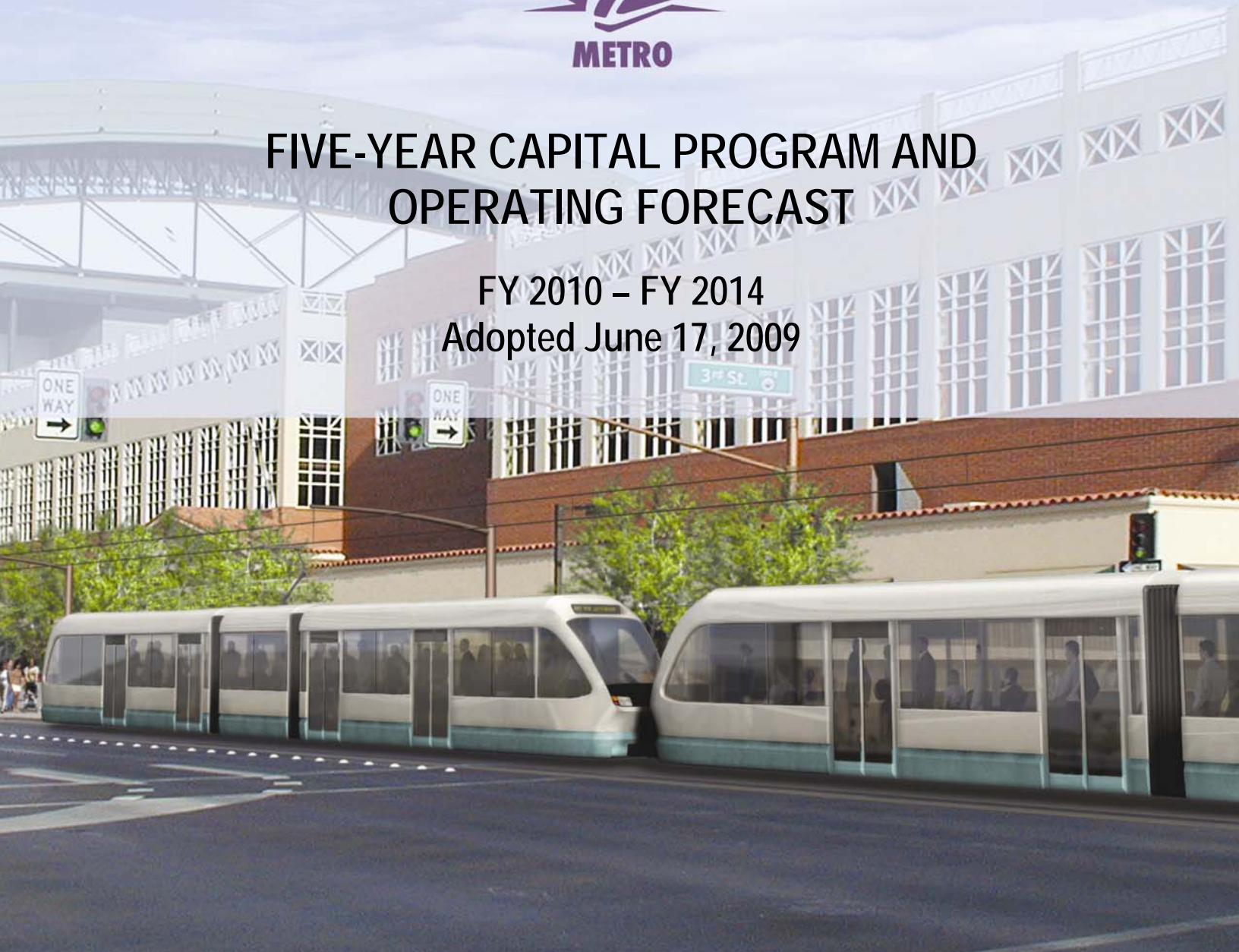




FIVE-YEAR CAPITAL PROGRAM AND OPERATING FORECAST

FY 2010 – FY 2014
Adopted June 17, 2009





Valley Metro Rail, Inc.
Phoenix, Arizona

Five-Year Capital Program and Operating Forecast
FY 2010 through FY 2014
(July 1, 2009 through June 30, 2014)

Board of Directors

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Mayor Boyd Dunn, Chandler
Mayor Hugh Hallman, Tempe
Mayor Scott Smith, Mesa
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Larry Engleman, Safety, Security, and Quality Assurance Director
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Wulf Grote, Project Development Director
Jay Harper, Operations and Maintenance Director
Mike Ladino, General Counsel
John McCormack, Finance and Administration Director



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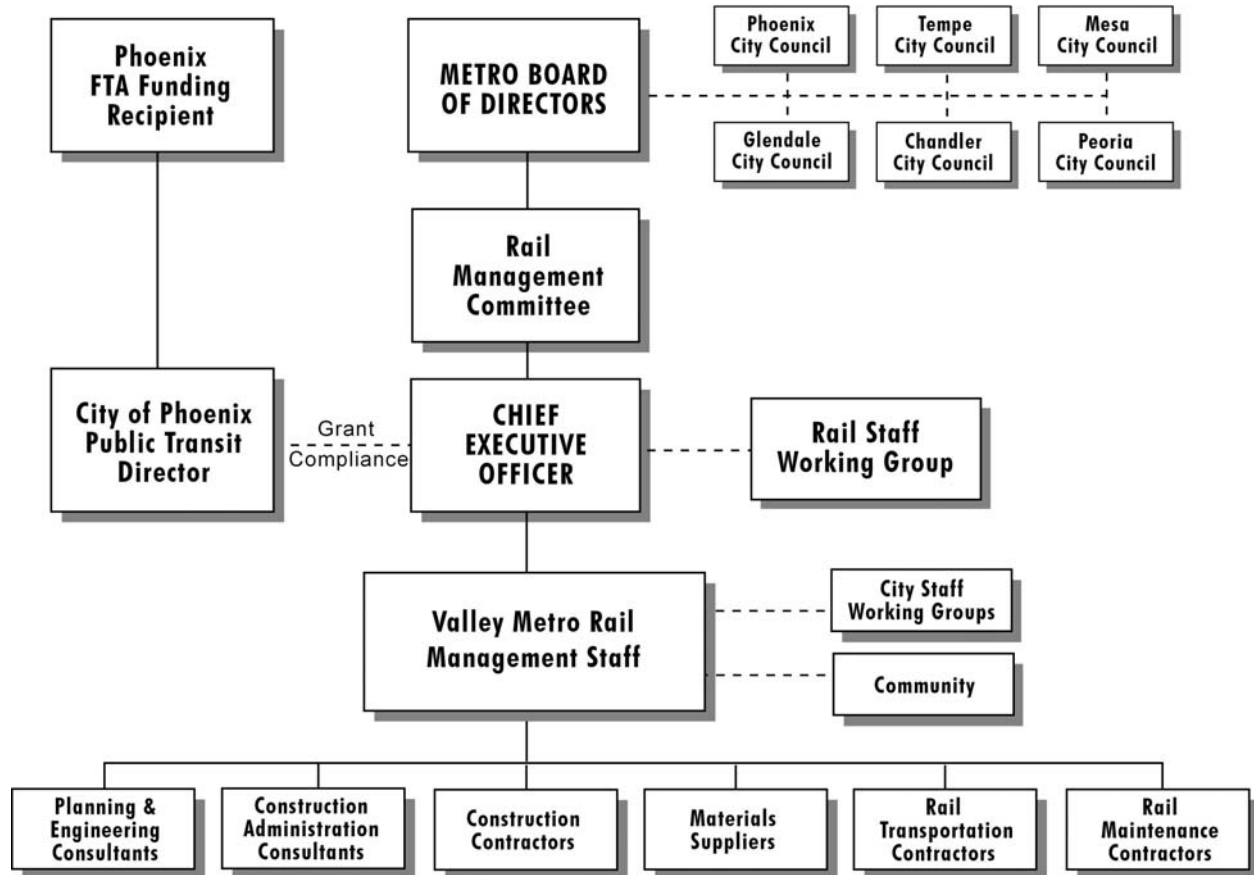
METRO ORGANIZATION

Valley Metro Rail, Inc. (METRO) is a public non-profit corporation whose members are the cities of Chandler, Glendale, Mesa, Peoria, Phoenix, and Tempe. METRO's mission is 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 for management and administration of the LRT System, provides oversight over the design, construction and operation of light rail, and oversees the receipt and disbursement of funds and grants from federal, state, local, and other funding sources.

The Rail Chief Executive Officer (CEO) is responsible for 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 Management Staff includes a limited number of core agency employees, augmented by consultant personnel with specialized expertise and experience in light rail planning, design, construction, and operations on a project-by-project basis. The following chart depicts the policy organization for Valley Metro Rail and the relationships to key stakeholders.



METRO POLICY ORGANIZATION



Rev. 07-22-09

METRO VISION AND MISSION

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 excellence and safety, which provides value, enhances quality of life and is a point of pride for our community.”

Mission:

“METRO provides a premier regional rail system that enhances mobility and strengthens the viability of our community.”



METRO Five-Year Organizational Goals:

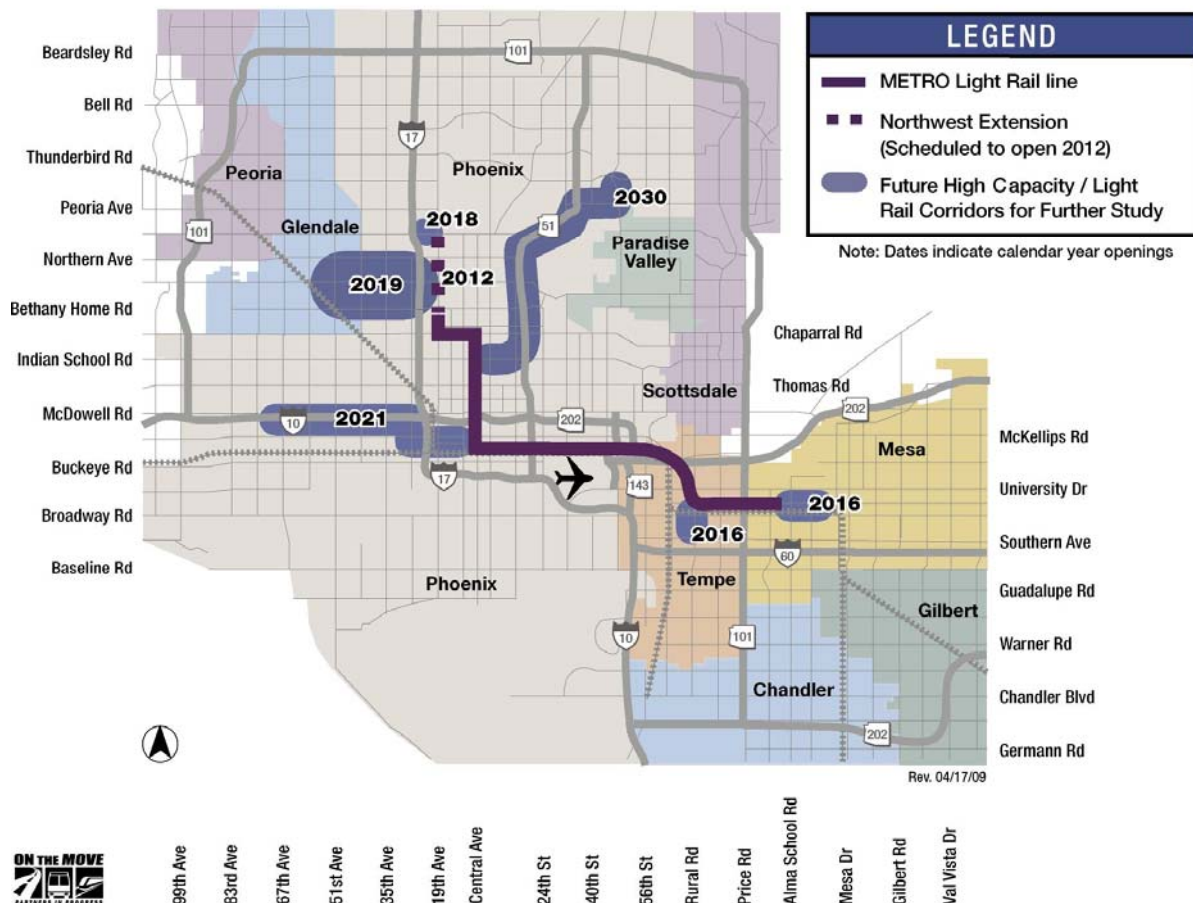
- Operate a safe, efficient, customer-oriented, reliable METRO system.
- Plan, design, and construct the rail/high capacity transit element of the Regional Transportation Plan.
- Strengthen public confidence in METRO as a premier regional rail system.
- Maintain sound relationships with public and private stakeholders in the METRO system.

