procurement Officials (NASPO) for the installation of in-ground vehicle lifts at the Mesa Bus Operations and Maintenance facility for an amount not to exceed $944,000 plus a 10% contingency of $94,400, for a total of $1,038,400.

The current four (4) in-ground heavy-duty piston lifts in the Mesa Greenfield Bus Maintenance facility have exceeded their useful life and no longer meet the needs of the maintenance team at this location. The current lifts are 16 years old and utilize out dated lifting platforms that are costly to maintain and repair. In addition, the current in-ground lifts cannot accommodate buses larger than 40’ long. This facility maintains a combination of 40’ and 60’ buses so portable lifts must be used to work on larger buses. Lastly, the in-ground platform lift in the wash bay, which is used to clean the undercarriage of buses, cannot accommodate 60’ buses. As a result, these buses must be taken to the Tempe garage to be cleaned on a regular basis.

The replacement of the vehicle lifts is necessary to keep the equipment in a state of good repair and is consistent with the approved Transit Asset Management (TAM) Plan.

Valley Metro conducted a thorough analysis to determine the best long-term solution that addresses the issues noted previously. Southwest Lift & Equipment, Inc. provided the best overall heavy-duty lifting solutions and pricing options to address the current lifts at this facility. The proposed system addresses long-term maintenance costs, safety and environmental concerns by inclusion of the following features:

- Proposed piston lifts are designed for public transit vehicles allowing maintenance the flexibility to work on all sections of the bus
- Redesigned piston lifts have a continuous recess movable lifting system, which prevents damage to the undercarriage of the vehicle and keep the pistons and lifting platforms recessed below the floor so they cannot be damaged when they are not in use
- All proposed lifts can accommodate 40’, 45’ and 60’ buses in an efficient and safe manner
• All proposed lifts are equipped with smart control systems that allow programming of lift profiles for each bus type and size in your fleet

• The lifts use minimal hydraulic fluid, which is incased above ground, to prevent possible soil contamination in the event of a system leak

Southwest Lift & Equipment, Inc. is a vendor on the State of Arizona Cooperative Contracts and NASPO. Cooperative Agreements are competitive contracts solicited and awarded by other public entities and whose cooperative language allows Valley Metro to utilize these contracts for its requirements. Southwest Lift & Equipment, Inc. proposal was responsive and met all requirements listed in the scope of work.

COST AND BUDGET
Costs for the in-ground lifts is an amount not to exceed $1,038,400 which includes a 10% contingency and are included in the Adopted FY19 Valley Metro RPTA Operations and Capital budget.

STRATEGIC PLAN ALIGNMENT
This item relates to the following goals and strategies in the Five-Year Strategic Plan, FY 2016 – 2020:

• Goal 2: Advance performance based operation
  o Tactic A: Operate an effective, reliable, high performing transit system

COMMITTEE PROCESS
RTAG: November 20, 2018 for information
TMC: December 5, 2018 for action
Board: December 13, 2018 for action

RECOMMENDATION
Staff recommends that the TMC forward to the Board of Directors authorization for the CEO to execute a contract with Southwest Lift & Equipment, Inc. through the State of Arizona Cooperative Purchasing Program and the National Association of State Procurement Officials (NASPO) for the installation of in-ground vehicle lifts at the Mesa Bus Operations and Maintenance facility for an amount not to exceed $1,038,400.

CONTACT
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ATTACHMENT
None
Information Summary

DATE
November 29, 2018

AGENDA ITEM 8D

SUBJECT
2019 Origin and Destination Study Contract Award

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to execute a contract with ETC Institute for the 2019 Origin and Destination Study for an amount not to exceed $852,773.

BACKGROUND | DISCUSSION | CONSIDERATION
The Origin and Destination Study (also known as the Transit On-Board Survey) will collect data about passenger travel patterns on fixed bus routes and light rail. Valley Metro has conducted similar studies every three to five years since 1986, most recently in 2015. The study results are essential to Valley Metro and partner agencies for the following purposes:

• to collect data on customer travel patterns and demographics which enables Valley Metro and member agencies to better plan transit routes and service
• to calibrate and validate the Maricopa Association of Governments (MAG) regional transportation travel demand model for long-range planning and to inform discussion surrounding the extension of Proposition 400
• to provide data for the “After” study for Central Mesa Light Rail Extension and the “Before” study for the South Central Light Rail Extension, as required by the Federal Transit Administration

Data collection for this study will take place in spring 2019. The consultant will collect 17,500 completed responses.

