



U.S. Department
of Transportation
**Federal Transit
Administration**

REGION IX
Arizona, California,
Guam, Hawaii, Nevada,
Northern Mariana Islands,
and American Samoa.

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AUG 11 2010

Mr. Steve Banta
General Manager
Valley Metro Rail
101 North 1st Street, Suite 1300
Phoenix, AZ 85003

Re: Project Development Approval
Central Mesa LRT Extension

Dear Mr.  Banta:

I am pleased to inform you that the Federal Transit Administration (FTA) has approved Valley Metro Rail's (METRO) request to initiate project development (PD) for the Central Mesa Light Rail Transit (LRT) Extension project in Mesa, Arizona. The extension would begin at the current Central Phoenix/East Valley LRT line's eastern terminus at Sycamore Street in west Mesa and extend 3.1 miles into Central Mesa on Main Street to Hobson Street. The project will include four new stations at Alma School Road, Country Club Road, Center Street and Mesa Drive. The Central Mesa LRT Extension would connect to the Central Phoenix LRT line at Sycamore Street and provide enhanced connections at Center Street to the existing Valley Metro Link Bus Rapid Transit (BRT) for improved access to the east of the Central Mesa Extension.

In accordance with the July 20, 2007 *Updated Interim Guidance and Instructions for Small Starts*, this project meets all of the requirements for consideration by FTA as a Small Starts project and was evaluated as such. The project has received an overall project rating of *Medium-High* against the Small Starts criteria based on *Medium-High* ratings for project justification and local financial commitment. This rating, along with FTA's determination of the project's readiness to proceed into PD, serves as the basis for FTA's approval.

With this approval, METRO has pre-award authority to incur costs for continued preliminary engineering as part for its PD activities prior to grant approval and to retain eligibility of those activities for future FTA grant assistance. Once FTA has completed its environmental determination on the project, METRO will also have pre-award authority to incur costs for final design, right-of-way acquisition and utility relocation if such costs are necessary for fulfilling the project scope. This pre-award authority does not constitute a commitment that future Federal funds will be approved for PD or any other project cost. As with all pre-award authority, relevant Federal requirements must be met prior to incurring costs in order to preserve eligibility of the costs for future FTA grant assistance.

FTA's approval to initiate PD is not a commitment to fund further design activities or construction of any project that may result. A satisfactory determination by FTA of METRO's continued demonstration of the technical, legal and financial capability to implement the project will occur prior to approval of any Project Construction Grant Agreement.

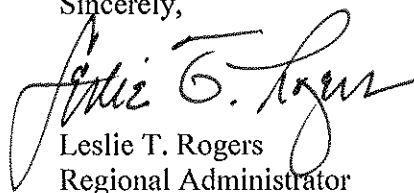
As part of our approval process, FTA's Project Management Oversight Contractor (PMOC) conducted a review of the Central Mesa LRT Extension project's scope, cost, and schedule as well as the technical capacity and capability of METRO to undertake the project. The resulting final report, dated March 15, 2010, contains 21 recommendations. METRO accepted these recommendations and committed to resolving them in early PD.

In addition to these 21 recommendations, FTA expects METRO to continue to make progress on the following activities as part of the PD process:

- Development of a concise Project Management Plan (PMP), to be updated as appropriate, which outlines how this project will be managed, including:
 - A strategy to deliver the project within budget and on schedule;
 - A brief description of the organization, resources, schedule, and project controls necessary to design, construct, test, and start up a quality system that assures the safety and security of the riding public;
 - Assurance that real estate acquisitions comply with the Uniform Relocation Assistance and Real Estate Acquisition Policies Act.
 - Early and continuous involvement of the State Safety Oversight Agency, Arizona Department of Transportation, throughout design and construction activities, to satisfy the requirements of 49 CFR Part 659.
 - A System Safety Management Plan for the project.
- Prior to Consideration of a Project Construction Grant Agreement, METRO must demonstrate that agency staff has sufficient technical capacity to undertake construction and implementation of the proposed project.
- Completion of the engineering and other technical work necessary to:
 - Develop a firm definition of the scope of the project;
 - Develop a refined and detailed estimate of the capital and operating costs of the project scope and schedule;
 - Analyze any uncertainties that remain in the scope and/or cost estimate; and
 - Finalize any necessary environmental analysis.
- Revision of the financial plan to reflect the estimates of engineering and construction costs and providing confirmation of all non-Federal funding commitments by the completion of Project Development;
- Performance of value engineering toward the end of Project Development;
- Addressing any major right-of-way needs and any major utility relocation issues through written agreements or other unambiguous means;
- Provision of quarterly progress reports.

If you have any questions about this review, please call Melanie Robertson at (415) 744-2737.

Sincerely,



Leslie T. Rogers
Regional Administrator