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





Project Development: The proposed light rail/ high capacity transit system will include over 57 mile of high capacity transit service in four cities within the next 20 years. Before any specific transit corridor is initiated, MERO will study and configure the system to better understand how corridors connect, determine facility requirements, and define operating parameters. System planning is the first step in developing the high capacity transit. It is followed by the corridor planning for individual corridors. Once technologies and alignments are determined in each corridor, preliminary engineering is engaged.

A key objective during project development is to define all aspects of each high capacity transit corridor project, identify the appropriate transit technology, the alignment, stations, park-and-rides, maintenance facilities, traction power substations, and bus interface. METRO staff is committed to working closely with policy makers, public agencies, businesses, community stakeholders, utility companies to assure an early and complete understanding of their needs and issues, before design begins.

METRO is responsible to assure that adequate funding is in place to implement, maintain and operate the light rail program. METRO staff works closely with federal, state, regional and local agencies that provide present and future funding for the light rail system. METRO, in coordination with all affected agencies, annually updates the LRT 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).

Design & Construction Management: 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.

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 now provides 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. METRO has contracted services for light rail vehicle operators, vehicle maintenance, and facilities maintenance.



FIVE-YEAR BUDGET SUMMARY

Uses of Funds: The high-level details of the overall operating and capital budget for Valley Metro Rail is attached as Table 1, Budget Summary. The cumulative uses of funds, FY 2010 through FY 2014, may be summarized as follows:

Uses of Funds Five Year Total		YOE (\$,000)
CP/EV LRT Project	1.8%	\$ 15,857
Finance Costs	5.0%	45,732
CNPA	0.1%	1,012
14 LRV's / Systemwide Imp.	2.1%	19,398
Non-Prior Rights Utilities	2.2%	20,161
Northwest Extension Phase 1	24.6%	222,970
Central Mesa	12.4%	112,541
Tempe South	9.2%	83,283
Glendale	6.6%	59,890
I-10 West	8.3%	75,548
Northwest Phase 2	0.6%	5,586
PTF Financing Costs	3.2%	28,913
LRT Operations & Maintenance	20.8%	188,193
Project Development Planning	2.4%	21,684
Agency Operating Budget	0.6%	4,987
	100.0%	\$ 905,756

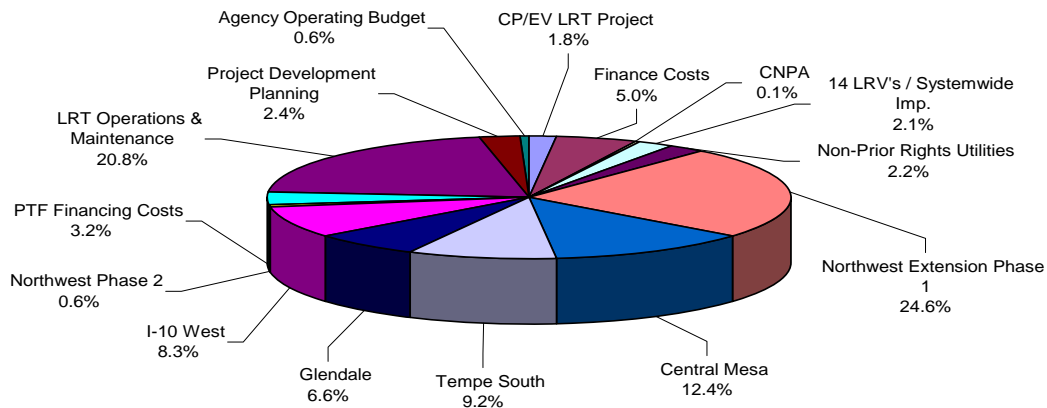


Chart 1 – Uses of Capital & Operating Funds FY 2010 through FY 2014



Sources of Funds: The cumulative sources of funds, FY 2010 through FY 2014, may be summarized as follows (see Table 1, Five-Year Capital Program and Operating Forecast Summary):

Sources of Funds Five Year Total		(\$,000)
Member Cities	10.9%	\$ 99,000
MAG / RPTA	0.6%	5,000
All Others	0.0%	-
Regional PTF Revenue 2009 ADOT Forecast	31.9%	288,583
Rail PTF Reserves and Borrowing Funds	11.9%	107,683
LRT Fares	5.6%	50,920
FTA Section 5309	31.5%	285,632
FTA Section 5339	0.1%	950
CMAQ / STP	7.5%	67,988
	100.0%	\$ 905,756

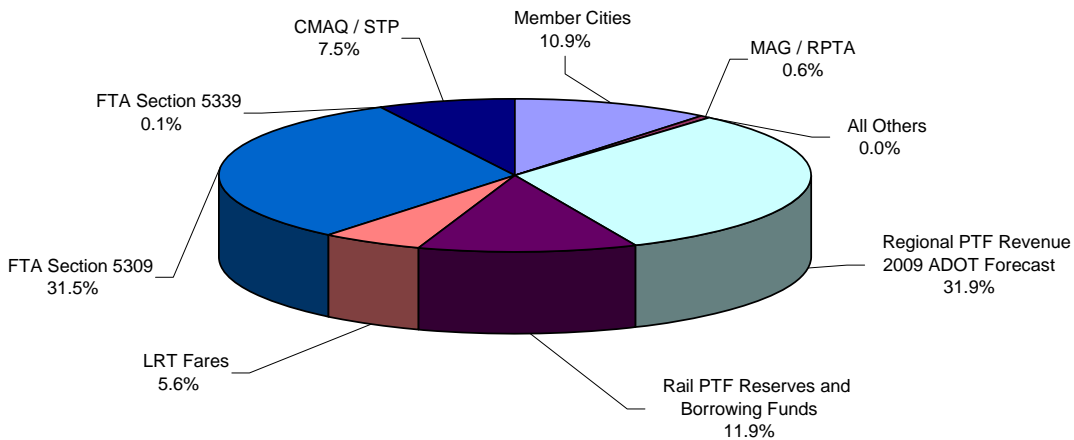


Chart 2 – Sources of Capital & Operating Funds FY 2010 through FY 2014



Table 1 - Five-Year Capital Program and Operating Forecast Summary (\$,000)
FY 2010 through FY 2014

	Pre-2010 *	2010	2011	2012	2013	2014	Inception to Date	Cumulative 2010 - 2014
USES OF FUNDS								
CP/EV LRT Project	\$ 1,283,950	\$ 15,148	\$ 709	\$ -	\$ -	\$ -	\$ 1,299,807	\$ 15,857
Finance Costs	66,586	24,738	20,994	-	-	-	112,318	45,732
CNPA	121,115	1,012	-	-	-	-	122,127	1,012
14 LRV's / Systemwide Imp.	40,050	2,229	359	386	-	16,424	59,448	19,398
Non-Prior Rights Utilities	77,713	10,616	9,545	-	-	-	97,874	20,161
Northwest Extension Phase 1	64,025	83,268	72,282	61,007	6,413	-	286,995	222,970
Central Mesa	-	927	7,695	20,641	27,052	56,226	112,541	112,541
Tempe South	-	939	5,468	12,269	18,773	45,835	83,283	83,283
Glendale	-	-	-	-	21,821	38,070	59,890	59,890
I-10 West	-	971	1,604	4,869	30,989	37,114	75,548	75,548
Northwest Phase 2	-	-	-	-	1,825	3,760	5,586	5,586
PTF Financing Costs	-	5,200	4,070	4,367	4,993	10,283	28,913	28,913
Subtotal - Capital	1,653,440	145,047	122,727	103,540	111,866	207,712	2,344,331	690,892
LRT Operations & Maintenance	-	33,733	34,914	36,136	40,001	43,410	188,193	188,193
Project Development Planning	-	12,799	3,542	2,702	1,535	1,106	21,684	21,684
Agency Operating Budget	-	982	957	984	1,015	1,049	4,987	4,987
Total Uses	\$ 1,653,440	192,561	162,139	\$ 143,362	\$ 154,417	\$ 253,277	\$ 2,559,195	\$ 905,756
SOURCES OF FUNDS								
Phoenix	\$ 754,048	663	25,860	\$ 56,283	\$ 19,018	\$ (834)	\$ 855,037	\$ 100,990
Tempe	201,902	(26,459)	(9,263)	4,153	8,372	8,651	187,354	(14,547)
Mesa	41,483	(7,231)	(2,911)	425	1,613	1,667	35,047	(6,436)
Glendale	-	1,420	1,461	767	5,430	9,131	18,210	18,210
Chandler	-	50	50	50	50	50	250	250
Peoria	-	84	50	50	50	50	284	284
Scottsdale	-	50	50	50	50	50	250	250
MAG / RPTA	-	1,000	1,000	1,000	1,000	1,000	5,000	5,000
All Others	1,286	-	-	-	-	-	1,286	-
Subtotal	998,718	(30,424)	16,297	62,778	35,583	19,766	1,102,718	104,000
Regional PTF Revenue Forecast	182,808	50,526	53,046	57,020	61,584	66,408	471,391	288,583
Rail PTF (Reserve) / Borrowing	18,713	29,106	21,897	(17,694)	(1,737)	76,111	126,396	107,683
LRT Fares	-	8,985	9,300	9,625	10,828	12,182	50,920	50,920
FTA Section 5309	399,068	127,800	54,000	11,331	31,000	61,500	684,700	285,632
FTA Section 5339	-	950	-	-	-	-	950	950
CMAQ / STP	54,132	5,618	7,600	20,301	17,159	17,310	122,120	67,988
Total Sources	\$ 1,653,440	192,561	162,140	\$ 143,362	\$ 154,417	\$ 253,277	\$ 2,559,195	\$ 905,756

* "PRE 2010" Reports cumulative capital costs projected through 6/30/2009

Note: Cost and revenues reported on accrual basis. Negative Sources of Funds reflect reimbursements to Member Cities for federal grant funding and Regional PTF revenues forecasted to fund Regional Assets. **Regional PTF Revenues** are from the February 2009 ADOT revenue forecast. The **Rail PTF (Reserve) / Borrowing** represents forecasted annual reserve at FYE 2009 and future funding requirements in excess of the expected sales tax revenue



