

Valley Metro Rail, Inc.

Adopted Operating and Capital Budget

FY 2014

Adopted Five Year Operating Forecast and Capital Program

FY 2014 - 2018





Valley Metro Rail, Inc.

Phoenix, Arizona

Adopted Operating and Capital Budget
Fiscal Year 2014
(July 1, 2013 through June 30, 2014)

Five-Year Operating Forecast and Capital Program
FY 2014 through FY 2018
(July 1, 2013 through June 30, 2018)

Board of Directors

Chair – Mayor Greg Stanton, Phoenix
Vice Chair – Councilmember Shana Ellis, Tempe
Councilmember Rick Heumann, Chandler
Mayor Jerry Weiers, Glendale
Councilmember Dennis Kavanaugh, Mesa

Executive Management Team

Stephen R. Banta, Chief Executive Officer
Jyme Sue McLaren, Chief of Staff
Raymond Abraham, Chief Operations Officer
Rick Brown, Chief Engineer
Hillary Foose, Communication & Marketing Director
Wulf Grote, Planning & Development Director
Carol Ketcherside, Administration & Organizational Development Director
Mike Ladino, General Counsel
John McCormack, Chief Financial Officer
Gardner Tabon, Chief of Safety and Security



Annual Budget Table of Contents

METRO Organization	1
METRO Vision	2
FY 2013 Accomplishments	2
FY 2014 Goals and Objectives	4
Rail Operations Service Plan	6
Total Financial Program	7
Budget Analysis	9
Organizational Staffing	11
FY 2014 Budgets:	
Operating Budget	
Revenue Operations Budget.....	13
Future Project Development Budget.....	14
Agency Operating Budget.....	15
Agency Overhead Allocation.....	16
Capital Budget	
20-Mile METRO Initial Segment Budget	17
Northwest Extension Phase I Budget	18
Central Mesa LRT Extension Budget.....	19
Gilbert Road Extension Budget.....	20
Tempe Streetcar Capital Project Budget.....	21
Non-Prior Rights Utilities Relocation Budget.....	21
Systemwide Improvements.....	22
Funds Flow FY 2014	23



5 Year Plan Table of Contents

1. Executive Summary

METRO Services.....	24
• Operations & Maintenance	25
• Planning & Development	25
Five-Year Plan Summary	27

2. Five-Year Operating Forecast

Uses & Sources of Funds.....	30
Operations & Maintenance Cost Estimate FY 2014 - 2018	33
Five Year Fares, Costs and Member City Funding.....	34
Project Development Planning	35

3. Five-Year Capital Program

All Projects.....	37
High Capacity Transit Projects	40
Northwest Extension.....	41
Central Mesa Extension	43
Tempe Streetcar.....	45
Phoenix West Extension.....	46
Gilbert Extension	48
Systemwide Improvements.....	50
Five-Year Staffing Plan.....	51

4. Appendix

A-Budget Process.....	55
B-Glossary of Terms and Acronyms	57

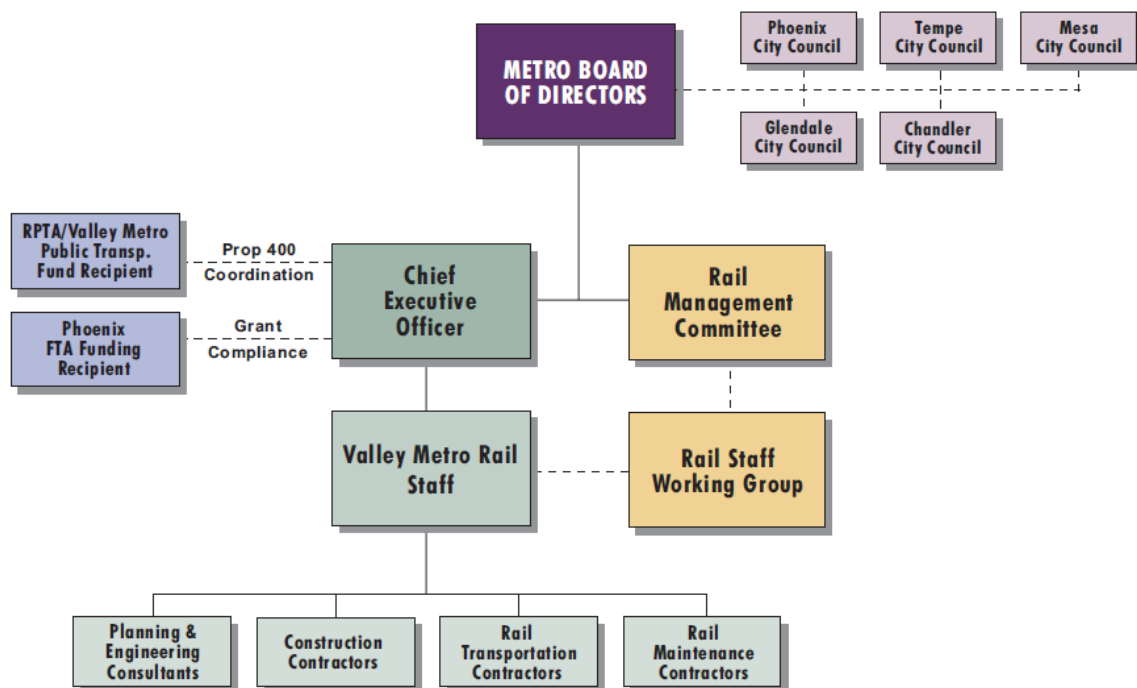


METRO ORGANIZATION

Valley Metro Rail, Inc. (METRO) is a public non-profit corporation whose members are the cities of Chandler, Glendale, Mesa, 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



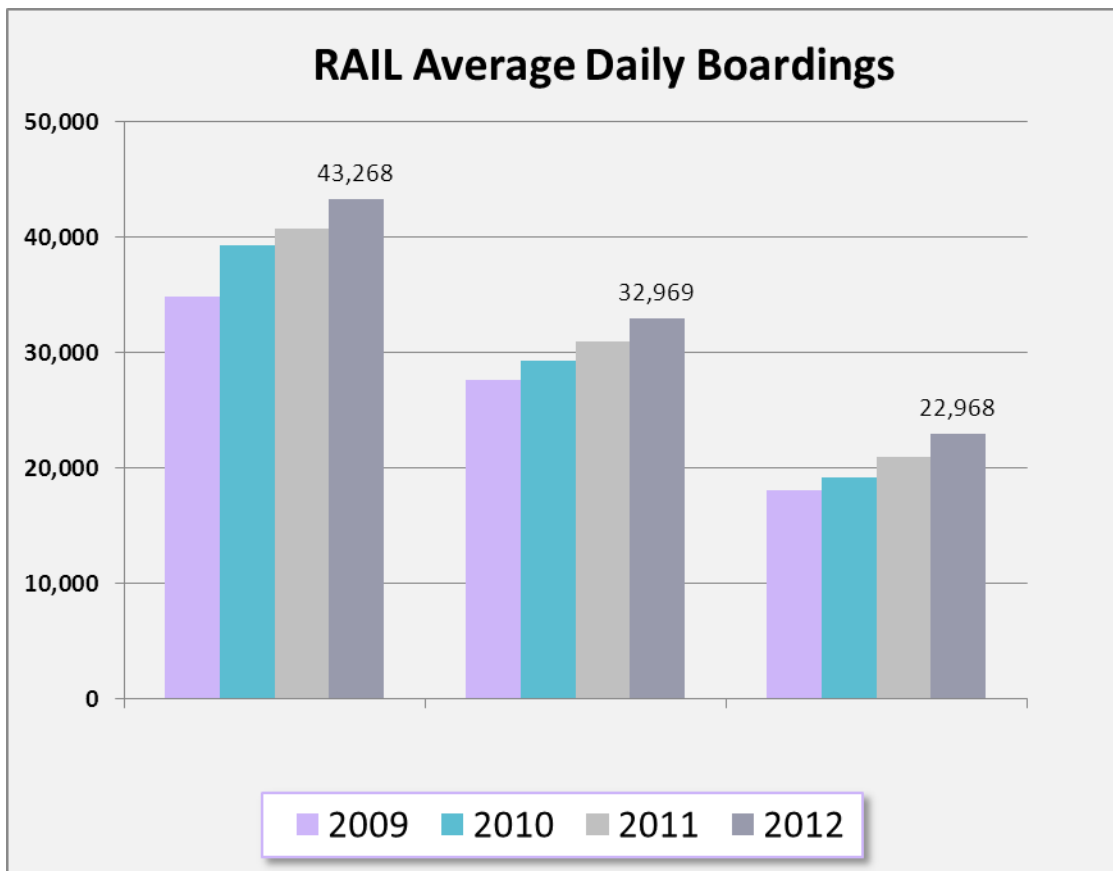


METRO VISION

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 2013 ACCOMPLISHMENTS

- METRO ridership continues to climb serving 14.0 million riders in CY 2012, 6.7% percent more than in CY 2011. Growth continues in 2013.





- Delivered passenger service achieving the following results:

Benchmark	FY12 Target	FY12 Actual
On Time Performance	95%	97%
Operating Cost Per Boarding	\$2.82	\$2.13
Average Fare	\$0.83	\$0.88

- Highest ridership day for light rail was on October 18, 2012, occurring on the day of an ASU football game and serving more than 65,000 passengers.
- In May 2012, Valley Metro and local officials broke ground on the first light rail extension in Mesa adding three miles that would connect riders to a third downtown along the system.
- A Project Construction Grant Agreement signing event occurred last October for the Central Mesa Extension. A federal commitment of \$75 million was presented by U.S. Secretary Ray LaHood and FTA Administrator Peter Rogoff.
- In October 2012, Rideshare Month challenge resulted in 200,000 employees saving more than one ton of pollution and 104,000 miles from being driven.
- Valley Metro, in partnership with the city of Mesa, began operations of a new, seasonal bus route that serves local commercial, medical, employment and entertainment centers.
- The conversion of contracted Valley Metro Rail vehicle maintenance to Valley Metro staff created a savings of \$1.8 million.
- A change in the service delivery model for East Valley Dial-a-Ride to taxi cabs creates an anticipated savings of \$ 2 million while reducing the cost to operate each trip and providing a custom fit for travel requests.
- Integration of the bus and rail agencies was completed helping to streamline planning, operations and delivery of transit service.
- Twenty, 40-foot buses, with Wi-Fi service were delivered for East Valley Express bus service.
- In January 2013, groundbreaking of the Northwest light rail extension was celebrated adding 3.2 miles to the system. The new segment on 19th Avenue between Montebello and Dunlap will be operational by early 2016.
- The Valley Metro Board of Directors unanimously approved an action in January 2013 to unify the bus operations contract for the RPTA and Tempe facilities. The award to a single contractor, First Transit, will result in a savings of \$36 million over a ten-year period.
- APTA President and CEO experiences the Valley Metro's transit system in February 2013 by touring the Northwest light rail extension construction project, riding an Express bus, and attending the Friends of Transit conference.



FY 2014 GOALS AND OBJECTIVES

- 1. Build an effective and efficient regional organization to deliver and manage the total transit network for the region.**
 - Strive to create a work environment where our employees, our most valued assets, are energized by exceeding the expectations of our customers.
 - Work with regional transit partners to implement administrative efficiencies and develop cost savings through effective communication, coordination and consolidation of work effort.
 - Provide professional development and training opportunities as needed to achieve our goals and objectives.
 - Retain and promote our best people.
 - Pursue innovative contracting techniques to maximize value for regional services and construction projects.
 - Assure strict compliance with state, local and federal laws, regulations and procedures including the application of best practices in all business activities.

- 2. Operate a safe, efficient, customer-focused, reliable regional transit system.**
 - Maintain an efficient operation that meets established schedules and operation standards.
 - Optimize transit services to maximize ridership
 - Maintain our transit system assets in a State of Good Repair
 - Manage effective safety and security programs.
 - Ensure timely and effective customer communication.
 - Continue development of information systems to support transit operations.

- 3. Develop a regional public transportation system in coordination with regional partners (system planning, seamless service)**
 - Collaborate with other public transportation operators in the region to optimize passenger usage of the entire public transportation system.
 - Collaborate with regional partners to develop and implement effective fare policies and maximize fare revenues across all public transportation modes.
 - Work with regional partners to develop seamless ADA Paratransit service.



4. Maintain sound and trusted relationships with public and private stakeholders including improved coordination with Members, MAG and Grantee.

- Collaborate 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
 - Continue pro-active public involvement activities related to future transit facility and corridor projects.
 - Continue to improve and maintain a sound relationship with the FTA to foster federal support for Valley Metro capital and operating programs.
-
- Maintain sound relationships with Congressional leaders and Arizona delegation members that maximizes federal funding for the Valley Metro system, especially related to the annual appropriations process and MAP-21.
 - Maintain transparency and reinforce communications with member agencies regarding customer service and budget.

5. Expansion of the regional transit system through effective planning, design, and construction of the transit element of the Regional Transportation Plan.

- Maintain or accelerate where possible schedules of all projects in the TLCP.
- Construct the Central Mesa and NWE projects on time and within budget.
- Advance the development of the Tempe Streetcar, Phoenix West, Gilbert Road and Glendale high capacity/light rail transit corridors that is consistent with agreed upon schedules.
- Actively pursue public and private 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 and seek out funding alternatives for the South Central Corridor and Gilbert Road Extension



RAIL OPERATIONS SERVICE PLAN

Service Frequency FY 2014 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. No change from FY13.

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 11:00 pm	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

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

Ridership and Fare Revenue:

Total Ridership is forecasted at 13.1 million passengers for the year with fare revenues generating \$12.62 million. Over the course of the fiscal year 2014, average weekday boardings are forecasted at 40,506 while Saturday and Sunday average ridership are forecasted at 31,665 and 21,192 per day respectively.

