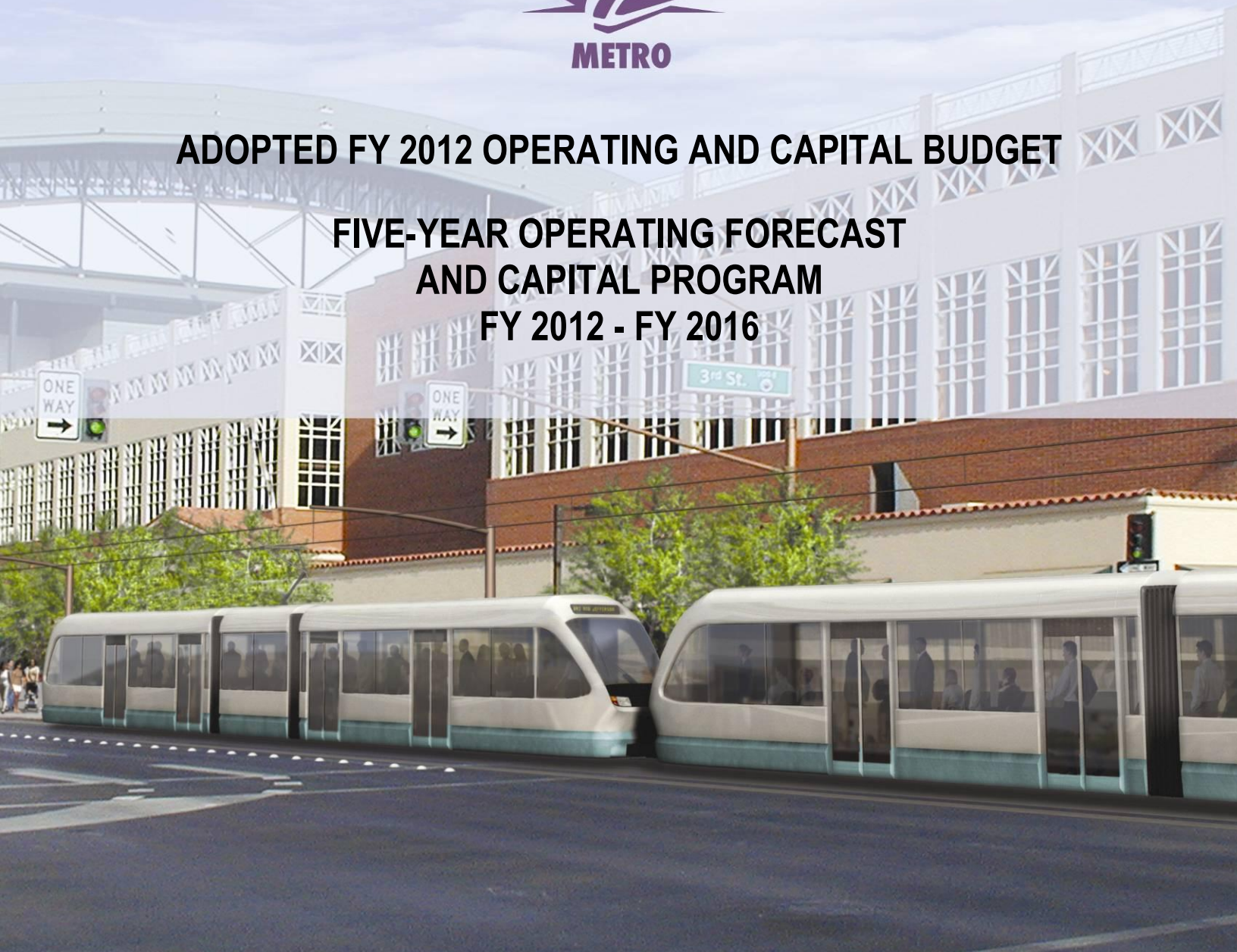




**ADOPTED FY 2012 OPERATING AND CAPITAL BUDGET
FIVE-YEAR OPERATING FORECAST
AND CAPITAL PROGRAM
FY 2012 - FY 2016**





Valley Metro Rail, Inc.
Phoenix, Arizona

Adopted Operating and Capital Budget
Fiscal Year 2011/2012

Five-Year Operating Forecast and Capital Program
FY 2012 through FY 2016
(July 1, 2011 through June 30, 2016)

Board of Directors

Chairman – Councilman Tom Simplot, Phoenix
Vice Chairman – Councilman Dennis Kavanaugh, Mesa
Mayor Bob Barrett, Peoria
Councilmember Shana Ellis, Tempe
Councilman Rick Heumann, Chandler
Mayor Elaine Scruggs, Glendale

Executive Management Team

Stephen R. Banta, Chief Executive Officer
Raymond Abraham, Chief Operations Officer
John Farry, Community & Government Relations Director
Wulf Grote, Planning & Development Director
Jay Harper, Chief of Safety and Security
Mike Ladino, General Counsel
John McCormack, Finance & Administration Director



Annual Budget Table of Contents

METRO Organization	1
METRO Vision	2
FY 2011 Accomplishments	2
FY 2012 Goals and Objectives	4
Rail Operations Service Plan	6
Total Financial Program	7
Budget Analysis	9
Staffing Requirements	10
FY 2011-2012 Budgets:	
Operating Budget	
Revenue Operations Budget	12
Future Project Development Budget	13
Agency Operating Budget	14
Agency Overhead Allocation	15
Capital Budget	
20-Mile METRO Initial Segment Budget	16
Northwest Extension Phase I Budget	17
Central Mesa LRT Extension Budget	18
South Tempe Capital Project Budget	19
Non-Prior Rights Utilities Relocation Budget	20
ARRA Funded Construction Project – Systemwide Improvements	20
CP/EV Project Budget Overview	21
Funds Flow FY 2012	22
Pay Grades and Ranges	23
METRO Agency Organizational Chart	25



5 Year Plan Table of Contents

1. Executive Summary

METRO Services.....	26
• Operations & Maintenance	27
• Planning & Development	27
Goals (FY 2012 thru FY 2016).....	28
Five-Year Plan Summary	31

2. Five-Year Operating Forecast

Uses & Sources of Funds.....	34
Operations & Maintenance Cost Estimate FY 2012-2016	37
Five Year Fares, Costs and Member City Funding.....	38
Project Development Planning	38

3. Five-Year Capital Program

All Projects.....	40
CP/EV LRT Project.....	44
High Capacity Transit Projects	46
Northwest Extension.....	47
Central Mesa Extension	49
Tempe South Corridor.....	50
Phoenix West Extension.....	51

4. Appendix

A-Budget Process.....	53
B-Glossary of Terms and Acronyms.....	55

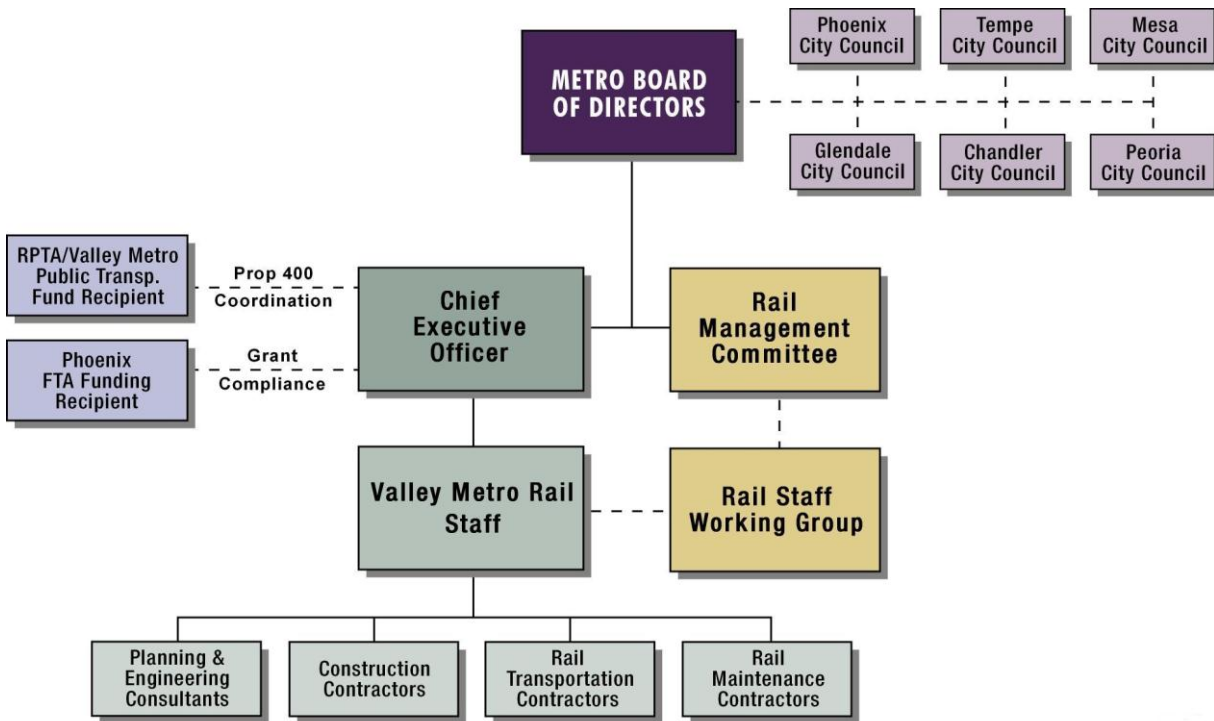


METRO ORGANIZATION

Valley Metro Rail, Inc. (METRO) is a public non-profit corporation whose members are the cities of Chandler, Glendale, Mesa, Peoria, Phoenix, and Tempe. METRO was created to manage the design, construction, and operation of the Light Rail Transit (LRT) System within the Metropolitan Area. The Board of Directors includes the mayors of the member cities or their designated representatives. The Board of Directors establishes overall policies and provides general oversight of the METRO agency and its responsibilities.

The Chief Executive Officer (CEO) is responsible for implementing the agency vision and the day-to-day management of the organization. The CEO plans, coordinates, and directs the activities of the Management staff in carrying out the organization's responsibilities. The METRO Staff includes employees managing operations, performing maintenance, directing planning, design and construction of new rail lines. METRO staff are supported by contracted personnel with specialized experience in light rail planning, design, construction, and operations. The following chart depicts the policy organization for METRO and the relationships to key stakeholders.

METRO Policy Organization





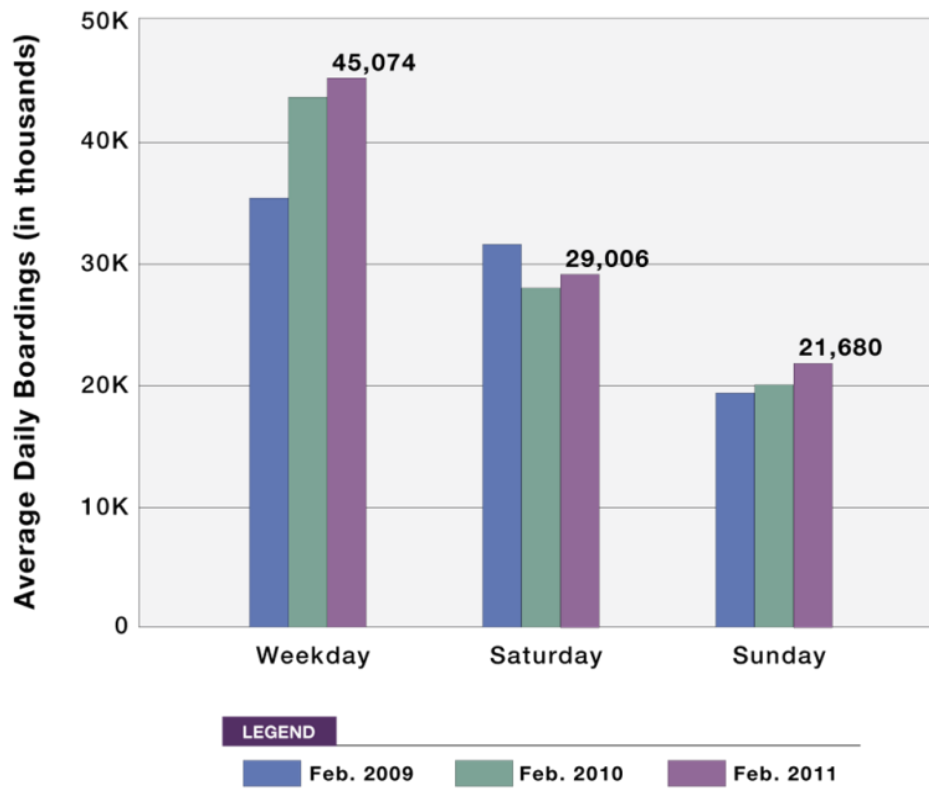
METRO VISION

In June of 2004, the METRO Board of Directors adopted a Vision Statement to describe what METRO will be when it has achieved a high level of success. The Vision was developed by volunteers of the METRO staff as part of the strategic planning effort that began with the development of the Vision statement and continued throughout this fiscal year. The Vision Statement of METRO is:

“METRO will be recognized as a trusted and respected community partner and visionary leader that provides a premier regional rail transit system with a commitment to customer service, quality and safety, which enhances quality of life and is a point of pride for our community.”

FY 2011 ACCOMPLISHMENTS

- METRO ridership continues to climb serving 12.6 million riders in 2010, 11 percent more than in 2009. Growth continues in 2011.





