

VALLEY METRO RAIL

# FY20 Budget



# Valley Metro Rail, Inc.

PHOENIX, ARIZONA

## OPERATING AND CAPITAL BUDGET

FISCAL YEAR 2020

*(JULY 1, 2019 THROUGH JUNE 30, 2020)*

## FIVE-YEAR OPERATING FORECAST AND CAPITAL PROGRAM

FISCAL YEAR 2020 THROUGH FISCAL YEAR 2024

*(JULY 1, 2019 THROUGH JUNE 30, 2024)*

## BOARD OF DIRECTORS



**Chair**  
**Kate Gallego**  
*Mayor*  
*Phoenix*



**Vice-Chair**  
**Robin**  
**Arredondo-**  
**Savage**  
*Councilmember*  
*Tempe*



**Kevin Hartke**  
*Councilmember*  
*Chandler*



**Jerry Weiers**  
*Mayor*  
*Glendale*



**Francisco**  
**Heredia**  
*Councilmember*  
*Mesa*

## EXECUTIVE MANAGEMENT TEAM



**Scott Smith**  
*Chief Executive Officer*



**Raymond Abraham**  
*Chief Operations Officer*



**Hillary Foose**  
*Director, Communication & Strategic Initiatives*



**Wulf Grote**  
*Director, Capital and Service Development*



**Jim Hillyard**  
*Chief Administrative Officer*



**Paul Hodgins**  
*Chief Financial Officer*



**Penny Lynch**  
*Director, Human Resources Director*



**Michael Minnaugh**  
*General Counsel*



**Mary Modelski**  
*Director, Internal Audit*



**Adrian Ruiz**  
*Director, Safety, Security and Quality Assurance*



**Vacant**  
*Chief Operating Officer*



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# Executive Summary & Annual Budget

# EXECUTIVE SUMMARY



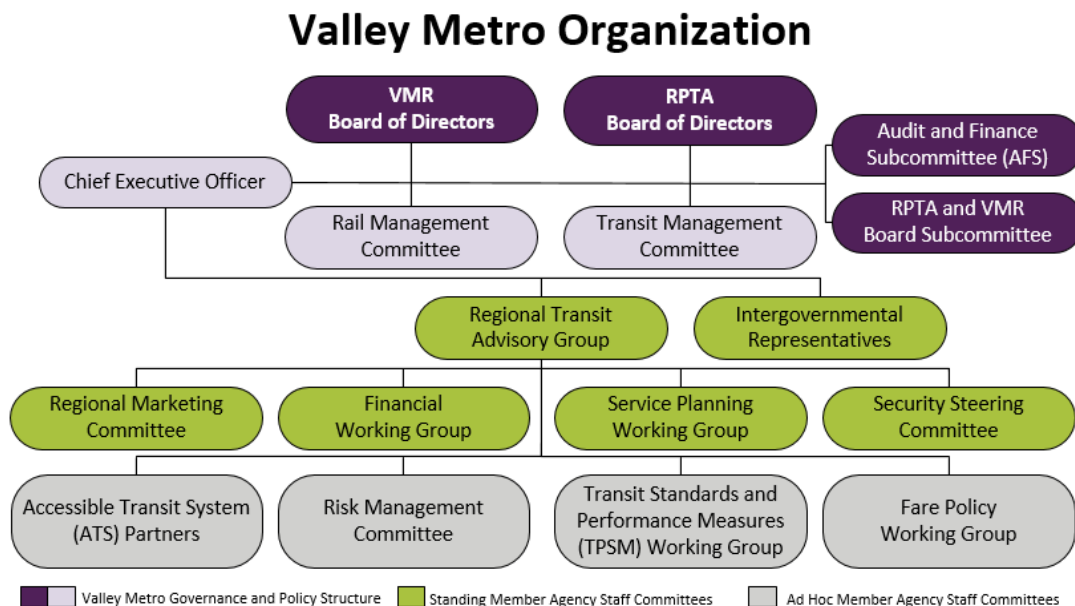
## AGENCY OVERVIEW

Valley Metro is comprised of two separate legal entities, the Regional Public Transportation Authority (RPTA) and Valley Metro Rail, Inc. (VMR). The two agencies operate jointly with one Chief Executive Officer and one organizational structure. Intergovernmental agreements between the agencies define the responsibilities of each agency in meeting the overall strategic mission, vision and goals for Valley Metro. Valley Metro is governed by two boards of directors. The RPTA Board consists of 18 public agencies that set the policy direction for all modes of transit except light rail. The VMR Board consists of five cities that set the policy direction for light rail high capacity transit (HCT). The boards and the agency work to improve and regionalize the public transit system.

RPTA is the regional transit agency for Maricopa County. Created in 1985 with the passage of Proposition 300, RPTA is a political subdivision of Arizona overseen by an 18-member board of elected officials. Membership is open to all municipalities in Maricopa County and to the County government. The current Valley Metro RPTA Board comprises Avondale, Buckeye, Chandler, El Mirage, Fountain Hills, Gilbert, Glendale, Goodyear, Maricopa County, Mesa, Peoria, Phoenix, Scottsdale, Surprise, Tempe, Tolleson, Wickenburg, and Youngtown. With the passage of Proposition 400 in November 2004, RPTA is the recipient of the transit portion of the twenty-year countywide 0.5% sales tax fund commencing in 2006 and running through 2025.

VMR was formed in 2002 to design, construct, and operate a 66-mile high-capacity transit system. The current VMR Board comprises Chandler, Glendale, Mesa, Phoenix and Tempe. VMR is responsible for administration and oversight of the design, construction and operation of light rail, and for receipt and disbursement of funds from federal, state, local and other funding sources. The VMR Board is empowered to enter into contracts for design and construction, hire or contract for staff and undertake extensions to the system. The member cities of VMR retain power of eminent domain and ownership of real estate with agreements established for property use by VMR. The cities are responsible for providing annual funding for the light rail project through their annual or biannual budgets, in addition to recommending light rail corridors within their city boundaries.

The following chart depicts the policy organization for Valley Metro and the relationships to key stakeholders:



## SERVICE CHARACTERISTICS

VMT operates the only light rail system within the Phoenix Metropolitan area, with an average weekday ridership of 48,000 boardings. Weekday trains run with two cars at 12 minute intervals during peak hours and 15-20 minute intervals off-peak. VMT operates a fleet of 50 light rail vehicles traveling over 10,000 miles each weekday, on a 28-mile alignment, serving 38 stations within the cities of Phoenix, Tempe, and Mesa. VMT's service area encompasses 39.1 square miles within the Phoenix Metropolitan area.

## FARE POLICY

Effective March 2013, the current Regional Fare Policy is as follows:

LOCAL BUS / LIGHT RAIL				EXPRESS / RAPID BUS	
Full Fare		Reduced Fare*		Full Fare	
1-Ride	\$2.00	1-Ride	\$1.00	1-Ride	\$3.25
All-Day	\$4.00	All-Day	\$2.00	All-Day	\$6.50
7-Day	\$20.00	7-Day	\$10.00	31-Day	\$104.00
15-Day	\$33.00	15-Day	\$16.50		
31-Day	\$64.00	31-Day	\$32.00		

\*Available for youth ages 6 through 18, seniors 65 and older, persons with disabilities and Medicare card holders. Qualified persons may obtain a Valley Metro Reduced Fare Identification Card as proof of eligibility. Seniors and youth may show any valid photo ID indicating a birth date issued by a governmental agency.

Children ages 5 and younger ride free when accompanied by a fare-paying caretaker or guardian.

Visit Valley Metro's website at <https://www.valleymetro.org> for details regarding the fare structure.





## STRATEGIC PLAN, VISION, AND GOALS

In January 2015, the Valley Metro RPTA and Valley Metro Rail Boards adopted the Valley Metro Strategic Plan for FY16 through FY20. The Strategic Plan provides clear definition of the purpose of the organization and establishes realistic goals and objectives for a five-year period. This plan ensures the most effective use of the organization's resources by focusing those resources on key priorities. Below are the five, overarching goals identified in the Strategic Plan:

- Increase customer focus
- Advance performance based operation
- Grow transit ridership
- Focus on economic development, regional competitiveness and financial resources
- Advance the value of transit

We are currently evaluating and updating the Valley Metro Strategic Plan for FY20 through FY24.

## PRIORITIES AND ISSUES

We will continue to work on existing initiatives in FY20 in the areas of:

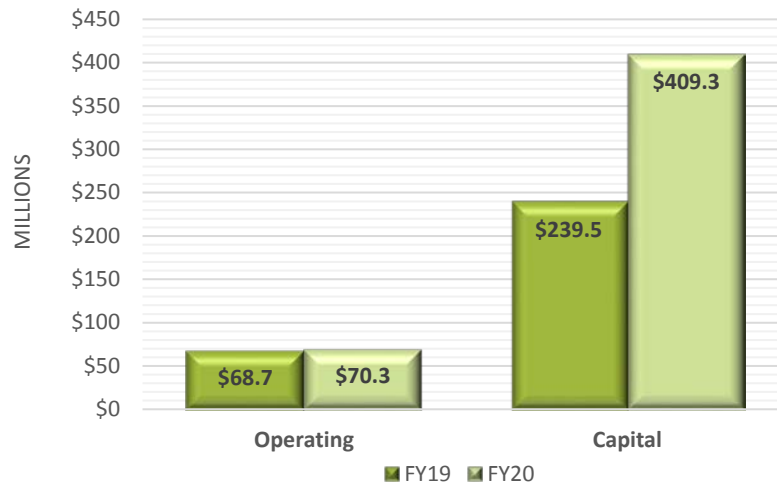
- Respect the Ride Campaign
- Transit Asset Management Plan (State of Good Repair)
- Staff Development (Shifting Gears)
- On-going evaluation of staffing needs



## BUDGET OVERVIEW

Total operating and capital budget for FY20 is \$479.6 million (M), an increase of \$171.4M or 56% from FY19 budget.

FY19 vs FY20 Budget Comparison



## SOURCES OF FUNDS

Operating sources of funds are \$70.3M, an increase of \$1.7M or 2% from the FY19 budget. The primary sources are detailed below:

- Fare revenue is forecasted at \$11.7M, which is down from FY19, based on current trends in average fare and ridership.
- Member city contributions of \$43.2M are up from \$38.2M. This funding is used for rail operations and maintenance, agency operating, and future project development expenses. It also includes a full year of operations for Gilbert Road Extension.
- Public Transportation Fund (PTF) sales tax revenue is \$10.5M. PTF funding requirements for project development activities are down by \$0.9M, primarily related to the West Phoenix study ending.

Capital sources of funds are \$409.3M, an increase of \$169.8M or 71% from the FY19 budget. The primary sources are detailed below:

- Federal funds are programmed at \$108.3M to support South Central, Gilbert Road Extension, Tempe Streetcar, and Operations & Maintenance Center (OMC) expansion projects' design and construction activities, as well as systemwide improvements.
- Member city contributions are \$224.6, up from \$33.7M. This funding is used to support capital construction activities, systemwide improvements, and state of good repair projects.
- PTF sales tax revenue is \$77.9M, up from \$18.5M in FY19 primarily due to funding for Tempe Streetcar, South Central, OMC Expansion, Northwest Phase II, and state of good repair projects.

	FY18 Actual	FY19 Budget	FY20 Budget	
<b>Sources of Funds</b>				
<b>Operating</b>				<b>*Note</b>
Advertising	\$ 1,100,000	\$ 1,100,000	\$ 1,400,000	1
Fares	11,911,000	14,343,000	11,713,000	2
Federal Funds	1,888,000	2,682,000	2,555,000	
MAG Funds	500,000	500,000	500,000	
Member City Contributions	30,705,000	38,177,000	43,159,000	3
Public Transportation Funds	8,701,000	11,382,000	10,517,000	4
Regional Area Road Funds	500,000	500,000	500,000	
Other	46,000	-	-	
<b>Total Operating</b>	<b>55,351,000</b>	<b>68,684,000</b>	<b>70,344,000</b>	
<b>Capital</b>				
Federal Funds	72,922,000	164,286,000	108,305,000	5
Member City Contributions	34,754,000	33,657,000	224,585,000	6
Public Transportation Funds	24,731,000	18,515,000	77,855,000	7
City of Mesa Financing	-	23,000,000	(1,491,000)	8
Other	181,000	-	-	
<b>Total Capital</b>	<b>132,588,000</b>	<b>239,458,000</b>	<b>409,254,000</b>	
<b>Total Sources of Funds</b>	<b>\$ 187,939,000</b>	<b>\$ 308,142,000</b>	<b>\$ 479,598,000</b>	

\*Explanations for significant changes from prior year are included in the Budget Analysis section of this document.

## USES OF FUNDS

Operating uses of funds are \$70.3M, an increase of \$1.7M or 2% from the FY19 budget. The primary uses are detailed below:

- Revenue Operations and Maintenance is \$45.7M, up from \$44.3M due to maintenance costs to maintain the system in a state of good repair. It also includes full year of operations for Gilbert Road Extension.
- Security is \$9.4M, up from \$7.8M due to continued Respect the Ride effort, additional presence on platforms, and the launch of the AlertVM safety app.
- Future project development is \$13.2M, down by \$1.7M primarily due to decrease in planning activities related to future corridors and system planning.

Capital uses of funds are \$409.3M, an increase of \$169.8M or 71% from the FY19 budget. The primary uses are detailed below:

- Tempe Streetcar will be the next alignment to come on board and construction activity levels will increase in FY20.
- Both South Central and Northwest Phase II projects ramp up the construction phase in FY20.
- Operations & Maintenance Center Expansion construction continues with completion in FY21.
- Gilbert Road Extension and 50<sup>th</sup> Street Station have completed construction in FY19. Residual expenses are expected in FY20.

	FY18 Actual	FY19 Budget	FY20 Budget	
<b>Uses of Funds</b>				
<b>Operating</b>				<b>*Note</b>
Rail Operations & Maintenance	\$ 37,338,000	\$ 44,258,000	\$ 45,666,000	9
Security	5,682,000	7,783,000	9,373,000	10
Future Project Development	10,584,000	14,909,000	13,165,000	11
Agency Operating	1,747,000	1,734,000	2,140,000	
<b>Total Operating</b>	<b>55,351,000</b>	<b>68,684,000</b>	<b>70,344,000</b>	
<b>Capital</b>				
Tempe Streetcar	25,619,000	48,071,000	85,731,000	12
South Central/Downtown Hub	23,820,000	62,353,000	223,269,000	13
Northwest Phase II	20,000	21,737,000	39,659,000	14
OMC Expansion	-	7,114,000	32,077,000	15
Gilbert Road Extension	66,927,000	65,901,000	4,067,000	16
50th Street Station	8,006,000	8,779,000	1,226,000	17
Central Mesa Extension	912,000	234,000	349,000	
Systemwide Improvements	7,284,000	25,269,000	9,404,000	18
State of Good Repair	-	-	13,472,000	19
<b>Total Capital</b>	<b>132,588,000</b>	<b>239,458,000</b>	<b>409,254,000</b>	
<b>Total Uses of Funds</b>	<b>\$ 187,939,000</b>	<b>\$ 308,142,000</b>	<b>\$ 479,598,000</b>	

\*Explanations for significant changes from prior year are included in the Budget Analysis section of this document.

## BUDGET ANALYSIS

The following is an analysis of the major changes in the FY20 Budget versus the FY19 Budget. The number in the "Note" column corresponds to the "Note" column in the "Sources of Funds" and "Uses of Funds" tables.

Note Analysis Comment - Sources of Funds	
OPERATING	<p>Advertising revenue is up \$0.3M due to an expected increase in volume of ads.</p> <p>1 There will also be additional advertising opportunities with the opening of Gilbert Road Extension and 50th Street Station beginning in late FY19.</p>
	<p>Fare revenue is forecasted at \$11.7M, down \$2.6M from the FY19 forecast. Based on current trends in average fare and ridership FY20 plans 15.8 million rides with an average fare forecast of \$0.74 per ride.</p>
	<p>Member city contributions for operating projects are up from \$38.2M to \$43.2M in FY20. The primary reason for the increase is within rail operations (\$5.2M), due to operating a full year of the Gilbert Road Extension combined with a decrease in fare revenues. Agency operating is increasing \$0.4M and future project development is decreasing \$0.6M.</p>
	<p>4 PTF sales tax revenue funding requirements for future project development are down by \$0.9M, primarily related to West Phoenix study ending.</p>
CAPITAL	<p>Federal funding for capital is down from \$164.3M to \$108.3M. The decreases are forecasted in South Central (\$47.1M), Gilbert Road Extension (\$34.6M), Systemwide Improvements (\$9.9M), and Tempe Streetcar (\$7.7M). Increases are due in Northwest Phase II (\$23.1M), OMC Expansion (\$20.0M), and Central Mesa - SCADA (\$0.2M).</p>
	<p>6 Member city contributions for capital projects total \$224.6M for FY20. City of Phoenix is funding South Central (\$203.5M), 50th Street Station (\$0.8M), and Northwest Phase II (\$10.0M). City of Mesa is funding the Gilbert Road Extension (\$0.2M). City of Tempe is funding the Tempe Streetcar (\$8.2M). The state of good repair projects are funded by City of Phoenix (\$1.1M), City of Tempe (\$0.4M), and City of Mesa (\$0.4M).</p>
	<p>7 PTF sales tax funding requirement is increasing from \$18.5M to \$77.9M. Capital project needs are: Tempe Streetcar (\$42.3), State of Good Repair (\$11.6M), South Central (\$6.1M), OMC Expansion (\$6.4M), Northwest Phase II (\$6.6M), 50th Street (\$0.4M), and Systemwide Improvements (\$4.5M).</p>
	<p>8 City of Mesa will be reimbursed \$1.5M for advanced funding and finance costs related to the Gilbert Road Extension with federal funds received in FY20.</p>



Note Analysis Comment - Uses of Funds		
OPERATING	9	Rail Operation & Maintenance costs are forecasted to increase by 3% over FY19 levels, primarily due to Gilbert Road Extension being in operation for a full year. Maintenance costs are rising with scheduled preventive maintenance activities to maintain the system in a state of good repair.
	10	Security costs are forecasted to increase by 20% over FY19. The additional costs are due to contractual increases, fare inspections for Gilbert Road Extension, and additional platform presence for the Respect the Ride campaign.
	11	Planned future project development costs are down by \$1.7M due to a decrease in planning activities related to future corridors and system planning. This is primarily due to West Phoenix study ending.
CAPITAL	12	Tempe Streetcar project costs are up \$37.7M. Annual expenditures are forecasted at \$85.7M, which includes Non-Prior Rights costs of \$2.8M.
	13	South Central project and the Downtown Connector subproject activities will ramp up in FY20. Annual expenditures are planned at \$223.3M, which includes Non-Prior Rights costs of \$11.2M and Concurrent Non-Project Activities (CNPA) costs of \$21.1M.
	14	Northwest Phase II project begins construction activities in FY20. Annual design and project management expenditures are forecasted at \$39.7M.
	15	OMC Expansion project construction activities continue in FY20. Annual expenditures are forecasted at \$32.1M.
	16	Gilbert Road Extension project costs are down \$61.8M due to completion of the construction phase and the scheduled commencement of passenger operations in late FY19. FY20 expenditures are forecasted at \$4.1M for residual construction expenses.
	17	The 50th Street Station project costs are down by \$7.6M due to the construction phase being complete and commencement of passenger operations in late FY19. FY20 expenditures are forecasted at \$1.2M for residual construction expenses.
	18	Systemwide Improvements annual expenditures are forecasted at \$9.4M, down by \$15.9M. There were aggressive milestone payments in FY19 for the future extension light rail vehicles (\$8.5M). The Wi-Fi program for the light rail vehicles did not move forward in FY19 (\$2.6M). Overhaul parts were moved to the state of good repair project (\$3.7M). These three items are the contributing factors for the decrease in FY20.
	19	State of good repair needs are estimated to be \$13.5M for revenue vehicle overhauls, the vehicle communication system replacement, and guideway & facilities equipment replacements. The original rail system and revenue vehicles are now over 10 years old.

