



Special Board FY22 Budget Workshop

Joint Board Workshop
Valley Metro RPTA and Valley Metro Rail

Date:
May 13, 2021

Starting Time
11:15 a.m.

Location:
Valley Metro
VIA Webex and You Tube
Phoenix

**If you require assistance accessing the meetings please
call 602.262.7433.**



Joint Boards FY22 Budget Workshop Notice & Agenda

May 7, 2021

**Joint Board FY22 Budget Workshop
Valley Metro RPTA and Valley Metro Rail**

Thursday, May 13, 2021

11:15 a.m.

Via Webex and You Tube

This workshop is intended to provide the Boards of Directors another opportunity to provide input and feedback on the FY22 RPTA and VMR budgets prior to the May Boards' Meetings when they will be presented for adoption. At this workshop the respective budgets will be presented for information and discussion only.

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

Paul Hodgins, Chief Financial Officer, will provide an overview of the FY22 Proposed Operating and Capital Budget and the Five-Year Operating Forecast and Capital Program (FY22 through FY26).

2. Valley Metro Rail, Inc. Fiscal Year 2022 (FY22) Proposed Operating and Capital Budget and Five-Year Operating Forecast and Capital Program (FY22 through FY26)

Paul Hodgins, Chief Financial Officer, will provide an overview of the FY22 Proposed Operating and Capital Budget and the Five-Year Operating Forecast and Capital Program (FY22 through FY26).

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



FY22 Budget Workshop Information Summary

DATE

May 7, 2021

AGENDA ITEM 1**SUBJECT**

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

PURPOSE

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

RECOMMENDATION

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

BACKGROUND/DISCUSSION/CONSIDERATION

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

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

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

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



Public Transportation Fund (Prop 400) Revenues

The COVID-19 pandemic caused significant concern and uncertainty over the revenue forecast. Through March, actual revenues have exceeded the budget by more than 8 percent. With additional COVID relief through the American Rescue Plan Act (ARP), there is general optimism that the economy will continue to recover. This FY22 Proposed Annual Operating Budget includes the official ADOT forecast for PTF revenues. Staff will continue to develop contingency plans should the economy falter and revenues decline.

FY22 Budget Overview

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

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

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

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

Five-Year Forecast Overview

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

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

Federal COVID-19 support from CARES Act and CRRSAA are assumed to be fully spent in FY22. The current forecast does not include funds from the recently passed



American Rescue Plan (ARP) Act. Once final allocations have been approved by MAG, staff will work through the Financial Working Group to finalize the allocation of the funding to the TLCP and locally funded services. This will be handled internally and will not impact overall budget authority for FY22.

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

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

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

COMMITTEE PROCESS

Preliminary Budget Review:

Financial Working Group: February 16, 2021 for information

TMC: March 3, 2021 for information

AFS: March 4, 2021 for information

Board of Directors: March 18, 2021 for information

Proposed Budget Adoption:

Financial Working Group: April 20, 2021 for information

TMC: May 5, 2021 for action

AFS: May 6, 2021 for information

Board of Directors: May 20, 2021 for action

CONTACT

Paul Hodgins

Chief Financial Officer

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ATTACHMENT

None



FY22 Budget Workshop Information Summary

DATE

May 7, 2021

AGENDA ITEM 2**SUBJECT**

Valley Metro Rail, Inc. Fiscal Year 2022 (FY22) Proposed Operating and Capital Budget and Five-Year Operating Forecast and Capital Program (FY22 through FY26).

PURPOSE

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

RECOMMENDATION

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

BACKGROUND | DISCUSSION | CONSIDERATION

The Valley Metro Rail, Inc. (VMR) FY22 combined operating and capital budget (the budget) is \$545.6 million (M) and includes \$40.7M in projects funded with Proposition 400 Public Transportation Fund (PTF) revenues for light rail/high capacity transit capital.