- Delivered passenger service achieving the following results:

Benchmark	Target	2010 Actual
On Time Performance	93%	96%
Operating Cost Per Boarding	\$3.19	\$2.72
Average Fare	\$0.80	\$0.76
Farebox Recovery Ratio	25%	28%

- Hand Held Verifiers (HHV's) were deployed to better identify fare violators and track fares across the rail corridor. Average Fare per ride increased from \$.76 in FY2010 to over \$.80 in FY2011.
- Reduced number of collisions in 2010 by 52 percent vs. 2009.
- Established security bulletin boards within METRO facilities and implemented the METRO Security Committee to raise awareness, educate, and respond to security requirements in a rail transit environment
- Renewed the partnership with US Airways Center and Phoenix Suns to allow event tickets to serve as light rail pass.
- Generating \$412,308 in system advertising revenue in FY2011.
- Added a 120-space park-and-ride to serve the 7th Avenue/Camelback station. In addition, installed shade canopies at this new lot and existing lots at 19th Avenue and Central/Camelback.
- Completed construction management for the Arizona Avenue BRT Project.
- Received final \$61.3M of \$587.2M FFGA payment from Federal Transit Administration for Central Phoenix / East Valley LRT System completed on time and within budget.
- The Central Mesa light rail extension was recommended for funding in the FTA New Starts Report in the amount of \$75 million. The President requested \$37.5 million in the FY 2012 budget request to Congress.
- Received local and regional approval of 2.6-miles of modern streetcar in the Mill Avenue corridor in Tempe.
- Initiated the South Central Feasibility Study in Phoenix.

Awards Received by METRO

- June 2010 Desert Peaks Awards in the category of Public Partnership to METRO and its city partners Phoenix, Tempe and Mesa – Maricopa Association of Governments
- Sept 2010 Government Finance Officers Association Award (GFOA) for Comprehensive Annual Financial Report (CAFR) for fiscal year ended June 30, 2009
- Oct 2010 Silver Addy Award in the category of Public Service, Audio/Visual for the METRO “On Track” posters



- Oct 2010 AdWheel Award in the Advertisement and Promotion category for the “Your Life on Track Poster Series” – American Public Transportation Association
- Oct 2010 Beautification Award, Award of Distinction for the Tempe Town Lake Light Rail Bridge – City of Tempe
- Jan 2011 Smart Growth Award – Urban Land Institute
- Mar 2011 Bronze ADDY Award for the “Stop on Red” train wrap

FY 2012 GOALS AND OBJECTIVES

Goals are based on the following keys to a successful transportation system that connects people to life:

- A quality human resource
 - A system in a state of good repair
 - Customer-focused service
 - Coordinated and cost-effective system expansion
 - Sound relationships with public and private stakeholders
- 1. Operate a safe, efficient, customer-focused, reliable METRO system.**
 - Maintain an efficient operation that meets established schedules and operational baselines.
 - Manage an effective safety and security program.
 - Ensure timely and effective customer communication.
 - Maximize fare revenues through continued coordination with regional and local entities to ensure effective fare policies across all public transportation modes.
 - Continue development of information systems to support rail operations.
 - 2. Maintain sound and trusted relationships with public and private stakeholders including improved coordination with all public transportation operators.**
 - Work with other public transportation operators in the region to optimize passenger usage of the entire public transportation system.
 - Maintain professional relationships with the media resulting in objective news coverage.
 - Successful implementation of marketing strategies that maximize ridership from event venues (e.g., Phoenix Suns, AZ Diamondbacks, ASU Sun Devils, etc.).
 - Continue public involvement activities related to future METRO extensions.
 - Continue to improve and maintain a sound relationship with the FTA to foster federal support for future rail projects.



- Maintain sound relationships with Congressional leaders and Arizona delegation members that maximizes federal funding for the METRO system, especially related to the annual appropriations process and the reauthorization of SAFETEA-LU.
- 3. Expansion of the METRO system through effective planning, design, and construction of the high capacity/light rail transit element of the Regional Transportation Plan.**
- Advance the development of the Central Mesa, Tempe Streetcar, Northwest and Phoenix West high capacity/light rail transit corridors that is consistent with agreed upon schedules.
 - Actively pursue regional, state, and federal funding opportunities to facilitate implementation of the region's high capacity transit program.
 - Actively explore ways to reduce future project costs to address shortfalls in regional funding for the transit program.
 - Develop corridor planning studies as assigned through the regional planning process.
- 4. Maintain organizational sustainability and a sound human resource.**
- Strive to create a work environment where our employees, our most valued assets, are energized by exceeding the expectations of our customers.
 - Provide professional development and training opportunities as needed to achieve our goals and objectives.
 - Retain and promote our best people.
 - Work with regional transit partners to implement administrative efficiencies and develop cost savings through coordination and consolidation of work effort.
 - Assure strict compliance with state, local and federal laws, regulations and procedures including the application of best practices in all business activities.



RAIL OPERATIONS SERVICE PLAN

Service Frequency FY 2012 Plan:

Weekday trains will run with two cars at 12 minute intervals during peak hours and 15 to 20 minute intervals off peak. Weekends do not require peak service trains and will operate with one or two cars at 15 to 20 minute headways. Service headways and train lengths will be adjusted over time to accommodate growth and service patterns.

Time of Day	Service Frequency
Monday - Friday 4:40 am to 7:30 am	20 minutes
Monday - Friday 7:30 am to 6:30 pm	12 minutes
Monday - Thursday 6:30 pm to 12:00 am	20 minutes
Friday - 6:30 pm to 2:00 am	20 minutes
Saturday - 5:00 am to 7:00 pm	15 minutes
Saturday - 7:00 pm to 2:00 am	20 minutes
Sunday - 5:00 am to 11:00 pm	20 minutes

Eight weekdays are currently scheduled for holiday schedule frequency (Sunday schedule).

Ridership and Fare Revenue:

Total Ridership is forecasted at 12.500 million passengers for the year with fare revenues generating \$10.035 million. Over the course of the fiscal year 2012, average weekday boardings are forecasted at 38,876 while Saturday and Sunday average ridership are forecasted at 27,507 and 20,833 per day respectively.

		Annual Ridership / Fares		
Total Rides	Average	Fare Assumption		
Weekday	38,876	9,835,506	\$ 0.80	\$ 7,868,405
Saturday	27,507	1,457,888	\$ 0.80	\$ 1,166,310
Sunday	20,833	1,249,982	\$ 0.80	\$ 999,986
Total Ridership and Fare Revenue		12,543,376	\$ 0.80	\$ 10,034,701

Average fare per ride is forecasted at \$0.80 cents per ride, consistent with FY 2011's budget.



TOTAL FINANCIAL PROGRAM

The FY 2012 Operating and Capital Budget has been prepared with the goal of delivering a fiscally prudent, balanced budget. Last year, the Board approved a total of \$90 million for the FY 2011 Budget. Total expenditures for FY 2012 are estimated to be \$87.7 million. The unexpended balance for FY 2011 capital expenditures has been reprogrammed into the project cash flows for expenditure in FY12 and future years.

Uses of Funds - The FY 2012 Budget includes anticipated operating and capital expenditures in the amount of approximately \$87.7 million to support program elements during the period of July 1, 2011 through June 30, 2012, as follows:

Uses of Funds	(\$,000)			Budget Analysis Note #
	FY 2012	FY 2011 Amended	Change	
Operating Activities:				
Revenue Operations	35,086	33,721	1,365	
Future Project Development	8,146	9,619	(1,474)	
Agency Operating Budget	1,084	1,012	72	
	44,315	44,352	(37)	
Capital Projects:				
20-Mile METRO Initial Segment	5,301	19,503	(14,202)	1
Northwest Extension	8,573	5,798	2,775	2
Non-Prior Rights Utilities Relocations	2,638	246	2,392	3
Other Capital Projects:				
Central Mesa Extension	16,525	10,277	6,248	4
South Tempe Extension	4,262	-	4,262	4
CNPAs - 20-Mile Initial Segment	-	2,461	(2,461)	5
ARRA - Phoenix P& R Improvements	-	3,113	(3,113)	5
ARRA - RPTA Ariz Avenue BRT	-	347	(347)	
Systemwide Improvements	675	1,171	(496)	
Subtotal Capital before Debt Service	37,975	42,916	(4,942)	
Capital Project Debt Service:				
Debt Service - Interest	2,750	2,750	-	
Debt Service - Principal	2,664	-	2,664	
Total Uses of Funds	87,704	90,018	(2,314)	

Note: See page 9 for budget analysis notes.



Sources of Funds - The FY 2012 Operating and Capital Budget will be funded with a combination of Fare Revenues, Member City contributions, Public Transportation Funds, Federal 5309 New Starts, 5307 and Fixed Guideway Preventative Maintenance, Congestion Mitigation and Air Quality funds (CMAQ), and other local funding. The FY 2012 Budget includes anticipated capital and operating sources of funds in the amount of approximately \$87.7 million, as follows:

Sources of Funds	(\$,000)			Budget Analysis Note #
	FY 2012	FY 2011 Amended	Change	
Operating Activities:				
Fare Revenue	10,035	9,498	537	6
Advertising Revenue	300	250	50	7
Federal 5307 PM	324	-	324	
Federal FG PM	996	240	756	
Federal 5339	1,380	1,400	(20)	
Federal CMAQ	100	750	(650)	
Member Cities	23,758	23,432	326	
MAG / RPTA (RARF)	1,000	1,000	-	
PTF Sales Tax Revenue	6,422	7,782	(1,360)	8
	44,315	44,352	(37)	
Capital Projects:				
FTA - Section 5309	3,300	61,250	(57,950)	9
Federal CMAQ	14,410	8,822	5,588	10
Federal ARRA	-	2,690	(2,690)	5
Member Cities	(12,808)	(80,042)	67,234	11
PTF Bond Revenue	14,506	12,950	1,556	8
PTF Sales Tax Revenue	23,982	39,996	(16,014)	8
	43,389	45,666	(2,277)	
Total Sources of Funds	87,704	90,018	(2,314)	

Note: See page 9 for budget analysis notes. Negative Sources of Funds reflect Regional PTF reimbursements to Member Cities for the CPEV 20 Mile Initial Segment Capital Project and PTF revenues to reimburse the City of Phoenix for the Phoenix West alternatives analysis.



Adopted FY 2011-12 Operating and Capital Budget

BUDGET ANALYSIS

The following is an analysis of the major changes in the FY 2012 Proposed Budget versus the FY 2011 Amended Budget. The number in the "Note" column corresponds to the "Note" column in the "Uses of Funds" and "Sources of Funds" tables located in the Total Financial Program. See Pages 7 and 8.

Note	Budget Analysis
1	The project closeout phase of the CP/EV LRT initial 20-mile segment is nearing completion.
2	Payments for Real Estate Acquisition for the NW Extension project are reaching conclusion in FY 2012.
3	A significant increase in NPR utility relocation is due to increased activity on the Mesa Extension.
4	Design, Real Estate Acquisition and Utility Relocation are commencing for the Central Mesa LRT Extension. Preliminary design commences for the Tempe Streetcar Project.
5	Federal ARRA project funding was completed in FY 2011.
6	Fare revenues are based on ridership estimates and average fares per ride. See Page 6 for details.
7	Advertising revenues are forecast for light rail vehicle advertising wraps and station platform advertisements. Growth is due to improving economy.
8	PTF sales tax revenues are forecast to be \$44 million for FY 2012. The first phase of PTF bonding was completed in June 2009. Of the 2009 Series Bonds, \$14.5 million will be expended in FY 2012 to fund capital projects.
9	The initial Federal Section 5309 funding for the Central Mesa Extension is projected to fund \$3.3 million in FY 2012. The final installment of the CPEV FFGA totaling \$61.3 million was received in August of 2010.
10	The FY 2011 revenue for CMAQ is the forecast for the Central Mesa LRT Extension and the Tempe Streetcar Projects. The \$14.4 million CMAQ fund request is part of the 2010 Regional Transportation Plan Update and the TIP.
11	Negative Revenues represent reimbursements to Member Cities for capital contributions on the CPEV 20 mile project. Funding is from Regional PTF sales tax proceeds.



STAFFING REQUIREMENTS

Rail Operations Personnel – In light of continuing funding constraints, METRO is proposing to reduce and defer existing positions and add others to ensure system reliability. The proposed changes are as follows:

Authorized Positions FY 2011	84
Positions Reduced :	
Rail Design & Construction Director	-1
Positions Deferred:	
Traction Power Systems Technician	3
Network Support Analyst	1
Positions Added:	
Senior Construction Project Coordinator	1
Signals & Comm Systems Technician	3
Helpdesk Support Specialist	1
Revised Positions for FY 2012	88

Reasons for Staffing Changes

1. In late 2010, METRO consolidated the Design and Construction Division and the Project Development Division into a single Planning and Development Division. The consolidation eliminates one Director position in the organization. To better serve the design and construction needs, a Senior Construction Project Coordinator has been hired. With salary differential, a net savings to the overall budget has been realized.
2. Since the line opening in December 2008, METRO employees have successfully maintained the LRT system elements. METRO experienced minimal failures throughout the alignment and had assistance from contractors for repairs covered under warranty. As is customary, in the third year of operation some of the preventative maintenance inspections become more detailed. As the system ages, METRO expects a larger volume of corrective maintenance hours and staff members required to keep the 20-mile system in the state of good repair.

In FY 2012, three technician positions are being added to address the need for greater preventative maintenance requirements. Four technician positions are being deferred for hire to FY 2013.



In addition, in December of 2011 METRO will transition to self-perform vehicle maintenance eliminating \$900,000 annual contractor fee and incentive pay plus a reduction of staff costs estimated at \$700,000 per year. These cost savings will offset future year preventative maintenance cost increases.

3. In an effort to reduce expense, METRO has chosen to self-perform the Help Desk function by adding 1 Help Desk Specialist position. This change will reduce the current IT Support contract by \$147,000, resulting in a net savings to METRO of \$73,000.