In June 2018, the RPTA Board authorized the issuance of a Request for Proposals (RFP) to procure consultant services for the execution of the Origin and Destination Study. One firm (ETC Institute) submitted a proposal in response to the RFP. An interagency review panel comprising Valley Metro, MAG and the cities of Phoenix, Tempe and Mesa reviewed the proposal.

Following the FTA Best Practices Manual related to single proposals, Valley Metro staff contacted other potential bidders to determine if adequate competition and/or restrictive specifications were the reason for the single response. Valley Metro staff found that the main reason more firms did not respond was because the complexity and size of the study was beyond their capability.
Staff also completed a cost analysis to determine the fair and reasonableness of ETC Institute’s cost proposal and found that proposed cost is fair and reasonable when compared to previously completed origin and destination studies.

The interagency review panel recommends contract award to ETC Institute to assist in the development and implementation of the 2019 Origin and Destination Study. ETC Institute conducted the two most recent origin and destination studies in 2015 and 2010/11, and is experienced conducting similar studies for transit agencies nationwide.

**COST AND BUDGET**
The estimated cost for this project is $775,248 plus a 10% contingency of $77,525 for a total of $852,773.

This study is also essential for updating the Maricopa Association of Governments (MAG) regional transportation demand model, MAG has agreed to fund $200,000 for this study through the approved FY19 Unified Planning Work Program (UPWP). Regional funds, which can only be used for planning and administration, will cover the remaining costs. The FY 2019 RPTA budget includes this project.

**STRATEGIC PLAN ALIGNMENT**
Goal 2: Advance performance based operation.
   - Tactic A: Operate an effective, reliable, high performing transit system.

Goal 3: Grow transit ridership.
   - Tactic A: Expand and improve transit services to reach new markets.
   - Tactic B: Improve connectivity of transit services for greater effectiveness.

**COMMITTEE PROCESS**
RTAG: November 20, 2018 for information
TMC: December 5, 2018 for action
Board of Directors: December 13, 2018 for action

**RECOMMENDATION**
Staff recommends that the TMC forward to the Board of Directors authorization for the CEO to execute a contract with ETC Institute for the 2019 Origin and Destination Study for an amount not to exceed $852,773.

**CONTACT**
Wulf Grote, P.E.
Director, Capital and Service Development
602-322-4420  wgrote@valleymetro.org

**ATTACHMENT**
None
Information Summary

DATE
November 29, 2018

AGENDA ITEM 8E

SUBJECT
Light Rail Vehicle (LRV) Brake Equipment Overhaul Contract Award

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to execute a contract to complete a brake overall program for the light rail vehicles with Knorr Brake Company for an amount not to exceed $2,280,000.

BACKGROUND | DISCUSSION | CONSIDERATION
The current age of the light rail vehicles is 10 years in revenue service with an average mileage of each vehicle being approximately 470,000 miles. There are currently 50 light rail vehicles (LRVs) in the total fleet. This will be the second brake overhaul on the LRVs. The friction brake equipment manufacturer recommends that the brake equipment be overhauled after 240,000 miles or five years, whichever comes first. The purpose of the overhaul is to keep the equipment in a state of good repair and to maintain safe and reliable operation. This is consistent with the approved Transit Asset Management (TAM) Plan.

In August 2018, Valley Metro issued an Invitation for Bid (IFB) for the provision of parts and labor necessary to complete a friction brake equipment overhaul program. The contractor will provide all necessary parts, materials and labor to complete the brake overhaul program for 50 LRVs and to include spare equipment. The cost includes overhauling and testing the equipment to original equipment manufacturer (OEM) standards.

Valley Metro received a single bid and recommends award to Knorr Brake Company. KBC is the OEM for the power truck and center truck brake calipers and the power truck and center truck electro hydraulic units and holds the proprietary rights to the equipment. Valley Metro LRV maintenance personnel will remove the equipment from the vehicles and ship to KBC. The contractor will overhaul the equipment and return to the Valley Metro LRV Maintenance Facility. It is anticipated that the overhaul of all 50 LRVs will be completed within three years from time of award.

An independent cost estimate including a cost comparison and price analysis have been completed. The proposed price has been deemed fair and reasonable based on the price analysis.
COST AND BUDGET
The cost for the LRV friction brake equipment overhaul program from KBC is an amount not to exceed $2,280,000. The cost for the brake overhaul program is included in the Valley Metro Rail Adopted FY 2019 Operating and Capital Budget. Contract obligations beyond FY2019 are incorporated into the Valley Metro Rail Five-Year Operating Forecast and Capital Program (FY2019 thru FY2023).

