

Valley Metro Rail Inc.-Phoenix, AZ

2018 Comprehensive Annual Financial Report

FISCAL YEAR ENDED JUNE 30, 2018



VALLEY METRO RAIL, INC.

Phoenix, Arizona

Comprehensive Annual Financial Report **For the fiscal year ended** **June 30, 2018**

Prepared by:
Finance Division

Valley Metro

Rail System Fact Sheet

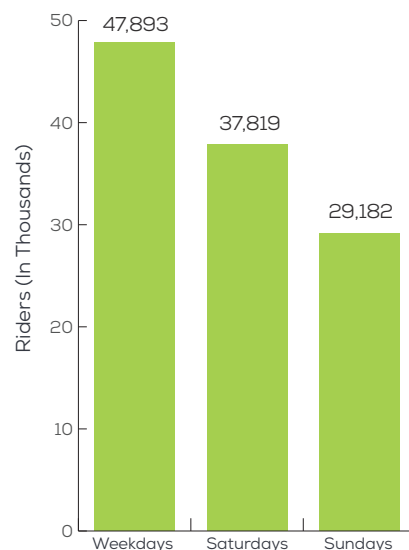


FIVE BUSIEST STATIONS

- 19th Ave/Dunlap
- Main St/Mesa Drive
- 19th Ave/Montebello
- 19th Ave/Camelback
- 44th St/Washington

RIDERSHIP

15.7 million rail riders



AVERAGE DAILY

ABOUT VALLEY METRO RAIL

Valley Metro Rail is responsible for the planning, design, construction and operations of the region's light rail/high-capacity transit system, serving 15.7 million total passengers in Fiscal Year 2018.

The initial 20-mile light rail line opened on December 27, 2008. Two extensions began service by spring 2016, adding six more miles and connecting downtown Mesa to northwest Phoenix.

The 35 stations were designed with significant consideration given to the desert sun and heat. Eleven park-and-rides provide 4,488 parking spaces along 26 miles. Artwork is also an integral part of the urban system, reflecting the history and culture of local neighborhoods.

Each light rail vehicle has a comfort capacity of 175 passengers and features state-of-the-art technology designed for the urban desert climate.



SYSTEM OVERVIEW

- Number of miles: 26
- Number of stations: 35
- Number of vehicles: 50
- Number of parking spaces: 4,488
- Total travel time: 85 minutes
- Cost to ride: \$2.00 per ride
\$4.00 1-Day Pass



valleymetro.org

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Valley Metro



Valley Metro Rail, Inc.

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INTRODUCTORY SECTION

The Introductory Section includes Valley Metro Rail's transmittal letter, policy organizational chart, and list of appointed officials



Valley Metro and Waymo joined forces on July 31, 2018. Helping to drive the future of transportation.



Teaching the public roundabout safety for the new Gilbert Road Light Rail Extension



November 5, 2018

To Chairman and Members of the Valley Metro Rail, Inc. Board of Directors:

The comprehensive annual financial report of Valley Metro Rail, Inc. (VMR) for the fiscal year ended June 30, 2018, is hereby submitted in accordance with the requirements of the Bylaws and Board directives. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position, results of operations and cash flows of VMR. All disclosures necessary to enable the reader to gain an understanding of VMR's activities have been included.

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

The independent auditors, CliftonLarsonAllen LLP., whose report is included herein, have audited the basic financial statements and related notes. As stated in the independent auditors' report, the goal of the independent audit was to provide reasonable assurance that the basic financial statements of VMR as of and for the fiscal year ended June 30, 2018, are free from material misstatement. The independent audit involved examining, on a test basis; evidence supporting the amounts and disclosures in the financial statements; assessing accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon their audit, that there was a reasonable basis for rendering an unmodified opinion that the basic financial statements of VMR for the fiscal year ended June 30, 2018, are fairly presented, in all material respects, in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

Additionally, VMR is required to have an independent audit of expenditures of federal awards received (Single Audit) by VMR directly from federal agencies, or passed through to VMR by other governmental entities during the fiscal year. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on VMR's internal controls and compliance with legal requirements having a direct and material impact on major programs, with special emphasis on internal controls and compliance requirements involving the administration of major federal awards. The results of VMR's Single Audit for the fiscal year ended June 30, 2018, found no instances of material weakness in the internal control structure or significant violations of applicable laws and regulations with respect to major programs. The auditors' reports on internal controls and compliance with applicable laws and regulations are included in a separately issued Single Audit Report.

The financial statements are prepared and presented in conformity with accounting principles generally accepted in the United States of America. More information about the presentation can be found in Management's Discussion and Analysis (MD&A) beginning on page 4 and also discussed in the notes

to the financial statements beginning on page 13. This transmittal letter is designed to complement MD&A and should be read in conjunction with it.

THE FINANCIAL REPORTING ENTITY

VMR was established in October 2002 as a public nonprofit corporation to manage the design, construction and operation of the Light Rail Transit (LRT) System within the Phoenix Metropolitan Area. Membership is governed by a Joint Powers Agreement and the By-Laws of the corporation. Current membership consists of the cities of Phoenix, Tempe, Mesa, Chandler and Glendale.

During the fiscal year 2018, a five member Board of Directors governed VMR, consisting of the mayors or the designated representatives from each member city. The Board of Directors establishes overall policies for management and administration of the LRT System, provides oversight over the design, construction and operation of light rail, and receives and disburses funds and grants from federal, state, local, and other funding sources. A Chief Executive Officer, appointed by the Board of Directors, is responsible for the day-to-day management of the organization.

Funding Milestones

On November 2, 2004, the voters of Maricopa County approved Proposition 400, the continuation of the transportation excise tax, for a twenty year period, beginning in calendar year 2006. A major milestone in transportation funding and service in the region, the proposition had unanimous support from the mayors of all the cities in the region and the Maricopa County Board of Supervisors, the Maricopa Association of Governments Regional Council, and the Arizona Department of Transportation.

In August 2015, Phoenix voters approved Proposition 104, which extended the dedicated transportation tax sunset from 2020 to 2050. In addition, it raised the tax rate from 0.4% to 0.7%. The revenues are intended to support a variety of transportation projects in the City of Phoenix, including many light rail transit projects.

LOCAL ECONOMIC CONDITION AND OUTLOOK

VMR serves the cities of Chandler, Glendale, Mesa, Phoenix, and Tempe that are centrally located in Maricopa County, Arizona. These cities collectively encompass approximately 1,000 square miles. Together they form a significant portion of the greater metropolitan Phoenix area, which is the economic, political, and population center of Arizona.

The combined five cities have grown from 2.51 million residents in the year 2010 to 2.81 million residents in 2017, an increase of approximately 11.9% in the last eight years. The five cities' population represents over 65% of the total Maricopa County population. According to the Greater Phoenix Economic Council, population in the region is projected to grow at more than twice the national rate for the next few decades, growing from 4.0 million in 2010 to 6.5 million in 2030.

Arizona continues to show steady growth in jobs and income, with the Phoenix metropolitan area driving the job gains. Arizona, and Phoenix in particular, are projected to outpace the national average for growth in jobs, income and population. Personal income for the Phoenix area is forecasted to grow between 5% and 7% over the next four years, with retail sales stable at just under 5%. Non-farm job growth is projected to grow between 2% and 3% through 2022. These projections are published by the University of Arizona, Economic and Business Research Center. Sales tax projections prepared by Arizona Department of Transportation forecast the revenues to grow by an average of 5.7% per year for the next five years.

FINANCIAL CONTROLS

Accounting and Administrative Controls

As previously noted, VMR's management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of VMR are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. VMR's internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a sub-recipient of federal financial assistance, VMR is also responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by management and by VMR's independent auditors. As part of VMR's Single Audit, tests were made of the internal control structure and of its compliance with applicable laws and regulations, including those related to federal awards. Although this testing is limited in scope and is not sufficient to support an opinion on VMR's internal control system or its compliance with laws and regulations, the audit for the year ended June 30, 2018, disclosed no material internal control weaknesses or material violations of laws and regulations. The audit of VMR's compliance with requirements applicable to each major program and internal control over compliance resulted in an unmodified opinion of compliance and noted no material weaknesses in internal controls.

Budgetary Systems and Controls

The objective of the budgetary controls maintained by VMR is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Directors. The by-laws require a balanced budget to be adopted by the VMR Board each fiscal year. The level of budgetary control, i.e., the level at which expenditures cannot legally exceed appropriations, is the total operating budget. VMR maintains budgetary control by conducting quarterly evaluations of expenditures against appropriations and through close monitoring of revenues. Encumbrance accounting is not utilized.

In addition to the annual budget, VMR also prepares a Five-Year Capital Program and Operating Forecast and the Transit Life Cycle Plan (TLCP) update. The five-year forecast uses the annual budget information as a base and extends it an additional four years to provide information about the anticipated schedule, costs, and revenues. The TLCP gives a longer term perspective by outlining the sources and uses of funds for specific regionally supported planning and capital projects through fiscal year 2026.

For each major capital construction project, VMR regularly reports the project budget status showing by project element the budget amount versus actual expenditures, and forecasted cost at completion. Should anticipated contractual costs appear to exceed the Board approved project budget, VMR staff will seek Board action to adjust project scope or approve additional funding. During construction, significant issues are addressed in narrative reports included in the project progress report submitted to the Board on a quarterly basis.

Current Rail Passenger Operations

The total LRT System encompasses about 25.4 miles with the cities of Phoenix, Tempe, and Mesa sharing the responsibility for funding the operating and maintenance (O&M) costs. Costs are currently shared based on the proportion of track miles constructed within each city.

MAJOR INITIATIVES

Design and Construction of Light Rail and Modern Streetcar

VMR is advancing design and construction of new rail extensions to expand the LRT System. The 1.9 mile Gilbert Road Light Rail Extension will extend the alignment eastward along Main Street to Gilbert Road in Mesa with anticipated completion in May 2019.

In Tempe, a 3.0 mile modern streetcar will soon begin construction with the opening for revenue service scheduled for 2021. In Phoenix, the 2 mil Northwest Extension-Phase II across Interstate 17 to the Metrocenter Mall, the first phase of the Capital/I-10 West Light Rail Extension corridor of 2 miles to the Arizona State Capitol and the 5 mile South Central/Downtown Hub Light Rail Extension proceeding directly south of downtown along Central Avenue are all being advanced in various stages of planning, design and construction. All are currently scheduled to begin revenue service in 2023. (See pages 31-46 for project information).

Gilbert Road Extension LRT Project

In October 2012 the Maricopa Association of Governments (MAG) Regional Council approved a policy regarding the repurposing of federal Surface Transportation Program (STP) funds from the Arterial Life Cycle Program to fund the 1.9-mile Gilbert Road LRT Extension (GRE) located on Main Street from Mesa Drive to Gilbert Road in Mesa. In October 2016, a ground breaking ceremony took place to mark the beginning of the construction phase of the project. The project is currently well into the construction phase. Passenger operations is scheduled to begin in May 2019.

Tempe Streetcar Project

The Tempe Streetcar project is a 3 mile streetcar project running in the Mill avenue corridor and along Rio Salado Parkway and Apache Boulevard in the City of Tempe. The project is expected to service one of the highest transit ridership centers in the region. The Streetcar route will pass around Arizona State University with over 70,000 students and through downtown Tempe. The project design is nearly complete and construction is scheduled to begin in November 2018. The project is expected to open to revenue service in 2021.

South Central/Downtown Hub Extension LRT Project

The 5 mile South Central Light Rail Extension project will connect downtown Phoenix with the South area of Phoenix from downtown to Baseline road. The South Central corridor is one of the seven project areas identified by the U.S. Department of Transportation for inclusion in its Ladders of Opportunity Transportation Empowerment Pilot (LadderSTEP) program. The LadderSTEP pilot program aims to build and restore connections, develop workforce capacity and catalyze neighborhood revitalization through planned transportation projects. The project was expanded to include additional work in downtown Phoenix needed to create a two-line system, including 2 new passenger stations. The project is expected to open for revenue service in 2023.

OTHER INFORMATION

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Valley Metro Rail, Inc. for its comprehensive annual financial report for the fiscal year ended June 30, 2017.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine eligibility for another certificate.

Acknowledgements

The preparation of this report could not have been accomplished without the dedicated service of VMR's Finance staff. Support provided by the Board of Directors is invaluable and appreciated.

Respectfully submitted,



Scott Smith

Chief Executive Officer



Paul Hodgins

Chief Financial Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Valley Metro Rail, Inc.
Arizona**

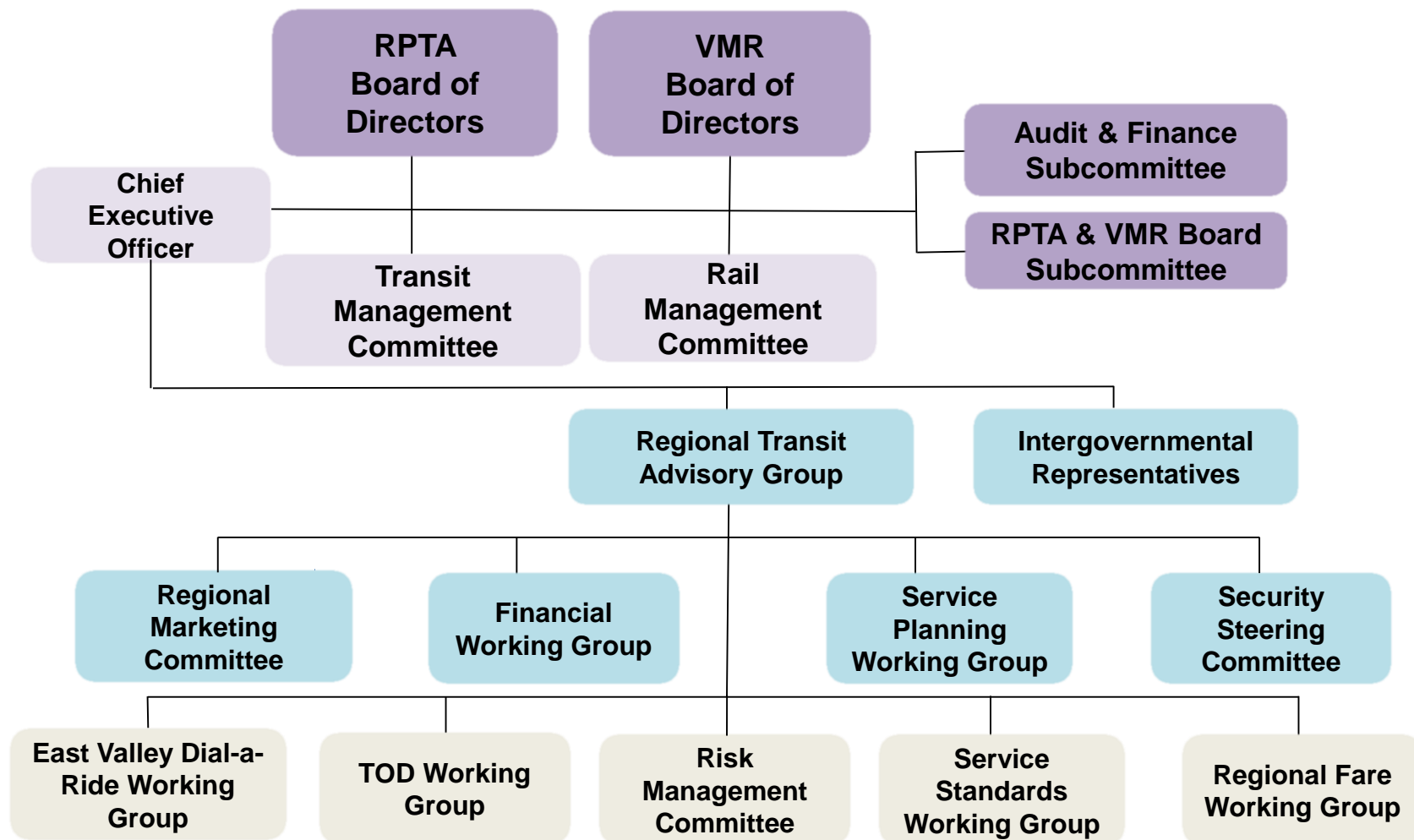
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

Valley Metro Organization



VALLEY METRO RAIL, INC.
List of Appointed Officials
Fiscal Year Ended June 30, 2018

Board of Directors

Board Chairman	Councilmember Chris Glover, Mesa
Vice Chairman	Mayor Thelda Williams, Phoenix
Board Member	Councilmember Kevin Hartke, Chandler
Board Member	Vice Mayor Lauren Tolmachoff, Glendale
Board Member	Councilmember Robin Arredondo-Savage, Tempe

Executive Management Team

Chief Executive Officer	Scott W. Smith
Chief Operating Officer	Rob Antoniak
General Counsel	Michael Minnaugh
Director, Capital and Service Development	Wulf Grote
Director, Communication and Strategic Initiatives	Hillary Foose
Director, Human Resources	Penny Lynch
Chief Financial Officer	Paul Hodgins
Chief Operations Officer	Raymond Abraham
Director, Safety, Security, and Quality Assurance	Adrian Ruiz
Manager, Internal Audit	Mary Modelski



FINANCIAL SECTION

The Financial Section includes the Independent Auditor's Report, Management's Discussion and Analysis (MD&A), the basic financial statements, and notes to the financial statements.

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, 2018, 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 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 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 VMR as of June 30, 2018, 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 5, 2018, on our consideration of 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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Phoenix, Arizona
November 5, 2018



Valley Metro and ASU partner to sell the semester U.Pass to students and faculty.



South Central Light Rail Extension welcomes stakeholders to the community office.

As management of Valley Metro Rail, Inc. (VMR), we offer this narrative overview and analysis of the financial activities of VMR for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iii – viii of this report. This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of VMR's financial activity, (3) identify changes in VMR's financial position, (4) identify any material deviations from the financial plan (adopted annual budget), and (5) identify other issues or concerns.

Financial Highlights

- VMR's total net position increased \$81.1 million in FY 2018. The increase was caused by new capital investments which exceeded scheduled depreciation charges. Total net position for VMR was \$1.400 billion at June 30, 2018.
- VMR's operating revenues for FY 2018 were \$13.4 million compared to \$14.5 million for the prior period, a decrease of \$(1.1) million, or (7.9)%. Fare revenues of \$11.9 million were down slightly over the prior period. In FY18, regional revenues were \$0.3 for the regional capital rebuild program. With the system now over nine years old, the regional capital asset rebuild program is helping to maintain the light rail vehicle fleet in a state of good repair. Operating expenses were \$95.2 million compared to \$90.0 million, an increase of \$5.2 million, or 5.8%.
- Capital contributions totaled \$142.0 million primarily consisting of Public Transportation Funds of \$35.9 million and Federal Transit Administration Capital Grants totaling \$72.9 million and \$33.2 million in City contributions. The construction in progress additions (CIP) for capital projects totaled \$122.3 million. The increase mostly consisted of \$59.6 million for the Gilbert Road LRT Extension; \$24.2 million for the Tempe Streetcar Extension; \$23.5 million for the South Central Extension; \$6.8 million for the LRT 50th Street Station; \$5.7 for expansion LRVs. In addition, the capital funds provided for conveyance of \$5.7 million in real estate to member cities.

OVERVIEW OF THE FINANCIAL STATEMENTS

VMR's financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("GAAP"). GAAP requires that the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "Management's Discussion and Analysis" (MD&A). The financial section of the Comprehensive Annual Financial Report (CAFR) for VMR consists of this discussion and analysis and the basic financial statements. This report also contains other supplementary schedules presented after the basic financial statements. VMR's basic financial statements include a statement of net position; a statement of revenues, expenses and changes in net position; a statement of cash flows; and the notes to the financial statements. VMR's financial statements are prepared on an accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board (GASB).

Fund Financial Statements – VMR is presented as an enterprise fund. Enterprise funds are used for activities that primarily serve customers outside the governmental unit. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or conditions. Funds are used to ensure and demonstrate compliance with finance-related legal

requirements as well as for managerial control to demonstrate fiduciary responsibility over the assets of VMR.