## STAFFING OVERVIEW

RPTA and VMR budgets are developed with a unified staff plan, with department managers planning the level of effort required to meet the bus and rail activities. For FY20, there are 427 employees budgeted; 156 Full Time Equivalent (FTE) positions are budgeted to RPTA activities and 271 FTEs to VMR activities. Staffing levels are reviewed on an annual basis to fulfill work requirements for the coming year. Salary and fringe benefit compensation levels are measured against comparable regional agencies, member cities, and peer transit agencies located in the western U.S.

### *FY20 COMPENSATION AND FRINGE BENEFIT ASSUMPTIONS*

Total compensation budget is based on a 3.0% increase. For staff salary changes, merit increases are based on employee performance. Agency healthcare costs are forecasted to increase by 4.3% over FY19 levels.

### *FY20 STAFFING NEEDS*

Valley Metro RPTA and Valley Metro Rail are in a period of significant expansion of the system and services. To meet the needs of our members by delivering service and meeting project deadlines, Valley Metro needs additional resources.

In FY20, we will have four active rail capital construction projects and another three projects in the design phase. The VMR vehicle fleet will also increase in size beginning in mid FY20 with the delivery of the Siemens light rail vehicles and the Brookville streetcar vehicles. Both fleets will have their own sets of parts inventory and specific maintenance requirements.

Of the 43 proposed positions requested for FY20, 38 will directly support VMR operations activities and five will support combined Agency activities.

The 38 VMR operations staff additions will support three areas: Respect the Ride (10), State of Good Repair coordinated with the Transit Asset Management Plan (16), and expansion of fleet with eleven LRVs and six streetcars (12). These staff additions may be phased in over two to three years.

The five support staff needed includes positions for Human Resources, Finance and Procurement, and Information Technology.

- Sr. Learning and Development Specialist
- Budget Supervisor
- Senior Contracts Administrator
- Business Intelligence Analyst
- System Administrator

Agency	FY19 Budget	Mid-Year Additions	FY20 Additions	FY20 Budget
RPTA	151	1	4	156
VMR	225	7	39	271
<b>Total Agencies</b>	<b>376</b>	<b>8</b>	<b>43</b>	<b>427</b>

## FIVE-YEAR OVERVIEW

VMR currently has a number of transit projects in various phases of planning, design, or construction. The sources and uses of funds associated with these projects and activities are projected to be \$2.4 billion (B) through the five-year planning horizon of FY20 through FY24. These uses and sources of funds are summarized as follows:

### SOURCES OF FUNDS

	5-Year Total
Sources of Funds (\$,000)	
<b>Operating</b>	
Advertising	\$ 7,100
Fares	66,166
Federal Funds	12,052
MAG Funds	2,500
Member City Contributions	252,298
Public Transportation Funds	53,113
Regional Area Road Funds	2,500
<b>Total Operating</b>	<b>395,729</b>
<b>Capital</b>	
Federal Funds	781,775
Member City Contributions	939,205
City of Mesa Financing	(6,181)
Public Transportation Funds	293,685
<b>Total Capital</b>	<b>2,008,484</b>
<b>Total Sources of Funds</b>	<b>\$ 2,404,213</b>

### USES OF FUNDS

	5-Year Total
Uses of Funds (\$,000)	
<b>Operating</b>	
Rail Operations & Maintenance	\$ 268,101
Security	53,647
Future Project Development	62,621
Agency Operating Budget	11,360
<b>Total Operating</b>	<b>395,729</b>
<b>Capital</b>	
Tempe Streetcar	118,216
South Central/Downtown Hub	1,216,918
Northwest Phase II	341,512
OMC Expansion	54,335
Gilbert Road Extension	7,962
50th Street Station	1,226
Capitol I-10 West Phase I	205,987
Central Mesa Extension	349
Systemwide Improvements	23,860
State of Good Repair	38,119
<b>Total Capital</b>	<b>2,008,484</b>
<b>Total Uses of Funds</b>	<b>\$ 2,404,213</b>

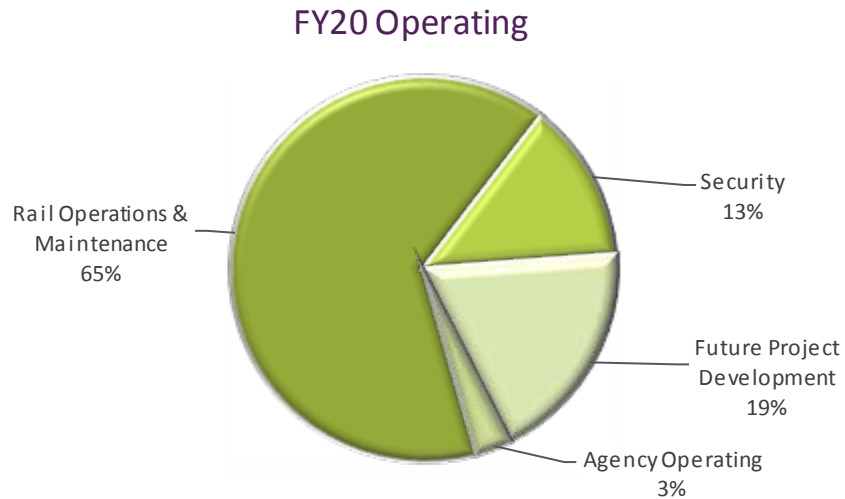
# OPERATING BUDGET



## OPERATING OVERVIEW

The total operating budget for FY20 is \$70.3M, up \$1.7M or 2% from FY19.

	FY18 Actual	FY19 Budget	FY20 Budget
<b>Operating</b>			
Rail Operations & Maintenance	\$ 37,338,000	\$ 44,258,000	\$ 45,666,000
Security	5,682,000	7,783,000	9,373,000
Future Project Development	10,584,000	14,909,000	13,165,000
Agency Operating	1,747,000	1,734,000	2,140,000
<b>Total Operating</b>	<b>\$ 55,351,000</b>	<b>\$ 68,684,000</b>	<b>\$ 70,344,000</b>





## RAIL OPERATIONS & MAINTENANCE

Valley Metro Rail (VMR) will provide approximately 3.6 million miles of service in FY20. Total miles delivered are up from FY19, due to the Gilbert Road Extension being in operation for a full year. VMR contracts with Alternate Concepts, Inc. (ACI) to provide service to Phoenix, Tempe, and Mesa at 47 platform stations.

Rail Operations & Maintenance is composed of four categories; Operations, Vehicle Maintenance, Maintenance of Way, and Administrative Support. Overall there is an increase of \$1.4M or 3% over FY19. Each of the four categories are detailed below.

	FY18 Actual	FY19 Budget	FY20 Budget
<b>Rail Operations &amp; Maintenance</b>			
Operations	\$ 12,750,000	\$ 14,081,000	\$ 14,679,000
Vehicle Maintenance	7,279,000	8,872,000	8,095,000
Maintenance of Way	11,143,000	12,609,000	13,317,000
Administrative Support	6,166,000	8,696,000	9,575,000
<b>Total Rail Operations &amp; Maintenance</b>	<b>\$ 37,338,000</b>	<b>\$ 44,258,000</b>	<b>\$ 45,666,000</b>
Full Time Equivalents			
Operations	0.0	0.0	0.0
Vehicle Maintenance	63.7	66.4	70.8
Maintenance of Way	48.1	52.3	63.1
Administrative Support	15.7	20.4	30.3
Track Miles	25.4	25.4	27.3
Revenue Miles	3,297,000	3,376,000	3,604,000
Boardings	15,787,000	16,874,000	15,827,000

### OPERATIONS

Rail operations is responsible for ensuring the overall reliability of the rail system. This includes the operation control center, field supervision, train operators, and propulsion power.

	FY18 Actual	FY19 Budget	FY20 Budget
<b>Operations</b>			
Contractual Services	\$ 3,000	\$ -	\$ -
Propulsion Power	2,786,000	2,770,000	3,015,000
Transit Services	9,961,000	11,311,000	11,664,000
<b>Total Operations</b>	<b>\$ 12,750,000</b>	<b>\$ 14,081,000</b>	<b>\$ 14,679,000</b>
Full Time Equivalents	0.0	0.0	0.0

The costs for rail operations are forecasted to increase by 4%. Transit service will increase due to ACI contractual rate increases and resources needed to support the Gilbert Road Extension. Propulsion power will also increase due to the additional service miles operated on the Gilbert Road Extension.

**VEHICLE MAINTENANCE**

Rail vehicle maintenance is responsible for the preventive and corrective maintenance required to preserve a high level of vehicle availability, reliability, and cleanliness.

	FY18 Actual	FY19 Budget	FY20 Budget
<b>Vehicle Maintenance</b>			
Personal Services	\$ 4,467,000	\$ 4,391,000	\$ 4,001,000
Contractual Services	613,000	646,000	682,000
Parts	2,126,000	3,770,000	3,405,000
Allocated Overhead	395,000	383,000	356,000
Other	(322,000)	(318,000)	(349,000)
<b>Total Vehicle Maintenance</b>	<b>\$ 7,279,000</b>	<b>\$ 8,872,000</b>	<b>\$ 8,095,000</b>

Full Time Equivalents	63.7	66.4	70.8
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Beginning in FY20, major component overhauls and sub-system replacements have been moved to the state of good repair capital project. Components of the move includes personal services, parts, and allocated overhead. With this change, vehicle maintenance costs are forecasted to decrease by 9%. Other expenses include accident recoveries and are projected to increase based on the trend of the past two years.

**MAINTENANCE OF WAY**

Maintenance of way is responsible for maintaining all rail systems and facilities, including: track, communications, signals, stations, traction power distribution, and overhead catenary systems.

	FY18 Actual	FY19 Budget	FY20 Budget
<b>Maintenance of Way</b>			
Personal Services	3,721,000	4,256,000	4,905,000
Computers & Software	71,000	150,000	168,000
Contractual Services	2,706,000	4,305,000	5,018,000
Equipment	785,000	589,000	-
Fuel & Lubricants	262,000	242,000	271,000
Other Capital	49,000	-	-
Parts	1,212,000	1,123,000	932,000
Site Improvements	603,000	-	-
Utilities	1,338,000	1,498,000	1,554,000
Allocated Overhead	285,000	372,000	447,000
Other	111,000	74,000	22,000
<b>Total Maintenance of Way</b>	<b>\$ 11,143,000</b>	<b>\$ 12,609,000</b>	<b>\$ 13,317,000</b>

Full Time Equivalents	48.1	52.3	63.1
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Maintenance of Way costs are forecasted to increase 6% over FY19 levels. Personal services and contractual services expenditures increase, primarily due to the additional maintenance for the Gilbert Road Extension and the 50th Street Station. In order to maintain a state of good repair, frequency of standard preventive maintenance schedules increase with the base system, which is over 10 years old.

**ADMINISTRATIVE SUPPORT**

Rail operations, rail vehicle maintenance, and maintenance of way are supported by administrative activities including public safety and security, marketing and customer service, legal and procurement, finance and accounting, risk management, and information systems.

	FY18 Actual	FY19 Budget	FY20 Budget
<b>Administrative Support</b>			
Personal Services	1,517,000	2,236,000	3,064,000
Advertising	378,000	419,000	368,000
Computers & Software	134,000	254,000	154,000
Contingency	-	386,000	338,000
Contractual Services	574,000	983,000	948,000
Equipment	102,000	-	-
Furniture & Fixtures	7,000	15,000	-
Insurance	1,523,000	1,565,000	1,834,000
Non-Revenue Vehicles	28,000	205,000	-
Site Improvements	106,000	-	-
Supplies	184,000	129,000	124,000
Travel & Meetings	50,000	40,000	41,000
Allocated Overhead	499,000	896,000	1,483,000
Other	1,064,000	1,568,000	1,221,000
<b>Total Administrative Support</b>	<b>\$ 6,166,000</b>	<b>\$ 8,696,000</b>	<b>\$ 9,575,000</b>

Full Time Equivalents	15.7	20.4	30.3
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Administrative costs for rail operations are up \$0.9M over FY19. Budget drivers include additional staff effort in the areas of increased service and support, including the staff to support the AlertVM rail safety & security app. Insurance costs are projected to increase with the addition of Gilbert Road Extension and 50<sup>th</sup> Street station.



## SECURITY

Security is responsible for ensuring the overall safety of the rail system.

	FY18 Actual	FY19 Budget	FY20 Budget
<b>Security</b>			
<b>Security</b>			
Personal Services	248,000	279,000	1,135,000
Computers & Software	37,000	50,000	-
Contractual Services	8,000	50,000	57,000
Equipment	86,000	-	-
Other Capital	-	25,000	-
Safety & Security	5,141,000	7,027,000	7,845,000
Supplies	18,000	20,000	25,000
Travel & Meetings	14,000	15,000	13,000
Allocated Overhead	108,000	138,000	253,000
Other	22,000	179,000	45,000
<b>Total Security</b>	<b>5,682,000</b>	<b>7,783,000</b>	<b>9,373,000</b>
<b>Total Security</b>	<b>\$ 5,682,000</b>	<b>\$ 7,783,000</b>	<b>\$ 9,373,000</b>

Full Time Equivalents	2.2	2.6	12.8
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Security costs for rail operations are projected to increase by \$1.6M over FY19 levels. Primary budget drivers include additional staff effort with the addition of 10 Customer Experience Coordinators and a full year of contracted security support for the Gilbert Road Extension. These efforts will provide increased security presence on platforms and trains, continuing to enforce the Respect the Ride campaign.

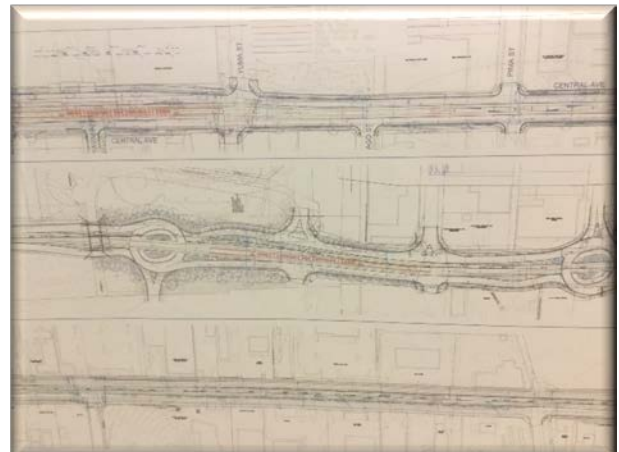


## FUTURE PROJECT DEVELOPMENT

The proposed HCT system will include over 66 miles of service in four cities within the next 15 years. Before any specific transit corridor is initiated, VMR will study and configure the system to better understand how corridors connect, determine facility requirements, and define operating parameters. System planning is the first step in developing the HCT network. It is followed by the corridor planning for individual corridors. Once technologies and alignments are determined in each corridor, proposed engineering is engaged.

A key objective during project development is to define all aspects of each HCT corridor project, identify the appropriate transit technology, the alignment, stations, park-and-rides, maintenance facilities, traction power substations, and bus interface. VMR staff is committed to working closely with policy makers, public agencies, businesses, community stakeholders, utility companies to assure an early and complete understanding of their needs and issues, before design begins. VMR is responsible to assure that adequate funding is in place to implement, maintain and operate the light rail program. VMR staff works closely with federal, state, regional and local agencies that provide present and future funding for the light rail system. VMR, in coordination with all affected agencies, annually updates the HCT element of the Transit Life Cycle Program, which defines light rail projects, funding, and schedule.

Finally, VMR assists with light rail station area planning by actively engaging to support member cities' efforts to facilitate Transit Oriented Development (TOD).





The project costs fluctuate based on progress of the individual projects being planned or studied. The primary reason for the \$1.7M decrease from FY19 is the West Phoenix study ending.

	FY18 Actual	FY19 Budget	FY20 Budget
<b>Future Project Development</b>			
<b>Corridor &amp; Facility</b>			
Personal Services	\$ 586,000	\$ 691,000	\$ 711,000
Contractual Services	4,319,000	9,254,000	6,850,000
Allocated Overhead	265,000	341,000	406,000
<b>Total Corridor &amp; Facility</b>	<b>5,170,000</b>	<b>10,286,000</b>	<b>7,967,000</b>
<b>Systems Development</b>			
Personal Services	123,000	340,000	279,000
Contractual Services	91,000	88,000	110,000
Allocated Overhead	58,000	168,000	160,000
<b>Total Systems Development</b>	<b>272,000</b>	<b>596,000</b>	<b>549,000</b>
<b>Administrative Support</b>			
Personal Services	1,695,000	1,801,000	1,784,000
Advertising	-	22,000	25,000
Computers & Software	131,000	28,000	89,000
Contractual Services	2,489,000	1,182,000	1,643,000
Other Capital	6,000	10,000	10,000
Supplies	15,000	7,000	8,000
Travel & Meetings	7,000	29,000	26,000
Allocated Overhead	795,000	857,000	1,006,000
Other	4,000	91,000	58,000
<b>Total Administrative Support</b>	<b>5,142,000</b>	<b>4,027,000</b>	<b>4,649,000</b>
<b>Total Future Project Development</b>	<b>\$ 10,584,000</b>	<b>\$ 14,909,000</b>	<b>\$ 13,165,000</b>
Full Time Equivalents	27.1	21.2	19.7

Projects and studies planned for FY20 and associated funding sources are listed below:

- Capitol/I-10 West Phase I is anticipated to be funded with federal funds (\$1.0M) and PTF (\$0.2M)
- Fiesta District Alternative Analysis is to be funded by PTF (\$0.5M)
- Downtown Chandler Alternative Analysis is to be funded by member city contributions (\$0.4M)
- Tempe/Mesa Streetcar System Study is to be funded by member city contributions (\$0.2M) and PTF (\$0.2M)

## AGENCY OPERATING

Agency operating costs are general and administrative costs of VMR which are not directly allocable to passenger operations or to capital projects. Typical expenses include agency memberships, public meetings, legislative representation, annual financial audit, and leadership management activities which address interactions with member cities and strategic policy making.