Total Rides	Average	Annual Ridership/Fares		
		Fare Assumption		
Weekday	40,506	10,207,592	\$ 0.96	\$ 9,799,289
Saturday	31,665	1,646,590	\$ 0.96	\$ 1,580,726
Sunday	21,192	1,292,703	\$ 0.96	\$ 1,240,995
Total Ridership and Fare Revenue		13,146,885		\$ 12,621,010

Average fare per ride is forecasted at \$0.96 cents per ride, an increase of 12 cents per ride over FY 2013's amended budget. The ridership forecast is 2.2% lower than the FY 2013 plan. This projection is based on the fare increase that took place on March 1, 2013.



TOTAL FINANCIAL PROGRAM

The FY 2014 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 \$178.8 million for the amended FY 2013 Budget. Total expenditures for FY 2014 are estimated to be \$202.0 million. The unexpended balance for FY 2013 capital expenditures has been reprogrammed into the project cash flows for expenditure in FY 14 and future years.

Uses of Funds - The FY 2014 Budget includes anticipated operating and capital expenditures in the amount of approximately \$202.0 million to support program elements during the period of July 1, 2013 through June 30, 2014, as follows:

Uses of Funds	(\$,000)			Budget Analysis Note #
	FY 2014 Adopted	FY 2013 Amended	Change	
Operating Activities:				
Revenue Operations	34,236	35,293	(1,057)	
Future Project Development	9,741	10,610	(869)	1
Agency Operating Budget	826	1,010	(184)	2
	44,803	46,913	(2,110)	
Capital Projects:				
20-Mile METRO Initial Segment	-	2,550	(2,550)	3
Northwest Extension	43,672	37,003	6,669	4
Central Mesa Extension	54,580	51,425	3,155	5
Gilbert Road Capital Project	4,177	-	4,177	6
Tempe Streetcar Extension	4,047	13,324	(9,278)	7
Non-Prior Rights Utilities Relocations	11,756	10,813	943	8
CNPAs - Mesa Extension	2,581	2,526	55	
CNPAs - Northwest Extension	7,349	-	7,349	9
Systemwide Improvements	5,695	8,892	(3,196)	10
14 LRV's Interest	15,897	-	15,897	11
Subtotal Capital before Debt Service	149,754	126,533	23,222	
Capital Project Debt Service:				
Debt Service - Interest	4,508	2,594	1,915	12
Debt Service - Principal	2,980	2,771	209	13
Total Uses of Funds	202,045	178,810	23,235	

Note: See pages 9 and 10 for budget analysis notes.



Sources of Funds - The FY 2014 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 2014 Budget includes anticipated capital and operating sources of funds in the amount of approximately \$202.0 million, as follows:

Sources of Funds	(\$,000)			Budget Analysis Note #
	FY 2014 Adopted	FY 2013 Amended	Change	
Operating Activities:				
Fare Revenue	12,621	11,256	1,365	14
Advertising Revenue	600	500	100	15
Federal 5307 PM	3,150	783	2,367	16
Federal FG PM	1,350	-	1,350	17
Federal 5339 AA	560	1,044	(484)	18
Federal CMAQ	-	-	-	
Member Cities	17,987	25,379	(7,392)	19
MAG / RPTA (RARF)	1,150	1,382	(232)	20
PTF Sales Tax Revenue	7,386	6,569	817	21
	44,803	46,913	(2,110)	
Capital Projects:				
FTA - Section 5309	22,520	23,629	(1,109)	
Federal CMAQ	13,337	21,659	(8,322)	22
TIGGER Federal Grant	2,715	2,700	15	
TIGGER Private Match	-	3,300	(3,300)	23
Member Cities	24,968	33,089	(8,121)	24
Prior Year Fund Balance	-	-	-	
PTF Bond Revenue	42,585	19,461	23,124	25
PTF Sales Tax Revenue	51,117	28,059	23,058	26
	157,242	131,897	25,345	
Total Sources of Funds	202,045	178,810	23,235	

Note: See pages 9 and 10 for budget analysis notes.



BUDGET ANALYSIS

The following is an analysis of the major changes in the FY 2014 Adopted Budget versus the FY 2013 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	FY 14 activities include environmental work on the Phoenix West and Gilbert Road projects, Alternatives Analysis on the Glendale and South Central corridors and project definition for the Northwest Phase II LRT extension. FY14 overall costs are down by \$0.9M. Contracted staff reduced by \$1.4 M, offset by increased staff cost \$0.4M and \$0.1M increase to all other costs.
2	Agency integration efficiencies are realized in FY14 with reductions in contracted staff costs. Overall Agency Operating budget is reduced by \$0.2M.
3	CPEV capital project complete, final real estate settlements completed in FY13.
4	Northwest Extension Phase I project costs up \$6.7M with full year of construction activities in FY14 versus partial year activities in FY13. Annual expenditures forecasted at \$43.7M.
5	For the Central Mesa LRT extension construction work continues and activity increases in second year of construction. Annual expenditures forecasted at \$54.6M.
6	Gilbert Road LRT Extension design and real estate acquisition commences. Annual expenditures forecasted at \$4.2M.
7	Tempe Streetcar design and utility work commences in early 2014. Annual expenditures forecasted at \$4.0M.
8	A significant increase in NPR utility relocation is due to increased activity on the Northwest, Central Mesa, and Tempe Streetcar projects.
9	Northwest Extension Concurrent Non-Project Activities commence for Water Services Division in City of Phoenix. Annual expenditures forecasted at \$7.3M.
10	System-wide Improvements include \$3.3M OMC Solar Project. Reduction in scope of the project from FY13 due to reduction in sell-back arrangements available with power companies. Final Project scope remains tentative, and budget assumption is predicated on receipt of federal TIGGER grant in the amount of \$2.7M.
11	14 LRV Interest is the finance cost portion of final payment to City of Phoenix for 14 light rail vehicles due in June of 2014. Original Capital Lease principal was \$42M, with annual principal payments of \$10.0 M each paid in FY11, FY12 and FY13. Final principal payment in FY14 is \$12.2M.
12	Interest debt service of \$4.5M for funding related to Capital Projects. Increase of \$1.9M due to new bond issue.
13	Additional principal debt service for new bonding commences in FY15, no material changes from prior year.



Note	Budget Analysis
14	Fare revenue increases from \$11.3 million to \$12.6 million; assumes \$.96 cents per ride generating a fare recovery ratio of 37.0%. This increase is forecasted based on the March 1st Fare Increase.
15	Advertising revenue, no material changes from prior year.
16	Federal 5307 Preventive Maintenance Funding forecasted to be \$3.15M. An unusually large amount of Federal PM Funding became available after the 2012 CMAQ close-out process.
17	Federal Fixed Guideway Preventive Maintenance Funding forecasted to be \$1.35M. An unusually large amount of Federal PM Funding became available after the 2012 CMAQ close-out process.
18	A reduction in 5339 Funding in FY14, due to ramp down of federally funded portion of Glendale and Phoenix West alternatives analysis projects.
19	Member City contributions down by \$7.4M from FY 13 primarily due to increased fare revenue and a large amount of Federal Preventive Maintenance funding in FY14.
20	MAG/RPTA (RARF) funding, no material changes from prior year.
21	Future Corridor Planning utilize \$4.2M in PTF. Systems Planning activities to be funded with \$3.2M in PTF.
22	CMAQ to fund Central Mesa LRT Extension construction (\$10.1M) and Tempe Streetcar design (\$3.2M). Reduction due to timing of Tempe Streetcar Project later than planned.
23	No Tigger Private Match programmed in FY14 for the OMC Solar Project. Final project scope is tentative, with local funding match not identified.
24	Net contributions for City of Phoenix total \$18.2M for Northwest Extension Project costs and related CNPA activity and payback for final payment for the 14 LRVs. Net contributions for City of Mesa total \$6.8M for project costs related to Gilbert Rd and CNPA work for the Central Mesa LRT Extension.
25	PTF Bonds to fund \$20.6M of Northwest Extension construction and \$22.0M to continue construction on the Central Mesa LRT Extension.
26	Systemwide Improvements planned activity funded by \$31M in PTF, which includes a final principal payment of \$12.2M to City of Phoenix for the 14 LRVs. An additional \$19.2M to fund NPR utility relocation for Northwest, Central Mesa, and Tempe Streetcar Projects.



Organizational Staffing

With the agency integration, the RPTA and VMR budgets are developed with a unified staff plan, with department managers planning the level of effort required to meet the bus and rail activities. With the integration we continue to maintain two discrete financial entities, with fund and project accounting to segregate revenues and expenses. Salary and overhead charges to bus and rail projects are based on actual time worked on each project. For FY 2014 there are 288 employees budgeted in the integrated agency, with 161 FTE's budgeted to VMR activities and 127 budgeted to RPTA activities. See complete staff listing by Agency effort beginning on page 51.

Compensation and fringe benefit assumptions for FY 2014 include:

- Compensation budget based on 3% increase. Departmental level control to manage total costs within budget.
- The Arizona State Retirement System (ASRS) contribution will increase 0.4 percent on July 1, 2013.
- Agency health care costs will increase. Program design is anticipated to hold total agency fringe benefit cost increases to within 3% of FY 2013 levels.
- All VMR staff related costs are reimbursed to RPTA.

Staffing cost analysis					
		FY 13	FY 14	change	pct change
FTE		273	288	15	5%
	\$ million				
Salaries		\$ 16.4	\$ 17.4	\$ 1.0	6%
Fringe Benefits		\$ 6.5	\$ 7.1	\$ 0.5	8%
Total Salary and Fringe Benefits		\$ 23.0	\$ 24.5	\$ 1.5	7%
Analysis of changes					
		Salary	Fringe	Total	Savings
Base Compensation FY13		\$ 16.4	\$ 6.5	\$ 23.0	
Base increase		\$ 0.5	\$ 0.1	\$ 0.6	
Health Care & ASRS Rates			\$ 0.1	\$ 0.1	
New Positions		\$ 1.0	\$ 0.4	\$ 1.4	
Restructuring savings		\$ (0.5)	\$ (0.1)	\$ (0.6)	\$ (0.6)
New Base Compensation FY14		\$ 17.4	\$ 7.1	\$ 24.5	
New Positions				\$ 1.4	
Reductions in Contracted staff				\$ (2.1)	
Net Savings to Agency				\$ (0.8)	\$ (0.8)
FY14 Integration Savings versus FY13 Budget					\$ (1.4)



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 2014 – FY 2018 Five-Year Operating and Capital Program will be completed and submitted to the Board of Directors for approval along with the FY 2014 Operating and Capital Budget.

(see page 24)



FY 2014 Adopted METRO Revenue Operations Budget

	2013/2014 Adopted Budget	2012/2013 Amended Budget	Amount Increase/ (Decrease)
Sources of Funds			
Mesa Fare Revenue	\$ 1,165,481	\$ 1,039,430	\$ 126,051
Phoenix Fare Revenue	7,763,900	6,924,205	839,695
Tempe Fare Revenue	3,691,630	3,292,366	399,264
Federal 5307 PM	3,150,000	782,892	2,367,108
Federal Fixed Guideway Preventative Maintenance	1,350,000	-	1,350,000
Mesa Advertising	29,340	24,450	4,890
Phoenix Advertising	402,480	335,400	67,080
Tempe Advertising	168,180	140,150	28,030
Mesa Base Cost Contributions	233,240	595,510	(362,270)
Phoenix Base Cost Contributions	11,423,456	15,503,559	(4,080,103)
Tempe Base Cost Contributions	4,325,985	6,079,283	(1,753,298)
Mesa Local Security	69,862	76,306	(6,443)
Tempe Local Security	462,901	499,413	(36,512)
	<u>\$ 34,236,454</u>	<u>\$ 35,292,962</u>	<u>\$ (1,056,509)</u>
Expenditures			
Salaries and Fringe Benefits	\$ 8,060,159	\$ 8,626,481	\$ (566,322)
RPTA Overhead	427,405	555,698	(128,293)
Transportation Contractors Labor & Materials	9,256,513	9,610,616	(354,103)
Fare Inspection & Security	2,946,528	2,615,573	330,955
Propulsion Power	2,066,806	2,346,719	(279,913)
Vehicle Maintenance Contractor Labor & Materials	1,676,751	1,177,104	499,647
Systems & Facilities Maintenance Contractors	1,887,623	1,771,828	115,795
SFM Material / Supplies / Other Direct Costs	1,483,410	1,875,252	(391,842)
Utilities	1,261,343	1,409,378	(148,035)
General & Administrative Costs	2,235,195	2,188,177	47,017
Consultants	337,650	452,180	(114,530)
Liability Insurance	1,732,224	1,635,456	96,768
Contingency Reserve	620,847	650,000	(29,153)
LRT project capital outlay	244,000	378,500	(134,500)
	<u>\$ 34,236,454</u>	<u>\$ 35,292,962</u>	<u>\$ (1,056,509)</u>
Allocation of Operating Costs			
Phoenix			
Base Costs	\$ 20,989,282	\$ 21,919,993	\$ (930,710)
Regional Security	1,619,154	1,368,335	250,819
	66.036%	22,608,436	23,288,327
Less Fares, Advertising & Fed PM Distributed	(11,184,980)	(7,784,769)	(3,400,211)
Phoenix Net Contribution	\$ 11,423,456	\$ 15,503,559	\$ (4,080,103)
Tempe			
Base Costs	\$ 8,770,566	\$ 9,159,472	\$ (388,906)
Regional Security	676,578	571,771	104,807
Local Security	462,901	499,413	(36,512)
	28.946%	9,910,045	10,230,656
Less Fares, Advertising & Fed PM Distributed	(5,121,160)	(3,651,960)	(1,469,199)
Tempe Net Contribution	\$ 4,788,886	\$ 6,578,696	\$ (1,789,810)
Mesa			
Base Costs	\$ 1,530,077	\$ 1,597,924	\$ (67,847)
Regional Security	118,033	99,749	18,284
Local Security	69,862	76,306	(6,443)
	5.018%	1,717,973	1,773,979
Less Fares, Advertising & Fed PM Distributed	(1,414,871)	(1,102,163)	(312,708)
Mesa Net Contribution	\$ 303,102	\$ 671,816	\$ (368,714)
Total Operating Costs	\$ 34,236,454	\$ 35,292,962	\$ (1,056,509)