FY 2009 ACCOMPLISHMENTS

- METRO opened on time and within budget – December 27, 2008
 - Over 150,000 rides on opening weekend without incident
 - Additional 150,000 rides during free fare period leading up to revenue service date of January 1, 2009.
- METRO rides exceed projections for First Quarter of revenue service
 - Projected average weekday rides – 26,000
 - Actual average weekday rides for the First Quarter – 33,454
- METRO Saturday service is exceeding expectations
 - Projected average Saturday rides – 20,800
 - Actual average Saturday rides for the First Quarter – 30,498
- Central Phoenix/East Valley (CP/EV) total project construction safety exceeded industry standards:
 - 5.6 Million hours worked
 - Construction lost time rate 1.3 vs. 5.30 National Standard
 - Construction lost time rate 0.1 vs. 2.20 hrs/100 National Standard
- Implementation of a safety awareness campaign to ensure safety during the testing period and the implementation of revenue service that included:
 - Production and distribution of a driver safety video
 - Production of a safety advertising campaign in English and Spanish generating 37 million impressions
 - Conducted outreach and training events focused solely on accessibility and light rail safety for persons with disabilities
- Established Risk Management policies and procedures to prepare for passenger operations including establishment of Self Insurance Reserve Trust Fund
- Prepared and facilitated execution of agreements with METRO Member Cities:
 - Master Funding Agreements, Security Agreements, Conduct Ordinances
- Successfully completed Procurement Systems Review with City of Phoenix / Federal Transit Administration (FTA) (begun in early 2007)
- Pursued and established advertising revenue potential with NBA (All-Star Game)
- Continued final design for the 3.2 mile Northwest Extension Light Rail Project with over the shoulder review by the Construction Manager at Risk firm
- Significant progress was made on Alternatives Analysis for three future high capacity transit corridors including Central Mesa, I-10 West and Tempe South



- Received federal section 5339 grant funding commitments of \$1.568 million to fund the AA studies and obtained a follow-up commitment for another \$950,000 discretionary federal funds to assist with MAG and RPTA activities related to METRO's AA studies

Awards Received by METRO:

- Best of the Best – Transportation - Engineering News Record
- AMCA Public Service Award – 2006
- APWA AZ Chapter – Public Works Project of the Year
- Associated Minority Contractor's of America (AMCA) - Project of the Year Award
- Associated Minority Contractors of America - Community Service Award - Employer of the Year – 2008
- Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada – 2008
- Dreamer - Best Project in Downtown Phoenix Area Award – 2008
- FTA/FHWA Transportation Planning Excellence Award (for Transportation and Land Use Integration) – 2004
- International Right of Way Association (IRWA) - TOP 10 North American Infrastructure Projects
- Southwest Contractor Awards – Arizona Best of 2008 in Transportation – Line Section 5 and Engineering Design – Tempe Town Lake Bridge
- WTS - Innovation and Transportation Award
- WTS Employer of the Year Award – 2005 and 2008

ANNUAL GOALS AND OBJECTIVES (FY 2010 THROUGH FY 2014)

Project Development Division Goals:

- Complete environmental monitoring, analysis and reporting for the initial 20-mile LRT project.



-
- Resolve the proper location for a high capacity transit investment to serve Glendale and west Phoenix
 - Establish a Light Rail/High Capacity Transit system configuration for high capacity transit corridors in the Regional Transportation Plan (RTP)
 - Determine the Locally Preferred Alternative and receive Board approval for future high capacity transit corridors in the RTP
 - Central Mesa
 - I-10 West
 - Tempe South
 - Implement an effective agency-wide Geographic Information System
 - Work with FTA to develop a program agreement for funding of future corridor projects
 - Actively participate in and provide management assistance for regional transit planning studies, such as the MAG Regional Transit Framework Study, MAG Commuter Rail studies, and RPTA BRT studies
 - Support city efforts to encourage transit oriented development and work with cities to develop TOD opportunities
 - Prepare planning studies for potential future transit corridors as requested by METRO member agencies (e.g. Peoria, Scottsdale).

Design & Construction Division Goals:

- Support operation of the initial 20 mile operating segment
- Closeout all contracts related to the CP/EV Project
- Begin and complete construction on the Northwest Extension utilizing the CM@R delivery method.
- Implement alternative delivery methods to construct future corridors.
- Develop and implement capital project cost estimating standards and 3rd party plan review procedures.



Operations & Maintenance Division Goals:

- Deliver rail operational service within budget
- Achieve or exceed LRV mean-time-between-failures' objective.
- Adhere to FTA compliant Drug and Alcohol Testing Program for all O&M Employees.
- Scrutinize methods to achieve cost savings and efficiencies within O&M.
- Ensure compliance with Operation and Maintenance Agreements and update as necessary.
- Continue efforts to ensure seamless bus/rail service operations.
- Monitor key performance indicators which measure safety, efficiency and reliability of the METRO System.
- Scrutinize contractors to ensure fiscal and performance compliance.

Community Relations Division Goals:

- Implement marketing strategy and safety campaigns for continued light rail construction, vehicle testing, and revenue operations startup.
- Continue to foster relationships with the business and residential communities related to light rail construction, system testing, and revenue operations.
- Ensure cooperative relationships are maintained with METRO member cities and regional stakeholders.
- Work effectively with the FTA and Congress to maximize federal funding for rail extensions.
- Maintain positive relationships with the media resulting in objective news coverage.

Legal Services Division Goals:

- Maintain lawful, fair and cost-efficient procurement practices to support METRO's passenger operations, future planning, corporate and construction needs.



- Provide on-going legal advice to Senior METRO management in the areas of risk management, litigation avoidance, statutory compliance and corporate governance.
- Manage and fine-tune the Owner Controlled Insurance Program as METRO's operational experience develops.
- Achieve full realization of the DBE or other applicable socio-economic programs as METRO continues to grow and expand.
- Streamline the delivery of in-house legal services so as to reduce the overall cost to METRO.
- Strengthen internal controls; respond promptly to audit oversight findings.
- Maintain compliance with FTA requirements and best practices in order to better position METRO for future funding opportunities.

Finance and Administration Division Goals and Objectives:

- Manage financial reporting and controls system to deliver CPEV LRT and Northwest Extension projects on-time and within budget.
 - CPEV Close-out project objectives
 - Continue reporting to meet FTA and Member City requirements.
 - Provide support and promote prompt contract close-out
 - Expedite Federal Grant receipts
 - NW Extension project objectives
 - Manage Project Change Control Process & Reporting
 - Develop staffing cost controls
 - Coordinate project funding with Phoenix and RPTA Bond Funding
- Develop annual budget and five-year capital and operating forecasts integrated with Member City objectives and funding, Transit Life Cycle Plan and Regional Transportation Plan.
- Manage all Financial aspects of Rail Operations Costs
 - Work Order cost system
 - Manage accurate labor and material costs
 - Maximize Warranty recoveries
 - Inventory Cost reporting
 - Contract control management
 - Audit monthly billings
 - Identify cost savings and initiate actions to reduce cost



- Manage Fare Revenue and Ridership accounting controls
 - Hold Contractors accountable to improve equipment and services
 - Develop written routines to improve cash controls
 - Fully implement DILAX ridership reporting system
- Maintain PCI compliance
- Complete NTD reports accurately and On-time
- Complete full Implementation of Sage accounting system to standardize financial reporting and enhance monthly reporting to Member Cities for Rail Operations, Agency Operating Costs and capital projects.



FIVE-YEAR CAPITAL PROGRAM – FY 2010 THROUGH FY 2014

Capital projects included in the five year program include:

- Central Phoenix / East Valley (CP/EV) – the initial 20-mile METRO spanning Phoenix, Tempe and Mesa
- Northwest Extension – 5 mile alignment in Phoenix with 3.2 mile Phase I proceeding north and terminating in the vicinity of Dunlap Avenue and 25th Avenue and Phase II continuing 1.8 miles north to vicinity of Metro Center.
- Future LRT Extensions: Central Mesa – 2.7 mile alignment extending eastbound to downtown Mesa; Tempe South – 2.0 mile alignment extending southward in the vicinity of Rural Road to the Superstition Freeway; Glendale Extension – 5.0 mile alignment westward to downtown Glendale; I-10 West – 11.0 mile alignment from downtown Phoenix westward to the vicinity of 79th Avenue.

METRO is currently in alternative analysis for additional high capacity transit corridors (extensions to CP/EV LRT), developing an overall systems configuration plan, and is also managing Concurrent Non-Project Activities (CNPA), in connection with the construction closeout of CP/EV LRT. Costs for the alternative analyses, systems studies and CNPA are part of the Proposed FY 2010 Operating and Capital Budget.

The Capital Program report is a multiple year (five fiscal years) forecast of the capital projects managed by Valley Metro Rail. 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: Valley Metro Rail 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 \$2.3 billion through the five-year planning horizon. These uses of funds are summarized as follows:

		Inception through FY 2014
<u>Uses of Funds - Capital Projects</u>		<u>YOE (\$,000)</u>
CP/EV LRT Project	55.4%	\$ 1,299,807
Finance Costs	4.8%	112,318
14 LRV's	2.5%	57,583
CNPA	5.2%	122,127
NPR Utilities	4.2%	97,874
NW Ext Phase 1	12.2%	286,995
Central Mesa	4.8%	112,541
Tempe South	3.6%	83,283
Glendale	2.6%	59,890
I-10 West	3.2%	75,548
NW Phase 2	0.2%	5,586
Systemwide Improvements	0.1%	1,865
PTF Financing	1.2%	28,913
	100.0%	\$ 2,344,331

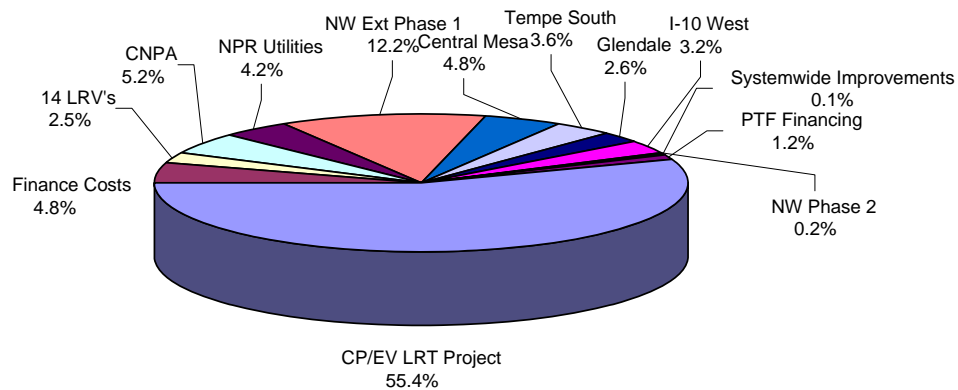


Chart 3 – All Capital Project Uses of Funds – Inception through FY 2014



All Capital Projects - Sources of Funds: Funding is derived from three primary sources: Member Cities' Taxes and Bonds, Regional Sales Taxes (Public Transportation Fund), and Federal Grants. These sources of funds are summarized as follows (see also Table 2, Five-Year Capital Program / All Projects):