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

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

FY22 Budget Overview

The total operating budget of \$78.9M represents a \$6.9M (10%) increase from the previous year's operating budget of \$72.0M. The total capital budget of \$466.7M represents a \$54.8M (11%) decrease from the previous year's capital budget of \$521.4M.



Light rail operations, maintenance and security is increasing by 5 percent, or \$2.9 million. More than \$1.1 million of that increase is due to higher insurance premiums. Additionally, maintenance employees have been a challenge to recruit and retain. As a result, Human Resources (HR) staff worked with the maintenance managers to redefine positions and job descriptions to better describe the duties. After positions were updated, HR conducted market surveys for comparable positions and updated pay and pay ranges for maintenance employees resulting in an 7% increase to base pay for maintenance staff which is reflected in this budget increase.

The Tempe Streetcar is expected to begin revenue service in FY22 and this accounts for \$4.3 million of the \$6.9 million increase from FY21 to FY22. Streetcar operations, for budget purposes, is assumed to begin revenue operations on October 1, 2021. VMR staff continue discussions with Tempe staff to refine the operating assumptions and associated operating costs. The amount included in the budget represents a not-to-exceed amount for budget purposes.

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

Five-Year Forecast Overview

The total operating forecast of \$434.8M assumes that several new extensions and services will become operational during the forecast period. Tempe Streetcar will begin revenue service during FY22, followed by the Northwest Extension Phase II in FY24 and South Central Extension/Downtown Hub in FY25. The total capital program of \$1,452.0M assumes the completion of the new extensions, along with significant progress on the Capitol/I-10 West Phase I project.

Federal COVID-19 support from CARES Act and CRRSAA are assumed to be fully spent in FY22. The current forecast does not include funds from the recently passed American Rescue Plan (ARP) Act. Once final allocations have been approved by MAG, staff will work through the Financial Working Group to distribute funds to the member cities. This will be handled internally and will not impact overall budget authority for FY22.

Ridership is assumed to gradually return to pre-COVID levels in FY26. Likewise, fare revenues will gradually return with ridership. The new fare collection system currently being implemented will be fully operational in FY24. The additional options and controls over reduced fare is expected to increase the average fare collected and therefore a larger increase in fare revenues is anticipated. For planning purposes, the Tempe Streetcar fare is assumed to be \$1.00 for a single ride, with all regional fare media also accepted as payment. Fare collection on Streetcar is assumed to begin in FY23 after an



initial free fare period. The Streetcar fare will be amended into the regional fare policy in fall 2021.

Operating costs, on a per revenue mile basis, are expected to increase by approximately 2 percent per year. Operating costs for Streetcar are based on 10 minute headways with similar security levels as on light rail. However, the service levels are currently being reviewed and discussed with Tempe staff and the budget and forecast will be updated based on the agreed upon service.

COMMITTEE PROCESS

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CONTACT

Paul Hodgins

Chief Financial Officer

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ATTACHMENT

None

Board Study Session FY22 Proposed Budget Workshop



May 13, 2021

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Recap of Budget Timeline



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

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RPTA

FY22 Proposed Budget and Five-Year Forecast

May 2021



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PTF Forecast



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

FY22 Budget is based on ADOT's official forecast

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FY22 Budget Update



Changes from March version

• Operating

- Updated City of Phoenix Fixed Route Transit estimates, increase \$1.1M
- Updated City of Phoenix Demand Services estimate with CARES/CRRSAA, decrease -\$4.0M

• Capital

- Moved Fare Collection System from Member Agency Disbursements to Other Regional projects.
- Reduced Rail Capital PTF needs due to timing of capital construction.