Staffing Costs – The FY 2012 Budget includes salary, benefit, and corresponding overhead costs based on the following assumptions:

1. 88 FTE Staff
2. No base wage increases

The funding for METRO staff authorized in the FY 2012 Budget will be used to reimburse RPTA for their costs to support METRO staffing requirements. Pages 12-20 provide line-item salary and benefit cost information applied to the various FY 2012 budgets.

Fiscal Impact – With the hire of three deferred maintenance positions, the realignment of Design and Construction positions, and the new IT Help Desk position, the overall salary and fringe benefit cost is \$8.6 million for FY 2012, up by \$172,000 (2.0%) from \$8.4 million in FY2011.

Staff Listing – A listing of the METRO FY 2012 Pay Grades and Ranges is included on page 23 and 24.

Organizational Chart – The organization chart attached at the end of this document illustrates the METRO management organization. It includes the proposed position included in the FY 2012 Budget.

FIVE-YEAR OPERATING AND CAPITAL PROGRAM

The By-Laws of the Corporation call for the Board of Directors to approve a Five-Year Operating and Capital Program annually, which identifies anticipated operating costs, capital projects and costs, and the associated funding sources. The FY 2012 – FY 2016 Five-Year Operating and Capital Program will be completed and submitted to the Board of Directors for approval along with the FY 2012 Operating and Capital Budget. (see page 26)



FY 2011-12 Adopted METRO Revenue Operations Budget

	2011/2012 Adopted Budget	2010/11 Amended Budget	Amount Increase/ (Decrease)
Sources of Funds			
Mesa Fare Revenue	\$ 934,221	\$ 884,239	49,981
Phoenix Fare Revenue	6,241,382	5,907,464	333,917
Tempe Fare Revenue	2,859,098	2,706,135	152,963
Federal 5307 PM	324,298	-	324,298
Federal Fixed Guideway Preventative Maintenance	996,108	240,000	756,108
Mesa Advertising	14,670	12,225	2,445
Phoenix Advertising	201,240	167,700	33,540
Tempe Advertising	84,090	70,075	14,015
Mesa Base Cost Contributions	570,418	612,485	(42,067)
Phoenix Base Cost Contributions	14,398,945	14,624,292	(225,347)
Tempe Base Cost Contributions	5,765,654	5,873,250	(107,596)
Mesa Local Security	381,075	371,780	9,295
Phoenix Local Security	1,261,037	1,230,280	30,757
Tempe Local Security	1,053,355	1,020,946	32,409
	<u>\$ 35,085,591</u>	<u>\$ 33,720,872</u>	<u>\$ 1,364,719</u>
Expenditures			
Salaries and Fringe Benefits	\$ 4,319,821	4,035,000	284,821
RPTA Overhead	313,030	292,000	21,030
Transportation Contractors Labor & Materials	9,849,722	8,640,423	1,209,299
Fare Inspection & Security	3,567,841	3,470,006	97,835
Propulsion Power	2,594,381	2,623,866	(29,484)
Vehicle Maintenance Contractor Labor & Materials	5,750,600	6,745,600	(995,000)
Systems & Facilities Maintenance Contractors	1,681,513	1,683,336	(1,823)
SFM Material / Supplies / Other Direct Costs	1,542,512	1,420,800	121,712
Utilities	1,295,397	1,513,880	(218,483)
General & Administrative Costs	1,615,603	1,419,511	196,092
Consultants	490,380	476,450	13,930
Liability Insurance	1,351,378	1,250,000	101,378
Contingency Reserve	713,413	150,000	563,413
	<u>\$ 35,085,591</u>	<u>\$ 33,720,872</u>	<u>\$ 1,364,719</u>
Allocation of Operating Costs			
Phoenix			
Base Costs	\$ 21,159,805	\$ 20,292,958	\$ 866,846
Regional Security	567,490	567,490	-
Local Security	1,261,037	1,230,280	30,757
65.521%	<u>22,988,332</u>	<u>22,090,728</u>	<u>897,603</u>
Less Fares, Advertising & Fed PM Distributed	(7,328,350)	(6,236,156)	(1,092,194)
Phoenix Net Contribution	15,659,982	15,854,572	(194,590)
Tempe			
Base Costs	8,841,792	8,479,572	362,220
Regional Security	237,160	237,160	-
Local Security	1,053,355	1,020,946	32,409
28.879%	<u>10,132,307</u>	<u>9,737,678</u>	<u>394,629</u>
Less Fares, Advertising & Fed PM Distributed	(3,313,298)	(2,843,482)	(469,816)
Tempe Net Contribution	6,819,009	6,894,196	(75,187)
Mesa			
Base Costs	1,541,527	1,478,336	63,191
Regional Security	42,350	42,350	-
Local Security	381,075	371,780	9,295
5.600%	<u>1,964,952</u>	<u>1,892,466</u>	<u>72,486</u>
Less Fares, Advertising & Fed PM Distributed	(1,013,459)	(908,200)	(105,258)
Mesa Net Contribution	951,493	984,265	(32,772)
Total Operating Costs	<u>\$ 35,085,591</u>	<u>\$ 33,720,872</u>	<u>\$ 1,364,719</u>



FY 2011-12 Adopted Future Project Development Budget

	2011/2012 Adopted Budget	2010/11 Amended Budget	Amount Increase/ (Decrease)
Sources of Funds			
FTA - Section 5339	\$ 1,380,000	\$ 1,400,000	\$ (20,000)
Chandler *	98,000	90,000	8,000
Peoria *	55,000	55,000	-
Phoenix *	(1,209,000)	(1,458,000)	249,000
Mesa	300,000	-	300,000
MAG	500,000	500,000	-
RPTA (RARF/Other)	500,000	500,000	-
PTF Revenue Bonds		7,782,349	(7,782,349)
PTF Revenue Sales Tax	6,421,681		
FHWA - CMAQ	100,000	750,000	(650,000)
	<u>\$ 8,145,681</u>	<u>\$ 9,619,349</u>	<u>\$ (7,895,349)</u>
Expenditures			
Salaries and Fringe Benefits	\$ 2,358,694	\$ 2,649,600	\$ (290,906)
RPTA Overhead	170,920	192,000	(21,080)
Consultants - Planning/Environmental	4,563,190	5,071,450	(508,260)
Consultants - Other	258,500	654,500	(396,000)
Training & seminars	-	11,000	(11,000)
Advertising	7,000	1,000	6,000
Printing	5,000	8,500	(3,500)
Postage	-	2,500	(2,500)
Public meetings & information	15,000	9,000	6,000
Other direct expenditures	5,500	164,100	(158,600)
LRT project office expense	-	-	-
Local meetings & mileage	2,300	3,450	(1,150)
Business Travel	20,700	6,000	14,700
LRT project capital outlay	24,520	28,300	(3,780)
Agency Overhead Allocation	714,357	817,949	(103,592)
	<u>\$ 8,145,681</u>	<u>\$ 9,619,349</u>	<u>\$ (1,473,668)</u>

* City of Chandler funding for Arizona Avenue HCT analysis is to be funded from existing cash reserve.

* City of Peoria funding for Transit Oriented Development is to be funded from existing cash reserve.

* City of Phoenix funding provides local match for South Central Corridor study, and includes reimbursement from PTF for Phoenix West Alternative Analysis.

Note: Future Project Development includes expenditures funded by the Public Transportation Fund for the development of capital projects as listed in the Regional Transportation Plan. These expenditures include environmental and alternatives analysis studies necessary to qualify the capital projects for federal funding.



FY 2011-12 Adopted Agency Operating Budget

	2011/2012 Adopted Budget	2010/11 Amended Budget	Amount Increase/ (Decrease)
Sources of Funds			
Chandler	\$ 32,512	\$ 30,355	\$ 2,157
Glendale	32,512	30,355	2,157
Mesa	86,698	80,946	5,751
Peoria	32,512	30,355	2,157
Phoenix	541,860	505,915	35,946
Tempe	357,628	333,904	23,724
	<u>\$ 1,083,720</u>	<u>\$ 1,011,829</u>	<u>\$ 71,891</u>
Expenditures			
Salaries and Fringe Benefits	\$ 402,898	\$ 423,433	\$ (20,535)
RPTA Overhead	104,195	30,683	73,512
Consultants - Other	219,000	234,000	(15,000)
Conferences	10,500	16,670	(6,170)
Business Travel	38,500	11,950	26,550
Advertising	500	250	250
Printing	3,750	2,000	1,750
Public meetings & information	38,000	33,000	5,000
Other direct expenditures	92,850	85,600	7,250
LRT audit and accounting costs	50,000	33,500	16,500
Agency Overhead Allocation	123,527	140,743	(17,216)
	<u>\$ 1,083,720</u>	<u>\$ 1,011,829</u>	<u>\$ 71,891</u>



FY 2011-12 Adopted Agency Overhead Allocation

	2011/2012 Adopted Budget	2010/11 Amended Budget	Amount Increase/ (Decrease)
Allocation of Costs			
Agency Overhead Allocation:			
Revenue Operations	\$ 284,994	\$ 358,074	\$ (73,080)
CP/EV	-	80,311	(80,311)
Central Mesa	265,203	324,805	(59,602)
Tempe South	125,764	-	125,764
Agency Operating	123,527	140,743	(17,216)
Future Projects	714,357	762,185	(47,828)
NPR Utilities	13,992	7,258	6,734
ARRA FUNDING	-	68,915	(68,915)
RPTA Bus Capital FUNDING	-	-	-
	<u>\$ 1,527,838</u>	<u>\$ 1,742,291</u>	<u>\$ (214,453)</u>
Expenditures			
Salaries & Fringes	\$ 69,000	\$ 38,113	\$ 30,887
RPTA Overhead	5,000	2,762	2,238
Agency Overhead	-	-	-
Building Rent	1,368,000	1,281,237	86,763
Building Rent Sublease	(552,593)	(269,558)	(283,035)
Parking	-	21,564	(21,564)
IT Services and Consultants	193,000	366,402	(173,401)
Equipment Leases	60,000	45,874	14,126
Equipment Maintenance	30,000	5,779	24,221
Office Supplies	30,000	58,050	(28,050)
Telecommunication Services	40,000	37,140	2,860
Employee Development	82,250	6,000	76,250
Vehilce Related	9,000	-	9,000
Other Office Expense	1,000	-	1,000
LRT project capital outlay	193,181	148,928	44,253
	<u>\$ 1,527,838</u>	<u>\$ 1,742,291</u>	<u>\$ (214,453)</u>



FY 2011-12 Adopted 20-Mile METRO Initial Segment Budget

	2011/2012 Adopted Budget	2010/11 Amended Budget	Amount Increase/ (Decrease)
Sources of Funds			
FTA - Section 5309	\$ -	\$ 61,249,903	\$ (61,249,903)
FTA - CMAQ	-	-	-
Local Match - Mesa	(232,911)	(3,784,200)	3,551,289
Local Match - Phoenix	1,614,330	(47,711,075)	49,325,405
Local Match - Tempe	(1,335,069)	(27,251,325)	25,916,256
PTF Revenue - Sales Tax	5,255,000	37,000,000	(31,745,000)
	<u>\$ 5,301,350</u>	<u>\$ 19,503,303</u>	<u>\$ (14,201,953)</u>
Expenditures			
Salaries and Fringe Benefits	\$ -	\$ 282,225	\$ (282,225)
RPTA Overhead	-	16,797	(16,797)
Consultants - General/Prelim Engineering	-	101,566	(101,566)
Consultants - Construction Admin.	-	191,393	(191,393)
Consultants - Art Design	-	134,769	(134,769)
Consultants - Planning/Environmental	275,000	94,623	180,377
Consultants - Other	-	92,658	(92,658)
Facilities construction	-	10,090,109	(10,090,109)
Light rail vehicles	-	656,669	(656,669)
Systems	-	858,007	(858,007)
Real estate acquisition	4,809,350	3,770,239	1,039,111
Printing	17,000	-	17,000
LRT legal services	200,000	50,000	150,000
Travel expenses	-	240	(240)
Interest expense	-	3,016,597	(3,016,597)
LRT project capital outlay	-	67,100	(67,100)
Agency Overhead Allocation	-	80,311	(80,311)
	<u>\$ 5,301,350</u>	<u>\$ 19,503,303</u>	<u>\$ (14,201,953)</u>

Note: Negative Sources of Funds reflect reimbursements to Member Cities for the CPEV 20 Mile Initial Segment Capital Project. Source of funding is PTF revenue to fund Regional Assets.