		Inception through FY 2014
Sources of Funds - Capital Projects		YOE (\$,000)
Phoenix	32.4%	\$ 760,441
Tempe	6.3%	146,868
Mesa	1.2%	27,250
Glendale	0.6%	14,500
All Others	0.1%	1,286
Regional PTF	25.0%	587,167
FTA	29.2%	684,700
CMAQ	5.2%	122,120
	100.0%	\$ 2,344,331

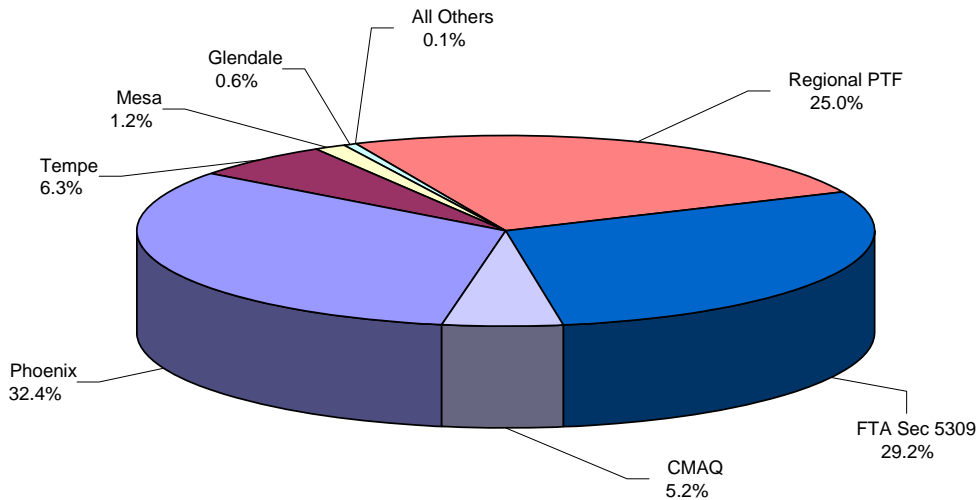


Chart 4 – All Capital Projects Sources of Funds -- Inception through FY 2014



**Table 2 - Five-Year Capital Program / All Projects (\$,000)
FY 2010 through FY 2014**

	<u>Pre-2010</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Total</u>
USES OF FUNDS							
CP/EV LRT Project	1,350,536	39,886	21,703	-	-	-	1,412,126
Northwest Extension Phase 1	64,025	83,268	72,282	61,007	6,413	-	286,995
Central Mesa	-	927	7,695	20,641	27,052	56,226	112,541
Tempe South	-	939	5,468	12,269	18,773	45,835	83,283
Glendale	-	-	-	-	21,821	38,070	59,890
I-10 West	-	971	1,604	4,869	30,989	37,114	75,548
Northwest Phase 2	-	-	-	-	1,825	3,760	5,586
Subtotal	<u>1,414,561</u>	<u>125,990</u>	<u>108,752</u>	<u>98,787</u>	<u>106,873</u>	<u>181,005</u>	<u>2,035,969</u>
14 LRV's	40,050	1,636	-	-	-	15,897	57,583
CNPA	121,115	1,012	-	-	-	-	122,127
Non-Prior Rights Utilities	77,713	10,616	9,545	-	-	-	97,874
Systemwide Improvements	-	593	359	386	-	527	1,865
PTF Financing Costs	-	5,200	4,070	4,367	4,993	10,283	28,913
Total Capital Costs	<u>1,653,440</u>	<u>145,047</u>	<u>122,727</u>	<u>103,540</u>	<u>111,866</u>	<u>207,712</u>	<u>2,344,331</u>
SOURCES OF FUNDS							
Phoenix	754,048	(16,522)	7,705	39,366	(1,490)	(22,667)	760,441
Tempe	201,902	(34,026)	(17,076)	(3,932)	-	-	146,868
Mesa	41,483	(8,688)	(4,415)	(1,131)	-	-	27,250
Glendale	-	-	-	-	5,400	9,100	14,500
All Others	1,286	-	-	-	-	-	1,286
Subtotal	<u>998,718</u>	<u>(59,235)</u>	<u>(13,786)</u>	<u>34,304</u>	<u>3,910</u>	<u>(13,567)</u>	<u>950,344</u>
PROJECTED PROPOSITION 400	201,521	70,864	74,913	37,604	59,797	142,469	587,167
PROJECTED REVENUES							
FTA	399,068	127,800	54,000	11,331	31,000	61,500	684,700
CMAQ	54,132	5,618	7,600	20,301	17,159	17,310	122,120
Subtotal	<u>453,200</u>	<u>133,418</u>	<u>61,600</u>	<u>31,632</u>	<u>48,159</u>	<u>78,810</u>	<u>806,820</u>
Total Revenues	<u>1,653,440</u>	<u>145,047</u>	<u>122,727</u>	<u>103,540</u>	<u>111,866</u>	<u>207,712</u>	<u>2,344,331</u>

Note: Negative sources of funds reflect reimbursements to Member Cities for the CPEV 20 Mile Initial Segment Capital Project. Sources of funding include federal grant proceeds and Prop 400 revenues forecasted to fund Regional Assets.



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

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

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



LIGHT RAIL ALIGNMENT





CP/EV LRT Project - Uses of Funds: The total capital cost of the CP/EV LRT project over the FY 1999 to FY 2014 period is \$1.412 billion in year of expenditure dollars. Capital costs planned for this project are summarized as follows:

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

<u>Uses of Funds - CP/EV LRT Project</u>		<u>Thru FY 2014</u>	<u>Life Cycle</u>
Rolling Stock	8.4%	118,406	118,406
Construct Transitway/Lines	29.9%	422,407	422,407
Stops & Terminals	6.6%	92,947	92,947
Support Equipment & Facilities	4.8%	67,077	67,077
Electrification & Power Distribution	4.4%	61,652	61,652
Signal & Communication Equipment	3.1%	44,085	44,085
Right of Way	9.3%	131,600	131,600
Engineering	9.5%	133,572	133,572
Project Management	15.6%	220,399	220,399
Transit Enhancements	0.4%	6,283	6,283
Project Contingency	0.1%	1,380	1,380
Subtotal	92.0%	1,299,808	1,299,808
Project Finance Cost	8.0%	112,318	112,318
Total	100.0%	1,412,126	1,412,126

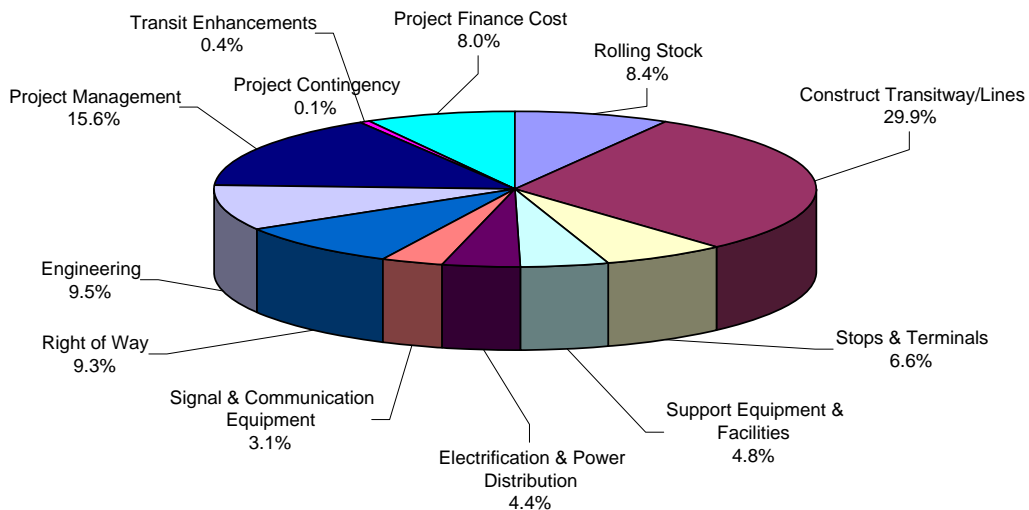


Chart 5 -- CP/EV LRT Project Uses of Funds – Inception through FY 2014



CP/EV LRT Project - Sources of Funds: In addition to Full Funding Grant Agreement federal funds and regional Public Transportation Funds, member cities provide funding for the light rail project through their annual or biennial budgets. Phoenix, Tempe, and Mesa will share the bulk of the responsibility for funding the non-federal share of capital costs. Capital revenues planned for this project are summarized as follows (see also Table 3 – Five-Year Capital Budget / CP/EV LRT Project):

Sources of Funds - CP/EV LRT Project		----- (\$,000) -----	
		Thru FY 2014	Life Cycle
Phoenix	29.3%	413,992	413,992
Tempe	9.3%	131,528	131,528
Mesa	1.5%	20,905	20,905
Proposition 400 Revenues	14.1%	198,751	198,751
FTA	41.6%	587,200	587,200
CMAQ	4.2%	59,750	59,750
	100.0%	1,412,126	1,412,126