	FY18 Actual	FY19 Budget	FY20 Budget
<b>Agency Operating</b>			
<b>Administrative Support</b>			
Personal Services	\$ 688,000	\$ 923,000	\$ 1,116,000
Contractual Services	176,000	202,000	220,000
Equipment	87,000	-	-
Furniture & Fixtures	193,000	-	-
Other Capital	170,000	-	-
Supplies	13,000	37,000	35,000
Travel & Meetings	19,000	44,000	44,000
Allocated Overhead	318,000	458,000	642,000
Other	83,000	70,000	83,000
<b>Total Administrative Support</b>	<b>1,747,000</b>	<b>1,734,000</b>	<b>2,140,000</b>
<b>Total Agency Operating</b>	<b>\$ 1,747,000</b>	<b>\$ 1,734,000</b>	<b>\$ 2,140,000</b>

Full Time Equivalents	6.7	6.9	7.8
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Total agency operating costs are up \$0.4M over FY19, primarily due to increases in areas of executive, administrative, and audit activities. Personal services increase is directly related to the addition of the Chief Administrative Officer position.

## OVERHEAD ALLOCATION

### VMR AGENCY

Agency overhead costs include general and administrative costs of VMR, directly related to the corporate office. Costs are directly allocable to labor charged by VMR corporate office staff to each project budget. Costs within this budget include rent, leased equipment, computer software, equipment, software maintenance, offsite hosting, and personnel costs for information technology, accounting, and procurement.

	FY18 Actual	FY19 Budget	FY20 Budget
<b>Overhead Pool</b>			
<b>Expenses</b>			
Personal Services	\$ 776,000	\$ 1,149,000	\$ 962,000
Advertising	2,000	10,000	10,000
Computers & Software	535,000	481,000	912,000
Contractual Services	332,000	318,000	1,469,000
Fuel & Lubricants	42,000	24,000	38,000
Furniture & Fixtures	-	64,000	146,000
Leases/Rent	798,000	1,044,000	1,005,000
Site Improvements	1,000	109,000	146,000
Supplies	165,000	192,000	237,000
Travel & Meetings	33,000	83,000	61,000
Allocated Overhead	61,000	102,000	91,000
Other	189,000	415,000	397,000
<b>Total Project Costs</b>	<b>2,934,000</b>	<b>3,991,000</b>	<b>5,474,000</b>
<b>Total Overhead Pool</b>	<b>\$ 2,934,000</b>	<b>\$ 3,991,000</b>	<b>\$ 5,474,000</b>

Full Time Equivalents	10.1	10.9	8.8
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Overhead costs for FY20 are up primarily due to information technology needs. Computer & software costs will increase for PC and printer replacements, increased renewal rates on software, as well as switch, router, and server upgrades. Contractual services include Helpdesk support, financial enterprise resource planning implementation, managed security monitoring, and advanced technical contracting. Site improvements are up for FY20 due to required office configurations for new staff.

Overhead costs are allocated based on ratios of actual wages expended for VMR operating and capital projects. The table below shows the amount of overhead allocated to each project.

	FY18 Actual	FY19 Budget	FY20 Budget
<b>Overhead Pool</b>			
<b>Allocation by Project</b>			
Rail Operations & Maintenance	\$ 375,000	\$ 697,000	\$ 1,199,000
Security	89,000	113,000	148,000
Future Project Development	911,000	1,115,000	1,314,000
Agency Operating	260,000	374,000	538,000
Tempe Streetcar	293,000	354,000	546,000
South Central/Downtown Hub	326,000	499,000	874,000
Northwest Phase II	-	109,000	436,000
OMC Expansion	-	135,000	304,000
Gilbert Road Extension	455,000	398,000	93,000
50th Street Station	178,000	144,000	14,000
Central Mesa Extension	40,000	49,000	3,000
Systemwide Improvements	7,000	4,000	5,000
<b>Total Allocation by Project</b>	<b>2,934,000</b>	<b>3,991,000</b>	<b>5,474,000</b>
<b>Total Overhead Pool</b>	<b>\$ 2,934,000</b>	<b>\$ 3,991,000</b>	<b>\$ 5,474,000</b>

# CAPITAL BUDGET





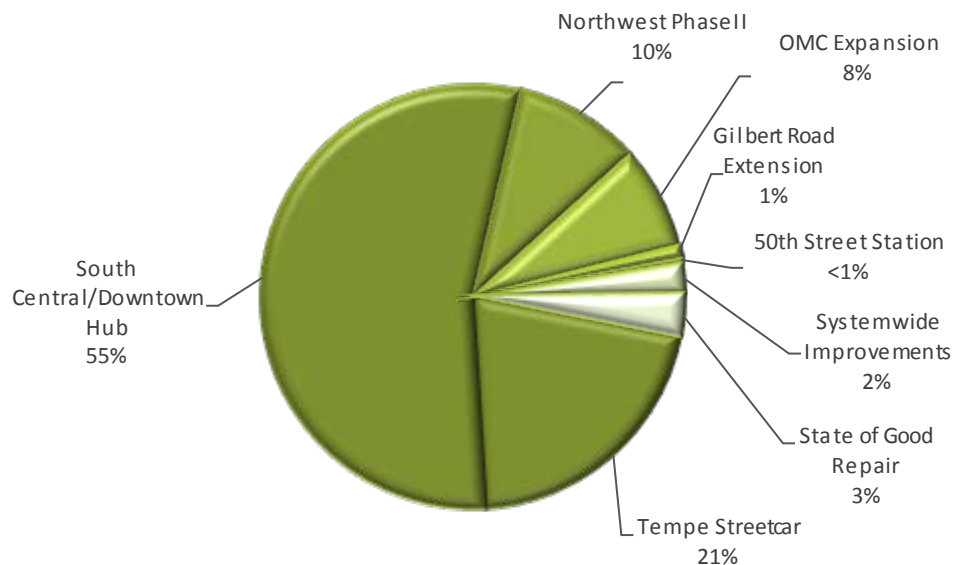
## CAPITAL OVERVIEW

The total capital budget for FY20 is \$409.3M, up \$169.8M or 71% from FY19.

	FY18 Actual	FY19 Budget	FY20 Budget
<b>Capital</b>			
Tempe Streetcar	\$ 25,619,000	\$ 48,071,000	\$ 85,731,000
South Central/Downtown Hub	23,820,000	62,353,000	223,269,000
Northwest Phase II	20,000	21,737,000	39,659,000
OMC Expansion	-	7,114,000	32,077,000
Gilbert Road Extension	66,927,000	65,901,000	4,067,000
50th Street Station	8,006,000	8,779,000	1,226,000
Central Mesa Extension	912,000	234,000	349,000
Systemwide Improvements	7,284,000	25,269,000	9,404,000
State of Good Repair	-	-	13,472,000
<b>Total Capital</b>	<b>\$ 132,588,000</b>	<b>\$ 239,458,000</b>	<b>\$ 409,254,000</b>

Capital activities fluctuate based on the progress or phase of the capital projects. For FY20, Tempe Streetcar, South Central, and OMC Expansion construction activity continues. Northwest Phase II construction ramps up. Gilbert Road Extension and 50<sup>th</sup> Street Station are finished with their construction with residual cost remaining in FY20.

### FY20 Capital



## TEMPE STREETCAR

The Tempe Streetcar 3.0-mile alignment is the first modern streetcar line in the Valley. It will serve one of the highest transit ridership centers in the region and connect riders to Arizona State University, neighborhoods, major business centers, and regional events and destinations.

	FY18 Actual	FY19 Budget	FY20 Budget
<b>Tempe Streetcar</b>			
<b>Project Costs</b>			
Personal Services	\$ 803,000	\$ 1,106,000	\$ 1,391,000
Computers & Software	160,000	69,000	79,000
Contractual Services	17,294,000	31,011,000	55,154,000
Non-Prior Right Utilities	169,000	9,833,000	2,780,000
Non-Revenue Vehicles	41,000	-	-
Real Estate	393,000	2,414,000	200,000
Revenue Vehicles	5,098,000	1,988,000	23,006,000
Supplies	27,000	48,000	45,000
Travel & Meetings	10,000	59,000	40,000
Allocated Overhead	359,000	452,000	674,000
Other	62,000	329,000	332,000
<b>Total Project Costs</b>	<b>24,416,000</b>	<b>47,309,000</b>	<b>83,701,000</b>
<b>Associated Costs</b>			
Art	26,000	262,000	379,000
Contractual Services	1,177,000	500,000	1,651,000
<b>Total Associated Costs</b>	<b>1,203,000</b>	<b>762,000</b>	<b>2,030,000</b>
<b>Total Tempe Streetcar</b>	<b>\$ 25,619,000</b>	<b>\$ 48,071,000</b>	<b>\$ 85,731,000</b>
Full Time Equivalents	11.5	9.6	12.1

Tempe Streetcar will be the next alignment, after FY20, to come on board. The construction activity levels will increase over FY19 levels.



## SOUTH CENTRAL/DOWNTOWN HUB

The South Central corridor is one of 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 5.5-mile South Central corridor will connect with the current light rail system in downtown Phoenix and operate south to Baseline Road.

	FY18 Actual	FY19 Budget	FY20 Budget
<b>South Central/Downtown Hub</b>			
<b>Project Costs</b>			
Personal Services	\$ 848,000	\$ 1,288,000	\$ 1,941,000
Advertising	-	3,000	35,000
Computers & Software	198,000	205,000	77,000
Contractual Services	21,761,000	40,387,000	107,920,000
Non-Prior Right Utilities	79,000	1,612,000	11,231,000
Non-Revenue Vehicles	21,000	120,000	-
OMC Expansion	-	7,275,000	21,384,000
Real Estate	337,000	10,000,000	58,082,000
Revenue Vehicles	-	-	100,000
Site Improvements	3,000	-	-
Supplies	10,000	48,000	66,000
Travel & Meetings	9,000	15,000	25,000
Allocated Overhead	403,000	612,000	1,055,000
Other	21,000	235,000	269,000
<b>Total Project Costs</b>	<b>23,690,000</b>	<b>61,800,000</b>	<b>202,185,000</b>
<b>Associated Costs</b>			
Art	130,000	303,000	1,084,000
Contractual Services	-	250,000	20,000,000
<b>Total Associated Costs</b>	<b>130,000</b>	<b>553,000</b>	<b>21,084,000</b>
<b>Total South Central/Downtown Hub</b>	<b>\$ 23,820,000</b>	<b>\$ 62,353,000</b>	<b>\$ 223,269,000</b>
Full Time Equivalents	7.7	11.9	17.1

The South Central project has entered the construction phase of the project.

## NORTHWEST PHASE II

In 2004, the Phoenix City Council approved the Northwest Extension to extend light rail from 19th Ave/Montebello to 25th Ave and Mountain View Rd. In 2007, the route was divided into two phases. The 3.2-mile Phase I on 19th Ave from Montebello to Dunlap Ave opened on March 19, 2016.

Now Phase II of the Northwest Extension will extend light rail 1.5 miles west on Dunlap Ave from 19th Ave, north on 25th Ave and across I-17 with a terminus near Metrocenter Mall.

	FY18 Actual	FY19 Budget	FY20 Budget
<b>Northwest Phase II</b>			
<b>Project Costs</b>			
Personal Services	\$ -	\$ 327,000	\$ 980,000
Advertising	-	3,000	1,000
Computers & Software	-	5,000	51,000
Contractual Services	-	18,501,000	21,287,000
Non-Prior Right Utilities	-	1,533,000	6,000,000
Real Estate	-	1,000,000	10,475,000
Supplies	-	13,000	44,000
Travel & Meetings	-	9,000	15,000
Allocated Overhead	-	139,000	526,000
Other	-	31,000	271,000
<b>Total Project Costs</b>	-	<b>21,561,000</b>	<b>39,650,000</b>
<b>Associated Costs</b>			
Art	20,000	176,000	9,000
<b>Total Associated Costs</b>	<b>20,000</b>	<b>176,000</b>	<b>9,000</b>
<b>Total Northwest Phase II</b>	<b>\$ 20,000</b>	<b>\$ 21,737,000</b>	<b>\$ 39,659,000</b>
Full Time Equivalents	0.0	2.8	7.6

The Northwest Phase II project will continue to be in the design phase with construction expected to begin within FY20.



## OPERATIONS & MAINTENANCE CENTER EXPANSION

The Rail Operations and Maintenance Center (OMC), built in 2006 for the original initial 20-mile light rail line, provides office space and facilities to store, inspect, maintain, clean, and operate trains. With the expansion of the light rail system and streetcar system, the OMC also needs to expand. The expansion includes additional storage track, maintenance buildings, cleaning structures, and staff facilities.

	FY18 Actual	FY19 Budget	FY20 Budget
<b>OMC Expansion</b>			
<b>Project Costs</b>			
Personal Services	\$ -	\$ 465,000	\$ 837,000
Contractual Services	-	13,725,000	52,219,000
Supplies	-	5,000	2,000
Travel & Meetings	-	1,000	6,000
Allocated Overhead	-	178,000	382,000
Other	-	15,000	15,000
<b>Total Project Costs</b>	-	<b>14,389,000</b>	<b>53,461,000</b>
<b>Total OMC Expansion</b>	<b>\$ -</b>	<b>\$ 14,389,000</b>	<b>\$ 53,461,000</b>

Full Time Equivalents	0.0	3.6	6.0
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The OMC Expansion project is in the construction phase and is expected to be completed within FY21.

Note: Expansion of the OMC is required in order to support future expansions. South Central project budget includes OMC Expansion costs, FY19 \$7.3M, FY20 \$21.4M.





## GILBERT ROAD EXTENSION

The Gilbert Road Extension extends the alignment 1.9 miles 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.

	FY18 Actual	FY19 Budget	FY20 Budget
<b>Gilbert Road Extension</b>			
<b>Project Costs</b>			
Personal Services	\$ 1,208,000	\$ 1,183,000	\$ 268,000
Computers & Software	157,000	131,000	11,000
Contractual Services	55,363,000	50,244,000	1,341,000
Leases/Rent	207,000	207,000	52,000
Non-Prior Right Utilities	1,239,000	1,010,000	-
Non-Revenue Vehicles	21,000	-	-
Real Estate	5,182,000	5,803,000	-
Revenue Vehicles	2,050,000	5,797,000	2,244,000
Supplies	19,000	112,000	7,000
Travel & Meetings	10,000	51,000	12,000
Allocated Overhead	560,000	503,000	118,000
Other	175,000	326,000	14,000
<b>Total Project Costs</b>	<b>66,191,000</b>	<b>65,367,000</b>	<b>4,067,000</b>
<b>Associated Costs</b>			
Art	345,000	301,000	-
Contractual Services	391,000	233,000	-
<b>Total Associated Costs</b>	<b>736,000</b>	<b>534,000</b>	<b>-</b>
<b>Total Gilbert Road Extension</b>	<b>\$ 66,927,000</b>	<b>\$ 65,901,000</b>	<b>\$ 4,067,000</b>
Full Time Equivalents	10.0	10.3	2.1

Gilbert Road Extension completed the final phases of construction and opened for operations in May 2019. Residual costs are expected in FY20.



## 50<sup>TH</sup> STREET STATION

The 50th Street Station is the first new station along the existing Valley Metro light rail system. The station will be a model of increased accessibility with design elements incorporated as a result of the PHX Innovation Games challenge issued by the City of Phoenix Mayor's Office.

The 50th Street Station is the first light rail project slated under Phoenix Transportation 2050 (T2050).

	FY18 Actual	FY19 Budget	FY20 Budget
<b>50th Street Station</b>			
<b>Project Costs</b>			
Personal Services	\$ 474,000	\$ 418,000	\$ 38,000
Computers & Software	30,000	18,000	-
Contractual Services	6,140,000	7,845,000	539,000
Non-Prior Right Utilities	410,000	-	435,000
Real Estate	608,000	100,000	25,000
Supplies	4,000	54,000	173,000
Travel & Meetings	1,000	4,000	-
Allocated Overhead	220,000	182,000	16,000
Other	(1,000)	72,000	-
<b>Total Project Costs</b>	<b>7,886,000</b>	<b>8,693,000</b>	<b>1,226,000</b>
<b>Associated Costs</b>			
Art	120,000	86,000	-
<b>Total Associated Costs</b>	<b>120,000</b>	<b>86,000</b>	<b>-</b>
<b>Total 50th Street Station</b>	<b>\$ 8,006,000</b>	<b>\$ 8,779,000</b>	<b>\$ 1,226,000</b>

Full Time Equivalents	5.9	3.4	0.4
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The 50<sup>th</sup> Street Station finished the final phases of construction and opened for operations in April 2019. Residual costs are expected in FY20.



## CENTRAL MESA EXTENSION

The Central Mesa Extension opened for operations in August 22, 2015. The remaining project costs are related to the Supervisory Control and Data Acquisition (SCADA) network upgrade.

	FY18 Actual	FY19 Budget	FY20 Budget
<b>Central Mesa Extension</b>			
<b>Project Costs</b>			
Personal Services	\$ 108,000	\$ 169,000	\$ 41,000
Computers & Software	4,000	-	-
Contractual Services	741,000	-	301,000
Travel & Meetings	9,000	-	-
Allocated Overhead	50,000	65,000	7,000
<b>Total Project Costs</b>	<b>912,000</b>	<b>234,000</b>	<b>349,000</b>
<b>Total Central Mesa Extension</b>	<b>\$ 912,000</b>	<b>\$ 234,000</b>	<b>\$ 349,000</b>

Full Time Equivalents	1.3	1.2	0.4
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SCADA went live in December 2017. Work related to the reporting will continue into FY20.

## SYSTEMWIDE IMPROVEMENTS

Systemwide improvements include capital replacement and expansion needs. Projects included are fare collection replacement, regional vehicle communication upgrade, and light rail vehicle fleet expansion.

	FY18 Actual	FY19 Budget	FY20 Budget
<b>Systemwide Improvements</b>			
<b>Project Costs</b>			
Personal Services	\$ 20,000	\$ 204,000	\$ 287,000
Computers & Software	256,000	1,498,000	1,116,000
Contractual Services	762,000	383,000	-
Equipment	63,000	3,655,000	1,272,000
Non-Revenue Vehicles	145,000	-	-
Other Capital	530,000	3,687,000	-
Parts	6,000	317,000	689,000
Revenue Vehicles	5,481,000	15,458,000	5,982,000
Travel & Meetings	10,000	44,000	26,000
Allocated Overhead	11,000	23,000	32,000
<b>Total Project Costs</b>	<b>7,284,000</b>	<b>25,269,000</b>	<b>9,404,000</b>
<b>Total Systemwide Improvements</b>	<b>\$ 7,284,000</b>	<b>\$ 25,269,000</b>	<b>\$ 9,404,000</b>

Full Time Equivalents	0.1	1.4	2.2
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Systemwide Improvements will decrease in FY20 primarily due to aggressive milestone payments in FY19 for the future extension light rail vehicles and not going forward with the FY19 Wi-Fi program for the light rail vehicles.

## STATE OF GOOD REPAIR

State of good repair include projects necessary to maintain a transit system in a state of good repair to provide efficient, reliable, and safe service. Projects included are scheduled component overhauls, vehicle communication system replacement, and non-revenue vehicle replacements.