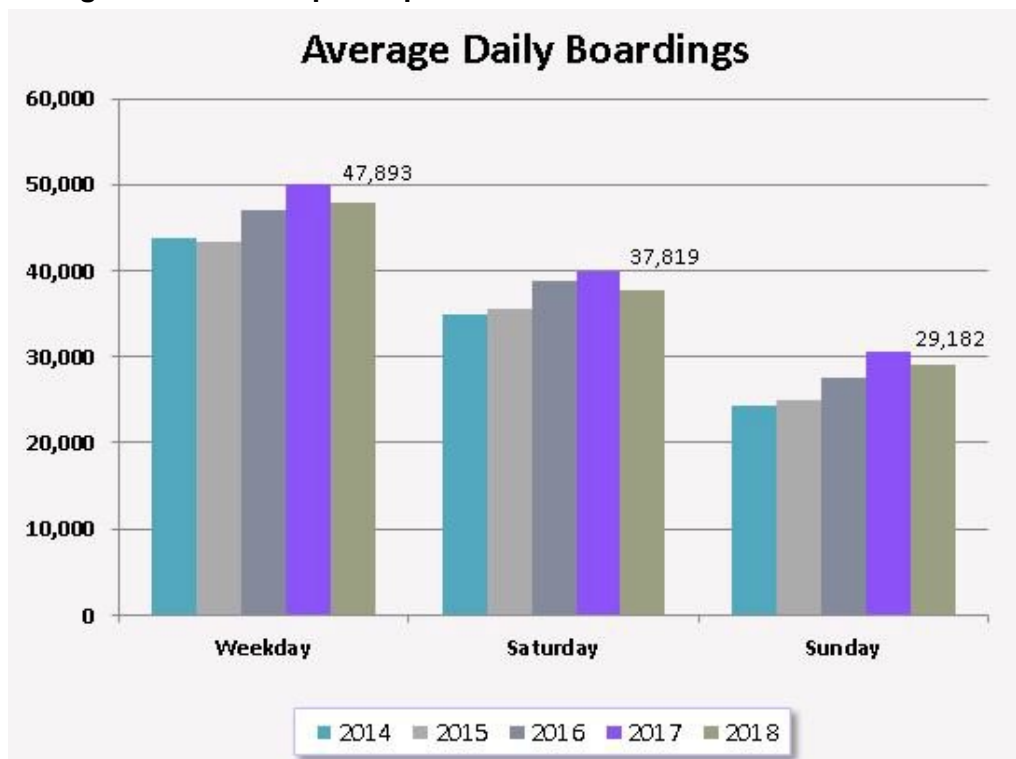
The statement of net position presents information on all of VMR's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of VMR is improving or deteriorating.

The statement of revenues, expenses and changes in fund net position presents information showing how the agency's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected grant revenues).

Notes to the Financial Statements – The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements and should be read with the financial statements. The notes can be found beginning on page 13.

Enterprise Operations – VMR was formed in October 2002 by the cities of Glendale, Mesa, Phoenix and Tempe as a public nonprofit corporation to manage design, construction and operation of the Light Rail Transit (LRT) System within the Metropolitan Area. The City of Chandler became the fifth contributing member in April of 2007. The member cities pay for their share of VMR's operating expenses based on expense allocation methods approved in the by-laws of VMR. See Note 1 for a summary of VMR's significant accounting policies.

Light Rail Ridership Comparison FY 2014 / 2015 / 2016 / 2017 / 2018



FINANCIAL ANALYSIS OF VMR

The following tables and analysis discuss the financial position and changes to the financial position for VMR as a whole as of and for the year ended June 30, 2018, with comparative information for the previous period.

Net Position – Net position may serve over time as a useful indicator of VMR's financial position. The following table reflects the condensed Statement of Net Position as of June 30, 2018, compared to the prior period.

**VMR's Condensed Statement of Net Position
As of June 30, 2018 and 2017**

	2018	2017	Change	Percent Change
Current and other assets	\$ 77,756,419	\$ 66,350,219	\$ 11,406,200	17.2%
Capital assets	1,429,527,533	1,357,116,010	72,411,523	5.3%
Total Assets	1,507,283,952	1,423,466,229	83,817,723	5.9%
Current Liabilities	72,823,046	60,762,069	12,060,977	19.8%
Noncurrent Liabilities	34,823,715	44,118,715	(9,295,000)	-21.1%
Total Liabilities	107,646,761	104,880,784	2,765,977	2.6%
Net Investment in Capital Assets	1,385,408,818	1,304,147,295	81,261,523	6.2%
Unrestricted	14,228,373	14,438,150	(209,777)	-1.5%
Total Net Position	\$ 1,399,637,191	\$ 1,318,585,445	\$ 81,051,746	6.1%

Total net position represents the sum of VMR's unrestricted net position plus net investment in capital assets. The largest portions of the investment are capital assets for the Central Phoenix/East Valley Light Rail Transit Project (CP/EV LRT). In December 2008, VMR placed these capital assets into service for operation of the light rail transit system and in day-to-day operations of VMR. In addition, in FY16, about \$315.2 million in assets were converted from construction in progress to capital assets for the Central Mesa Extension and Northwest-Phase I Extension. It is not VMR's intention to sell these assets and they are therefore not available for future spending. In FY18 net position increased \$81.1 million largely due to the addition of the construction in progress for the Gilbert Road, Tempe Streetcar, South Central, 50th Street LRT Station and LRV Expansion projects. Funding sources for the new investments include Federal grants, Public Transportation Funds and City local match funding.

CHANGES IN NET POSITION

Total operating revenues, which consist of Passenger Fares and Other Revenues (advertising), decreased by \$(1.1) million (7.9)%. The passenger fare revenues decreased by \$(1.5) million or (10.9)% due to a slight decrease in ridership. Other revenues mostly consisting of Advertising revenues decreased by a negligible amount of \$(0.004) million (0.3)%. The regional capital rebuild program revenue increased over previous year to \$0.3 million revenue as the new capital rebuild programs began.

Operating expenses increased by \$5.2 million to \$95.2 million or 5.8%: Administrative expenditures increased by \$1.2 million to \$1.7 million or 249.0%. This was due to increased costs in Systemwide Analysis and Fare Collection (studies related to future capital projects). In FY18, passenger operations service expenses increased by \$1.5 million from \$41.5 million to \$43.0 million or 3.7% due to increased security costs. The regional capital rebuild program increased to \$0.5 million as the new capital rebuild programs began. Depreciation expense was \$50.0 million, an increase of \$2.0 million 4.1% over the previous year. 1.6 of the 2.0 million increase was related to the FY17 adjustment to depreciation expense. The net was a \$400,000 increase in depreciation expense. This increase is related to new FY17 assets being depreciated for a full year.

Non-Operating expenses: This year's non-operating revenue and expense activities report a net decrease of \$0.4 million or 1.9% in net position. The decrease includes private utility relocation expense \$2.7 million, capital conveyance of real estate to member cities \$5.7 million, concurrent non project activities \$1.6 million, and Future Project Development expenses of \$10.6 million. The LRT corridor studies are in support of future capital projects that are not yet formally approved capital projects with secured funding sources. Additional expenses include Public Transportation Fund interest expense \$2.6 million. This amount was recorded for bond proceeds advanced from the Regional Public Transportation Authority; see Note 9 for details. The expenses were offset by Contributions from member cities of \$32.1 million, Regional Public Transportation Funds revenue of \$9.1 million, and Receipts from federal grants of \$1.9 million. In addition, Other Planning Revenues of \$1.0 million were received.

The following table compares the revenues and expenses of VMR for the current fiscal year and the previous period.

VMR's Changes in Net Position				
Fiscal year ended June 30, 2018 and 2017				
	2018	2017	Change	Percent Change
Operating Revenues				
Passenger Fares	\$ 11,911,036	\$ 13,363,158	\$ (1,452,122)	-10.9%
Regional Capital Rebuild Revenue	310,024	—	310,024	—%
Other Revenues	1,140,386	1,144,055	(3,669)	-0.3%
Operating Revenues	13,361,446	14,507,213	(1,145,767)	-7.9%
Operating Expenses:				
Administrative	1,671,860	479,004	1,192,856	249.0%
Passenger Operations Service	43,021,499	41,487,091	1,534,408	3.7%
Regional Capital Rebuild Program	500,039	—	500,039	—%
Depreciation	49,986,985	48,010,459	1,976,526	4.1%
Operating expenses	95,180,383	89,976,554	5,203,829	5.8%
Operating Loss	(81,818,937)	(75,469,341)	(6,349,596)	8.4%
Non-operating revenues (expense)	20,852,805	21,253,190	(400,385)	-1.9%
Deficiency before Capital Contributions	(60,966,132)	(54,216,151)	(6,749,981)	12.5%
Capital Contributions	142,017,878	127,938,184	14,079,694	11.0%
Increase in Net Position	81,051,746	73,722,033	7,329,713	9.9%
Net Position, July 1	1,318,585,445	1,244,863,412	73,722,033	5.9%
Net Position, June 30	\$ 1,399,637,191	\$ 1,318,585,445	\$ 81,051,746	6.1%

Capital contributions totaling \$142.0 million consist of FTA capital grants of \$72.9 million, Public Transportation Funds of \$35.9 million and capital member contributions of \$33.2 million. Capital projects funded include the Gilbert Road Extension, Tempe Streetcar Project, South Central, 50th Street LRT Station, and LRV Expansion vehicles construction projects. The \$14.1 million increase versus prior year capital contributions were primarily related to the \$(41.1) million decrease in PTF contributions for capital projects, a \$27.6 million increase in federal capital grants and a \$27.6 million increase in capital contributions from member cities.

CAPITAL ASSETS AND LONG TERM DEBT

Capital Assets:

The following table provides a breakdown of capital assets of VMR at June 30, 2018, with comparative information for the previous period. Additional information on VMR's capital assets may be found in Note 5.

**VMR's Capital Assets, Net of Depreciation
As of June 30, 2018 and 2017**

	2018	2017	Change	Percent Change
Buildings	\$ 74,541,425	\$ 77,104,728	\$ (2,563,303)	-3.3%
Guideway	692,905,425	709,166,204	(16,260,779)	-2.3%
Bridges	42,036,199	44,086,745	(2,050,546)	-4.7%
Operations Control Center	9,155,952	9,592,733	(436,781)	-4.6%
Passenger Stations and Facilities	90,573,589	94,734,079	(4,160,490)	-4.4%
Park and Ride Facilities	20,759,510	23,870,319	(3,110,809)	-13.0%
Bus Shelter	565,281	642,515	(77,234)	-12.0%
Electric Power Substations	103,955,250	109,693,864	(5,738,614)	-5.2%
Signal and Communication System	63,803,062	68,438,794	(4,635,732)	-6.8%
Computers and Software	164,846	454,631	(289,785)	-63.7%
Revenue Vehicles	135,412,699	144,204,827	(8,792,128)	-6.1%
Non-Revenue Vehicles	784,465	839,802	(55,337)	-6.6%
Site Improvements	2,721,964	2,807,072	(85,108)	-3.0%
Tenant Improvements	334,973	—	334,973	—%
Equipment	8,591,365	9,121,607	(530,242)	-5.8%
Construction in Progress	183,221,528	62,358,090	120,863,438	193.8%
Net Capital Assets	\$ 1,429,527,533	\$ 1,357,116,010	\$ 72,411,523	5.3%

As of June 30, 2018, VMR had \$1.430 billion in capital assets, net of accumulated depreciation. There was a large increase in capital assets \$72.4 million, primarily due to an increase in construction in progress of \$120.9 million for Gilbert Road LRT Extension, Tempe Streetcar, South Central, 50th Street LRT Station, and the LRV Expansion of vehicles. New construction increases were offset by the annual depreciation charge of \$50.0 million for the Light Rail system infrastructure. Refer to Note 5 on page 18 for more information regarding the capital assets.

Long Term Debt:

In April 2015, the VMR and RPTA Boards amended the interagency LRT Program Agreement whereby RPTA holds an interagency receivable for PTF bond proceeds advanced to VMR to fund LRT capital projects. In FY18, the PTF Advance Bond Proceeds due from VMR to RPTA totaled \$44.1 million. See Note 9 on page 20 for details.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

VMR's adopted fiscal year 2019 total operating and capital budget is \$308.1 million, up \$42.7 million from fiscal year 2018's amended budget. The primary cause for the increase is within the capital budget; with increases to the construction activities for the South Central of \$26.3 million, and Northwest Phase II of \$21.7 million. Also, Systemwide Improvements increased \$7.0 million due to new Rail cars for future LRT extensions and various overhauls for LRT Rail car components. In addition, since the Central Mesa Extension commenced operations in FY16, there is a decrease to the budget for the Central Mesa Extension of \$(1.7) million. Further since the Gilbert Road Extension will commence operations in FY19, there is a decrease to the budget for this Extension of \$(11.9) million. Background on the capital projects may be found in the Statistical Section commencing on page 31.

On the operating side, VMR's FY19 budget is \$68.7 million, down \$1.6 million versus fiscal year 2018 Amended budget. Revenue operations costs are up \$4.1 million to \$52.0 million in FY19 due to the opening of Gilbert Road Extension and the 50th Street Station. This is offset by the Future Projects Development costs which are down \$5.8 million from FY18 Amended budget. As the VMR prepares for construction of capital projects, the planning/environmental studies have decreased.

Comparison of Annual Expenditure Budgets Fiscal Year 2019 vs. 2018

<u>Use of Funds</u>	<u>FY 2019 Adopted (\$,000)</u>	<u>FY 2018 Amended (\$,000)</u>	<u>Change (\$,000)</u>
Operating			
Revenue Operations & Maintenance	\$ 52,041	\$ 47,943	\$ 4,098
Future Project Development	14,909	20,718	(5,809)
Agency Operating	1,734	1,585	149
Total Operating	\$ 68,684	\$ 70,246	\$ (1,563)
Capital Projects:			
Gilbert Road	\$ 65,901	\$ 77,789	\$ (11,888)
50th Street Station	8,779	11,363	(2,584)
Tempe Streetcar	48,071	46,477	1,594
South Central	62,353	36,100	26,253
Northwest Phase II	21,737	—	21,737
OMC Expansion	7,114	3,197	3,917
Northwest Phase I	—	—	—
Central Mesa	234	1,961	(1,727)
Systemwide Improvements	25,269	18,312	6,957
Total Capital	\$ 239,458	\$ 195,199	\$ 44,259
Total Uses of Funds	\$ 308,142	\$ 265,445	\$ 42,697

FINANCIAL CONTACT

The financial report is designed to provide a general overview of VMR's finances and to demonstrate accountability for the use of public funds. Questions about any of the information provided in this report, or requests for additional financial information should be addressed to Valley Metro's Chief Financial Officer, Valley Metro Rail, Inc., 101 North 1st Avenue, Suite 1400, Phoenix, Arizona 85003.

Valley Metro Rail, Inc.
Statement of Net Position
Fiscal Year Ended June 30, 2018

Assets

Cash and Investments	\$	12,234,782
Receivables		110,162
Due from Other Governments		34,861,119
Inventory		17,539,493
Other Assets		1,236,769
Restricted Cash and Investments		11,774,094
Capital Assets, not being depreciated		183,221,528
Capital Assets, net of accumulated depreciation		1,246,306,005
Total Assets		<u>1,507,283,952</u>

Liabilities

Current Liabilities:

Accounts Payable	25,290,069
Other Accrued Expenses	162,601
Insurance Reserves	921,644
Due to Other Governments	14,870,017
Due to RPTA PTF Advance Bond Proceeds	9,295,000
Other Deposits	107,333
Member Cities Deposits	10,402,288
Retainage Payable	11,774,094
Total Current Liabilities	<u>72,823,046</u>

Noncurrent Liabilities:

Due to RPTA PTF Advance Bond Proceeds	34,823,715
Total Noncurrent Liabilities	<u>34,823,715</u>

Total Liabilities	<u>107,646,761</u>
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Net Position

Net Investment in Capital Assets	1,385,408,818
Unrestricted	14,228,373
Total Net Position	<u>\$ 1,399,637,191</u>

The accompanying notes to the financial statements are an integral part of this statement.

Valley Metro Rail, Inc.

Statement of Revenues, Expenses, and Changes in Fund Net Position

Fiscal Year Ended June 30, 2018

Operating Revenues:

Passenger Fares	\$ 11,911,036
Regional Capital Rebuild Revenue	310,024
Other Revenues	1,140,386
Total Operating Revenues	<u>13,361,446</u>

Operating Expenses:

Administrative	1,671,860
Passenger Operations Service	43,021,499
Regional Capital Rebuild Program	500,039
Depreciation	49,986,985
Total Operating Expenses	<u>95,180,383</u>

Operating Income (Loss)	<u>(81,818,937)</u>
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Non-Operating Revenue / (Expense):

Contributions from Member Cities	32,077,226
Public Transportation Funds	9,104,762
Receipts from Federal Grants	1,888,315
Other Planning Revenues	1,002,499
Future Project Development	(10,585,421)
Private Utilities Relocations	(2,742,739)
Capital Conveyance to Member Cities	(5,680,720)
Concurrent Non Project Activities	(1,568,142)
PTF Interest expense	(2,642,975)
Total Non-Operating Revenues/ (Expense)	<u>20,852,805</u>

Deficiency Revenues under Expenses	<u>(60,966,132)</u>
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Capital Contributions:

Capital Contributions from Member Cities	33,186,023
Public Transportation Funds Capital	35,909,802
Federal Transit Administration Capital Grants	72,886,053
Other Capital Contributions	36,000
Total Capital Contributions	<u>142,017,878</u>

Changes in Net Position	81,051,746
Net Position, Beginning of Period	<u>1,318,585,445</u>
Net Position, End of Period	<u>\$ 1,399,637,191</u>

The accompanying notes to the financial statements are an integral part of this statement.

Valley Metro Rail, Inc.
Statement of Cash Flows
Fiscal Year Ended June 30, 2018

Cash Flows from Operating Activities

Receipts from Fare Revenues	\$ 11,929,894
Receipts from Regional Capital Rebuild Program	310,024
Other Revenues	1,148,007
Payments for Payroll Related Expenses	(22,297,817)
Payments to Suppliers	(17,784,224)
Net Cash Provided by Operating Activities	<u>(26,694,116)</u>

Cash Flows from Non-Capital Financing Activities

Receipts from Member Cities	30,982,883
Receipts from Regional Public Transportation Authority	9,607,261
Receipts from Federal Non-Capital Grants	1,888,315
Receipts from Maricopa Association of Governments	500,000
Payments for Concurrent Non Project Activities	(1,673,861)
Payments for Future Project Development	(10,340,974)
Payment for Private Utility Relocations	(2,923,803)
Capital Conveyance to Member Cities	(5,680,720)
Net Cash Used in Non-Capital Financing Activities	<u>22,359,101</u>

Cash Flows from Capital and Related Financing Activities

Capital Contributions from Member Cities	33,186,023
Receipts from FTA Capital Grants	72,886,053
Receipts from Regional PTF for Capital	24,407,240
Other Capital Contributions	11,810,094
Interest Payments on Long-Term Debt	(4,888,049)
Payments for Capital Assets	(125,188,023)
Net Cash Provided by Capital and Related Financing Activities	<u>12,213,338</u>

Net Increase in Cash and Cash Equivalents

	7,878,323
Cash and Cash Equivalents, Beginning of Year	<u>16,130,553</u>

Cash and Cash Equivalents, End of Year

\$ 24,008,876

Cash and Cash Equivalents

Cash and Investments	\$ 12,234,782
Restricted Cash and Investments	<u>11,774,094</u>

Total Cash and Cash Equivalents

\$ 24,008,876

Reconciliation of Operating Loss to Net Cash Provided by Operating Activities

Operating Loss	\$ (81,818,937)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Depreciation	49,986,985
(Increase) Decrease in Assets:	
Accounts Receivable	8,603
Due from Other Governments	63,213
Inventory	(709,633)
Other Assets	28,951
Increase (Decrease) in Liabilities	
Accounts Payable	5,763,081
Other Accrued Expenses	(24,000)
Insurance Reserves	7,621

Net Cash Provided by Operating Activities

\$ (26,694,116)

Noncash Transactions affecting Financial Position

Capital Contributions from Member Cities	\$ 1,182,589
Advance PTF Revenue and Bond interest payment	11,492,975

The accompanying notes to the financial statements are an integral part of this statement.

1. Summary of Significant Accounting Policies

The accounting policies of Valley Metro Rail, Inc. (VMR) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

a. Financial Reporting Entity

In October 2002, the city councils of Glendale, Mesa, Phoenix and Tempe approved the formation of a government entity with a nonprofit status by the name of Valley Metro Rail, Inc. The nonprofit corporation was organized under A.R.S. 11-952 and 40-1152. The initial members entered into a Joint Powers Agreement which provides that this corporation be organized as the instrumentality to plan, design, construct, and operate the Light Rail Transit Project ("LRT"). Prior to October 2002, the Regional Public Transportation Authority (RPTA) performed these roles.