FY 2014 Adopted Future Project Development Budget

	2013/2014 Adopted Budget	2012/2013 Amended Budget	Amount Increase/ (Decrease)
Sources of Funds			
FTA - Section 5339 AA	\$ 560,000	\$ 1,044,000	\$ (484,000)
Peoria *	55,000	55,000	-
Phoenix *	140,000	210,000	(70,000)
Mesa *	450,000	1,350,000	(900,000)
MAG	500,000	500,000	-
RPTA (RARF/Other)	650,000	882,000	(232,000)
PTF Revenue Sales Tax	7,385,613	6,568,994	816,619
	<u>\$ 9,740,613</u>	<u>\$ 10,609,994</u>	<u>\$ (869,381)</u>
Expenditures			
Salaries and Fringe Benefits	\$ 2,406,604	\$ 2,174,609	\$ 231,995
RPTA Overhead	125,970	142,325	(16,355)
Consulting COP Liaison	75,000	75,000	-
Consultants - PM/CM	350,000	350,000	-
Consultants - Planning Support	2,535,000	2,920,000	(385,000)
Consultants - Design & Construction Support	200,000	300,000	(100,000)
Consultants - Other	323,040	198,500	124,540
Consultants - Planning/Environmental	2,425,000	3,500,000	(1,075,000)
Advertising	11,500	11,000	500
Printing	31,750	11,750	20,000
Postage	38,500	-	38,500
Public meetings & information	21,000	7,000	14,000
Other direct expenditures	10,250	6,500	3,750
Local meetings & mileage	4,000	500	3,500
Business Travel	24,700	19,200	5,500
LRT project capital outlay	47,550	61,100	(13,550)
Agency Overhead Allocation	1,110,749	832,510	278,239
	<u>\$ 9,740,613</u>	<u>\$ 10,609,994</u>	<u>\$ (869,381)</u>

* City of Peoria funding for the Peoria Transit Study to be funded from existing cash reserve.

* Phoenix West Alternatives Analysis, Draft EIS, and Conceptual Engineering to be funded by PTF (\$1.675M)

* West Phoenix/Glendale Corridor Alternatives Analysis is anticipated to be funded with PTF (\$750,000)

* City of Phoenix funding provides local match for South Central Corridor study (\$140,000)

* City of Mesa funding provides Gilbert Road planning study (\$450,000)

* Northwest Phase II Corridor project definition study to be funded with by PTF (\$400,000)

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 2014 Adopted Agency Operating Budget

	2013/2014 Adopted Budget	2012/2013 Amended Budget	Amount Increase/ (Decrease)
Sources of Funds			
Chandler	\$ 24,786	\$ 30,299	\$ (5,513)
Glendale	24,786	30,299	(5,513)
Mesa	103,274	126,246	(22,972)
Phoenix	413,094	504,983	(91,889)
Tempe	260,249	318,140	(57,890)
	<u>\$ 826,188</u>	<u>\$ 1,009,967</u>	<u>\$ (183,779)</u>
Expenditures			
Salaries and Fringe Benefits	\$ 338,795	\$ 265,622	\$ 73,173
RPTA Overhead	17,733	92,323	(74,590)
Consultants - Other	130,000	275,000	(145,000)
Conferences	11,000	10,500	500
Business Travel	20,000	30,500	(10,500)
Advertising	250	500	(250)
Printing	4,000	3,750	250
Postage	4,250	-	4,250
Public meetings & information	62,500	50,500	12,000
Other direct expenditures	44,550	143,050	(98,500)
LRT audit and accounting costs	36,000	36,000	-
Agency Overhead Allocation	157,110	102,222	54,888
	<u>\$ 826,188</u>	<u>\$ 1,009,967</u>	<u>\$ (183,779)</u>

Note: The Cities of Chandler and Glendale contribute \$50,000 each annually to METRO. \$24,786 is applied to Agency Operating funds and the balance of the funds are held by METRO for future project studies to be used when requested by the Member City.



FY 2014 Adopted Agency Overhead Allocation

	2013/2014 Adopted Budget	2012/2013 Amended Budget	Amount Increase/ (Decrease)
Allocation of Costs			
Agency Overhead Allocation:			
Revenue Operations	\$ 412,798	\$ 377,597	\$ 35,201
Northwest Extension	345,208	108,911	236,297
Central Mesa	276,403	303,286	(26,883)
Tempe South	141,404	199,826	(58,422)
Gilbert Road	87,700	-	87,700
Agency Operating	157,110	102,222	54,888
Future Projects	1,110,749	832,510	278,239
NPR Utilities	16,233	16,667	(434)
Systemwide Improvements	33,451	14,731	18,720
	<u>\$ 2,581,056</u>	<u>\$ 1,955,749</u>	<u>\$ 625,307</u>
Expenditures			
Salaries & Fringes	\$ 912,267	\$ 150,982	\$ 761,285
RPTA Overhead	47,751	9,847	37,904
Building Rent	1,447,125	1,408,852	38,274
Building Rent Sublease	(581,450)	(566,071)	(15,379)
IT Services and Consultants	22,988	231,680	(208,692)
Equipment Leases	55,594	63,792	(8,198)
Equipment Maintenance	30,241	34,700	(4,459)
Office Supplies	81,005	92,949	(11,945)
Telecommunication Services	45,160	51,819	(6,659)
Employee Development	191,525	127,500	64,025
Vehicle Related	19,250	18,000	1,250
Other Office Expense	4,000	3,700	300
LRT project capital outlay	305,600	328,000	(22,400)
	<u>\$ 2,581,056</u>	<u>\$ 1,955,749</u>	<u>\$ 625,307</u>



FY 2014 Adopted 20-Mile METRO Initial Segment Budget

	2013/2014 Adopted Budget	2012/2013 Amended Budget	Amount Increase/ (Decrease)
Sources of Funds			
Local Match - Mesa	\$ -	\$ 2,445	\$ (2,445)
Local Match - Phoenix	-	2,533,540	(2,533,540)
Local Match - Tempe	-	14,015	(14,015)
	<u>\$ -</u>	<u>\$ 2,550,000</u>	<u>\$ (2,550,000)</u>
Expenditures			
Consultants - Planning/Environmental	\$ -	\$ 50,000	\$ (50,000)
Real estate acquisition	-	2,500,000	(2,500,000)
	<u>\$ -</u>	<u>\$ 2,550,000</u>	<u>\$ (2,550,000)</u>



FY 2014 Adopted Northwest Extension Phase I Budget

	2013/2014 Adopted Budget	2012/2013 Amended Budget	Amount Increase/ (Decrease)
Sources of Funds			
PTF Revenue Bonds	\$ 20,625,297	\$ -	\$ 20,625,297
Phoenix - T2000	-	50,000	(50,000)
Phoenix NWX Advance	23,046,620	36,953,380	(13,906,761)
	<u>\$ 43,671,917</u>	<u>\$ 37,003,380</u>	<u>\$ 6,668,536</u>
Expenditures			
Salaries and Fringe Benefits	\$ 785,118	\$ 305,326	\$ 479,792
RPTA Overhead	41,095	19,908	21,187
Consulting COP Liaison	50,000	50,000	-
Consultants - PM/CM	2,063,109	1,071,936	991,173
Consultants - Planning Support	25,000	25,000	-
Consultants - Design & Construction Support	100,000	81,000	19,000
Contractor - CM At Risk	24,955,000	18,448,000	6,507,000
City management & administration	7,282,089	1,292,800	5,989,289
Consultants - Engineering	700,000	921,000	(221,000)
Consultants - Art Design	741,891	270,000	471,891
Consultants - Other	71,457	358,500	(287,043)
Business Assistance	113,250	-	113,250
Real estate acquisition	6,000,000	14,000,000	(8,000,000)
Community Advisory Board	120,000	-	120,000
Advertising	1,000	-	1,000
Printing	47,000	20,000	27,000
Postage	8,500	500	8,000
Public meetings & information	10,000	-	10,000
Other direct expenditures	16,000	2,000	14,000
LRT project office expense	22,200	-	22,200
Local meetings & mileage	12,500	3,500	9,000
LRT project capital outlay	161,500	25,000	136,500
Agency Overhead Allocation	345,208	108,911	236,297
	<u>\$ 43,671,917</u>	<u>\$ 37,003,380</u>	<u>\$ 6,668,537</u>

FY 2014 Northwest Extension - Concurrent Non-Project Activities (CNPA) Budget

	2013/2014 Adopted Budget	2012/2013 Amended Budget	Amount Increase/ (Decrease)
Sources of Funds			
Phoenix-WSD	\$ 7,348,641	\$ -	\$ 7,348,641
	<u>\$ 7,348,641</u>	<u>\$ -</u>	<u>\$ 7,348,641</u>
Expenditures			
Contractor - Design Build	\$ 7,348,641	\$ -	\$ 7,348,641
	<u>\$ 7,348,641</u>	<u>\$ -</u>	<u>\$ 7,348,641</u>



FY 2014 Adopted Central Mesa HCT Capital Project

	2013/2014 Adopted Budget	2012/2013 Amended Budget	Amount Increase/ (Decrease)
Sources of Funds			
PTF Revenue Bonds	\$ 21,960,000	\$ 16,796,130	\$ 5,163,870
FTA Section 5309	22,519,811	23,628,914	(1,109,103)
CMAQ	10,100,000	11,000,000	(900,000)
	<u>\$ 54,579,811</u>	<u>\$ 51,425,044</u>	<u>\$ 3,154,767</u>
Expenditures			
Salaries and Fringe Benefits	\$ 665,011	\$ 876,706	\$ (211,695)
RPTA Overhead	34,809	57,151	(22,342)
Consultants - PM/CM	2,730,984	2,244,380	486,604
Consultants - Planning Support	25,000	25,000	-
Consultants - Design & Construction Support	1,481,518	370,477	1,111,041
Contractor - Design Build	39,955,000	38,026,204	1,928,796
City management & administration	798,000	954,940	(156,940)
Consultants - General/Final Engineering	179,299	-	179,299
Consultants - Construction Admin.	2,680,000	-	2,680,000
Consultants - Art Design	837,500	685,000	152,500
Consultants - Other	255,957	428,500	(172,543)
Real estate acquisition	4,100,000	7,000,000	(2,900,000)
Business Assistance	113,250	-	113,250
Community Advisory Board	120,000	-	120,000
Advertising	6,000	6,000	-
Printing	17,000	17,500	(500)
Postage	10,500	5,500	5,000
Public meetings & information	5,000	7,000	(2,000)
Other direct expenditures	7,500	23,000	(15,500)
LRT project office expense	125,180	147,100	(21,920)
Local meetings & mileage	6,500	11,500	(5,000)
Business Travel	5,200	7,800	(2,600)
Vehicle Related Expense	27,500	20,000	7,500
LRT project capital outlay	116,700	208,000	(91,300)
Agency Overhead Allocation	276,403	303,286	(26,883)
	<u>\$ 54,579,811</u>	<u>\$ 51,425,044</u>	<u>\$ 3,154,767</u>

*FY 2014 Mesa Extension - Concurrent Non-Project
Activities (CNPA) Budget*

	2013/2014 Adopted Budget	2012/2013 Amended Budget	Amount Increase/ (Decrease)
Sources of Funds			
Mesa	\$ 2,581,440	\$ 2,526,000	\$ 55,440
	<u>\$ 2,581,440</u>	<u>\$ 2,526,000</u>	<u>\$ 55,440</u>
Expenditures			
Contractor - Design Build	\$ 2,581,440	\$ 2,526,000	\$ 55,440
	<u>\$ 2,581,440</u>	<u>\$ 2,526,000</u>	<u>\$ 55,440</u>



FY 2014 Adopted Gilbert Road Capital Project

	2013/2014 Adopted Budget	2012/2013 Amended Budget	Amount Increase/ (Decrease)
Sources of Funds			
Mesa	\$ 4,176,873	\$ -	\$ 4,176,873
	<u>\$ 4,176,873</u>	<u>\$ -</u>	<u>\$ 4,176,873</u>
Expenditures			
Salaries and Fringe Benefits	\$ 189,117	\$ -	\$ 189,117
RPTA Overhead	9,899	-	9,899
Consultants - PM/CM	600,000	-	600,000
Consultants - Design & Construction Support	700,000	-	700,000
City management & administration	200,000	-	200,000
Consultants - Art Design	160,000	-	160,000
Consultants - Other	114,707	-	114,707
Real estate acquisition	1,450,000	-	1,450,000
Advertising	10,000	-	10,000
Printing	50,000	-	50,000
Postage	17,500	-	17,500
Public meetings & information	7,000	-	7,000
Other direct expenditures	401,250	-	401,250
LRT project office expense	100,000	-	100,000
Local meetings & mileage	3,500	-	3,500
Business Travel	4,000	-	4,000
LRT project capital outlay	72,200	-	72,200
Agency Overhead Allocation	87,700	-	87,700
	<u>\$ 4,176,873</u>	<u>\$ -</u>	<u>\$ 4,176,873</u>