	FY18 Actual	FY19 Budget	FY20 Budget
<b>State of Good Repair</b>			
<b>Project Costs</b>			
Personal Services	\$ -	\$ -	\$ 767,000
Equipment	-	-	691,000
Furniture & Fixtures	-	-	15,000
Non-Revenue Vehicles	-	-	271,000
Revenue Vehicles	-	-	11,657,000
Allocated Overhead	-	-	71,000
<b>Total Project Costs</b>	-	-	<b>13,472,000</b>
<b>Total State of Good Repair</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,472,000</b>
Full Time Equivalents	0.0	0.0	12.0

## CAPITAL DEBT SERVICE

Debt Service is shown in the VMR budget for information only. The Debt Service budget is developed and included within the RPTA budget. The figures below represent the combined interest and principal amounts due for PTF Bond issuance to support Capital Rail projects.

	FY18 Actual	FY19 Budget	FY20 Budget
<b>Debt Service</b>			
<b>Administration</b>			
Interest	\$ 6,537,000	\$ 5,874,000	\$ 5,176,000
Principal	12,192,000	12,799,000	13,460,000
<b>Total Administration</b>	<b>18,729,000</b>	<b>18,673,000</b>	<b>18,636,000</b>
<b>Total Debt Service</b>	<b>\$ 18,729,000</b>	<b>\$ 18,673,000</b>	<b>\$ 18,636,000</b>

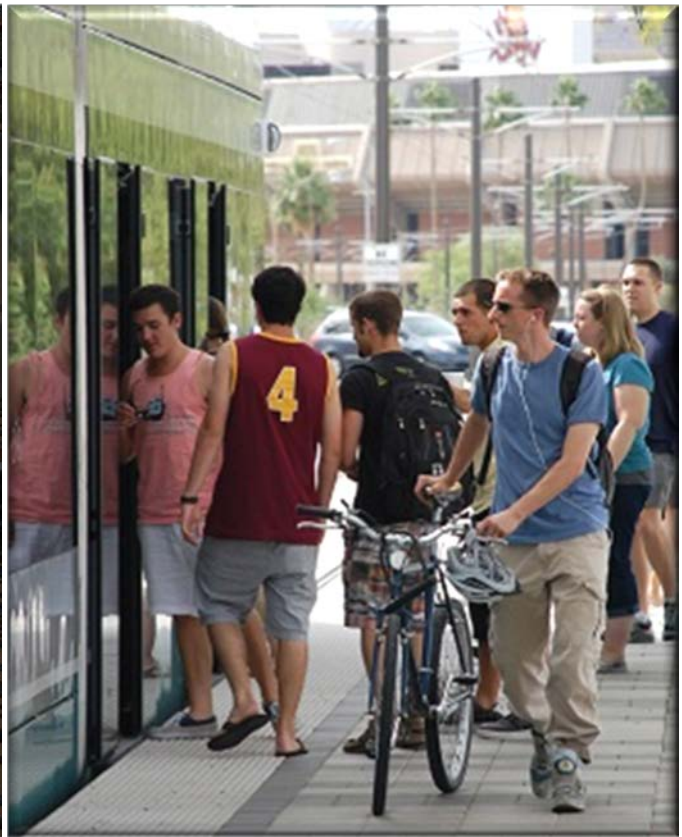
# Five Year Operating Forecast & Capital Program

*FISCAL YEAR 2020 – FISCAL YEAR 2024*



# SUMMARY OVERVIEW

*FISCAL YEAR 2020 – FISCAL YEAR 2024*



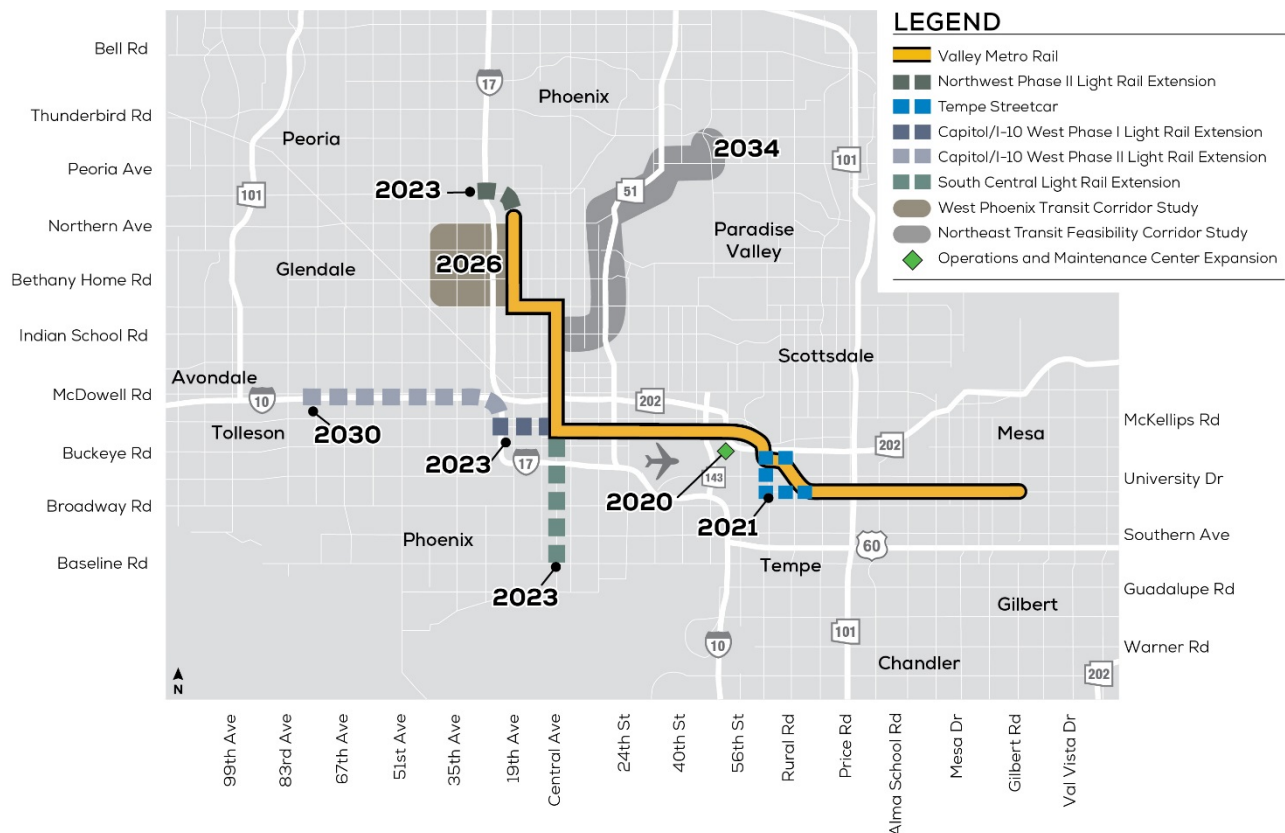
## FIVE-YEAR OVERVIEW

The Valley Metro Rail (VMR) Five-Year Operating Forecast and Capital Program identifies anticipated operating costs, capital projects costs, and the associated funding sources. The FY20-FY24 Five-Year Operating Forecast and Capital Program is submitted to the Board of Directors (BOD) along with the FY20 Operating and Capital Budget.

### VALLEY METRO RAIL SERVICES

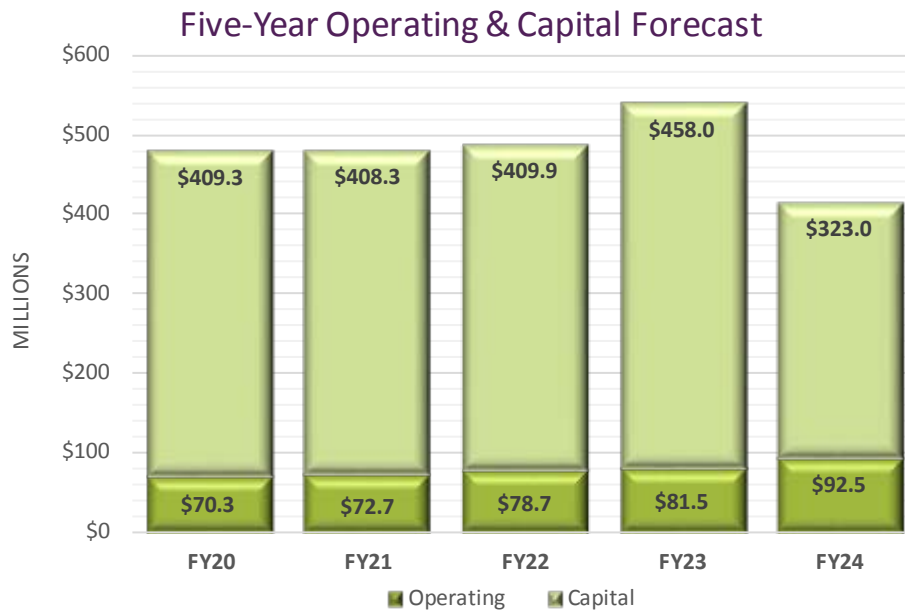
VMR was formed to plan, design, construct, and operate the Valley Metro light rail transit (LRT) system. The original 20-mile alignment serving passengers in Phoenix, Tempe, and Mesa opened in December 2008. Three additional extensions have since been opened, Central Mesa Extension and Gilbert Road Extension in Mesa and Northwest Phase I in Phoenix, creating a 28-mile LRT system.

An additional 40 miles of HCT are being planned for future years. See “Future Projects Development” for further information. The map below shows the projects.



## FIVE-YEAR FORECAST

The total operating and capital budget forecast for the five year period of FY20-FY24 is \$2.4B.



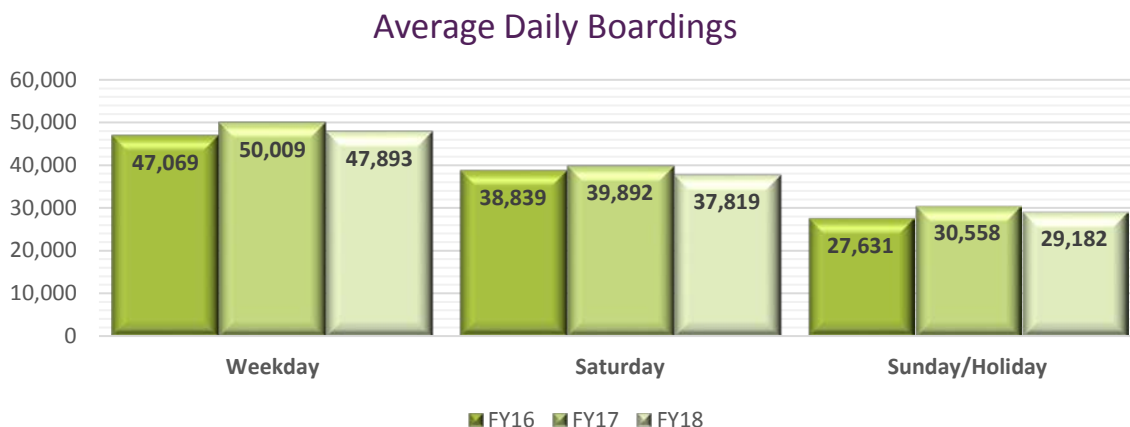
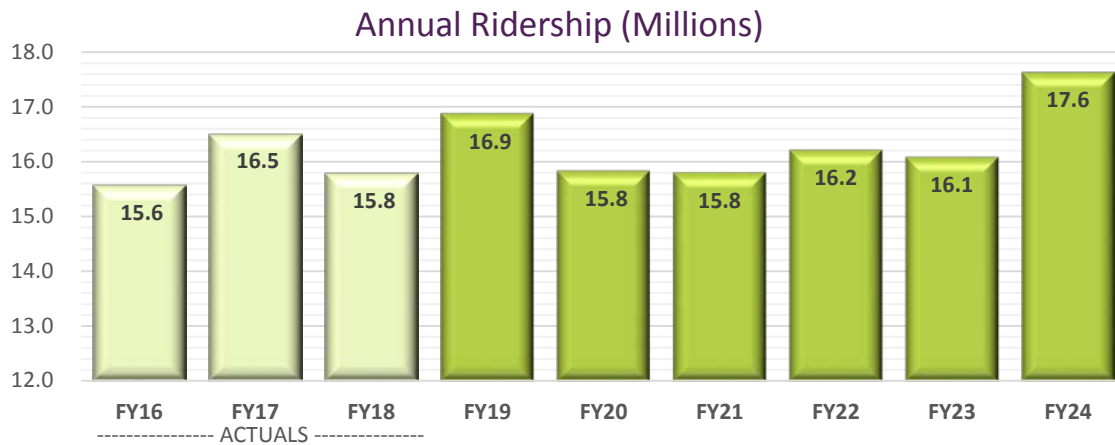
	FY20	FY21	FY22	FY23	FY24	Total
<b>Five-Year Forecast (\$,000)</b>						
<b>Operating</b>						
Rail Operations & Maintenance	\$ 45,666	\$ 47,977	\$ 54,256	\$ 55,886	\$ 64,316	\$ 268,101
Security	9,373	9,795	10,816	11,141	12,522	53,647
Future Project Development	13,165	12,717	11,332	12,155	13,252	62,621
Agency Operating Budget	2,140	2,204	2,270	2,338	2,408	11,360
<b>Total Operating</b>	<b>70,344</b>	<b>72,693</b>	<b>78,674</b>	<b>81,520</b>	<b>92,498</b>	<b>395,729</b>
<b>Capital</b>						
Tempe Streetcar	85,731	29,882	2,603	-	-	118,216
South Central/Downtown Hub	223,269	232,782	205,169	290,934	264,764	1,216,918
Northwest Phase II	39,659	71,315	124,283	88,081	18,174	341,512
OMC Expansion	32,077	17,306	4,952	-	-	54,335
Gilbert Road Extension	4,067	3,084	811	-	-	7,962
50th Street Station	1,226	-	-	-	-	1,226
Capitol I-10 West Phase I	-	29,337	61,293	76,384	38,973	205,987
Central Mesa Extension	349	-	-	-	-	349
Systemwide Improvements	9,404	11,024	3,290	71	71	23,860
State of Good Repair	13,472	13,580	7,460	2,554	1,053	38,119
<b>Total Capital</b>	<b>409,254</b>	<b>408,310</b>	<b>409,861</b>	<b>458,024</b>	<b>323,035</b>	<b>2,008,484</b>
<b>Total Uses of Funds</b>	<b>\$ 479,598</b>	<b>\$ 481,003</b>	<b>\$ 488,535</b>	<b>\$ 539,544</b>	<b>\$ 415,533</b>	<b>\$ 2,404,213</b>

## RIDERSHIP AND AVERAGE FARE

Annual ridership is forecasted to be relatively flat annually through FY23. Additional passenger rides are developed in FY20 through FY24 forecast with the addition of the Tempe Streetcar, South Central, Northwest Phase II, and Capital/I-10 West Phase I extensions. Tempe Streetcar is scheduled to start revenue service in May 2021 and the other three extensions to start revenue service in mid to late FY24

The forecasted average fare for rail range from \$0.74 in FY20 to \$0.90 in FY24 and streetcar is at \$0.75.

	FY20	FY21	FY22	FY23	FY24	Total
<b>Ridership (,000)</b>						
Phoenix	9,913	9,490	9,395	9,301	10,887	48,986
Tempe	3,366	3,330	3,844	3,818	3,788	18,146
Mesa	2,548	2,977	2,967	2,959	2,950	14,401
<b>Total Ridership</b>	<b>15,827</b>	<b>15,797</b>	<b>16,206</b>	<b>16,078</b>	<b>17,625</b>	<b>81,533</b>
Avg Fare - Rail	\$0.74	\$0.75	\$0.81	\$0.86	\$0.90	
Avg Fare - Streetcar		\$0.75	\$0.75	\$0.75	\$0.75	





# OPERATING FORECAST

*FISCAL YEAR 2020 – FISCAL YEAR 2024*

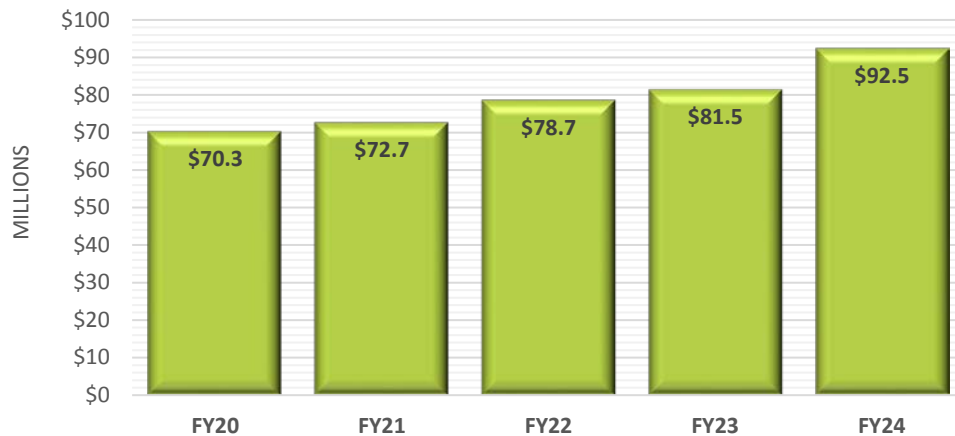




## OPERATING OVERVIEW

The total operating budget forecast for the five year period of FY20-FY24 is \$395.7M.

### Five-Year Operating Forecast



### FIVE-YEAR OPERATING ASSUMPTIONS

The following assumptions were used for the five-year forecast.

- 3.0-mile Tempe Streetcar opens revenue service in May 2021
- South Central and Northwest Phase II opens revenue service in December 2023.
- Capitol/ I-10W Phase I opens revenue service in April 2024

	FY20	FY21	FY22	FY23	FY24	Total
<b>Operating (\$,000)</b>						
<b>Sources of Funds</b>						
Advertising	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,500	\$ 7,100
Fares	11,713	11,849	13,087	13,754	15,763	66,166
Federal Funds	2,555	2,822	1,700	2,154	2,821	12,052
MAG Funds	500	500	500	500	500	2,500
Member City Contributions	43,159	45,233	51,207	52,497	60,202	252,298
Public Transportation Funds	10,517	10,389	10,280	10,715	11,212	53,113
Regional Area Road Funds	500	500	500	500	500	2,500
<b>Total Sources of Funds</b>	<b>70,344</b>	<b>72,693</b>	<b>78,674</b>	<b>81,520</b>	<b>92,498</b>	<b>395,729</b>
<b>Uses of Funds</b>						
Rail Operations & Maintenance	45,666	47,977	54,256	55,886	64,316	268,101
Security	9,373	9,795	10,816	11,141	12,522	53,647
Future Project Development	13,165	12,717	11,332	12,155	13,252	62,621
Agency Operating	2,140	2,204	2,270	2,338	2,408	11,360
<b>Total Uses of Funds</b>	<b>\$ 70,344</b>	<b>\$ 72,693</b>	<b>\$ 78,674</b>	<b>\$ 81,520</b>	<b>\$ 92,498</b>	<b>\$ 395,729</b>

## RAIL OPERATIONS & MAINTENANCE

The Rail Operations & Maintenance costs are projected based on current cost history with a general inflation escalation factor of 3.0%. Anticipated structural changes to staffing, contract, and materials expenses are forecasted to meet customer demand and maintain the system in a state of good repair.