VMR contracts with the RPTA for certain administrative functions, including personnel, HR administration, and computer support services. All VMR staff is hired and employed by RPTA but works solely under the direction of Valley Metro Rail, Inc., and its Board of Directors, through a contractual arrangement with RPTA.

The Board of Directors of VMR is solely responsible for the governance of LRT and VMR is not a component unit of RPTA; economic resources received by VMR are entirely for the direct benefit of VMR, and RPTA is not entitled to and has no ability to otherwise access any of the economic resources received or held by VMR.

b. Financial Statements

These financial statements are presented in accordance with Government Accounting Standards Board (GASB) and all applicable GASB Statements. VMR is engaged only in business-type activities and is required to present the financial statements required for enterprise funds which are part of proprietary funds. VMR does not report any component units.

c. Basis of Presentation

Proprietary funds account for activities of VMR similar to those found in the private sector, where cost recovery and the determination of net income is useful or necessary for sound fiscal management. The focus of proprietary fund measurement is upon the determination of operating income, changes in net position, financial position and cash flows. Currently, the VMR is classified as a stand-alone Enterprise fund.

d. Measurement Focus and Basis of Accounting

The Statement of Net Position and Statement of Revenues, Expenses and Changes in Fund Net Position are reported using the flow of economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Such revenue is subject to review by the funding agency, which may result in disallowance in subsequent periods.

All of VMR's activities are accounted for in a single proprietary or business-type fund. Proprietary funds distinguish operating revenues and expenses from non-operating items and capital contributions. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

Revenues and expenses not meeting this definition are reported as either non-operating revenues and expenses or capital contributions.

e. Cash and Investments

State statutes authorize VMR to invest in obligations of the U.S. Treasury and any of its agencies, corporations or instrumentalities, collateralized repurchase agreements, certificates of deposit, and the Local Government Investment Pool. VMR's investments are stated as fair value. Fair value is based on quoted market prices as of the valuation date.

VMR considers short-term investments in mutual fund-money markets, U.S. Treasury bills and notes with maturities of three months or less at acquisition date to be cash equivalents.

f. Receivables

Management analyzes receivables periodically to determine the adequacy of the allowance for doubtful accounts. There is no current provision required for possible bad debts.

g. Inventory

Inventories consist of expendable supplies held for consumption. Inventories are valued at cost using the average cost method. Inventories are expensed when the resources are used.

h. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaids are recorded as assets and the expense is recognized when the assets are consumed or used. The prepaid items are included in Other Assets on the Statement of Net Position.

i. Capital Assets

Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year.

Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

VMR capitalizes all costs incurred in connection with the construction of capital projects. The costs for the non-federal agency operating, Rail Operations, and the LRV Regional Capital Rebuild program (considered maintenance for capitalization purposes) costs are recorded as annual operating expenses.

VMR is not the legal owner of any land. The land required for the LRT system is acquired and owned by the Member Cities and is the subject of a long-term use agreement between each City and VMR. Land, subject to the above agreement, is recorded on the books of member cities. If a member city submits a reimbursement for real estate purchases, the cost is paid to the city through federal and regional sources. At fiscal year end, the cost is removed from the books and "conveyed" back to the member city.

The costs included as construction in progress consist primarily of project administration, engineering, construction management, utilities relocation, facility construction, equipment procurement, and other costs related to construction. No depreciation is provided on construction in progress until construction is completed and the assets are placed in service.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Useful Life (Years)
Buildings	40
Guideway	50
Bridges	30
Operation Control Center	30
Passenger Stations and Facilities	30
Park and Ride Facilities	15
Electric Power Substations	25
Signal and Communication System	20
Revenue Vehicles	25
Equipment	5-15
Furniture and Fixtures	7
Non-Revenue Vehicles	4
Computers and Software	3
Tenant Improvements	5-10
Site Improvements	5-10
Bus Shelter	10

j. Allocation of Costs to Member Cities

Design and construction costs for the Light Rail Extensions that comprise the System are allocated to the member cities as follows:

- i) Regional design and construction costs are allocated based upon the Design and Construction Miles percentage method as stated in the bylaws of the corporation. The components of the LRT that are currently classified as “regional” are light rail vehicles, the maintenance and storage facility, operations control center, bridge structures, and regional park-and-ride lots.
- ii) Local design and construction costs are allocated to the member cities within whose boundaries the LRT Component designed or constructed will be located. Design and construction costs that are not classified as regional are deemed to be local.
- iii) Design and construction costs for future LRT extensions are funded based upon Design and Construction Agreements which are executed in accordance with the adopted Regional Transit Life Cycle Plan (TLCP). Each construction project of a light rail extension has a different funding structure based on the TLCP. Under the Design and Construction project agreement for each extension, a Member City may be required to fund a local match as part of project funding, if the project is located within its jurisdiction. The remaining funding comes from Federal and regional monies.

If a member city's share of the LRT costs for a fiscal year is determined to be less than \$50,000, such member city's share of the LRT costs shall be \$50,000. The purpose of the Minimum Cost is so that all member cities will contribute to payment of the overhead expense of the Corporation for matters such as the cost of meetings of the Board of Directors, administrative support to the Board of Directors, and support to member cities by the Rail Program Staff.

Passenger Operations Service Expenses are funded by the Member Cities according to the ratio of LRT route mileage currently in service. Costs related to fare inspection, on-board security and park-and-ride security are considered regional costs. Member Cities may also contribute amounts to fund local security within their respective jurisdictions.

k. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America necessarily requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting financial period. Actual results could differ from these estimates.

l. Net Position

VMR's net position consists of unrestricted net position and net investment in capital assets. Net investment in capital assets, which is capital assets, net of related debt, is separately reported because capital assets make up a significant portion of net position.

2. Budgetary Basis of Accounting

An annual budget of revenues and expenses is prepared and adopted by the Board of Directors each fiscal year. According to the By-Laws of Valley Metro Rail, Inc. annual operating and capital budget is required. The legal level of budgetary control is the total annual appropriated budget. The annual budget is adopted on the accrual basis. Encumbrance accounting is not used and all appropriations lapse at year end. Depreciation expense is not included in the annual budget. 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.

During the fiscal year, the Board of Directors modified the original budget. A schedule of actual operating revenues and expenses versus original budget and final budget is presented as supplementary information. See Page 24.

3. Cash and Investments

Cash deposits and investments at June 30, 2018, consisted of the following:

Cash of Hand and in Bank	\$	11,313,138
Insurance Trust Fund		921,644
Cash with Escrow Agent		11,774,094
Total Cash and Investments	\$	<u>24,008,876</u>

VMR has deployed Ticket Vending Machines (TVM's) which contain coin and bill vaults to accommodate the purchase of fares. At June 30, 2018, the total cash contained in the coin and bill vaults totaled \$198,066.

VMR's bank deposits at June 30, 2018, had a carrying value of \$11,115,072 and the bank ledger balance was \$11,604,568. The difference of \$(489,496) represents deposits in transit and outstanding checks. Of the bank balance, \$250,000 is covered by federal depository insurance and \$11,354,568 is covered by securities held by the pledging financial institution in VMR's name.

Valley Metro Rail, Inc.

Notes to the Financial Statements (Continued)

Fiscal Year Ended June 30, 2018

The Self Insurance Reserve Trust Account totaling \$921,644 was covered by collateral held by the pledging financial institution in VMR's name. It is invested within Money Market Funds with Wells Fargo that are measured at amortized cost.

The Cash with Escrow Agent Accounts totaling \$11,774,094 for retainage payable for construction contracts. The money is invested in Money Market Funds with US Bank and UMB Corporate Trust Services that are measured at amortized cost.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of bank failure VMR's deposits may not be returned. VMR does not have a deposit policy for custodial credit risk. All of VMR's bank deposits are in non-interest bearing accounts.

Interest Rate Risk. VMR's formal investment policy limits type of investment as a means of managing its exposure to fair value losses arising from increasing interest rates. During FY 2018 all investment durations were shorter than 90 days.

Credit Risk. State Statutes and VMR's Investment Policy authorize VMR to invest in bank demand deposit accounts and obligations of the U.S. Treasury.

Concentration of Credit Risk. VMR's Investment Policy limits the total investments by type of account including, General Operating, Imprest Fund, Self-Insurance Reserve and TVM Credit Card. At June 30, 2018, VMR maintains all available cash in these accounts.

4. Accounts Receivable and Due From Other Governments

All receivable balances at June 30, 2018 are displayed on the financial statements and are expected to be collected in full; therefore, an allowance for uncollectibles has not been recorded.

Due from other governments consists of Federal receivables due from the City of Phoenix as Grantee of Federal Funds, PTF receivable due from Regional Public Transportation Authority (RPTA), project funding receivables due from cities of Mesa, Phoenix and Tempe and miscellaneous receivables due from Maricopa Association of Governments.

City of Phoenix (Grantee of Federal Funds)	\$	19,753,369
Public Transportation Funding		3,906,227
City of Mesa		1,052,486
City of Phoenix		8,969,090
City of Tempe		1,095,575
Maricopa Association of Governments		84,372
Total Due from Other Governments	\$	<u>34,861,119</u>

Public Transportation Funding is discussed more fully in Note 15.

Valley Metro Rail, Inc.
Notes to the Financial Statements (Continued)
Fiscal Year Ended June 30, 2018
5. Capital Assets

Capital asset and construction in progress activity for the year ended June 30, 2018 were as follows:

	Balances, July 1, 2017	Increases	Decreases	Balances, June 30, 2018
Nondepreciable assets:				
Construction in progress	\$ 62,358,090	\$ 122,314,907	\$(1,451,469)	\$ 183,221,528
Depreciable assets:				
Buildings	102,532,106	—	—	102,532,106
Guideway	813,036,007	—	—	813,036,007
Bridges	61,516,388	—	—	61,516,388
Operation Control Center	13,103,434	—	—	13,103,434
Passenger Stations and Facilities	124,814,721	—	—	124,814,721
Park and Ride Facilities	46,662,133	—	—	46,662,133
Bus Shelter	772,334	—	—	772,334
Electric Power Substations	143,464,997	—	—	143,464,997
Signal and Communication System	92,712,988	—	—	92,712,988
Computers and Software	2,244,472	—	(37,094)	2,207,378
Furniture and Fixtures	1,138,274	—	—	1,138,274
Revenue Vehicles	219,803,204	—	—	219,803,204
Non-Revenue Vehicles	3,161,821	250,758	(21,245)	3,391,334
Site Improvements	3,489,714	260,671	—	3,750,385
Tenant Improvements	—	342,100	—	342,100
Equipment	20,338,781	681,541	(13,497)	21,006,825
Total depreciable assets at historical cost	1,648,791,374	1,535,070	(71,836)	1,650,254,608
Less accumulated depreciation for:				
Buildings	(25,427,378)	(2,563,303)	—	(27,990,681)
Guideway	(103,869,803)	(16,260,779)	—	(120,130,582)
Bridges	(17,429,643)	(2,050,546)	—	(19,480,189)
Operation Control Center	(3,510,701)	(436,781)	—	(3,947,482)
Passenger Stations and Facilities	(30,080,642)	(4,160,490)	—	(34,241,132)
Park and Ride Facilities	(22,791,814)	(3,110,809)	—	(25,902,623)
Bus Shelter	(129,819)	(77,234)	—	(207,053)
Electric Power Substations	(33,771,133)	(5,738,614)	—	(39,509,747)
Signal and Communication System	(24,274,194)	(4,635,732)	—	(28,909,926)
Computers and Software	(1,789,841)	(289,785)	37,094	(2,042,532)
Furniture and Fixtures	(1,138,274)	—	—	(1,138,274)
Revenue Vehicles	(75,598,377)	(8,792,128)	—	(84,390,505)
Non-Revenue Vehicles	(2,322,019)	(306,095)	21,245	(2,606,869)
Site Improvements	(682,642)	(345,779)	—	(1,028,421)
Tenant Improvements	—	(7,127)	—	(7,127)
Equipment	(11,217,174)	(1,211,783)	13,497	(12,415,460)
Total accumulated depreciation	(354,033,454)	(49,986,985)	71,836	(403,948,603)
Total capital assets being depreciated	1,294,757,920	(48,451,915)	—	1,246,306,005
Business-type activities, capital assets, net	<u>\$ 1,357,116,010</u>	<u>\$ 73,862,992</u>	<u>\$(1,451,469)</u>	<u>\$ 1,429,527,533</u>

6. Member Cities' Deposits

The member cities advance monies to cover the cost of operations plus the federal and local share of project costs. In addition, unpaid expenses to be funded by member contributions are accrued for each city. A summary of member cities' deposits at June 30, 2018 follows:

City of Chandler	\$ 194,984
City of Glendale	136,357
City of Mesa	577,569
City of Peoria	37,392
City of Phoenix	7,212,303
City of Tempe	2,243,683
	<u>\$ 10,402,288</u>

7. Operating Leases

VMR leases office space and small office equipment under various operating lease agreements. Total expenses for these leases were \$1,814,857 for the fiscal year ended June 30, 2018. Future minimum lease payments under non-cancelable operating leases are as follows:

<u>Year Ending June 30, 2018</u>	
2019	\$ 1,913,494
2020	1,720,052
2021	1,720,052
2022	1,720,052
2023	1,720,052
2024-2026	5,129,777
	<u>\$ 13,923,479</u>

Beginning on July 1, 2014, VMR entered into a new contract to lease office space for a 12 year term which included 57,007 square feet of building space. Simultaneously, a sublease between VMR and RPTA took effect for 26,324 square feet. The 12 year term contract total is \$16,266,090 for VMR. The sublease to RPTA is \$7,502,340.

Beginning on December 1, 2017, VMR entered into a new contract to lease additional office space for the 14th Floor of the building for a 8.5 year term which included 13,242 square feet of building space. The 8.5 year term contract total is \$3,098,628 for VMR.

8. Due to Other Governments

VMR receives employee services as well as Public Transportation Funds (PTF) for capital project planning and design and construction funding from RPTA. As of June 30, 2018 VMR owed to RPTA \$5,329,369 for payroll and fringe benefits and \$8,341,547 for PTF Accrued Reimbursements for a total of \$13,670,916

Payroll and Fringe Benefits	\$ 5,329,369
PTF Accrued Reimbursements	8,341,547
Due to RPTA	<u>13,670,916</u>
Due to City of Phoenix	534,944
Due to City of Mesa	512,986
Due to Other	151,171
Total Due to Other Governments	<u>\$ 14,870,017</u>

9. Note Payable for Advance Bond Proceeds

During FY15, VMR and RPTA Boards amended the inter-agency LRT Program Agreement, whereby RPTA will hold an inter-agency receivable from VMR for the advance of bond proceeds. In order to accelerate planning, design and construction of the Light Rail Capital Projects as identified in the Regional Transportation Plan, RPTA advances bond proceeds prior to the collection of sales tax proceeds necessary to fund the debt service payments.

The inter-agency payable to RPTA of the Advance Bond Proceeds shall be paid from the collection of PTF Sales Taxes by RPTA on VMR's behalf. As the debt service payments are made, VMR will record PTF revenue-capital contributions and reduce the note payable. In addition, VMR will record each fiscal year, the VMR portion of the bond interest expense of the 2009 bond issue and the 2014 bond issue according to the debt service schedules. For FY18, the PTF bond interest expense was \$2,642,975

As of June 30, 2018, PTF Advance Bond Proceeds totaled \$44,118,715. Principal and interest payments follow the Series 2014 Debt Service schedule as shown in table below.

Fiscal Year End	Original Note Balance	Interest Debt Service Payments	Principal Debt Service Payments	Balance Remaining
2015	\$ 69,583,715	\$ 12,160,656	\$ —	\$ 69,583,715
2016	—	2,985,765	8,185,000	61,398,715
2017	—	2,859,579	8,430,000	52,968,715
2018	—	2,642,975	8,850,000	44,118,715
2019	—	2,415,579	9,295,000	34,823,715
2020	—	2,164,808	9,780,000	25,043,715
2021	—	1,900,952	10,295,000	14,748,715
2022	—	1,623,201	10,835,000	3,913,715
2023	—	1,330,882	3,913,715	—
Total	\$ 69,583,715	\$ 30,084,397	\$ 69,583,715	

*Note A portion of the total Series 2014 Bond Issue interest expense is allocated to the Series 2014 Advance. The allocation is based on ratio of Series 2014 Advance Note Payable \$69,583,715 versus the Total Series 2014 Bond Proceeds \$135,406,165.

10. Contractual and Other Commitments

VMR has entered into various contractual agreements for engineering services, project management, construction administration, light rail vehicles, construction, operations services, legal services and artists. At June 30, 2018, VMR had remaining contractual commitments for these services aggregating approximately \$268.1 million. These commitments have not been recorded in the accompanying financial statements. Only the currently payable portions of these contracts have been included in accounts payable in the accompanying financial statements. Subsequent to June 30, 2018, VMR entered into approximately \$17.1 million additional contractual commitments. All amounts listed below have been rounded to the nearest \$1,000.

As of June 30, 2018:

Contractor	Commitment	Spent-to-date	Remaining
AECOM	\$ 34,869,000	\$ 14,679,000	\$ 20,190,000
Allied Barton Security Services	15,675,000	8,001,000	7,674,000
Alternative Concepts - Operations & Maintenance	56,140,000	9,976,000	46,164,000
Brookville Equipment Vehicle Manufacturing	33,034,000	4,939,000	28,095,000
City of Mesa Admin and Real Estate Services	35,470,000	26,961,000	8,509,000
Gannett Fleming - Final Design 50th St. Station	1,590,000	1,353,000	237,000
Jacobs Engineering - Final Design GRE	10,276,000	9,610,000	666,000
Kiewit Infrastructure West - CM@Risk South Central	2,528,000	1,256,000	1,272,000
Kiewit McCarthy J/V Northwest Ph 2 402205	1,600,000	351,000	1,249,000
PGH Wong - Systems Design	16,377,000	2,921,000	13,456,000
Scheidt Bachmann - Fare Collection System	142,000	104,000	38,000
Siemens Industry LRV Acquisition Program	57,832,000	19,040,000	38,792,000
Stantec Consulting - Final Design Tempe SC	10,338,000	9,842,000	496,000
Stacey and Witbeck/Sundt Preconstruction GRE	116,373,000	69,021,000	47,352,000
Sundt Stacey/Witbeck 50th Street Station	14,321,000	6,318,000	8,003,000
Sundt Stacey/Witbeck Tempe Streetcar	15,041,000	10,624,000	4,417,000
Various - 50th Street Station Program Management	1,522,000	1,005,000	517,000
Various - Central Mesa Ext. Program Management	80,000	31,000	49,000
Various - Future Extensions	17,044,000	11,826,000	5,218,000
Various - Misc. Construction and Services	10,747,000	6,185,000	4,562,000
Various - NW Ext. Program Management	295,000	120,000	175,000
Various - Operations & Maintenance	36,276,000	13,242,000	23,034,000
Various - Gilbert Road Extension Prog. Mgt.	1,820,000	1,819,000	1,000
Various - Public Art Program	5,565,000	781,000	4,784,000
Various - RPTA	854,000	374,000	480,000
Various - South Central Extension Prog. Mgt.	4,757,000	4,307,000	450,000
Various - Vehicles Prog. Mgt.	1,539,000	395,000	1,144,000
Various- Tempe Streetcar Program Management	6,097,000	4,978,000	1,119,000
	\$ 508,202,000	\$ 240,059,000	\$ 268,143,000

11. Risk Management

VMR is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to contracted labor; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. VMR purchases insurance coverage for property, general liability, excess liability, automobile liability, umbrella liability, public entity employment practices liability, public entity management liability, boiler and machinery, crime, inland marine, owner's protective professional indemnity, environmental site protection, contractor's environmental protection and excess liability. In addition, the RPTA purchases workers' compensation, employee life insurance, health and dental insurance coverage for all LRT full-time employees. Settled claims for these risks have never exceeded commercial insurance limits. See schedule of insurance coverage on page 51 and Note 14-Related Party Transactions.

VMR has received notice of general liability claims related to its operations. VMR's commercial insurance policies provide coverage against losses arising from the claims subject to policy deductible amounts. Such claims are evaluated and specific reserves are established to cover VMR's contingent risk of loss pending settlement with the parties involved. At June 30, 2018 the Reserve for General Liability Claims totaled \$921,644.

12. Contingencies

As a subrecipient of federal grant monies, amounts passed through or receivable from other agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although VMR expects such amounts, if any, to be immaterial.

13. Lawsuits

VMR is a party to a number of various types of lawsuits, many of which normally occur in governmental operations. The ultimate outcome of the actions is not determinable, however, VMR management believes that the outcome of these proceedings, either individually or in the aggregate, will not have a materially adverse effect on the accompanying financial statements.

