MEETING OF THE
Audit and Finance Subcommitee

Date:
January 11, 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 13th floor or call 602.262.7433.
January 5, 2018

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

Action Recommended

1. Public Comment

A 15-minute opportunity will be provided to members of the public at the beginning of the meeting to address the AFS on all agenda items. The Chair may recognize members of the public during the meeting at his/her discretion. Up to three minutes will be provided per speaker or a total of 15 minutes total for all speakers.

2. Minutes

Minutes from the November 9, 2017 Audit and Finance Subcommittee meeting presented for approval.

3. RPTA Fiscal Year 2018 (FY18) Mid-Year Budget Adjustment

Paul Hodgins, Chief Financial Officer, will provide an overview of the RPTA Fiscal Year 2018 Mid-Year Budget Adjustment and request that the AFS forward to the Board of Directors for approval.
4. **Valley Metro Rail Fiscal Year 2018 (FY18) Mid-Year Budget Adjustment**

Paul Hodgins, Chief Financial Officer, will provide an overview of the mid-year budget adjustment and request that the AFS forward to the Board of Directors authorization for the Mid-Year Budget Adjustment update to the Valley Metro Rail Operating and Capital Budget for FY18.

5. **Fiscal Year 2017 (FY17) RPTA and VMR Comprehensive Annual Financial Reports (CAFR) and Single Audit Reporting Packages (SARP)**

Paul Hodgins, Chief Financial Officer, will provide an update on the FY17 RPTA and VMR Comprehensive Annual Financial Reports.

6. **Staffing Update for Fiscal Year 2018 (FY18)**

Paul Hodgins, Chief Financial Officer, will provide an update on staffing for FY18.

*This item will be distributed at the meeting.*

7. **Internal Audit Update**

Mary Modelski, Internal Audit Manager, will provide update on actions taken to continue to build Internal Audit.

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

Paul Hodgins, Chief Financial Officer, 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.
The next meeting of the Audit and Finance Subcommittee is **February 15, 2018 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).
DATE
January 5, 2018

SUBJECT
Items for Citizens Present

PURPOSE
Members of the public will have an opportunity at the beginning of the meeting to address the Audit and Finance Subcommittee on non-agenda items. Up to three minutes provided per speaker or a total of 15 minutes for all speakers.

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

DATE
January 5, 2018

AGENDA ITEM 2

Summary Minutes
Valley Metro RPTA Audit and Finance Subcommittee
Thursday, November 9, 2017
Lake Mead Conference Room
101 N. 1st Avenue, 10th Floor
Phoenix, AZ
12:00 p.m.

Members Present
Councilmember Eric Orsborn, City of Buckeye, Chair
Councilmember Thelda Williams, City of Phoenix, Vice Chair
Vice Mayor Robin Arredondo-Savage, City of Tempe – by phone

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

1. Public Comment

Mr. Tucker Kaufman of J.P. Morgan Chase Bank, said he received an email from the Arizona Transportation Association (AzTA) for a call for informational sessions at their annual conference in April 2018. He is considering putting together an informational session on alternative financing and lease/purchase, essentially for buses and trains and things of that nature, to present at the AzTA annual conference. Chair Orsborn recommended Mr. Kaufman contact either Mr. Paul Hodgins, Chief Financial Officer or Mr. Scott Smith, Chief Executive Officer to discuss the AzTA organization.

2. Minutes

Minutes from the October 12, 2017 AFS meeting presented for approval.

IT WAS MOVED BY COUNCILMEMBER WILLIAMS, SECONDED BY VICE-MAYOR ARREDONDO-SAVAGE AND UNANIMOUSLY CARRIED TO APPROVE THE OCTOBER 12, 2017 AFS MINUTES.

3. Internal Audit Update

Mary Modelski, Manager, Internal Audit, provided a brief update on actions taken to continue to build the internal audit.

The items following are work in progress:

✓ Provided update to the Auditor General Consultant of the status of Prop 400, 2016 findings and recommendations.
✓ Work continues in conjunction with:
  o Executive Management – updating policies such as Purchasing and Ethics.
  o Capital Planning and Finance – reviewing of AECom payment applications for appropriate documentation.
  o Purchasing – using outside resources to assist with conducting the Non-revenue Fleet and Hardware/Software management audits.
  o Human Resources – recruiting staff for Internal Audit. Recruitment process is ongoing.

This item presented for information.

4. Fiscal Year 2017 Finance Quarterly Reports

Paul Hodgins, Chief Financial Officer, provided an informational update on the following Finance quarterly reports:

✓ Valley Metro RPTA Capital Results – Q1
✓ Valley Metro Rail Operating Results – Q1
✓ Average Rail Fare – FY 2017 History/FY 2018 – Q1 (12 months Rolling by Quarter)
✓ Valley Metro Rail Capital Results – Q1

This item presented for information.

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

Paul Hodgins, Chief Financial Officer provided a brief overview of the upcoming IGA’s, contract amendments and awards:

✓ State Government Relations Consulting Services Contract
✓ Federal Government Relations Consulting Services Contract
✓ Motor and Center Truck Overhaul Program
✓ Power Switch Machine Upgrade
✓ Northwest Phase II Light Rail Extension Public Art Services Contract Award
✓ 50th Street Station Design Contract Authority Modification
✓ Tempe Streetcar Design Contract Authority Modification

This item presented for information.

6. Future Agenda Items

None.

7. Next Meeting

The next meeting of the Audit and Finance Subcommittee is January 11, 2018 at 12:00 p.m.

With no further discussion, the meeting adjourned at 12:37 p.m.
Information Summary

DATE
January 5, 2018

AGENDA ITEM 3

SUBJECT
RPTA Fiscal Year 2018 (FY18) Mid-Year Budget Adjustment

PURPOSE
To request authorization for the Mid-Year Budget Adjustment update to the Valley Metro RPTA Operating and Capital Budget for FY18.

BACKGROUND/DISCUSSION/CONSIDERATION
In May 2017, the TMC recommended and the Board approved the FY18 Operating and Capital Budget. The cost factors used to develop the budget have changed and adjustments are warranted to update the expenditures planned for the remainder of the fiscal year. The RideChoice program is experiencing trips lower than planned, so we will be reducing that budget for this service ($0.4M). Regional Paratransit service continues to be successful, resulting in a higher number of trips and higher fuel costs than originally planned ($1.7M).

Operating Activities:

<table>
<thead>
<tr>
<th>Budget Activities</th>
<th>Increase (Decrease) Amt</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>RideChoice Service</td>
<td>$ (410,000)</td>
<td>Federal Member Cities</td>
</tr>
<tr>
<td>Regional Paratransit</td>
<td>$ 1,705,000</td>
<td>PTF Member Cities</td>
</tr>
<tr>
<td>Operations Total</td>
<td>$ 1,295,000</td>
<td></td>
</tr>
</tbody>
</table>

Total Capital Activity expenditures are being increased by $17.5M. Deferred replacement bus purchases from prior years are expected to be received this fiscal year, as well as expansion buses for new service for Ray Road and the Saturn Orbit. The New Flyer contract has accelerated the delivery of more buses this fiscal year. Rural fleet bus purchase deferrals from FY17 and additional funding allow for seven vehicle replacements this year. Vanpool replacements have increased seven vehicles from plan and vanpool expansion vehicles are being reduced based on need. The bus stop amenities project received $1M from MAG for improving accessibility. We will expend less on Park and Rides this year due to delays in the Glendale project development.
Lead Agency disbursements for VMR Capital are being reduced ($3.4M) to better reflect the forecast of VMR capital expenditures for FY18, resulting in an increase in PTF reserves ($3.4M) for use in a future year. These funds are considered pass-through and have no impact to PTF amounts designated for RPTA use.

### Capital Activities:

<table>
<thead>
<tr>
<th>Budget</th>
<th>Description</th>
<th>Increase (Decrease) Amt</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT Infrastructure</td>
<td>HR Software</td>
<td>$ 75,000</td>
<td>PTF</td>
</tr>
<tr>
<td>Fare Collection System</td>
<td>Carryover of farebox refurbishments for EV buses not completed in FY17; TVM computer upgrades</td>
<td>$ 980,000</td>
<td>PTF</td>
</tr>
<tr>
<td>Vehicle Management/Communication Systems</td>
<td>Reduction in regional communication systems upgrade - milestone payments later than projected</td>
<td>$ (1,400,000)</td>
<td>PTF</td>
</tr>
<tr>
<td>Bus Fleet-Replacements</td>
<td>Purchase of 20 buses deferred from prior years</td>
<td>$ 12,192,000</td>
<td>Federal PTF</td>
</tr>
<tr>
<td>Bus Fleet Expansion</td>
<td>Purchase of 4 standard and 7 circulator buses for expansion - Saturn Orbit and Ray Road</td>
<td>$ 6,013,000</td>
<td>Federal PTF</td>
</tr>
<tr>
<td>Rural Fleet-Replacements</td>
<td>Replace 7 Gila Bend Connector buses (4 carryover and 3 additional)</td>
<td>$ 1,491,000</td>
<td>Federal PTF</td>
</tr>
<tr>
<td>Vanpool Fleet -Replacements</td>
<td>Replace additional 7 vehicles which are over mileage limits per semiannual review</td>
<td>$ 238,000</td>
<td>Federal PTF</td>
</tr>
<tr>
<td>Vanpool Fleet -Expansion</td>
<td>Reduce 2 vehicles per semiannual review; overall savings per vehicle based on seat configurations</td>
<td>$ (159,000)</td>
<td>Federal PTF</td>
</tr>
<tr>
<td>Bus stop Passenger Amenities</td>
<td>MAG program to improve accessibility at transit stops within the region</td>
<td>$ 1,000,000</td>
<td>PTF</td>
</tr>
<tr>
<td>Passenger Facilities - Park &amp; Rides</td>
<td>Delay in Glendale Park and Ride project development</td>
<td>$ (2,914,000)</td>
<td>Federal PTF</td>
</tr>
</tbody>
</table>

**Total** $ 17,516,000

### Budget

<table>
<thead>
<tr>
<th>Budget</th>
<th>Description</th>
<th>Increase (Decrease) Amt</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>VMR Capital (Pass-Thru)</td>
<td>Decrease lead agency PTF disbursements to Valley Metro Rail to fund capital expenditures</td>
<td>$ (3,377,000)</td>
<td>PTF</td>
</tr>
<tr>
<td></td>
<td>Increase PTF reserves for Valley Metro Rail to fund future capital expenditures</td>
<td>$ 3,377,000</td>
<td>PTF</td>
</tr>
</tbody>
</table>

**Total** $ -

**Capital Total:** $ 17,516,000
COST AND BUDGET

Changes proposed are incorporated into overall agency uses and sources of funds below:

USES OF FUNDS ($000,000)