FY 2014 Adopted Tempe Streetcar HCT Capital Project

	2013/2014 Adopted Budget	2012/2013 Amended Budget	Amount Increase/ (Decrease)
Sources of Funds			
PTF Revenue Bonds	\$ 809,300	\$ 2,664,812	\$ (1,855,512)
CMAQ	3,237,200	10,659,247	(7,422,047)
	<u>\$ 4,046,500</u>	<u>\$ 13,324,058</u>	<u>\$ (9,277,558)</u>
Expenditures			
Salaries and Fringe Benefits	\$ 346,249	\$ 591,324	\$ (245,075)
RPTA Overhead	18,124	38,550	(20,426)
Consultants - PM/CM	543,577	933,831	(390,254)
Consultants - Design & Construction Support	170,000	603,477	(433,477)
Contractor - Design Build	921,529	3,125,000	(2,203,471)
LRV Modifications	-	6,000,000	(6,000,000)
City management & administration	450,000	550,000	(100,000)
Consultants - Art Design	75,000	-	75,000
Consultants - Other (7200)	90,417	221,500	(131,083)
Consultants - Planning/Environmental/PE	750,000	550,000	200,000
Pothole Program	-	75,000	(75,000)
Real estate acquisition	250,000	400,000	(150,000)
LRT project capital outlay	-	5,000	(5,000)
Business Travel	1,200	4,800	(3,600)
Other direct expenditures	289,000	25,750	263,250
Agency Overhead Allocation	141,404	199,826	(58,422)
	<u>\$ 4,046,500</u>	<u>\$ 13,324,058</u>	<u>\$ (9,277,558)</u>

FY 2014 Adopted Non-Prior Rights Utilities Relocation Budget

	2013/2014 Adopted Budget	2012/2013 Amended Budget	Amount Increase/ (Decrease)
Sources of Funds			
PTF Revenue Sales Tax	\$ 11,755,572	\$ 10,812,800	\$ 942,772
	<u>\$ 11,755,572</u>	<u>\$ 10,812,800</u>	<u>\$ 942,772</u>
Expenditures			
Salaries and Fringe Benefits	\$ 35,006	\$ 43,308	\$ (8,302)
RPTA Overhead	1,833	2,824	(991)
Tempe Streetcar NPR Utilities	999,500	750,000	249,500
Mesa Extension NPR Utilities	2,568,000	2,000,000	568,000
Northwest Extension NPR Utilities	8,135,000	8,000,000	135,000
Agency Overhead Allocation	16,233	16,667	(434)
	<u>\$ 11,755,572</u>	<u>\$ 10,812,800</u>	<u>\$ 942,772</u>



FY 2014 Adopted Systemwide Improvements

	2013/2014 Adopted Budget	2012/2013 Amended Budget	Amount Increase/ (Decrease)
Sources of Funds			
City of Phoenix T 2000	\$ (12,185,572)	\$ (9,322,492)	\$ (2,863,080)
Tempe	-	283,103	(283,103)
Mesa	-	49,389	(49,389)
PTF Revenue Sales Tax	31,063,438	11,881,681	19,181,757
TIGGER Federal Grant	2,715,000	2,700,000	15,000
TIGGER Private Match	-	3,300,000	(3,300,000)
	<u>\$ 21,592,866</u>	<u>\$ 8,891,681</u>	<u>\$ 12,701,185</u>
Expenditures			
Salaries and Fringe Benefits	\$ 131,035	\$ 99,353	\$ 31,682
RPTA Overhead	6,859	6,460	399
Consultants - Planning Support	25,000	25,000	-
Consultants - Design & Construction Support	125,000	125,000	-
Solar Canopy Project	3,332,106	5,624,736	(2,292,630)
Consultants - Other	-	97,500	(97,500)
Advertising	-	10,000	(10,000)
Printing	-	5,000	(5,000)
Postage	-	2,000	(2,000)
Other direct expenditures	-	5,000	(5,000)
14 Light Rail Vehicles - Interest	15,897,405	-	15,897,405
Systemwide Capital	2,042,010	2,876,901	(834,891)
Agency Overhead Allocation	33,451	14,731	18,720
	<u>\$ 21,592,866</u>	<u>\$ 8,891,681</u>	<u>\$ 12,701,185</u>

FY 2014 Adopted Scheduled Capital Debt Service

	2013/2014 Adopted Budget	2012/2013 Amended Budget	Amount Increase/ (Decrease)
Sources of Funds			
PTF Revenue Sales Tax	\$ 7,488,221	\$ 5,364,447	\$ 2,123,774
	<u>\$ 7,488,221</u>	<u>\$ 5,364,447</u>	<u>\$ 2,123,774</u>
Expenditures			
Debt Service - Interest	\$ 4,508,221	\$ 2,593,481	\$ 1,914,740
Debt Service -Principal	2,980,000	2,770,966	209,034
	<u>\$ 7,488,221</u>	<u>\$ 5,364,447</u>	<u>\$ 2,123,774</u>



**Funds Flow Fiscal Year 2014
\$Thousands**

Funding Sources	Adopted Funds Flow - Fiscal Year 2014 (\$ Thousands)						Total Funding
	Central Mesa	Northwest Extension	Tempe Streetcar	Gilbert Road	Other Capital	Operations & Proj. Dev.	
Fare Revenue:							
Phoenix	\$ -	\$ -	\$ -	\$ -	\$ -	7,764	\$ 7,764
Tempe						3,692	3,692
Mesa						1,165	1,165
Advertising Revenue:							
Phoenix						402	402
Tempe						168	168
Mesa						29	29
Phoenix		23,047			(4,837)	11,977	30,187
Tempe						5,049	5,049
Mesa				4,177	2,581	856	7,614
Glendale						25	25
Chandler						25	25
Peoria						55	55
Federal 5309	22,520						22,520
Federal 5339						560	560
Federal CMAQ	10,100		3,237			-	13,337
Federal 5307 PM						3,150	3,150
Federal FG PM						1,350	1,350
Federal TIGGER					2,715		2,715
Regional PTF Sales Tax					50,307	7,386	57,693
Regional PTF Revenue Bonds	21,960	20,625	809			-	43,395
RPTA						500	500
MAG Arranged Funding						650	650
TOTAL FUNDING	\$ 54,580	\$ 43,672	\$ 4,047	\$ 4,177	\$ 50,766	\$ 44,803	\$ 202,045



Five – Year Operating Forecast and Capital Program

FY 2014 – FY 2018

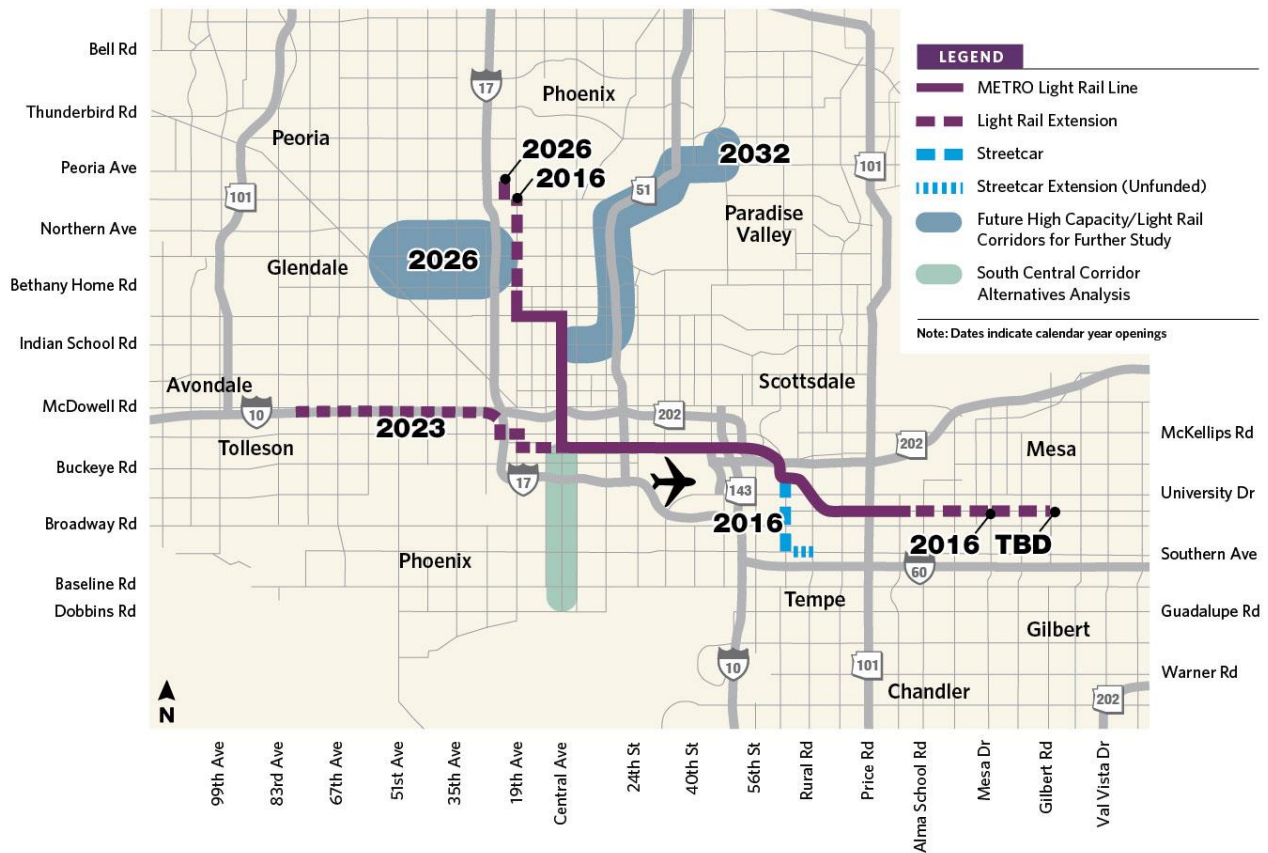


METRO SERVICES

METRO was formed to plan, design, construct, and operate the METRO Light Rail Transit System. The Approved Light Rail Alignment (the initial 20-mile segment) was completed on time and commenced serving passengers in Phoenix, Tempe, and Mesa in December 2008. An additional 37 miles of High Capacity Transit, to be funded by local taxes, Proposition 400 revenues, and Federal Funds, is planned for future years. See “Future Projects” for further information.

TRANSIT CORRIDORS

HIGH CAPACITY/LIGHT RAIL





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 has transitioned 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 began in January 2012.

Planning and Development: The proposed high capacity/light rail transit system will include over 57 miles of 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 network. It is followed by the corridor planning for individual corridors. Once technologies and alignments are determined in each corridor, Proposed engineering is engaged.

A key objective during project development is to define all aspects of each 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.



Five-Year Plan Summary

Uses of Funds:

The cumulative uses of funds, FY 2014 through FY 2018, are summarized as follows:

Uses of Funds Five Year Total	(\$,000)
LRT Operations & Maintenance	\$ 198,125
Project Development Planning	46,654
Agency Operating Budget	4,379
Subtotal - Operations and Project Development	249,158
Northwest Extension Phase 1	177,520
Central Mesa	131,071
Gilbert Rd	149,529
Tempe Streetcar	126,194
Phx West	108,204
CNPA Projects	9,930
Non-Prior Rights Utilities	35,807
Systemwide Improvements	40,032
PTF Debt Service	109,374
Subtotal - Capital	887,661
Total Uses	\$ 1,136,819



Sources of Funds:

The cumulative sources of funds, FY 2014 through FY 2018, are summarized as follows:

<u>Sources of Funds Five Year Total</u>	<u>(\$,000)</u>
LRT Fares	\$ 71,772
Advertising	3,186
Member City Contributions:	
Phoenix	34,291
Tempe	29,694
Mesa	27,464
Glendale	132
Chandler	532
Peoria	55
Regional Funding:	
MAG / RPTA	5,150
PTF Sales Tax Revenue	317,135
PTF (Reserve) / Borrowing	237,962
Federal Funding:	
FTA Section 5309	154,793
FTA Section 5339 AA	3,548
CMAQ	99,480
Federal 5307 PM	10,929
STP	136,631
Federal FGPM	1,350
Other Federal	2,715
Total Sources	\$ 1,136,819



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

	2014	2015	2016	2017	2018	Cumulative 2014 - 2018
USES OF FUNDS						
LRT Operations & Maintenance	\$ 34,236	\$ 35,130	\$ 38,468	\$ 44,340	\$ 45,951	\$ 198,125
Project Development Planning	9,741	14,044	10,513	5,706	6,650	46,654
Agency Operating Budget	826	850	875	901	927	4,379
Subtotal - Operations and Proj Dev	44,803	50,024	49,856	50,947	53,528	249,158
Northwest Extension Phase 1	43,672	87,447	44,901	1,500	-	177,520
Central Mesa	54,580	55,740	20,751	-	-	131,071
Gilbert Rd	4,177	39,370	43,730	40,238	22,014	149,529
Tempe Streetcar	4,046	18,049	32,948	42,597	28,554	126,194
Phx West	-	2,023	8,320	41,412	56,449	108,204
CNPA Projects	9,930	-	-	-	-	9,930
Non-Prior Rights Utilities	11,756	7,560	4,631	-	11,860	35,807
Systemwide Improvements	21,593	1,107	6,576	6,993	3,763	40,032
PTF Debt Service	7,488	16,889	19,294	32,784	32,919	109,374
Subtotal - Capital	157,242	228,185	181,151	165,524	155,559	887,661
Total Uses	\$ 202,045	\$ 278,209	\$ 231,007	\$ 216,471	\$ 209,087	\$ 1,136,819
SOURCES OF FUNDS						
Phoenix	\$ 30,187	\$ 14,220	\$ 15,090	\$ (42,895)	\$ 17,689	\$ 34,291
Tempe	5,049	6,154	6,677	5,790	6,024	29,694
Mesa	7,614	3,092	4,137	6,770	5,851	27,464
Glendale	25	26	26	27	28	132
Chandler	25	426	26	27	28	532
Peoria	55	-	-	-	-	55
MAG / RPTA	1,150	1,000	1,000	1,000	1,000	5,150
Subtotal	44,105	24,918	26,956	(29,280)	30,618	97,318
PTF Sales Tax Revenue	58,181	76,420	57,854	60,893	63,787	317,135
PTF (Reserve) / Borrowing	42,907	71,058	40,080	69,701	14,217	237,962
LRT Fares	12,621	13,000	13,750	15,961	16,440	71,772
Advertising	600	618	637	656	675	3,186
FTA Section 5309	22,520	33,829	23,177	33,599	41,668	154,793
FTA Section 5339 AA	560	1,409	1,165	414	-	3,548
CMAQ	13,337	17,428	23,941	25,266	19,508	99,480
STP	-	37,008	41,106	37,824	20,693	136,631
Federal 5307 PM	3,150	2,521	2,341	1,437	1,480	10,929
Federal FGPM	1,350	-	-	-	-	1,350
Other Federal	2,715	-	-	-	-	2,715
Subtotal	43,632	92,195	91,731	98,540	83,349	409,445
Total Sources	\$ 202,045	\$ 278,209	\$ 231,007	\$ 216,471	\$ 209,087	\$ 1,136,819

Note: Cost and revenues reported on accrual basis. **PTF Sales Tax Revenues** are forecasted in accordance with ADOT projections published in October 2012. The **Rail PTF (Reserve) / Borrowing** represents forecasted expenditures from bond proceeds. Sources of funds from Phoenix are net contributions after reimbursements for Light Rail Vehicles under the capital lease program. FY 2017 negative sources of funds reflect reimbursement to the City of Phoenix for funding advances made to the Northwest Extension.