14. Related Party Transactions

All of the five member cities of VMR's Board of Directors are also member cities of the sixteen-member RPTA Board of Directors. The Board members of the cities of Chandler, Mesa, Glendale, Phoenix, and Tempe represent their cities on both Boards. VMR has entered into contracts with the RPTA for certain administrative functions, including personnel, administration, financial and accounting services, purchasing, and computer support services. All VMR staff is hired and employed by RPTA but works solely under the direction of the VMR and its Board of Directors, through a contractual arrangement with RPTA. All payroll related expenses (excluding pension related expenses) are paid by RPTA and RPTA charges VMR for all contracted payroll related expenses (excluding pension related expenses). For the period July 1, 2017 through June 30, 2018, VMR incurred costs of \$19,185,410 for services provided by RPTA and at June 30, 2018 records a payable to RPTA in the amount of \$13,670,916.

In September 2010, the VMR Board authorized the Chief Executive Officer (CEO) to enter into a sublease with the Regional Public Transportation Authority (RPTA) for a portion of the office space currently leased and occupied by VMR. The contract commenced in December 2010 and would end in June 2017. Office space lease costs were paid by VMR monthly to the landlord and then prorated and charged to RPTA based on square footage used by RPTA. In July 2014, a new contract with the landlord was made which also includes the sublease with RPTA. This new contract began on July 1, 2014 and will end on June 30, 2026. The total sublease over the 144-month period is estimated to equal \$7,502,340. During the fiscal year 2018 the sublease cost totaled \$644,938.

15. Public Transportation Funding

In November 2004, the voters of Maricopa County approved Proposition 400, the continuation of the transportation tax, for a twenty-year period beginning in calendar year 2006. On August 14, 2006, VMR and RPTA executed an intergovernmental agreement (IGA) that formally designated VMR as Lead Agency to plan, design, and construct the light rail transit (LRT) program. Among other things, the IGA specifies that RPTA will reimburse VMR, from the Public Transportation Fund, for eligible incurred expenses.

Valley Metro Rail began receiving Public Transportation Funding (PTF) in March 2006. These monies are used to reimburse private utility companies for costs incurred in the relocation of non-prior rights utilities, to reimburse Member Cities for their share of local costs incurred in connection with the acquisition of certain regional transportation assets, and to fund the local share of future light rail extensions as designated in the Regional Transportation Plan.

RPTA manages the PTF which is held in a Savings Account designated for LRT program expenses. RPTA also sells bonds as needed to fund LRT program expenses and uses this PTF Savings Account for Debt Service.

In June 2009, the Regional Public Transportation Authority (RPTA) issued Transportation Excise Tax Revenue Bonds in the amount of \$100,075,000. A portion of the 2009 Series Bonds will pay or reimburse LRT capital expenditures as designated in the Regional Transportation Plan. As of June 30, 2018, the 2009 Series Bond expenditures to date for the LRT program totaled \$55,000,628 on a cash basis. In April 2016, RPTA issued Refunding bonds.

In January 2014, the Regional Public Transportation Authority (RPTA) issued Transportation Excise Tax Revenue Bonds in the amount of \$115,000,000. The 2014 Series Bonds will pay or reimburse LRT capital expenditures as designated in the Regional Transportation Plan. As of June 30, 2018, the 2014 Series Bond expenditures to date for the LRT program totaled \$135,406,165 on a cash basis.

In April 2016, the Regional Public Transportation Authority (RPTA) issued Transportation Excise Tax Revenue Refunding Bonds in the amount of \$22,695,000. The 2016 issue will advance refund part of the tax-exempt portion of the 2009 Series Bonds. For this Legal Defeasance, the funds have been placed in an escrow account to pay off a portion of the debt on July 1, 2019, the first call date of the 2009 Series Bonds.



OTHER SUPPLEMENTARY INFORMATION

This Section includes the Schedule of Operations – Budget and Actual.

Valley Metro Rail, Inc.
Schedule of Operations - Budget and Actual
Fiscal Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual Amounts (Budgetary Basis)	
Sources of Funds:				
Net Contributions From Member Cities	\$ 83,060,066	\$ 88,151,066	\$ 65,263,249	\$ (22,887,817)
Passenger Fares	14,300,400	14,300,400	11,911,036	(2,389,364)
Federal Transit Administration Grants	139,693,334	130,598,334	74,774,368	(55,823,966)
Public Transportation Funds - Sales Tax	59,281,000	58,114,000	52,773,254	(5,340,746)
Public Transportation Funds - Bonds	392,200	392,200	—	(392,200)
MAG/RPTA Grants	1,000,000	1,000,000	999,999	(1)
Other Revenues	1,100,000	1,100,000	1,178,886	78,886
Total Sources of Funds	298,827,000	293,656,000	206,900,792	(86,755,208)
Uses of Funds:				
Operating Activities				
Revenue Operations	49,528,000	49,528,000	43,231,210	(6,296,790)
Regional Capital Rebuild Program	—	—	500,038.8	500,038.8
Future Project Development	17,592,000	20,718,000	10,584,116	(10,133,884)
Agency Operations	—	—	1,745,686	1,745,686
Sub Total Operating Activities Use of Funds	67,120,000	70,246,000	56,061,050.8	(14,184,949.2)
Capital Projects:				
South Central	29,275,000	35,466,000	23,610,903	(11,855,097)
Northwest Extension	—	—	22,239	912,311
Central Mesa Extension	1,961,000	1,961,000	912,311	(1,938,761)
Gilbert Road Capital Project	73,051,000	75,232,000	66,516,354	(8,715,646)
Tempe Streetcar Extension	38,419,000	39,224,000	24,209,254	(15,014,746)
Non-Prior Rights Utilities Relocations	—	—	733,711	733,711
Systemwide Improvements	28,304,000	18,312,000	6,783,570.2	(11,528,429.8)
50th Street LRT Station	8,687,000	10,052,000	7,578,455	(2,473,545)
OMC & Maintenance Center Expansion	3,197,000	3,197,000	—	(3,197,000)
Concurrent Non Project Activities	20,602,000	11,755,000	1,743,953	(10,011,047)
Sub Total Capital Before Debt Service	203,496,000	195,199,000	132,110,750.2	(63,088,249.8)
Capital Project Debt Service:				
Debt Service - Interest	8,961,000	8,961,000	6,537,069	(2,423,931)
Debt Service - Principal	19,250,000	19,250,000	12,191,922	(7,058,078)
Total Uses of Funds	298,827,000	293,656,000	206,900,792	(9,482,009)
Excess Revenues Over Expenses -				
Budgetary Basis	\$ —	\$ —	\$ —	\$ —

Explanation of Differences between Budgetary Basis and GAAP Basis	
Total Uses of Funds - Budgetary Basis	\$ 206,900,792
Total Operating Expenses - GAAP Basis	(95,180,383)
Budgetary Operating Expenses in Excess of GAAP Operating Expenses	\$ 111,720,409
Capital Projects Before Debt Service (Budgeted expenses not recorded to expense for GAAP basis)	\$ 132,110,750
Capital Projects Debt Service (Budgeted expenses not recorded to expense for GAAP purposes)	18,728,991
Art Design unallowable on Tempe Federal Grant (Budgeted expenses in Capital Projects above but in Operating expenses in the Financial Statements)	
Future Project Development (Budgeted expenses in Operating above but in Non-operating expenses in the Financial Statements)	10,584,116
Non-Prior Rights Utilities Relocations labor costs (Budgeted expenses in Capital Projects above but in Operating expenses in the Financial Statements)	(72,971)
Systemwide Improvements operating expenses (Budgeted expenses in Capital Projects above but in Operating expenses in the Financial Statements)	(724,869)
Rail Operations Capital Assets (GAAP expenses not included in budgetary basis)	861,407
Agency Operations Capital Assets (GAAP expenses not included in budgetary basis)	349,228
50th Street Station capital adjustments made in FY18 (GAAP expenses not included in budgetary basis)	(129,258)
Depreciation (GAAP expenses not included in budgetary basis)	(49,986,985)
Total Reconciling Items	\$ 111,720,409

This schedule is prepared on a budgetary basis for the operating accounts of the proprietary fund and as such does not present the results of operations on the basis of generally accepted accounting principles, but is presented for supplemental information.

The background of the page is a grayscale, motion-blurred photograph of a train station. A train is visible in the center, moving from left to right. In the foreground, there are blurred shapes of cars and a road. The overall effect is one of movement and activity.

STATISTICAL SECTION

The Statistical Section includes selected financial and demographic information regarding Valley Metro Rail including financial trends, demographic and economic information, and operating information.

Statistical Section

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2018

This part of Valley Metro Rail, Inc. (VMR) comprehensive financial report presents information as a context for understanding what the information in the financial statements, footnotes, and supplementary information says about VMR's overall financial condition. VMR's principal activities consist of planning, designing constructing and operating light rail transit system in Maricopa County, Arizona.

Contents

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Financial Trends

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These schedules contain trend information to help the reader understand how VMR's financial performance and well-being have changed over time.

Revenue Capacity

N/A

VMR's principal source of operating revenues are contributions from Member Cities. With respect to capital projects, VMR receives federal grants and utilizes Public Transportation Funds administered by the Regional Public Transportation Authority (RPTA). (Refer to Note 15 on Page 23 in the Notes to the Financial Statements section.)

Debt Capacity

N/A

VMR has no current bond indebtedness. See Notes to the Financial Statements; refer to Note number 15, Public Transportation Funding (Page 23) for information regarding revenue bonds issued by RPTA which provide funding for LRT capital expenditures.

Demographic and Economic Information

28

These schedules offer demographic and economic indicators to help the reader understand the environment within which VMR's financial activities take place.

Operating Information

31

These schedules contain service and infrastructure data to help the reader understand how the information in VMR's financial report relates to the services VMR provides and the activities it performs.

Valley Metro Rail, Inc.
Net Position by Component
FY 08/09 through FY 17/18

Business -type Activities	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18
Investment in Capital Assets (1)										
Construction in Progress (4, 5)	\$ 27,776,412	\$ 27,747,360	\$ 32,911,926	\$ 44,410,295	\$ 76,373,899	\$ 141,245,289	\$ 198,400,143	\$ 12,780,617	\$ 62,358,090	\$ 183,221,528
Buildings	97,611,148	95,047,845	92,484,543	89,921,241	87,357,938	84,794,636	82,231,333	79,668,030	77,104,728	74,541,425
Guideway	545,987,800	548,218,379	537,014,911	525,957,875	514,647,312	503,336,746	492,026,182	602,665,860	656,197,489	648,786,710
Bridges	60,491,115	58,440,569	56,390,023	54,339,476	52,288,930	50,238,383	48,187,837	46,137,291	44,086,745	42,036,199
Operation Control Center	11,536,240	11,145,181	10,754,123	10,363,064	11,339,858	10,903,077	10,466,296	10,029,515	9,592,733	9,155,952
Passenger Stations & Facilities	96,272,225	96,296,602	93,454,131	90,055,799	86,657,467	83,259,135	79,860,803	98,894,569	94,734,079	90,573,588
Park and Ride Facilities	34,769,334	32,504,345	33,909,949	31,242,220	28,574,490	25,906,761	23,239,032	26,981,128	23,870,319	20,759,510
Bus Shelter	—	—	—	—	—	—	—	719,748	642,515	565,282
Electric Power Substations	86,707,115	83,413,644	79,858,902	76,309,385	72,759,869	69,210,351	65,660,834	115,393,793	109,693,864	103,955,250
Signal and Communication System	45,202,398	44,924,177	42,495,843	40,015,959	37,590,235	35,164,511	32,738,788	73,140,474	68,438,794	63,803,062
Computers & Software	574,791	179,859	—	174,758	168,000	130,578	348	601,384	454,631	164,847
Furniture & Fixtures	531,100	370,110	209,121	74,243	—	—	—	—	—	—
Site Improvements	—	—	—	—	12,611	11,329	3,172,760	2,952,246	2,807,072	2,721,965
Tenant Improvements	—	—	—	—	—	—	—	—	—	334,974
Revenue Vehicles (2)	164,031,893	163,521,294	163,681,089	164,746,761	167,304,100	170,655,251	161,863,123	151,451,496	144,204,827	135,412,699
Support/Service Vehicles (3)	587,896	—	—	—	—	—	—	—	—	—
Non-Revenue Vehicles	958,053	733,227	1,056,448	731,731	813,139	823,683	718,551	943,357	839,802	784,467
Equipment	8,214,895	9,993,522	9,131,945	8,461,421	7,137,540	5,969,319	5,079,629	9,766,753	9,121,607	8,591,360
Subtotal Investment in Capital Assets	\$ 1,181,252,415	\$ 1,172,536,114	\$ 1,153,352,954	\$ 1,136,804,228	\$ 1,143,025,388	\$ 1,181,649,049	\$ 1,203,645,659	\$ 1,232,126,261	\$ 1,304,147,295	\$ 1,385,408,818
Restricted	—	—	—	—	—	—	—	—	—	—
Unrestricted	6,602,251	6,196,414	5,019,683	2,062,204	2,398,179	12,653,534	12,101,637	12,737,152	14,438,150	14,228,373
Total business-type activities net position	\$ 1,187,854,666	\$ 1,178,732,528	\$ 1,158,372,637	\$ 1,138,866,432	\$ 1,145,423,567	\$ 1,194,302,583	\$ 1,215,747,296	\$ 1,244,863,413	\$ 1,318,585,445	\$ 1,399,637,191

Source: Valley Metro Rail, Inc. Finance Division

(1) CP/EV LRT project costs incurred prior to July 1, 2004, for project preliminary engineering and project management totaling \$77.1 million paid for by member cities or federal grants were contributed to VMR during the fiscal year ended June 30, 2005. Prior to FY 04/05, these amounts were included in Administration and Planning Services.

(2) Revenue Vehicles are shown net of depreciation and net of Capital Lease obligation.

(3) In FY 09-10 Support Service Vehicles and Non-Revenue Vehicles were combined for presentation purposes.

(4) In FY 12/13, FY 13/14, and FY14/15 Construction in Progress is shown net of the Northwest Extension Advance Funding Obligation. Further, in FY14/15 Construction in Progress is shown net of the RPTA PTF Advance Bond Proceeds

(5) In FY 15/16 Guideway is shown net of the Northwest Extension Advance Funding Obligation and the RPTA PTF Advance Bond Proceeds.

(6) In FY16/17, the FY15/16 balances by asset category were adjusted between categories but there was no impact to the overall total.

Valley Metro Rail, Inc.
Changes in Net Position
FY 08/09 through FY 17/18

	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18
Operating Revenues										
Contributions from Member Cities (1)	\$ 13,490,504	\$ 25,964,781	\$ 19,430,008	\$ 14,274,817	\$ 11,614,615	\$ 16,803,600	\$ 16,590,974	\$ 20,010,838	\$ —	\$ —
Passenger Fares	3,371,104	9,256,913	10,238,281	11,889,930	12,791,801	12,505,116	12,832,286	13,461,088	13,363,158	11,911,036
Federal Transit Administration Operating Grants (1)	—	222,519	240,000	3,614,541	5,382,997	2,400,132	2,135,431	257,607	—	—
Public Transportation Funds (1)	—	—	—	—	—	—	—	—	—	—
Regional Capital Rebuild Revenue	—	—	—	—	—	—	305,245	—	—	310,024
Other Revenues	40,000	103,410	908,728	1,225,206	1,252,967	1,730,566	3,272,014	1,156,891	1,144,055	1,140,386
Total Operating Revenues	16,901,608	35,547,623	30,817,017	31,004,494	31,042,380	33,439,414	35,135,950	34,886,424	14,507,213	13,361,446
Operating Expenses										
Administration and Planning Services	5,278,901	9,540,355	7,213,806	8,201,127	8,287,393	8,840,445	9,128,597	43,986,949	479,004	1,671,860
Passenger Operations Service	15,678,389	32,964,701	31,020,111	28,909,661	28,711,628	31,260,365	31,288,715	—	41,487,091	43,021,499
Private Utilities Relocations	—	—	—	—	—	—	—	—	—	—
Regional Capital Rebuild Program	—	—	—	—	—	—	881,021	677,908	—	500,039
Depreciation	22,437,891	39,685,152	39,176,737	39,115,165	38,978,409	38,911,674	39,014,089	45,678,611	48,010,459	49,986,985
Total Operating Expenses	43,395,181	82,190,208	77,410,654	76,225,953	75,977,430	79,012,484	80,312,422	90,343,468	89,976,554	95,180,383
Operating Income (Loss)	(26,493,573)	(46,642,585)	(46,593,637)	(45,221,459)	(44,935,050)	(45,573,070)	(45,176,472)	(55,457,044)	(75,469,341)	(81,818,937)
Non-Operating Revenues (Expense)										
Contributions from Member Cities	—	—	—	—	—	—	—	1,283,049	29,835,841	32,077,226
Public Transportation Funds	10,945,204	5,484,246	8,678,822	6,469,470	10,111,118	6,626,121	10,526,625	—	6,138,930	9,104,762
Federal Transit Administration Non-Operating Grants	650,492	2,557,861	2,118,259	1,059,848	799,020	453,728	—	1,345,153	2,894,129	1,888,315
Other Planning Revenues	—	—	—	—	—	—	—	644,147	502,500	1,002,499
Future Project Development	—	—	—	—	—	—	—	—	(11,189,885)	(10,585,421)
Private Utilities Relocations	(9,518,863)	965,013	(3,732,886)	(56,477)	(5,500,205)	(14,876,845)	(5,120,346)	(1,474,895)	(38,551)	(2,742,739)
Capital Conveyance to Member Cities	—	—	—	—	(11,487,566)	(9,949,717)	(3,883,076)	(1,277,066)	(4,030,195)	(5,680,720)
Concurrent Non Project Activities	—	—	—	—	—	—	—	—	—	(1,568,142)
Interest on Capital Funding Obligation	(2,083,503)	(4,167,007)	(2,083,503)	(2,827,876)	(2,230,691)	(1,642,376)	(551,903)	—	—	—
PTF Interest expense	—	—	—	—	—	—	(8,119,661)	—	(2,859,579)	(2,642,975)
Interest on Investments	—	15	36	—	—	52	—	—	—	—
Distributions to Member Cities	(20,078,532)	(106,249,903)	(38,400,636)	(6,664,230)	—	—	—	—	—	—
Other Non-Operating Revenues (Expenses)	—	142,025	160,757	23,491	24,522	16,145	—	—	—	—
Total Non-Operating Revenues (Expense)	(20,085,202)	(101,267,750)	(33,259,151)	(1,995,774)	(8,283,802)	(19,372,892)	(7,148,361)	520,388	21,253,190	20,852,805
Capital Contributions										
Contributions from Member Cities	25,381,955	31,156,572	2,651,494	330,700	4,268,007	51,235	25,393	730,816	45,250,370	33,186,023
Public Transportation Funds Capital	52,627,944	45,043,704	49,586,095	18,255,237	27,765,958	86,209,379	29,895,080	62,600,750	5,609,230	35,909,802
Federal Transit Administration Capital Grants	72,863,699	62,585,921	7,255,308	9,125,090	27,742,023	27,564,363	43,849,073	20,721,206	76,983,940	72,886,053
Other Capital Contributions	—	—	—	—	—	—	—	—	94,644	36,000
Total Capital Contributions	150,873,598	138,786,197	59,492,897	27,711,027	59,775,988	113,824,977	73,769,546	84,052,772	127,938,184	142,017,878
Increase (Decrease) in Net Position	\$ 104,294,823	\$ (9,124,138)	\$ (20,359,891)	\$ (19,506,206)	\$ 6,557,136	\$ 48,879,015	\$ 21,444,713	\$ 29,116,116	\$ 73,722,033	\$ 81,051,746

Source: Valley Metro Rail, Inc Finance Division

(1) Prior to FY 08/09, CP/EV local, federal and regional capital contributions were recorded as operating revenues.