Operating Expenditures

<table>
<thead>
<tr>
<th>Uses of Funds</th>
<th>FY18 Adopted</th>
<th>FY18 Revised</th>
<th>Change $</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Route Operations</td>
<td>$93.3</td>
<td>$93.3</td>
<td>$0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Paratransit Operations</td>
<td>37.5</td>
<td>38.8</td>
<td>1.3</td>
<td>3.5%</td>
</tr>
<tr>
<td>Vanpool Operations</td>
<td>1.0</td>
<td>1.0</td>
<td>0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Planning</td>
<td>2.5</td>
<td>2.5</td>
<td>0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Commute Solutions</td>
<td>1.3</td>
<td>1.3</td>
<td>0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Administration and Finance</td>
<td>4.6</td>
<td>4.6</td>
<td>0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Regional Services</td>
<td>11.6</td>
<td>11.6</td>
<td>0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Sub-Total RPTA Operating</strong></td>
<td><strong>$151.7</strong></td>
<td><strong>$153.0</strong></td>
<td><strong>$1.3</strong></td>
<td><strong>0.9%</strong></td>
</tr>
<tr>
<td>METRO Personnel Costs</td>
<td>21.4</td>
<td>21.4</td>
<td>0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>METRO RARF Disbursements</td>
<td>0.5</td>
<td>0.5</td>
<td>0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>AZ Lottery Funds Disbursements</td>
<td>11.2</td>
<td>11.2</td>
<td>0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>**Sub-Total Pass-Through Funds</td>
<td><strong>$33.1</strong></td>
<td><strong>$33.1</strong></td>
<td><strong>$0.0</strong></td>
<td><strong>0.0%</strong></td>
</tr>
<tr>
<td><strong>Total Operating Expenditures</strong></td>
<td><strong>$184.8</strong></td>
<td><strong>$186.1</strong></td>
<td><strong>$1.3</strong></td>
<td><strong>0.7%</strong></td>
</tr>
</tbody>
</table>

Capital Expenditures

<table>
<thead>
<tr>
<th>Uses of Funds</th>
<th>FY18 Adopted</th>
<th>FY18 Revised</th>
<th>Change $</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Fleet</td>
<td>38.5</td>
<td>57.9</td>
<td>19.4</td>
<td>50.5%</td>
</tr>
<tr>
<td>Regional Facilities</td>
<td>5.9</td>
<td>6.6</td>
<td>0.7</td>
<td>12.3%</td>
</tr>
<tr>
<td>Other Regional</td>
<td>2.6</td>
<td>3.6</td>
<td>1.0</td>
<td>37.7%</td>
</tr>
<tr>
<td>Lead Agency Disbursements</td>
<td>11.9</td>
<td>8.3</td>
<td>(3.6)</td>
<td>-30.2%</td>
</tr>
<tr>
<td>Debt Service</td>
<td>24.2</td>
<td>24.2</td>
<td>0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Sub-Total RPTA Capital</strong></td>
<td><strong>$83.1</strong></td>
<td><strong>$100.6</strong></td>
<td><strong>$17.5</strong></td>
<td><strong>21.1%</strong></td>
</tr>
<tr>
<td>Lead Agency Disbursements</td>
<td>33.2</td>
<td>29.8</td>
<td>(3.4)</td>
<td>-10.2%</td>
</tr>
<tr>
<td>Reserved for Capital</td>
<td>10.3</td>
<td>13.7</td>
<td>3.4</td>
<td>32.8%</td>
</tr>
<tr>
<td><strong>Sub-Total VMR Capital</strong></td>
<td><strong>$43.5</strong></td>
<td><strong>$43.5</strong></td>
<td><strong>$0.0</strong></td>
<td><strong>0.0%</strong></td>
</tr>
<tr>
<td><strong>Total Capital Expenditures</strong></td>
<td><strong>$126.6</strong></td>
<td><strong>$144.1</strong></td>
<td><strong>$17.5</strong></td>
<td><strong>13.8%</strong></td>
</tr>
</tbody>
</table>

Total Uses

<table>
<thead>
<tr>
<th>Uses of Funds</th>
<th>FY18 Adopted</th>
<th>FY18 Revised</th>
<th>Change $</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Uses</strong></td>
<td><strong>$311.4</strong></td>
<td><strong>$330.2</strong></td>
<td><strong>$18.8</strong></td>
<td><strong>6.0%</strong></td>
</tr>
</tbody>
</table>
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.
  - **Tactic E:** Maintain strong fiscal controls to support Valley Metro’s long-term sustainability.
COMMITTEE PROCESS
Financial Working Group: December 19, 2017 for information
RTAG: December 19, 2017 for information
TMC: January 3, 2018 for approved
AFS: January 11, 2018 for action
Board: January 18, 2018 for action

RECOMMENDATION
Staff recommends that the Audit and Finance Subcommittee forward to the Board of Directors authorization for the Mid-Year Budget Adjustment update to the Valley Metro Rail Operating and Capital Budget for FY18.

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

ATTACHMENT
None
## Changes – Operations Activities

<table>
<thead>
<tr>
<th>Budget</th>
<th>Description</th>
<th>Increase (Decrease) Amt</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>RideChoice Service</td>
<td>Trips lower than plan</td>
<td>$ (410,000)</td>
<td>Federal</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Member Cities</td>
</tr>
<tr>
<td>Regional Paratransit</td>
<td>Trips higher than plan; Fuel costs higher than plan</td>
<td>$ 1,705,000</td>
<td>PTF</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Member Cities</td>
</tr>
<tr>
<td><strong>Operations Total</strong></td>
<td></td>
<td></td>
<td><strong>$ 1,295,000</strong></td>
</tr>
</tbody>
</table>
Sources of Funds - Operating ($000,000)

<table>
<thead>
<tr>
<th>Source of Funds</th>
<th>FY18 Adopted</th>
<th>FY18 Revised</th>
<th>Change $</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Transportation Funds</td>
<td>$77.5</td>
<td>$77.5</td>
<td>$0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Regional Area Road Funds</td>
<td>4.9</td>
<td>4.9</td>
<td>0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Transit Service Agreements</td>
<td>38.8</td>
<td>39.1</td>
<td>0.3</td>
<td>0.7%</td>
</tr>
<tr>
<td>Federal Grants</td>
<td>10.9</td>
<td>11.0</td>
<td>0.1</td>
<td>0.6%</td>
</tr>
<tr>
<td>Fares Revenues</td>
<td>15.1</td>
<td>15.1</td>
<td>0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>1.1</td>
<td>1.1</td>
<td>0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Carry forward and Reserves</td>
<td>3.7</td>
<td>4.8</td>
<td>1.1</td>
<td>29.2%</td>
</tr>
<tr>
<td><strong>Sub-Total RPTA Operating</strong></td>
<td><strong>$152.2</strong></td>
<td><strong>$153.5</strong></td>
<td><strong>$1.3</strong></td>
<td><strong>0.9%</strong></td>
</tr>
<tr>
<td>METRO Reimbursements</td>
<td>21.4</td>
<td>21.4</td>
<td>0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>AZ Lottery Funds</td>
<td>11.2</td>
<td>11.2</td>
<td>0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Sub-Total Pass-Through Funds</strong></td>
<td><strong>$32.6</strong></td>
<td><strong>$32.6</strong></td>
<td><strong>$0.0</strong></td>
<td><strong>0.0%</strong></td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td><strong>$184.8</strong></td>
<td><strong>$186.1</strong></td>
<td><strong>$1.3</strong></td>
<td><strong>0.7%</strong></td>
</tr>
</tbody>
</table>

Operating Funding Changes

<table>
<thead>
<tr>
<th>Operating Sources</th>
<th>RideChoice</th>
<th>Regional Paratransit</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Transportation Funds</td>
<td>(9,000)</td>
<td>$984,000</td>
<td>$975,000</td>
</tr>
<tr>
<td>FTA - section 5310 Enhanced Mobility</td>
<td>63,000</td>
<td>-</td>
<td>63,000</td>
</tr>
<tr>
<td>TSR - Chandler</td>
<td>68,000</td>
<td>23,000</td>
<td>91,000</td>
</tr>
<tr>
<td>TSR - County</td>
<td>-</td>
<td>114,000</td>
<td>114,000</td>
</tr>
<tr>
<td>TSR - El Mirage</td>
<td>-</td>
<td>81,000</td>
<td>81,000</td>
</tr>
<tr>
<td>TSR - Fountain Hills</td>
<td>7,000</td>
<td>-</td>
<td>7,000</td>
</tr>
<tr>
<td>TSR - Gilbert</td>
<td>(25,000)</td>
<td>31,000</td>
<td>6,000</td>
</tr>
<tr>
<td>TSR - Goodyear</td>
<td>-</td>
<td>26,000</td>
<td>26,000</td>
</tr>
<tr>
<td>TSR - Mesa</td>
<td>(270,000)</td>
<td>-</td>
<td>(270,000)</td>
</tr>
<tr>
<td>TSR - Peoria</td>
<td>-</td>
<td>138,000</td>
<td>138,000</td>
</tr>
<tr>
<td>TSR - Surprise</td>
<td>(222,000)</td>
<td>293,000</td>
<td>71,000</td>
</tr>
<tr>
<td>TSR - Tempe</td>
<td>(22,000)</td>
<td>-</td>
<td>(22,000)</td>
</tr>
<tr>
<td>TSR - Youngtown</td>
<td>-</td>
<td>15,000</td>
<td>15,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(410,000)</td>
<td>$1,705,000</td>
<td>$1,295,000</td>
</tr>
</tbody>
</table>
Uses of Funds - Operating ($000,000)

<table>
<thead>
<tr>
<th>Uses of Funds</th>
<th>FY18 Adopted</th>
<th>FY18 Revised</th>
<th>Change $</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Route Operations</td>
<td>$93.3</td>
<td>$93.3</td>
<td>$0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Paratransit Operations</td>
<td>37.5</td>
<td>38.8</td>
<td>1.3</td>
<td>3.5%</td>
</tr>
<tr>
<td>Vanpool Operations</td>
<td>1.0</td>
<td>1.0</td>
<td>0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Planning</td>
<td>2.5</td>
<td>2.5</td>
<td>0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Commute Solutions</td>
<td>1.3</td>
<td>1.3</td>
<td>0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Administration and Finance</td>
<td>4.6</td>
<td>4.6</td>
<td>0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Regional Services</td>
<td>11.6</td>
<td>11.6</td>
<td>0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Sub-Total RPTA Operating</strong></td>
<td><strong>$151.7</strong></td>
<td><strong>$153.0</strong></td>
<td><strong>$1.3</strong></td>
<td><strong>0.9%</strong></td>
</tr>
<tr>
<td>METRO Personnel Costs</td>
<td>21.4</td>
<td>21.4</td>
<td>0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>METRO RARF Disbursements</td>
<td>0.5</td>
<td>0.5</td>
<td>0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>AZ Lottery Funds Disbursements</td>
<td>11.2</td>
<td>11.2</td>
<td>0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Sub-Total Pass-Through Funds</strong></td>
<td><strong>$33.1</strong></td>
<td><strong>$33.1</strong></td>
<td><strong>$0.0</strong></td>
<td><strong>0.0%</strong></td>
</tr>
<tr>
<td><strong>Total Operating Expenditures</strong></td>
<td><strong>$184.8</strong></td>
<td><strong>$186.1</strong></td>
<td><strong>$1.3</strong></td>
<td><strong>0.7%</strong></td>
</tr>
</tbody>
</table>

Changes – Capital Activities

<table>
<thead>
<tr>
<th>Budget</th>
<th>Description</th>
<th>Increase (Decrease) Amt</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT Infrastructure</td>
<td>HR Software</td>
<td>$ 75,000</td>
<td>PTF</td>
</tr>
<tr>
<td>Fare Collection System</td>
<td>Carryover of farebox refurbishments for EV buses not completed in FY17. TVM computer upgrades</td>
<td>$ 980,000</td>
<td>PTF</td>
</tr>
<tr>
<td>Vehicle Management/ Communication Systems</td>
<td>Reduction in regional communication systems upgrade - milestone payments later than projected</td>
<td>$(1,400,000)</td>
<td>PTF</td>
</tr>
<tr>
<td>Bus Fleet-Replacements</td>
<td>Purchase of 20 buses deferred from prior years</td>
<td>$ 12,192,000</td>
<td>Federal</td>
</tr>
<tr>
<td>Bus Fleet Expansion</td>
<td>Purchase of 4 standard and 7 circulator buses for expansion- Saturn Orbit and Ray Road</td>
<td>$ 6,013,000</td>
<td>Federal</td>
</tr>
<tr>
<td>Rural Fleet-Replacements</td>
<td>Replace 7 Gila Bend Connector buses (4 carryover and 3 additional)</td>
<td>$ 1,491,000</td>
<td>Federal</td>
</tr>
<tr>
<td>Vanpool Fleet-Replacements</td>
<td>Replace additional 7 vehicles which are over mileage limits per semiannual review</td>
<td>$ 238,000</td>
<td>Federal</td>
</tr>
</tbody>
</table>
### Changes – Capital Activities (contd.)