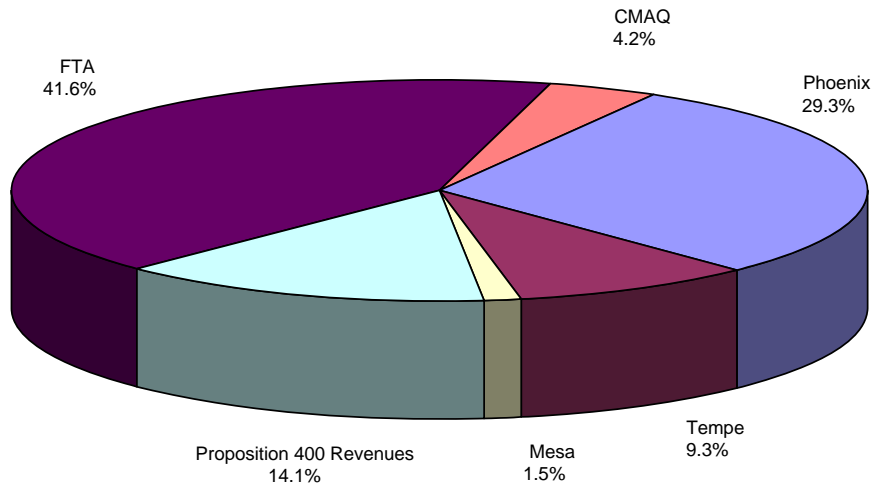


Chart 6 -- CP/EV LRT Project Sources of Funds – Inception through FY 2014



**Table 3 - Five-Year Capital Program / CP/EV LRT Project (\$,000)
FY 2010 through FY 2014**

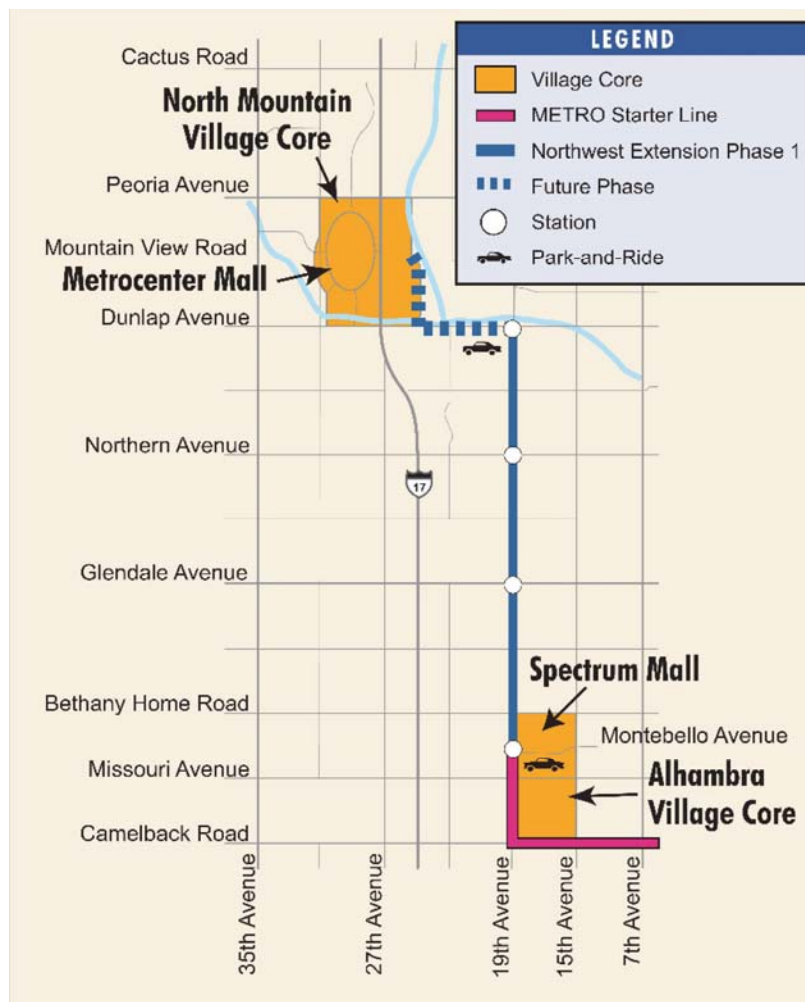
<u>CP/EV LRT Project</u>	<u>Pre-2010</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>TOTAL</u>
PROJECTED COSTS							
Capital Costs	\$1,283,950	\$ 15,148	\$ 709	\$ -	\$ -	\$ -	\$1,299,807
CP/EV Financing Costs	66,586	24,738	20,994	-	-	-	112,318
Total Capital Costs	\$1,350,536	\$ 39,886	\$ 21,703	\$ -	\$ -	\$ -	\$1,412,126
PROJECTED PAYMENTS							
Phoenix	\$ 558,724	\$ (97,904)	\$ (45,558)	\$ (1,269)	\$ -	\$ -	\$ 413,992
Tempe	186,562	(34,026)	(17,076)	(3,932)	-	-	131,528
Mesa	35,138	(8,688)	(4,415)	(1,131)	-	-	20,905
Glendale	-	-	-	-	-	-	-
Subtotal	780,424	(140,618)	(67,049)	(6,331)	-	-	566,425
PROPOSITION 400	116,913	47,086	34,752	-	-	-	198,751
FTA	399,068	127,800	54,000	6,331	-	-	587,200
CMAQ	54,132	5,618	-	-	-	-	59,750
Subtotal	570,113	180,504	88,752	6,331	-	-	845,701
Total Revenues	\$1,350,536	\$ 39,886	\$ 21,703	\$ -	\$ -	\$ -	\$1,412,126

Note: Negative payments reflect reimbursements to Member Cities for the CPEV 20 Mile Initial Segment Capital Project. Sources of funding include federal grant proceeds and Prop 400 revenues forecasted to fund Regional Assets.



Northwest Extension Project - 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 Valley Metro Rail 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, will be funded entirely from locally funds. Phase I is scheduled to open in 2012, with the remainder of the 4.6 mile project to be completed when engineering is fully coordinated with ADOT's Interstate 17 widening project.





Northwest Extension Project - Uses of Funds: The total capital cost of the Northwest Extension project over the FY 2005 to FY 2014 period is budgeted to be approximately \$307 million, excluding financing costs.

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

Uses of Funds - Northwest Extension Phase I		Thru FY 2014	Life Cycle
Preliminary Engineering /FEIS	0.5%	1,667	1,667
Final Design	6.3%	19,309	19,309
ROW Acquisition	17.5%	53,676	53,676
Guideway	11.3%	34,744	34,744
Sitework	24.0%	73,704	73,704
Stations	9.2%	28,170	28,170
Systems	10.6%	32,361	32,361
Project Mgmt	10.9%	33,364	33,364
Contingency	3.3%	10,000	10,000
Subtotal	93.6%	286,995	286,995
Non Prior Rights Utilites Relocation	6.4%	19,563	19,563
	100.0%	306,558	306,558

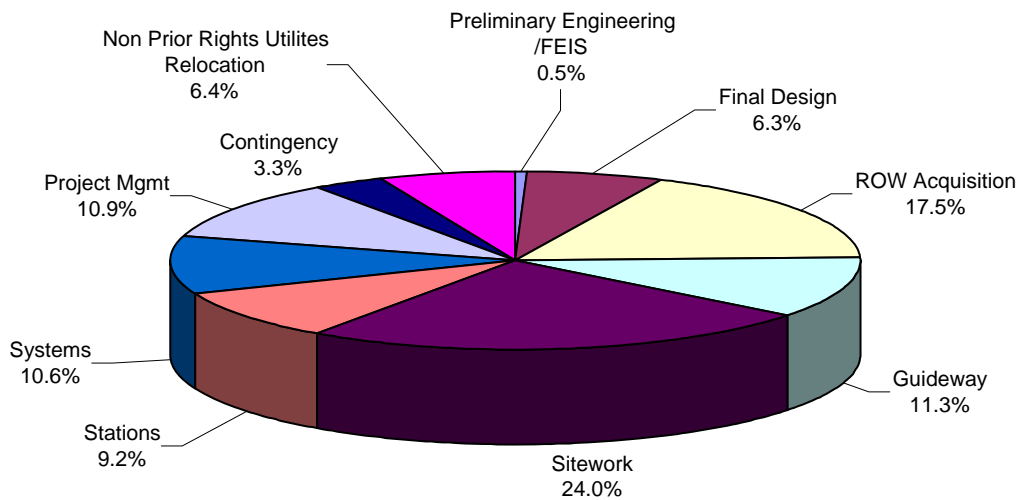


Chart 7 -- Northwest Extension Project Uses of Funds – Inception through FY 2014



Northwest Extension Project - Sources of Funds: The Northwest Corridor Study Project was included in the City of Phoenix’s Transit Plan (Transit 2000) ballot initiative that was passed by voters, providing a 0.4% sales tax to fund the City’s transit program. On March 6, 2007, the City of Phoenix Council approved the Northwest Corridor Light Rail Transit (LRT) Extension as a phased project; with the first 3.2-mile phase, along 19th Avenue from Montebello Avenue to Dunlap Avenue, to be funded entirely from locally funds. City of Phoenix funds and PTF regional tax funds will be required to complete the first 3.2 mile project phase.

The sources of capital revenues planned for this project are summarized as follows (see also Table 4 – Five-Year Capital Budget / Northwest Project):

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

Sources of Funds - Northwest Extension Phase I		Thru FY 2014	Life Cycle
Phoenix T 2000 Transit Tax	62.8%	192,544	192,544
Proposition 400	15.5%	47,542	47,542
Phoenix Water	11.9%	36,472	36,472
Phoenix HURF	9.8%	30,000	30,000
	100.0%	306,558	306,558

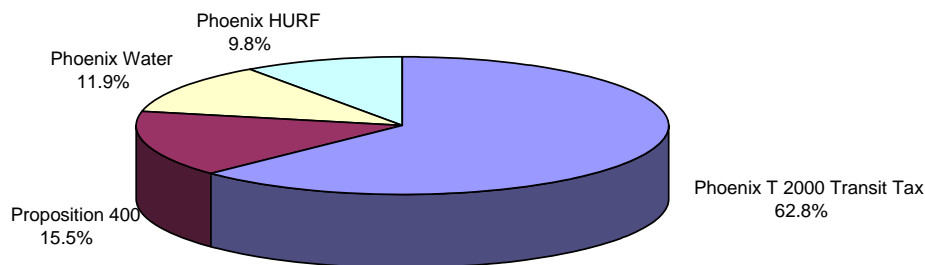


Chart 8 -- Northwest Project Sources of Funds – Inception through FY 2014



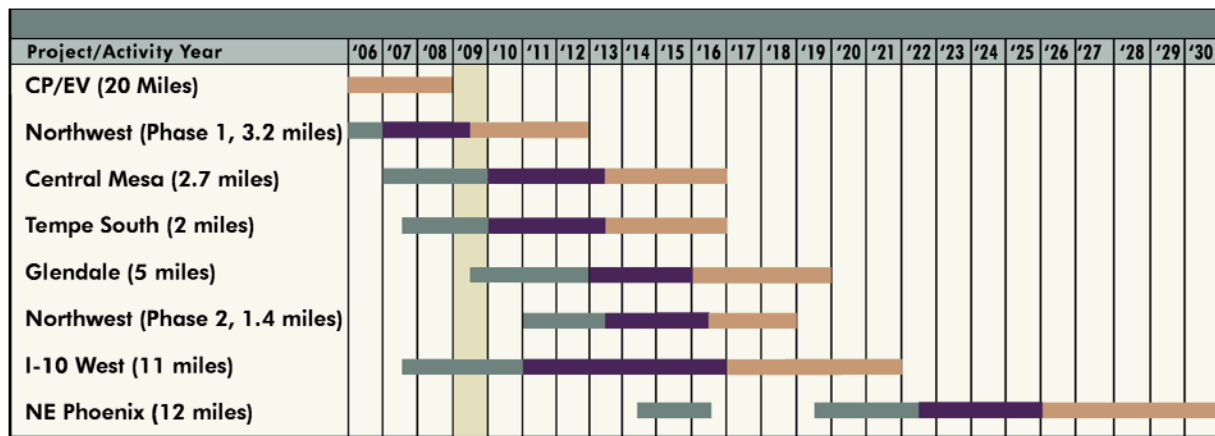
**Table 4 - Five-Year Capital Program / Northwest Extension Phase 1 Project (\$,000)
FY 2010 through FY 2014**

<u>Northwest Extension</u>	<u>Pre-2010</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>TOTAL</u>
CAPITAL COSTS							
Project Costs	\$ 64,025	\$ 83,268	\$ 72,282	\$ 61,007	\$ 6,413	\$ -	\$ 286,995
Non Prior Rights Utilites	3,552	6,466	9,545	-	-	-	19,563
Total Capital Costs	\$ 67,577	\$ 89,734	\$ 81,827	\$ 61,007	\$ 6,413	\$ -	\$ 306,558
CAPITAL REVENUES							
FTA Section 5309	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Federal (CMAQ)	-	-	-	-	-	-	-
Total Federal	-	-	-	-	-	-	-
Phoenix T 2000 Transit Tax	57,130	65,898	48,815	44,288	(23,587)	-	192,544
PTF Revenue	10,447	10,999	17,534	8,562	-	-	47,542
Phoenix Water	-	12,837	15,478	8,157	-	-	36,472
Phoenix HURF	-	-	-	-	30,000	-	30,000
	-	-	-	-	-	-	-
Total Local	67,577	89,734	81,827	61,007	6,413	-	306,558
Total Capital Revenue	\$ 67,577	\$ 89,734	\$ 81,827	\$ 61,007	\$ 6,413	\$ -	\$ 306,558



Future High Capacity Transit Projects: The Regional Transportation Plan (RTP), adopted by the Maricopa Association of Governments (MAG) and financed under the one-half cent sales tax extension, identifies 57 miles of major light rail/high capacity transit corridors to be implemented by 2026. Currently the 3.2 mile Phase I extension to serve the Northwest area is in final design and right of way acquisition. Under the plan additional service areas are identified; 2.7-miles east into downtown Mesa, 2-miles into south Tempe, 5-miles west into Glendale, 11-miles into west Phoenix and 12-miles into northeast Phoenix. Valley Metro Rail, Inc. (METRO) is the agency charged with planning, designing, building and operating the light rail transit (LRT) system in the area.