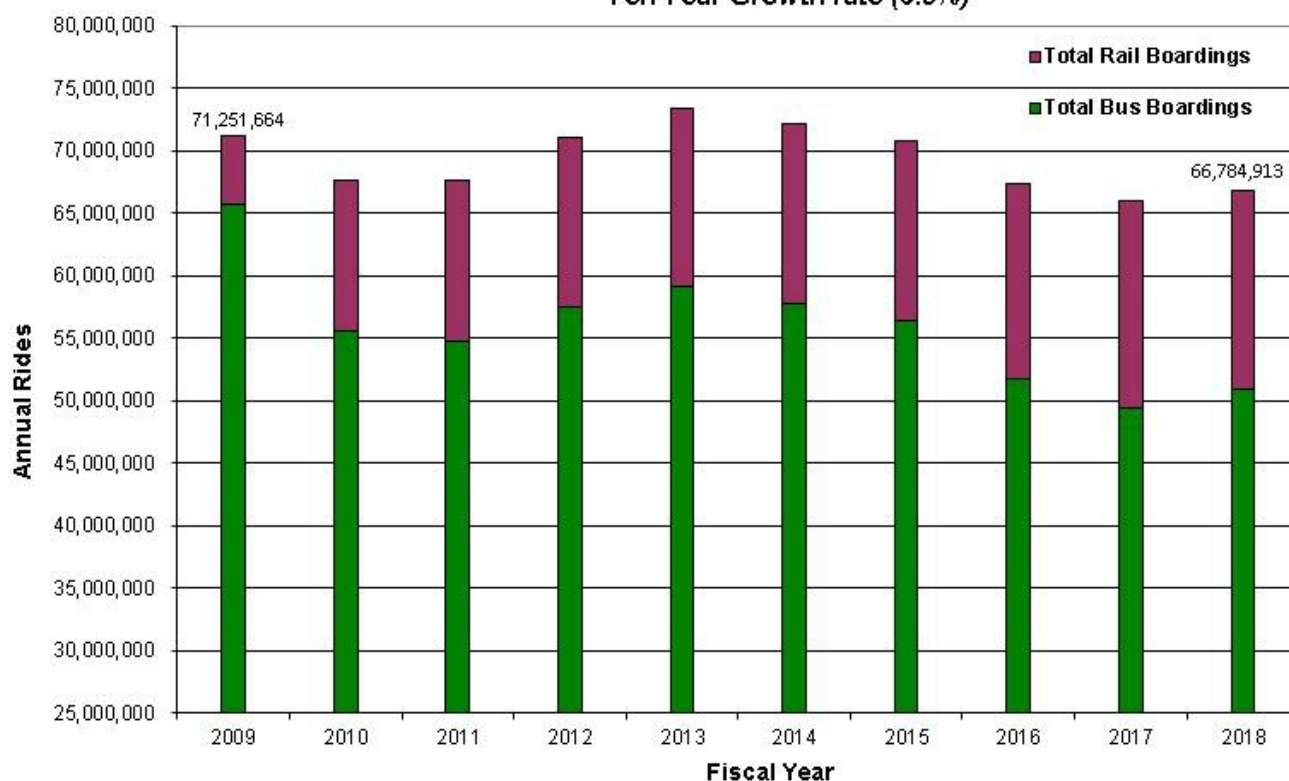
Valley Metro Rail, Inc.

Growth in Regional Transit Usage

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Boardings</u>	<u>Change</u>
2009	71,251,664	15.17 %
2010	67,693,003	(4.99)%
2011	67,607,530	(0.13)%
2012	71,043,488	5.08 %
2013	73,409,805	3.33 %
2014	72,137,268	(1.73)%
2015	70,759,847	(1.91)%
2016	67,352,825	(4.81)%
2017	65,958,074	(2.07)%
2018	66,784,913	1.25 %

Valley Metro Regional Bus and Rail Passenger Boardings by Fiscal Year
Fixed Route System
Ten Year Growth rate (6.3%)



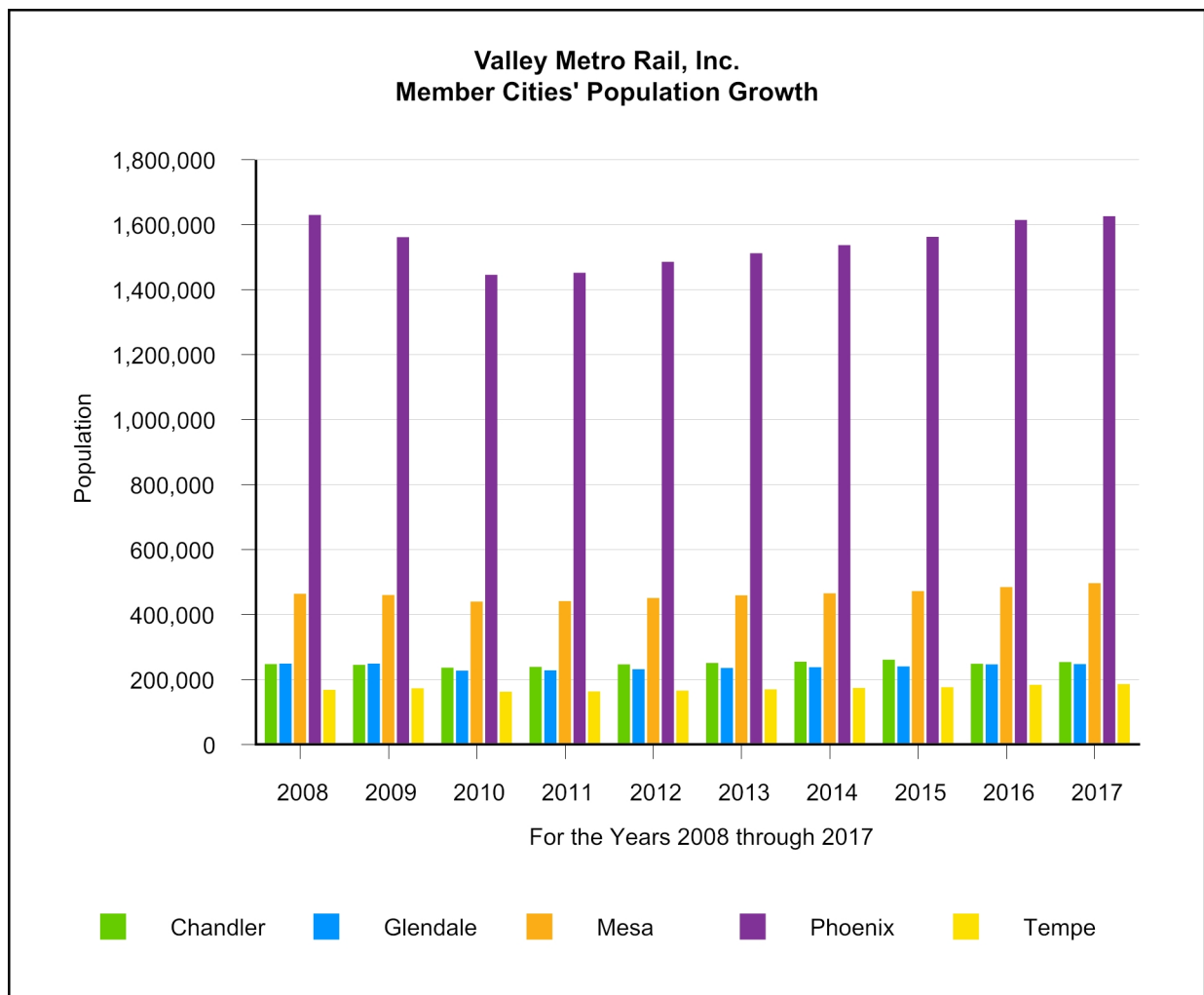
Source: Regional Public Transportation Authority

Valley Metro Rail, Inc.

Population Growth

Ten Years from 2008 to 2017

Year	Chandler	Glendale	Mesa	Phoenix	Tempe
2008	247,100	248,731	463,397	1,630,340	167,458
2009	244,376	248,435	459,682	1,561,485	172,641
2010	236,123	226,721	439,041	1,445,632	161,719
2011	238,381	227,446	441,160	1,451,966	162,503
2012	246,197	231,109	450,310	1,485,751	165,158
2013	250,394	235,144	458,347	1,512,442	168,883
2014	254,276	237,517	464,704	1,537,058	172,816
2015	260,828	240,126	471,825	1,563,025	175,826
2016	247,477	245,895	484,587	1,615,017	182,498
2017	253,458	246,709	496,401	1,626,078	185,038



Sources: Maricopa Association of Governments
US Census Bureau

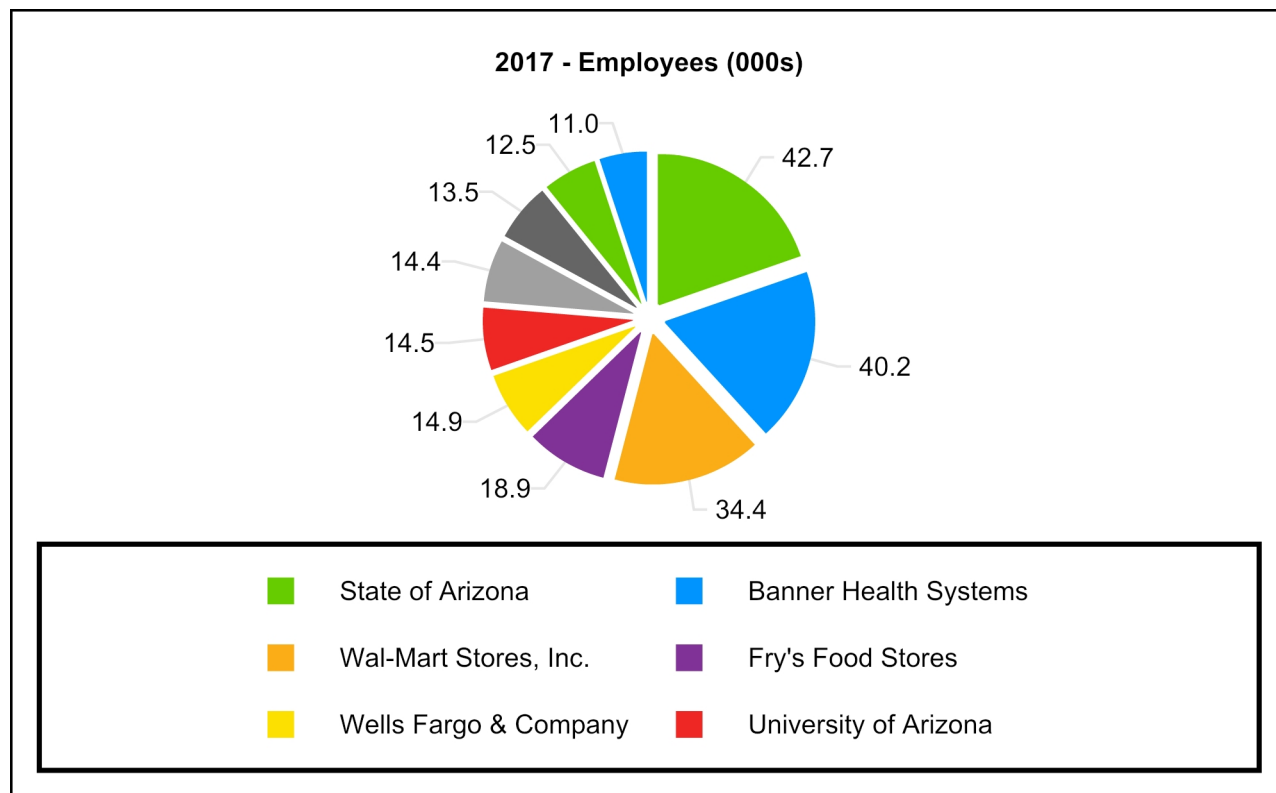
Year 2017 is the most current year available.

Valley Metro Rail, Inc.

Top Employers in Maricopa County

For the Year 2017 and Nine Years Ago

Employer	2017			2008		
	Employees	Rank	% of Total	Employees	Rank	% of Total
State of Arizona	42,687	1	2.17%	50,079	1	2.64%
Banner Health Systems	40,226	2	2.04%	17,020	3	0.90%
Wal-Mart Stores, Inc.	34,350	3	1.74%	30,174	2	1.59%
Fry's Food Stores	18,870	4	0.96%	11,780	8	0.62%
Wells Fargo & Company	14,860	5	0.75%	14,000	6	0.74%
University of Arizona	14,521	6	0.74%			
City of Phoenix	14,421	7	0.73%	14,453	4	0.76%
U.S. Postal Services	13,509	8	0.69%	11,000	9	0.58%
Arizona State University	12,488	9	0.63%	12,727	7	0.67%
Intel Corporation	11,000	10	0.56%			—%
Maricopa County				14,057	5	0.74%
Honeywell Aerospace				10,700	10	0.56%
Total for Principal Employers	216,932		11.29%	185,990		9.82%
Total Employment in Maricopa County	1,971,413			1,894,507		



Source: The Phoenix Business Journal, Book of Lists
Workforce Informer Arizona at www.workforce.az.gov for total employed in Maricopa County

Note: The information for FY 2018 was not available.



PROJECTS

ARIZONA AVENUE

TITLE

ALTERNATIVES ANALYSIS

TYPE



FACT SHEET / Q3 2018
valleymetro.org/az-ave

About the Project

Valley Metro and the city of Chandler have initiated an Alternatives Analysis (AA) study to evaluate high capacity transit options in a corridor that would connect downtown Chandler to high capacity transit in the Southeast Valley.

Valley Metro, in partnership with the cities of Chandler and Mesa, and the town of Gilbert, recently completed the Fiesta-Downtown Chandler Transit Corridor Study. It identified potential land use adjustments and transit investments in a study area encompassing southern Mesa to downtown Chandler. Transit improvements could include local bus service and high capacity transit options to meet demand.

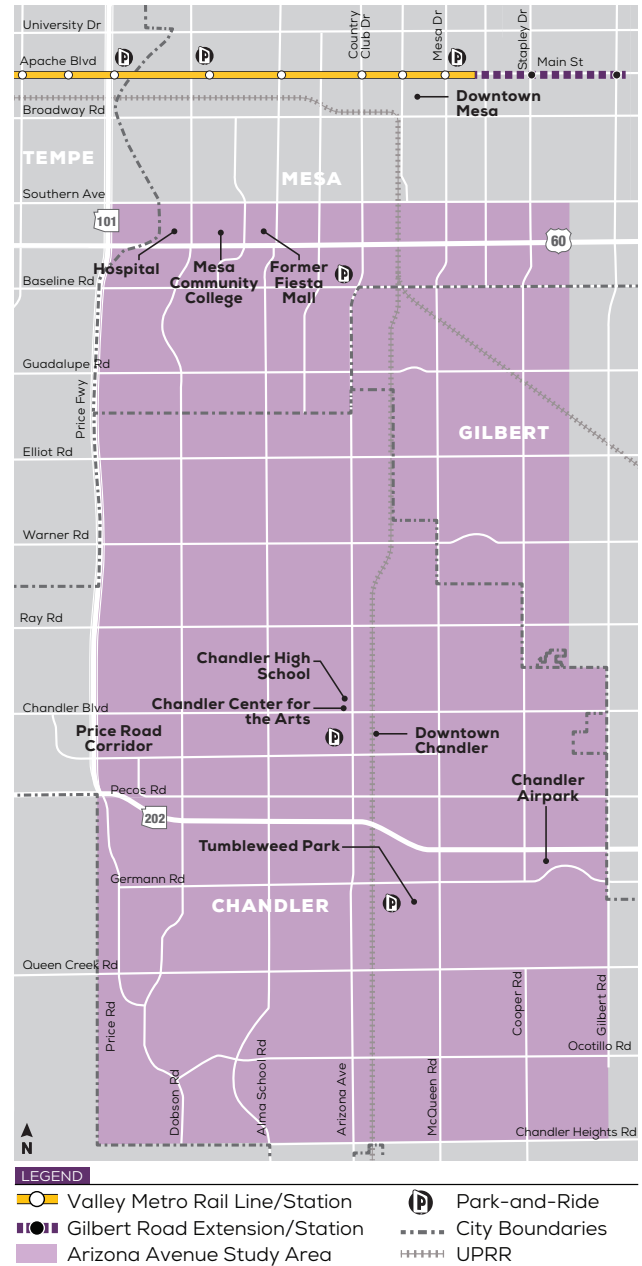
PROJECT STATUS

- An Alternatives Analysis (AA) is underway to identify which type of high capacity transit, such as bus rapid transit, light rail, or modern streetcar, will best meet the area's transportation needs.
- The AA will also evaluate the potential route for high capacity transit within the study area.
- Community outreach and engagement will be conducted throughout the study, including public meetings and updated website information.

NEXT STEPS

The Alternatives Analysis (AA) began in early 2018 and is scheduled to conclude in summer 2020. Following the AA, the recommended transit type and route (the "locally preferred alternative") will move forward for input from the community and elected officials.

STUDY AREA MAP



COST FORECAST*

	Total	Expended
Planning	\$600,000	\$2,434

*Estimated as of May 2018.

PROJECT SCHEDULE



/valleymetro



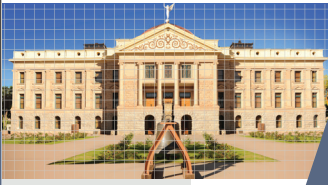
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Join the Arizona Avenue AA mailing list by contacting Victoria Bray
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PROJECTS



CAPITOL/I-10W

TITLE

LIGHT RAIL EXTENSION

TYPE



FACT SHEET / Q3 2018
valleymetro.org/capitol

About the Project

The 10-mile Capitol/I-10 West light rail extension will connect with the existing Valley Metro Rail system in downtown Phoenix, to the 79th Avenue park-and-ride.

In 2016, the Phoenix City Council and Valley Metro Rail Board of Directors approved a phased approach to the project. Phase I will connect downtown Phoenix to the State Capitol area and Phase II will extend light rail along I-10 to 79th Avenue.



PROJECT STATUS

- Evaluating a route option on Washington Street between downtown Phoenix and the State Capitol
- Conducting detailed traffic analysis of the downtown Phoenix area
- The project team will prepare the federally-required Environmental Assessment (EA) to evaluate environmental elements associated with the project following a determination of the Phase 1 route

10

MILES

9

STATIONS

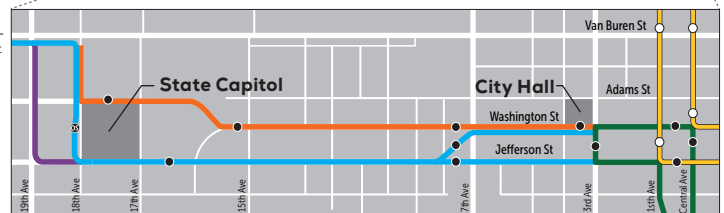
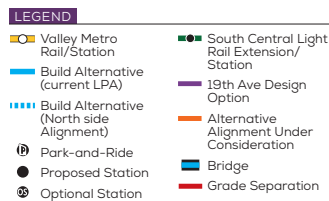
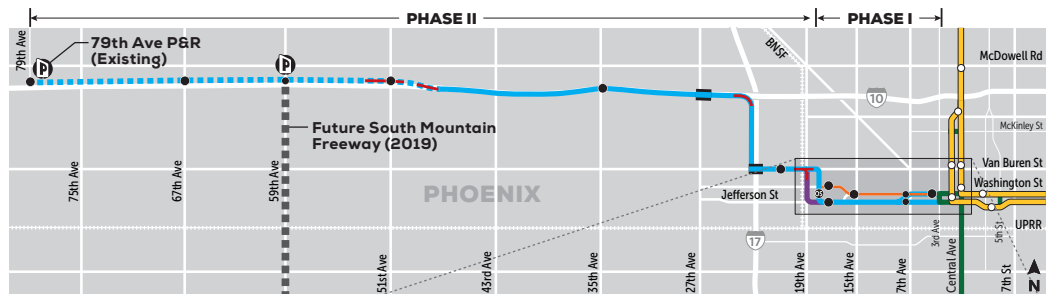
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PARK-AND-RIDES

NEXT STEPS

- Continued analysis of alignment options
- Public outreach will continue throughout the project, including an opportunity to comment on the EA in late 2019

ROUTE MAP



COST FORECAST

	Programmed	Expended
Planning	\$9,300,000	\$7,800,000

PROJECT SCHEDULE

MID 2018 - LATE 2018

CORRIDOR
PLANNING

LATE 2018 - 2019

DEVELOP FINAL
RECOMMENDATIONS AND
CONFIRM PHASE 1 ALIGNMENT

2019

ENVIRONMENTAL STUDY
& INITIAL DESIGN



/valleymetro



/valleymetroconstruction

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PROJECTS

FIESTA DISTRICT

TITLE

ALTERNATIVES ANALYSIS

TYPE



FACT SHEET / Q3 2018
valleymetro.org/fiesta

About the Project

Valley Metro, in partnership with the cities of Chandler and Mesa, and the town of Gilbert, recently completed the Fiesta-Downtown Chandler Transit Corridor Study to identify potential land use adjustments and transit investments, including local bus service and high-capacity transit to meet anticipated demand for public transportation.