FY 2011-12 Adopted Northwest Extension Phase I Budget

	2011/2012 Adopted Budget	2010/11 Amended Budget	Amount Increase/ (Decrease)
Sources of Funds			
PTF Revenue Bonds	\$ 11,428,000	\$ -	\$ 11,428,000
Phoenix - T2000	(2,854,721)	5,798,286	(8,653,007)
	<u>\$ 8,573,279</u>	<u>\$ 5,798,286</u>	<u>\$ 2,774,993</u>
Expenditures			
Consulting COP Liaison	25,000	79,560	(54,560)
City management & administration	-	510,416	(510,416)
Consultants - General/Prelim Engineering	-	25,711	(25,711)
Consultants - Other	-	182,599	(182,599)
Real estate acquisition	8,548,279	5,000,000	3,548,279
	<u>\$ 8,573,279</u>	<u>\$ 5,798,286</u>	<u>\$ 2,774,993</u>



FY 2011-12 Adopted Central Mesa HCT Capital Project

	2011/2012 Adopted Budget	2010/11 Amended Budget	Amount Increase/ (Decrease)
Sources of Funds			
PTF Revenue Bonds	\$ 2,225,384	\$ 2,055,444	\$ 169,940
FTA Section 5309	3,300,000	-	3,300,000
CMAQ	11,000,000	8,221,776	2,778,224
	<u>\$ 16,525,384</u>	<u>\$ 10,277,220</u>	<u>\$ 6,248,164</u>
Expenditures			
Salaries and Fringe Benefits	\$ 944,719	\$ 594,959	\$ 349,760
RPTA Overhead	68,458	31,623	36,835
City management & administration	400,000	200,000	200,000
Consultants - General/Final Engineering	7,485,000	6,701,333	783,667
Consultants - Construction Admin.	465,000	-	465,000
Consultants - Planning/Environmental/PE	-	125,000	(125,000)
Consultants - Art Design	250,000	65,000	185,000
Consultants - Other (7200)	464,750	200,000	264,750
Pothole Program	250,000	600,000	(350,000)
NPR Utility Relocations	-	250,000	(250,000)
Facilities construction	-	250,000	(250,000)
Real estate acquisition	5,700,000	670,000	5,030,000
Training & seminars	-	3,000	(3,000)
Advertising	6,000	10,000	(4,000)
Printing	17,500	10,000	7,500
Postage	5,500	1,500	4,000
Public meetings & information	7,500	6,000	1,500
Other direct expenditures	17,500	12,000	5,500
LRT project office expense	139,100	100,000	39,100
Local meetings & mileage	1,000	2,000	(1,000)
Business Travel	13,000	5,000	8,000
Vehicle Related Expense	-	15,000	(15,000)
LRT project capital outlay	25,155	100,000	(74,845)
Agency Overhead Allocation	265,203	324,805	(59,602)
	<u>\$ 16,525,384</u>	<u>\$ 10,277,220</u>	<u>\$ 6,248,164</u>



FY 2011-12 Adopted South Tempe HCT Capital Project

	2011/2012 Adopted Budget	2010/11 Amended Budget	Amount Increase/ (Decrease)
Sources of Funds			
PTF Revenue Bonds	\$ 852,457	\$ -	\$ 852,457
CMAQ	3,409,828	-	3,409,828
	<u>\$ 4,262,284</u>	<u>\$ -</u>	<u>\$ 4,262,284</u>
Expenditures			
Salaries and Fringe Benefits	\$ 462,277	\$ -	\$ 462,277
RPTA Overhead	33,498	-	33,498
Consultants - General/Prelim Engineering	2,600,250	-	2,600,250
Consultants - Art Design	150,000	-	150,000
Consultants - Other (7200)	336,195	-	336,195
Pothole Program	400,000	-	400,000
LRT project capital outlay	130,000	-	130,000
Business Travel	7,800	-	7,800
Other direct expenditures	16,500	-	16,500
Allocated OH	125,764	-	125,764
	<u>\$ 4,262,284</u>	<u>\$ -</u>	<u>\$ 4,262,284</u>



FY 2011-12 Adopted Non-Prior Rights Utilities Relocation Budget

	2011/2012 Adopted Budget	2010/11 Amended Budget	Amount Increase/ (Decrease)
Sources of Funds			
PTF Revenue Sales Tax	\$ 2,637,937	\$ 246,030	\$ 2,391,907
	<u>\$ 2,637,937</u>	<u>\$ 246,030</u>	<u>\$ 2,391,907</u>
Expenditures			
Salaries and Fringe Benefits	\$ 45,638	\$ 15,663	\$ 29,975
RPTA Overhead	3,307	906	2,401
CP/EV NPR Utilities	-	(377,797)	377,797
Northwest Extension NPR Utilities	575,000	600,000	(25,000)
Mesa Extension NPR Utilities	2,000,000	-	2,000,000
Agency Overhead Allocation	13,992	7,258	6,734
	<u>\$ 2,637,937</u>	<u>\$ 246,030</u>	<u>\$ 2,391,907</u>

FY 2011-12 Adopted Systemwide Improvements

	2011/2012 Adopted Budget	2010/11 Amended Budget	Amount Increase/ (Decrease)
Sources of Funds			
City of Phoenix T 2000	\$ (10,000,000)	\$ (9,554,485)	\$ (445,515)
PTF Revenue Bonds	-	10,125,000	(10,125,000)
PTF Revenue Sales Tax	10,675,296		10,675,296
CMAQ		600,000	(600,000)
	<u>\$ 675,296</u>	<u>\$ 1,170,515</u>	<u>\$ (495,219)</u>
Expenditures			
14 Light Rail Vehicles - Phoenix	\$ -	\$ 445,515	\$ (445,515)
Systemwide Capital - CIF less LRV Doors	675,296	725,000	(49,704)
	<u>\$ 675,296</u>	<u>\$ 1,170,515</u>	<u>\$ (495,219)</u>

FY 2011-12 Scheduled Capital Debt Service

	2011/2012 Adopted Budget	2010/11 Amended Budget	Amount Increase/ (Decrease)
Sources of Funds			
PTF Revenue Sales Tax	\$ 5,413,585		\$ 5,413,585
	<u>\$ 5,413,585</u>	<u>\$ -</u>	<u>\$ 5,413,585</u>
Expenditures			
Debt Service - Interest	\$ 2,750,000	\$ 2,750,000	\$ -
Debt Service -Principal	2,663,585	-	2,663,585
	<u>\$ 5,413,585</u>	<u>\$ 2,750,000</u>	<u>\$ 2,663,585</u>



**CPEV LRT Project
Project Budget Overview
FY 2012 and Total Project**

Adjusted March 2011 Cash Flow Forecast

Description	FFGA Original Project Budget	March 2011 Project Budget	Projected Expenditures Through FY 11	FY 12 Budget	Remaining Forecasted Expenditures	Total Forecast	March 11 PBS Report Forecast
Management/Administration	\$ 133,745,867	\$ 138,679,721	\$ 138,140,972	\$ 442,000	\$ -	\$ 138,582,972	\$ 138,582,972
Real Estate/Right of Way	136,295,150	141,893,055	137,083,705	4,809,350	-	141,893,055	141,893,055
Engineering	122,445,027	133,666,940	132,366,940	-	-	132,366,940	132,366,940
Owner Furnished Materials	29,671,419	33,195,541	33,195,541	-	-	33,195,541	33,195,541
Light Rail Vehicles	121,276,824	116,941,301	116,941,301	-	-	116,941,301	116,941,301
Facilities	422,341,688	546,774,942	548,047,604	-	-	548,047,604	548,047,604
Systems	119,790,902	112,830,373	112,776,141	-	-	112,776,141	112,776,141
Construction Administration	53,003,749	57,316,747	57,311,079	-	-	57,311,079	57,311,079
Archeology / HAZMAT removal		7,372,689	7,322,689	50,000	-	7,372,689	7,372,689
Testing & Startup	31,000,000	21,729,200	21,729,200	-	-	21,609,890	21,609,890
Arts Program	6,283,133	6,283,133	6,283,133	-	-	6,076,287	6,076,287
Contingency Unallocated	7,575,241	-	-	-	-	-	-
Project Reserve	69,829,000	3,596,502	5,863,039	-	-	5,935,243	5,935,243
Subtotal	1,253,258,000	1,320,280,144	1,317,061,344	5,301,350	-	1,322,108,742	1,322,108,742
				5,301,350	-		
Finance Costs	158,867,346	91,845,202	90,016,604	-	-	90,016,604	90,016,604
Total CP/EV LRT Project	\$1,412,125,346	\$ 1,412,125,346	\$ 1,407,077,948	\$ 5,301,350	\$ -	\$ 1,412,125,346	1,412,125,346
		-					



Funds Flow Fiscal Year 2012
\$ Thousands

Funding Sources	Central Phoenix/East Valley LRT Project			Other Costs Funded in Current FY			Total Funding
	Costs Funded Currently	Federal/Regional Reimbursements	Net CPEV Sources	Central Mesa	Other Capital	Operations	
Fare Revenue:							
Phoenix	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,859	\$ 2,859
Tempe						934	934
Mesa						6,241	6,241
Advertising Revenue:							
Phoenix						201	201
Tempe						84	84
Mesa						15	15
Phoenix	5,139	(3,525)	1,614		(12,855)	14,993	3,752
Tempe	138	(1,473)	(1,335)		-	7,177	5,842
Mesa	24	(257)	(233)			1,338	1,105
Glendale						33	33
Chandler						131	131
Peoria						88	88
Federal 5309		-	-	3,300			3,300
Federal 5339						1,380	1,380
Federal CMAQ		-	-	11,000	3,410	100	14,510
Federal 5307 PM						324	324
Federal FG PM						996	996
Regional PTF Sales Tax		5,255	5,255		18,727	6,422	30,404
Regional PTF Revenue Bonds				2,225	12,280	-	14,505
RPTA						500	500
MAG Arranged Funding						500	500
Other Funding					-		-
TOTAL FUNDING	\$ 5,301	\$ -	\$ 5,301	\$ 16,525	\$ 21,562	\$ 44,315	\$ 87,704



FY 2012 Pay Grades and Ranges

Grade	RPTA Position Titles	Pay Range		
III	Administrative Support Assistant	\$27,626	-	\$41,439
IV	Accounting Technician	\$30,696	-	\$46,043
	Administrative Assistant	\$30,696	-	\$46,043
	Lead Document Control Clerk	\$30,696	-	\$46,043
	Materials Handler	\$30,696	-	\$46,043
VI	Paralegal	\$37,142	-	\$55,712
	Track Maintainer	\$37,142	-	\$55,712
VII	Accountant I	\$40,856	-	\$61,284
	Executive Assistant	\$40,856	-	\$61,284
	Help Desk Support Specialist	\$40,856	-	\$61,284
	Signal/Comm Maintainer	\$40,856	-	\$61,284
	Utility Relocation Specialist	\$40,856	-	\$61,284
VIII	Engineering Technician	\$44,942	-	\$67,413
	Executive Administrative Coordinator	\$44,942	-	\$67,413
	Information Technology Systems Specialist	\$44,942	-	\$67,413
	Materials/Warranty Coordinator	\$44,942	-	\$67,413
	Signal/Comm Systems Technician	\$44,942	-	\$67,413
	Traction Power Systems Technician	\$44,942	-	\$67,413
IX	Area Coordinator	\$49,435	-	\$74,154
	Budget Analyst	\$49,435	-	\$74,154
	Contract Administrator	\$49,435	-	\$74,154
	Facilities Maintenance Supervisor	\$49,435	-	\$74,154
	Public Information Specialist	\$49,435	-	\$74,154
	Track Maintenance Supervisor	\$49,435	-	\$74,154
X	Network Systems Engineer	\$54,380	-	\$81,569
	Program Control Specialist	\$54,380	-	\$81,569
	Senior Contracts Administrator	\$54,380	-	\$81,569
	Signal & Comm Systems Supervisor	\$54,380	-	\$81,569
	Traction & Electrification Supervisor	\$54,380	-	\$81,569