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



Planning will be completed on the South Tempe and Central Mesa corridors in FY 2009. The I-10 West corridor will complete the planning phase in FY 2010. The Glendale corridor will get underway with Alternatives Analysis beginning in FY 2009 and continue in FY 2010.

Funding for future projects has two phases:

- 1.) Operating Budget Phase: Alternative Analysis and DEIS are funded from Federal Sec 5339 funds, Member City contributions, and PTF (See Project Development planning Support on page 32).
- 2.) Capital Budget Phase: After entry into Preliminary Engineering, costs are included in the capital budget and funded by Federal, regional, and local sources (See page 27).



Future High Capacity Transit Projects - Uses of Funds: The following Future Project expenditures are currently scheduled to use capital funds during the planning horizon covered by this five-year capital budget (see also Table 5 – Five-Year Capital Budget / Future LRT Extensions):

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

Future Projects - Uses of Funds		Thru FY 2014	Life Cycle
Fourteen LRV's	14.5%	57,583	57,583
Systemwide Improvements	0.5%	1,865	110,072
Central Mesa	28.4%	112,541	242,514
Tempe South	21.0%	83,283	178,440
Glendale	15.1%	59,890	489,883
I-10 West	19.1%	75,548	1,093,530
Northwest Phase 2	1.4%	5,586	138,326
	100.0%	396,296	2,310,349

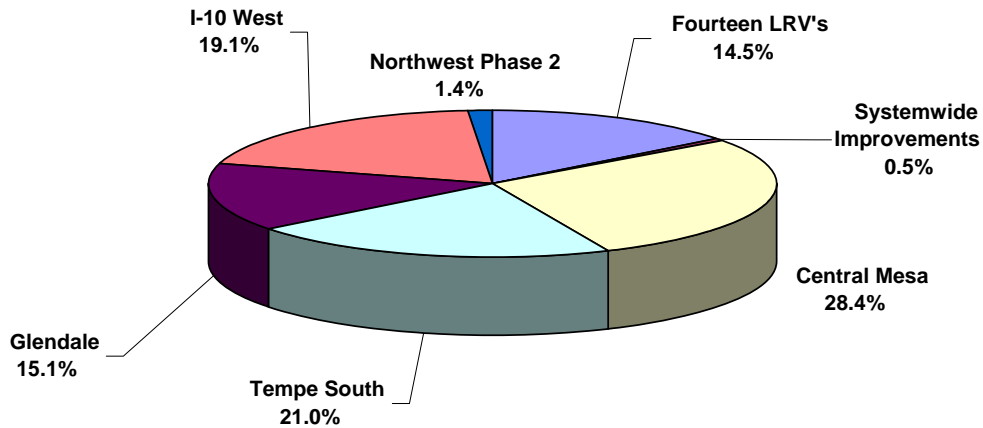


Chart 9 – Future Projects Uses of Funds FY 2010 – FY 2014



Future High Capacity Transit Projects - Sources of Funds: The sources of capital costs budgeted for these projects are summarized as follows (see also Table 5 – Five-Year Capital Budget / Future Projects):

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

Future Projects - Sources of Funds		Thru FY 2014	Life Cycle
Glendale	3.7%	14,500	117,600
Phoenix	-3.0%	(11,723)	80,005
Proposition 400	59.0%	233,649	934,600
Federal			
CMAQ	15.7%	62,370	202,768
FTA 5309	24.6%	97,500	908,845
FTA 5307			66,531
Subtotal	40.3%	159,870	1,178,144
Total Sources	100.0%	396,296	2,310,349

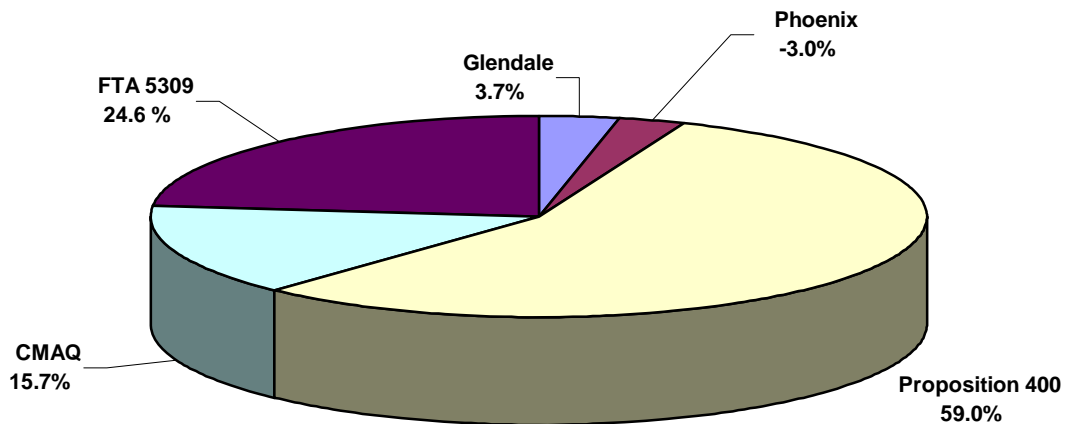


Chart 10 -- Future Projects Sources of Funds FY 2010 – FY 2014



**Table 5 - Five-Year Capital Program / Future Projects (\$,000)
FY 2010 through FY 2014**

USES OF FUNDS	PRE-2010	2010	2011	2012	2013	2014	TOTAL
By Project Life Cycle							
Vehicle Acquisition	\$ 40,050	\$ 1,636	\$ -	\$ -	\$ -	\$ -	\$ 41,686
Preliminary Engineering	-	2,836	14,767	20,134	54,636	46,917	139,290
Final Design	-	-	-	4,263	14,797	18,065	37,126
ROW Acquisition	-	-	-	11,201	15,382	16,857	43,440
Utility Relocation	-	-	-	840	6,027	5,316	12,184
NPR Utility Relocations	-	-	-	1,341	9,618	8,484	19,443
Construction	-	593	359	386	-	101,789	103,127
Testing & Startup	-	-	-	-	-	-	-
	<u>\$ 40,050</u>	<u>\$ 5,065</u>	<u>\$ 15,126</u>	<u>\$ 38,166</u>	<u>\$ 100,460</u>	<u>\$ 197,429</u>	<u>\$ 396,296</u>
By Project							
Fourteen LRV's	\$ 40,050	\$ 1,636	\$ -	\$ -	\$ -	\$ 15,897	\$ 57,583
Systemwide Improvements	-	593	359	386	-	527	1,865
Central Mesa	-	927	7,695	20,641	27,052	56,226	112,541
Tempe South	-	939	5,468	12,269	18,773	45,835	83,283
Glendale	-	-	-	-	21,821	38,070	59,890
I-10 West	-	971	1,604	4,869	30,989	37,114	75,548
Northwest Phase 2	-	-	-	-	1,825	3,760	5,586
	<u>\$ 40,050</u>	<u>\$ 5,065</u>	<u>\$ 15,126</u>	<u>\$ 38,166</u>	<u>\$ 100,460</u>	<u>\$ 197,429</u>	<u>\$ 396,296</u>

SOURCES OF FUNDS	PRE-2009	2010	2011	2012	2013	2014	TOTAL
Local							
Glendale Sales Tax	\$ -	\$ -	\$ -	\$ -	\$ 5,400	\$ 9,100	\$ 14,500
Phoenix T-2000	40,050	1,636	(11,030)	(11,810)	(7,903)	(22,667)	(11,723)
PTF	-	3,429	18,556	23,334	45,186	123,702	214,207
PTF Utilities	-	-	-	1,341	9,618	8,484	19,443
Federal							
CMAQ	-	-	7,600	20,301	17,159	17,310	62,370
FTA 5309	-	-	-	5,000	31,000	61,500	97,500
FTA 5307	-	-	-	-	-	-	-
Subtotal	-	-	7,600	25,301	48,159	78,810	159,870
Total Sources	<u>\$ 40,050</u>	<u>\$ 5,065</u>	<u>\$ 15,126</u>	<u>\$ 38,166</u>	<u>\$ 100,460</u>	<u>\$ 197,429</u>	<u>\$ 396,296</u>

Note: Negative sources of funds reflect reimbursements to the City of Phoenix made in connection with the Fourteen LRVs. The source of funding is PTF revenues.



FIVE-YEAR OPERATING FORECAST

The Operations & Maintenance (O&M) costs for the CP/EV LRT Project were projected by METRO to reflect current costs and with an escalation factor of 3.5% and anticipated staffing and administrative overhead requirements. A cost “build-up” approach was used to develop the O&M costs based on assumptions as to headways, running times, vehicle miles, staff requirements, power and utilities, materials and supplies, casualty and loss, police, and other contract services.

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

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

Five-Year Operating - Uses of Funds: Operating costs planned for the FY 2010 through FY 2014 planning horizon may be summarized as follows (See Table 5, Five-Year Operating Budget):

Uses of Funds - Operating Budget		(\$,000)
Operations & Maintenance	87.6%	\$ 188,193
Project Development Planning Support	10.1%	21,684
Agency Operating Budget	2.3%	4,987
Total Uses	100.0%	\$ 214,864

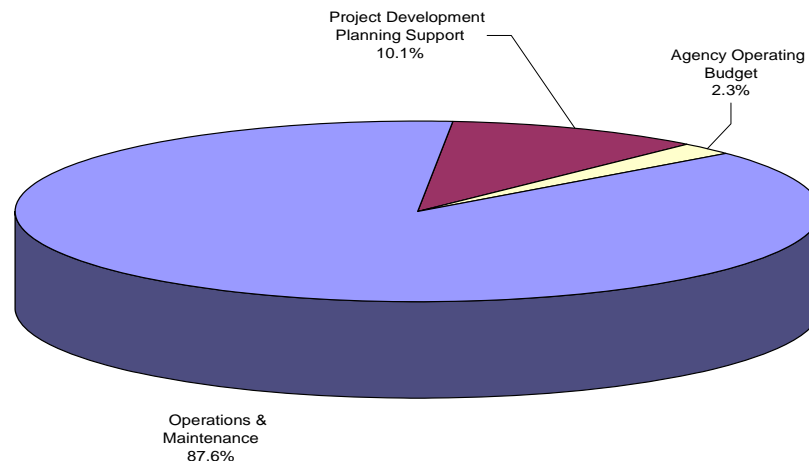


Chart 11 – Uses of Funds -- Five-Year Operating Budget



Five-Year Operating - Sources of Funds: Operating revenues planned for the FY 2010 through FY 2014 planning horizon may be summarized as follows (see also Table 5, Five-Year Operating Budget):