The projected sources and uses of funds in connection with rail operations and maintenance over the next five years are summarized as follows:

### SOURCES AND USES OF FUNDS

	FY20	FY21	FY22	FY23	FY24	Total
<b>Rail Operations &amp; Maintenance (\$,000)</b>						
<b>Sources of Funds</b>						
Advertising	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,500	\$ 7,100
Fares	11,713	11,849	13,087	13,754	15,763	66,166
Federal Funds	1,523	1,584	1,648	1,714	1,781	8,250
Member City Contributions	31,030	33,144	38,121	39,018	45,272	186,585
<b>Total Sources of Funds</b>	<b>45,666</b>	<b>47,977</b>	<b>54,256</b>	<b>55,886</b>	<b>64,316</b>	<b>268,101</b>
<b>Uses of Funds</b>						
Operations	14,679	15,625	18,696	19,258	22,183	90,441
Vehicle Maintenance	8,095	8,447	9,261	9,539	11,164	46,506
Maintenance of Way	13,317	13,901	15,267	15,725	18,151	76,361
Administrative Support	9,575	10,004	11,032	11,364	12,818	54,793
<b>Total Uses of Funds</b>	<b>\$ 45,666</b>	<b>\$ 47,977</b>	<b>\$ 54,256</b>	<b>\$ 55,886</b>	<b>\$ 64,316</b>	<b>\$ 268,101</b>

### BY MODE

	FY20	FY21 *	FY22	FY23	FY24 **	Total
<b>Operations (\$,000)</b>						
<b>Mode</b>						
Rail	\$ 45,666	\$ 47,037	\$ 48,447	\$ 49,903	\$ 58,153	\$ 249,206
Streetcar	-	940	5,809	5,983	6,163	18,895
<b>Total Operations</b>	<b>\$ 45,666</b>	<b>\$ 47,977</b>	<b>\$ 54,256</b>	<b>\$ 55,886</b>	<b>\$ 64,316</b>	<b>\$ 268,101</b>

\* Tempe Streetcar operating for 2 months

\*\* South Central and Northwest Phase II operating for 6 months

\*\* Capitol/I-10W Phase I operating for 3 months

## SECURITY

Security, responsible for the overall safety and security on the light rail cars, station platforms, and park and rides. This will include the managing the Allied Universal contract for the fare inspectors. In addition to the fare inspectors, Customer Experience Coordinators will have a presence on the station platforms and trains assisting customers as well as eyes in the field to notify authorities of any situation needing further assistance.

The projected sources and uses of funds in connection with security over the next five years are summarized as follows:

### SOURCES AND USES OF FUNDS

	FY20	FY21	FY22	FY23	FY24	Total
<b>Security (\$,000)</b>						
<b>Sources of Funds</b>						
Member City Contributions	\$ 9,373	\$ 9,795	\$ 10,816	\$ 11,141	\$ 12,522	\$ 53,647
<b>Total Sources of Funds</b>	<b>9,373</b>	<b>9,795</b>	<b>10,816</b>	<b>11,141</b>	<b>12,522</b>	<b>53,647</b>
<b>Uses of Funds</b>						
Security	9,373	9,795	10,816	11,141	12,522	53,647
<b>Total Uses of Funds</b>	<b>\$ 9,373</b>	<b>\$ 9,795</b>	<b>\$ 10,816</b>	<b>\$ 11,141</b>	<b>\$ 12,522</b>	<b>\$ 53,647</b>

### BY MODE

	FY20	FY21 *	FY22	FY23	FY24 **	Total
<b>Security (\$,000)</b>						
<b>Mode</b>						
Rail	\$ 9,373	\$ 9,654	\$ 9,943	\$ 10,242	\$ 11,596	\$ 50,808
Streetcar	-	141	873	899	926	2,839
<b>Total Security</b>	<b>\$ 9,373</b>	<b>\$ 9,795</b>	<b>\$ 10,816</b>	<b>\$ 11,141</b>	<b>\$ 12,522</b>	<b>\$ 53,647</b>

\* Tempe Streetcar operating for 2 months

\*\* South Central and Northwest Phase II operating for 6 months

\*\* Capitol/I-10W Phase I operating for 3 months

## FUTURE PROJECT DEVELOPMENT

Future project development, regional wide and specific light rail corridor project development activities are included in the operating budget. Once a project alignment has been approved by local and regional policy makers, and federal environmental approvals are secured the project costs are recorded in the capital program.

Future project development consists of the following subcategories of System Planning and Corridor Planning activities:

- Light rail/HCT system planning.
- Alternatives analysis, environmental analysis, and conceptual engineering for future light rail/HCT corridors.
- Developing and updating Light Rail Transit (LRT) design criteria, standards and specification
- Working with the Maricopa Association of Governments (MAG) and the RPTA to participate in their regional transit planning studies and to update regional project programming documents.
- Support of Transit Oriented Development initiatives by Member Cities.
- Development of a comprehensive Geographic Information System (GIS) for the agency.

The projected sources and uses of funds in connection with Capital Project Development over the next five years are summarized as follows:

### SOURCES AND USES OF FUNDS

	FY20	FY21	FY22	FY23	FY24	Total
<b>Future Project Development (\$,000)</b>						
<b>Sources of Funds</b>						
Federal Funds	\$ 1,032	\$ 1,238	\$ 52	\$ 440	\$ 1,040	\$ 3,802
MAG Funds	500	500	500	500	500	2,500
Member City Contributions	616	90	-	-	-	706
Public Transportation Funds	10,517	10,389	10,280	10,715	11,212	53,113
Regional Area Road Funds	500	500	500	500	500	2,500
<b>Total Sources of Funds</b>	<b>13,165</b>	<b>12,717</b>	<b>11,332</b>	<b>12,155</b>	<b>13,252</b>	<b>62,621</b>
<b>Uses of Funds</b>						
Capitol/I-10 West Phase I	1,240	1,548	65	-	-	2,853
Capitol/I-10 West Phase II	-	-	-	550	1,300	1,850
I-10/I-17 Bus Ramp Design (FTA)	50	-	-	-	-	50
Downtown Chandler/Arizona Ave AA	435	-	-	-	-	435
Fiesta District Corridor Study	459	50	-	-	-	509
Tempe/Mesa Streetcar System Study	362	180	-	-	-	542
Systems Planning & Project Development	8,992	9,263	9,541	9,827	10,121	47,744
Capital Project Development Administration	1,627	1,676	1,726	1,778	1,831	8,638
<b>Total Uses of Funds</b>	<b>\$ 13,165</b>	<b>\$ 12,717</b>	<b>\$ 11,332</b>	<b>\$ 12,155</b>	<b>\$ 13,252</b>	<b>\$ 62,621</b>

## AGENCY OPERATING

Agency Operating costs include those costs not directly allocable to capital projects or to passenger operations. Included are costs of annual audit, federal and state legislative representation, and memberships to transportation related organizations.

The projected sources and uses of funds in connection with agency operating over the next five years are summarized as follows:

### *SOURCES AND USES OF FUNDS*

	FY20	FY21	FY22	FY23	FY24	Total
<b>Agency Operating (\$,000)</b>						
<b>Sources of Funds</b>						
Member City Contributions	\$ 2,140	\$ 2,204	\$ 2,270	\$ 2,338	\$ 2,408	\$ 11,360
<b>Total Sources of Funds</b>	<b>2,140</b>	<b>2,204</b>	<b>2,270</b>	<b>2,338</b>	<b>2,408</b>	<b>11,360</b>
<b>Uses of Funds</b>						
Administrative Support	2,140	2,204	2,270	2,338	2,408	11,360
<b>Total Uses of Funds</b>	<b>\$ 2,140</b>	<b>\$ 2,204</b>	<b>\$ 2,270</b>	<b>\$ 2,338</b>	<b>\$ 2,408</b>	<b>\$ 11,360</b>

# CAPITAL PROGRAM

*FISCAL YEAR 2020 – FISCAL YEAR 2024*





## CAPITAL OVERVIEW

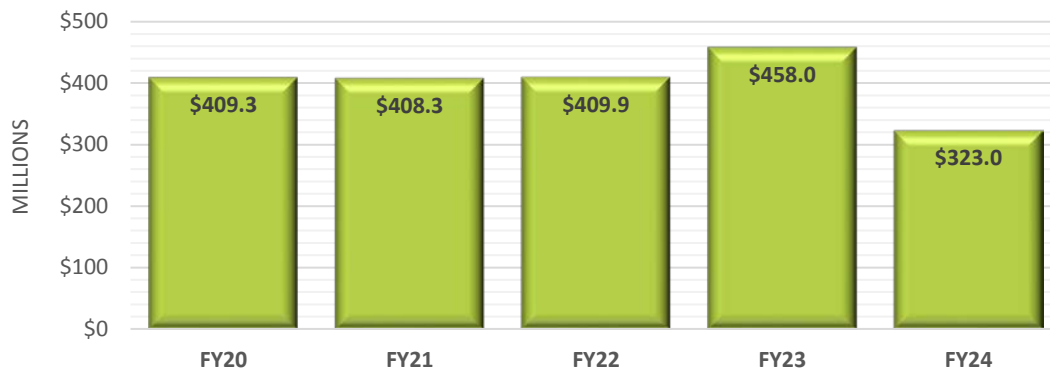
The total capital budget forecast for the five year period of FY20-FY24 is \$2.0B.

The Five-Year Capital Program is a forecast of the capital projects managed by VMR. Costs and revenues are reported on a modified accrual basis. Actual cash flow impacts may lag pending receipt of contractor billings and receipt of federal funding.

VMR currently has a number of transit projects in various phases of planning, design, or construction. The overall uses of funds associated with these projects and activities are projected to be \$2.0 billion through the five-year planning horizon, excluding finance charges. These sources and uses of funds are summarized as follows:

	FY20	FY21	FY22	FY23	FY24	Total
<b>Capital (\$,000)</b>						
<b>Sources of Funds</b>						
Federal Funds	\$ 108,305	\$ 190,718	\$ 193,314	\$ 163,478	\$ 125,959	\$ 781,775
Member City Contributions	224,585	159,386	163,842	240,768	150,623	939,205
City of Mesa Financing	(1,491)	(4,690)	-	-	-	(6,181)
Public Transportation Funds	77,855	62,895	52,704	53,778	46,452	293,685
<b>Total Sources of Funds</b>	<b>409,254</b>	<b>408,310</b>	<b>409,861</b>	<b>458,024</b>	<b>323,035</b>	<b>2,008,484</b>
<b>Uses of Funds</b>						
Tempe Streetcar	85,731	29,882	2,603	-	-	118,216
South Central/Downtown Hub	223,269	232,782	205,169	290,934	264,764	1,216,918
Northwest Phase II	39,659	71,315	124,283	88,081	18,174	341,512
OMC Expansion	32,077	17,306	4,952	-	-	54,335
Gilbert Road Extension	4,067	3,084	811	-	-	7,962
50th Street Station	1,226	-	-	-	-	1,226
Capitol I-10 West Phase I	-	29,337	61,293	76,384	38,973	205,987
Central Mesa Extension	349	-	-	-	-	349
Systemwide Improvements	9,404	11,024	3,290	71	71	23,860
State of Good Repair	13,472	13,580	7,460	2,554	1,053	38,119
<b>Total Uses of Funds</b>	<b>\$ 409,254</b>	<b>\$ 408,310</b>	<b>\$ 409,861</b>	<b>\$ 458,024</b>	<b>\$ 323,035</b>	<b>\$ 2,008,484</b>

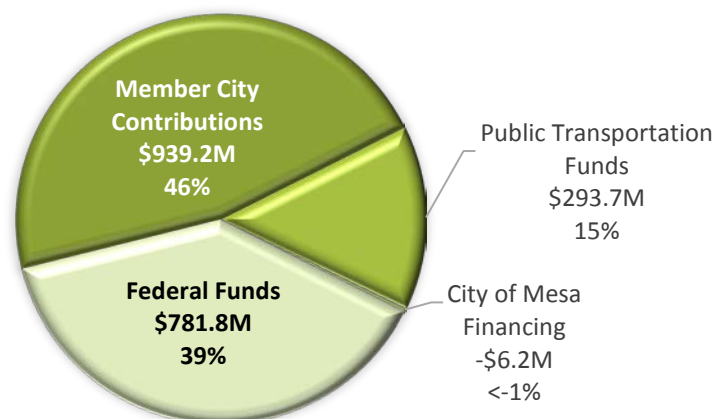
### Five-Year Capital Forecast



Capital projects included in the five year program include:

- Tempe Streetcar: 3.0-mile alignment extending southward along Mill Avenue in downtown Tempe from Rio Salado Parkway to the Dorsey Lane/Apache Boulevard light rail station.
- South Central: 5.5-mile extension of the existing Valley Metro light rail line along Central and 1st Avenues in central and south Phoenix.
- Northwest Phase II: a 1.5-mile extension which will extend west on Dunlap Ave., north on 25th Ave. and across I-17 near Mountain View Rd. with a terminus on the west side of the freeway near Metrocenter Mall.
- OMC Expansion: the expansion is necessary to maintain the streetcar fleet and expanding rail operations.
- Gilbert Road Extension: 1.9-mile alignment extending from terminus of Central Mesa Extension eastbound to Gilbert Road.
- 50<sup>th</sup> Street Station: station will enhance mobility options by serving a regional facility for persons with disabilities and other developments in the area.
- Capitol/I-10 West Phase I: 1.5-mile alignment from Phoenix City Hall westward to the vicinity of the State Capitol complex.
- Central Mesa Extension: continuation of the train signal control system upgrade known as SCADA project.
- Systemwide Improvements: Includes eight additional light rail vehicles, fare technology improvements, capital replacements necessary to maintain the system in a state of good repair, and small capital improvement elements which benefit the entire LRT system.
- State of Good Repair: Includes scheduled capital component overhauls, infrequent maintenance, and sub-system replacements.

### Five-Year Capital Sources of Funds

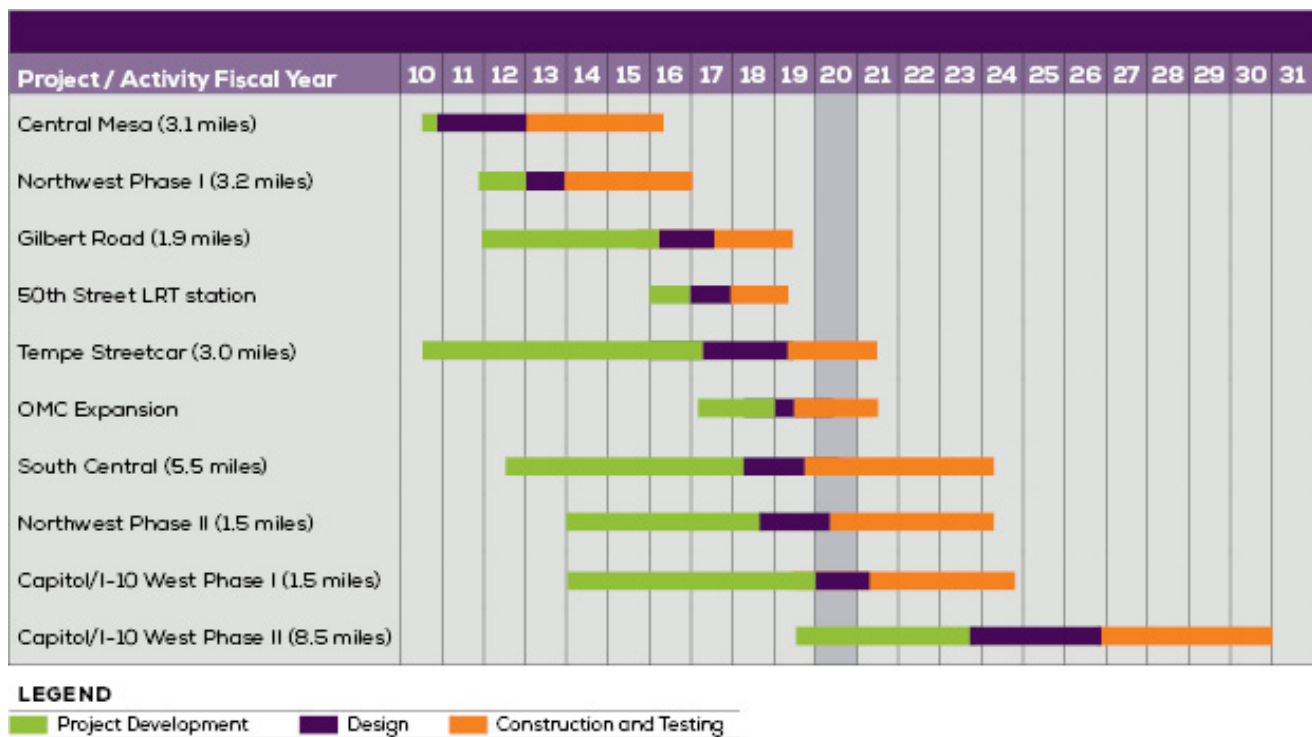


## HIGH CAPACITY TRANSIT PROJECTS

The Regional Transportation Plan (RTP), adopted by the Maricopa Association of Governments (MAG) and financed under the one-half cent sales tax extension, identifies 66 miles of major high capacity/ LRT corridors to be implemented by 2034.

City of Phoenix voters approved Proposition 104, a 35-year transportation plan that would expedite several miles of light rail/high capacity transit and add additional corridors to the regional high capacity transit system. Under the plan additional service areas are identified; 5.5-miles into south Phoenix, 1.5-mile Northwest extension (phase II), 1.5-mile Capitol/I-10 West extension (phase I), an additional 8.5-miles Capitol/I-10 West extension (phase II). Valley Metro is the agency charged with planning, designing, building and operating the LRT/HCT system in the area.

The timing of the projects in the program is depicted on the following schedule shown below:



Funding for future projects has two phases

- 1) Planning Budget Phase: Alternative Analysis, preliminary engineering (up to 30% design) and the draft environmental document are funded from Member City contributions, and PTF.
- 2) Capital Budget Phase: After environmental clearance and completion of 30% design, costs are included in the capital budget and funded by Federal, regional, and local sources.



The Tempe Streetcar project is located on Rio Salado Parkway from the Marina Heights development west to Mill Avenue, downtown loop on Mill and Ash avenues and south to Apache Boulevard, then east to Dorsey lane. The Tempe Streetcar will run in a one-way loop between Rio Salado Parkway and University Drive, going north on Mill Avenue and south on Ash Avenue.



The Tempe Streetcar will operate weekday trains at approximately 10 minute intervals during peak hours and 15 to 20-minute intervals off-peak. Weekends do not require peak service trains and will operate at 15 to 30-minute headways. Service headways will be adjusted over time to accommodate growth and service patterns.

This project is part of the Regional Transportation Plan and funded by Proposition 400 regional sales tax, local funding, and federal grants.

Early construction activities and utility relocations were ongoing in 2018 and will continue into 2019. Right-of-way acquisition is largely completed. Federal funds have been allocated for the project, and a Single Year Grant Agreement is expected in 2019. Revenue service is anticipated in 2021.



## SOURCES AND USES OF FUNDS

The total capital cost of the Tempe Streetcar project is budgeted to be approximately \$195.9 million.