<table>
<thead>
<tr>
<th>Budget</th>
<th>Description</th>
<th>Increase (Decrease) Amt</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Varpool Fleet - Expansion</td>
<td>Reduce 2 vehicles per semiannual review; overall savings per vehicle based on seat configurations</td>
<td>$ (159,000)</td>
<td>Federal</td>
</tr>
<tr>
<td>Bus stop Passenger Amenities</td>
<td>MAG program to improve accessibility at transit stops within the region</td>
<td>$ 1,000,000</td>
<td>PTF</td>
</tr>
<tr>
<td>Passenger Facilities - Park &amp; Rides</td>
<td>Delay in Glendale Park and Ride project development</td>
<td>$ (2,914,000)</td>
<td>Federal</td>
</tr>
</tbody>
</table>

Total $ 17,516,000

<table>
<thead>
<tr>
<th>Budget</th>
<th>Description</th>
<th>Increase (Decrease) Amt</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>VMR Capital (Pass-Thru)</td>
<td>Decrease lead agency PTF disbursements to Valley Metro Rail to fund capital expenditures</td>
<td>$ (3,377,000)</td>
<td>PTF</td>
</tr>
<tr>
<td></td>
<td>Increase PTF reserves for Valley Metro Rail to fund future capital expenditures</td>
<td>$ 3,377,000</td>
<td>PTF</td>
</tr>
</tbody>
</table>

Total $ -

### Sources of Funds - Capital ($000,000)

<table>
<thead>
<tr>
<th>Sources of Funds</th>
<th>FY18 Adopted</th>
<th>FY18 Revised</th>
<th>Change</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Transportation Funds</td>
<td>$24.3</td>
<td>$24.4</td>
<td>$0.1</td>
<td>0.4%</td>
</tr>
<tr>
<td>Federal Grants</td>
<td>38.0</td>
<td>54.3</td>
<td>16.3</td>
<td>43.1%</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>0.2</td>
<td>0.2</td>
<td>0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Carry forward and Reserves</td>
<td>20.7</td>
<td>21.7</td>
<td>1.0</td>
<td>5.1%</td>
</tr>
<tr>
<td>Sub-Total RPTA Capital</td>
<td>$83.1</td>
<td>$100.6</td>
<td>$17.5</td>
<td>21.1%</td>
</tr>
<tr>
<td>PTF Rail Program</td>
<td>43.5</td>
<td>43.5</td>
<td>0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>PTF Bond Proceeds</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Carry forward and Reserves</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Sub-Total VMR Capital</td>
<td>$43.5</td>
<td>$43.5</td>
<td>$0.0</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

Total Capital Revenues $126.6 $144.1 $17.5 13.8%
Uses of Funds - Capital ($000,000)

<table>
<thead>
<tr>
<th>Uses of Funds</th>
<th>FY18 Adopted</th>
<th>FY18 Revised</th>
<th>Change $</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Fleet</td>
<td>38.5</td>
<td>57.9</td>
<td>19.4</td>
<td>50.5%</td>
</tr>
<tr>
<td>Regional Facilities</td>
<td>5.9</td>
<td>6.6</td>
<td>0.7</td>
<td>12.3%</td>
</tr>
<tr>
<td>Other Regional</td>
<td>2.6</td>
<td>3.6</td>
<td>1.0</td>
<td>37.7%</td>
</tr>
<tr>
<td>Lead Agency Disbursements</td>
<td>11.9</td>
<td>8.3</td>
<td>(3.6)</td>
<td>-30.2%</td>
</tr>
<tr>
<td>Debt Service</td>
<td>24.2</td>
<td>24.2</td>
<td>0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Sub-Total RPTA Capital</td>
<td>$83.1</td>
<td>$100.6</td>
<td>$17.5</td>
<td>21.1%</td>
</tr>
<tr>
<td>Lead Agency Disbursements</td>
<td>33.2</td>
<td>29.8</td>
<td>(3.4)</td>
<td>-10.2%</td>
</tr>
<tr>
<td>Reserved for Capital</td>
<td>10.3</td>
<td>13.7</td>
<td>3.4</td>
<td>32.8%</td>
</tr>
<tr>
<td>Sub-Total VMR Capital</td>
<td>$43.5</td>
<td>$43.5</td>
<td>$0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Total Capital Expenditures</td>
<td>$126.6</td>
<td>$144.1</td>
<td>$17.5</td>
<td>13.8%</td>
</tr>
</tbody>
</table>

Recommendation

Staff recommends that the Audit and Finance Subcommittee forward to the Board of Directors authorization for the Mid-Year Budget Adjustment update to the Valley Metro RPTA Operating and Capital Budget for FY18.
DATE
January 5, 2018

SUBJECT
Valley Metro Rail Fiscal Year 2018 (FY18) Mid-Year Budget Adjustment

PURPOSE
To request authorization for the Mid-Year Budget Adjustment update to the Valley Metro Rail Operating and Capital Budget for FY18.

BACKGROUND/DISCUSSION/CONSIDERATION
In May 2017, the Board approved the FY18 Operating and Capital Budget. The cost factors used to develop the budget have changed and adjustments are warranted to update the expenditures planned for the remainder of the fiscal year. Rail operations will use contingency ($0.6M) to fund the 'Respect the Ride' Campaign and the regional vehicle communication upgrade project for computer aided dispatch and automatic vehicle locators. Future project development activities are greater than plan ($3.1M) due to an increase for Northwest Phase II which will be funded by Public Transportation Funds, as illustrated in the table.

Operating Activities:

<table>
<thead>
<tr>
<th>Budget</th>
<th>Description</th>
<th>Increase (Decrease) Amt</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rail Operations</td>
<td>Regional vehicle communications project CAD/AVL</td>
<td>$ 60,000</td>
<td>Member Cities Fares Advertising</td>
</tr>
<tr>
<td></td>
<td>Respect the Ride/Code of Conduct</td>
<td>$ 500,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Applied contingency for Rail Operations</td>
<td>($560,000)</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Budget</th>
<th>Description</th>
<th>Increase (Decrease) Amt</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Future Project Development</td>
<td>Increased activity for Northwest Phase II</td>
<td>$ 3,126,000</td>
<td>PTF</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>$ 3,126,000</td>
<td></td>
</tr>
</tbody>
</table>

Annual expenditures will increase for several capital projects in FY18 due to timing of scheduled work. For each capital project, total project costs remain within budget.
Project increases include Gilbert Road ($2.2M), CNPA work for Gilbert Road ($0.4M), CNPA work for Tempe Streetcar ($0.7M), 50th Street Station ($1.4M), and South Central ($6.2M).

We will expend less than planned for Non-Prior Rights utilities for both Tempe Streetcar ($5.5M) and South Central ($3.6M), as this work will take place in FY19. Systemwide improvements will see two decreases; revising of budget to match schedule for light rail vehicle payments ($8.2M) and rescheduling of some light rail vehicle maintenance to FY19 ($1.8M).

**Capital Activities:**

<table>
<thead>
<tr>
<th>Budget</th>
<th>Description</th>
<th>Increase (Decrease) Amt</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gilbert Road Capital Project</td>
<td>Additional 3 parcels left to acquire</td>
<td>$2,181,000</td>
<td>City of Mesa CMAQ</td>
</tr>
<tr>
<td>Gilbert Road CNPA</td>
<td>Sewer lining, manhole rehab, and overhead to underground utilities conversion</td>
<td>$363,000</td>
<td>City of Mesa</td>
</tr>
<tr>
<td>Tempe Streetcar Capital</td>
<td>Non-prior rights utilities costs later than assumed in budget</td>
<td>$(5,453,000)</td>
<td>PTF CMAQ</td>
</tr>
<tr>
<td>Tempe Streetcar CNPA</td>
<td>Waterline work, 1st/Ash intersection and roundabout</td>
<td>$696,000</td>
<td>City of Tempe</td>
</tr>
<tr>
<td>50th Street Station</td>
<td>Additional real estate acquisition</td>
<td>$1,365,000</td>
<td>City of Phoenix</td>
</tr>
<tr>
<td>South Central Capital</td>
<td>Preliminary systems engineering and downtown connector</td>
<td>$6,191,000</td>
<td>City of Phoenix</td>
</tr>
<tr>
<td></td>
<td>Most of the non-prior rights utilities design work will be completed in early FY19 as opposed to this fiscal year.</td>
<td>$(3,648,000)</td>
<td></td>
</tr>
<tr>
<td>Systemwide Improvements</td>
<td>Revise budget to match schedule for Light Rail Vehicle payments</td>
<td>$(8,178,000)</td>
<td>PTF Federal</td>
</tr>
<tr>
<td></td>
<td>Deferral of brake resistor overhaul to FY19 based on component surveys. Rescheduling of overhaul starts for coupler, motor &amp; center trucks, and gear units.</td>
<td>$(1,814,000)</td>
<td></td>
</tr>
</tbody>
</table>

**Capital Total:** $ (8,297,000)
COST AND BUDGET
Changes proposed are incorporated into overall agency uses and sources of funds below:

**USES OF FUNDS ($000,000)**

### Operating Expenditures

<table>
<thead>
<tr>
<th>Uses of Funds</th>
<th>FY18 Adopted</th>
<th>FY18 Revised</th>
<th>Change $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Operations</td>
<td>$47.9</td>
<td>$47.9</td>
<td>$0.0</td>
</tr>
<tr>
<td>Future Project Development</td>
<td>17.6</td>
<td>20.7</td>
<td>3.1</td>
</tr>
<tr>
<td>Agency Operating Budget</td>
<td>1.6</td>
<td>1.6</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Total Operating Expenditures</strong></td>
<td><strong>$67.1</strong></td>
<td><strong>$70.2</strong></td>
<td><strong>$3.1</strong></td>
</tr>
</tbody>
</table>