Valley Metro and the city of Mesa have initiated the Fiesta District Alternatives Analysis (FDAA) study to evaluate high capacity transit options in a corridor that would connect riders from the current light rail system on Main Street to areas within the Fiesta District.

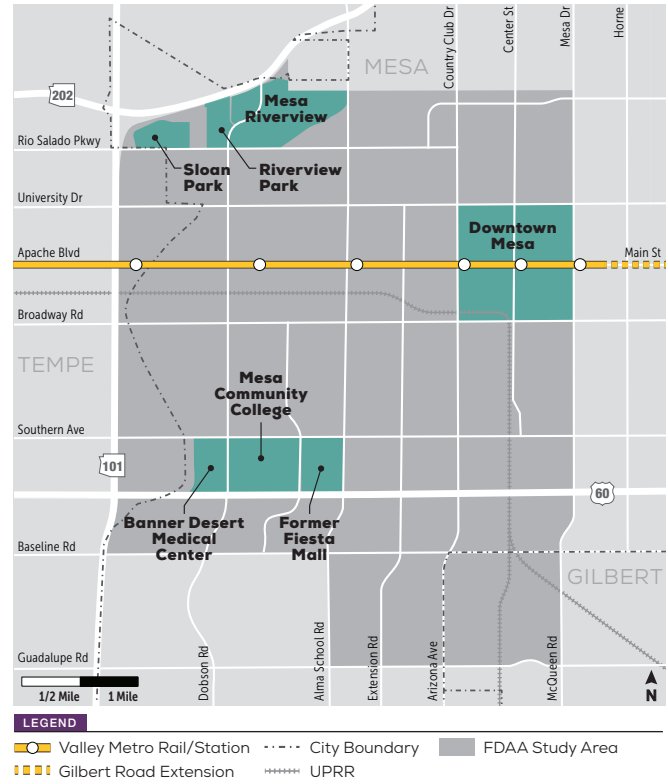
PROJECT STATUS

- An Alternatives Analysis (AA) is underway to identify the type of high-capacity transit – such as bus rapid transit, light rail transit, or modern streetcar – that will best meet the area's transportation needs.
- In fall 2017, a survey and public meeting gathered information from the community about priorities for effective high-capacity transit service and key activity centers that it could serve. That public input is being incorporated as the project team develops route options.

NEXT STEPS

- Route options will be presented to the public for further input in fall 2018.
- Following the AA, the recommended transit type and route (the "locally preferred alternative") will move forward for input from the community and elected officials.

STUDY AREA



COST FORECAST*

	Programmed	Expended
Planning	\$900,000	\$149,730

*Estimated as of May 2018.

PROJECT SCHEDULE



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Victoria Bray

Community Outreach Coordinator

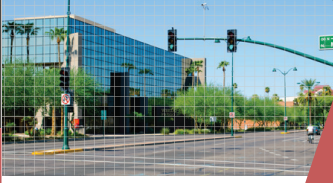
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PROJECTS



GILBERT ROAD

TITLE

LIGHT RAIL EXTENSION

TYPE



FACT SHEET / Q3 2018
valleymetro.org/gilbertroad

About the Project

The Gilbert Road Extension will extend light rail on Main Street from Mesa Drive to Gilbert Road in Mesa. At Gilbert Road, there are significant transit connections and the ability to serve the growing transit demand in the East Valley. This extension will attract new riders and increase development opportunities in central Mesa.

PROJECT STATUS

The contractor is working on:

- Removing guideway asphalt
- Installing street lights
- Removing and reconstructing Main Street sidewalk, driveway, curb and gutter
- Constructing track and installing overhead catenary system foundations and duct bank
- Installing landscape irrigation and planting new trees
- Constructing Stapley Drive and Gilbert Road stations

PROJECT FACTS

1.9

MILES

2

STATIONS

1

PARK-AND-RIDE/
TRANSIT CENTER

NEXT STEPS

This summer, the contractor will:

- Install traction power substation and operator facility buildings
- Place concrete sidewalks, curbs and gutters at the Main Street/Gilbert Road Park-and-Ride/Transit Center and retention basins
- Activate new traffic signals
- Installing overhead catenary system poles
- Continue construction of light rail stations at Stapley Drive and Gilbert Road on Main Street

Join the Gilbert Road Extension mailing list by contacting Michael Book.



/valleymetro



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Business Assistance Program Coordinator
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Michael Book
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FUNDING

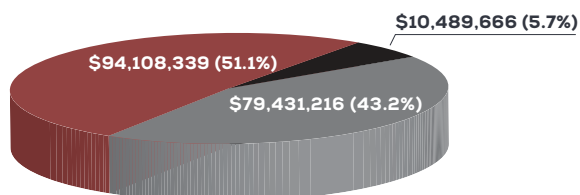
Total budgeted
\$184,029,221

* Excludes Transit Center/OPF Costs

Federal - CMAQ

Federal - STP

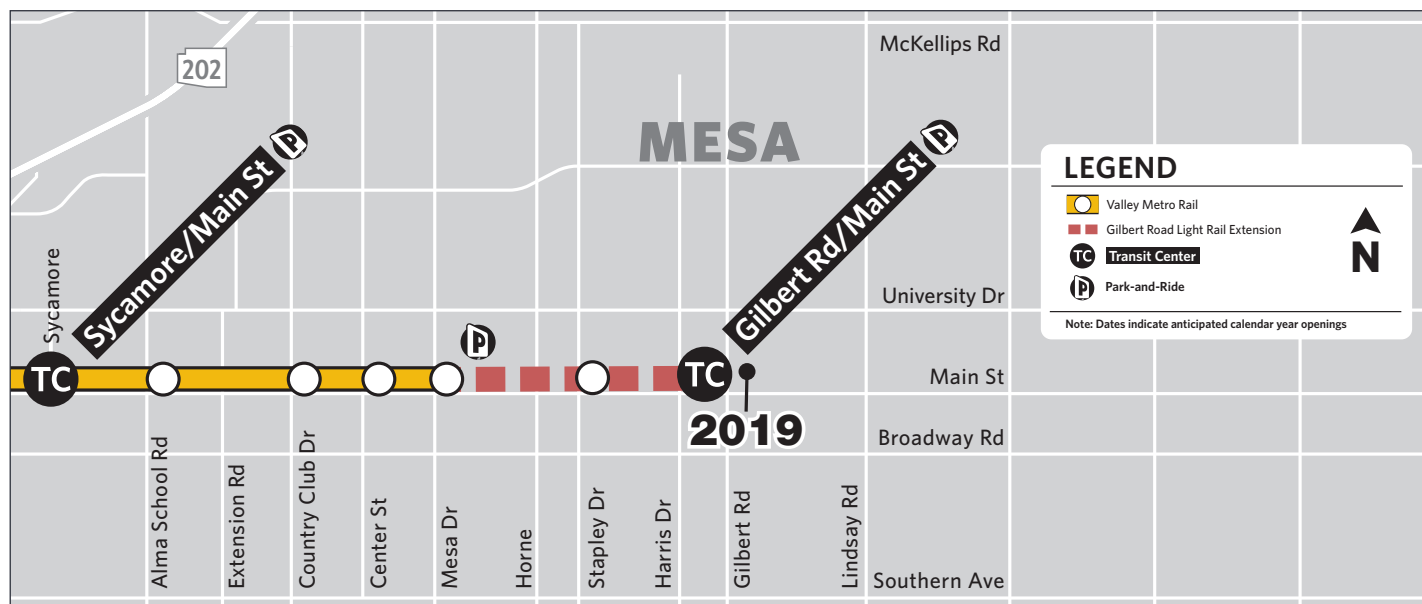
Mesa Local Match



COST FORECAST

	Programmed	\$Expended	%Expended	Forecast
Construction	\$120,915,024	\$51,210,184	42%	\$120,915,024
Utilities	\$5,174,000	\$1,803,762	35%	\$5,174,000
Right of Way	\$14,786,915	\$8,668,035	59%	\$14,786,915
Public Art	\$732,189	\$449,386	61%	\$732,189
Design/Management	\$25,562,383	\$22,508,848	88%	\$25,562,383
Vehicles	\$16,858,710	\$5,198,869	31%	\$16,858,710
TOTAL	\$184,029,221	\$89,839,084	49%	\$184,029,221

ROUTE MAP



PROJECT SCHEDULE





PROJECTS



50TH STREET

TITLE

LIGHT RAIL STATION

TYPE



FACT SHEET / Q3 2018

valleymetro.org/50thstreet

About the Project

The first new station along the existing Valley Metro Rail system will serve the communities and future development near 50th and Washington streets. The station will provide access to the Ability360 facility and neighboring business community, as well as support transit-oriented development planned for the area. This project is made possible through funding from the Phoenix voter-approved Transportation 2050 (T2050), a 35-year citywide transportation plan.

PROJECT STATUS

- Driveway reconstruction has been completed.
- Construction is underway on the traffic signals system.

NEXT STEPS

- On both the north and south sides of the station, construction consists of:
 - > New curbs, gutters and sidewalks
 - > New asphalt pavement along the exterior curbs
 - > Street lighting infrastructure
 - > Backfilling retaining walls and installing handrails
- Traffic flow shifts from inside to outside lanes in August, allowing crews to begin station and guideway work.



Join the 50th Street station email list by contacting Debra Boehlke.



/valleymetro



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50TH STREET

TITLE

LIGHT RAIL STATION

TYPE



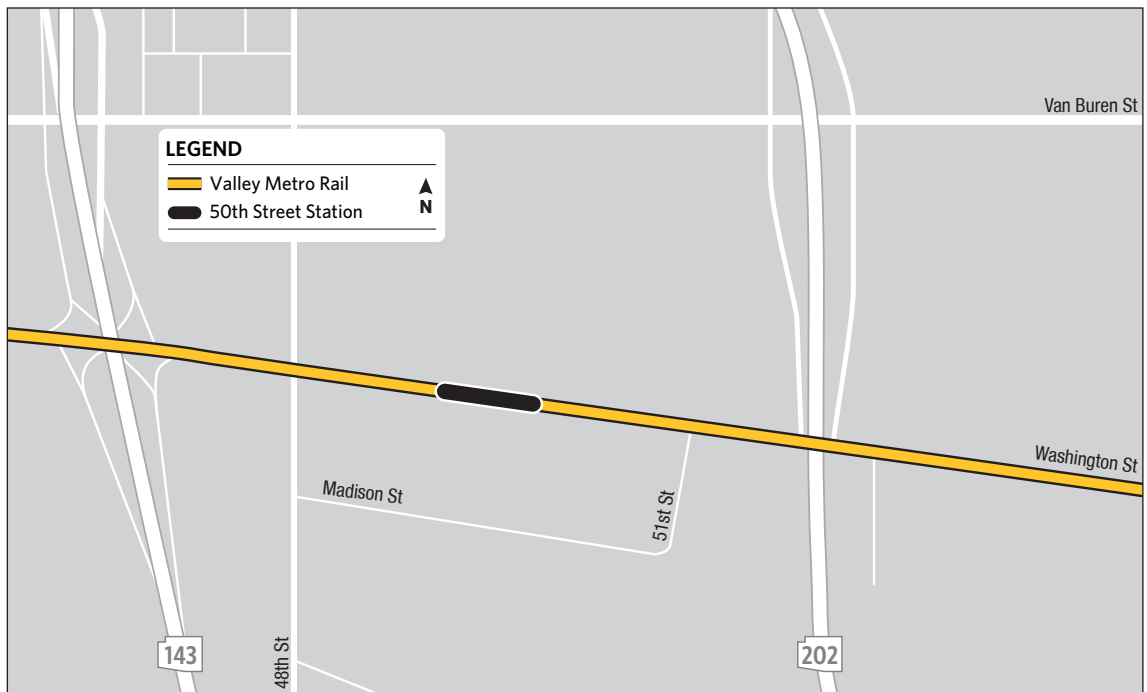
FACT SHEET / Q3 2018

valleymetro.org/50thstreet

Cost Forecast

	Estimated	\$ Expended	% Expended	Forecast
Construction	\$13,747,185	\$4,461,173	32%	\$13,747,185
Utilities	\$619,765	\$0	0%	\$619,765
Right of Way	\$471,891	\$65,133	14%	\$471,891
Public Art	\$264,160	\$127,500	48%	\$264,160
Design/Management	\$7,836,999	\$3,748,604	48%	\$7,836,999
Total	\$22,940,000	\$8,402,410	37%	\$22,940,000

STATION MAP



PROJECT SCHEDULE



2016

PLANNING



2016-2017

DESIGN



2017-2019

CONSTRUCTION



2019

COMPLETION



/valleymetro



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PROJECTS

NORTH GLENDALE

TITLE

PARK-AND-RIDE STUDY

TYPE



FACT SHEET / Q3 2018

valleymetro.org/northglendale

About the Project

Valley Metro, in partnership with the cities of Glendale and Peoria, is conducting a study to identify a park-and-ride location to serve riders of Express Routes 573 and 575 to meet the transit needs of the Northwest Valley. The park-and-ride will serve multiple local and express bus routes. Improvements are necessary to enhance the quality of transit service and support growing ridership.

The North Glendale Park-and-Ride study includes two phases:

- **Phase 1:** Site Selection
- **Phase 2:** Preliminary Design

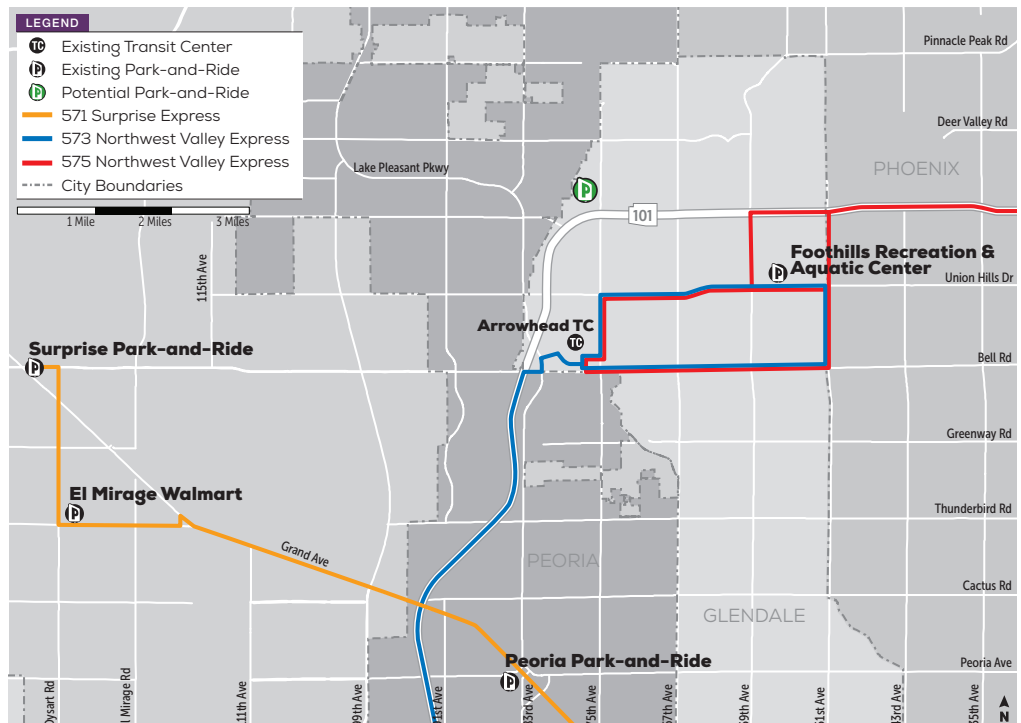
PROJECT STATUS

- The site selection phase of the study is complete. Four potential sites (identified in an earlier initial phase of study) were evaluated using a variety of criteria including location, size, parking capacity, access, costs and public input.
- The recommended site to locate the park-and-ride is on 75th Avenue, north of Loop 101, in the existing parking lot at the Dream City Church.

NEXT STEPS

The preferred site will be presented to the Glendale City Council for consideration. If the site is approved, a preliminary design (site layout) and leasing negotiations with the property owner will begin. Public outreach to receive input will continue throughout the study.

STUDY AREA



COST FORECAST*

	Programmed	Expended
Planning	\$80,461	\$32,533

*Estimated as of April 2018.

PROJECT SCHEDULE

JULY 2017 - APRIL 2018

APRIL 2018 - DECEMBER 2018

PHASE 1: SITE SELECTION

PHASE 2: PRELIMINARY DESIGN



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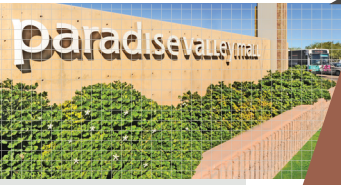
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PROJECTS



NORTHEAST

TITLE
TRANSIT CORRIDOR
FEASIBILITY STUDY
TYPE



FACT SHEET / Q3 2018
valleymetro.org/northeast

About the Project

Valley Metro, in coordination with the city of Phoenix, is conducting a feasibility study to evaluate corridor options to connect the Paradise Valley Mall area with the existing light rail system. Two corridor options were identified through the following voter-approved plans:

- **Option 1** – the 2004 Regional Transportation Plan identified a 12-mile corridor in the State Route 51 area
- **Option 2** – the 2015 Phoenix Transportation 2050 Plan identified an alternate 8-mile corridor connecting the Metrocenter Mall area to Paradise Valley Mall through the Sunnyslope corridor

Feasibility studies are the first step in the planning process with a goal to identify the most feasible option(s) for potential further analysis.

Voter approved:



PROJECT STATUS

- The two corridor options are being evaluated using a variety of criteria including potential ridership, costs and funding options, engineering constraints, community input and economic development potential.

STUDY AREA MAP



LEGEND

- Valley Metro Rail / Station
- Northwest Phase II / Station
- Study Area
- Northeast Corridor Preliminary Option 1
- Northeast Corridor Preliminary Option 2

COST FORECAST*

	Programmed	Expended
Feasibility Study	\$400,000	\$275,742

*Estimated as of May, 21 2018.

NEXT STEPS

Through mid/late 2018, Valley Metro will complete its evaluation and prepare a final feasibility report documenting the results of the study. Valley Metro will then coordinate with the city of Phoenix on next steps.

SCHEDULE

LATE 2016 - LATE 2017

EVALUATE CORRIDORS

LATE 2017 - MID/LATE 2018

DEVELOP FINAL REPORT
AND RECOMMENDATIONS



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PROJECTS

NORTHWEST PHASE II

TITLE

LIGHT RAIL EXTENSION

TYPE



FACT SHEET / Q3 2018

valleymetro.org/northwest2

About the Project

Phase II of the Northwest Extension will extend light rail west on Dunlap Avenue from 19th Avenue, then north on 25th Avenue and across I-17 on Mountain View Road with a terminus on the west side of the freeway near Metrocenter Mall. The Northwest Extension was approved by the Phoenix City Council in 2004 and then separated into two phases in 2007. Phase I, 19th Avenue from Montebello to Dunlap avenues, opened in March 2016.

In 2016, the Phoenix City Council approved accelerating the Northwest Phase II project to open in 2023 rather than 2026. The advancement is funded through Transportation 2050, a 35-year, multi-modal transportation plan approved by the Phoenix voters in 2015.

Voter approved:



COST FORECAST*

	Programmed	Expended
Planning Phase	\$6.8 million	\$4 .1 million

*Estimated as of June 1, 2018.

PROJECT SCHEDULE



2015 - 2017

PLANNING



2018 - 2019

DESIGN



2019 - 2023

CONSTRUCTION



2023

COMPLETION

PROJECT STATUS

- Phoenix City Council voted to fund final design and pre-construction plans for the Northwest Phase II extension in May 2018.
- Valley Metro Board approved project designer, Jacobs Engineering Inc. in June 2018.
- Advancing initial design plans into the next phase.
- Evaluating and locating underground utilities and conducting various infrastructure inspections during summer 2018.

NEXT STEPS

- A public meeting will be held in late summer/early fall to present and seek input on the project's Environmental Assessment (EA).



MILES



STATIONS



PARK-AND-RIDES

ROUTE MAP



LEGEND

- Valley Metro Rail/Station
- Northwest Phase II/Station
- Existing Transit Center
- Existing Park-and-Ride
- Relocated Transit Center
- Proposed Park-and-Ride



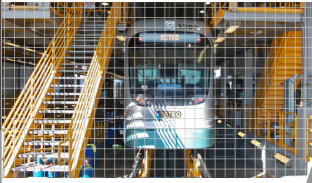
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Join the Northwest Extension Phase II mailing list by contacting Victoria Bray
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About the Project

The Valley Metro Operations and Maintenance Center (OMC) was built in 2006 to store and maintain a fleet of 50 light rail vehicles. The light rail vehicles are used to operate the current 26-mile Valley Metro Rail system. With the system expanding to a 66-mile system by 2034, additional vehicles will be added to the fleet and additional space is needed to at the OMC to properly operate and maintain them.