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 Proposed 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, and memberships to transportation related organizations.

Five-Year Operating Uses and Sources of Funds: Operating costs and funding planned for the FY 2014 through FY 2018 planning horizon are summarized as follows (See Table 2, Five-Year Operating Forecast):

Uses of Funds - Operating Budget		(\$,000)
Operations & Maintenance	\$	198,125
Project Development Planning Support		46,653
Agency Operating Budget		4,379
Total Uses	\$	249,158
Sources of Funds - Operating Budget		(\$,000)
Fare Revenues	\$	71,772
Advertising		3,185
Member Support		
Phoenix		76,080
Tempe		29,694
Mesa		11,985
Glendale		131
Chandler		531
Peoria		55
Subtotal		118,477
Capital Planning Funds - PTF		34,745
Federal 5307 PM		10,930
Federal FGPM		1,350
FTA 5339 AA		3,549
RPTA/MAG/ CMAQ / STP		5,150
Total Sources	\$	249,158



Table 2 – Five-Year Operating Forecast

	-----Year of Expenditure (\$,000) -----					
	2014	2015	2016	2017	2018	TOTAL
USES OF FUNDS						
Operations and Maintenance	34,236	35,130	38,468	44,340	45,951	198,125
Project Development Planning Support	9,741	14,044	10,513	5,706	6,650	46,653
Agency Operating Budget	826	850	875	901	927	4,379
Total Uses	44,803	50,023	49,856	50,947	53,529	249,158
SOURCES OF FUNDS						
LRT Fares:						
Phoenix	7,764	7,997	8,687	10,084	10,387	44,919
Tempe	3,692	3,802	2,931	3,402	3,504	17,331
Mesa	1,165	1,200	2,132	2,475	2,549	9,522
Subtotal Fares	12,621	13,000	13,750	15,961	16,440	71,772
Other Revenues						
Phoenix	11,977	14,220	15,090	17,105	17,689	76,080
Tempe	5,049	6,154	6,677	5,790	6,024	29,694
Mesa	856	730	1,513	4,356	4,530	11,985
Glendale	25	26	26	27	28	131
Chandler	25	426	26	27	28	531
Peoria	55	-	-	-	-	55
Advertising	600	618	637	656	675	3,185
Subtotal Local Revenues	18,587	22,173	23,968	27,961	28,973	121,662
Capital Planning Funds - PTF	7,386	9,921	7,631	4,173	5,635	34,745
MAG	500	500	500	500	500	2,500
RPTA	650	500	500	500	500	2,650
Federal 5307 PM	3,150	2,521	2,341	1,437	1,480	10,930
Federal FGPM	1,350	-	-	-	-	1,350
FTA 5339 AA	560	1,409	1,165	414	-	3,549
Total Sources	44,803	50,023	49,856	50,947	53,529	249,158

5-Year Operating Assumptions:

- Central Mesa Extension opens revenue service in March 2016
- Northwest Phase I opens revenue service in March 2016



Table 3 – Rail Operations and Maintenance Cost Forecast FY 2014 through 2018

-----Year of Expenditure Dollars -----

Annual Cost Projection	Extended Cost	FY 2014	FY 2015	FY 2016	FY 2017	FY2018
Transportation						
Labor and Materials	\$ 9,256,513					
Labor - Fare Inspection & Security	2,946,528					
Propulsion Power	2,066,806					
Emergency Contingency (Bus Bridges, etc.)	98,000					
Transportation Total		\$ 14,367,847	\$ 14,798,882	\$ 16,397,021	\$ 19,259,409	\$ 19,837,191
Vehicle Maintenance						
METRO LRVM Labor	\$ 3,862,357		3,978,228	4,292,277	4,820,932	4,965,560
LRVM Parts and Materials	1,471,589		1,515,737	1,696,203	2,024,345	2,085,076
LRVM PM Overhauls	565,162		208,266	106,366	220,457	613,407
Maintenance Other / Insurance - Accident Rec	(360,000)		(370,800)	(381,924)	(393,382)	(405,183)
Vehicle Maintenance Total		\$ 5,539,108	\$ 5,331,431	\$ 5,712,923	\$ 6,672,353	\$ 7,258,860
Systems and Facilities Maintenance						
Track/Station/Facility Maintenance	\$ 2,661,757					
Traction Power System Maintenance Labor	1,047,477					
Signals/Communications/TVMs Labor	1,519,193					
Material Control/Supplies/Other Direct Costs	2,036,548					
Utilities	1,261,343					
Fare Collection Material & Armored Car	273,031					
Less Transfer TVM Billing to RPTA	(105,338)					
Fare Revenue Handling Fee	306,119					
Systems and Facilities Maintenance Total		\$ 9,000,131	\$ 9,510,334	\$ 10,426,250	\$ 11,727,342	\$ 11,973,816
Administration						
Property and General Liability Insurance	\$ 1,732,224					
VMR Management	1,392,540					
General & Administrative Costs	1,682,117					
Contingency Reserve	522,487					
Administration Total		\$ 5,329,368	\$ 5,489,249	\$ 5,931,912	\$ 6,680,805	\$ 6,881,230
TOTAL OPERATING COSTS		\$ 34,236,454	\$ 35,129,897	\$ 38,468,106	\$ 44,339,909	\$ 45,951,096

In FY 18, significant cost increases to perform preventative maintenance are scheduled.

In fiscal year 2016 the Northwest Extension and the Central Mesa alignments are forecasted to commence revenue operations (March 2016). The total \$38.5 million operating cost forecast in FY16 is composed of the following components:

- Base 20 mile system \$ 36.1 M
- Northwest Extension (4 months) \$ 1.2 M
- Central Mesa Extension (4 months) \$ 1.2 M

The total \$44.3 million operating cost forecast in FY 17 is composed of the following components:

- Base 20 mile system \$ 37.3 M
- Northwest Extension \$ 3.5 M
- Central Mesa Extension \$ 3.5 M

The total \$46.0 million operating cost forecast in FY 18 is composed of the following components:

- Base 20 mile system \$ 38.8 M
- Northwest Extension \$ 3.6 M
- Central Mesa Extension \$ 3.6 M



Table 4 – Rail Operations Fares and Member City Funding FY 2014 to FY 2018

Fiscal Year	FY 2014 Annual Ridership / Fares		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
RIDERSHIP	2014		13,146,885	13,541,292	14,322,912	15,803,266	16,277,364
Baseline Rides	Fare Assumption						
Weekday	10,207,592	\$ 0.96	\$ 9,799,289	\$ 9,799,289	\$ 10,093,267	\$ 10,675,863	\$ 12,392,777
Saturday	1,646,590	\$ 0.96	\$ 1,580,726	1,580,726	1,628,148	1,722,126	1,999,082
Sunday	1,292,703	\$ 0.96	\$ 1,240,995	1,240,995	1,278,225	1,352,006	1,569,438
Total Baseline Rides	13,146,885		\$ 12,621,010	\$ 12,621,010	\$ 12,999,640	\$ 13,749,995	\$ 15,961,298
OPERATING REVENUES			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Fare Revenues							
Phoenix	61.5157%		\$ 7,763,900	\$ 7,996,817	\$ 8,687,069	\$ 10,084,142	\$ 10,386,666
Tempe	29.2499%		3,691,630	3,802,378	2,930,892	3,402,245	3,504,312
Mesa	9.2344%		1,165,481	1,200,445	2,132,033	2,474,912	2,549,159
Total Fare Revenues			\$ 12,621,010	\$ 12,999,640	\$ 13,749,995	\$ 15,961,298	\$ 16,440,137
Avg Fare			\$0.96	\$0.96	\$0.96	\$1.01	\$1.01
Fare Recovery Ratio			37%	37%	36%	36%	36%
Advertising Revenue			\$ 600,000	\$ 618,000	\$ 636,540	\$ 655,636	\$ 675,305
Phoenix	67.0800%		402,480	414,554	414,284	414,222	426,649
Tempe	28.0300%		168,180	173,225	168,062	139,753	143,945
Mesa	4.8900%		29,340	30,220	54,194	101,661	104,711
Federal 5307 PM			\$ 3,150,000	\$ 2,521,391	\$ 2,341,337	\$ 1,436,896	\$ 1,480,003
Phoenix	67.0800%		2,113,020	1,691,349	1,570,569	963,870	992,786
Tempe	28.0300%		882,945	706,746	656,277	402,762	414,845
Mesa	4.8900%		154,035	123,296	114,491	70,264	72,372
Federal Fixed Guideway Preventative Maintenance			\$ 1,350,000				
Phoenix	67.0800%		905,580				
Tempe	28.0300%		378,405				
Mesa	4.8900%		66,015				
Gross Operating Costs							
Phoenix	66.0361%		\$ 22,608,436	\$ 23,198,431	\$ 25,036,455	\$ 28,013,381	\$ 29,031,309
Tempe	28.9459%		9,910,045	10,168,660	10,156,524	9,451,313	9,794,747
Mesa	5.0180%		1,717,973	1,762,805	3,275,127	6,875,215	7,125,041
Total Operating Costs			\$ 34,236,454	\$ 35,129,897	\$ 38,468,106	\$ 44,339,909	\$ 45,951,096
Member City Funding							
Phoenix			\$ 11,423,456	\$ 13,095,711	\$ 14,364,533	\$ 16,551,147	\$ 17,225,207
Tempe			4,788,886	5,486,311	6,401,293	5,506,553	5,731,645
Mesa			303,102	408,844	974,408	4,228,378	4,398,799
Total Member City Funding			\$ 16,515,444	\$ 18,990,865	\$ 21,740,234	\$ 26,286,079	\$ 27,355,651
TOTAL OPERATING REVENUE			\$ 34,236,454	\$ 35,129,897	\$ 38,468,106	\$ 44,339,909	\$ 45,951,096

Fare revenue is forecasted to grow from FY 14 through FY 18 with a combination of increased ridership and increased fare structure. Baseline ridership is forecasted to grow by 3% per year. Additional passenger rides are developed in FY 16 through FY 18 with the addition of the Central Mesa and Northwest Extensions.



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 specification
- 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 2014 to FY 2018

	----- (YOE \$,000) -----					
	2014	2015	2016	2017	2018	Total
USES OF FUNDS						
CPDA	\$ 1,340	\$ 1,381	\$ 1,422	\$ 1,465	\$ 1,509	\$ 7,117
Tempe South AA / DEA / CE / PD (Pre-NEPA)	-	983	-	-	-	983
Phoenix West AA / DEIS / CE / Early Action	1,675	1,380	1,093	-	1,323	5,471
West Phoenix/Glendale Corridor AA	750	1,000	-	-	-	1,750
Northeast Phoenix AA / DEIS / CE	-	2,500	2,500	-	-	5,000
South Central	700	1,725	1,438	518	-	4,381
Central Mesa Phase II (Gilbert Road)	450	15	29	15	15	524
Fiesta Santan	-	500	-	-	-	500
Central Mesa	-	29	15	-	-	44
Rio Salado	-	500	400	-	-	900
Northwest Phase II	400	300	-	-	-	700
Northwest Phase I	-	54	-	-	-	54
Systems Planning & Project Development	4,225	3,627	3,566	3,658	3,753	18,829
Design Criteria	200	50	50	50	50	400
Total Uses	\$ 9,741	\$ 14,044	\$ 10,513	\$ 5,706	\$ 6,650	\$ 46,653
SOURCES OF FUNDS						
Peoria	\$ 55	\$ -	\$ -	\$ -	\$ -	\$ 55
Phoenix	140	699	288	104	-	1,230
Tempe	-	400	-	-	-	400
Mesa	450	215	429	15	15	1,124
Chandler	-	400	-	-	-	400
FTA 5339 AA	560	1,409	1,165	414	-	3,549
PTF	7,386	9,921	7,631	4,173	5,635	34,745
RPTA	650	500	500	500	500	2,650
MAG	500	500	500	500	500	2,500
Total Sources	\$ 9,741	\$ 14,044	\$ 10,513	\$ 5,706	\$ 6,650	\$ 46,653



FIVE-YEAR CAPITAL PROGRAM – FY 2014 THROUGH FY 2018

Capital projects included in the five year program include:

- 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.
- Gilbert Road Extension- 1.9 mile alignment extending from terminus of Central Mesa extension eastbound to Gilbert Road.
- Tempe Streetcar – 2.6 mile alignment extending southward along Mill Avenue in downtown Tempe from Rio Salado to Southern. (Final alignment pending).
- Phoenix West – 11 mile alignment from downtown Phoenix westward to the vicinity of 79th Avenue.
- Systemwide Improvements – Includes system component overhauls to maintain a state of good repair and small capital improvement elements which benefit the entire LRT system.

