

Valley Metro Rail, Inc.

Adopted Operating and Capital Budget

FY 2016

Adopted Five Year Operating Forecast and Capital Program

FY 2016 - 2020





Valley Metro Rail, Inc.

Phoenix, Arizona

Adopted Operating and Capital Budget
Fiscal Year 2016
(July 1, 2015 through June 30, 2016)

Five-Year Operating Forecast and Capital Program
FY 2016 through FY 2020
(July 1, 2015 through June 30, 2020)

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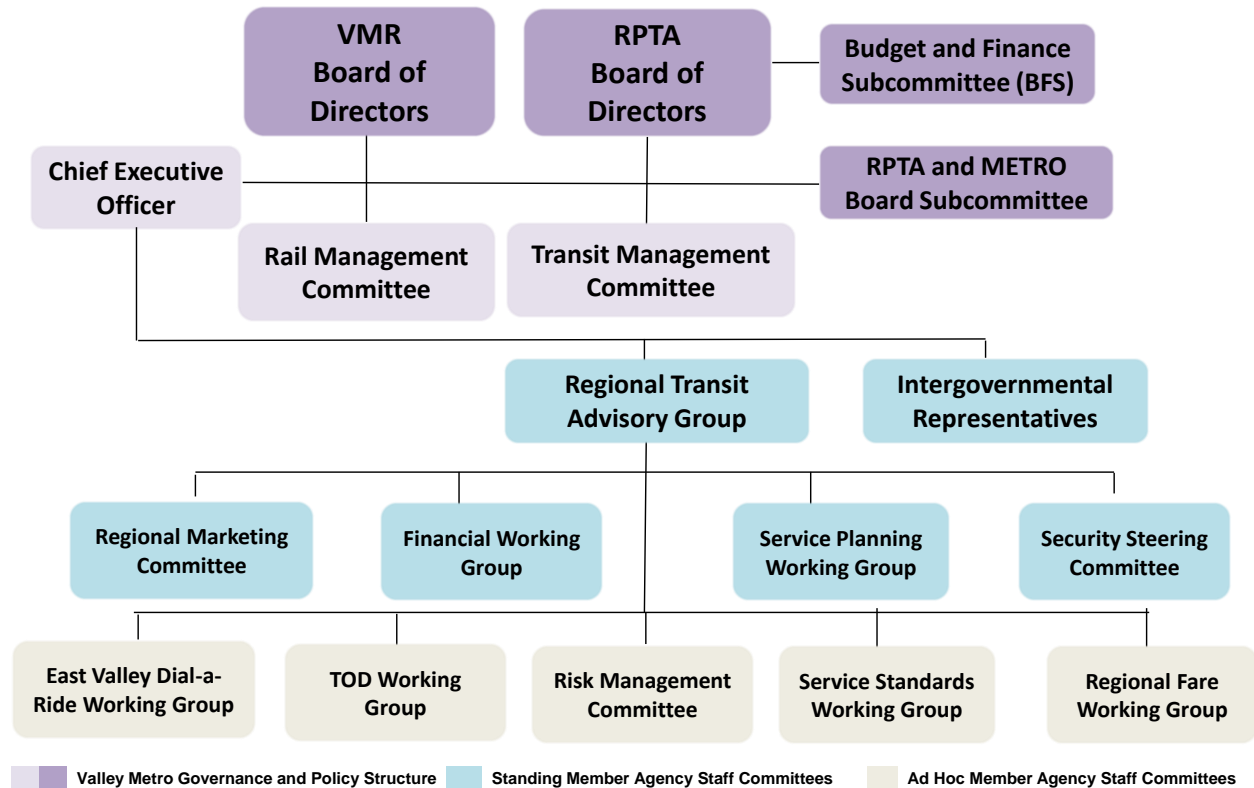


VALLEY METRO RAIL ORGANIZATION

Valley Metro Rail, Inc. (VMR) is a public non-profit corporation whose members are the cities of Chandler, Glendale, Mesa, Phoenix, and Tempe. VMR 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 VMR 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 VMR Staff includes employees managing operations, performing maintenance, directing planning, design and construction of new rail lines. VMR 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 VMR and the relationships to key stakeholders.