STRATEGIC PLAN ALIGNMENT
This item relates to the following goals and strategies in the Five-Year Strategic Plan, FY 2016 – 2020:

- Goal 2: Advance performance based operation
  - Tactic A: Operate an effective, reliable, high performing transit system

COMMITTEE PROCESS
RTAG: November 20, 2018 for information
RMC: December 5, 2018 for action
Board of Directors: December 13, 2018 for action

RECOMMENDATION
Staff recommends that the RMC forward to the Board of Directors authorization for the CEO to execute a contract to complete a brake overall program for the light rail vehicles with Knorr Brake Company for an amount not to exceed $2,280,000.

CONTACT
Ray Abraham
Chief Operations Officer
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ATTACHMENT
None
Information Summary

DATE
November 29, 2018

AGENDA ITEM 8F

SUBJECT
Light Rail Vehicle (LRV) Body Repair Services Five-Year Contract Award

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to execute a 5-year contract for LRV body repair services with Award Winning Restorations (AWR) in an amount not to exceed $1,700,000.

BACKGROUND | DISCUSSION | CONSIDERATION
Valley Metro has a fleet of 50 Kinkisharyo Light Rail Vehicles (LRVs) in operation and in the next two years additional light rail vehicles will be received and tested for operation.

Valley Metro needs an experienced body repair contractor to perform repairs to the LRVs for damage caused by accidents on the alignment during operations. The contractor must have previous experience in the repair of paint, body and frame/structural components of light rail vehicles of similar size and construction that were manufactured using like materials and processes. All repairs to vehicles will be performed at Valley Metro’s Operations and Maintenance Center (OMC). The contractor will provide all required tools, materials and equipment to perform the necessary paint, body and frame/structural repairs. Valley Metro will provide a body shop work area and a paint booth at the OMC as well as hydraulic rams for frame/structural straightening.

The recommended vendor to provide the body repair services is Award Winning Restorations (AWR) and is a non-competitive procurement due to the company being trained by Kinkisharyo to work with the LRVs. AWR has been the exclusive provider of body work since the beginning of the light rail service. No other company in the Phoenix Metro area has been trained and approved by Kinkisharyo. They are the only local body repair contractor with the knowledge of the construction of the LRVs and the location of car body wiring harnesses. Knowledge on how to repair the LRV is paramount in order to maintain the safety and structure of the LRV.

An independent cost estimate and a non-competitive procurement justification including a cost comparison and price analysis have been completed. The proposed price has been deemed fair and reasonable based on the price analysis.
COST AND BUDGET
The cost for the LRV body repair services with Award Winning Restorations (AWR) is an amount not to exceed $1,700,000 over the 5-year term of the contract. We estimated this amount based on previous experience of accident repairs. The majority of the costs associated with accident repairs are recovered through insurance claim settlements from the party at fault. The cost for the LRV body repair services is included in the Valley Metro Rail Adopted FY 2019 Operating and Capital Budget. Contract obligations beyond FY 2019 are incorporated into the Valley Metro Rail Five-Year Operating Forecast and Capital Program (FY2019 thru FY2023).

STRATEGIC PLAN ALIGNMENT
This item relates to the following goals and strategies in the Five-Year Strategic Plan, FY 2016 – 2020:

- Goal 2: Advance performance based operation
  - Tactic A: Operate an effective, reliable, high performing transit system

COMMITTEE PROCESS
RTAG: November 20, 2018 for information
RMC: December 5, 2018 for action
Board of Directors: December 13, 2018 for action

RECOMMENDATION
Staff recommends that the RMC forward to the Board of Directors authorization for the CEO to execute a 5-year contract for LRV body repair services with Award Winning Restorations in an amount not to exceed $1,700,000.

CONTACT
Ray Abraham
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rabraham@valleymetro.org

ATTACHMENT
None
Information Summary

DATE
November 29, 2018

AGENDA ITEM 8G

SUBJECT
Vendor Managed Light Rail Vehicle Parts Inventory Program Contract Award

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to award a 5-year contract with Siemens Mobility Inc. (Siemens) for an amount not to exceed $3,000,000 to provide a managed parts inventory program for light rail vehicles.