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



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

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



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

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



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

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



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

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



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

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

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



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

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



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

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



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

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

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Forecasted Reserve vs. Target (\$,000,000)



Reserve Fund	Type	Target Level	FY22
General Fund Operating Reserve	Unrestricted	17% of operating expenditures	\$ 28.4
Capital Reserve Fund	Restricted	20% of non-federal capital project revenues	3.2
Working Capital Reserve Fund	Unrestricted	17% of major infrastructure project costs	2.3
Vanpool Reserve Fund	Restricted	20% of vanpool fleet replacement costs	2.4
Emergency Reserve Fund	Restricted	\$1,000,000 fixed	1.0
Reserve Target Level			\$ 37.3

Undesignated Fund Balance (Forecast) \$ 66.8

Excess / (Deficiency) \$ 29.5

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RPTA

FY22-26 Five-Year Forecast

May 2021



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5-Year Operating Assumptions



Fixed Route Service Changes

- FY22-26 SRTP Changes as of February 2021

Demand Service

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

Fare Revenue

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

Federal PM revenue

- FY22-26 increases 1.9% each year

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5-Year Operating Assumptions



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

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5-Year Operating Assumptions (cont'd)



	FY22	FY23	FY24	FY25	FY26	OTC OTD OT13
Miles (,000)						
RPTA Fixed Route Service	12,652	12,858	13,102	13,589	13,870	
Phoenix Fixed Route Service	1,589	1,589	1,589	1,589	1,589	
Total Miles	14,241	14,447	14,691	15,178	15,459	
Cost/Mile - RPTA	\$ 7.30	\$ 7.43	\$ 7.62	\$ 7.57	\$ 7.64	
Cost/Mile - Phoenix	\$ 8.23	\$ 8.48	\$ 8.74	\$ 9.00	\$ 9.27	

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5-Year Operating Assumptions (cont'd)



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

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5-Year Operating Sources and Uses



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

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5-Year Capital Assumptions:



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

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5-Year Capital Sources and Uses



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

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Budget Schedule



Committee/Boards/FWG

Sep 15, 2020	Present Key Assumptions to FWG
Oct 15, 2020	Present Key Assumptions to AFS
February	Present annual budget to FWG
February	Present update of Key Assumptions to AFS
March	Present Annual Budgets to Committees/Boards for Info
March	Present 5-year plans to FWG
April	Present 5-year plans to AFS
→ May	Present Annual Budgets and 5-Year plans to Committees/Boards for action

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Valley Metro Rail

FY22 Proposed Budget and Five-Year Forecast

May 2021



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FY22 Budget Update



Changes from March version

• Operating

- Updated contractor rates for fare inspection and operations services
- Other efficiencies realized

Light Rail -\$1.2M Streetcar -\$0.6M

• Capital

- Systemwide improvements decreased \$16.4M by moving track crossover to FY23.

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



Uses of Funds	October	March	May	Change \$	Change %
Light Rail O&M	\$54.4	\$52.3	\$51.7	(\$0.6)	-1%
Light Rail Security	9.8	9.6	8.9	(0.6)	-7%
Streetcar O&M	4.2	4.3	3.7	(0.5)	-12%
Streetcar Security	0.7	0.7	0.6	(0.1)	-17%
Future Project Development		12.2	12.0	(0.2)	-1%
Agency Operating	2.2	2.1	2.1	(0.0)	-1%
Total Operating Uses		\$81.0	\$78.9	(\$2.1)	-3%

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



Uses of Funds	March	May	Change \$	Change %
Tempe Streetcar	\$5.6	\$5.5	(\$0.0)	0%
South Central/Downtown Hub	291.5	291.4	(0.0)	0%
Northwest Phase II	129.8	129.7	(0.0)	0%
OMC Expansion	5.2	5.2	(0.0)	0%
Gilbert Road Extension	3.2	3.4	0.1	4%
50th Street Station	0.0	0.0	0.0	-
Central Mesa Extension	0.0	0.0	0.0	-
Systemwide Improvements	35.0	18.6	(16.4)	-47%
State of Good Repair	12.9	12.8	(0.0)	0%
Total Capital Uses	\$483.0	\$466.7	(\$16.4)	-3%