### Capital Expenditures

<table>
<thead>
<tr>
<th>Uses of Funds</th>
<th>FY18 Adopted</th>
<th>FY18 Revised</th>
<th>Change $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Mesa Extension</td>
<td>2.0</td>
<td>2.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Gilbert Road Extension</td>
<td>75.2</td>
<td>77.4</td>
<td>2.2</td>
</tr>
<tr>
<td>Tempe Streetcar Extension</td>
<td>51.0</td>
<td>45.5</td>
<td>(5.5)</td>
</tr>
<tr>
<td>50th Street LRT Station</td>
<td>10.0</td>
<td>11.4</td>
<td>1.4</td>
</tr>
<tr>
<td>South Central Extension</td>
<td>33.6</td>
<td>36.1</td>
<td>2.5</td>
</tr>
<tr>
<td>Ops. &amp; Maint. Center Expansion</td>
<td>3.2</td>
<td>3.2</td>
<td>0.0</td>
</tr>
<tr>
<td>CNPAs - Gilbert Road</td>
<td>0.0</td>
<td>0.4</td>
<td>0.4</td>
</tr>
<tr>
<td>CNPAs - Tempe Streetcar</td>
<td>0.3</td>
<td>1.0</td>
<td>0.7</td>
</tr>
<tr>
<td>Systemwide Improvements</td>
<td>28.3</td>
<td>18.3</td>
<td>(10.0)</td>
</tr>
<tr>
<td><strong>Total Capital Expenditures</strong></td>
<td><strong>$203.5</strong></td>
<td><strong>$195.2</strong></td>
<td><strong>($8.3)</strong></td>
</tr>
</tbody>
</table>

**Total Uses**

<table>
<thead>
<tr>
<th>Uses of Funds</th>
<th>FY18 Adopted</th>
<th>FY18 Revised</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Service - Interest</td>
<td>9.0</td>
<td>9.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Debt Service - Principal</td>
<td>19.3</td>
<td>19.3</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Total Debt Service</strong></td>
<td><strong>$28.2</strong></td>
<td><strong>$28.2</strong></td>
<td><strong>$0.0</strong></td>
</tr>
</tbody>
</table>

**Total Uses with Debt Service**

<table>
<thead>
<tr>
<th>Uses of Funds</th>
<th>FY18 Adopted</th>
<th>FY18 Revised</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$298.8</td>
<td>$293.7</td>
<td>($5.2)</td>
</tr>
</tbody>
</table>
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.
  - Tactic E: Maintain strong fiscal controls to support Valley Metro’s long-term sustainability.

### SOURCES OF FUNDS ($000,000)

#### Operating Revenues

<table>
<thead>
<tr>
<th>Source of Funds</th>
<th>FY18 Adopted</th>
<th>FY18 Revised</th>
<th>Change $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fare Revenue</td>
<td>$14.3</td>
<td>$14.3</td>
<td>$0.0</td>
</tr>
<tr>
<td>Advertising Revenue</td>
<td>1.1</td>
<td>1.1</td>
<td>0.0</td>
</tr>
<tr>
<td>Federal 5307 PM</td>
<td>1.4</td>
<td>1.4</td>
<td>0.0</td>
</tr>
<tr>
<td>Federal 5339</td>
<td>1.6</td>
<td>1.6</td>
<td>0.0</td>
</tr>
<tr>
<td>Federal CMAQ</td>
<td>1.4</td>
<td>1.4</td>
<td>0.0</td>
</tr>
<tr>
<td>Transit Service Agreements</td>
<td>35.1</td>
<td>35.1</td>
<td>0.0</td>
</tr>
<tr>
<td>MAG / RPTA (RARF)</td>
<td>1.0</td>
<td>1.0</td>
<td>0.0</td>
</tr>
<tr>
<td>PTF Sales Tax Revenue</td>
<td>11.2</td>
<td>14.4</td>
<td>3.1</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td><strong>$67.1</strong></td>
<td><strong>$70.2</strong></td>
<td><strong>$3.1</strong></td>
</tr>
</tbody>
</table>

#### Capital Revenues

<table>
<thead>
<tr>
<th>Sources of Funds</th>
<th>FY18 Adopted</th>
<th>FY18 Revised</th>
<th>Change $</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTA - Section 5309</td>
<td>$29.2</td>
<td>$29.2</td>
<td>$0.0</td>
</tr>
<tr>
<td>Federal CMAQ</td>
<td>104.3</td>
<td>94.6</td>
<td>($9.7)</td>
</tr>
<tr>
<td>Federal 5337 SOGR</td>
<td>1.3</td>
<td>1.3</td>
<td>$0.0</td>
</tr>
<tr>
<td>Federal 5312 MOD</td>
<td>0.5</td>
<td>0.5</td>
<td>$0.0</td>
</tr>
<tr>
<td>Member Cities</td>
<td>48.0</td>
<td>53.1</td>
<td>$5.1</td>
</tr>
<tr>
<td>PTF Sales Tax Revenue</td>
<td>20.2</td>
<td>16.5</td>
<td>($3.7)</td>
</tr>
<tr>
<td><strong>Total Capital Revenues</strong></td>
<td><strong>$203.5</strong></td>
<td><strong>$195.2</strong></td>
<td><strong>($8.3)</strong></td>
</tr>
</tbody>
</table>

**Total Sources**  | $270.6 | $265.4 | ($5.2) |

#### Debt Service

<table>
<thead>
<tr>
<th>Sources of Funds</th>
<th>FY18 Adopted</th>
<th>FY18 Revised</th>
<th>Change $</th>
</tr>
</thead>
<tbody>
<tr>
<td>PTF Sales Tax Revenue</td>
<td>28.2</td>
<td>28.2</td>
<td>$0.0</td>
</tr>
<tr>
<td><strong>Total Debt Service</strong></td>
<td><strong>$28.2</strong></td>
<td><strong>$28.2</strong></td>
<td><strong>$0.0</strong></td>
</tr>
</tbody>
</table>

**Total Sources with Debt Service** | $298.8 | $293.7 | ($5.2) |
COMMITTEE ACTION
Financial Working Group: December 19, 2017 for information
RTAG: December 19, 2017 for information
RMC: January 3, 2018 for approved
Audit and Finance Subcommittee: January 11, 2018 for action
Board of Directors: January 18, 2018 for action

RECOMMENDATION
Staff recommends that the Audit and Finance Subcommittee forward to the Board of Directors authorization for the Mid-Year Budget Adjustment update to the Valley Metro Rail Operating and Capital Budget for FY18.

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

ATTACHMENT
None
Valley Metro Rail
FY18 Mid-Year
Budget Adjustment

January 2018

Changes – Operations Activities

<table>
<thead>
<tr>
<th>Budget</th>
<th>Description</th>
<th>Increase (Decrease) Amt</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rail Operations</td>
<td>Regional vehicle communications project CAD/AVL</td>
<td>$60,000</td>
<td>Member Cities Passenger Fares</td>
</tr>
<tr>
<td></td>
<td>Respect the Ride/Code of Conduct</td>
<td>$500,000</td>
<td>Advertising Revenue</td>
</tr>
<tr>
<td></td>
<td>Applied contingency for Rail Operations</td>
<td>$(560,000)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>$</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Budget</th>
<th>Description</th>
<th>Increase (Decrease) Amt</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Future Project Development</td>
<td>Increased activity for Northwest Phase II</td>
<td>$3,126,000</td>
<td>PTF</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$3,126,000</td>
<td></td>
</tr>
</tbody>
</table>

Operations Total: $3,126,000
### Sources of Funds - Operating ($000,000)

<table>
<thead>
<tr>
<th>Source of Funds</th>
<th>FY18 Adopted</th>
<th>FY18 Revised</th>
<th>Change $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fare Revenue</td>
<td>$14.3</td>
<td>$14.3</td>
<td>$0.0</td>
</tr>
<tr>
<td>Advertising Revenue</td>
<td>1.1</td>
<td>1.1</td>
<td>0.0</td>
</tr>
<tr>
<td>Federal 5307 PM</td>
<td>1.4</td>
<td>1.4</td>
<td>0.0</td>
</tr>
<tr>
<td>Federal 5339</td>
<td>1.6</td>
<td>1.6</td>
<td>0.0</td>
</tr>
<tr>
<td>Federal CMAQ</td>
<td>1.4</td>
<td>1.4</td>
<td>0.0</td>
</tr>
<tr>
<td>Transit Service Agreements</td>
<td>35.1</td>
<td>35.1</td>
<td>0.0</td>
</tr>
<tr>
<td>MAG / RPTA (RARF)</td>
<td>1.0</td>
<td>1.0</td>
<td>0.0</td>
</tr>
<tr>
<td>PTF Sales Tax Revenue</td>
<td>11.2</td>
<td>14.4</td>
<td>3.1</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td><strong>$67.1</strong></td>
<td><strong>$70.2</strong></td>
<td><strong>$3.1</strong></td>
</tr>
</tbody>
</table>

### Uses of Funds - Operating ($000,000)

<table>
<thead>
<tr>
<th>Uses of Funds</th>
<th>FY18 Adopted</th>
<th>FY18 Revised</th>
<th>Change $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Operations</td>
<td>$47.9</td>
<td>$47.9</td>
<td>$0.0</td>
</tr>
<tr>
<td>Future Project Development</td>
<td>17.6</td>
<td>20.7</td>
<td>3.1</td>
</tr>
<tr>
<td>Agency Operating Budget</td>
<td>1.6</td>
<td>1.6</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Total Operating Expenditures</strong></td>
<td><strong>$67.1</strong></td>
<td><strong>$70.2</strong></td>
<td><strong>$3.1</strong></td>
</tr>
</tbody>
</table>
## Changes – Capital Activities

<table>
<thead>
<tr>
<th>Budget</th>
<th>Description</th>
<th>Increase (Decrease) Amt</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gilbert Road Capital Project</td>
<td>Additional 3 parcels left to acquire</td>
<td>$ 2,181,000</td>
<td>City of Mesa CMAQ</td>
</tr>
<tr>
<td>Gilbert Road CNPA</td>
<td>Sewer lining, manhole rehab, and overhead to underground utilities conversion</td>
<td>$ 363,000</td>
<td>City of Mesa</td>
</tr>
<tr>
<td>Tempe Streetcar Capital</td>
<td>Non-prior rights utilities costs later than assumed in budget</td>
<td>$ (5,453,000)</td>
<td>PTF CMAQ</td>
</tr>
<tr>
<td>Tempe Streetcar CNPA</td>
<td>Waterline work, 1st/Ash intersection and roundabout</td>
<td>$ 696,000</td>
<td>City of Tempe</td>
</tr>
<tr>
<td>50th Street Station</td>
<td>Additional real estate acquisition</td>
<td>$ 1,365,000</td>
<td>City of Phoenix</td>
</tr>
</tbody>
</table>