BACKGROUND | DISCUSSION | CONSIDERATION
On May 18, 2017, Valley Metro awarded a contract with Siemens to purchase 11-S70 light rail vehicles (LRV). The LRV contract does not include an adequate spare parts inventory after the vehicles are in service and warranty has expired.

Due to their production expertise of the LRVs, Siemens has offered to provide a service level agreement to manage the LRV spare parts inventory. This program creates a cost-effective and efficient parts supply to enable maintenance and procurement personnel to seamlessly perform daily tasks. The Valley Metro Siemens S70 LRV comes with a 2 year vehicle warranty and while the warranty will cover parts which will fail during this period in time, it will not cover routine maintenance material nor will it cover accident related repair parts. This program, started in conjunction with the revenue start date for the new vehicles, will provide a supply chain contract for the essential parts needed outside the warranty for the first 5 years of vehicle revenue service. Additional material supply can be jointly identified and added to the program once the vehicle warranty has ended to maintain a high parts availability level.

The following support services are included in the base price structure:

- all regular maintenance material provided in kit form during the contract period(s);
- strategic accident material supply to be sourced and held for fast turnaround and vehicle recovery;
- Siemens will act as Valley Metro’s “3rd” Warehouse for the duration of the contract and provide inventory management for the listed material;
- alternative supply sourcing for cost containment and reliability improvement is included.

Valley Metro will pay Siemens for all parts received in accordance with the listed series production unit prices. Series production cost advantages vs aftermarket costs is in general greater than 30%. Only Siemens is in the position to provide access to this advantage. All agreed parts will be maintained continuously in stock by Siemens. Siemens will charge a
service fee of 9% price addition for in stock pricing for consumables and a service fee of 18% price addition for other general parts. This additional fee will be used to cover the “hidden” cost factors of additional warehouse space and labor, investing in and stocking agreed material, additional labor costs to manage inventory and negotiate supply contracts, additional warranty coverage, project management, cost of money, etc.,. Shipping costs are included in the service fee.

The recommended award of the contract to Siemens is a non-competitive procurement due to the company being the original equipment manufacturer (OEM). Only Siemens is in the position to provide access to the series production pricing advantage. An independent cost estimate was completed by performing an analysis of past experience of LRV parts usage. The proposed contract value has been deemed fair and reasonable based on the analysis.

COST AND BUDGET
The contract cost is an amount not to exceed $3,000,000. The cost is included in the Valley Metro Rail Adopted FY 2019 Operating and Capital Budget. Contract obligations beyond FY2019 are incorporated into the Valley Metro Rail Five-Year Operating Forecast and Capital Program (FY2019 thru FY2023).

STRATEGIC PLAN ALIGNMENT
This item relates to the following goals and strategies in the Five-Year Strategic Plan, FY 2016 – 2020:

- Goal 2: Advance performance based operation
  - Tactic A: Operate an effective, reliable, high performing transit system

COMMITTEE PROCESS
RTAG: November 20, 2018 for information
RMC: December 5, 2018 for action
Board of Directors: December 13, 2018 for action

RECOMMENDATION
Staff recommends that the RMC forward to the Board of Directors authorization for the CEO to award a 5-year contract with Siemens Mobility Inc. for an amount not to exceed $3,000,000 to provide a managed parts inventory program for light rail vehicles.

CONTACT
Ray Abraham
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ATTACHMENT
None
DATE
November 29, 2018

AGENDA ITEM 8H

SUBJECT
SCADA Upgrade Contract Change Order

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to execute a change order with B & C Transit, Inc. for an amount not to exceed $378,060 to complete additional SCADA upgrade work for the Gilbert Road Extension and the 50th Street Station.

BACKGROUND | DISCUSSION | CONSIDERATION
Valley Metro currently uses a Supervisory Control and Data Acquisition (SCADA) system in its Rail Operations & Control Center (OCC). It is a central operating system that provides control of the light rail vehicles and other equipment along the rail alignment.

On December 15, 2016, Valley Metro awarded a contract to B & C Transit, Inc. to complete a SCADA upgrade in an amount not to exceed $2,515,125 with a contract contingency of $251,512. Additional work has been identified for the SCADA upgrade project for both the Gilbert Road Extension ($264,105) and 50th Street ($113,955) to update the Nucleus system in place to allow the system to communicate with SCADA, Train Control, Traction power, and PA/VMS systems.