In September 2016, Valley Metro initiated a study to determine the specific expansion requirements to handle the additional fleet. The study identified the expansion of various maintenance buildings, the construction of five additional storage tracks and new service and cleaning facilities. The expansion will allow the OMC to operate and maintain a fleet of approximately 90 vehicles.



PROJECT STATUS

- The project's preliminary engineering phase is complete.
- Procurement process for a Design/Build contractor continues.



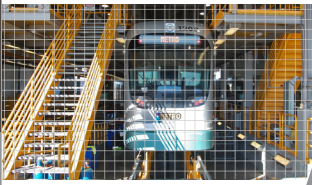
NEXT STEPS

- The Valley Metro Boards will select a Design/Build contractor in late summer 2018.
- Final design and construction will begin in fall 2018.

COST FORECAST*

	Budgeted	Expended
Planning	\$887,000	\$765,000

*Estimated as of April 28, 2018



OMC EXPANSION

TITLE

FACILITY DEVELOPMENT

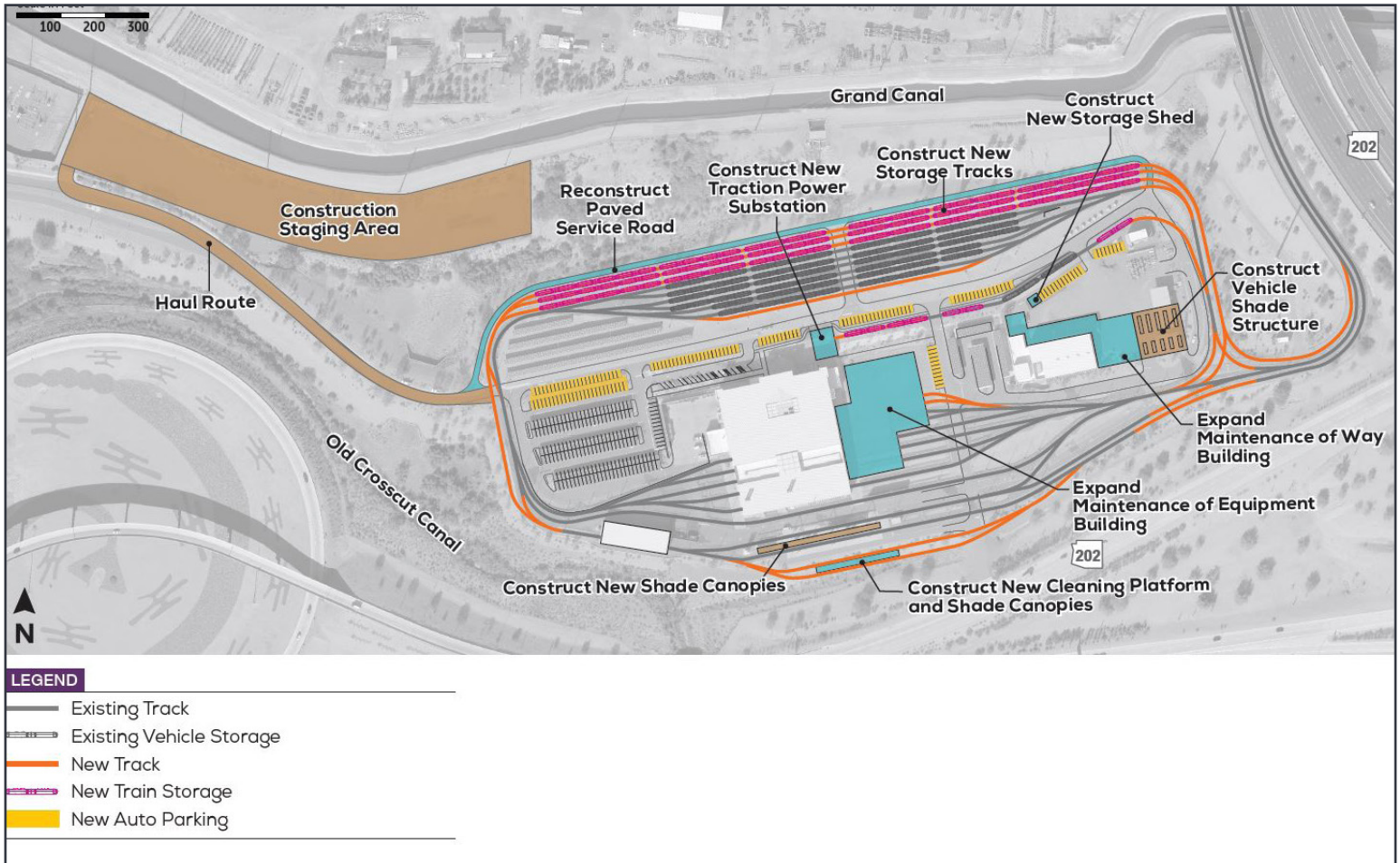
TYPE



FACT SHEET / Q3 2018

valleymetro.org/omcexpansion

CONCEPTUAL DESIGN



PROJECT SCHEDULE



/valleymetro

/valleymetroconstruction

Patrick Fuller
Construction Project Manager
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Joshua Matthews, AICP
Planning & Design Project Manager
602.495.8263 | jmatthews@valleymetro.org



For more information, please visit valleymetro.org/omcexpansion.



PROJECTS

PEORIA PARK-AND-RIDE

TITLE

TRANSIT FACILITY STUDY

TYPE



FACT SHEET / Q3 2018
valleymetro.org/peoria

About the Project

Valley Metro, in partnership with the city of Peoria, conducted a study to identify a new transit facility location to replace the existing nearby sites and better meet Peoria's needs as it grows. The study evaluated five locations, focusing on type and size of facility, and provided opportunities for public input. It found that a park-and-ride adjacent to Grand Avenue and the BNSF Railway tracks in Old Town Peoria would best meet Peoria's short-term and mid-term transportation needs and provide an opportunity for future expansion, including support of potential express service and commuter rail.

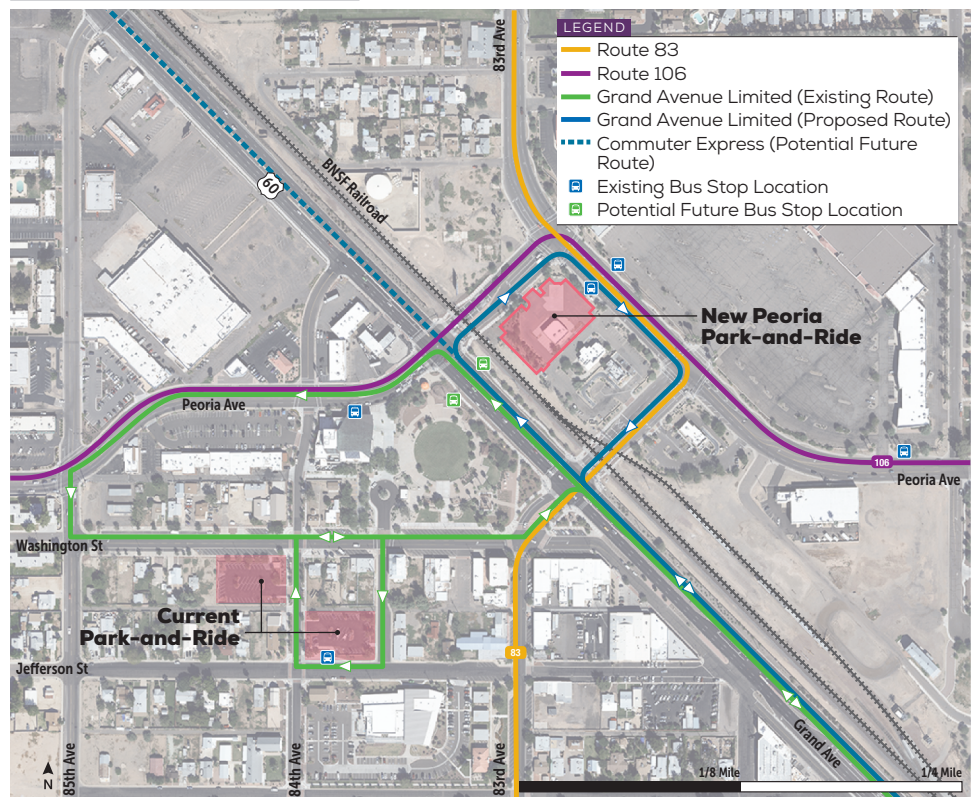
PROJECT STATUS

In April 2017, the project received environmental clearance from the Federal Transit Administration, allowing the city of Peoria to begin acquiring necessary property to construct the park-and-ride. In April of 2018 the city of Peoria completed right-of-way acquisition.

NEXT STEPS

Valley Metro and the city of Peoria will collaborate to finalize the design of the park-and-ride by September 2018. Construction is anticipated to begin in early 2019.

PARK-AND-RIDE MAP



BUDGET FORECAST*

	Total	Expended
Design Phase	\$141,169	\$63,226

*Estimated as of May 2018.

PROJECT SCHEDULE



2014 - 2017

PLANNING



2017 - 2018

DESIGN



EARLY 2019

CONSTRUCTION



MID 2019

COMPLETION



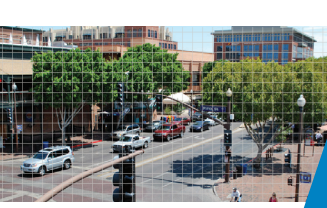
/valleymetro



/valleymetroconstruction

Join the Peoria Park-and-Ride mailing list by contacting Victoria Bray
Community Outreach Coordinator
vbray@valleymetro.org
602.495.8284 | TTY 602.251.2039





About the Project

Tempe Streetcar will serve one of the highest transit ridership centers in the region. It will connect riders to neighborhoods, major business centers, and regional events and destinations. As the Valley's first modern streetcar line, it will add to the comprehensive transit network in Tempe, which includes buses, circulators, light rail, bicycle and pedestrian amenities.

Streetcar vehicles are smaller than light rail vehicles and operate individually, not linked together like trains. Streetcar stops are similar to bus stops and occur more frequently than light rail stations.

The design includes:

- Off-wire operation through downtown on Mill Avenue and at gateway intersections
- Primarily shared roadway with vehicle traffic
- Landscaping and public art



PROJECT STATUS

- Utility relocation work continues along the alignment with work beginning along Rio Salado Parkway this summer.
- Public open house meeting on June 20 provided information on the completed final design for the streetcar project.
- Shop On, the Valley Metro business discount program, sponsored the June 29 Phoenix Rising Black Out Night and distributed 3,000 co-branded Phoenix Rising/Shop On t-shirts to fans. The Shop On program was also promoted through Phoenix Rising radio, television and social media coverage.

PROJECT FACTS



MILES



STOPS



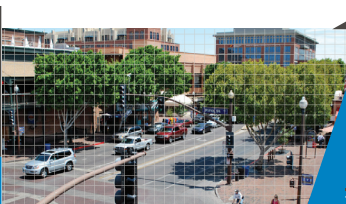
CONNECTIONS TO
VALLEY METRO RAIL

NEXT STEPS

- Underground utility work will continue along the alignment ahead of track installation.
- A Community Advisory Board to assist in construction oversight will be established prior to track installation.

BUDGET

	Budget	Cost to Date
Contracted Services	\$113,187,812	\$8,783,317
Vehicles	\$35,032,317	\$4,831,617
Right of Way	\$1,895,064	\$126,696
Professional Services	\$49,334,139	\$14,422,517
TOTAL	\$199,449,332	\$28,164,147



TEMPE STREETCAR

TITLE

STREETCAR

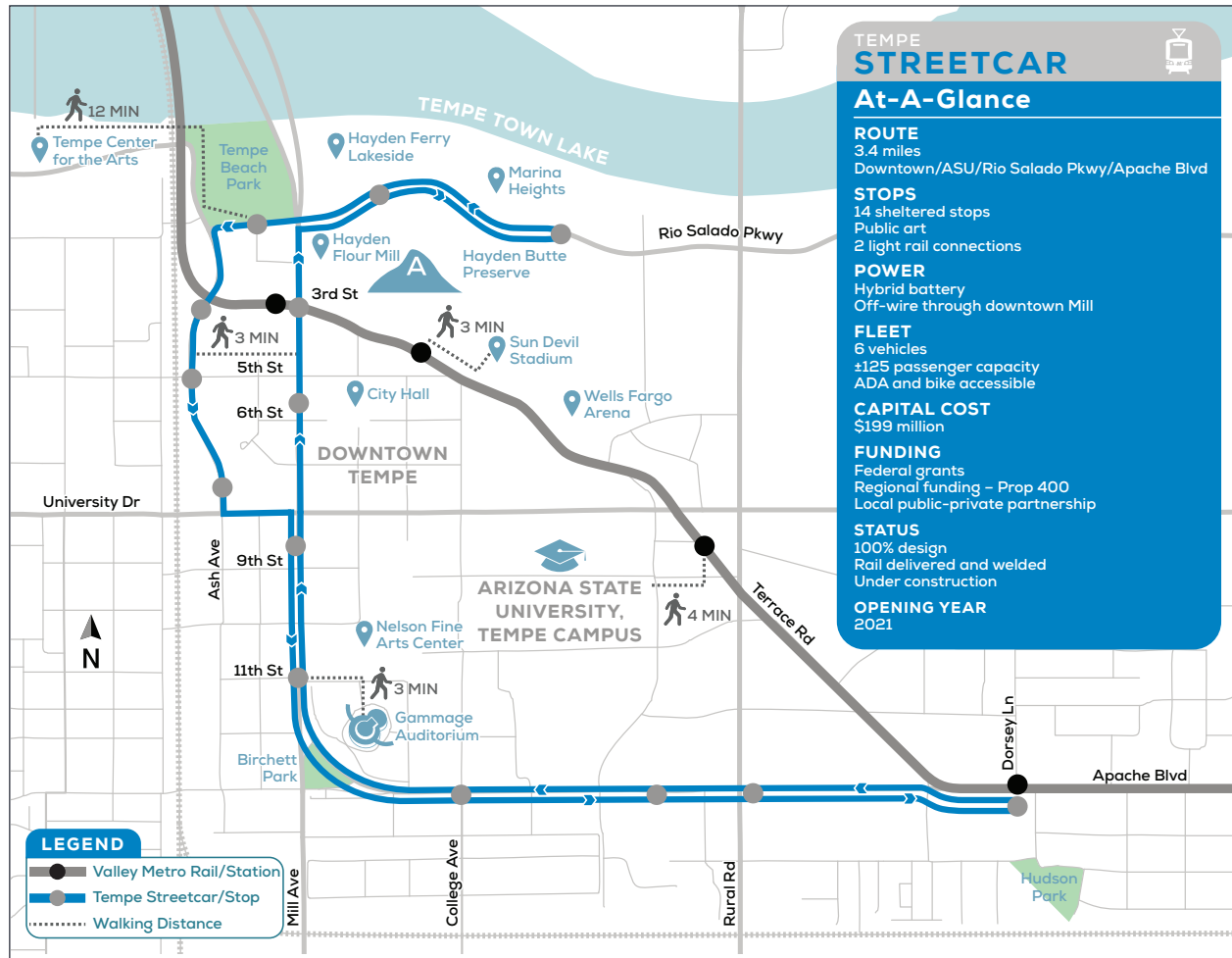
TYPE



FACT SHEET / Q3 2018

valleymetro.org/tempestreetcar

ROUTE MAP



PROJECT SCHEDULE



Tempe Streetcar Hotline: 602.254.RAIL (7254)



/valleymetro



/valleymetroconstruction

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To subscribe to weekly email updates, contact Jordan Brackett. For more information, please visit valleymetro.org/tempestreetcar.



PROJECTS

TEMPE/MESA STREETCAR

TITLE

FEASIBILITY STUDY

TYPE



FACT SHEET / Q3 2018

valleymetro.org/streetcarstudy

About the Project

Valley Metro, in partnership with the cities of Mesa and Tempe, has initiated a study to evaluate streetcar as a high-capacity transit option in a corridor that would connect the Tempe Streetcar route with regional activity centers, employment destinations and emerging multi-unit residential developments.

The Tempe/Mesa Streetcar System Study will identify options for continued development of the Valley's multimodal transportation system. The study will also inform discussions about future regional funding for transit improvements.



BUDGET FORECAST*

	Total	Expended
Planning	\$600,000	\$0

*Estimated as of May 2018.

PROJECT STATUS

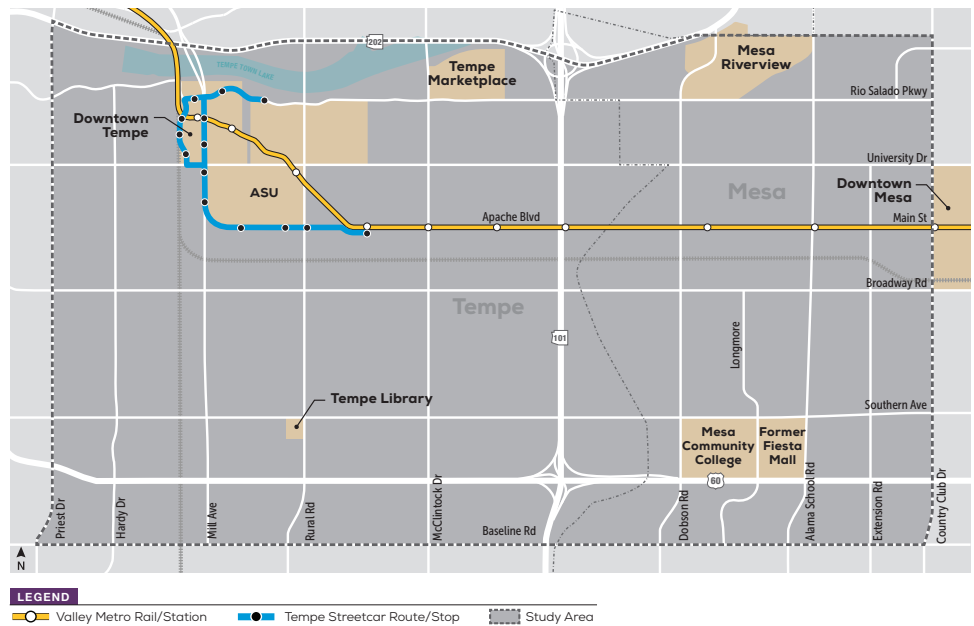
- Collecting data and identifying preliminary corridors for streetcar evaluation.

NEXT STEPS

- Through 2018, the team will evaluate streetcar route alternatives according to a variety of criteria including ridership, connectivity, cost and traffic interface.



STUDY AREA



SCHEDULE

MID 2018 - LATE 2019

LATE 2019 - EARLY 2020

IDENTIFY AND EVALUATE ALTERNATIVES

DEVELOP FINAL REPORT AND RECOMMENDATIONS



/valleymetro



/valleymetroconstruction

To subscribe to email updates, contact Jordan Brackett.
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Valley Metro Rail, Inc.