Valley Metro Rail Organization





VALLEY METRO

VISION:

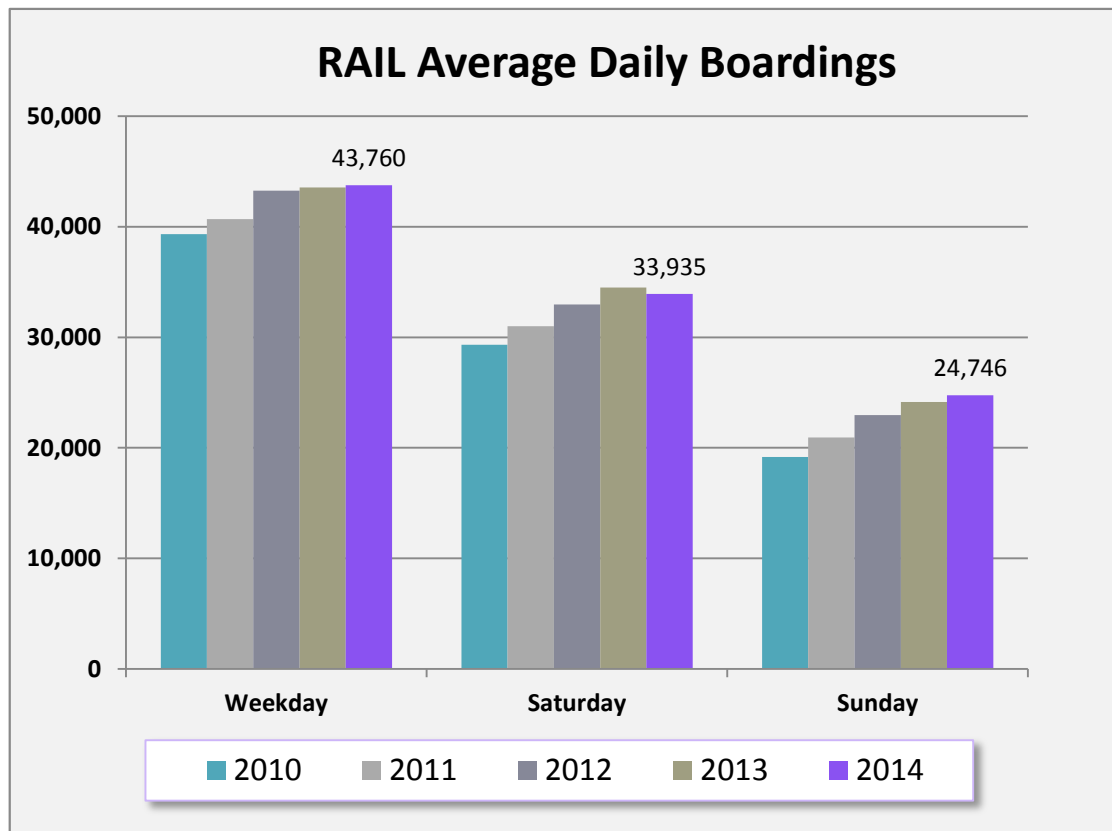
Valley Metro is a leader in connecting communities and building a vibrant, sustainable region.

MISSION:

Valley Metro provides our customers with a safe, efficient and reliable total transit network.

FY 2015 ACCOMPLISHMENTS

- VMR ridership increased slightly, serving 14.3 million riders in CY 2014, .25% percent more than in CY 2013.





- Delivered passenger service achieving the following results:

Benchmark	FY14 Target	FY14 Actual
On Time Performance	95%	93.5%
Cost per Boarding	\$2.48	\$2.18
Average Fare	\$0.96	\$0.87