These requirements are recommended to be added to this contract and is a non-competitive procurement due to the proprietary nature of B & C’s software. This is the company that currently is performing the SCADA upgrade to the rail system. To reproduce software through another vendor for the Gilbert Rd. Extension and 50th Street Station would cause a significant increase in cost and there would be a significant amount of delay for design, testing and install. The Gilbert Rd Extension and 50th Street Station will be completed and in revenue service May 2019. An independent cost estimate including a cost comparison and price analysis have been completed. The proposed price has been deemed fair and reasonable based on the price analysis.

COST AND BUDGET
The cost for the additional SCADA work is an amount not to exceed $378,060. The cost is included in the Valley Metro Rail Adopted FY 2019 Operating and Capital Budget. Contract obligations beyond FY2019 are incorporated into the Valley Metro Rail Five-Year Operating Forecast and Capital Program (FY2019 thru FY2023).
STRATEGIC PLAN ALIGNMENT
This item relates to the following goals and strategies in the Five-Year Strategic Plan, FY 2016 – 2020:

- Goal 2: Advance performance based operation
  - Tactic A: Operate an effective, reliable, high performing transit system

COMMITTEE PROCESS
RTAG: November 20, 2018 for information
RMC: December 5, 2018 for action
Board of Directors: December 13, 2018 for action

RECOMMENDATION
Staff recommends that the RMC forward to the Board of Directors authorization for the CEO to execute a change order with B & C Transit, Inc. for an amount not to exceed $378,060 to complete additional SCADA upgrade work for the Gilbert Road Extension and the 50th Street Station.

CONTACT
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Chief Operations Officer
602-652-5054
rabraham@valleymetro.org

ATTACHMENT
None
Information Summary

DATE
November 29, 2018

AGENDA ITEM 8I

SUBJECT
South Central/Downtown Hub Light Rail Extension Construction Manager at Risk Contract Amendment

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to increase the South Central/Downtown Hub Light Rail Extension Construction Manager at Risk (CM@Risk) contract with Kiewit Infrastructure West Co. by up to $22,000,000.

BACKGROUND/DISCUSSION/CONSIDERATION
To date, the Board has authorized $3,080,000 in CM@Risk contract authority for preconstruction services as summarized below.

<table>
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<tr>
<th>Date</th>
<th>Action</th>
<th>Cost</th>
<th>Contingency</th>
<th>Total Authority</th>
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<tbody>
<tr>
<td>Jun-2017</td>
<td>Preconstruction Services</td>
<td>$2,400,000</td>
<td>$240,000</td>
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<td>Oct-2017</td>
<td>Preconstruction Services for Downtown Changes</td>
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<td>Total</td>
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<td>$2,800,000</td>
<td>$280,000</td>
<td>$3,080,000</td>
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Valley Metro is now moving into the next phase of pre-construction work which will include:

1) **$6 million** for potholing to verify location of underground utilities in order to complete the design, and support for federally-required archaeological investigations

2) **$8 million** for early traffic relief construction work at 7th Street and I-17, 7th Avenue and I-17, and 7th and Southern Avenues. This work needs to be completed before construction activities begin on South Central Avenue, and includes widening existing roadways, median reductions, and utility relocations. Work will not proceed until Valley Metro receives a Letter of No Prejudice from the Federal Transit Administration

3) **$6 million** for procurement of special track work for downtown. This is a long lead item and is needed to complete downtown construction by summer 2022 prior to Super Bowl LVII

4) **$2 million** (10%) contingency
In addition to Board authorization, items 2 and 3 require additional funding from the City of Phoenix.

**COST AND BUDGET**
The current total CM@Risk contract authority is $3,080,000. The amount of the proposed increase to contract authority is $22,000,000, bringing the total contract authority to $25,080,000.

Project funding is included in the Valley Metro Rail adopted FY19 Operating and Capital Budget. Contract obligations beyond FY19 are incorporated into the Five-Year Operating Forecast and Capital Program (FY19 thru FY23).

**STRATEGIC PLAN ALIGNMENT**
This item relates to the following goals and strategies in the Five-Year Strategic Plan, FY 2016 – 2020:
- Goal 2: Advance performance based operation
  - Tactic C: Deliver projects and services on-time/on-budget.
- Goal 3: Grow transit ridership
  - Tactic A: Expand and improve transit services to reach new markets.
  - Tactic B: Improve connectivity of transit services for greater effectiveness.