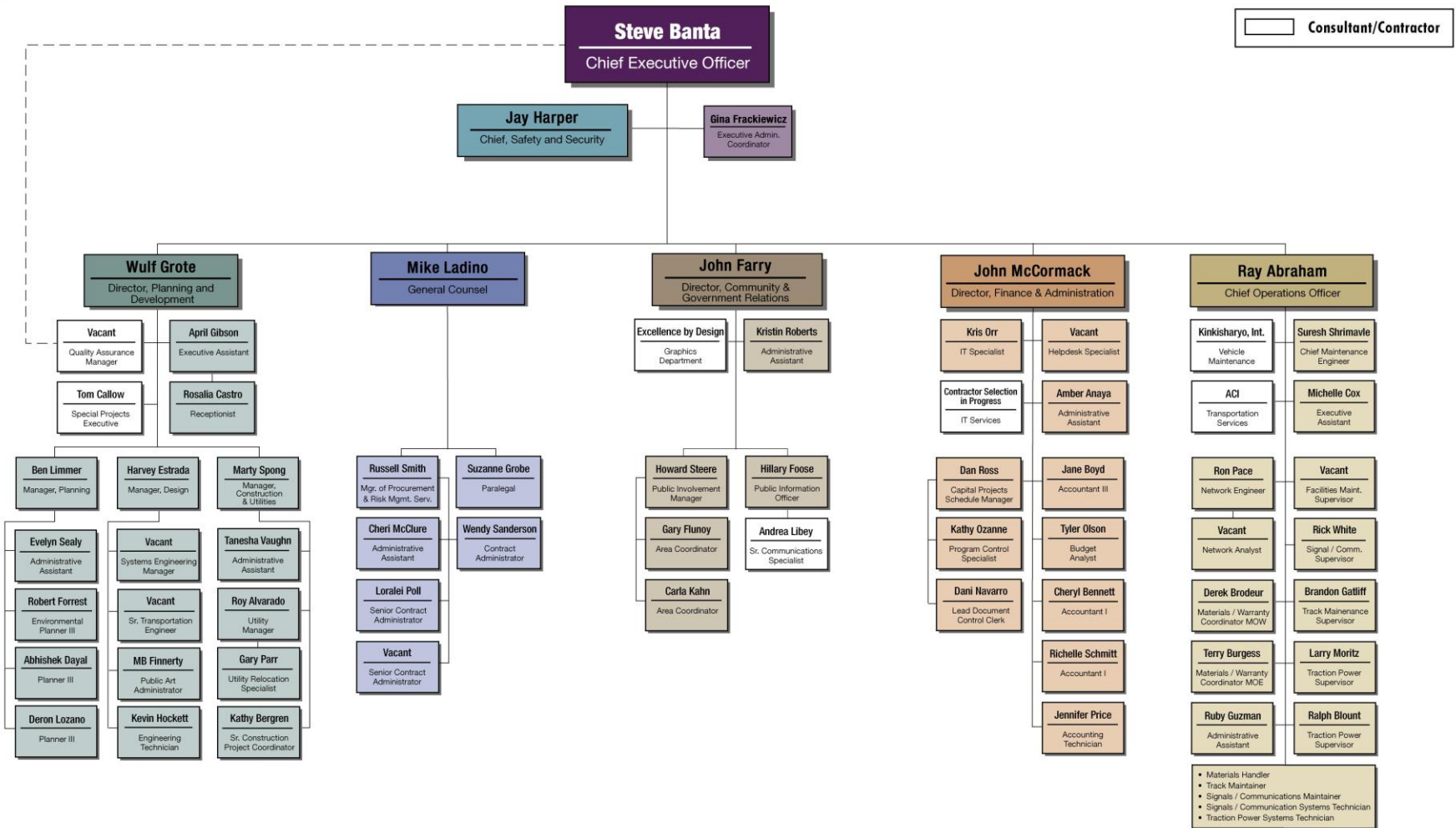
FY 2012 Pay Grades and Ranges

Grade	RPTA Position Titles	Pay Range		
XI	Accountant III	\$59,818	-	\$89,726
	Planner III	\$59,818	-	\$89,726
	Public Arts Administrator	\$59,818	-	\$89,726
	Public Information Officer	\$59,818	-	\$89,726
	Senior Construction Project Coordinator	\$59,818	-	\$89,726
XII	Public Involvement Manager	\$65,799	-	\$98,698
	Rail Utility Manager	\$65,799	-	\$98,698
	Senior Transportation Engineer	\$65,799	-	\$98,698
XIII	Manager, Procurement & Risk	\$72,379	-	\$108,568
	Schedule & Capital Projects Manager	\$72,379	-	\$108,568
	Transit Planning Manager	\$72,379	-	\$108,568
XIV	Chief Maintenance Engineer	\$81,992	-	\$122,987
	Chief, Rail Safety & Security	\$81,992	-	\$122,987
	Manager, Construction and Utilities	\$81,992	-	\$122,987
	Manager, Design	\$81,992	-	\$122,987
	Systems Engineering Manager	\$81,992	-	\$122,987
XV	Chief Operations Officer	\$100,202	-	\$150,304
	Community Relations Director	\$100,202	-	\$150,304
	Finance & Administration Director	\$100,202	-	\$150,304
XVI	Director, Planning and Development	\$112,627	-	\$168,941
GC	General Counsel	\$117,246	-	\$175,870
ED	Chief Executive Officer	Salary Negotiated		



VALLEY METRO RAIL AGENCY ORGANIZATION - FY12 BUDGET

04-08-11





Five – Year Operating Forecast and Capital Program

FY 2012 – FY 2016



METRO SERVICES (continued)

Operations & Maintenance: METRO is responsible for overseeing the day-to-day operations of the METRO system with the ultimate goal of providing a safe, reliable and customer focused transit system.

In December of 2008, revenue operations began and METRO commenced comprehensive management of rail passenger services including safety, security, public information and marketing, risk management, fare collection, finance, transportation service delivery and LRT systems maintenance. METRO is self-performing core systems maintenance including track, power, signals and communication systems.

During FY 2011, METRO staff analyzed the delivery of maintenance and transportation services to ensure they are being delivered in a way that focuses on the customer and is efficient from a cost perspective. As a result of that analysis, METRO will transition performance of vehicle maintenance from contracted to in-house staff. METRO will continue to manage contracted services for transportation operations and facilities maintenance, while maintaining system maintenance in-house. The transition of vehicle maintenance to in-house staff will begin in the first half of FY 2012 and will be reflected as part of the FY 2012 mid-year budget adjustment.

Planning and Development: The proposed light rail/ high capacity transit system will include over 57 miles of high capacity transit service in four cities within the next 20 years. Before any specific transit corridor is initiated, METRO 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 high capacity transit. It is followed by the corridor planning for individual corridors. Once technologies and alignments are determined in each corridor, preliminary engineering is engaged.

A key objective during project development is to define all aspects of each high capacity transit corridor project, identify the appropriate transit technology, the alignment, stations, park-and-rides, maintenance facilities, traction power substations, and bus interface. METRO 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. METRO is responsible to assure that adequate funding is in place to implement, maintain and operate the light rail program. METRO staff works closely with federal, state, regional and local agencies that provide present and future funding for the light rail system. METRO, 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, METRO assists with light rail station area planning by actively engaging to support member cities' efforts to facilitate Transit Oriented Development (TOD).

METRO is responsible for the design and construction of regional rail transit system. Efforts include design for guideway, passenger stations, LRV traction power, signals and communications systems and maintenance facilities. METRO coordinates right-of-way acquisitions and public and private utility relocations to make way for construction.

Construction contract specifications are developed and competitive procurements executed. Construction is managed to meet planned budget and schedule requirements. Emphasis is placed on delivering a high quality product focused on meeting the long-term needs to operate and maintain systems for rail passenger services.

Goals (FY 2012 through FY 2016)

Planning & Development Division Goals:

- Complete close-out for the initial 20-mile LRT project and provide capital support to system operations.
- Advance HCT/LRT corridor projects per the schedules and budgets identified in the Transit Life Cycle Program (TLCP).
- Emphasize quality and safety during design and construction of all capital projects.
- Actively seek ways to accelerate projects in the TLCP.
- Conduct planning studies for member agencies that support future expansion of the HCT/LRT system in coordination with MAG.
- Support city efforts to encourage transit oriented development.
- Regularly analyze LRT rider characteristics to identify opportunities to improve operations and to support future planning efforts.
- Develop and implement an agency sustainability program.
- Continue the implementation, administration and utilization of an effective agency-wide Geographic Information System



Operations & Maintenance Division Goals:

- Deliver rail operational service within budget.
- Achieve or exceed LRV mean-distance-between-failures' objective.
- Maintain on-time performance at 93% or above.
- Preventative maintenance inspections and tasks will be performed on-time. (includes systems and vehicle)
- Perform all corrective maintenance tasks and implement capital improvement program to ensure system remains in state of good repair.
- Continue to search for creative operating practices that improve the customer's experience.

Safety & Security Division Goals:

- Create opportunities for the METRO system to expand and enhance safety for METRO passengers, employees, autos and bicyclists.
- FTA compliant Drug & Alcohol Testing Program for all Operations and Maintenance Employees.
- Continually strive to exceed the federal, state, internal and external audit provisions and accepted industry standards for safety and security.
- Develop strategies to manage risks by performing analysis and initiating improvements to enhance safety and security throughout METRO.
- Continue to explore new methods of enhancing safe interaction with the driving public and pedestrians.

Community and Government Relations Division Goals:

- Ensure that customer service is paramount in METRO activities.
- Implement marketing strategies, safety campaigns, customer education for future light rail projects and revenue operations.



-
- Continue to foster relationships with the business and residential communities related to future projects and revenue operations.
 - Ensure cooperative relationships are maintained with METRO member cities and regional stakeholders.
 - Work effectively with the FTA and Congress to maximize federal funding for rail extensions.
 - Maintain positive relationships with the media resulting in objective news coverage.

Legal Services Division Goals:

- Maintain lawful, fair and cost-efficient procurement practices to support METRO's passenger operations, future planning, business and construction needs.
- Provide on-going legal advice to senior METRO management in the areas of risk management, litigation avoidance, statutory compliance and corporate governance.
- Manage and fine-tune the Owner Controlled Insurance Program as METRO's operational experience develops.
- Streamline the delivery of in-house legal services so as to reduce the overall cost to METRO.
- Strengthen internal controls; respond promptly to audit oversight findings.
- Maintain compliance with FTA requirements and best practices in order to better position METRO for future funding opportunities.

Finance and Administration Division Goals:

- Manage fare revenue and ridership accounting controls.
- Manage financial aspects of rail operations costs.
- Develop annual budget and five-year capital and operating forecasts integrated with Member City objectives and funding, Transit Life Cycle Plan and Regional Transportation Plan.



- Manage financial reporting and project controls systems to deliver the Central Mesa, Tempe Streetcar and Phoenix West projects on-time and within budget.
- Manage IT systems to maximize user computer capabilities.
- Work with regional transit partner's staff to facilitate administrative efficiencies and reduce costs.

Five-Year Plan Summary

Uses of Funds: The cumulative uses of funds, FY 2012 through FY 2016, may be summarized as follows:

Uses of Funds Five Year Total	YOE (\$,000)
LRT Operations & Maintenance	\$ 188,363
Project Development Planning	29,615
Agency Operating Budget	5,753
Subtotal - Operations and Project Development	223,731
CP/EV LRT Project	5,301
Northwest Extension Phase 1	8,573
Central Mesa	221,967
Tempe South	129,625
Phx West	136,389
14 LRV's	15,897
Non-Prior Rights Utilities	47,803
Systemwide Improvements	22,424
PTF Debt Service	49,174
Subtotal - Capital	637,154
Total Uses	\$ 860,884



Sources of Funds: The cumulative sources of funds, FY 2012 through FY 2016, may be summarized as follows:

<u>Sources of Funds Five Year Total</u>	<u>(\$,000)</u>
LRT Fares	\$ 53,276
Member City Contributions:	
Phoenix	54,697
Tempe	38,182
Mesa	5,838
Glendale	173
Chandler	271
Peoria	228
MAG / RPTA	5,000
PTF Sales Tax Revenue	233,047
PTF (Reserve) / Borrowing	126,137
Federal Funding:	
FTA Section 5309	231,088
FTA Section 5339	7,440
CMAQ / STP	99,806
Federal 5307 PM	4,706
Federal FGPM	996
Total Sources	\$ 860,884



Table 1 – Five-Year Capital Program and Operating Forecast Summary (\$000)

	2012	2013	2014	2015	2016	Cumulative 2012 - 2016
USES OF FUNDS						
LRT Operations & Maintenance	35,086	36,515	37,361	37,776	41,626	188,363
Project Development Planning	8,146	5,815	4,723	5,432	5,499	29,615
Agency Operating Budget	1,084	1,117	1,150	1,184	1,218	5,753
Subtotal - Operations and Proj Dev	44,315	43,447	43,234	44,392	48,343	223,731
CP/EV LRT Project	\$ 5,301	\$ -	\$ -	\$ -	\$ -	\$ 5,301
Northwest Extension Phase 1	8,573	-	-	-	-	8,573
Central Mesa	16,525	53,206	66,432	47,695	38,108	221,967
Tempe South	4,262	17,097	42,558	43,041	22,667	129,625
Phx West	-	15,785	35,543	45,978	39,083	136,389
14 LRV's	-	-	15,897	-	-	15,897
Non-Prior Rights Utilities	2,638	10,855	7,161	8,756	18,392	47,803
Systemwide Improvements	675	737	2,502	6,452	12,058	22,424
PTF Debt Service	5,414	5,821	12,078	12,218	13,643	49,174
Subtotal - Capital	43,389	103,501	182,172	164,140	143,951	637,154
Total Uses	87,704	146,948	225,405	208,532	192,294	860,884
SOURCES OF FUNDS						
Phoenix	3,954	7,530	5,580	17,740	19,894	\$ 54,697
Tempe	5,926	7,749	7,857	7,849	8,802	38,182
Mesa	1,120	1,134	1,145	1,132	1,307	5,838
Glendale	33	34	35	36	37	173
Chandler	131	34	35	36	37	271
Peoria	88	34	35	36	37	228
MAG / RPTA	1,000	1,000	1,000	1,000	1,000	5,000
All Others	-	-	-	-	-	-
PTF Sales Tax Revenue	30,403	47,132	50,288	53,877	57,769	\$ 239,469
PTF (Reserve) / Borrowing	14,506	16,911	62,245	16,961	9,092	119,715
						-
LRT Fares	10,035	10,336	10,646	10,965	11,294	53,276
						-
FTA Section 5309	3,300	29,138	66,051	73,049	59,549	231,088
FTA Section 5339	1,380	1,217	1,218	1,786	1,839	7,440
CMAQ / STP	14,510	23,919	18,278	22,900	20,200	99,806
Federal 5307 PM	324	783	995	1,167	1,437	4,706
Federal FGPM	996	-	-	-	-	996
Subtotal	20,510	55,057	86,542	98,902	83,025	344,036
Total Sources	\$ 87,704	\$ 146,948	\$ 225,405	\$ 208,532	\$ 192,294	\$ 860,884

Note: Cost and revenues reported on accrual basis. **PTF Sales Tax Revenues** are forecasted in accordance with ADOT projections published in October 2010. The **Rail PTF (Reserve) / Borrowing** represents forecasted expenditures from bond proceeds.



Five-Year Operating Forecast

The **Operations & Maintenance (O&M)** 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.

System-wide and specific corridor LRT **Project Development Planning** activities are included in the operating budget. Once a project has been approved for preliminary engineering, the costs are thereafter capital in nature.

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, memberships to transportation related organizations.