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 \$864 million through the five-year planning horizon. These uses of funds are summarized as follows:

FY 2014 THROUGH FY 2018

Uses of Funds - Capital Projects	(\$,000)
NW Ext Phase 1	\$ 177,520
Central Mesa	131,071
Gilbert Rd	149,529
Tempe Streetcar	126,194
Phx West	108,204
CNPA	9,930
NPR Utilities	35,807
Systemwide Improvements	40,031
PTF Bond Debt Service:	
Principal Payments	70,580
Interest Payments	38,794
Total Capital Costs	\$ 887,660

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):

FY 2014 THROUGH FY 2018

Sources of Funds - Capital Projects	(\$,000)
Phoenix	\$ (41,790)
Mesa	15,479
Public Transportation Funds	520,352
Federal Revenues:	
FTA Sec 5309	154,793
CMAQ	99,480
STP	136,631
Other Federal	2,715
Total Capital Revenues	\$ 887,660

Note: Negative sources of funds reflect reimbursements to City of Phoenix for the Northwest Extension Advance (source of funding is Public Transportation Fund).



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

	2014	2015	2016	2017	2018	FY 2014-18
USES OF FUNDS						
Northwest Extension Phase 1	\$ 43,672	\$ 87,447	\$ 44,901	\$ 1,500	\$ -	\$ 177,520
Central Mesa	54,580	55,740	20,751	-	-	131,071
Gilbert Rd	4,177	39,370	43,730	40,238	22,014	149,529
Tempe Streetcar	4,046	18,049	32,948	42,597	28,554	126,194
Phx West	-	2,023	8,320	41,412	56,449	108,204
Subtotal HCT Corridors	106,475	202,629	150,650	125,747	107,017	692,518
CNPA Projects	9,930	-	-	-	-	9,930
Non-Prior Rights Utilities	11,756	7,560	4,631	-	11,860	35,807
Systemwide Improvements	21,593	1,107	6,576	6,993	3,763	40,031
PTF Bond Debt Service:						
Principal Payments	2,980	10,530	10,965	22,520	23,585	70,580
Interest Payments	4,508	6,359	8,329	10,264	9,334	38,794
Total Capital Costs	\$ 157,242	\$ 228,185	\$ 181,151	\$ 165,524	\$ 155,559	\$ 887,660
SOURCES OF FUNDS						
Phoenix	\$ 18,210	\$ -	\$ -	\$ (60,000)	\$ -	\$ (41,790)
Mesa	6,758	2,362	2,624	2,414	1,321	15,479
Subtotal	24,968	2,362	2,624	(57,586)	1,321	(26,311)
Public Transportation Funds	93,702	137,558	90,303	126,421	72,369	520,352
Sales Tax Proceeds	50,795	66,499	50,223	56,720	58,152	282,390
Bond Proceeds	42,907	71,058	40,080	69,701	14,217	237,962
Federal Revenues:						
FTA	22,520	33,829	23,177	33,599	41,668	154,793
CMAQ	13,337	17,428	23,941	25,266	19,508	99,480
STP	-	37,008	41,106	37,824	20,693	136,631
Other Federal	2,715	-	-	-	-	2,715
Subtotal Federal	38,572	88,265	88,224	96,689	81,869	393,619
Total Revenues	\$ 157,242	\$ 228,185	\$ 181,151	\$ 165,524	\$ 155,559	\$ 887,660

Transportation Excise Tax Revenue Bond issues by the Regional Public Transit Authority (RPTA) in support of the rail capital program are anticipated as follows:

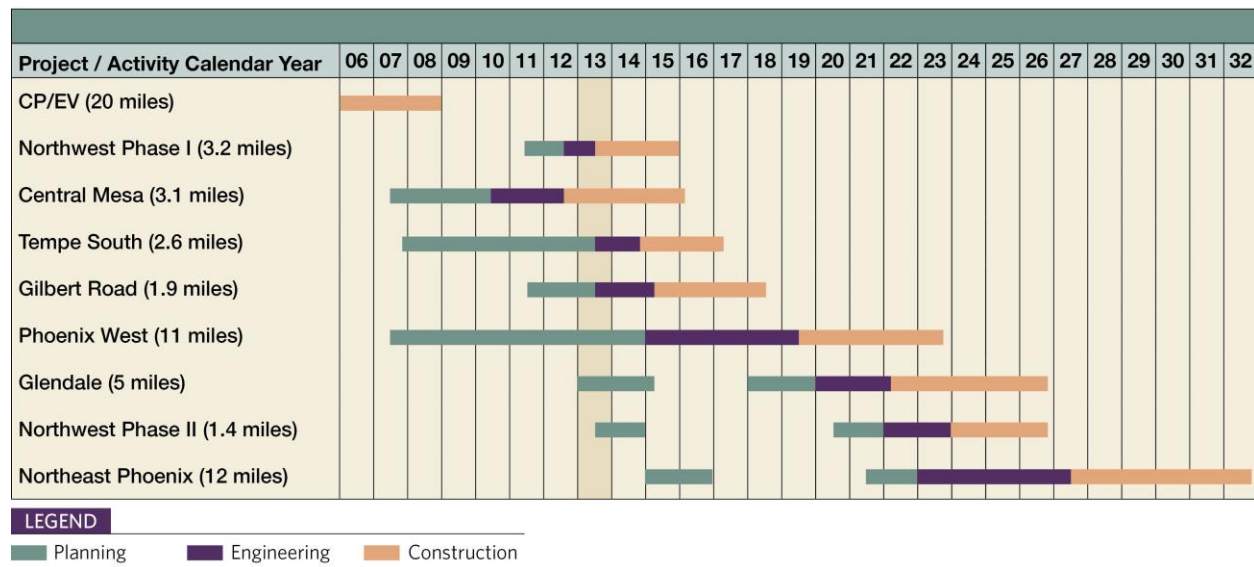
- FY 2014 \$115 million
- FY 2016 \$125 million

The bonds are funded by the Public Transportation Fund sales tax proceeds over the 12 years remaining of the Prop 400 initiative.



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 high capacity/ light rail transit corridors to be implemented by 2031. Currently the 3.2 mile Phase I extension to serve the Northwest area of Phoenix final design is complete and construction is ongoing. Under the plan additional service areas are identified; a 3.1-mile light rail extension east into downtown Mesa which is in construction, 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:



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 Project Development, 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 a combination of both PTF and local funds.



Under the current funding plan, the City of Phoenix will provide advances totaling \$60.0 million in FY 13 and FY 14. The Public Transportation Fund will reimburse Phoenix in FY 17. In consideration for PTF funding of the Northwest Extension, the City of Phoenix will provide a portion of the local capital funding for the Phoenix West Extension.

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 \$326.6 million, excluding financing costs.

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

Northwest Extension	Pre-2014	2014	2015	2016	2017	2018	TOTAL
CAPITAL COSTS							
NPR Utilities	\$ 12,764	\$ 8,157	\$ 3,009	\$ -	\$ -	\$ -	\$ 23,930
Project Costs	126,643	43,672	87,447	44,901	-	-	302,663
Financing Costs	-	-	-	-	1,500	-	1,500
Total Capital Costs	\$ 139,407	\$ 51,829	\$ 90,456	\$ 44,901	\$ 1,500	\$ -	\$ 328,093
CAPITAL REVENUES							
Phoenix NWX Advance	\$ 36,953	\$ 23,047	\$ -	\$ -	\$(60,000)	\$ -	\$ -
Phoenix T 2000 Transit Tax	89,690	-	-	-	-	-	89,690
PTF Revenue	12,764	28,782	90,456	44,901	61,500	-	238,403
Total Local	139,407	51,829	90,456	44,901	1,500	-	328,093
Total Capital Revenue	\$ 139,407	\$ 51,829	\$ 90,456	\$ 44,901	\$ 1,500	\$ -	\$ 328,093

Concurrent Non-Project Activities Related to Northwest Extension:

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

CNPA	Pre-2014	2014	2015	2016	2017	2018	TOTAL
Total CNPA Costs - WSD	\$ -	\$ 7,349	\$ -	\$ -	\$ -	\$ -	\$ 7,349
REVENUES							
Phoenix	\$ -	\$ 7,349	\$ -	\$ -	\$ -	\$ -	\$ 7,349



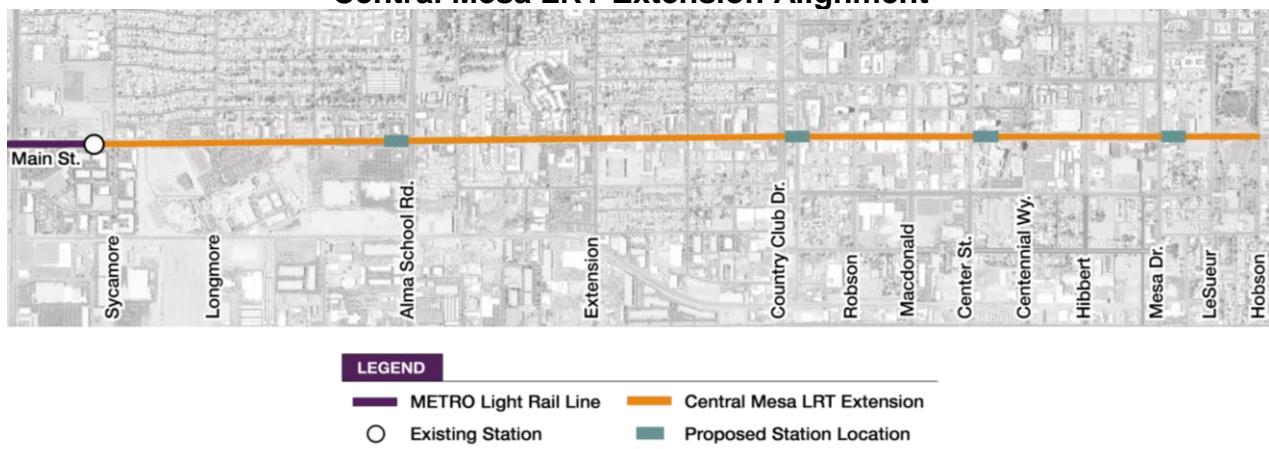
Central Mesa LRT Extension -- The Central Mesa LRT Extension will improve mobility and provide additional capacity in the Main Street corridor in Mesa. In addition, the project will connect the Central Mesa corridor with major activity and employment centers located east and west of the project corridor, such as Downtown Phoenix, Downtown Tempe, Sky Harbor International Airport, Arizona State University, the 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 the Superstition Springs 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 through FY 2016 is budgeted to be approximately \$199.0 million. CNPA costs related to the project total \$2.6 million.

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

Central Mesa Extension	Pre-2014	2014	2015	2016	2017	2018	TOTAL
CAPITAL COSTS							
NPR Utilities	\$ 3,661	\$ 2,590	\$ 1,175	\$ 710	\$ -	\$ -	\$ 8,136
Project Costs	51,596	54,580	55,740	20,751	-	-	182,667
Financing Costs	2,466	2,134	2,381	1,226			8,207
Total Capital Costs	\$57,723	\$59,304	\$59,296	\$ 22,687	\$ -	\$ -	\$ 199,010
CAPITAL REVENUES							
FTA Section 5309	\$16,629	\$22,520	\$26,809	\$ 9,042	\$ -	\$ -	\$ 75,000
CMAQ	22,856	10,100	10,000	9,880	-	-	52,836
Total Federal	39,485	32,620	36,809	18,922	-	-	127,836
PTF Revenue	\$18,238	\$26,684	\$22,487	\$ 3,765	\$ -	\$ -	\$ 71,174
Total Local	18,238	26,684	22,487	3,765	-	-	71,174
Total Capital Revenue	\$57,723	\$59,304	\$59,296	\$ 22,687	\$ -	\$ -	\$ 199,010

Concurrent Non-Project Activities Related to Central Mesa:

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

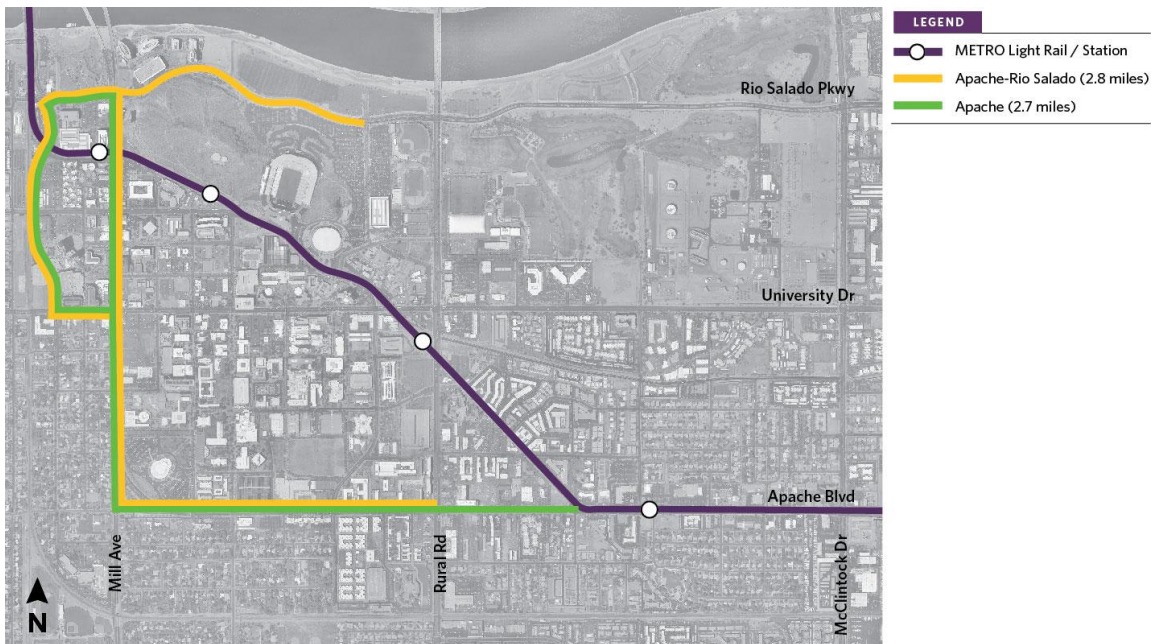
CNPA	Pre-2014	2014	2015	2016	2017	2018	TOTAL
Total CNPA Costs	\$ -	\$ 2,581	\$ -	\$ -	\$ -	\$ -	\$ 2,581
REVENUES							
Mesa	\$ -	\$ 2,581	\$ -	\$ -	\$ -	\$ -	\$ 2,581



Tempe Streetcar Project -- The Tempe Streetcar project is located on Mill and Ash Avenue in downtown Tempe, with potential alignments currently under consideration extending along Apache Blvd. and/or Rio Salado Parkway. 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 east/west on Apache Blvd. and/or Rio Salado Pkwy., which are currently being further defined. A concurrent planning study may also be initiated in FY 2014, pending funding availability, to extend modern streetcar further east/west along Rio Salado Pkwy.