**COMMITTEE PROCESS**
RTAG: November 20, 2018 for information
RMC: December 5, 2018 for action
Board of Directors: December 13, 2018 for action

**RECOMMENDATION**
Staff recommends that the RMC forward to the Board of Directors authorization for the CEO to increase the South Central/Downtown Hub Light Rail Extension CM@Risk contract with Kiewit Infrastructure West Co. by $22,000,000.

**CONTACT**
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**ATTACHMENT**
None
DATE
November 29, 2018

AGENDA ITEM 8J

SUBJECT
Northwest Phase II LRT Extension Third-Party Utilities – Design Amendment

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to increase the third-party utility companies design activities by $131,200 for work on the Northwest Phase II LRT Extension. With this amendment, the total authority for utility design activities will be $1,191,700.

BACKGROUND/DISCUSSION/CONSIDERATION
In June 2017 the Board of Directors authorized the CEO to execute letters of authorization with third-party utility companies for their design activities in support of the Northwest LRT Phase II project. Since that time, several adjustments have been made to Valley Metro’s light rail alignment and station locations. This has resulted in changes to utility relocations needed. Therefore, an amendment is needed to the authorized funding limit provided to the CEO for third-party utility designs.

The following table identifies the original and updated utility relocation design cost estimates for each of the utility companies. To date, the Board has authorized $1,060,500 (including 10% contingency) in design authority. The new estimate is $1,191,700, thus increasing the needed authorization limit by $131,200.

Design Work Order Estimates

<table>
<thead>
<tr>
<th>Utility Company</th>
<th>Design Cost Estimate June 2017</th>
<th>Design Cost Estimate Dec 2018</th>
<th>Change in Estimate</th>
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<tr>
<td>APS</td>
<td>$259,091</td>
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<td>CenturyLink</td>
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<td>$ 96,500</td>
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<td>Cox Communications</td>
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<td>$ 55,500</td>
<td>$5,045</td>
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<tr>
<td>Electric Lightwave (Now ZAYO)</td>
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<td>($11,364)</td>
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<td>$40,000</td>
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<td>SRP Fiber</td>
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<td>Salt River Project Electric</td>
<td>$320,455</td>
<td>$477,500</td>
<td>$157,045</td>
</tr>
</tbody>
</table>
Only authorizations for design work are included at this time. As utility relocation designs are completed, an estimate will be prepared for related construction activities. Staff will then request Board authorization for third-party utility relocation construction.

**COST AND BUDGET**

With this amendment, the estimated cost for design of third-party utilities is $1,083,364, plus an additional $108,336 (10%) for a total of $1,191,700.

The Northwest Phase II Light Rail Extension project will be funded through Phoenix Transportation 2050, regional Proposition 400, and Federal Transit Administration funds. The cost for third-party utility work is included in the overall cost estimate established for the project.

All costs listed above are within the Northwest Phase II Extension project cost forecast and are included in the Valley Metro Rail adopted FY19 Operating and Capital Budget. Contract obligations beyond FY19 are incorporated into the Five-Year Operating Forecast and Capital Program (FY19 thru FY23).

**STRATEGIC PLAN ALIGNMENT**

This item relates to the following goals and strategies in the Five-Year Strategic Plan, FY 2016 – 2020:

- **Goal 2: Advance performance based operation**
  - Tactic C: Deliver projects and services on-time/on-budget.

- **Goal 3: Grow transit ridership**
  - Tactic A: Expand and improve transit services to reach new markets.
  - Tactic B: Improve connectivity of transit services for greater effectiveness.
COMMITTEE PROCESS
RTAG: November 20, 2018 for information
RMC: December 5, 2018 for action
Board of Directors: December 13, 2018 for action

RECOMMENDATION
Staff recommends that the RMC forward to the Board of Directors authorization for the CEO to increase the third-party utility companies design activities by $131,200 for work on the Northwest Phase II LRT Extension.

CONTACT
Wulf Grote, PE
Director, Capital & Service Development
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wgrote@valleymetro.org

ATTACHMENT
None
DATE
November 29, 2018

SUBJECT
Future Agenda Items Request and Report on Current Events

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

BACKGROUND/DISCUSSION/CONSIDERATION
None

COST AND BUDGET
None

COMMITTEE PROCESS
None

RECOMMENDATION
This item presented for information only.

CONTACT
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ATTACHMENT
None.

Pending Items Request

<table>
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<tr>
<th>Item Requested</th>
<th>Date Requested</th>
<th>Planned Follow-up Date</th>
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