Five-Year Operating Uses and Sources of Funds: Operating costs and funding planned for the FY 2012 through FY 2016 planning horizon may be summarized as follows (See Table 2, Five-Year Operating Forecast):

Uses of Funds - Operating Budget		(\$,000)
Operations & Maintenance	\$	188,363
Project Development Planning Support		29,615
Agency Operating Budget		5,753
Total Uses	\$	223,731
Sources of Funds - Operating Budget		(\$,000)
Fare Revenues	\$	53,276
Member Support		
Phoenix		88,123
Tempe		39,518
Mesa		6,071
Glendale		173
Chandler		271
Peoria		228
Subtotal		134,383
Capital Planning Funds - PTF		17,831
Federal 5307 PM		4,706
Federal FGPM		996
FTA 5339		7,440
RPTA/MAG/ CMAQ / STP		5,100
Total Sources	\$	223,731



Table 2 – Five-Year Operating Forecast

	-----Year of Expenditure (\$,000) -----					
	2012	2013	2014	2015	2016	TOTAL
USES OF FUNDS						
Operations and Maintenance	35,086	36,515	37,361	37,776	41,626	188,363
Project Development Planning Support	8,146	5,815	4,723	5,432	5,499	29,615
Agency Operating Budget	1,084	1,117	1,150	1,184	1,218	5,753
Total Uses	44,315	43,447	43,234	44,392	48,343	223,731
SOURCES OF FUNDS						
LRT Fares:						
Phoenix	6,241	6,429	6,621	6,820	7,025	33,136
Tempe	2,859	2,945	3,033	3,124	3,218	15,179
Mesa	934	962	991	1,021	1,051	4,960
Subtotal Fares	10,035	10,336	10,646	10,965	11,294	53,276
Other Revenues						
Phoenix	15,194	17,530	17,765	17,740	19,894	88,123
Tempe	7,261	7,750	7,857	7,849	8,802	39,518
Mesa	1,353	1,134	1,145	1,132	1,307	6,071
Glendale	33	34	35	36	37	173
Chandler	131	34	35	36	37	271
Peoria	88	34	35	36	37	228
Subtotal Local Revenues	24,058	26,514	26,870	26,827	30,113	134,383
Capital Planning Funds - PTF	6,422	3,598	2,505	2,646	2,660	17,831
MAG	500	500	500	500	500	2,500
RPTA	500	500	500	500	500	2,500
Federal 5307 PM	324	783	995	1,167	1,437	4,706
Federal FGPM	996					996
FTA 5339	1,380	1,217	1,218	1,786	1,839	7,440
CMAQ	100	-	-	-	-	100
Total Sources	44,315	43,447	43,234	44,392	48,343	223,731



Passenger Operations & Maintenance

Rail Transportation Service Delivery:

Rail Transportation is responsible for ensuring the overall safety and reliability of the METRO system. This includes the Rail Control Center, Field Supervision and Train Operators. Rail Transportation will be responsible for monitoring the METRO system on a 24/7 basis.

LRV Maintenance:

LRV Maintenance will be responsible for the preventive and corrective maintenance required to ensure a high level of LRV availability and reliability. In addition, each LRV will be cleaned on a daily basis. As a cost containment measure, In January 2012, maintenance will be performed by in-house METRO staff in lieu of contracted services.

System Maintenance:

Systems Maintenance is responsible for maintaining all METRO systems and facilities, including: track, communications, signals, stations, traction power distribution and overhead centenary systems.

Administration:

Rail transportation and maintenance operations will be supported by administrative activities including public safety and security, marketing and customer service, legal and procurement, finance and accounting, risk management, and information systems.

Fares:

Effective July 2009, the current Regional Fare Policy is as follows:

Light rail/local bus/LINK			Express/RAPID bus		
Full Fare			Reduced Fare* Proof of eligibility required.		
1-Ride	Light rail only	\$1.75	1-Ride	Light rail only	\$0.85
All-day		\$3.50	All-day		\$1.75
3-day		\$10.50	3-day		\$5.25
7-day		\$17.50	7-day		\$8.75
31-day		\$55.00	31-day		\$27.50
			All-day \$5.50 31-day \$85.00		
<small>Report vending malfunctions to (602) 253-5000. Please note the date, time, and machine number listed. Machine ID#</small>					

Reduced - ADA Certified, Youth (6-18) and Seniors (age 65 and over)



Table 3 – Rail Operations and Maintenance Cost Forecast FY 2012 through 2016

		-----Year of Expenditure Dollars -----				
Annual Cost Projection	Extended Cost	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Transportation						
Labor and Materials	\$ 9,849,722					
Labor - Fare Inspection & Security	3,567,841					
Propulsion Power	2,594,381					
Emergency Contingency (Bus Bridges, etc.)	196,000					
Transportation Total		\$ 16,207,944	\$ 16,694,182	\$ 17,195,008	\$ 17,710,858	\$ 18,242,184
Vehicle Maintenance						
Labor and Materials	\$ 5,850,921		4,872,326	5,167,659	5,322,689	5,482,369
Preventative Maintenance Overhauls	170,427		1,114,794	748,869	65,405	2,784,588
Maintenance Other	(270,749)		(278,871)	(287,237)	(295,854)	(304,730)
Vehicle Maintenance Total		\$ 5,750,600	\$ 5,708,250	\$ 5,629,291	\$ 5,092,240	\$ 7,962,227
Systems and Facilities Maintenance						
Track/Station/Facility Maintenance	\$ 2,256,317					
Traction Power System Maintenance	977,046					
Signals/Communications/TVMs	1,275,740					
Material/Supplies/Other Direct Costs	1,954,485					
Utilities	1,295,397					
Fare Collection Material & Security	276,000					
Systems and Facilities Maintenance Total		\$ 8,034,986	\$ 8,634,499	\$ 8,893,534	\$ 9,160,340	\$ 9,435,151
Administration						
Property and General Liability Insurance	\$ 1,351,378					
VMR Management	1,589,288					
General & Administrative Costs	1,633,983					
Contingency Reserve	517,413					
Administration Total		\$ 5,092,062	\$ 5,478,494	\$ 5,642,849	\$ 5,812,135	\$ 5,986,499
		\$ 35,085,591	\$ 36,515,426	\$ 37,360,682	\$ 37,775,573	\$ 41,626,060

In the five year plan, the FY12 deferred maintenance staff positions are forecasted to be restored in FY13. In addition, commencing in FY13 and continuing in FY14, significant cost increases to perform preventative maintenance are scheduled. For vehicle maintenance, commencing in January 2012, in-house staff will replace contractor staff as a cost containment measure.



Table 4 – Rail Operations Fares and Member City Funding FY 2012 to FY 2016

Fiscal Year	FY 2012 Annual Ridership / Fares		FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Baseline Rides		Fare Assumption					
Weekday	9,835,506	\$ 0.80	\$ 7,868,405	\$ 8,104,457	\$ 8,347,591	\$ 8,598,018	\$ 8,855,959
Saturday	1,457,888	\$ 0.80	\$ 1,166,310	\$ 1,201,300	\$ 1,237,339	\$ 1,274,459	\$ 1,312,693
Sunday	1,249,982	\$ 0.80	\$ 999,986	\$ 999,986	\$ 1,029,985	\$ 1,060,885	\$ 1,092,711
Total Baseline Rides	12,543,376		\$ 6,647,680	10,034,701	10,335,742	10,645,814	11,294,144
TOTALS	12,543,376	\$ 0.80	\$ 6,647,680	\$ 10,034,701	\$ 10,335,742	\$ 10,645,814	\$ 11,294,144
				103.0%	103.0%	103.0%	103.0%
OPERATING REVENUES			FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Fare Revenues							
Phoenix	62.1980%		\$6,241,382	\$6,428,623	\$6,621,482	\$6,820,126	\$7,024,730
Tempe	28.4921%		\$2,859,098	\$2,944,871	\$3,033,217	\$3,124,214	\$3,217,940
Mesa	9.3099%		\$934,221	\$962,247	\$991,115	\$1,020,848	\$1,051,474
Total Fare Revenues			\$10,034,701	\$10,335,742	\$10,645,814	\$10,965,189	\$11,294,144
Fare Recovery Ratio			29%	28%	28%	29%	27%
Advertising Revenue			\$300,000	\$309,000	\$318,270	\$327,818	\$337,653
Phoenix	67.0800%		\$201,240	\$207,277	\$213,496	\$219,900	\$226,497
Tempe	28.0300%		\$84,090	\$86,613	\$89,211	\$91,887	\$94,644
Mesa	4.8900%		\$14,670	\$15,110	\$15,563	\$16,030	\$16,511
Federal 5307 PM			\$324,298	\$782,892	\$994,738	\$1,167,047	\$1,436,896
Phoenix	67.0800%		\$217,539	\$525,164	\$667,270	\$782,855	\$963,870
Tempe	28.0300%		\$90,901	\$219,445	\$278,825	\$327,123	\$402,762
Mesa	4.8900%		\$15,858	\$38,283	\$48,643	\$57,069	\$70,264
Federal Fixed Guideway Preventative Maintenance			\$996,108				
Phoenix	67.0800%		\$668,189				
Tempe	28.0300%		\$279,209				
Mesa	4.8900%		\$48,710				
Gross Operating Costs							
Phoenix	65.5207%		\$22,988,332	\$23,925,170	\$24,478,988	\$24,750,828	\$27,273,695
Tempe	28.8788%		\$10,132,307	\$10,545,226	\$10,789,326	\$10,909,142	\$12,021,118
Mesa	5.6005%		\$1,964,952	\$2,045,029	\$2,092,367	\$2,115,603	\$2,331,248
Total Operating Costs			\$35,085,591	\$36,515,426	\$37,360,682	\$37,775,573	\$41,626,060
Member City Funding							
Phoenix			\$ 15,659,982	\$ 16,764,106	\$ 16,976,741	\$ 16,927,946	\$ 19,058,597
Tempe			\$ 6,819,009	\$ 7,294,298	\$ 7,388,073	\$ 7,365,917	\$ 8,305,771
Mesa			\$ 951,493	\$ 1,029,388	\$ 1,037,047	\$ 1,021,656	\$ 1,192,999
Total Member City Funding			\$23,430,484	\$25,087,792	\$25,401,860	\$25,315,519	\$28,557,368
TOTAL OPERATING REVENUE			\$35,085,591	\$36,515,426	\$37,360,682	\$37,775,573	\$41,626,060

Fare revenue is forecasted to grow from FY12 through FY16 at an average rate of 3% per year. It is anticipated that in July 2012 a regional fare increase will be implemented which is estimated to increase average fare per ride to \$1.01.

Project Development Planning

Project development planning consists of the following subcategories of System Planning and Corridor Planning activities:

- Light rail/high capacity transit system planning.
- Alternatives analysis, environmental analysis, and conceptual engineering for future light rail/high capacity transit corridors.
- Developing and updating LRT design criteria, standards and specifications.



- Working with the Maricopa Association of Governments and the Regional Public Transportation Authority 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 uses and sources of funds in connection with Capital Project Development over the next five years are summarized as follows:

Table 5 – Capital Project Development FY 2012 to FY 2016

----- (YOE \$,000) -----

	2012	2013	2014	2015	2016	Total
USES OF FUNDS						
CPDA	1,600	1,579	1,626	1,674	1,724	\$ 8,203
Tempe South AA / DEA / CE / PD (Pre-NEPA)	1,000	-	-	-	-	1,000
Phoenix West AA / DEIS / CE / Early Action	1,828	1,094	-	-	-	2,922
Glendale AA	100	1,521	1,523	-	-	3,144
Northeast Phoenix AA / DEIS / CE	-	-	-	2,232	2,299	4,531
South Central	475	-	-	-	-	475
Central Mesa Phase II (Gilbert Road)	300	-	-	-	-	300
System Studies	818	750	750	750	750	3,818
Design Criteria	107	50	50	50	50	307
Project Development	1,917	821	774	726	676	4,914
Total Uses	\$ 8,146	\$ 5,815	\$ 4,723	\$ 5,432	\$ 5,499	\$ 29,615
SOURCES OF FUNDS						
Chandler	98	-	-	-	-	98
Peoria	55	-	-	-	-	55
Phoenix	(1,209)	-	-	-	-	(1,209)
Mesa	300	-	-	-	-	300
FTA 5339	1,380	1,217	1,218	1,786	1,839	7,440
CMAQ	100	-	-	-	-	100
PTF	6,422	3,598	2,505	2,646	2,660	17,831
RPTA	500	500	500	500	500	2,500
MAG	500	500	500	500	500	2,500
Glendale	-	-	-	-	-	-
Total Sources	\$ 8,146	\$ 5,815	\$ 4,723	\$ 5,432	\$ 5,499	\$ 29,615



FIVE-YEAR CAPITAL PROGRAM – FY 2012 THROUGH FY 2016

Capital projects included in the five year program include:

- Central Phoenix / East Valley (CP/EV) – the initial 20-mile METRO light rail spanning Phoenix, Tempe and Mesa.
- Northwest Extension – 5 mile alignment in Phoenix with 3.2 mile Phase I proceeding north and terminating in the vicinity of Dunlap and 19th Avenue.
- Central Mesa – 3.1 mile alignment extending eastbound to downtown Mesa.
- Tempe Streetcar – 2.7 mile alignment extending southward along Mill Avenue in downtown Tempe from Rio Salado to Southern.
- Phoenix West – 11.0 mile alignment from downtown Phoenix westward to the vicinity of 79th Avenue.

METRO is currently in Alternative Analysis for additional high capacity transit corridors (extensions to CP/EV), developing an overall systems configuration plan, and is exploring opportunities to advance all projects in the rail portion of the Regional Transportation Plan.

The Capital Program report is a multiple year (five fiscal years) forecast of the capital projects managed by METRO. Costs and revenues are reported on an accrual basis. Actual cash flow impacts may lag pending receipt of contractor billings and receipt of federal funding.





All Capital Projects -- Uses of Funds: METRO currently has a number of transit projects in various stages of planning, design or construction. The overall uses of funds associated with these projects and activities are projected to be \$622 million through the five-year planning horizon. These uses of funds are summarized as follows:

Uses of Funds - Capital Projects	YOE (\$,000)
CP/EV LRT Project	\$ 5,301
NW Ext Phase 1	8,573
Central Mesa	221,967
Tempe South	129,625
Phx West	136,389
14 LRV's	15,897
NPR Utilities	47,803
Systemwide Improvements	22,424
	-
PTF Bond Debt Service:	-
Principal Payments	26,560
Interest Payments	22,614
Total Capital Costs	\$ 637,154



All Capital Projects -- Sources of Funds: Funding is derived from two primary sources: Regional Sales Taxes (Public Transportation Fund), and Federal Grants. These sources of funds are summarized as follows (see also Table 6, Five-Year Capital Program / All Projects):

Sources of Funds - Capital Projects	YOE (\$,000)
Phoenix	\$ (33,426)
Tempe	(1,335)
Mesa	(233)
All Others	-
Public Transportation Funds	341,354
Federal Revenues:	
FTA Sec 5309	231,088
CMAQ	99,706
Other Federal	-
Total Capital Revenues	\$ 637,154

Note: Negative sources of funds reflect reimbursements to Member Cities for the CPEV 20 Mile Initial Segment Capital Project. Source of funding is Public Transportation Fund revenues to reimburse regional assets and 14 Light Rail Vehicles.