The Tempe Streetcar will operate weekday trains at approximately 10 to 12 minute intervals during peak hours and 15 to 20-minute intervals off-peak. Weekends do not require peak service trains and will operate at 15 to 30-minute headways. Service headways will be adjusted over time to accommodate growth and service patterns.

This extension is part of the Regional Transportation Plan and funded by Proposition 400 regional sales tax and federal grants. Project Development for the Tempe Streetcar project is scheduled to continue in FY 2014. Pending FTA Small Starts approval, construction could be complete in FY18.





Tempe Streetcar Sources and Uses of Funds: The total capital cost of the Tempe Streetcar project is budgeted to be approximately \$134.5 million, excluding financing costs.

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

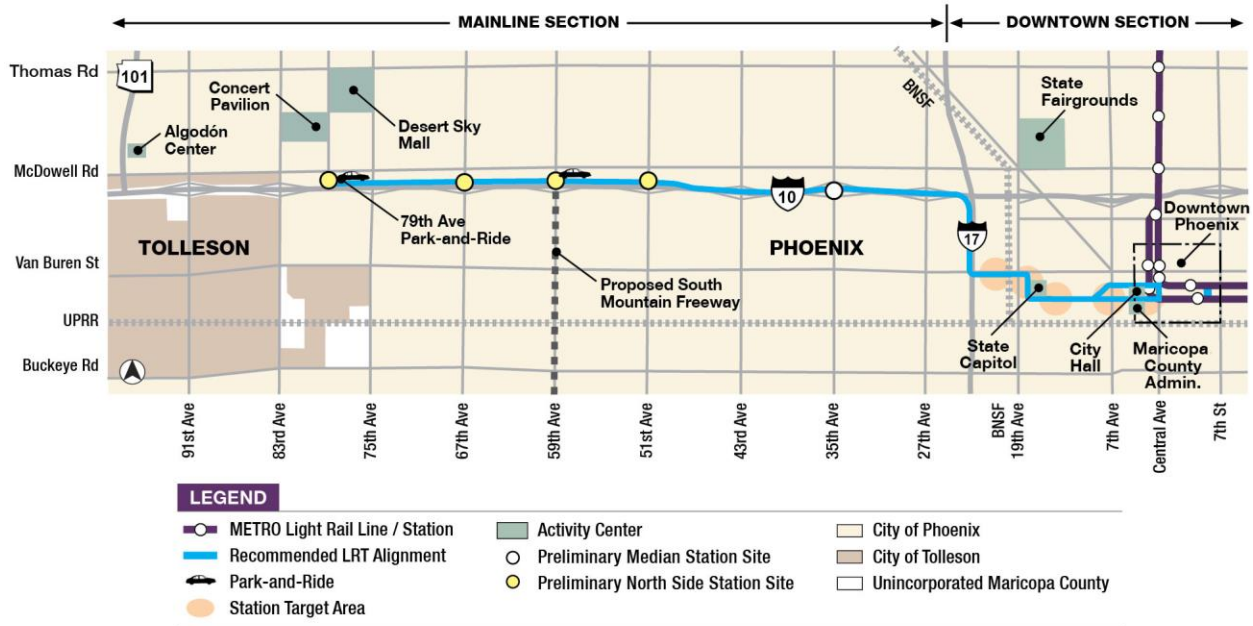
Tempe South Extension	Pre-2014	2014	2015	2016	2017	2018	TOTAL
CAPITAL COSTS							
NPR Utilities	\$ -	\$ 1,009	\$ 3,376	\$ 3,921	\$ -	\$ -	\$ 8,306
Project Costs	-	4,046	18,049	32,948	42,597	28,554	126,194
Financing Costs	-	-	-	-	-	-	-
Total Capital Costs	\$ -	\$ 5,055	\$ 21,425	\$ 36,869	\$ 42,597	\$ 28,554	\$ 134,500
CAPITAL REVENUES							
FTA Section 5309	\$ -	\$ -	\$ 6,695	\$ 11,522	\$ 23,000	\$ 14,783	\$ 56,000
CMAQ		3,237	6,428	11,061	8,566	2,808	32,100
Total Federal	-	3,237	13,123	22,583	31,566	17,591	88,100
PTF Revenue	\$ -	\$ 1,818	\$ 8,302	\$ 14,286	\$ 11,031	\$ 10,963	\$ 46,400
Total Local	-	1,818	8,302	14,286	11,031	10,963	46,400
Total Capital Revenue	\$ -	\$ 5,055	\$ 21,425	\$ 36,869	\$ 42,597	\$ 28,554	\$ 134,500

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 evaluated 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 2012, MAG Regional Council approved the recommendation for Light Rail as the preferred mode on the route shown on the map below. This extension is part of the Regional Transportation Plan and funded by Proposition 400 regional sales tax and federal grants that are included in the TLCP and the Transportation Improvement Program (TIP). Environmental evaluation phase in compliance with the National Environmental Policy Act is anticipated to begin in 2013. Concurrent with the environmental analysis, METRO will generate detailed engineering designs of the selected alignment and station layouts.



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 2015 to FY 2018 period is budgeted to be approximately \$118.9 million, excluding financing costs.

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

Phoenix West Extension	Pre-2014	2014	2015	2016	2017	2018	TOTAL
CAPITAL COSTS							
NPR Utilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,670	\$ 10,670
Project Costs	-	-	2,023	8,320	41,412	56,449	108,204
Financing Costs							
Total Capital Costs	\$ -	\$ -	\$ 2,023	\$ 8,320	\$ 41,412	\$ 67,119	\$ 118,874
CAPITAL REVENUES							
FTA Section 5309	\$ -	\$ -	\$ -	\$ 2,285	\$ 10,269	\$ 23,122	\$ 35,676
CMAQ	-	-	1,000	3,000	16,700	16,700	37,400
Total Federal	-	-	1,000	5,285	26,969	39,822	73,076
PTF Revenue	\$ -	\$ -	\$ 1,023	\$ 3,035	\$ 14,443	\$ 27,297	\$ 45,798
Total Local	-	-	1,023	3,035	14,443	27,297	45,798
Total Capital Revenue	\$ -	\$ -	\$ 2,023	\$ 8,320	\$ 41,412	\$ 67,119	\$ 118,874



Gilbert Road LRT Extension -- The Gilbert Road LRT Extension will improve mobility and provide additional capacity in the Main Street corridor in Mesa. In addition, the project will connect the 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 and Arizona State University. 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 Superstition Springs Mall.

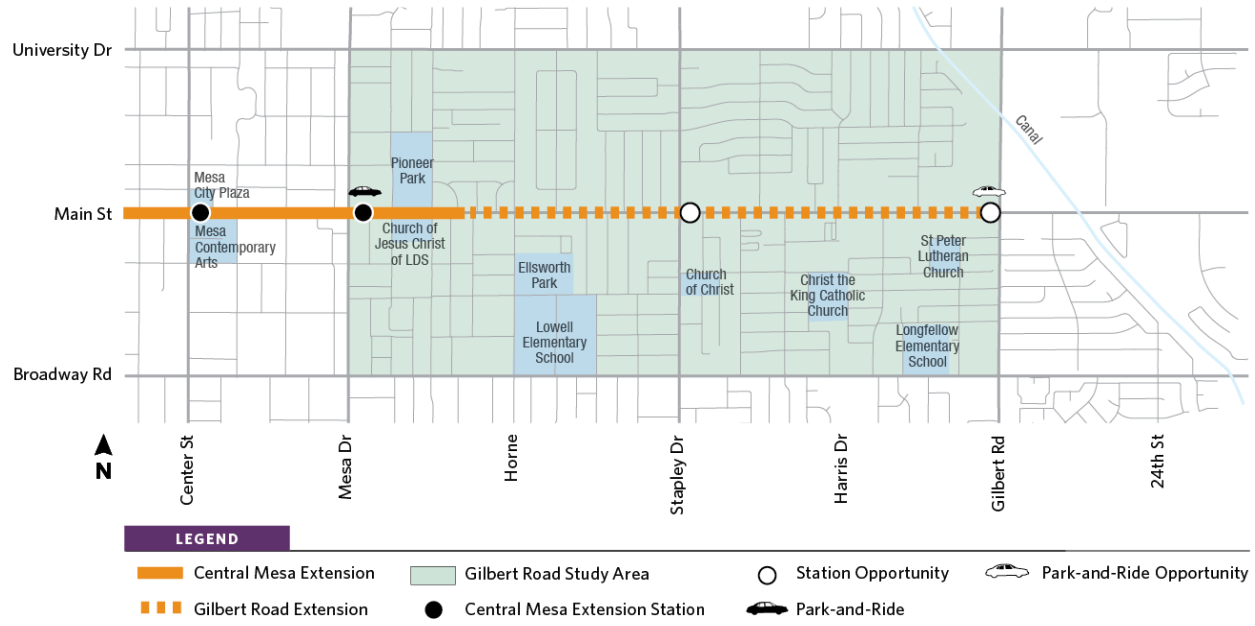
In 2009, Valley Metro, the Mesa City Council and the Maricopa Association of Governments (MAG) approved extending light rail for 3.1 miles along Main Street from the current end-of-line station at Sycamore to Mesa Drive. This extension, known as the Central Mesa Extension is currently in construction and is scheduled for operation in late 2015. As part of the 2009 recommendations, a 1.9-mile extension on Main Street east to Gilbert Road was included as a future project. This segment, the Gilbert Road Extension, was recommended because of strong transit ridership, opportunities to optimize regional transportation connections, and an optimal location for an end-of-line park-and-ride.

Valley Metro and the City of Mesa began a study of the potential Gilbert Road Extension in 2011 and completed it in summer 2012. This planning study identified and evaluated various alternatives, on where and how light rail could be placed in this 1.9-mile segment of Main Street. Valley Metro and the City of Mesa have entered the next phase of the planning process, the Environmental Assessment (EA), which was introduced to the public in September. In this phase, alternatives were analyzed in more detail and defined potential station locations and a park-and-ride facility.

Design for the Gilbert Road LRT Extension will begin in FY 2014. The schedule to commence passenger operations is still to be determined. For the purpose of forecasting, the line opening is anticipated in the second half of calendar year 2018.



Gilbert Road LRT Extension Alignment



Gilbert Road Extension Sources and Uses of Funds: The total capital cost of the Gilbert Road Extension project over the FY 2014 to FY 2018 period is budgeted to be approximately \$149.5 million, excluding financing costs and Operations and Maintenance Center contingency costs.

Gilbert Rd Extension	Pre-2014	2014	2015	2016	2017	2018	TOTAL
CAPITAL COSTS							
NPR Utilities	\$ -	\$ -	\$ 1,915	\$ 2,845	\$ 1,983	\$ 1,190	\$ 7,933
Project Costs	-	4,177	37,455	40,885	38,255	20,824	141,596
Total Capital Costs	\$ -	\$ 4,177	\$39,370	\$ 43,730	\$ 40,238	\$ 22,014	\$ 149,529
CAPITAL REVENUES							
City of Mesa	\$ -	\$ 4,177	\$ 2,362	\$ 2,624	\$ 2,414	\$ 1,321	\$ 12,898
CMAQ Flex	-	-	37,008	41,106	37,824	20,693	136,631
Total Federal	-	4,177	39,370	43,730	40,238	22,014	149,529
Total Capital Revenue	\$ -	\$ 4,177	\$39,370	\$ 43,730	\$ 40,238	\$ 22,014	\$ 149,529



Systemwide Improvements -- Systemwide Improvements are incorporated in the Regional Transportation Plan in order to provide funding for new system components as well as for the capital overhaul programs necessary to maintain the system in a state of good repair. In FY 2014 METRO has programmed the construction of Solar Panels at the OMC which is funded under the federal TIGGER program. The OMC Solar project is in the Proposed engineering development phase and the scope of the project will be adjusted to maximize the economic benefits of reducing future electric power consumption and operating costs. During FY 2014 METRO will overhaul LRV brake systems, purchase a platform truck for rail operations, and perform station enhancements. Non-Revenue fleet vehicles used for Maintenance crews will be replaced as necessary. Beginning in FY16 and continuing into FY18, major light rail vehicle components such as the pantographs, gears, traction motors, couplers, and motor and center trucks will be scheduled for overhaul.