	Pre-FY20	FY20	FY21	FY22	FY23	FY24	Total
<b>Tempe Streetcar (\$,000)</b>							
<b>Sources of Funds</b>							
Federal Funds	\$ 37,693	\$ 35,313	\$ 12,607	\$ 1,087	\$ -	\$ -	\$ 86,700
Member City Contributions	1,150	8,151	6,500	-	-	-	15,801
Public Transportation Funds	38,875	42,267	10,775	1,516	-	-	93,433
<b>Total Sources of Funds</b>	<b>77,718</b>	<b>85,731</b>	<b>29,882</b>	<b>2,603</b>	<b>-</b>	<b>-</b>	<b>195,934</b>
<b>Uses of Funds</b>							
Project Costs	60,902	59,866	25,354	2,503	-	-	148,625
NPR Utilities Relocation	9,986	2,859	3,000	100	-	-	15,945
Vehicle Procurement	6,829	23,006	1,528	-	-	-	31,363
<b>Total Uses of Funds</b>	<b>\$ 77,718</b>	<b>\$ 85,731</b>	<b>\$ 29,882</b>	<b>\$ 2,603</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 195,934</b>







The South Central Light Rail Extension and Downtown Hub will consist of an approximately 5.5-mile-long extension of the existing Valley Metro light rail line south along Central Avenue to Baseline Road. The extension tracks would connect to the existing light rail system at Central Avenue and Washington Street in the northbound direction and at 1st Avenue and Jefferson Street in the southbound direction.

The track would continue south along 1st and Central Avenues to Hadley Street, where the southbound track would follow the 1st Avenue one-way couplet curve to the east to rejoin Central Avenue. From Hadley Street to the extension's southern terminus at Baseline Road, the tracks would operate bi-directionally along Central Avenue. The South Central Light Rail Extension Project is scheduled to begin operations in 2023.

The Downtown Hub will include track improvements at 5th Street, 3rd Avenue, and McKinley, as well as new stations downtown on Central Avenue, 3rd Avenue, Jefferson Street, and Washington Street. This expanded infrastructure will improve transfer opportunities between existing and planned light rail services and provide better connectivity to regional destinations.

The South Central Light Rail Extension will operate weekday trains at approximately 12 minute intervals during peak hours and 15 to 20-minute intervals off-peak. Weekends do not require peak service trains and will operate at 15 to 30-minute headways. Service headways will be adjusted over time to accommodate growth and service patterns.

Final design for the South Central LRT Extension began in FY18. FTA issued a Finding of No Significant Impact (FONSI) on January 6, 2017. An Environmental Evaluation (EE) documenting the additional improvements in downtown Phoenix was approved by FTA in October 2018. The FTA granted entry into engineering on April 15, 2019. Passenger operations are scheduled to begin in 2023.





## SOUTH CENTRAL



SOUTH CENTRAL – DOWNTOWN PHOENIX IMPROVEMENTS

## SOURCES AND USES OF FUNDS

The total capital cost of the South Central project is budgeted to be approximately \$1.3 billion, excluding financing costs.

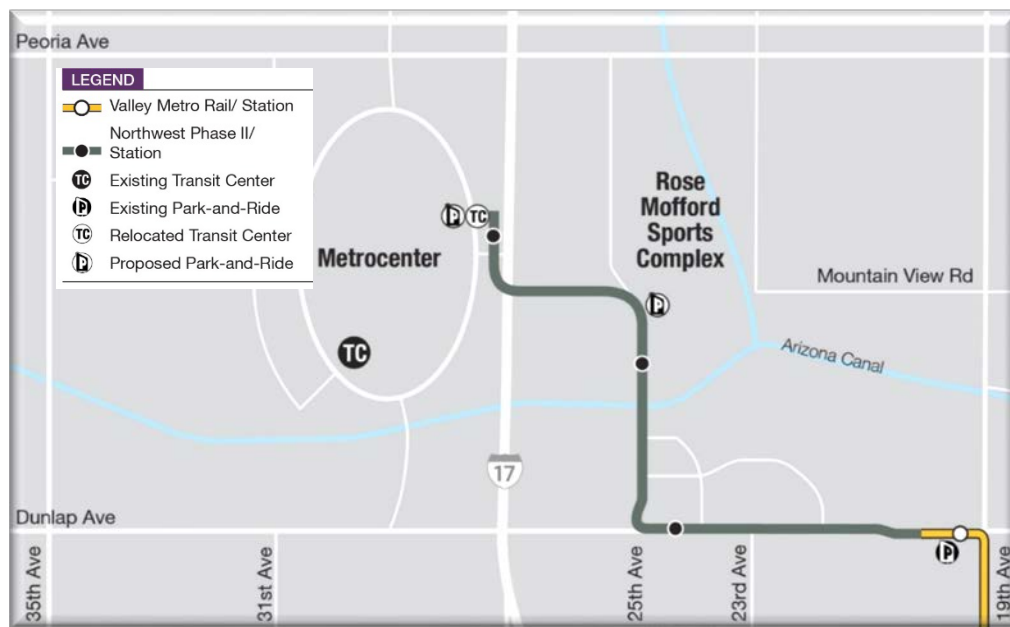
	Pre-FY20	FY20	FY21	FY22	FY23	FY24	Post-FY24	Total
<b>South Central (\$,000)</b>								
<b>Sources of Funds</b>								
Federal Funds	\$ 4,521	\$ 19,177	\$ 116,149	\$ 122,841	\$ 122,365	\$ 122,365	\$ 139,182	\$ 646,600
Member City Contributions	49,457	209,078	99,378	63,561	154,498	123,884	(139,182)	560,673
Public Transportation Funds	30,292	6,084	30,000	30,000	30,000	33,011	-	159,387
<b>Total Sources of Funds</b>	<b>84,271</b>	<b>234,339</b>	<b>245,527</b>	<b>216,402</b>	<b>306,863</b>	<b>279,260</b>	<b>-</b>	<b>1,366,661</b>
<b>Uses of Funds</b>								
Project Costs	76,160	169,470	140,482	161,081	265,007	255,321	-	1,067,521
NPR Utilities Relocation	1,612	11,231	45,149	10,637	-	-	-	68,629
Vehicle Procurement	-	100	35,614	30,150	25,927	9,443	-	101,234
OMC Expansion	1,600	21,384	11,537	3,301	-	-	-	37,822
Associated Costs	553	21,084	-	-	-	-	-	21,637
Financing Costs	4,346	11,070	12,745	11,233	15,929	14,496	-	69,818
<b>Total Uses of Funds</b>	<b>\$ 84,271</b>	<b>\$ 234,339</b>	<b>\$ 245,527</b>	<b>\$ 216,402</b>	<b>\$ 306,863</b>	<b>\$ 279,260</b>	<b>\$ -</b>	<b>\$ 1,366,661</b>

*Finance costs are informational only.*





In 2004 the Phoenix City Council approved the Northwest Light Rail Extension, which included 4.7 miles of additional light rail service extending north from the previous end-of-line at 19th Ave. and Montebello Ave. The Northwest extension will enhance mobility options for a largely transit-dependent community and provide connectivity with employment centers near the I-17 freeway. In 2007, the route was divided into two



phases. The 3.2-mile Phase I on 19th Ave. from Montebello Ave. to Dunlap Ave. began revenue operations in March 2016.

Phase II of the project will extend west on Dunlap Ave., north on 25th Ave. and across I-17 near Mountain View Rd. with a terminus on the west side of the freeway near Metrocenter Mall. Engineering is ongoing and an environmental assessment for the project is expected to be approved by FTA in early 2019. Phase II is scheduled to open in 2023.





## SOURCES AND USES OF FUNDS

The total capital cost of the Northwest Phase II extension project is budgeted to be approximately \$361.7 million, excluding financing costs.

	Pre-FY20	FY20	FY21	FY22	FY23	FY24	Total
<b>Northwest Phase II (\$,000)</b>							
<b>Sources of Funds</b>							
Federal Funds	\$ -	\$ 23,148	\$ 40,108	\$ 68,492	\$ 49,078	\$ 10,842	\$ 191,667
Member City Contributions	21,117	11,446	29,807	51,446	36,029	8,027	157,873
Public Transportation Funds	1,709	8,028	4,137	7,148	5,240	1,090	27,352
<b>Total Sources of Funds</b>	<b>22,826</b>	<b>42,622</b>	<b>74,052</b>	<b>127,086</b>	<b>90,347</b>	<b>19,959</b>	<b>376,892</b>
<b>Uses of Funds</b>							
Project Costs	20,028	33,650	60,702	113,914	87,339	18,174	333,807
NPR Utilities Relocation	-	6,000	495	313	-	-	6,808
Vehicle Procurement	-	-	9,900	9,056	742	-	19,698
Associated Costs	176	9	218	1,000	-	-	1,403
Financing Costs	1,642	2,963	2,737	2,803	2,266	1,785	14,196
<b>Total Uses of Funds</b>	<b>\$ 21,846</b>	<b>\$ 42,622</b>	<b>\$ 74,052</b>	<b>\$ 127,086</b>	<b>\$ 90,347</b>	<b>\$ 19,959</b>	<b>\$ 375,912</b>

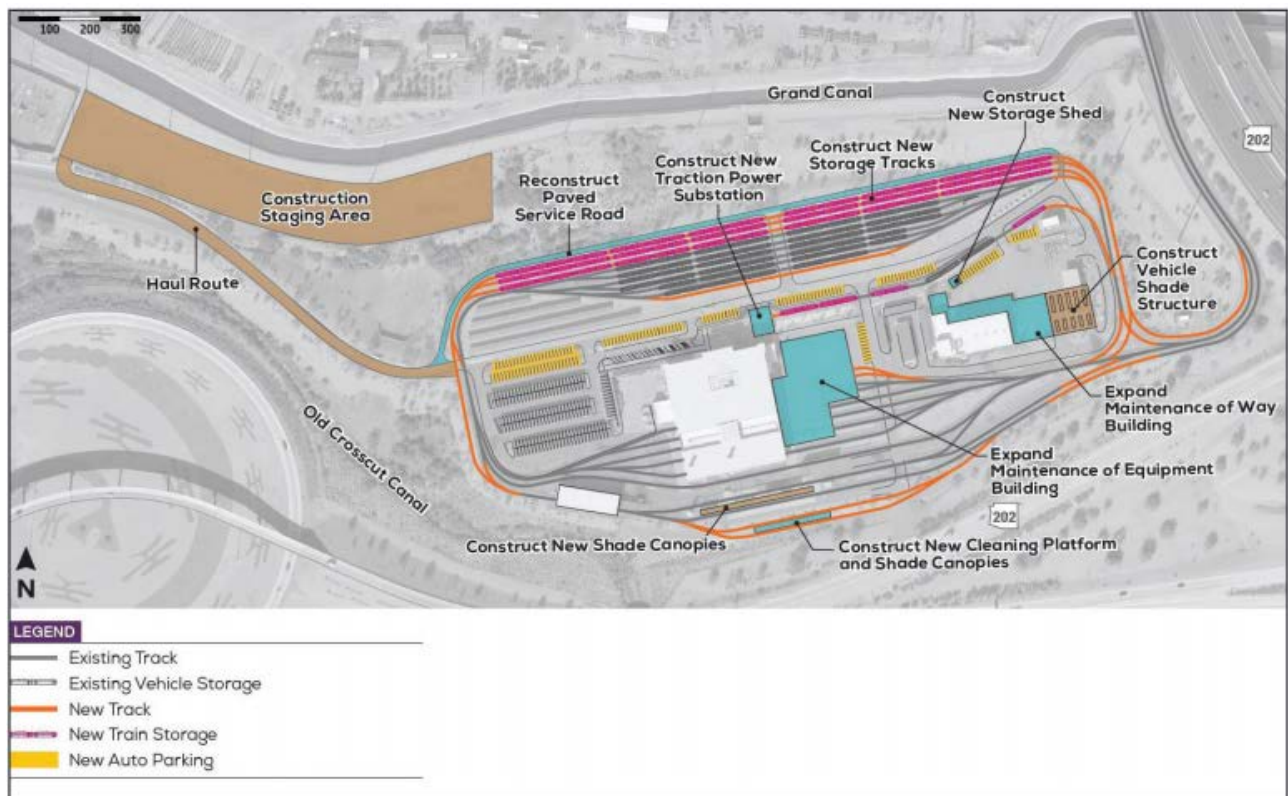
Finance costs are informational only.





Valley Metro plans to expand the existing Operations and Maintenance Center (OMC), located east of Phoenix Sky Harbor International Airport and southwest of the intersection of the Grand Canal and Loop 202. The OMC expansion would include modifications to the Maintenance of Equipment (MOE) building, construction of storage tracks and other facilities to increase total storage capacity to 92 vehicles.

The OMC expansion would occur within the existing facility boundaries; thus, no additional property would be required. A design-build contract will be awarded in early 2019 with construction anticipated to begin later in mid-2019. The project is expected to be completed by mid-2021.





## SOURCES AND USES OF FUNDS

The total capital cost of the OMC Expansion project is budgeted to be approximately \$94.6 million.

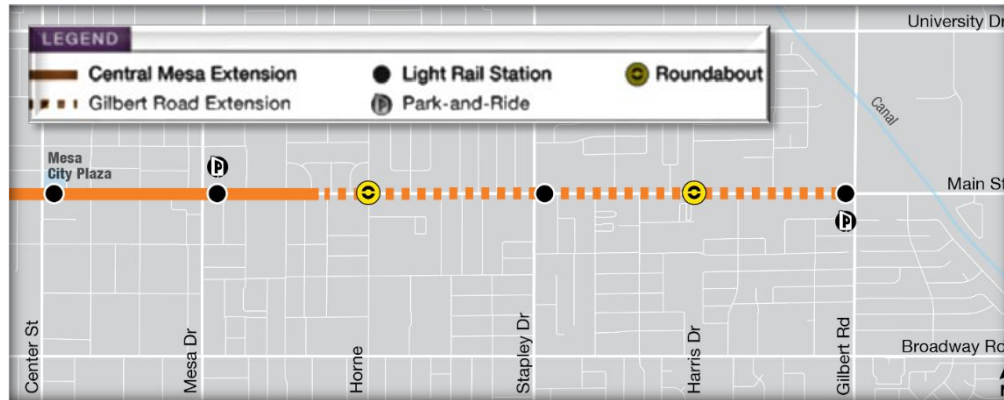
	Pre-FY20	FY20	FY21	FY22	FY23	FY24	Total
<b>OMC Expansion (\$,000)</b>							
<b>Sources of Funds</b>							
Federal Funds	\$ 1,920	\$ 25,662	\$ 13,845	\$ 3,961	\$ -	\$ -	\$ 45,388
Public Transportation Funds	480	6,415	3,461	990	-	-	11,347
South Central Extension	1,600	21,384	11,537	3,301	-	-	37,822
<b>Total Sources of Funds</b>	<b>4,000</b>	<b>53,461</b>	<b>28,843</b>	<b>8,253</b>	<b>-</b>	<b>-</b>	<b>94,557</b>
<b>Uses of Funds</b>							
Project Costs	4,000	53,461	28,843	8,253	-	-	94,557
<b>Total Uses of Funds</b>	<b>\$ 4,000</b>	<b>\$ 53,461</b>	<b>\$ 28,843</b>	<b>\$ 8,253</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 94,557</b>







The Gilbert Road Extension will improve mobility and provide additional capacity in the Main Street corridor in Mesa. The project will connect to major activity and employment centers located east and west of the



project corridor, such as Downtown Phoenix, Downtown Tempe, Sky Harbor International Airport and Arizona State University. The project will also enhance connectivity to the local bus services (with in-street mixed traffic operations) that

currently operate as a feeder to the end-of-line Mesa Drive LRT station in Mesa and serves East Mesa including Superstition Springs Mall.

Design for the Gilbert Road Extension began in FY14, with construction commencing in 2016. Passenger operations began in May 2019.

### SOURCES AND USES OF FUNDS

The total capital cost of the Gilbert Road Extension project is budgeted to be approximately \$177.4 million, excluding finance costs.

	Pre-FY20	FY20	FY21	FY22	FY23	FY24	Total
<b>Gilbert Road Extension (\$,000)</b>							
<b>Sources of Funds</b>							
Federal Funds	\$ 151,261	\$ 5,614	\$ 7,702	\$ 765	\$ -	\$ -	\$ 165,342
Member City Contributions	12,066	249	182	46	-	-	12,543
City of Mesa Financing	6,181	(1,491)	(4,690)	-	-	-	-
<b>Total Sources of Funds</b>	<b>169,508</b>	<b>4,372</b>	<b>3,194</b>	<b>811</b>	<b>-</b>	<b>-</b>	<b>177,885</b>
<b>Uses of Funds</b>							
Project Costs	154,501	1,823	-	-	-	-	156,324
NPR Utilities Relocation	3,982	-	-	-	-	-	3,982
Vehicle Procurement	10,990	2,244	3,084	811	-	-	17,129
Financing Costs	35	305	110	-	-	-	450
<b>Total Uses of Funds</b>	<b>\$ 169,508</b>	<b>\$ 4,372</b>	<b>\$ 3,194</b>	<b>\$ 811</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 177,885</b>

Finance costs are informational only.



The 50th Street Light Rail station will enhance mobility options by serving a regional facility for persons with disabilities as well as other developments in the area. The project is completely funded by City of Phoenix as part of the voter approved Proposition 104. The project was completed in April 2019.



### SOURCES AND USES OF FUNDS

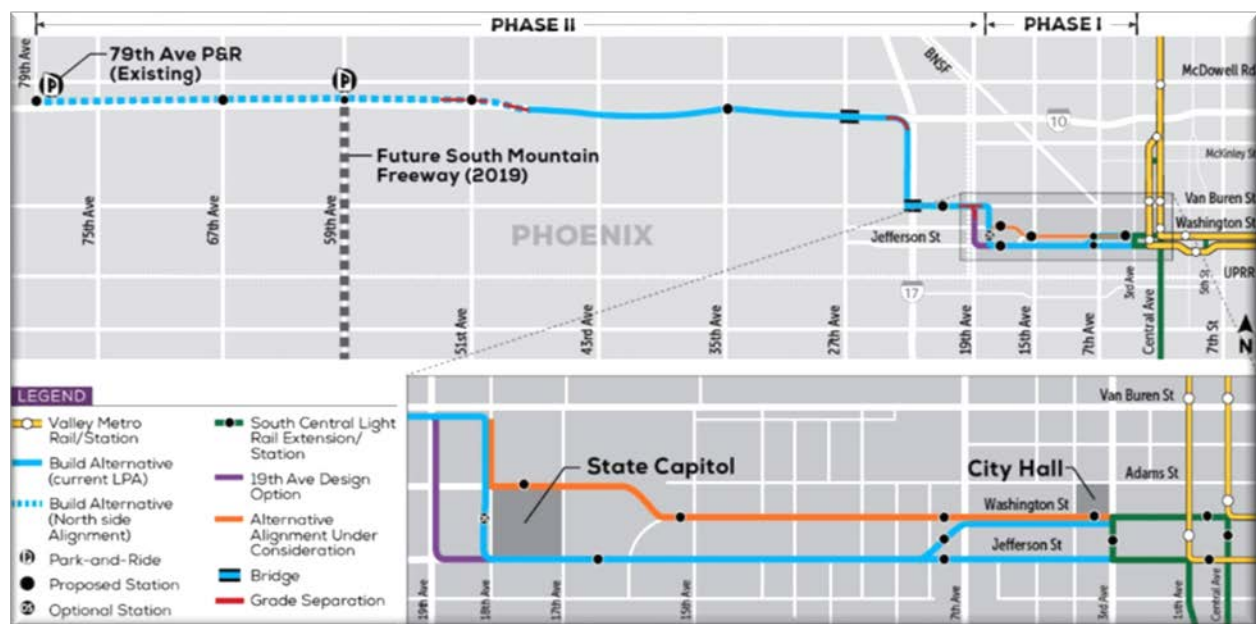
The total capital cost of the 50th Street Station project is budgeted to be approximately \$24.4 million.