Table 6 – Five-Year Capital Program / All Projects (\$000)

	Pre 2012	2012	2013	2014	2015	2016	Total	FY 2012-16
USES OF FUNDS								
CP/EV LRT Project	1,400,936	5,301	-	-	-	-	1,406,237	5,301
Northwest Extension Phase 1	87,958	8,573	-	-	-	-	96,531	8,573
Central Mesa	5,000	16,525	53,206	66,432	47,695	38,108	226,967	221,967
Tempe South	-	4,262	17,097	42,558	43,041	22,667	129,625	129,625
Phx West	-	-	15,785	35,543	45,978	39,083	136,389	136,389
Subtotal HCT Corridors	1,493,894	34,662	86,089	144,533	136,714	99,858	1,995,750	501,856
14 LRV's	42,186	-	-	15,897	-	-	58,083	15,897
Non-Prior Rights Utilities	77,134	2,638	10,855	7,161	8,756	18,392	124,938	47,803
Systemwide Improvements	994	675	737	2,502	6,452	12,058	23,418	22,424
PTF Bond Debt Service:								
Principal Payments	1,186	2,664	2,771	6,903	7,034	7,188	27,746	26,560
Interest Payments	5,503	2,750	3,050	5,175	5,184	6,455	28,117	22,614
Total Capital Costs	1,747,647	43,389	103,502	182,172	164,140	143,951	2,384,801	637,154
SOURCES OF FUNDS								
Phoenix	636,686	(11,240)	(10,000)	(12,186)	-	-	603,260	(33,426)
Tempe	138,902	(1,335)	-	-	-	-	137,567	(1,335)
Mesa	26,673	(233)	-	-	-	-	26,440	(233)
All Others	1,173	-	-	-	-	-	1,173	-
Subtotal	803,434	(12,808)	(10,000)	(12,186)	-	-	768,440	(34,994)
Public Transportation Funds								
Sales Tax Proceeds	262,400	23,982	47,132	50,288	53,877	57,769	495,447	233,047
Bond Proceeds	26,314	14,506	13,313	59,740	14,314	6,433	134,620	108,306
Federal Revenues:								
FTA	591,150	3,300	29,138	66,051	73,049	59,549	822,238	231,088
CMAQ	64,350	14,410	23,919	18,278	22,900	20,200	164,056	99,706
Other Federal	-	-	-	-	-	-	-	-
Subtotal Federal	655,500	17,710	53,057	84,329	95,949	79,749	986,294	330,794
Total Revenues	1,747,648	43,389	103,502	182,172	164,140	143,951	2,384,802	637,154



CP/EV LRT Project: The Central Phoenix/East Valley Light Rail Transit (CP/EV LRT) project, as defined in the Full Funding Grant Agreement (FFGA), is a 20 mile LRT project that will connect north central Phoenix, Tempe, and Mesa. The project was identified as the Minimum Operable Segment of the Locally Preferred Alternative selected in the Central Phoenix/East Valley Major Investment Study completed in 1998.

As the initial starter segment, the CP/EV LRT project extends from 19th Avenue and Bethany Home Road in Phoenix to Main and Sycamore Road in Mesa. Phoenix, Tempe, and Mesa will share responsibility for funding the non-federal share of the capital costs and the ongoing operations and maintenance (O&M) costs of the project.

Construction of the CP/EV LRT began in FY 2005, with revenue operation commencing in December 2008. The total capital costs of the CP/EV LRT project over the period in which funds would be received through the FFGA (FY 1999 to FY 2012) is \$1.412 billion in year of expenditure dollars.



LIGHT RAIL ALIGNMENT





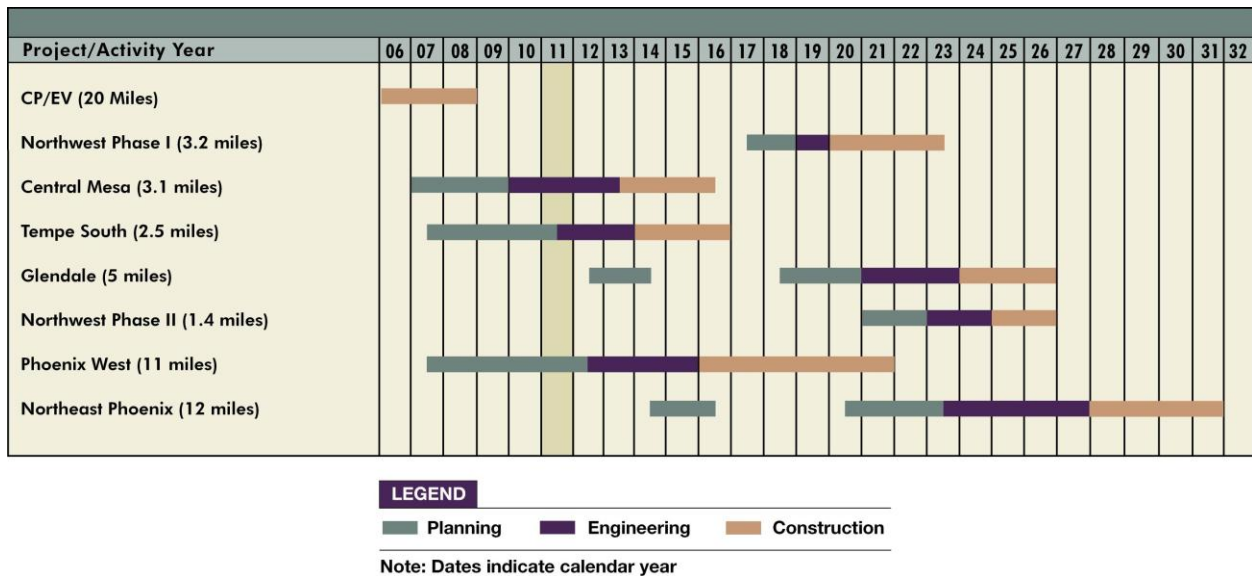
CP/EV LRT Sources and Uses of Funds: The total capital cost of the CP/EV LRT project over the FY 1999 to FY 2016 period is \$1.401 billion in year of expenditure dollars. Remaining capital costs are primarily settlements of real estate acquisitions. Sources and funding are summarized as follows:

	----- (\$,000) -----						
CPEV Initial 20 mile Segment	Pre-2012	2012	2013	2014	2015	2016	TOTAL
CAPITAL COSTS							
Project Costs	\$1,400,936	\$ 5,301	\$ -	\$ -	\$ -	\$-	\$ 1,406,237
Total Capital Costs	\$1,400,936	\$ 5,301	\$ -	\$ -	\$ -	\$-	\$ 1,406,237
CAPITAL REVENUES							
FTA Section 5309	\$ 587,200	\$ -	\$ -	\$ -	\$ -	\$-	\$ 587,200
CMAQ	59,750	-	-	-	-	-	59,750
Total Federal	646,950	-	-	-	-	-	646,950
Phoenix	415,326	1,614	-	-	-	-	416,941
Tempe	124,189	(1,335)	-	-	-	-	122,854
Mesa	20,975	(233)	-	-	-	-	20,742
PTF Revenue	193,496	5,255	-	-	-	-	198,751
Total Local	753,986	5,301	-	-	-	-	759,288
Total Capital Revenue	\$1,400,936	\$ 5,301	\$ -	\$ -	\$ -	\$-	\$ 1,406,237



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 57 miles of major light rail/high capacity transit corridors to be implemented by 2031. Currently the 3.2 mile Phase I extension to serve the Northwest area final design is complete and right of way acquisition is ongoing. Under the plan additional service areas are identified; a 3.1-mile light rail extension east into downtown Mesa which is in preliminary design, 2.6-miles into south Tempe, 5-miles west into Glendale, 11-miles into west Phoenix and 12-miles into northeast Phoenix. METRO is the agency charged with planning, designing, building and operating the light rail transit (LRT) system in the area.

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



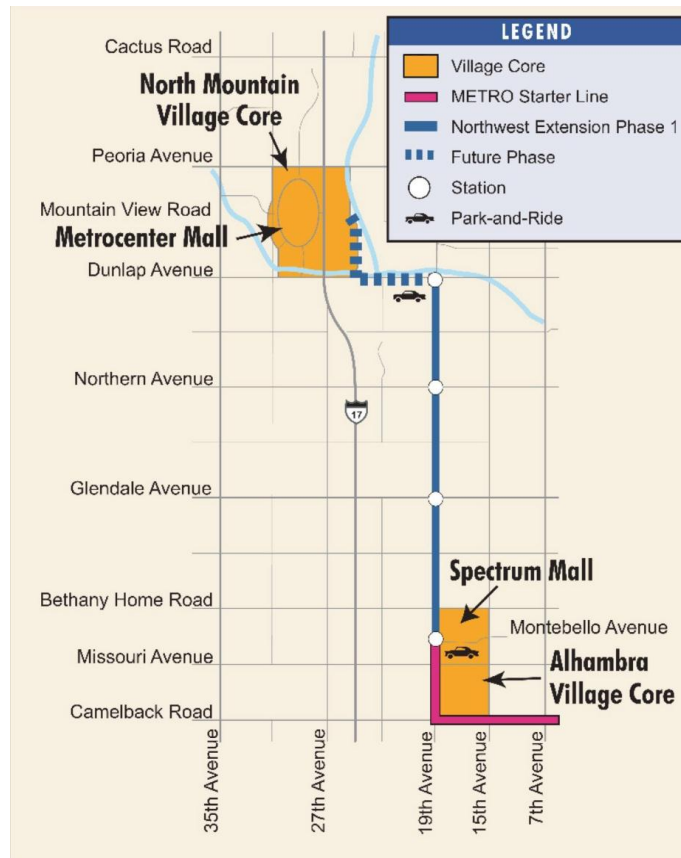
Planning was completed on the Central Mesa LRT Extension in FY 2010. Design commenced in early FY 2011 and construction activities will follow in FY 2012. Planning will be completed on the Tempe South corridor in FY 2011 with design commencing in FY 2012. Planning for the Phoenix West corridor is anticipated to complete in FY2012. The Glendale corridor will commence planning in FY 2012.

Funding for future projects has two phases:

- 1) Planning Budget Phase: Alternative Analysis and the draft environmental document are funded from Federal Section 5339 funds, Member City contributions, and PTF.
- 2.) Capital Budget Phase: After entry into Preliminary Engineering, costs are included in the capital budget and funded by Federal, regional, and local sources.



Northwest Extension -- The Northwest area is a major employment and activity center located in northwest Phoenix. The corridor continues to experience significant growth in population with an expected growth of 24 percent by 2025. Along with this growth, Vehicle Miles of Travel (VMT) is expected to increase by 21 percent. Traffic congestion and capacity deficiencies are expected to increase despite planned transportation improvements. Inadequate transit service has hampered access to this area and to other Valley destinations.



A Locally Preferred Alternative (LPA) was adopted by the Phoenix City Council and METRO Board of Directors in 2005. On March 6, 2007, the Council approved the Northwest Corridor Light Rail Transit (LRT) Extension as a phased project; the first 3.2-mile phase, along 19th Avenue from Montebello Avenue to Dunlap Avenue, to be funded from local funds.

As a result of the economic downturn, construction of the Northwest Extension will be completed in phases. Transit funding comes from sales tax revenue, of which collections have experienced a significant decrease. This decrease has caused the city of Phoenix to adjust the project schedule. The first phase will complete all right-of-way



real estate acquisition and construction of the planned landscaping elements to buffer the surrounding neighborhoods by the end of 2011.

The second phase of construction is scheduled to commence in 2018, with a combination of local and federal funding. The economic situation will be closely monitored and light rail construction will begin as soon as it is financially feasible.

Northwest Extension Sources and Uses of Funds: The total capital cost of the Northwest Extension project over the FY 2005 to FY 2016 period is budgeted to be approximately \$101.0 million, excluding financing costs.

----- (\$,000) -----

Northwest Extension	Pre-2012	2012	2013	2014	2015	2016	TOTAL
CAPITAL COSTS							
NPR Utilities	\$ 3,924	\$ 575	\$ -	\$ -	\$ -	\$ -	\$ 4,499
Project Costs	87,958	8,573	-	-	-	-	96,531
Total Capital Costs	\$91,882	\$ 9,148	\$ -	\$ -	\$ -	\$ -	\$ 101,031
CAPITAL REVENUES							
Phoenix T 2000 Transit Tax	87,958	(2,855)	-	-	-	-	85,103
PTF Revenue	3,924	12,003	-	-	-	-	15,927
	-	-	-	-	-	-	-
Total Local	91,883	9,148	-	-	-	-	101,031
Total Capital Revenue	\$91,883	\$ 9,148	\$ -	\$ -	\$ -	\$ -	\$ 101,031



Central Mesa LRT Extension -- The Central Mesa LRT Extension will improve mobility and provide additional capacity in the Main Street corridor in Mesa. In addition, the project will connect the Central Mesa corridor with major activity and employment centers located east and west of the project corridor, such as Downtown Phoenix, Downtown Tempe, Sky Harbor International Airport, Arizona State University, proposed Mesa Gateway Area, and the ASU East Polytechnic campus. The project will also enhance connectivity to the Mesa Link BRT (with in-street mixed traffic operations) that currently operates as a feeder to the end-of-line Sycamore LRT station in Mesa and serves East Mesa including Superstitions Spring Mall.