Sources of Funds - Operating Budget		(\$,000)
Fare Revenues	23.7%	\$ 50,920
Member Support		
Phoenix	44.0%	94,597
Tempe	18.8%	40,487
Mesa	3.6%	7,797
Glendale	1.7%	3,710
Chandler	0.1%	250
Peoria	0.1%	284
Scottsdale	0.1%	250
Subtotal	68.6%	147,374
Planning Funds - PTF	4.9%	10,620
FTA 5339	0.4%	950
RPTA/MAG/ CMAQ / STP	2.3%	5,000
Total Sources	100.0%	\$ 214,864

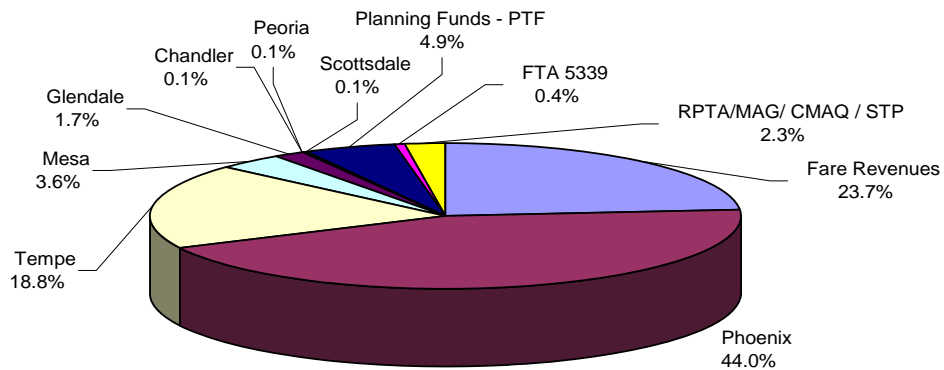


Chart 12 – Sources of Operating Funds – FY 2010 thru FY 2014



**Table 6 - Five-Year Operating Forecast (\$,000)
FY 2010 through FY 2014**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>TOTAL</u>
<u>USES OF FUNDS</u>						
Operations and Maintenance	33,733	34,914	36,136	40,001	43,410	188,193
Project Development Planning Support	12,799	3,542	2,702	1,535	1,106	21,684
Agency Operating Budget	982	957	984	1,015	1,049	4,987
Total Uses	47,514	39,413	39,822	42,551	45,565	214,864
<u>SOURCES OF FUNDS</u>						
LRT Fares:						
Phoenix	6,027	6,238	6,457	7,557	8,780	35,059
Tempe	2,519	2,607	2,698	2,787	2,898	13,508
Mesa	439	455	471	484	504	2,353
Subtotal Fares	8,985	9,300	9,625	10,828	12,182	50,920
Other Revenues						
Phoenix	17,184	18,155	16,917	20,507	21,833	94,597
Tempe	7,567	7,813	8,084	8,372	8,651	40,487
Mesa	1,457	1,504	1,556	1,613	1,667	7,797
Glendale	1,420	1,461	767	30	31	3,710
Chandler	50	50	50	50	50	250
Peoria	84	50	50	50	50	284
Scottsdale	50	50	50	50	50	250
Subtotal Local Revenues	27,811	29,083	27,475	30,672	32,333	147,374
Capital Planning Funds - PTF	8,768	30	1,722	50	50	10,620
MAG	500	500	500	500	500	2,500
RPTA	500	500	500	500	500	2,500
FTA 5339	950	-	-	-	-	950
CMAQ	-	-	-	-	-	-
Total Sources	47,514	39,413	39,822	42,551	45,565	214,864



CP/EV Operations & Maintenance Cost Assumptions:

Service Frequency FY 2010 Plan:

Weekday trains will run with two cars at 10 minute intervals during peak hours and 15 to 30 minute intervals off peak. Weekends do not require peak service trains and will operate with one or two cars at 15 to 30 minute headways. Service headways and train lengths will be adjusted over time to accommodate growth and service patterns.

Time of Day	Service Frequency
Weekday 4:40 am* to 6:00 am	20 minutes
Weekday 6:00 am to 7:00 pm	10 minutes
Sunday - Thursday 7:00 pm to 11:00 pm*	20 minutes
Friday and Saturday 7:00 pm to 2:00 am*	20 minutes
Saturday 5:00* am to 6:00 am	20 minutes
Saturday 6:00 am to 7:00 pm	15 minutes
Saturday 7:00 pm to 11:00 pm*	20 minutes
Sunday 5:00 am* to 11:00 pm*	20 minutes
*Indicates time that trains depart end of line stations for either first trip of the day or last trip of the day.	

Passenger Boardings:

Over the course of the fiscal year 2010, average daily boardings are forecasted at 30,103 or 11.0 million rides for the year. Conservative growth ridership estimates predict fiscal year 2011 average boardings at 31,150 passengers per day; and fiscal year 2012 boardings at 32,250 passengers per day. In December 2012, with the opening of the Phase I Northwest Extension, average rides are anticipated to reach 38,300 per day.

Rail Transportation Service Delivery:

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

LRV Maintenance:

LRV Maintenance will be responsible for the preventive and corrective maintenance required to ensure a high level of LRV availability and reliability. In addition, each LRV will be cleaned on a daily basis.

System Maintenance:

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



Administration:

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

Fares:

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

Fare Type	Old	New
LOCAL		
1-Ride	\$1.25	\$1.75
All-day pass (on-board)	\$2.50	\$5.25
All-day pass (off-board)	\$2.50	\$3.50
3-day	\$7.50	\$10.50
7-day	\$17.50	\$17.50
31-day		\$55.00
EXPRESS		
1-Ride	\$1.75	\$2.75
All-day pass (on-board)	\$3.50	\$7.25
All-day pass (off-board)	\$3.50	\$5.50
31-Day		\$85.00
REDUCED		
1-Ride	\$0.60	\$0.85
All-day pass (on-board)	\$1.25	\$2.60
All-day pass (off-board)	\$1.25	\$1.75
3-day	\$3.75	\$5.25
7-day	\$8.75	\$8.75
31-day	\$22.50	\$27.50

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



**Table 7 - METRO LRT with NW Extension Starting In December 2012
Operation and Maintenance Cost Estimate
FY 2010 through FY 2014**

First Full Year Costs	Extended Cost	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Transportation						
Labor and Materials	\$ 8,411,598					
Labor - Fare Inspection & Security	3,492,809					
Transportation Consultant	75,000					
Propulsion Power	2,294,520					
Emergency Contingency (Bus Bridges, etc.)	196,000					
Special Events Contingency	565,026					
Transportation Total		\$ 15,034,953	\$ 15,561,177	\$ 16,105,818	\$ 17,828,348	\$ 19,347,756
Vehicle Maintenance						
Labor and Materials	\$ 5,697,132					
Maintenance Other	(200,000)					
Vehicle Maintenance Total		\$ 5,497,132	\$ 5,689,532	\$ 5,888,665	\$ 6,518,463	\$ 7,073,994
Systems and Facilities Maintenance						
Track/Station/Facility Maintenance	\$ 2,213,082					
Traction Power System Maintenance	1,306,840					
Signals/Communications/TVMs	1,160,655					
Material/Supplies/Other Direct Costs	987,050					
Utilities	1,052,700					
Fare Collection Material & Security	445,586					
Park & Ride Lots	-					
Systems and Facilities Maintenance Total		\$ 7,165,913	\$ 7,416,720	\$ 7,676,305	\$ 8,497,292	\$ 9,221,467
Administration						
Property and General Liability Insurance	\$ 1,800,000					
VMR Management	1,882,952					
General & Administrative Costs	1,452,218					
Contingency Reserve	900,000					
Administration Total		\$ 6,035,170	\$ 6,246,401	\$ 6,465,025	\$ 7,156,464	\$ 7,766,369
		\$ 33,733,168	\$ 34,913,829	\$ 36,135,813	\$ 40,000,566	\$ 43,409,586



**Table 8 - METRO LRT with NW Extension Starting In December 2012
Projected Ridership and Revenues
FY 2010 through FY 2014**

Fiscal Year	FY 2010 Annual Ridership / Fares			FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Baseline Rides		Fare Assumption						
Weekday *	6,552,000	\$ 0.82	\$ 5,372,640	\$ 5,372,640	\$ 5,560,682	\$ 5,755,306	\$ 6,474,720	\$ 7,284,060
Saturday	1,081,600	\$ 0.82	\$ 886,912	\$ 886,912	\$ 917,954	\$ 950,082	\$ 1,068,843	\$ 1,202,448
Sunday	676,000	\$ 0.82	\$ 554,320	\$ 554,320	\$ 573,721	\$ 593,801	\$ 668,027	\$ 751,530
Total Baseline Rides	8,309,600		6,813,872	6,813,872	7,052,358	7,299,190	8,211,589	9,238,037
<i>No change to rides, Average Fare based on new fare policy</i>								
Additional weekday Rides - Exceeding FFGA Target								
Weekday	1,512,000	\$ 0.82	\$ 1,239,840	\$ 1,239,840	\$ 1,283,234	\$ 1,328,148	\$ 1,494,166	\$ 1,680,937
Saturday	-							
Sunday	-							
Total Weekday Additional Rides	1,512,000		1,239,840	1,239,840	1,283,234	1,328,148	1,494,166	1,680,937
<i>Rides down 14%, Average Fare based on new fare policy</i>								
Additional Rides - Special Events								
Estimated Per Events Detail (Rides down 5% , Average Fare based on new fare policy)	1,135,911	\$ 0.82	\$ 931,447	\$ 931,447	\$ 964,048	\$ 997,790	\$ 1,122,513	\$ 1,262,827
Total Additional Rides for special events	1,135,911		\$ 886,011	\$ 931,447	\$ 964,048	\$ 997,790	\$ 1,122,513	\$ 1,262,827
TOTALS	10,957,511	\$ 0.82	\$ 8,939,723	\$ 8,985,159	\$ 9,299,640	\$ 9,625,127	\$ 10,828,268	\$ 12,181,802
					103.5%	103.5%	112.5%	112.5%

OPERATING REVENUES				FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Fare Revenues								
Phoenix	67.0800%			\$ 6,027,245	\$ 6,238,198	\$ 6,456,535	\$ 7,556,788	\$ 8,780,199
Tempe	28.0300%			\$ 2,518,540	\$ 2,606,689	\$ 2,697,923	\$ 2,787,136	\$ 2,897,993
Mesa	4.8900%			\$ 439,374	\$ 454,752	\$ 470,669	\$ 484,344	\$ 503,609
Total Fare Revenues				\$8,985,159	\$9,299,640	\$9,625,127	\$10,828,268	\$12,181,802
Fare Recovery Ratio			27%	27%	27%	27%	27%	28%
Gross Operating Costs								
Phoenix				\$ 22,124,784	\$ 22,899,151	\$ 23,700,621	\$ 27,130,143	\$ 30,088,698
Tempe				\$ 9,780,669	\$ 10,122,992	\$ 10,477,297	\$ 10,844,002	\$ 11,223,542
Mesa				\$ 1,827,715	\$ 1,891,685	\$ 1,957,894	\$ 2,026,420	\$ 2,097,345
Total Operating Costs				\$33,733,168	\$34,913,828	\$36,135,812	\$40,000,566	\$43,409,586
Member City Funding								
Phoenix				\$ 16,097,539	\$ 16,660,953	\$ 17,244,086	\$ 19,573,356	\$ 21,308,499
Tempe				\$ 7,262,129	\$ 7,516,303	\$ 7,779,374	\$ 8,056,866	\$ 8,325,549
Mesa				\$ 1,388,341	\$ 1,436,933	\$ 1,487,225	\$ 1,542,076	\$ 1,593,736
Total Member City Funding				\$24,748,008	\$25,614,189	\$26,510,685	\$29,172,298	\$31,227,784
TOTAL OPERATING REVENUE				\$33,733,168	\$34,913,828	\$36,135,812	\$40,000,566	\$43,409,586