## Changes – Capital Activities

<table>
<thead>
<tr>
<th>Budget</th>
<th>Description</th>
<th>Increase (Decrease) Amt</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Central Capital</td>
<td>Preliminary systems engineering and downtown connector</td>
<td>$ 6,191,000</td>
<td>City of Phoenix</td>
</tr>
<tr>
<td></td>
<td>Most of the non-prior rights utilities design work will be completed in early FY19 as opposed to this fiscal year.</td>
<td>$ (3,648,000)</td>
<td></td>
</tr>
<tr>
<td>Systemwide Improvements</td>
<td>Revise budget to match schedule for Light Rail Vehicle payments.</td>
<td>$ (8,178,000)</td>
<td>PTF Federal</td>
</tr>
<tr>
<td></td>
<td>Deferral of brake resistor overhaul to FY19 based on component surveys. Rescheduling of overhaul starts for coupler, motor &amp; center trucks, and gear units.</td>
<td>$ (2,894,000)</td>
<td></td>
</tr>
</tbody>
</table>

Capital Total: $ (9,377,000)
### Sources of Funds - Capital ($000,000)

<table>
<thead>
<tr>
<th>Sources of Funds</th>
<th>FY18 Adopted</th>
<th>FY18 Revised</th>
<th>Change $</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTA - Section 5309</td>
<td>$29.2</td>
<td>$29.2</td>
<td>$0.0</td>
</tr>
<tr>
<td>Federal CMAQ</td>
<td>104.3</td>
<td>94.6</td>
<td>($9.7)</td>
</tr>
<tr>
<td>Federal 5337 SOGR</td>
<td>1.3</td>
<td>1.3</td>
<td>$0.0</td>
</tr>
<tr>
<td>Federal 5312 MOD</td>
<td>0.5</td>
<td>0.5</td>
<td>$0.0</td>
</tr>
<tr>
<td>Member Cities</td>
<td>48.0</td>
<td>53.1</td>
<td>$5.1</td>
</tr>
<tr>
<td>PTF Sales Tax Revenue</td>
<td>20.2</td>
<td>15.5</td>
<td>($4.8)</td>
</tr>
<tr>
<td><strong>Total Capital Revenues</strong></td>
<td><strong>$203.5</strong></td>
<td><strong>$194.1</strong></td>
<td><strong>($9.4)</strong></td>
</tr>
</tbody>
</table>

### Uses of Funds - Capital ($000,000)

<table>
<thead>
<tr>
<th>Uses of Funds</th>
<th>FY18 Adopted</th>
<th>FY18 Revised</th>
<th>Change $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Mesa Extension</td>
<td>2.0</td>
<td>2.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Gilbert Road Extension</td>
<td>75.2</td>
<td>77.4</td>
<td>2.2</td>
</tr>
<tr>
<td>Tempe Streetcar Extension</td>
<td>51.0</td>
<td>45.5</td>
<td>(5.5)</td>
</tr>
<tr>
<td>50th Street LRT Station</td>
<td>10.0</td>
<td>11.4</td>
<td>1.4</td>
</tr>
<tr>
<td>South Central Extension</td>
<td>33.6</td>
<td>36.1</td>
<td>2.5</td>
</tr>
<tr>
<td>Ops. &amp; Maint. Center Expansion</td>
<td>3.2</td>
<td>3.2</td>
<td>0.0</td>
</tr>
<tr>
<td>CNPAs - Gilbert Road</td>
<td>0.0</td>
<td>0.4</td>
<td>0.4</td>
</tr>
<tr>
<td>CNPAs - Tempe Streetcar</td>
<td>0.3</td>
<td>1.0</td>
<td>0.7</td>
</tr>
<tr>
<td>Systemwide Improvements</td>
<td>28.3</td>
<td>17.2</td>
<td>(11.1)</td>
</tr>
<tr>
<td><strong>Total Capital Expenditures</strong></td>
<td><strong>$203.5</strong></td>
<td><strong>$194.1</strong></td>
<td><strong>($9.4)</strong></td>
</tr>
</tbody>
</table>
Recommendation

Staff recommends that the Audit and Finance Subcommittee forward to the Board of Directors authorization for the Mid-Year Budget Adjustment update to the Valley Metro Rail Operating and Capital Budget for FY18.
Information Summary

DATE
January 5, 2018

AGENDA ITEM 5

SUBJECT
Fiscal Year 2017 (FY17) Comprehensive Annual Financial Report (CAFR) and Single Audit Reporting Package

PURPOSE
To request that the Valley Metro Audit and Finance Subcommittee forward to the Boards of Directors the Comprehensive Annual Financial Report and Single Audit Reporting Package for the period ended June 30, 2017.

BACKGROUND | DISCUSSION | CONSIDERATION
CliftonLarsonAllen LLP, Certified Public Accountants, has completed the audits of the financial statements and the Schedule of Expenditures of Federal Awards for the fiscal year ended June 30, 2017. Valley Metro has complied with both state and federal statutory audit requirements as well as adhered to Generally Accepted Accounting Principles in financial reporting. The Comprehensive Annual Financial Report demonstrates Valley Metro’s commitment to the highest standard of financial reporting for a governmental entity.

Valley Metro RPTA
In performing the audit of the financial statements, CliftonLarsonAllen LLP considered RPTA’s internal controls in order to determine auditing procedures for the purpose of expressing opinions on the financial statements fair presentation, in all material respects, of the financial position of RPTA and not to provide an opinion on internal controls.

The auditors identified one issue which resulted in a prior period adjustment and a finding of material weakness in internal controls. Accumulated depreciation on fixed assets within the business-type activities had been understated, resulting in Net Position being overstated by $2.2 million. The beginning balance of accumulated depreciation is $88.1 million, restated from $85.9 million. The discrepancy was considered material which required the restatement. Management has taken corrective actions to ensure the proper controls are in place to prevent a recurrence.

Valley Metro’s Comprehensive Annual Financial Report for FY17 received an unmodified opinion. Valley Metro received the GFOA Certificate of Excellence for the FY16 CAFR, which demonstrates the agency’s commitment to the highest standard of financial reporting for a government entity.
Valley Metro Rail, Inc.
CliftonLarsonAllen LLP has completed the METRO audits for the period ended June 30, 2017 and reported no findings. METRO’s Comprehensive Annual Financial Report for Fiscal Year 2017 received an unmodified opinion. METRO received the GFOA Certificate of Excellence for the FY16 CAFR, which demonstrates the agency’s commitment to the highest standard of financial reporting for a government entity.

Attached are copies of the various Auditor’s reports, the finding and Valley Metro’s corrective action plan. The complete reports are available on the Valley Metro website at the following URL:
https://www.valleymetro.org/finance-budget-reports

COST AND BUDGET
None

COMMITTEE PROCESS
AFS: January 11, 2018
RTAG: January 16, 2018 for information
TMC: February 7, 2018 for action
Board of Directors: February 22, 2018 for action

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 E: Maintain strong fiscal controls to support Valley Metro’s long-term sustainability.

RECOMMENDATION
Staff recommends that the AFS forward to Boards of Directors for acceptance the FY17 Comprehensive Annual Financial Report and Single Audit Reporting Package.

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

ATTACHMENT
- Excerpt from Comprehensive Annual Financial Report FY17
  o Independent Auditor’s Report
- Excerpts from Single Audit Report FY17
- Independent Auditor’s Report on Compliance for Major Federal Programs
- Independent Auditor’s Report on Internal Control
  - Finding of Material Weakness
  - Corrective Action Plan
INDEPENDENT AUDITORS’ REPORT

Board of Directors
Valley Metro Regional Public Transportation Authority
Phoenix, Arizona

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of Valley Metro Regional Public Transportation Authority (Authority), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.
Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund, of Valley Metro Regional Public Transportation Authority as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter
During the year ended June 30, 2017, net position was restated in the Transit Service Operation Fund and net position in the Business-Type Activities for a correction of an error (see Note 2). Our auditors' opinion was not modified with respect to the restatement.

Other Matters
Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information – Schedule of the Authority's Proportionate Share of the Net Pension Liability, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary information which include the Introductory Section, Other Supplementary Information – Combining and Individual Fund Financial Statements and Schedules, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Other Supplementary Information – Combining and Individual Fund Financial Statements and Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information – Combining and Individual Fund Financial Statements and Schedules is fairly stated in all material respects in relation to the basic financial statements as a whole.
The introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**
In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2017, on our consideration of Valley Metro Regional Public Transportation Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of Valley Metro Regional Public Transportation Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Valley Metro Regional Public Transportation Authority's internal control over financial reporting and compliance.

*CliftonLarsonAllen LLP*

Phoenix, Arizona
December 22, 2017
INDEPENDENT AUDITORS’ REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AS REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Valley Metro Regional Public Transportation Authority
Phoenix, Arizona

Report on Compliance for Each Major Federal Program
We have audited Valley Metro Regional Public Transportation Authority’s (the Authority) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Authority’s major federal programs for the year ended June 30, 2017. The Authority’s major federal programs are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility
Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors’ Responsibility
Our responsibility is to express an opinion on compliance for each of the Authority’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority’s compliance.
Opinion on Each Major Federal Program

In our opinion, Valley Metro Regional Public Transportation Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority’s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.
Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Authority as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements. We issued our report thereon dated December 22, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

CliftonLarsonAllen LLP

Phoenix, Arizona
December 22, 2017
INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Valley Metro Regional Public Transportation Authority
Phoenix, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Valley Metro Regional Public Transportation Authority (the Authority), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated December 22, 2017.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Authority’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a deficiency in internal controls described in the accompanying schedule of findings and questioned costs as item 2017-001 that we consider to be a material weakness.
Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Authority’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Authority’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

Phoenix, Arizona
December 22, 2017
SECTION II – FINANCIAL STATEMENT FINDINGS

2017 – 001

Condition/Context: Beginning net position of the Transit Service Operations Enterprise Fund financial statements and the Business-Type Activities financial statement for an understate of accumulated depreciation in prior years.

Criteria: Internal control weakness over capital asset accounting and financial statement preparation in accordance with generally accepted accounting principles.

Effect: Accumulated depreciation was understated by $2.2 million in previous years, resulting in an overstatement of the ending net position of the Transit Service Operations Fund and Business-Type Activities financial statements.

Cause: During the year-end closing procedures, the Authority had noted that there were differences between the general ledger and the capital assets module. Upon investigation, it was determined that the error was specific to assets initially placed into service and depreciated that had additional costs added to the asset value in subsequent years. Both the original asset value and the additional costs were being appropriately depreciated in the capital asset management system; however, the reports that were produced for financial reporting purposes excluded the annual depreciation expense of the additional asset. As a result, in prior years the annual depreciation expense recorded in the general ledger was understated.

Recommendation: In order to strengthen internal controls over capital assets and financial reporting, a reconciliation of asset costs, annual depreciation and accumulated depreciation should be completed. The reconciliation should include reconciling accumulated depreciation, annual depreciation and asset disposals to the previous years reported balances. Any variances should be investigated and resolved.

Views of Management: Management concurs with this finding and recommendation.

Contact Person: Paula Novacek, Controller

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted
Valley Metro Regional Public Transportation Authority respectfully submits the following corrective action plan for the reported finding for the fiscal year ended June 30, 2017.