Planning for the Central Mesa corridor began spring 2007 with an Alternatives Analysis (AA). The AA gathered technical data and community input to help determine which route and transit technology would best serve Mesa. Eight transit options were evaluated. Through analysis, the locally preferred alternative (LPA) was identified.

The recommended alternative is to extend light rail on Main Street to Gilbert Road. Phase I implementation is to extend light rail east of Mesa Drive to LeSueur by 2016. Phase II is to extend to Gilbert Road at a future date. Currently, the extension to Gilbert Road is not financed or programmed in the Proposition 400 plan. The LPA was approved by the Mesa City Council, METRO Board of Directors and the Maricopa Association of Governments in mid 2009.

This extension is part of the Regional Transportation Plan and funded by Proposition 400 regional sales tax and a federal grant that has been applied for by METRO. Design for the Central Mesa LRT Extension began in FY 2011. The Central Mesa LRT extension is scheduled to commence passenger operations in 2016.

Central Mesa LRT Extension Alignment





Central Mesa Extension Sources and Uses of Funds: The capital cost of the Central Mesa Extension project over the FY 2012 to FY 2016 period is budgeted to be approximately \$233.6 million, excluding financing costs. Inclusive of FY 2011 design costs, the inception to date cost forecast is shown below at \$238.6 million

----- (\$,000) -----

Central Mesa Extension	Pre-2012	2012	2013	2014	2015	2016	TOTAL
CAPITAL COSTS							
NPR Utilities	\$ -	\$ 2,063	\$ 6,711	\$ 2,895	\$ -	\$ -	\$ 11,669
Project Costs	5,000	16,525	53,206	66,432	47,695	38,108	226,967
Total Capital Costs	\$ 5,000	\$18,588	\$59,917	\$ 69,327	\$ 47,695	\$ 38,108	\$ 238,636
CAPITAL REVENUES							
FTA Section 5309	\$ -	\$ 3,300	\$20,000	\$ 24,999	\$ 19,000	\$ 7,701	\$ 75,000
CMAQ	4,000	11,000	11,280	7,300	8,200	2,742	44,522
Total Federal	4,000	14,300	31,280	32,299	27,200	10,443	119,522
PTF Revenue	1,000	4,288	28,637	37,028	20,495	27,665	119,114
Total Local	1,000	4,288	28,637	37,028	20,495	27,665	119,114
Total Capital Revenue	\$ 5,000	\$18,588	\$59,917	\$ 69,327	\$ 47,695	\$ 38,108	\$ 238,636

Tempe Streetcar Project -- The 2.6-mile Tempe Streetcar project is located on Mill Avenue between Southern Avenue and downtown Tempe. A map of this, with a close-up of the downtown alignment, is shown in Figure 1. 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. It will continue to travel north/south on Mill Avenue between University Drive and Southern Avenue.

The Tempe Streetcar will operate weekday trains at 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. Daily ridership estimates for the project are 1,100 – 1,600 in the opening year. This ridership forecast assumes service levels comparable to existing light rail, but does not include special event ridership. It also assumes a reconfigured background bus network optimized to serve the modern streetcar alternative.

This extension is part of the Regional Transportation Plan and funded by Proposition 400 regional sales tax and federal grants. Design for the Tempe Streetcar project is scheduled to will begin in FY 2012, with construction to follow in 2013. Passenger operations are scheduled to commence in 2016.



Tempe Streetcar Sources and Uses of Funds: The total capital cost of the Tempe Streetcar project over the FY 2012 to FY 2016 period is budgeted to be approximately \$138.0 million, excluding financing costs.

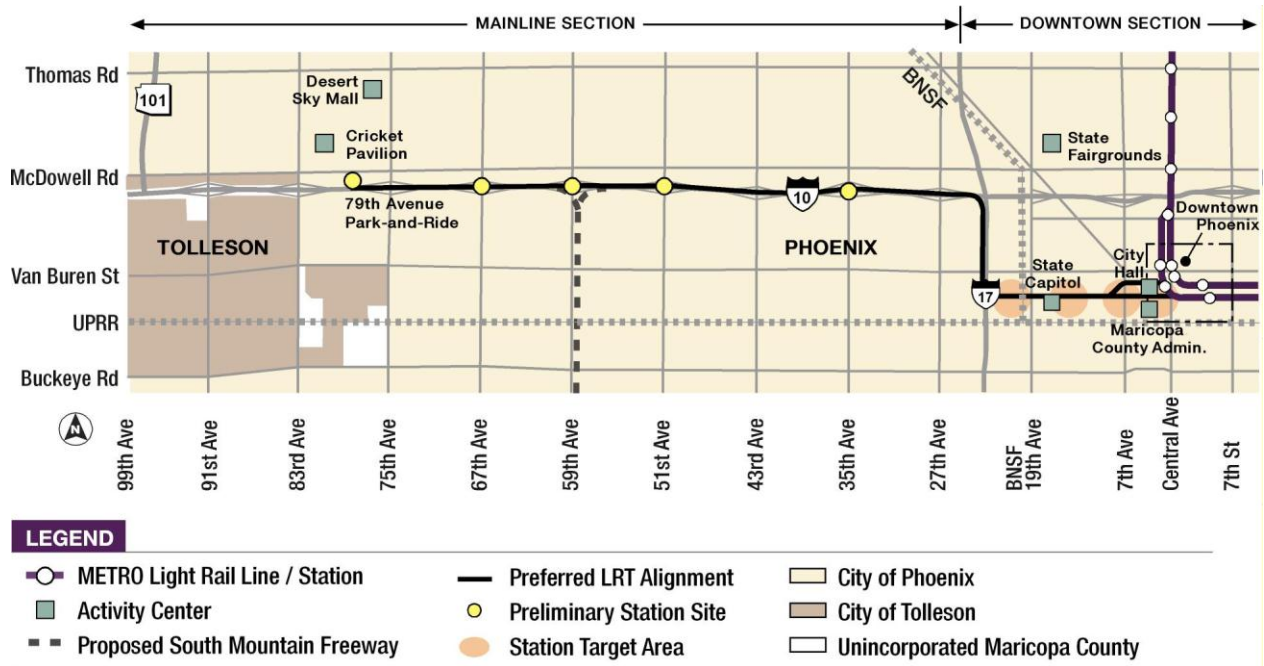
	----- (\$,000) -----						
Tempe South Extension	Pre-2012	2012	2013	2014	2015	2016	TOTAL
CAPITAL COSTS							
NPR Utilities	\$ -	\$ -	\$ 4,144	\$ 4,266	\$ -	\$ -	\$ 8,411
Project Costs	-	4,262	17,097	42,558	43,041	22,667	129,625
Total Capital Costs	\$ -	\$ 4,262	\$ 21,241	\$ 46,824	\$ 43,041	\$ 22,667	\$ 138,036
CAPITAL REVENUES							
FTA Section 5309	\$ -	\$ -	\$ 8,549	\$ 21,279	\$ 21,521	\$ 13,465	\$ 64,813
CMAQ		3,410	7,561	9,400	8,750	3,000	32,121
Total Federal	-	3,410	16,110	30,679	30,271	16,465	96,933
PTF Revenue	-	852	5,132	16,145	12,770	6,202	41,102
Total Local	-	852	5,132	16,145	12,770	6,202	41,102
Total Capital Revenue	\$ -	\$ 4,262	\$ 21,242	\$ 46,824	\$ 43,041	\$ 22,667	\$ 138,036

Phoenix West Extension -- The Phoenix 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 connecting with the METRO starter line.

Planning for the Phoenix West corridor began spring 2007 with an Alternatives Analysis (AA). The AA is evaluating possible routes to connect the METRO starter line with 79th Ave in the vicinity of I-10 and the type of transit mode (either Light Rail Transit or Bus Rapid Transit) to make that connection. In July 2008, MAG Regional Council approved the recommendation for high capacity transit improvements (BRT or LRT) in the median of I-10, west of I-17. METRO is currently evaluating the various LRT and BRT alternatives that would connect the alignment along I-10 freeway to Downtown Phoenix. This extension is part of the Regional Transportation Plan and funded by Proposition 400 regional sales tax and a federal grant that has been applied for by METRO. Locally Preferred Alternative is anticipated to occur in Fall 2010 which will identify a route, transit mode and some station locations. Following the formal adoption of the LPA, METRO will generate detailed engineering designs of the selected alignment and station layouts and begin the environmental evaluation phase in compliance with the National Environmental Policy Act.



Phoenix West LRT Extension



Phoenix West Extension Sources and Uses of Funds: The total capital cost of the Phoenix West Extension project over the FY 2012 to FY 2016 period is budgeted to be approximately \$163.5 million, excluding financing costs.

	----- (\$,000) -----					
Phoenix West Extension	2012	2013	2014	2015	2016	TOTAL
CAPITAL COSTS						
NPR Utilities	\$ -	\$ -	\$ -	\$ 8,756	\$ 18,392	\$ 27,148
Project Costs	-	15,785	35,543	45,978	39,083	136,389
Total Capital Costs	\$ -	\$15,785	\$ 35,543	\$ 54,734	\$ 57,475	\$ 163,538
CAPITAL REVENUES						
FTA Section 5309	\$ -	\$ -	\$ 17,772	\$ 27,367	\$ 28,737	\$ 73,876
Other Federal	-	-	-	-	-	-
CMAQ	-	5,078	1,578	5,950	14,458	27,064
Total Federal	-	5,078	19,350	33,317	43,195	100,940
PTF Revenue	-	10,707	16,194	21,417	14,279	62,598
Total Local	-	10,707	16,194	21,417	14,279	62,598
Total Capital Revenue	\$ -	\$15,785	\$ 35,543	\$ 54,734	\$ 57,475	\$ 163,538



Appendix A -- The Budget Process

METRO's continuing goal is to provide the highest quality services to our member communities in the most cost effective manner. The METRO 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.

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

METRO 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 METRO,
- 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 Rail Staff Working 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 METRO Board provides final review and adoption.



Budget Timelines: The 2011/2012 process is outlined below, with preliminary planning beginning in February and with budget adoption scheduled for May 2011. Major phases of this process are outlined below:

- Oct 31, 2010 -- Preliminary Operating Budget to City Staff
- February – Member City inputs for Operations Revenue
- March 24th -- Draft Budget to Rail Staff Working Group, and Financial Working Group for Review.
- April 22nd – Comments due to METRO Budget Group
- May 4th – Budget Submitted to RMC
- May Board Meeting – Budget Adopted by Board

	Members' Staff	METRO Budget Group	METRO Directors / Advisory Groups	METRO Board
Feb 1 st thru Feb 15 th		Prepare Templates		
Feb 15 th thru Mar 15 th	Revenue Forecast	Respond to Questions and Issues Raised	Provide Input and Direction	
Mar 15 th thru Mar 31 st		Compile Budget Information and Prepare Draft Budget	Respond to Questions and Issues Raised and Provide Direction	
Apr 1 st thru April 22 nd	Review and Comment	Respond to Questions and Issues Raised	Review Draft Budget Package and Provide Feedback to METRO Budget Group	
May 1 st thru May 7 th		Compile Revisions and Prepare Final Budget	Review and Approve Budget for Submission to the Board	
May 7 th thru May 15 th		Respond to Questions and Issues Raised		Review
May Board Meeting				Budget Formally Adopted



Appendix B – Glossary of Terms and Acronyms

TERM / ACRONYM	DEFINITION
5309	A reference to FTA New Starts Program, Title 49 U.S.C., Section 5309 providing funding for the design and construction of transit systems including the CP/EV LRT METRO system.
5339	Section 5339 allows FTA to make grants and agreements, under criteria established by the Secretary, to States, authorities of the States, metropolitan planning organizations, and local governmental authorities to develop alternatives analyses as defined by section 5309(a)(1). Eligible study sponsors must be able to incorporate the results of this work into an ongoing alternatives analysis study or must commit to initiate an alternatives analysis study within 12 months of the grant approval.
ADOT	Arizona Department of Transportation
CADD	Computer aided design and drafting
CMAQ	Federal funding program intended for Congestion Mitigation and Air Quality improvement.
CNPA	Concurrent Non-Project Activities
CP/EV LRT	Central Phoenix/East Valley Light Rail Transit - the initial 20 mile project segment of light rail in Maricopa County - with scope definition provided as part of the Full Funding Grant Agreement dated January 24, 2005.
DEIS	Draft Environmental Impact Statement - Submitted in advance of application for the FFGA, the DEIS identifies impacts anticipated by the prospective construction and operation of an LRT system including impacts on traffic, noise, air quality, historic and archeological sites, as well as impacts to properties along the alignment.
FEIS	Final Environmental Impact Statement- Submitted in advance of application for the FFGA, the DEIS identifies impacts anticipated by the prospective construction and operation of an LRT system including impacts on traffic, noise, air quality, historic and archeological sites, as well as impacts to properties along the alignment.
FFGA	Full Funding Grant Agreement - Inter-Governmental Agreement between the F T A and the Grantee responsible for the design and construction of a transit project. In the case of the CP/EV project, the City of Phoenix is the Grantee and METRO is acting as a sub-recipient.
FTA	Federal Transit Administration
Headways	The time interval between arriving trains or busses along a transit route. (Service Frequency)
HCT	High Capacity Transit – includes heavy rail, Light Rail Transit, Bus Rapid Transit modes of urban transportation.



Appendix B – Glossary of Terms and Acronyms (Cont'd)

TERM / ACRONYM	DEFINITION
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	METRO equity members, currently Phoenix, Tempe, Mesa and Glendale
METRO	The light rail system to be designed, constructed and operated by METRO.
O&M	Operations and Maintenance activities required for rail passenger service.
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.
TIP	Transportation Improvement Program
TOD	Transit Oriented Development - real property development typically incorporating residential and commercial uses into the areas adjacent to a transit route.
METRO	Valley Metro Rail, Inc.
VMT	Vehicle Miles of Travel for each LRT vehicle operated