* Note - 6,552,000 annual weekday rides divided by 252 days per year equals 26,000 base riders each weekday



Project Development Planning Support:

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

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



The projected uses and sources of funds in connection with these activities are summarized as follows (note that any negative funding sources that may appear in the table below reflect reimbursement to Member Cities from other funding sources):

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

	2010	2011	2012	2013	2014	Total
USES OF FUNDS						
Central Mesa AA / DEIS / CE	\$ 2,233	\$ -	\$ -	\$ -	\$ -	\$ 2,233
Tempe South AA / DEIS / CE	2,458	-	-	-	-	2,458
Glendale AA	1,986	2,046	1,054	-	-	5,086
NW Phase II AA / DEIS / CE	-	402	552	426	-	1,380
I-10 West AA / DEIS / CE	2,668	-	-	-	-	2,668
System Studies	505	771	770	770	769	3,585
Design Criteria	275	30	35	50	50	440
Project Development	2,674	293	291	289	287	3,834
Total Uses	\$ 12,799	\$ 3,542	\$ 2,702	\$ 1,535	\$ 1,106	\$21,684
SOURCES OF FUNDS						
Chandler	\$ 20	\$ 21	\$ 20	\$ 20	\$ 19	\$ 100
Glendale	1,390	1,432	738	-	-	3,560
Peoria	55	21	20	20	19	135
Phoenix	596	1,016	(819)	426	-	1,219
Scottsdale	20	21	20	20	19	100
FTA 5339	950	-	-	-	-	950
CMAQ	-	-	-	-	-	-
PTF	8,768	30	1,722	50	50	10,620
MAG	500	500	500	500	500	2,500
RPTA	500	500	500	500	500	2,500
Total Sources	\$ 12,799	\$ 3,542	\$ 2,702	\$ 1,535	\$ 1,106	\$21,684

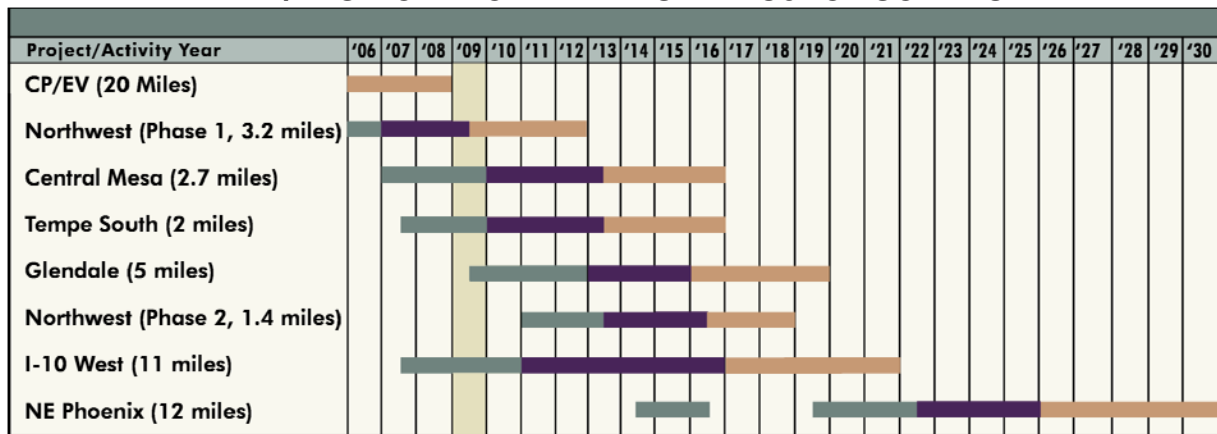


METRO Five-Year Staffing Plan:

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

Pictured below are the project schedules and the level of effort stated in Full-Time Equivalent employees (FTE). Authorization of positions by the METRO Board is executed by adoption of the Annual Budget.

LRT / HIGH CAPACITY TRANSIT PROJECT SCHEDULE



LEGEND
■ Planning ■ Engineering ■ Construction
 Note: Dates indicate calendar year

*** * * Projected Full-Time Equivalents – FY 2010 through FY 2014 * * ***

Project	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Agency Ops	3.65	3.25	3.25	3.25	3.25
Future Projects	15.28	14.46	15.60	15.30	15.70
Revenue Operations	57.65	56.65	56.65	56.75	56.80
Initial Segment	0.85	0.05	0.30		
Northwest Ext.	17.08	17.69	17.20	14.50	
Central Mesa Ext.	0.36	1.20	0.95	2.10	7.57
Tempe South Ext.	0.45	1.20	1.00	2.15	7.69
Glendale Ext.				0.50	0.70
Interstate 10 Ext.	0.68	1.50	1.05	1.45	4.29
Grand Total	96.00	96.00	96.00	96.00	96.00

Note: Staffing estimates are preliminary. Authorization of positions by the METRO Board is executed by adoption of the Annual Budget.



APPENDIX A – 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. METRO staff positions are listed and approved as part of the annual budget process. 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.

METRO future staffing estimates are also provided. However, only adoption by the Board of the annual budget authorizes new METRO staffing positions.

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 2009/2010 process is outlined below, with preliminary planning beginning in February 2009 and with budget adoption scheduled for May 2009. Major phases of this process are outlined below:

- Feb 15th -- Budget Templates to City Staff for Revenue Forecast
- April 1st -- Draft Budget to Rail Management Committee, Rail Staff Working Group, and Financial Advisory Group for Review.
- April 30th – Comments due to METRO Budget Group
- May 7th – Budget Finalized
- May Board Meeting – Budget Adopted by Board

	Members' Staff	METRO Budget Group	METRO Directors / Advisory Groups	METRO Board
Feb 1st thru Feb 15th		Prepare Templates		
Feb 15 thru Mar 15	Revenue Forecast	Respond to Questions and Issues Raised	Provide Input and Direction	
Mar 15 thru Mar 31		Compile Budget Information and Prepare Draft Budget	Respond to Questions and Issues Raised and Provide Direction	
Apr 1 st thru April 30th	Review and Comment	Respond to Questions and Issues Raised	Review Draft Budget Package and Provide Feedback to METRO Budget Group	
May 1st thru May 7th		Compile Revisions and Prepare Final Budget	Review and Approve Budget for Submission to the Board	
May 7 to May 15th		Respond to Questions and Issues Raised		Review
May Board Meeting				Budget Formally Adopted



**Appendix B - Listing of CNPA by City
March 2009**

<u>Phoenix Public Transit</u>	<u>(\$,000)</u>
Bus Pullouts on Central Avenue	726
Phoenix Art Museum Left Turn Lane	92
19th / Montebello Transit Center	6,276
Central / Camelback Transit Center	9,831
Washington / 44th Street Transit Center	4,467
Washington / 44th-56th Street Bike Lanes	843
Civic Plaza Expansion	340
COP Add'l Water Svcs to Pueblo Grande Museum	82
CNPA COP Central/Camelback Bus Bays Relocation	140
COP CNPA LScape Irrigation Resto Central Ave	92
PPT CNPA Additional Point of Interest Signs	67
Fiber Optic COP	423
Washington/Jefferson 16 to 26 St Property Access	2,438
11th Street Loop Track	5,118
PPT CNPA-3rd St/ Wash Station APS Medallions	7
M4-PPT Taylor Street Ped Crossing	11
Sub Total	30,954
<u>Phoenix Streets</u>	
6th Lane on Camelback	8,643
Additional Street & Pedestrian Lighting	538
Rubber Overlay LS 1	219
Rubber Asphalt LS 3	1,557
Rubber Asphalt LS 4	380
PST CNPA-Additional 3/8" AC Leveling Course	166
CNPA COP Red Light Cameras	50
PST CNPA Removable Steel Curb at 7th/Jeff	6
5F - LRT Signals/Communications	80
Sub Total	11,639
<u>Phoenix Aviation</u>	
Washington / 44th Street Transit Center	2,981
APM Utility Connections	23
People Mover Foundation - 44th Street	756
People Mover APS Ductbank @ 40th Place	357
10" Water Line 42nd/Washington	57
Archaeological/Hazardous Material testing	59
Sub Total	4,233
<u>Phoenix Water</u>	
COP Water/Sewer LS 1	13,851
COP Water/Sewer LS 2	8,054
COP Water/Sewer LS 3	20,974
COP Water/Sewer LS 4	6,962
COP Water/Sewer 48th Street Bridge	143
LS1 Cathodic Protection	744
LS2 Cathodic Protection	505
LS3 Cathodic Protection	-
LS4-COP, Cathodic Protection	86
Sub Total	51,319
Total - City of Phoenix	98,144



**Appendix B - Listing of CNPA by City
March 2009**

<u>City of Tempe</u>	<u>(\$,000)</u>
5th / College Transit Center	628
COT SRP Prior Rights TC Relo	220
COT Waterline	48
COT Add'l Comm Conduits: Dorsey Lane LS5 CO13	28
COT ASU Pedestrian Signal	109
Parking Facility at 5th/Farmer	112
COT Wtrline @ Cremery Rt, Stadium Dr, Apache Blvd	82
COT Additional Street Lighting	280
COT Add'l Conduit @ McClintock/Apache	8
Rubber Asphalt LS 5	595
Storm Drain Extension	115
Rubber Asphalt - Tempe	464
McClintock Park and Ride - COT	5,581
Tempe Other Admin Costs	723
COT CNPA-Misc Changes Directed by City of Tempe	16
COT CNPA-Apache/McClintock Park & Ride Garage	457
Fiber Optic COT	384
LS4-COT, Cathodic Protection	140
University Drive Station Bus Interface	-
Veteran's Way (5th) / College TC Misc Revisions	7
CNPA COT Bus Shelter Electrification (LS4 CO#89)	10
CNPA COT Wash/Ctr Pkwy Station	4,428
TLB Lighting Change Orders	19
COT CNPA-Add'l Mill/Overlay: Apache, Rural-Price	569
COT CNPA-Price/Apache PnR Modifications (PNR-RB)	58
COT CNPA - Price/Apache PnR Waterline	102
COT CNPA-Landscape Island at Terrace /Apache	8
COT CNPA-Replace Bougainvilleas on Stadium Drive	22
Tempe Market Analysis	44
Relocation of LS5 Field Offices	86
Total City of Tempe	15,340
City of Mesa	
Main / Sycamore Transit Center	5,098
Fiber Optic COM	778
M2 - Mesa Add'l Grind & Overlay	247
M3 - Mesa Add'l Grind & Overlay on Dobson	204
Mesa Market Analysis	19
CNPA - Local Work Jurisdiction	-
Total City of Mesa	6,345
Various	
ASU Logo Additions - Station Finshes	72
ASU Steam Line	8
Fiber Optic ASU	1,042
CNPA-Rojo Lofts Property	82
CityScape CNPA in LS3	24
APS Archaeological Support at 48th Bridge	58
Total ASU	1,286
Grand Total All CNPAs	121,115



APPENDIX C – 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 C – GLOSSARY OF TERMS AND ACRONYMS (continued)

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 Valley Metro Rail
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