The finding is numbered consistently with the number assigned in the June 30, 2017 single audit report.

2017 – 001

**Condition/Context:** Beginning net position of the Transit Service Operations Enterprise Fund financial statements and the Business-Type Activities financial statement for an understatement of accumulated depreciation in prior years.

**Corrective Action Plan:** Management shall implement capital asset reconciliation processes and procedures for all capital asset activity (additions, disposals, accumulated depreciation, beginning and ending balances, etc.). Reconciliation processes and procedures will be communicated to appropriate Finance team members.

**Anticipated Completion Date:** January 31, 2018

**Name of Contact Person:** Paula Novacek, Controller
INDEPENDENT AUDITORS’ REPORT

Board of Directors
Valley Metro Rail, Inc.
Phoenix, Arizona

Report on the Financial Statements
We have audited the accompanying financial statements of the business-type activities of Valley Metro Rail, Inc. (VMR), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the VMR’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to VMR’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of VMR’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Valley Metro Rail, Inc. as of June 30, 2017, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Operations – Budget and Actual, listed as Other Supplementary Information in the table of contents, and the Introductory and Statistical Sections are presented for purposes of additional analysis and are not a required part of the financial statements.

The Schedule of Operations – Budget and Actual is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Operations – Budget and Actual is fairly stated in all material respects in relation to the financial statements as a whole.

The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2017, on our consideration of Valley Metro Rail, Inc. (VMR)'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of VMR’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering VMR’s internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Phoenix, Arizona

November 14, 2017
INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Valley Metro Rail, Inc.
Phoenix, Arizona

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Valley Metro Rail, Inc. (VMR) as of and for the year ended June 30, 2017, and the related notes to the financial statements and have issued our report thereon dated November 14, 2017.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the VMR’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the VMR’s internal control. Accordingly, we do not express an opinion on the effectiveness of the VMR’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the VMR’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.
Board of Directors
Valley Metro Rail, Inc.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the VMR’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of VMR’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering VMR’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP
Phoenix, Arizona
November 14, 2017
INDEPENDENT AUDITORS’ REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Valley Metro Rail, Inc.
Phoenix, Arizona

Report on Compliance for Each Major Federal Program
We have audited the Valley Metro Rail, Inc. (VMR)’s compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of VMR’s major federal programs for the year ended June 30, 2017. VMR’s major federal programs are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility
Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors’ Responsibility
Our responsibility is to express an opinion on compliance for each of the VMR’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about VMR’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of VMR’s compliance
Opinion on Each Major Federal Program

In our opinion, Valley Metro Rail, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the VMR is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered VMR’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of VMR’s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.
Board of Directors
Valley Metro Rail, Inc.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities of Valley Metro Rail, Inc. as of and for the year ended June 30, 2017, and the related notes to the financial statements. We issued our report thereon dated November 14, 2017. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Phoenix, Arizona
November 14, 2017
Information Summary

DATE
January 5, 2018

AGENDA ITEM 7

SUBJECT
Internal Audit Update

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

BACKGROUND/DISCUSSION/CONSIDERATION
None

COST AND BUDGET
None

COMMITTEE PROCESS
None

RECOMMENDATION
This item presented for information only.

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

ATTACHMENT
None
Update:

- **Policies:**
  - Ethics - General Counsel is reviewing. Next step - resubmission to CEO for review/approval.
  - General Counsel and Purchasing - requested 45-60 days to revisit policy in light of new staff addition and Triennial in May (2018).

- In conjunction with:
  - REDW - *Hardware and software management* – management is reviewing draft report. Responses have been received from management. Looking to close audit by end of January.
  - REDW - *Non-revenue fleet management* – working with management to draft responses. Anticipate presenting management with draft report by end of January. Looking to close audit early February.
  - Information Technology – assisting with the KPMG audit being conducted on behalf of Microsoft – *Software Compliance Review*. Microsoft has set a hard close date of 2/8/18 but KPMG has not been responsive.
  - Capital Services – facilitating conversations between Finance, IT, CSD, Procurement, Aconex on using Aconex as workflow for invoice receipt, review, approval and documentation repository.
  - Human Resources – recruiting staff for Internal Audit.
Information Summary

DATE
January 5, 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. **Intergovernmental Agreement (IGA) with the Arizona Department of Transportation (ADOT)**
   Enter into an IGA with ADOT for FTA Section 5311 (Rural Transit) pass-through funding for Rural Route 685 for FFY19 and FFY20.

B. **Intergovernmental Agreements (IGAs) with the City of Phoenix for Federal Transit Administration Pass-Through Grants For RPTA**
   Execute the IGAs and change order with the City of Phoenix for RPTA grants.

C. **Recommended April 2018 Valley Metro Transit Service Changes**
   Amend member agency FY18 Intergovernmental Agreements as necessary to accommodate the recommended April 2018 service changes.

D. **Workers’ Compensation and Employer’s Liability Insurance Coverage Renewal**
   Renew the workers’ compensation and employer’s liability insurance coverage for a one-year period with CopperPoint Mutual Insurance Company for an amount not to exceed $161,166.

E. **Portable Vehicle Maintenance Lifts contract Award**
   Award a contract for the purchase and installation of portable vehicle maintenance lifts through a cooperative agreement with Southwest Lift under an Arizona State Contract in an amount not to exceed $138,000 and to establish a 10% contract change contingency of $13,800 that is included in the overall budget.
F. Manufacture and Delivery of Medium Duty Transit Buses
Execute a contract through a State of Arizona cooperative purchasing agreement with Creative Bus Sales for the manufacture and delivery of three medium duty 30’ transit buses for Route 685 for a not-to-exceed amount of $582,503.

G. Mesa Bus Operations and Maintenance Facility Improvements Contracts Award
Award contracts for facility improvements at the Mesa Bus Operations and Maintenance Facility through cooperative agreements under Arizona State Contracts in an amount not to exceed $227,150 and to establish a 10% contract change contingency of $22,715 that is included in the overall budget.

H. Intergovernmental Agreements (IGAs) with the City of Phoenix for Federal Transit Administration Pass-Through Grants For Valley Metro Rail
Execute IGAs with the City of Phoenix to allow Valley Metro to be reimbursed for eligible activities.

RECOMMENDATION
This item presented for information only.

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

ATTACHMENT
Information Summaries for items listed above
DATE
January 5, 2018

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 2019 (FFY19) and 2020 (FFY20).

BACKGROUND | DISCUSSION | CONSIDERATION
Valley Metro staff will apply for an estimated $1,215,163 of FTA Formula Grants for Other than Urbanized Areas (Section 5311) funds for the FFYs starting October 2018 through September 2019 and October 2019 through September 2020. ADOT’s application process includes two years of funding.

The application will include administrative, 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. The application will also include acquisition of mobile lift equipment for bus maintenance in FFY19.

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. Upon award, ADOT finalizes the IGA with the awarded amount.

Valley Metro will hold a public event in the project area about the requested funding prior to award of any funds. ADOT requires all applicants for FTA 5311 funding to hold a public event to satisfy FTA’s requirement to receive federal funds.

COST AND BUDGET
The funding from ADOT for Section 5311 for FFY19 and FFY20 is estimated to be $1,215,163. The following table summarizes funding sources and approximate amounts applicable to this Board action.
### Funding Source

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>FFY19</th>
<th>FFY20</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTA Section 5311 (ADOT)</td>
<td>$616,869</td>
<td>$598,294</td>
<td>$1,215,163</td>
</tr>
<tr>
<td>PTF (Local Match)</td>
<td>$271,606</td>
<td>$270,485</td>
<td>$542,091</td>
</tr>
<tr>
<td>Maricopa County - Arizona Lottery Funds (Local Match)</td>
<td>$29,649</td>
<td>$30,539</td>
<td>$60,188</td>
</tr>
<tr>
<td>City of Buckeye (Local Match)</td>
<td>$34,944</td>
<td>$35,992</td>
<td>$70,935</td>
</tr>
<tr>
<td><strong>Total IGA Amount</strong></td>
<td><strong>$953,068</strong></td>
<td><strong>$935,310</strong></td>
<td><strong>$1,888,377</strong></td>
</tr>
</tbody>
</table>

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

### COMMITTEE PROCESS

- **RTAG:** December 19, 2017 for information
- **TMC:** January 3, 2018 for approved
- **Board:** January 18, 2018 for action

### STRATEGIC PLAN ALIGNMENT

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

- **Goal 4:** Focus on economic development, regional competitiveness and financial resources.
  - **Tactic B:** Pursue all available funding opportunities for transit projects and services.

### RECOMMENDATION

This item is for information only.

### CONTACT

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

### ATTACHMENT

None
DATE
January 5, 2018

SUBJECT
Intergovernmental Agreements (IGAs) with the City of Phoenix for Federal Transit Administration Pass-Through Grants

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

BACKGROUND | DISCUSSION | CONSIDERATION
Valley Metro is being provided federal funds through the Federal Transit Administration (FTA) from six grant programs. The table below summarizes the funding available:

<table>
<thead>
<tr>
<th>Grant</th>
<th>FTA Program</th>
<th>Federal Share</th>
<th>Local Share</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017-xxx</td>
<td>5307 – Formula</td>
<td>$28,817,725</td>
<td>$6,656,584</td>
<td>$35,474,309</td>
</tr>
<tr>
<td>2017-xxx</td>
<td>5307 – Formula (Avn-Gdy UZA)</td>
<td>$2,328,981</td>
<td>$2,101,481</td>
<td>$4,430,462</td>
</tr>
<tr>
<td>2017-xxx</td>
<td>5310 – Enhanced Mobility</td>
<td>$693,167</td>
<td>$604,542</td>
<td>$1,297,709</td>
</tr>
<tr>
<td>2017-xxx</td>
<td>5337 – SOGR HiBus</td>
<td>$939,390</td>
<td>$234,848</td>
<td>$1,174,238</td>
</tr>
<tr>
<td>2017-xxx</td>
<td>5339 – Bus and Bus Facilities</td>
<td>$4,808,584</td>
<td>$903,496</td>
<td>$5,712,080</td>
</tr>
<tr>
<td>2017-xxx</td>
<td>CMAQ</td>
<td>$5,974,074</td>
<td>$1,157,537</td>
<td>$7,131,611</td>
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<tr>
<td>2017-xxx</td>
<td>STP</td>
<td>$2,658,000</td>
<td>$0</td>
<td>$2,658,000</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$49,558,534</td>
<td>$12,247,655</td>
<td>$61,806,189</td>
</tr>
</tbody>
</table>

- Funds from the Section 5307 Urbanized Area Formula Program are awarded for preventive maintenance, ADA operating assistance and fleet replacement. Additional funds from previous federal fiscal year apportionments are awarded in grant 2017-006 for fleet expansion.
- Funds from the Section 5307 Urbanized Area Formula Program for the Avondale-Goodyear Urbanized Area are awarded for operating assistance and fleet expansion.
- Funds from Section 5310, Enhanced Mobility for Seniors and Individuals with Disabilities Program awarded for operating support for the East Valley Ride Choice, Northwest Valley Dial-a-Ride and travel training.
- Funds from Section 5337, State of Good Repair Hi Capacity Bus Program, are awarded for Peoria Park-and-Ride.
- Funds from the Section 5339, Bus and Bus Facilities Program, are awarded for replacement fleet and Peoria Park-and-Ride.
• Funds from the Congestion Mitigation/Air Quality flexed from the Federal Highways Administration are awarded for Peoria Park-and-Ride and fleet expansion.
• Funds from the Surface Transportation Program flexed from the Federal Highways Administration are awarded for replacement and expansion fleet for the vanpool program.