	Pre-FY20	FY20	FY21	FY22	FY23	FY24	Total
<b>50th Street Station (\$,000)</b>							
<b>Sources of Funds</b>							
Member City Contributions	\$ 21,710	\$ 791	\$ -	\$ -	\$ -	\$ -	\$ 22,501
Public Transportation Funds	1,500	435	-	-	-	-	1,935
<b>Total Sources of Funds</b>	<b>23,210</b>	<b>1,226</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,436</b>
<b>Uses of Funds</b>							
Project Costs	21,710	791	-	-	-	-	22,501
NPR Utilities Relocation	1,500	435	-	-	-	-	1,935
<b>Total Uses of Funds</b>	<b>\$ 23,210</b>	<b>\$ 1,226</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 24,436</b>



The Capitol/I-10 West Extension will improve mobility and provide additional capacity in the I-10 corridor in West Phoenix. In addition, the project will connect the West Valley with major activity and employment centers located near Downtown Phoenix, such as State Capitol, Maricopa County and City of Phoenix Governmental Mall. The project will also enhance regional connectivity by extending the existing Valley Metro light rail to the west.

In May 2012, the City of Phoenix Council adopted a locally preferred alternative (LPA), consisting of a 10.0-mile light rail transit project from the 79th Avenue Park-and-Ride on I-10 to the existing light rail transit system in downtown Phoenix to be carried forward for environmental analysis. In June 2016, Valley Metro Rail Board recommended this project be built in two phases. Phase I from Downtown Phoenix to the State Capitol would be completed in 2023 and Phase II would extend out to 79th Avenue and be completed in 2030.



Subsequent to approval of the Capitol/I-10 West LPA, staff has continued to study options for the convergence of LRT corridors within downtown Phoenix. In conjunction with analysis for the South Central LRT Extension, a reconfiguration of the merging of the existing light rail system, the future Capitol/I-10 West LRT Extension, and South Central LRT Extension was recommended to create a downtown transit hub to enhance the connectivity for transit passengers along with other multimodal improvements.

The approval of the downtown LRT transit hub prompted a re-examination of the original Capitol/I-10 West Phase I LPA. Analysis and stakeholder coordination are ongoing to examine both Jefferson Street and Washington Street between the State Capitol Complex and the South Central Project, to determine that best option to serve the Governmental Mall and the surrounding community. It is anticipated that a Phase I alignment will be confirmed by Fall 2019.

## SOURCES AND USES OF FUNDS

The total capital cost of the Capitol/I-10 West Phase I project is budgeted to be approximately \$260.3 million, excluding financing costs.

	FY20	FY21	FY22	FY23	FY24	Post-FY24	Total
<b>Capitol/I-10 West Phase I (\$,000)</b>							
<b>Sources of Funds</b>							
Federal Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000	\$ 100,000
Member City Contributions	-	27,066	54,109	61,470	27,213	(56,099)	113,759
Public Transportation Funds	-	4,050	9,657	18,979	13,333	10,981	57,000
<b>Total Sources of Funds</b>	<b>-</b>	<b>31,116</b>	<b>63,766</b>	<b>80,449</b>	<b>40,546</b>	<b>54,882</b>	<b>270,759</b>
<b>Uses of Funds</b>							
Project Costs	-	25,200	50,664	63,443	33,101	41,850	214,258
NPR Utilities Relocation	-	-	3,733	4,666	700	11,277	20,376
Vehicle Procurement	-	4,137	6,896	8,275	5,172	1,231	25,711
Financing Costs	-	1,779	2,473	4,065	1,573	524	10,414
<b>Total Uses of Funds</b>	<b>\$ -</b>	<b>\$ 31,116</b>	<b>\$ 63,766</b>	<b>\$ 80,449</b>	<b>\$ 40,546</b>	<b>\$ 54,882</b>	<b>\$ 270,759</b>

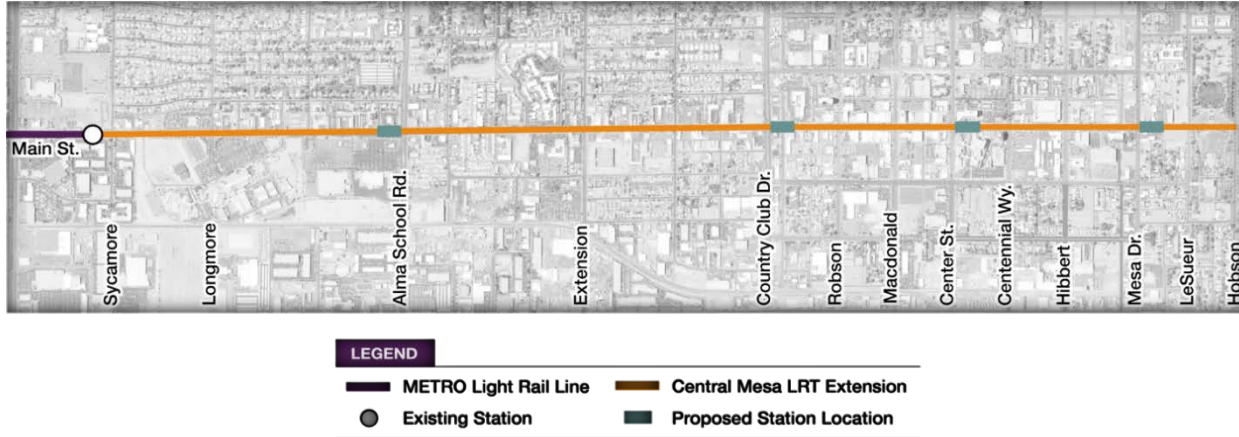
*Finance costs are informational only.*







The Central Mesa Extension from Sycamore to Mesa Drive opened for revenue service in August 2015. Remaining activity is related to the train signal control system upgrade known as SCADA.



### SOURCES AND USES OF FUNDS

The total capital cost of the Central Mesa Extension project is budgeted to be approximately \$198.2 million, excluding financing costs.

	Pre-FY20	FY20	FY21	FY22	FY23	FY24	Total
<b>Central Mesa Extension (\$,000)</b>							
<b>Sources of Funds</b>							
Federal Funds	\$ 125,725	\$ 279	\$ -	\$ -	\$ -	\$ -	\$ 126,004
Member City Contributions	7,568	-	-	-	-	-	7,568
Public Transportation Funds	70,647	70	-	-	-	-	70,717
<b>Total Sources of Funds</b>	<b>203,940</b>	<b>349</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>204,289</b>
<b>Uses of Funds</b>							
Project Costs	197,238	349	-	-	-	-	197,587
NPR Utilities Relocation	602	-	-	-	-	-	602
Financing Costs	6,100	-	-	-	-	-	6,100
<b>Total Uses of Funds</b>	<b>\$ 203,940</b>	<b>\$ 349</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 204,289</b>

Finance costs are informational only.

## SYSTEMWIDE IMPROVEMENTS

Systemwide Improvements are incorporated in the Regional Transportation Plan in order to provide funding for new system components, expansion items, as well as for the capital replacements necessary to maintain the system in a state of good repair. During FY20 and continuing into FY22, progress payments will be made on the 8 light rail vehicles.

### SOURCES AND USES OF FUNDS

The total capital cost of the Systemwide Improvements plan through Fiscal Year 2024 is budgeted to be approximately \$23.9 million.

	FY20	FY21	FY22	FY23	FY24	Total
<b>Systemwide Improvements (\$,000)</b>						
<b>Sources of Funds</b>						
Federal Funds	\$ 4,935	\$ 6,784	\$ 1,784	\$ -	\$ -	\$ 13,503
Public Transportation Funds	4,469	4,240	1,506	71	71	10,357
<b>Total Sources of Funds</b>	<b>9,404</b>	<b>11,024</b>	<b>3,290</b>	<b>71</b>	<b>71</b>	<b>23,860</b>
<b>Uses of Funds</b>						
Vehicle Procurement	5,982	8,223	2,163	-	-	16,368
All Other	3,422	2,801	1,127	71	71	7,492
<b>Total Uses of Funds</b>	<b>\$ 9,404</b>	<b>\$ 11,024</b>	<b>\$ 3,290</b>	<b>\$ 71</b>	<b>\$ 71</b>	<b>\$ 23,860</b>





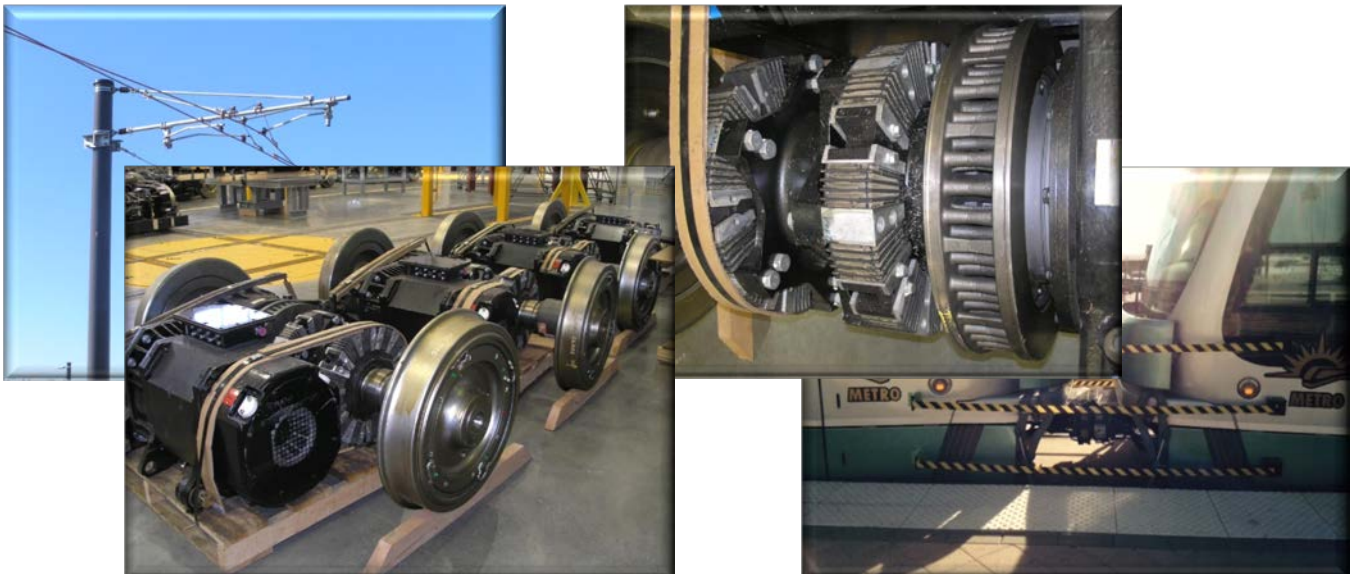
## STATE OF GOOD REPAIR

State of good repair consists of scheduled capital component overhauls, infrequent maintenance, and sub-system replacements.

The projected sources and uses of funds in connection with state of good repair over the next five years are summarized as follows:

### SOURCES AND USES OF FUNDS

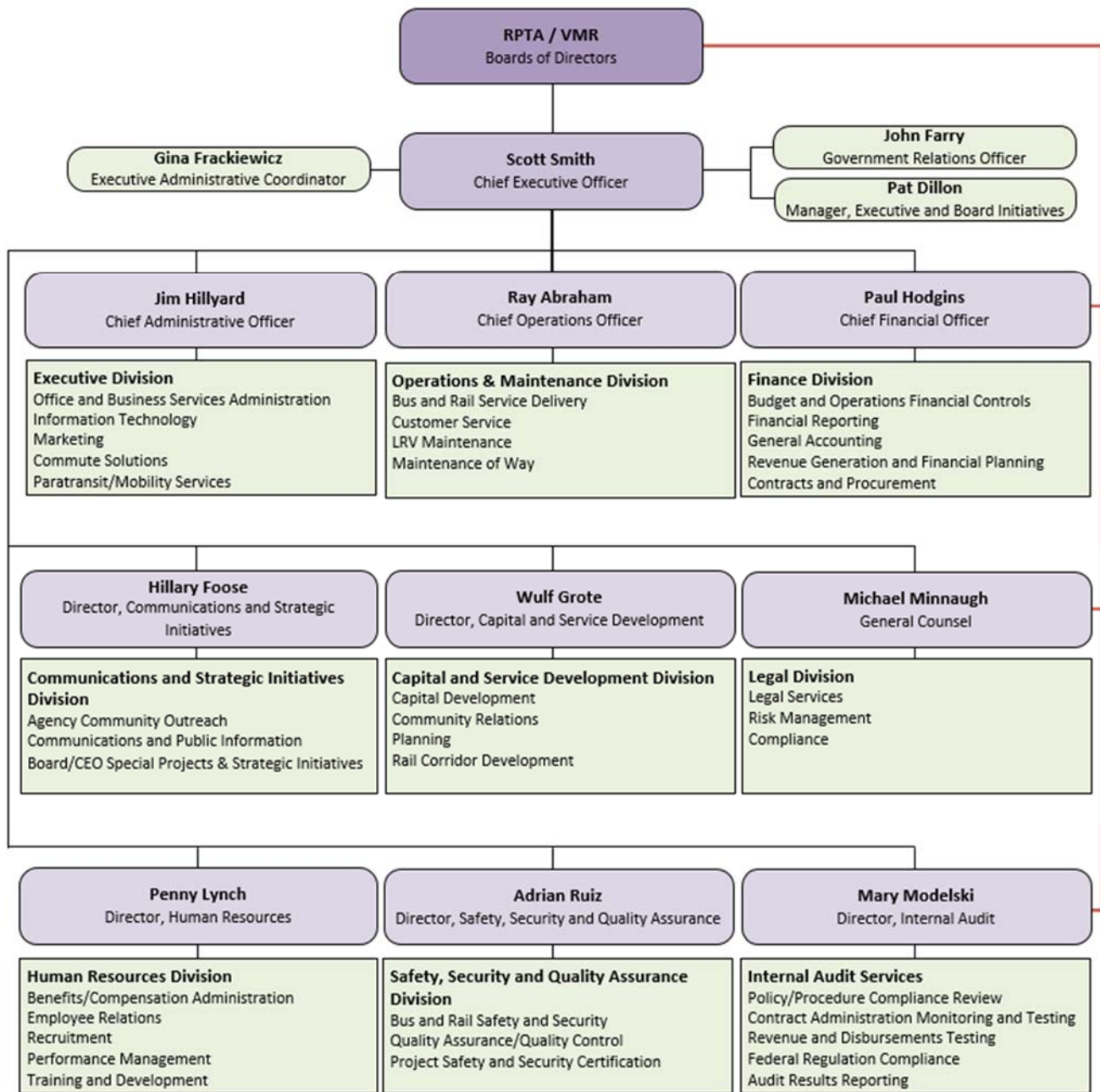
	FY20	FY21	FY22	FY23	FY24	Total
<b>State of Good Repair (\$,000)</b>						
<b>Sources of Funds</b>						
Member City Contributions	\$ 1,904	\$ 5,624	\$ 3,677	\$ 1,120	\$ 899	\$ 13,224
Public Transportation Funds	11,568	7,956	3,783	1,434	154	24,895
<b>Total Sources of Funds</b>	<b>13,472</b>	<b>13,580</b>	<b>7,460</b>	<b>2,554</b>	<b>1,053</b>	<b>38,119</b>
<b>Uses of Funds</b>						
Personal Services	767	798	431	137	26	2,159
Equipment overhaul	691	4,276	2,450	197	-	7,614
Furniture & Fixtures	15	-	-	-	-	15
Non-revenue Vehicles	271	240	250	260	620	1,641
Revenue Vehicles	11,657	8,192	4,289	1,947	405	26,490
Allocated Overhead	71	74	40	13	2	200
<b>Total Uses of Funds</b>	<b>\$ 13,472</b>	<b>\$ 13,580</b>	<b>\$ 7,460</b>	<b>\$ 2,554</b>	<b>\$ 1,053</b>	<b>\$ 38,119</b>



# Other

# STAFFING

# ORGANIZATION CHART



The Chief Financial Officer, General Counsel, and Internal Audit Manager all report directly to the Board of Directors but receive operational and strategic direction from the Chief Executive Officer.