Full-Time Equivalent Positions

Source: Valley Metro Rail, Inc. Finance and Administration Division

Grade	RPTA Position Titles	Authorized FTEs (1)								
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
I	Cleaner	0.0	0.0	11.0	9.0	10.0	10.0	10.0	3.0	3.0
III	Administrative Assistant I	1.0	1.0	1.0	0.5	0.5	1.5	1.5	1.4	0.5
	Document Control Clerk	0.0	0.0	0.0	0.0	1.9	0.9	0.9	1.0	0.9
	LRV Yard Operator	0.0	0.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0
	Stockroom Clerk	0.0	0.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
	Transit Distribution and Signage Assistant	0.0	0.0	0.0	0.0	0.0	0.5	0.5	0.5	0.5
IV	Lead Document Control Clerk	1.0	1.0	1.0	1.0	0.9	0.9	0.9	1.0	0.9
	LRV Inspector	0.0	0.0	8.0	9.0	9.0	9.0	12.0	13.0	13.0
	Materials Handler	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
V	Accounting Technician	1.0	1.0	1.0	1.0	0.0	0.0	0.6	1.0	0.8
	Administrative Assistant II	6.0	6.0	8.0	8.0	6.4	6.4	5.7	5.3	7.5
	LRV Lead Inspector/Cleaner	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0	1.0
VI	Contracts Specialist	0.0	0.0	0.0	1.0	0.8	0.5	0.0	0.5	0.5
	Project Assistant	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0	1.6
	LRV Maintenance Technician I	0.0	0.0	6.0	11.0	11.0	13.0	17.0	17.0	17.0
	Track Maintainer	6.0	6.0	6.0	6.0	6.0	5.0	7.0	7.0	7.0
VII	Accountant I	2.0	2.0	2.0	2.0	0.9	0.9	0.5	0.0	0.5
	Administrative Assistant III	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.5	1.3
	IT Administrative Specialist	0.0	0.0	1.0	1.0	1.5	0.5	0.6	0.6	0.5
	Internal Audit Specialist	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.5
	LRV Maintenance Technician II	0.0	0.0	11.0	10.0	10.0	11.0	12.0	12.0	12.0
	Paralegal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.5
	Planner I	0.0	0.0	0.0	0.0	0.8	0.3	0.7	0.8	2.0
	Planning Program Specialist	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.5	0.0
	Program Representative	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.1	0.8
	Signal & Comm Systems Maintainer	6.0	6.0	6.0	6.0	6.0	6.0	9.0	9.0	9.0
	Utility Relocation Specialist	1.0	1.0	1.0	1.0	1.0	0.9	0.9	0.9	1.0
	Vehicle Parts Coordinator	0.0	0.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
VIII	Art Specialist	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
	Construction Inspector	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
	Engineering Technician	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	Executive Administrative Coordinator	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	Facilities Maintenance Coordinator	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6
	Graphics Designer	0.0	0.0	0.0	0.0	1.4	0.9	0.9	0.9	0.9
	Information Technology Systems Specialist	1.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0
	LRV Lead Maintenance Technician	0.0	0.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
	Maintenance Scheduling	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Materials/Warranty Coordinator	2.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0	0.0
	Signal & Communications Syst Tech	4.0	4.0	7.0	7.0	9.0	9.0	8.0	8.0	8.0
	Traction Power Systems Technician	10.0	10.0	10.0	13.0	13.0	13.0	15.0	15.0	15.0
IX	Accountant II	1.0	0.0	0.0	0.0	0.0	0.2	0.2	0.5	1.5
	Area Coordinator	2.0	2.0	2.0	4.0	5.8	5.9	0.0	0.0	0.0
	Budget Analyst	0.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	Contract Administrator	1.0	1.0	1.0	1.0	0.2	2.7	2.5	1.3	1.6
	GIS Coordinator	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3
	LRV Maintenance Supervisor	0.0	0.0	3.0	4.0	3.0	3.0	0.0	0.0	0.0
	LRV Systems/Equipment Specialist	0.0	0.0	0.0	0.0	0.0	1.0	1.0	1.0	1.0
	Office and Business Services Administrator	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5
	Network Support Analyst	1.0	1.0	1.0	1.0	1.0	0.0	0.0	0.0	0.0
	Planner II	1.0	1.0	1.0	0.0	2.1	1.6	1.7	2.1	2.4
	Program Coordinator	0.0	0.0	0.0	0.0	0.0	0.0	6.1	6.4	11.5
	Public Information Specialist	0.0	0.0	0.0	1.0	0.5	0.5	1.2	1.5	1.0

Valley Metro Rail, Inc.
Full-Time Equivalent Positions (Continued)

Grade	RPTA Position Titles	Authorized FTEs (1)								
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
	Regulatory Administrator	0.0	0.0	0.0	0.0	0.0	0.5	0.5	0.0	0.0
	Safety Specialist	0.0	0.0	0.0	1.0	0.6	0.5	0.6	0.5	0.0
	Transit Security Coordinator	0.0	0.0	0.0	0.0	0.0	0.6	0.6	0.5	0.8
	Training Safety Specialist	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8
	Service Analyst II	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.6	0.6
	Supervisor, Facility Maintenance	1.0	1.0	1.0	0.0	0.0	1.0	0.0	0.0	0.0
	Supervisor, Track Maintenance	1.0	1.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0
X	Database Administrator	0.0	0.0	0.0	0.0	0.0	0.7	0.6	0.6	0.6
	Engineer (Civil)	1.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0	1.0
	Lead Graphic Designer	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3
	LRV Maintenance Supervisor	0.0	0.0	0.0	0.0	3.0	3.0	3.0	3.0	3.0
	Network Administrator	0.0	0.0	0.0	0.0	0.0	0.6	0.6	0.6	0.6
	Network Systems Engineer	0.0	0.0	0.0	2.0	1.8	1.0	0.0	0.0	0.0
	Program Control Lead	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
	Program Control Specialist	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0
	SCADA Network Administrator	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0	0.0
	Senior Contract Administrator	2.0	2.0	2.0	2.0	2.3	0.8	1.6	2.2	2.9
	Maintenance of Way Supervisor	0.0	0.0	0.0	0.0	0.0	0.0	2.9	3.0	3.0
	Server Administrator	0.0	0.0	0.0	0.0	0.0	0.6	0.0	0.0	0.6
	Signals/Communications Maintenance Supervisor	1.0	1.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0
	TES Supervisor	2.0	2.0	2.0	2.0	0.0	0.0	0.0	0.0	0.0
	Vmware/Storage Administrator	0.0	0.0	0.0	0.0	0.0	0.6	0.6	0.6	0.6
	Deputy Manager, Community Relations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.7
	Accountant III	0.0	1.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0
	GIS Administrator	0.0	0.0	0.0	0.0	0.5	0.5	0.5	0.3	0.0
	IT Project Manager	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.6
	Light Rail Technical Trainer	0.0	0.0	0.0	0.0	0.0	1.0	1.0	1.0	1.0
	Planner III	2.0	2.0	2.0	3.0	1.0	0.7	0.0	0.0	0.0
	Project Manager	0.0	0.0	0.0	0.0	1.5	1.0	1.2	0.8	0.8
	Public Arts Administrator	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	Public Information Officer	1.0	1.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0
	Quality Assurance Administrator	0.0	0.0	1.0	1.0	1.0	0.9	1.0	0.9	0.9
	SCADA System Administrator	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
	Senior Construction Project Coordinator	0.0	0.0	1.0	1.0	1.0	1.0	0.9	0.9	0.0
	Senior Information Technology Systems Engineer	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.0	0.0
	Senior Management Analyst	0.0	0.0	0.0	0.0	0.3	0.3	0.8	1.5	1.3
	Senior Server/Exchange Administrator	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.0	0.0
	Senior Network Engineer	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.0	0.0
	Senior Project Certification Coordinator	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
	Senior Project Compliance Coordinator	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
XII	Architect / Urban Designer	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
	Assistant Manager, LRT System	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
	Assistant Manager, Rail Operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
	Assist. Superintendent LRV Maintenance	0.0	0.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0
	Admin Support Services & Project Management	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.5	0.5
	Budget & Operations Financial Controls Manager	0.0	0.0	0.0	0.0	0.5	0.5	0.5	0.5	0.5
	Business Manager	0.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0
	Communications Manager	0.0	0.0	0.0	0.0	0.5	0.5	0.5	0.6	0.6
	Community Relations Manager	0.0	0.0	0.0	0.0	0.7	0.7	0.7	0.7	0.8
	Customer Service Manager	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.0
	Environmental Program Manager	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.9
	Facilities Maintenance Manager	0.0	0.0	0.0	0.0	0.0	0.0	0.9	1.0	0.9
	General Accounting Manager	0.0	0.0	0.0	0.0	0.0	0.4	0.4	0.4	0.4
	Geographic Services Manager	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3
	Human Resources Support Services Manager	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.0

Valley Metro Rail, Inc.
Full-Time Equivalent Positions (Continued)

		Authorized FTEs (1)								
Grade	RPTA Position Titles	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
	Service Planning Manager	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.3	0.2
	LRT Systems Manager	0.0	0.0	0.0	0.0	1.0	1.0	0.0	0.0	0.0
	Lead Procurement Officer	0.0	0.0	0.0	0.0	1.2	1.0	0.0	0.0	0.0
	Program Manager, Safety & Training	0.0	0.0	1.0	1.0	1.0	0.0	0.0	0.0	0.0
	Marketing Manager	0.0	0.0	0.0	0.0	0.5	0.5	0.0	0.5	0.5
	Rail Public Involvement Manager	1.0	1.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0
	Office Engineer	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8
	Senior Transportation Engineer	0.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0
	Security Engineer	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.6
	Senior Application Developer	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.6
	Stakeholder Affairs Manager	0.0	0.0	0.0	0.0	0.0	1.0	1.0	1.0	0.0
	Track & Facilities Manager	0.0	0.0	0.0	0.0	1.0	1.0	1.0	0.0	0.0
	Utility Manager	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
XIII	Maintenance Engineer	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
	Corridor & Facility Development Manager	0.0	0.0	0.0	0.0	0.9	0.9	0.0	0.0	0.0
	Accessible Transit Services Manager	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.1
	Field Safety & Security Manager	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.0
	Financial Reporting Manager	0.0	0.0	0.0	0.0	0.4	0.5	0.5	0.5	0.5
	LRT Systems Manager	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0	1.0
	Information Technology Manager	0.0	0.0	0.0	0.0	0.5	0.6	0.0	0.0	0.0
	Operations Support and Analysis Manager	0.0	0.0	0.0	0.0	0.0	0.7	0.7	0.7	0.7
	Transit Safety Manager	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
	Transit Security Manager	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8
	Procurement & Risk Management Manager	1.0	1.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0
	Project Controls Manager	1.0	1.0	1.0	1.0	1.0	0.0	0.0	0.0	0.0
	Quality Assurance Manager	1.0	0.0	0.0	0.0	1.0	1.0	1.0	1.0	1.0
	Safety and Security Manager	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.5	0.0
	Rail Design & Construction Manager	1.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0
	Rail Project Manager, Transit Planning	1.0	1.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0
	Senior Project Engineer	1.0	1.0	1.0	1.0	1.0	0.9	1.0	1.0	1.0
	System & Service Development Manager	0.0	0.0	0.0	0.0	0.4	0.4	0.4	0.0	0.0
	Systems Engineer	0.0	0.0	0.0	0.0	0.0	1.0	1.0	1.0	1.0
XIV	Construction Manager	0.0	0.0	0.0	1.0	0.9	0.9	0.9	0.9	0.0
	Capital Planning Manager	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.9
	Contracts & Procurement Manager	0.0	0.0	0.0	0.0	0.5	0.5	0.5	0.6	0.6
	Chief Maintenance Engineer	0.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	Corridor & Facility Development	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.0	0.0
	Chief System Engineering Officer	1.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0
	Chief Transportation Officer	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Design Manager	0.0	0.0	0.0	0.0	1.0	1.0	1.0	1.0	0.0
	Information Technology Manager	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.0	0.5
	Government Relations Officer	0.0	0.0	0.0	0.0	0.5	0.5	0.5	0.5	0.5
	Business Performance Improvement Manager	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5
	Internal Audit Manager	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.5
	Rail Systems Engineering Manger	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
	Resident Engineer	0.0	0.0	0.0	1.0	1.0	1.0	0.9	1.0	1.7
	Manager, Start up & Activation	0.0	0.0	0.0	0.0	1.0	1.0	1.0	1.0	0.0
	Revenue Generation & Financial Planning Manager	0.0	0.0	0.0	0.0	0.3	0.3	0.3	0.3	0.0
	Senior Database Architect	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.6
	Senior Project Manager	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
	Superintendent, LRV Maintenance	0.0	0.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
XV	Administration & Organizational Development Director	0.0	0.0	0.0	0.0	0.5	0.5	0.5	0.0	0.0
	Service Planning & Accessible Transit Deputy Director	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0
	Chief, Safety and Security	0.0	1.0	1.0	1.0	0.6	0.6	0.0	0.0	0.0

Valley Metro Rail, Inc.
Full-Time Equivalent Positions (Concluded)

		Authorized FTEs (1)								
Grade	RPTA Position Titles	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
	Rail Chief Operations Officer	0.0	1.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0
	Chief of Staff	0.0	0.0	0.0	0.0	0.5	0.5	0.5	0.5	0.0
	Chief Procurement Officer	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6
	Construction and Utilities Manager	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9
	Design Manager	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
	Rail Operations Manager	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
	T2050 Program Manager	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
XVI	Chief Engineer	0.0	0.0	0.0	0.0	1.0	1.0	1.0	1.0	0.0
	Planning and Accessible Transit Director	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8	0.0
	Service Planning and Accessible Transit Deputy Director	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
	Rail Design & Construction Director	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Rail Operations & Maintenance Director	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Planning/Development Director	1.0	1.0	1.0	1.0	0.9	0.9	0.9	0.0	0.0
	Safety, Security and Quality Assurance Director	1.0	0.0	0.0	0.0	0.0	0.0	0.6	0.5	0.8
	Communication and Marketing Director	1.0	1.0	1.0	1.0	0.5	0.5	0.5	0.5	0.5
Capital Program Deputy Director	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	
XVII	Chief Financial Officer	1.0	1.0	1.0	1.0	0.5	0.5	0.5	0.5	0.5
	Chief Operating Officer	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5
	Chief Operations Officer	0.0	0.0	0.0	0.0	0.6	0.6	0.6	0.6	0.7
	Chief Technology Officer	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.5
	Capital and Service Development Director	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8
GC	General Counsel	1.0	1.0	1.0	1.0	0.5	0.5	0.5	0.5	0.5
ED	Chief Executive Officer	1.0	1.0	1.0	0.5	0.5	0.5	0.5	0.5	0.5
		82.0	81.0	138.0	150.0	158.6	163.5	182.9	179.1	209.3

(1) Information prior to FY2010 was not available.

Valley Metro Rail, Inc.

Schedule of Insurance Coverage

For the Fiscal Year Ended June 30, 2018

Source: Valley Metro Rail, Inc. - Legal Division

Valley Metro Rail, Inc. (VMR) employs the firm of Arthur J. Gallagher Risk Management Services, Inc. as its broker for the purchase of insurance. VMR's commercial insurance program consists of the following:

Policy #	Coverage	Limits	Policy Term	Premium	Carrier
KTK-CMB-2700C68-6-17	Commercial Property	175,677,387 TIV 10,000 Deductible 25,000,000 Flood & EQ 100,000 Flood & EQ Deductible	12/1/2017-18	\$ 133,301	Travelers Indemnity Co.
QT-660-5833B340-TIL-17	Inland Marine - Rolling Stock	151,190,408 Limit 100,000 Deductible	12/1/2017-18	\$ 181,758	Travelers P&C Insurance Co. of America
QT-660-5833B352-TIL17	Inland Marine - Town Lake Bridge	22,581,224 Limit 100,000 Deductible 5,000,000 Flood & EQ Limit	12/1/2017-18	\$ 30,710	Travelers P&C Insurance Co. of America
I21112951011	DIC - Excess Flood Town Lake Bridge	15,000,000 per Occurrence excess of 5,000,000 primary flood & earth movement	12/1/2017-18	\$ 34,936	ACE Fire Underwriters Insurance Co.
02-841-51-55	Commercial Crime	2,000,000 Limit 10,000 Deductible	12/1/2017-18	\$ 2,999	National Union Fire
P-810-4G200215-TIL-17	Commercial Auto Liability, excluding buses and light rail vehicles	750,000 CSL Limit 5,000 Deductible - comprehensive & collision 750,000 Deductible - uninsured motorists	12/1/2017-18	\$ 70,430	Travelers P&C Insurance Co. of America
PEM0000038-04	SIR Buffer	500,000 Each Occurrence 1,000,000 Aggregate	12/1/2017-18	\$ 143,577	Gemini Insurance Co.
N1A3RL000006608	Primary Excess Liability	10,000,000 x/o 750,000 SIR	12/1/2017-18	\$ 407,455	Princeton Excess and Surplus Lines Insurance Co.
XCI0000038	Excess Liability	10,000,000 x/o 10,000,000	12/1/2017-18	\$ 115,744	Scottsdale Insurance Co.
3051169	Excess Liability	15,000,000 x/o 20,000,000	12/1/2017-18	\$ 71,718	Allied World National Assurance Co.
EXC2191712	Excess Liability	25,000,000 x/o 35,000,000	12/1/2017-18	\$ 110,704	Great American Assurance Co.
G24100868009	Excess Liability	25,000,000 x/o 60,000,000	12/1/2017-18	\$ 81,528	Westchester Surplus Lines Insurance Co.
EAU777849012017	Excess Liability	15,000,000 x/o 85,000,000	12/1/2017-18	\$ 40,145	AXIS Surplus Insurance Co.

Valley Metro Rail, Inc.

Schedule of Insurance Coverage (Concluded)

For the Fiscal Year Ended June 30, 2018

Policy #	Coverage	Limits	Policy Term	Premium	Carrier
UTS2533782.17	Terrorism	\$50,000,000 Property Limit; \$1,000,000 Liability Limit; \$1,000,000 NCBR Limit; \$100,000 Deductible	12/1/2017-18	\$ 38,155	Hiscox
MTP903159003	Cyber/Privacy	\$1,000,000 Third Party Liability; \$1,000,000 First Party Coverge; \$25,000 Retention	12/1/2017-18	\$ 15,530	Indian Harbor Insurance Co.
37312354	Environmental Liability	5,000,000 each Pollution Incident; 5,000,000 Aggregate; 25,000 Deductible	12/1/2017-18	\$ —	Chubb Custom Insurance Co.
1017940	Workers Compensation & Employers Liabilities Insurance Policy	WC - Statutory EL - 1,000,000	3/1/2018 -19	\$ 152,376	Copper Point Western Insurance Company

PRE-INCORPORATION ACTIVITIES

November 2000 - Final light rail alignment approved

February 2001 - Project opens community office for the public

September 2001 - City of Phoenix purchases first property for the light rail system at Camelback Road and 3rd Avenue.

December 2001 - Project receives first recommended rating from the Federal Transit Administration (FTA) in its New Starts Report.

October 2002 - Valley Metro Rail, Inc. is incorporated.

VALLEY METRO RAIL, INC. ACTIVITIES

July 2003 - METRO receives formal approval from the FTA for the light rail project to enter the Final Design phase. The approval allows designers to finalize the construction plans during the coming months, begin utility relocation, and request early approval to begin purchasing light rail vehicles and construction materials.

August 2004 - The METRO board approves the METRO Business Outreach Plan to help minimize the impacts of light rail construction on businesses located along the light rail transit alignment.

November 2004 - A groundbreaking ceremony is held for the reconstruction of an access bridge over the Grand Canal at 48th Street that leads to the light rail Maintenance and Storage Facility.

January 2005 - Full Funding Grant Agreement signed for the Central Phoenix East Valley (CPEV) Light Rail Project. (20 mile initial operating segment)

April 2005 - METRO Max program launched, business support program encouraging residents to patronize businesses impacted by light rail construction.

March 2007 - Phoenix City Council approves funding for Northwest Extension.

December 2008 - Central Phoenix East Valley Light Rail Project (Initial 20 Mile Segment) construction completes on-time and within budget.

January 2009 - Rail Passenger Operations commence; ridership planned for 26,000 passengers per day reaches over 40,000 daily passengers in April 2009.

March 2010 - Mesa City Council approves a 3.1-mile extension of the LRT system.

October 2010 - Tempe City Council approves Mill Avenue Alignment for modern streetcar.

October 2011 - Valley Metro receives a \$1.0 million federal grant to conduct an Alternatives Analysis on the South Central Phoenix Corridor.

June 2012 - Phoenix City Council approves funding plan to accelerate Northwest Extension Project.

July 2012 - Phoenix City Council approves the 11-mile Phoenix West Extension Project light rail alignment.

October 2012 - Project Construction Grant Agreement signed for the Central Mesa Extension Project.

January 2013 – Groundbreaking of the Northwest Extension light rail construction adding 3.2 miles to existing 20 mile system.

November 2013 – Valley Metro received the Finding of No Significant Impact (or FONSI) from the FTA completing the federal environmental assessment for the 1.9-mile Gilbert Road light rail extension.

April 2015 – Valley Metro Rail completes solar panel installation at the Operations and Maintenance Center, reducing electrical costs and dependence on the metropolitan grid.

January 2015 – On Saturday, January 31, Valley Metro Rail served the 2015 Superbowl activities reaching a historic ridership record with 126,000 boardings.

August 2015 - Valley Metro opens the 2.81 mile Central Mesa LRT Extension, serving downtown Mesa and extending the light rail line to nearly 23 miles.

March 2016 - Valley Metro opens the 3.28 mile Northwest LRT Extension, serving North Phoenix and extending the light rail line to 25.4 miles.

Source: Valley Metro Rail, Inc. Finance Division