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 in order for Phoenix to reimburse Valley Metro for eligible expenses.

COST AND BUDGET
All expenses are in the approved FY 2018 Adopted Operating and Capital Budget and 5-Year Capital Program. The grant funds will offset expenses, reducing the net cost to the Public Transportation Fund and member agency budgets.

COMMITTEE PROCESS
RTAG: December 19, 2017 for information
TMC: January 3, 2018 for approved
Board of Directors: January 18, 2018 for action

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

RECOMMENDATION
Staff recommends that the TMC forward to the Board of Directors authorization for the CEO to execute the IGAs and change order with the City of Phoenix for the listed grants.

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

ATTACHMENT
None
DATE
January 5, 2018

SUBJECT
Recommended April 2018 Valley Metro Transit Service Changes

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to amend member agency FY18 Intergovernmental Agreements (IGAs) as necessary to accommodate the recommended April 2018 service changes.

BACKGROUND | DISCUSSION | CONSIDERATION
Effective April 23, 2018, Valley Metro transit service changes are recommended throughout the region. Changes were coordinated and analyzed through the five-year Short Range Transit Program as well as the Board adopted Transit Standards and Performance Measures. The service changes were proposed and reviewed in coordination with the Valley Metro Service Planning Working Group comprising representatives from Valley Metro member agencies. Valley Metro worked with affected member agencies regarding the proposed changes and funding impacts.

This summary includes bus service changes for Valley Metro-operated routes and routes funded through the regional Public Transportation Fund (PTF). Changes that would specifically affect other locally funded service from different operating agencies (e.g. Phoenix) are not addressed herein. The recommended changes include service changes and route modifications.

Recommended Route Changes and Schedule Changes
The recommended service changes include route modifications and elimination of trips. The following list outlines all Valley Metro operated or funded recommended service changes:

- Route 514 – Scottsdale Express: In Fountain Hills, modify route to serve new accessible bus stop and Fountain Hills Park-and-Ride. In Scottsdale, eliminate deviation from Shea Blvd. onto Via Linda, serve Mustang Transit Center at 90th Street and Shea Boulevard.
- Route 30 – University Dr: Serve South Mountain Community College campus only with limited trips between 7AM and 4PM while school is in session.
- Route 77 – Baseline Rd: Serve South Mountain Community College with additional mid-day trips to match new service schedule on Route 30 from 7AM to 4PM while school is in session.
• Route 70 – Glendale Ave: In Glendale, eliminate deviation at 95th Avenue and Maryland Avenue that currently operates during peak time.
• Route 184 – Power Rd: In Mesa and Gilbert, eliminate peak trips from Superstition Springs Transit Center to ASU Polytechnic Campus.
• Route 251 – 51st Ave. and Baseline Rd: In conjunction with extension of Route 51 – 51st Ave to Baseline Rd, combine into one route on 51st Ave. from Komatke Health Center near Pecos Rd. to ASU West at Thunderbird Road. Eliminate duplicative service on Baseline Road. Phoenix will take over operation of this route, transferring the IGA with Gila River Indian Community from Valley Metro to Phoenix.
• Route 575 – Northwest Valley Express: Change routing of outbound trip to exit Interstate 17 at Union Hills Drive; continue current service at Glendale Foothills Recreation Aquatic Center and Arrowhead Transit Center.

Appendix A shows all service change concepts presented to the public for comments, regardless of funding. Appendix B depicts recommended routing and service changes described herein. Changes resulting in schedule adjustments are not included in the appendix. Valley Metro has prepared a Title VI Evaluation Report, which is available upon request.

Public Outreach
Valley Metro conducted extensive community outreach from October 16 through November 17 to notify the public and solicit input on the recommended service changes. Transit users have submitted feedback through a variety of methods.

• Input Opportunities:
  o Public hearing conducted on November 14, 2017
  o Webinar conducted on November 7, 2017
  o In-person information sessions from October 30 through November 10, 2017
  o Online comment card
  o Via email at input@valleymetro.org
  o Social media

• Communication Channels:
  o Six advertisements were placed in the following publications: Arizona Republic (two ads), East Valley Tribune, La Prensa Hispana, La Voz and Arizona Informant. They included information regarding the proposed route changes, public comment period and public hearing.
  o Transit vehicle announcements (Route Scout)
  o A-frame signage at key transit locations
  o Email notices to riders and Trip Reduction Program employers
  o Press release resulting in news coverage
  o Social media posts
- Website (valleymetro.org/service changes)
- Internal communication to staff and contractors

**Results**
- The outreach process yielded 57 total comments specific to the proposed Valley Metro operated and/or funded service changes moving forward. The cumulative results for these proposed changes showed 84% are in favor of the changes, 16% not in favor.

**COST AND BUDGET**
The following table provides a summary of the estimated annual costs or savings of the recommended service changes and adjustments necessary to Valley Metro’s operating contracts and member agency IGAs. Costs for changes that do not impact Valley Metro-operated routes and routes not funded through PTF are excluded from this table.

<table>
<thead>
<tr>
<th>Route</th>
<th>Contractor</th>
<th>Funding Agency</th>
<th>Estimated net</th>
</tr>
</thead>
<tbody>
<tr>
<td>514</td>
<td>First Transit (VM)</td>
<td>Fountain Hills</td>
<td>$1,000</td>
</tr>
<tr>
<td>514</td>
<td>First Transit (VM)</td>
<td>Scottsdale</td>
<td>($1,000)</td>
</tr>
<tr>
<td>30</td>
<td>First Transit (VM)</td>
<td>Phoenix</td>
<td>($17,000)</td>
</tr>
<tr>
<td>77</td>
<td>First Transit (VM)</td>
<td>Phoenix</td>
<td>$9,000</td>
</tr>
<tr>
<td>184</td>
<td>First Transit (VM)</td>
<td>Mesa</td>
<td>($15,000)</td>
</tr>
<tr>
<td>575</td>
<td>Total Transit (VM)</td>
<td>Peoria, Glendale, Phoenix</td>
<td>($12,000)</td>
</tr>
</tbody>
</table>

Contract adjustments for minor bus service changes that do not require an amendment to the IGAs will be made through the year-end reconciliation process. No changes are needed to the RPTA Adopted FY18 Operating and Capital Budget or the Adopted RPTA Five-Year Operating Forecast and Capital Program (FY2017 thru FY2021).

**COMMITTEE PROCESS**
- RTAG: December 19, 2017 for information
- TMC: January 3, 2018 for approved
- Board: January 18, 2018 for action

**STRATEGIC PLAN ALIGNMENT**
This item addresses three goals in the Board-adopted FY16-20 Strategic Plan:
- **Goal 1:** Increase customer focus
  - Tactic A: Improve customer satisfaction
- **Goal 2:** Advance performance based operations
  - Tactic A: Operate an effective, reliable, high-performing transit system
RECOMMENDATION
Staff recommends that the TMC forward to the Board of Directors authorization for the CEO to amend member agency FY18 Intergovernmental Agreements as necessary to accommodate the recommended April 2018 service changes.

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

ATTACHMENT
Appendix A – Proposed Regional Services Regardless of Funding Source
Appendix B – Recommended Changes to Valley Metro Operated or Funded Services
Appendix A – Proposed Regional Services Regardless of Funding Source
Appendix B – Recommended Changes to Valley Metro Operated or Funded Services
AGENDA ITEM 8D

January 5, 2018

SUBJECT
Workers’ Compensation and Employer’s Liability Insurance Coverage Renewal

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to renew workers’ compensation and employer’s liability insurance coverage for a one-year period with CopperPoint Mutual Insurance Company not to exceed an annual premium of $161,166.

BACKGROUND | DISCUSSION | CONSIDERATION
The current insurance policy expires on March 1, 2018. The policy covers work-related injuries to all Valley Metro employees and is required by A.R.S. 23-961.

The workers’ compensation insurance has been written by CopperPoint Mutual Insurance Company (formerly SCF Western (a subsidiary of SCF Arizona)) for many years. Valley Metro’s broker routinely conducts extensive marketing search for other available carriers. Those carriers declined to participate due to the risk analysis associated with Valley Metro’s rail industry classification in the insurance market – which includes railroad operations.

CopperPoint Mutual Insurance Company is the only company that provided Valley Metro with a quote to renew the coverage.

COST AND BUDGET

<table>
<thead>
<tr>
<th>Line of Coverage</th>
<th>Policy Limit</th>
<th>Expiring Premium</th>
<th>Renewal Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workers’ Compensation / Employer’s Liability</td>
<td>Statutory / $1,000,000</td>
<td>$146,331</td>
<td>$161,166</td>
</tr>
</tbody>
</table>

Cost allocation between RPTA and VMR budgets has historically been approximately 11% to RPTA budget and 89% to VMR budget.
COMMITTEE PROCESS
RTAG: December 19, 2017 for information
TMC: January 3, 2018 for approved
Board: January 18, 2018 for action

STRATEGIC PLAN ALIGNMENT
This item relates to the following goals and strategies in the Five-Year Strategic Plan, FY 2017 – 2021:

- Goal 2: Advance performance based operation
  - Tactic D: Maintain a culture to recruit and retain a qualified and diverse workforce.
  - Tactic E: Maintain strong fiscal controls to support Valley Metro’s long-term sustainability

RECOMMENDATION
Staff recommends that the TMC forward to the Board of Directors authorization for the CEO to renew the workers’ compensation and employer’s liability insurance coverage for a one-year period with CopperPoint Mutual Insurance Company for an amount not to exceed $161,166.

CONTACT
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mminnaugh@valleymetro.org

ATTACHMENT
None
Information Summary

DATE
January 5, 2018

AGENDA ITEM 8E

SUBJECT
Portable Vehicle Maintenance Lifts Contract Award

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to award a contract for the purchase and installation of portable vehicle maintenance lifts through a cooperative agreement with Southwest Lift under an Arizona State Contract in an amount not to exceed $138,000 and to establish a 10% contract change contingency of $13,800 that is included in the overall budget.

BACKGROUND | DISCUSSION | CONSIDERATION
The Mesa Bus Operations and Maintenance facility utilizes heavy duty portable vehicle maintenance lifts in the maintenance department. These vehicle lifts are used to raise buses off the ground, which enables maintenance technicians to gain access to the vehicle chassis to conduct inspections and repairs. Buses weigh in excess of 30,000 pounds, so the mechanical integrity of these lifting devices must function at a very high level to ensure the safety of maintenance personnel and to protect transit assets.