## POSITIONS, PAY GRADES AND EFFORT

Position Title	Adopted Pay Range	FTE Effort		
		RPTA	VMR	Total
<b>I</b>	\$ 22,824 - \$ 34,237			
Cleaner		0.00	3.00	3.00
<b>III</b>	\$ 28,179 - \$ 42,268			
Clerk		0.10	4.90	5.00
Customer Support Agent I		35.00	0.00	35.00
LRV Yard Operator		0.00	1.00	1.00
<b>IV</b>	\$ 31,310 - \$ 46,965			
Customer Support Agent II		10.00	0.00	10.00
Lead Document Control Clerk		0.10	0.90	1.00
LRV Inspector		0.00	17.00	17.00
<b>V</b>	\$ 34,441 - \$ 51,661			
Accounting Technician		3.15	0.85	4.00
Administrative Assistant II		5.60	9.40	15.00
Lead Customer Support Agent		7.00	0.00	7.00
LRV Lead Inspector/Cleaner		0.00	1.00	1.00
<b>VI</b>	\$ 37,884 - \$ 56,827			
Project Assistant		0.10	0.90	1.00
Technician		2.00	22.00	24.00
Track Maintainer		0.00	10.00	10.00
<b>VII</b>	\$ 41,673 - \$ 62,510			
Accountant I		2.50	0.50	3.00
Administrative Assistant III		1.15	1.85	3.00
Coordinator		0.00	2.00	2.00
LRV Maintenance Technician II		0.00	22.00	22.00
Paralegal		0.50	0.50	1.00
Program Representative		5.50	1.50	7.00
Signal and Communications Systems Maintainer		0.00	9.00	9.00
Specialist		2.20	6.80	9.00
<b>VIII</b>	\$ 45,841 - \$ 68,762			
Coordinator		2.70	14.30	17.00
Graphics Designer		2.10	0.90	3.00
Specialist		0.00	1.00	1.00
Technician		0.20	33.80	34.00

Position Title	Adopted Pay Range	FTE Effort		
		RPTA	VMR	Total
<b>IX</b>	\$ 50,425 - \$ 75,637			
Accountant II		3.70	1.30	5.00
Administrator		2.40	2.60	5.00
Budget Analyst		1.00	1.00	2.00
Construction Inspector		0.00	2.00	2.00
Coordinator		13.20	10.80	24.00
Customer Service Supervisor		4.00	0.00	4.00
Data Analyst		1.00	0.00	1.00
Human Resources Generalist		1.00	0.00	1.00
Management Analyst		1.80	0.20	2.00
Planner I		0.10	1.90	2.00
Senior Internal Auditor		1.00	1.00	2.00
Specialist		0.50	3.50	4.00
Web Developer		2.00	0.00	2.00
<b>X</b>	\$ 55,468 - \$ 83,201			
Administrator		2.45	5.55	8.00
Civil Engineer		0.10	0.90	1.00
Coordinator		0.85	2.15	3.00
Lead		1.20	0.80	2.00
Planner II		1.15	1.85	3.00
Program Control Specialist		0.00	2.00	2.00
Supervisor		4.00	8.00	12.00
Systems Analyst		0.70	0.30	1.00
<b>XI</b>	\$ 61,014 - \$ 91,521			
Accountant III		1.65	0.35	2.00
Administrator		4.05	1.95	6.00
Budget Supervisor		0.50	0.50	1.00
Business Intelligence Analyst		0.50	0.50	1.00
Coordinator		0.00	2.00	2.00
Labor Compliance Officer		0.20	0.80	1.00
Planner III		1.25	2.75	4.00
Project Manager		1.00	1.00	2.00
Senior Management Analyst		0.50	1.50	2.00
Technical Trainer		0.00	3.00	3.00
<b>XII</b>	\$ 67,115 - \$ 100,673			
Architect / Urban Designer		0.25	0.75	1.00
Assistant Manager		0.00	2.00	2.00
Assistant Superintendent LRV Maintenance		0.00	2.00	2.00
Full Stack Developer		0.50	0.50	1.00
Manager		7.65	6.35	14.00
Security Engineer		0.50	0.50	1.00
Senior Application Developer		0.60	0.40	1.00
Senior GIS Administrator		0.75	0.25	1.00



Position Title	Adopted Pay Range	FTE Effort		
		RPTA	VMR	Total
<b>XIII</b>	\$ 73,827 - \$ 110,740			
Engineer		1.15	3.85	5.00
Manager		3.90	4.10	8.00
SCADA Systems Administrator		0.00	1.00	1.00
<b>XIV</b>	\$ 83,632 - \$ 125,448			
Chief Maintenance Engineer		0.00	1.00	1.00
Controller		1.00	0.00	1.00
Director, Internal Audit		0.50	0.50	1.00
Engineer		0.00	3.00	3.00
Government Relations Officer		0.50	0.50	1.00
Manager		0.95	5.05	6.00
Superintendent LRV Maintenance		0.00	1.00	1.00
<b>XV</b>	\$ 93,182 - \$ 139,773			
Chief Procurement Officer		0.30	0.70	1.00
Manager		0.25	2.75	3.00
<b>XVI</b>	\$ 102,206 - \$ 153,310			
Chief Operating Officer		0.70	0.30	1.00
Deputy Director, Planning		0.30	0.70	1.00
Director		1.35	1.65	3.00
Senior Advisor, Office of the CEO		0.50	0.50	1.00
<b>XVII</b>	\$ 114,880 - \$ 172,320			
Chief Officer		0.75	1.25	2.00
Deputy Director, Corridor		0.00	2.00	2.00
Director, Capital and Service Development		0.25	0.75	1.00
Senior Project Manager		0.00	1.00	1.00
<b>NC</b>	Negotiated Compensation			
Chief Administrative Officer		0.50	0.50	1.00
Chief Executive Officer		0.50	0.50	1.00
General Counsel		0.50	0.50	1.00
		<b>FY20 FTEs</b>	<b>155.85</b>	<b>271.15</b>
		<b>FY19 FTEs</b>	<b>151.25</b>	<b>224.75</b>
		<b>Change</b>	<b>4.60</b>	<b>46.40</b>
				<b>51.00</b>

# APPENDICES



## BUDGET DEVELOPMENT

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

VMR's continuing goal is to provide the highest quality services to our member communities in the most cost effective manner. The VMR budget process is a key piece of the strategy to achieve these results in a coordinated manner and to make fiscally responsible decisions that will ultimately produce a premier transit system in Maricopa County.

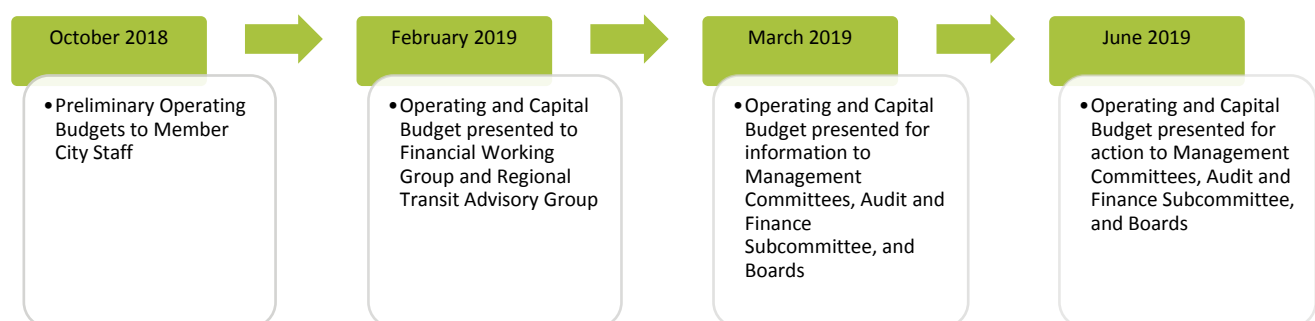
VMR's budget process serves two principal purposes. Within the Corporation, development of the budget provides a forum for joint planning of objectives and tasks, with managerial and board review of programs. It sets the expectations for performance in the coming year(s). For the Corporation's Members and partner agencies, the budget reports on the status of projects and services, detailing the agency's operational objectives, capital improvements, and funding plans.

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

VMR also develops a Five-Year Capital Program and Operating Forecast as part of the annual budget process. The five-year budget focuses on the capital improvements that are planned to occur within the planning horizon, and includes:

- projected costs of LRT capital expenses,
- projected amounts to be paid by each Member to VMR,
- projected amounts to be paid directly for LRT expenses by each Member (for example, for acquiring rights-of-way), and projected revenues to be received from federal funds or other funding sources.

The internal process is a collaborative and iterative one, with the agency's senior management providing strategic direction and critical review, managers and project managers preparing resource proposals, and financial staff (Including the Financial Working Group) providing feedback and technical support for the process. A review by the Regional Transit Advisory Group and Rail Management Committee will precede drafting of the proposed budget. Once the proposed annual budget and five-year capital plan have been published, the VMR Board provides final review and adoption.



## SERVICE METRICS

Below is the service metrics for rail operations showing historical data from FY16 through FY18 as well as the forecast for FY19 and FY20.

	FY17 Actual	FY18 Actual	FY19 Budget	FY20 Budget
<b>Service Metrics</b>				

### Rail Operations

Total Revenue Miles	3,325,000	3,297,000	3,376,000	3,604,000
Total Annual Cost/Budget	\$ 41,487,000	\$ 43,021,000	\$ 52,041,000	\$ 56,613,000
Cost per Mile	\$ 12.48	\$ 13.05	\$ 15.42	\$ 15.71



## STAFFING TRENDS

Staffing needs are assessed each year based on the level of activities and fulfillment of work requirements for the coming year. The table below summarizes staff positions by each agency for the last 3 fiscal years and the current budget year.

	FY17	FY18	FY19	FY20
<b>Staff Positions by Agency</b>				
<b>Agency</b>				
RPTA	131	150	151	156
VMR	179	210	225	271
<b>Total</b>	<b>310</b>	<b>360</b>	<b>376</b>	<b>427</b>
<i>Change from prior year</i>		<i>50</i>	<i>16</i>	<i>51</i>

### FY17

- Enhanced paratransit program for people with disabilities by implementing regional Dial-a-Ride; additional staff to oversee paratransit operations
- Enhanced strong fiscal controls by creating internal audit team
- Worked toward improving customer satisfaction by preliminary testing of the mobile ticketing solution
- Converted LRV cleaning staff to contractors

### FY18

- Increased number of projects
  - Expanding bus, paratransit and rail operations
  - Expanding technology
  - Construction of multiple rail projects simultaneously
  - Strategic initiatives
- Converted a number of consultant positions to staff, resulting in savings of \$1.5 million annually

### FY19

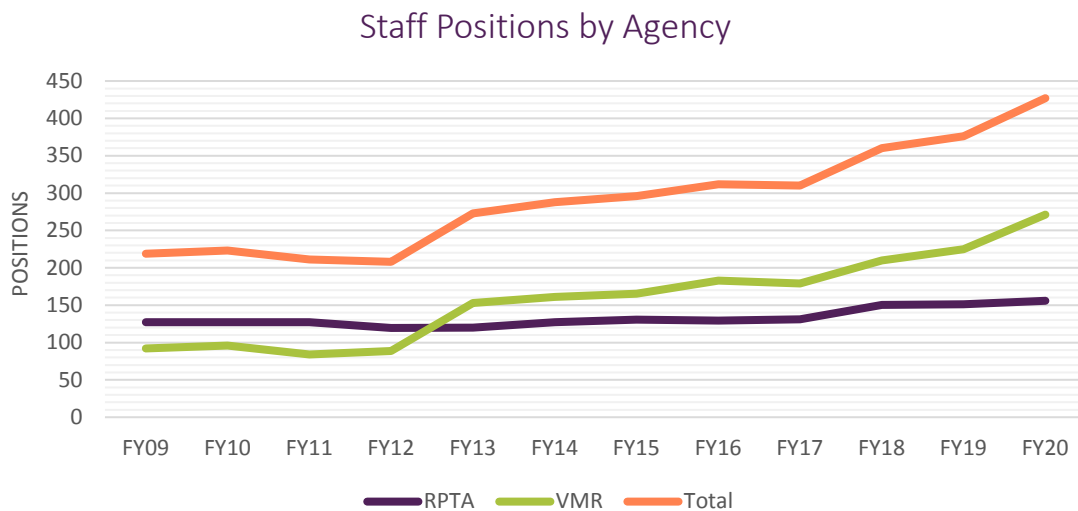
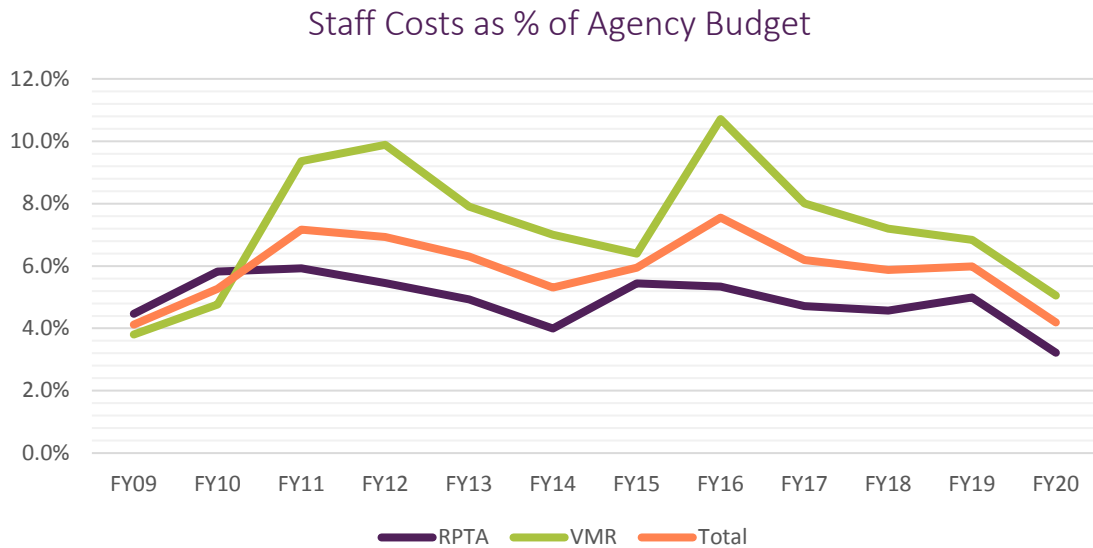
- Increased number of active projects
  - Three active rail capital construction projects
  - Four projects in the design phase
- Increased rail service with the addition of the Gilbert Road Extension and 50th Street Station
- Increased fleet for new light rail vehicles and streetcar vehicles

### FY20

- Increased VMR operations positions for increased fleet for new light rail vehicles and streetcar vehicles
- Increased VMR maintenance positions for state of good repair component overhauls
- Increased safety presence for light rail platforms and vehicles to support the Respect the Ride initiative

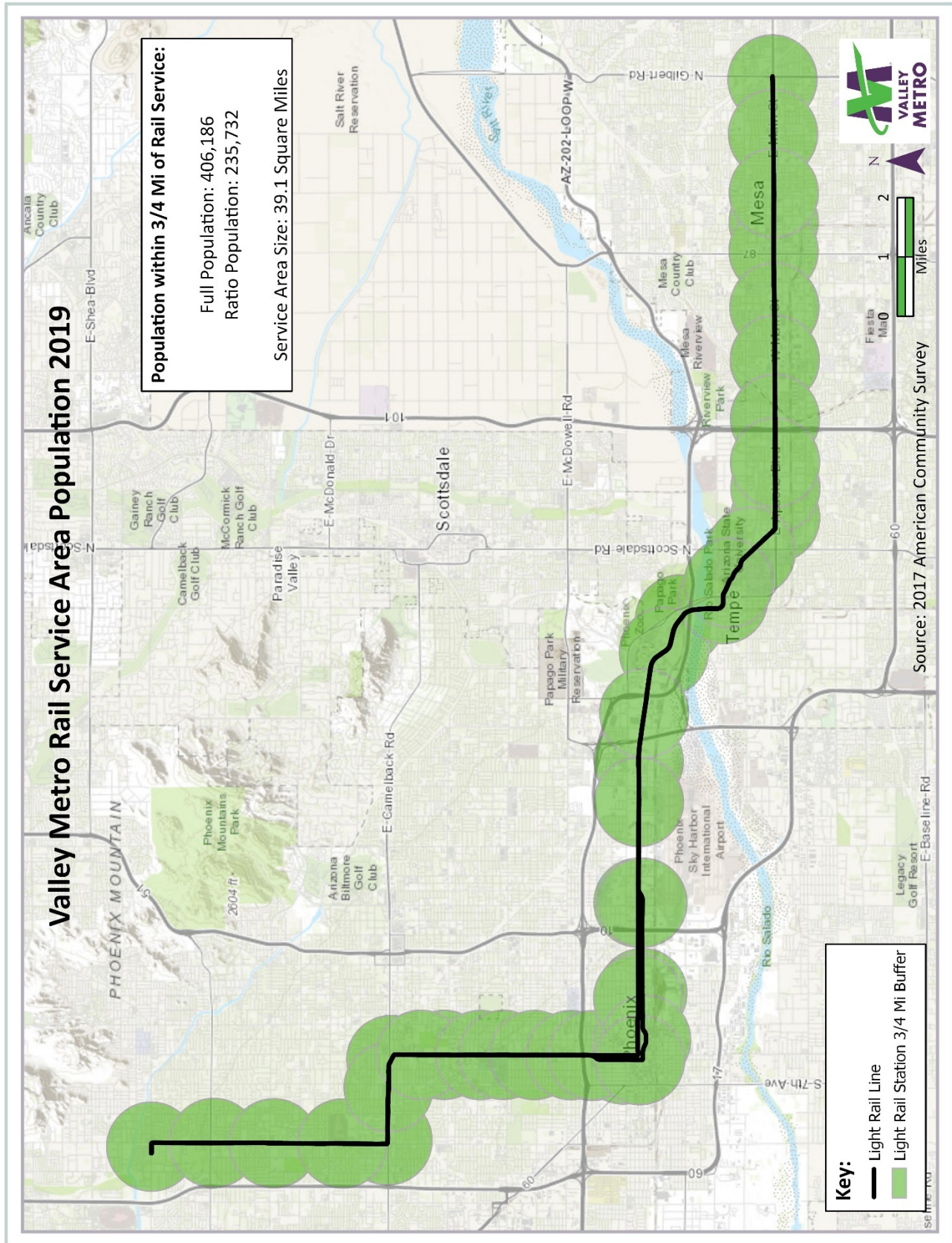
## LONG TERM TRENDS

The following chart shows personal services costs as a percentage of the overall annual operating and capital budgets for the previous 11 fiscal years. The long-term trend shows that the combined agencies staffing is consistently in the range of four to seven percent of the total budget.





## SERVICE AREA







## GLOSSARY OF TERMS AND ACRONYMS

TERM / ACRONYM	DEFINITION
5307	The Urbanized Area Formula Funding program (49 U.S.C. 5307) makes federal resources available to urbanized areas and to governors for transit capital and operating assistance in urbanized areas and for transportation-related planning.
5309	A reference to FTA Capital Investment Grant (New Starts) Program, Title 49 U.S.C., Section 5309 providing funding for the design and construction of transit systems.
5337	The State of Good Repair Grants Program (49 U.S.C. 5337) provides capital assistance for maintenance, replacement, and rehabilitation projects of high-intensity fixed guideway and bus systems to help transit agencies maintain assets in a state of good repair.
ACI	Alternate Concepts, Inc.
BOD	Board of Directors
CMAQ	Federal funding program intended for Congestion Mitigation and Air Quality improvement.
EE	Environmental Evaluation
FHWA	Federal Highway Administration
FONSI	Finding of No Significant Impact
FTA	Federal Transit Administration
FTE	Full Time Equivalent
GIS	Geographic Information System
HCT	High Capacity Transit – includes heavy rail, Light Rail Transit, Bus Rapid Transit modes of urban transportation
LPA	The Locally Preferred Alternative alignment for a transit route among a set of options which have been analyzed.
LRT	Light Rail Transit
LRV	Light Rail Vehicle
MAG	Maricopa Association of Governments
Member Cities	VMR equity members, currently Phoenix, Tempe, Mesa and Glendale
MOE	Maintenance of Equipment
NPR	Non-Prior Rights

TERM / ACRONYM	DEFINITION
OMC	Operations and Maintenance Center
P&R	Park-and-Ride
Proposition 400	Legislative initiative to create a Public Transportation Fund passed into Arizona law in November 2004 providing roadway and public transit improvements in accordance with the Regional Transportation Plan.
PTF	Public Transportation Fund. See Proposition 400.
ROW	Right-of-Way - real property required for the LRT alignment
RPTA	Regional Public Transportation Authority the designated agency to receive and distribute public transit improvement funding under Proposition 400
RTP	Regional Transportation Plan - for Maricopa County, a comprehensive, performance-based, multi-modal and coordinated regional plan providing a blueprint for future regional transportation investments.
SCADA	Supervisory Control and Data Acquisition
T2050	Phoenix Transportation 2050
TAM	Transit Asset Management
TLCP	Transit Life Cycle Program
TOD	Transit Oriented Development - real property development typically incorporating residential and commercial uses into the areas adjacent to a transit route.
TPAN	Transportation Project Advancement Notes.
VMR	Valley Metro Rail, Inc.



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