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



Sources of Funds	FY21	FY22	Change \$	Change %
Advertising	\$0.3	\$0.7	\$0.4	140%
Fares	2.7	2.5	(0.2)	-7%
Federal Funds	1.5	5.1	3.6	232%
Federal Funds - CARES	43.0	0.0	(43.0)	-100%
Federal Funds - CRRSAA	0.0	18.5	18.5	-
MAG Funds	0.5	0.5	0.0	0%
Member City Contributions	12.9	43.6	30.7	238%
Public Transportation Funds	10.5	7.4	(3.1)	-29%
Regional Area Road Funds	0.5	0.5	0.0	0%
Other	0.1	0.1	0.0	0%
Total Operating Sources	\$72.0	\$78.9	\$6.9	10%

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



Uses of Funds	FY21	FY22	Change \$	Change %
Light Rail Operations & Maintenance	\$49.2	\$51.7	\$2.4	5%
Light Rail Security	8.5	8.9	0.4	5%
Streetcar Operations & Maintenance	0.6	3.7	3.1	510%
Streetcar Security	0.1	0.6	0.5	425%
Future Project Development	11.7	12.0	0.3	3%
Agency Operating	1.9	2.1	0.2	11%
Total Operating Uses	\$72.0	\$78.9	\$6.9	10%

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



Sources of Funds	FY21	FY22	Change \$	Change %
Federal Funds	309.9	170.5	(139.4)	-45%
Member City Contributions	159.8	262.8	103.1	65%
Public Transportation Funds	51.8	33.3	(18.5)	-36%
Total Capital Sources	\$521.4	\$466.7	(\$54.8)	-11%

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



Uses of Funds	FY21	FY22	Change \$	Change %
Tempe Streetcar	\$39.8	\$5.5	(\$34.3)	-86%
South Central/Downtown Hub	316.3	291.4	(24.9)	-8%
Northwest Phase II	114.0	129.7	15.8	14%
OMC Expansion	27.9	5.2	(22.7)	-81%
Gilbert Road Extension	3.3	3.4	0.1	2%
50th Street Station	0.0	0.0	0.0	-
Central Mesa Extension	0.0	0.0	0.0	-
Systemwide Improvements	11.5	18.6	7.1	62%
State of Good Repair	8.7	12.8	4.2	48%
Total Capital Uses	\$521.4	\$466.7	(\$54.8)	-11%

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VMR

FY22-26 Five-Year Forecast

May 2021



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5-Year Operating Assumptions:



New Service

- Tempe Streetcar (3.0 miles) - October 2021
- Northwest Ext. II (1.6 miles) – Jan 2024
- South Central (5.0 miles) – Dec 2024

Fare Revenue

- Minor increases in avg fare thru FY23, and FY 25 and 26; 15% increase in FY24 with replacement fare collection system and control of reduced fare at point of sale.
- Ridership increases 22% per year to return to pre-COVID level in FY26.

Federal PM revenue

- FY22-26 increases 1.5% each year

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5-Year Operating Assumptions:



	FY22	FY23	FY24	FY25	FY26
Ridership (,000)					
Phoenix	3,948	4,822	6,289	9,009	11,494
* Tempe	1,531	1,986	2,388	2,866	3,401
Mesa	1,131	1,381	1,687	2,061	2,517
Total Ridership	6,610	8,189	10,364	13,936	17,412
Avg Fare - Rail	\$0.40	\$0.42	\$0.86	\$0.90	\$0.92
Avg Fare - Streetcar	\$0.00	\$0.21	\$0.43	\$0.87	\$0.91

*Streetcar included in ridership numbers, however fares not anticipated to be collected until FY23.