A total of 14 portable lifts are 10 years old and have exceeded their useful life expectancy. Overhauls have been completed in the past but are now beyond repairing economically and to maintain in a state of good repair. Staff received bids from three vendors to replace, install, setup, and train for 14 potable lifts. Southwest Lift offered the lowest price and are a registered vendor on a cooperative agreement with the State of Arizona.

Cooperative Agreements are contracts that are solicited and awarded by other public entities and whose cooperative language allows Valley Metro to utilize these contracts for goods and services it requires. The cooperative contract for heavy duty vehicle lifts was procured via the State of Arizona Procurement office of the Department of Administration.

COST AND BUDGET
The cost to replace 14 portable vehicle maintenance lifts and installation is $138,000. A contract contingency of 10 percent ($13,800) is also requested to be used to fund contract changes which are not anticipated, but may become necessary.

For Fiscal Year 2018, the projected cost for this project is fully funded within the Valley Metro Adopted FY18 Operating and Capital Budget. Contract obligations beyond FY18 are
incorporated into the Valley Metro Five-Year Operating Forecast and Capital Program (FY2018 thru FY2022).

The source of funding is a combination of Prop 400 funds and member cities.

COMMITTEE PROCESS
RTAG: December 19, 2017 for information
TMC: January 3, 2018 for approved
Board of Directors: January 18, 2018 for action

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

RECOMMENDATION
Staff recommends that the TMC forward to the Board of Directors authorization for the CEO to award a contract for the purchase and installation of portable vehicle maintenance lifts through a cooperative agreement with Southwest Lift under an Arizona State Contract in an amount not to exceed $138,000 and to establish a 10% contract change contingency of $13,800 that is included in the overall budget.

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

ATTACHMENT
None
Information Summary

DATE
January 5, 2018

AGENDA ITEM 8F

SUBJECT
Contract Award for the Manufacture and Delivery of Medium Duty Transit Buses

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to execute a contract through a State of Arizona cooperative purchasing agreement with Creative Bus Sales for the manufacture and delivery of three medium duty 30’ transit buses for Route 685 for a not-to-exceed amount of $582,503.

BACKGROUND | DISCUSSION | CONSIDERATION
Ajo Transportation currently operates seven vehicles for the route 685 service between Ajo and Phoenix. Four buses were replaced earlier this fiscal year. The remaining three buses have surpassed their FTA defined minimum useful life of seven years, or 300,000 miles. As a result, staff has researched available vehicle configurations offered by Creative Bus Sales, who currently supplies vehicles to Arizona municipalities via the State Cooperative Purchasing Contract. The StarTrans President Cutaway vehicle is believed to be the most suitable and reliable fit for rural connector service. These replacement vehicles will ensure seamless continuation of the service for route 685, while improving the customer experience.

Cooperative Agreements are contracts that are solicited and awarded by other public entities and whose cooperative language allows Valley Metro to utilize these contracts for goods and services it requires. This FTA compliant cooperative contract for medium duty 30’ transit buses was procured via the State of Arizona Procurement Office of the Department of Administration and is currently awarded to Creative Bus Sales.

COST AND BUDGET
The estimated cost for Valley Metro is as follows:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Qty.</th>
<th>Length</th>
<th>Bus Type</th>
<th>Fuel Type</th>
<th>Mfg.</th>
<th>Base Price</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 17</td>
<td>3</td>
<td>30 ft.</td>
<td>Cutaway</td>
<td>Diesel</td>
<td>Creative Bus Sales</td>
<td>$176,516</td>
<td>$529,548</td>
</tr>
<tr>
<td>FY 17</td>
<td>1</td>
<td></td>
<td>Optional Components/Contingency</td>
<td>Creative Bus Sales</td>
<td>$52,955</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$582,503</td>
</tr>
</tbody>
</table>

Valley Metro I 101 N. 1st Ave. Phoenix, AZ 85003 602.262.7433
The above chart is based on the current bus specifications and may change based on the final requirements of the pending bus build with Creative Bus Sales. Any cost increases will be determined once a notice to proceed has been issued to the vendor and all optional equipment has been identified to place the vehicle into revenue service. A contract contingency not to exceed $52,955 is established that is included within the overall budget established for the project for unanticipated charges. An independent cost estimate and a cost comparison and price analysis have been completed. The proposed price has been deemed fair and reasonable.

All vehicles will be funded with 85% Federal Transit Administration (FTA) funds and 15% Regional Proposition 400 funds. All costs are fully funded within the RPTA Adopted FY 2017 Operating and Capital Budget.

COMMITTEE PROCESS
RTAG: December 19, 2017 for information
TMC: January 3, 2018 for approved
Board of Directors: January 18, 2018 for action

STRATEGIC PLAN ALIGNMENT
This item relates to the following goals and strategies in the Five-Year Strategic Plan, FY 2017 – 2021:

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

RECOMMENDATION
Staff recommends that the TMC forward to the Board of Directors authorization for the CEO to execute a contract through a State of Arizona cooperative purchasing agreement with Creative Bus Sales for the manufacture and delivery of three medium duty 30’ transit buses for Route 685 for a not-to-exceed amount of $582,503.

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

ATTACHMENT
None
Information Summary

DATE
January 5, 2018

AGENDA ITEM 8G

SUBJECT
Mesa Bus Operations and Maintenance Facility Improvements Contracts Awards

PURPOSE
To request authorization for the Chief Executive Officer (CEO) to award contracts for facility improvements at the Mesa Bus Operations and Maintenance Facility through cooperative agreements under Arizona State Contracts in an amount not to exceed $227,150 and to establish a 10% contract change contingency of $22,715 that is included in the overall budget.

BACKGROUND | DISCUSSION | CONSIDERATION
The Mesa Bus Operations and Maintenance facility was constructed in 2003. Some components have exceeded their useful life expectancy and need to be repaired, or are due to be replaced that include the following:

- The tile floor and carpet throughout the administrative and maintenance buildings has become worn and stained and needs to be replaced.
- Due to the harsh climate in this region, the exterior metal structures and gates are faded and beginning to rust and are in need of repainting. In addition, interior office spaces are in need of repainting.
- The office chairs, conference and training room chairs, couches and seating room chairs in the operator lounge and the breakroom furniture is worn out and has exceeded their useful life expectancy.

Staff received bids from various vendors to perform the improvements that are needed and the table below lists the vendors that were the lowest price and best solution to perform this work and are registered vendors on a cooperative agreement with the State of Arizona.

<table>
<thead>
<tr>
<th>Vendor</th>
<th>Description</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wholesale Floors LLC</td>
<td>Floor Coverings</td>
<td>$76,000</td>
</tr>
<tr>
<td>A &amp; H Painting Inc.</td>
<td>Painting Services</td>
<td>$72,150</td>
</tr>
<tr>
<td>Goodman’s Interior Structures Inc.</td>
<td>Furniture</td>
<td>$79,000</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td></td>
<td><strong>$227,150</strong></td>
</tr>
<tr>
<td>Contingency (10%)</td>
<td></td>
<td>$22,715</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$249,865</strong></td>
</tr>
</tbody>
</table>
Cooperative Agreements are contracts that are solicited and awarded by other public entities and whose cooperative language allows Valley Metro to utilize these contracts for goods and services it requires. The cooperative contract for flooring was procured via the State of Arizona Procurement office of the Department of Administration.

**COST AND BUDGET**
The costs to perform the facility improvements is $227,150. A contract contingency of 10 percent ($22,715) is also requested to be used to fund contract changes which are not anticipated, but may become necessary.

For Fiscal Year 2018, the projected cost for this project is fully funded within the Valley Metro Adopted FY18 Operating and Capital Budget. Contract obligations beyond FY18 are incorporated into the Valley Metro Five-Year Operating Forecast and Capital Program (FY2018 thru FY2022).

The source of funding is a combination of Prop 400 funds and member cities.

**COMMITTEE PROCESS**
RTAG: December 19, 2017 for information
TMC: January 3, 2018 for approved
Board of Directors: January 18, 2018 for action

**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

**RECOMMENDATION**
Staff recommends that the TMC forward to the Board of Directors authorization for the CEO to award contracts for facility improvements at the Mesa Bus Operations and Maintenance Facility through cooperative agreements under Arizona State Contracts in an amount not to exceed $227,150 and to establish a 10% contract change contingency of $22,715 that is included in the overall budget.

**CONTACT**
Ray Abraham
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602-652-5054
rabraham@valleymetro.org

**ATTACHMENT**
None
DATE
January 5, 2018

SUBJECT
Intergovernmental Agreements (IGAs) with the City of Phoenix for Federal Transit Administration Pass-Through Grants

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

BACKGROUND | DISCUSSION | CONSIDERATION
Valley Metro is being provided federal funds through the Federal Transit Administration (FTA) from four grant programs. The table below summarizes the funding available:

<table>
<thead>
<tr>
<th>Grant</th>
<th>FTA Program</th>
<th>Federal Share</th>
<th>Local Share</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017-xxx</td>
<td>5307 – Formula</td>
<td>$1,352,407</td>
<td>$338,102</td>
<td>$1,690,509</td>
</tr>
<tr>
<td>2017-xxx</td>
<td>5337 – SOGR FG</td>
<td>$3,607,438</td>
<td>$901,860</td>
<td>$4,509,298</td>
</tr>
<tr>
<td>2017-xxx</td>
<td>CMAQ transit</td>
<td>$10,184,276</td>
<td>$2,432,433</td>
<td>$12,616,709</td>
</tr>
<tr>
<td>2017-xxx</td>
<td>CMAQ from ALCP</td>
<td>$9,500,000</td>
<td>$574,231</td>
<td>$10,074,231</td>
</tr>
<tr>
<td>2017-xxx</td>
<td>STP from ALCP</td>
<td>$41,987,760</td>
<td>$2,628,953</td>
<td>$44,616,713</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$66,631,881</strong></td>
<td><strong>$6,875,579</strong></td>
<td><strong>$73,507,460</strong></td>
</tr>
</tbody>
</table>

- Funds from the Section 5307 Urbanized Area Formula Program are awarded for preventive maintenance.
- Funds from Section 5337, State of Good Repair Fixed Guideway Program, are awarded for major component overhauls.
- Funds from Congestion Mitigation/Air Quality flexed from the Federal Highways Administration awarded for Gilbert Road Extension, Tempe Streetcar, Capitol/I-10 West and LRV acquisition.
- Funds from the Surface Transportation Program flexed from the Federal Highways Administration are awarded for Gilbert Road Extension and Fiesta-Downtown Chandler alternatives analysis.

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 in order for Phoenix to reimburse Valley Metro for eligible expenses.

COST AND BUDGET
All expenses are in the approved FY 2018 Adopted Operating and Capital Budget and 5-Year Capital Program. The grant funds will offset expenses, reducing the net cost to the Public Transportation Fund and member agency budgets.

COMMITTEE PROCESS
RTAG: December 19, 2017 for information
RMC: January 3, 2018 for approved
Board of Directors: January 18, 2018 for action

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

RECOMMENDATION
This item presented for information only.

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

ATTACHMENT
None
Information Summary

DATE
January 5, 2018

AGENDA ITEM 9

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/DISCUSION/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>
<thead>
<tr>
<th>Item Requested</th>
<th>Date Requested</th>
<th>Planned Follow-up Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tbody>
</table>

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