Systemwide Improvements Sources and Uses of Funds: The total capital cost of the Systemwide Improvements plan through FY 2018 is budgeted to be approximately \$42.1 million, excluding financing costs.

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

Systemwide Improvements	Pre-2014	2014	2015	2016	2017	2018	TOTAL
CAPITAL COSTS							
LRV Door Modifications	\$ 1,010	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,010
OMC Solar	-	3,620	-	-	-	-	3,620
14 Light Rail Vehicles Interest	-	15,897	-	-	-	-	15,897
All Other	1,054	1,224	397	-	605	667	3,947
LRV Capital PM	-	852	710	6,576	6,388	3,096	17,622
Total Capital Costs	\$ 2,064	\$ 21,593	\$ 1,107	\$ 6,576	\$ 6,993	\$ 3,763	\$ 42,096
CAPITAL REVENUES							
Federal 5337 SOGR	\$ -	-	\$ 325	\$ 328	\$ 330	\$ 3,763	\$ 4,746
TIGGER	-	2,715	-	-	-	-	2,715
CMAQ	578	-	-	-	-	-	578
Total Federal	578	2,715	325	328	330	3,763	8,039
Phoenix	678	(12,186)	-	-	-	-	(11,508)
Tempe	283	-	-	-	-	-	283
Mesa	49	-	-	-	-	-	49
PTF Revenue	476	31,064	782	6,248	6,663	-	45,233
Total Local	1,486	18,878	782	6,248	6,663	-	34,057
Total Capital Revenue	\$ 2,064	\$ 21,593	\$ 1,107	\$ 6,576	\$ 6,993	\$ 3,763	\$ 42,096



Valley Metro FY14 and Five Year Staffing Plan

Staffing levels are planned to optimize the appropriate relationship of internal staff versus contractor labor. Internal staffing provides a lower cost solution so long as project activities require full-time effort throughout the lowest period of design and construction project cycles.

Following is the level of effort stated in Full-Time Equivalent employees (FTE) relating to the projects schedule listed on page 40. Authorization of positions by the METRO Board is executed by adoption of the Annual Budget.

**Valley Metro
Five-Year Staffing Forecast**
Full Time Equivalent Position (FTE) Funding by Project

Regional Public Transportation Authority Staffing Forecast

Projects	FY14	FY15	FY16	FY17	FY18
Operations:					
Transit Service Operations	11.75	12.50	12.50	12.50	12.50
Administrative	31.65	31.65	31.60	31.60	31.60
Regional Services	68.05	67.75	67.75	67.65	67.65
Planning	8.05	8.75	8.85	9.80	9.95
Business Services	7.25	7.25	7.25	7.25	7.25
Capital Projects:					
BRT Improvements	0.29	0.30	0.43	0.43	0.43
Total Full Time Equivalent Staff	127.04	128.20	128.38	129.23	129.38

METRO Staffing Forecast

Projects	FY14	FY15	FY16	FY17	FY18
Operations:					
Revenue Operations	112.50	112.91	126.57	127.15	127.18
Agency Operations	3.05	3.05	3.05	3.05	3.05
Agency Overhead	9.25	9.20	9.30	9.35	9.35
Capital Projects:					
Northwest Extension	6.62	7.10	5.77	1.92	1.42
Central Mesa	5.95	5.97	4.66	2.79	1.81
Tempe Streetcar	2.99	3.39	3.87	3.27	3.27
Phoenix West		2.09	3.60	5.52	6.47
Gilbert Road	2.58	3.88	3.66	5.21	5.57
Non Prior Rights Utility Relocation	0.36	0.37	0.37	0.42	0.42
Systemwide Improvements	1.04	1.04	0.99	0.99	0.99
Future Project Development:					
Capital Project Development Admin	5.50	6.05	6.05	6.17	6.11
Systems Studies	1.08	1.08	1.13	1.23	1.23
General Agency Support - Project Dev	7.60	8.92	9.02	7.97	8.27
Phoenix West	1.79	-	-	-	-
Glendale	0.33	0.43	0.08	1.33	1.33
South Central	0.33	0.33	0.50	1.40	1.15
Total Full Time Equivalent Staff	160.96	165.80	178.62	177.77	177.62

Combined Agency Total

288.00	294.00	307.00	307.00	307.00
---------------	---------------	---------------	---------------	---------------



Valley Metro
Regional Public Transportation Authority
FY2014 Adopted FTE Count by Pay Grades and Ranges

Pay Grade	Position Title	Adopted Pay Range	FTE Effort		Total FTE
			RPTA	VMR	
I	Cleaner	\$22,377 - \$33,565	0.0	10.0	10
II	Transit Distribution Assistant	\$24,863 - \$37,294	0.5	0.5	1
III	Administrative Support Assistant	\$27,626 - \$41,439	0.5	0.5	1
	Customer Service Representative		40.0	0.0	40
	Document Control Clerk		0.1	1.9	2
	LRV Yard Operator		0.0	2.0	2
	Stockroom Clerk		0.0	2.0	2
IV	Accounting Technician	\$30,696 - \$46,043	3.0	0.0	3
	Administrative Assistant		5.7	6.4	12
	Customer Service Application Technician		1.0	0.0	1
	Lead Customer Service Representative		5.0	0.0	5
	Lead Document Control Clerk		0.1	0.9	1
	LRV Inspector		0.0	9.0	9
	Materials Handler		0.0	1.0	1
	Performance Analyst		1.0	0.0	1
V	Human Resources Technician	\$33,766 - \$50,648	1.0	0.0	1
VI	LRV Maintenance Technician I	\$37,142 - \$55,712	0.0	11.0	11
	Paralegal		0.5	0.5	1
	Track Maintainer		0.0	6.0	6
VII	Accountant I	\$40,856 - \$61,284	2.1	0.9	3
	Contracts Specialist		0.2	0.8	1
	Executive Assistant		0.3	1.7	2
	Help Desk Support Specialist		1.5	1.5	3
	LRV Maintenance Technician II		0.0	10.0	10
	Planner I		0.3	0.8	1
	Procurement Specialist		0.8	0.2	1
	Program Representative		7.0	0.0	7
	Signal/Comm Sys Maintainer		0.0	6.0	6
	Utility Relocation Specialist		0.0	1.0	1
	Vehicle Parts Coordinator		0.0	1.0	1
VIII	Bus/Para Fleet/Facilities Coordinator	\$44,942 - \$67,413	1.0	0.0	1
	Customer Service Supervisor		5.0	0.0	5
	Engineering Technician		0.0	1.0	1
	Executive Administrative Coord		1.0	1.0	2
	Graphics Designer		2.6	1.4	4
	LRV Lead Maintenance Technician		0.0	3.0	3
	Materials/Warranty Coordinator		0.0	2.0	2
	Signal/Comm Sys Technician		0.0	9.0	9
	Traction Power Sys Tech		0.0	13.0	13



Valley Metro
Regional Public Transportation Authority
FY2014 Adopted FTE Count by Pay Grades and Ranges

Pay Grade	Position Title	Adopted Pay Range	FTE Effort		Total FTE
			RPTA	VMR	
IX	Accountant II	\$49,435 - \$74,154	3.0	0.0	3
	Bike Pedestrian Coordinator		1.0	0.0	1
	Budget Analyst		1.0	1.0	2
	Contracts Administrator		0.8	0.2	1
	Data Analyst		1.0	0.0	1
	Human Resources Generalist		2.0	0.0	2
	LRV Maintenance Supervisor		0.0	3.0	3
	Management Analyst		1.0	0.0	1
	Network Support Analyst		0.0	1.0	1
	Planner II		1.0	2.1	3
	Program Coordinator		5.8	5.2	11
	Public Information Specialist		0.5	0.5	1
	Safety Specialist		0.4	0.6	1
	Security Coordinator		0.4	0.6	1
	Van Pool Coordinator		1.0	0.0	1
Web Developer		2.0	0.0	2	
X	Senior Contract Administrator	\$54,380 - \$81,569	0.5	0.5	1
	Bus/Paratransit Fleet/Facilities Supervisor		1.0	0.0	1
	Maintenance of Way Supervisor		0.1	3.0	3
	Network Systems Engineer		0.2	1.8	2
	Program Control Specialist		0.0	1.0	1
	Program Supervisor		2.0	0.0	2
	Senior Contracts Administrator		0.2	1.8	2
XI	GIS Administrator	\$59,818 - \$89,726	0.5	0.5	1
	Employee Relations Administrator		1.0	0.0	1
	Planner III		1.1	1.0	2
	Project Manager		1.5	1.5	3
	Public Arts Administrator		0.0	1.0	1
	Quality Assurance Administrator		0.0	1.0	1
	Senior Construction Project Coordinator		0.0	1.0	1
	Senior Management Analyst		0.8	0.3	1
	Senior Service Planner		1.0	0.0	1
XII	Mgr Human Resources Support Services	\$65,799 - \$98,698	1.0	0.0	1
	Marketing Manager		0.5	0.5	1
	Assistant Superintendent		0.0	1.0	1
	Budget and Operations Financial Controls Manager		0.5	0.5	1
	Transportation Demand Manager		1.0	0.0	1
	Communications Manager		0.5	0.5	1
	Community Relations Manager		0.3	0.7	1
	Customer Service Manager		1.0	0.0	1
	General Accounting Manager		1.0	0.0	1
	Lead Procurement Officer		0.8	1.2	2
	LRT Systems Manager		0.1	1.0	1
	Program Manager, Safety, Training		0.0	1.0	1
	Track & Facilities Manager		0.0	1.0	1
Utility Manager		0.0	1.0	1	



Valley Metro
Regional Public Transportation Authority
FY2014 Adopted FTE Count by Pay Grades and Ranges

Pay Grade	Position Title	Adopted Pay Range	FTE Effort		Total FTE	
			RPTA	VMR		
XIII	Corridor & Facility Development Manager	\$72,379 - \$108,568	0.2	0.9	1	
	Financial Reporting Manager		0.6	0.4	1	
	Information Technology Manager		0.5	0.5	1	
	Project Controls Manager		0.0	1.0	1	
	Quality Assurance Manager		0.0	1.0	1	
	Senior Project Engineer		0.1	1.0	1	
	Resident Engineer		0.0	1.0	1	
	System & Service Development Manager		0.6	0.4	1	
XIV	Chief Human Resources Officer	\$81,992 - \$122,987	1.0	0.0	1	
	Chief Maintenance Engineer		0.0	1.0	1	
	Chief, Rail Safety, & Security		0.4	0.6	1	
	Construction & Utilities Manager		0.1	0.9	1	
	Contractors and Procurement Manager		0.5	0.5	1	
	Design Manager		0.0	1.0	1	
	Government Relations Officer		0.5	0.5	1	
	Manager, Start Up & Activation		0.0	1.0	1	
	Revenue Generation & Financial Planning Manager		0.8	0.3	1	
	Superintendent LRV Maintenance		0.0	1.0	1	
XV	Bus Services Delivery Manager	\$100,202 - \$150,304	1.0	0.0	1	
	Chief Financial Officer		0.5	0.5	1	
	Chief of Staff		0.5	0.5	1	
	Communication & Marketing Dir		0.5	0.5	1	
	Director, Administration & Organizational Development		0.5	0.5	1	
XVI	Chief Engineer	\$112,627 - \$168,941	0.0	1.0	1	
	Chief Transportation Officer		0.4	0.6	1	
	Director, Planning & Develop		0.1	0.9	1	
GC	Rail General Counsel	\$117,246 - \$175,870	0.5	0.5	1	
ED	Chief Executive Officer	Salary Negotiated	0.5	0.5	1	
			FY14 FTE's	<u>127</u>	<u>161</u>	<u>288</u>
			FY13 FTE's	<u>120</u>	<u>153</u>	<u>273</u>
			Change	<u>7</u>	<u>8</u>	<u>15</u>



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 FY 2014 process is outlined below, with Proposed planning beginning in February and with budget adoption scheduled for May 2013. Major phases of this process are outlined below:

- Oct 31, 2012 -- Proposed Rail Operating Budget to City Staff
- Jan 24th -- Draft budget for Director review
- Feb 19th -- Draft Budget to Financial Working Groups and RTAG for review.
- March 6th -- Draft Budget delivered to RMC, TMC
- March 7th -- Draft Budget delivered to BFS
- March 13th -- Comments due to Budget Group
- April 3rd -- Budget presented for Information to RMC, TMC
- April 18th -- Budget presented to Board of Directors for information
- May 1st -- Management Committees approvals
- May 16th -- Board Meeting – Budget Adopted by Board

	Budget Group	Directors	Advisory Groups	Board of Directors
Sept	Prepare Templates			
Oct	Prepare Rail Proposed Ops Budget			
Oct - Dec	Respond to Questions and Issues Raised	Provide Input and Direction		
Jan	Compile Budget Information and Prepare Draft Budget	Respond to Questions and Issues Raised and Provide Direction		
Feb ¹⁹ thru Mar 13 th	Respond to Questions and Issues Raised		Review Draft Budget Package and Provide Feedback to METRO Budget Group	
Mar 13 th – Mar 29 th	Compile Revisions and Prepare Budget			
April	Respond to Questions and Issues Raised		Review Budget	
May 1 st thru May 15 th			Approve Budget for Submission to the Board	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



101 North First Avenue | Suite 1300 | Phoenix, AZ 85003 | valleymetro.org