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5-Year Operating by Segment



	FY22	FY23	FY24	FY25	FY26	Total
Operations (,000)						
Base 27.9 miles	\$ 60,584	\$ 63,105	\$ 63,267	\$ 65,828	\$ 68,119	\$ 320,904
South Central	-	-	-	5,547	11,299	16,846
Northwest 2	-	-	1,367	3,362	3,429	8,159
Tempe Streetcar	4,310	6,659	6,792	6,928	7,067	31,756
Total Operations	\$ 64,894	\$ 69,764	\$ 71,427	\$ 81,666	\$ 89,915	\$ 377,665
Light Rail Cost per Mile	\$17.12	\$17.46	\$17.81	\$18.17	\$18.53	
Streetcar Cost per Mile	\$29.72	\$31.86	\$32.50	\$33.15	\$33.81	

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5-Year Operating Sources and Uses

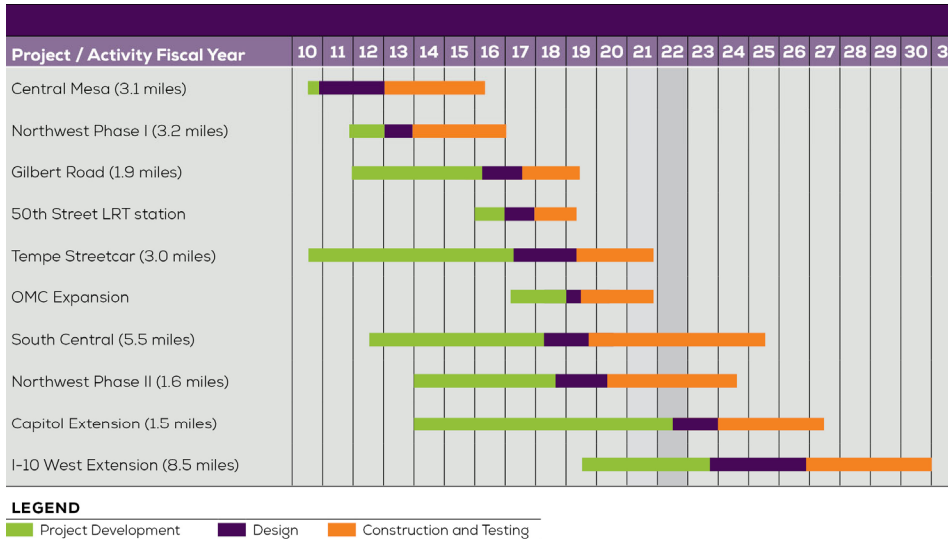


	5-Year Total
Operating (\$,000)	
Sources of Funds	
Advertising	\$ 3,405
Fares	43,064
Federal Funds	12,326
Federal Funds - CRSSA	18,530
MAG Funds	2,500
Member City Contributions	314,927
Other	650
Public Transportation Funds	36,866
Regional Area Road Funds	2,500
Total Sources of Funds	434,768
Uses of Funds	
Operations & Maintenance	322,505
Security	55,160
Future Project Development	46,108
Agency Operating	10,995
Total Uses of Funds	\$ 434,768

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LRT Capital Project Schedule



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5-Year Capital Sources and Uses



5-Year Total	
Capital (\$,000)	
Sources of Funds	
Federal Funds	\$ 716,848
Member City Contributions	364,437
Public Transportation Funds	370,643
Total Sources of Funds	1,451,928
Uses of Funds	
Tempe Streetcar	10,227
South Central	835,426
Northwest Phase II	242,374
OMC Expansion	5,159
Gilbert Road Extension	3,837
Capitol Extension	241,700
Systemwide Improvements	87,148
State of Good Repair	26,057
Total Uses of Funds	\$ 1,451,928

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Budget Schedule

Committee/Boards/FWG

Aug 29, 2019	Board Study Session
Oct 10, 2019	Present Key Assumptions to AFS
Feb 3, 2020	Present update of Key Assumptions to FWG
Feb 13, 2020	Present update of Key Assumptions to AFS
Feb 18, 2020	Present annual budget to FWG
March	Present 5-year plans to FWG
	Present Annual Budgets to Committees/Boards for Info
April	Present 5-year plans to AFS
→ May	Present Annual Budgets and 5-year plans for action

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