- In August 2014, a fare vending machine pedestal unveiling event was held at the Arizona State Veterans Home. With the lowering of 62 fare vending machines over the next three years, Valley Metro and the city of Phoenix are helping improve accessibility on the system. The adaptation was prompted by Phoenix Councilmember Kate Gallego after a local veteran in a mobility device asked her for assistance in purchasing a transit pass.
- Valley Metro hosted the 27th annual Clean Air Campaign Awards honoring 25 individuals and organizations who have made special efforts to improve air quality in the Valley. Held in October at the JW Marriott Resort and Spa with 450 guests; emcee Sean McLaughlin and keynote Park Howell; Valley Metro Boards represented by CM Sherwood and CM Kavanaugh.
- In October 2014, Valley Metro hosted the 27th annual Clean Air Campaign Awards honoring 25 individuals and organizations who have made special efforts to improve air quality in the Valley. The premier annual event was held at the JW Marriott Desert Ridge Resort and Spa.
- For the second year in a row, Coors Light and Valley Metro teamed up to provide Phoenix-area residents and visitors with free transit service to ring in the New Year and celebrate the Tempe New Year's Eve Block Party. With the support of Crescent Crown Distributing, Coors Light Free Rides were on Valley Metro bus and light rail beginning at 7 p.m. on Wednesday, December 31st through the end of regular service. Light rail carried 15,000 riders and bus boardings were at 7,727 riders.
- During the week of January 25th – February 1st, 2015, ridership history was made serving Super Bowl XLIX events, Super Bowl Central and NFL Experience, in downtown Phoenix. On Wednesday through Saturday, ridership was higher than the previous top ridership day on December 7, 2013 at 65,800 boardings. On Saturday, January 31, light rail ridership nearly doubled with over 126,000.



- In February 2015, Valley Metro and Open Door Fellowship Church hosted a “Love Our Community” event for the Northwest Extension of light rail to show Valentine’s Day appreciation for local businesses on 19th Avenue. This family-friendly celebration was open to the public and showcased small businesses in the light rail construction zone as well as encouraged local shopping.



RAIL OPERATIONS SERVICE PLAN

Service Frequency FY 2016 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 major changes are expected from FY15.

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

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

Ridership and Fare Revenue:

Total Ridership is forecasted at 15.6 million passengers for the year with fare revenues generating \$13.6 million. This includes an increase of an estimated 1.2 million rides due to the Central Mesa Extension planned opening in revenue service beginning October 2015. Over the course of the fiscal year 2016, average weekday boardings are forecasted at 47,358 while Saturday and Sunday average ridership are forecasted at 38,055 and 26,963 per day respectively.

Total Rides	Average	Annual Ridership/Fares		
		Fare Assumption		
Weekday	47,358	11,934,102	\$ 0.88	\$ 10,450,970
Saturday	38,055	1,978,860	\$ 0.88	\$ 1,732,934
Sunday	26,963	1,644,751	\$ 0.88	\$ 1,440,347
Total Ridership and Fare Revenue		15,557,714		\$ 13,624,251

Average fare per ride is forecasted at \$0.88 cents per ride. The FY 2016 ridership forecast is 9.4% higher than the FY 2015 plan due to increased ridership projected with the Central Mesa Extension opening.



TOTAL FINANCIAL PROGRAM

The FY 2016 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 \$232.2 million (*) for the amended FY 2015 Budget. Total uses of funds including debt service for FY16 are estimated to be \$162.8 million.

Uses of Funds - The FY 2016 Budget includes anticipated operating and capital expenditures in the amount of approximately \$143.4 million to support program elements during the period of July 1, 2015 through June 30, 2016, as follows:

<u>Uses of Funds</u>	<u>(\$,000)</u>			<u>Budget Analysis Note #</u>
	<u>FY16 Adopted</u>	<u>FY15 Amended</u>	<u>Change</u>	
Operating Activities:				
Revenue Operations	37,654	32,156	5,498	1
Future Project Development	10,741	8,444	2,297	2
Agency Operating Budget	909	928	(19)	
	49,304	41,528	7,776	
Capital Projects:				
Northwest Extension	44,272	75,493	(31,221)	3
Central Mesa Extension	19,373	58,448	(39,075)	4
Gilbert Road Capital Project	9,306	5,388	3,918	5
Tempe Streetcar Extension	6,631	5,257	1,374	6
Capitol/I-10 West Capital Project	6,000	415	5,585	7
Non-Prior Rights Utilities Relocations	2,830	13,755	(10,925)	8
CNPAs - Northwest Extension	-	4,011	(4,011)	3
CNPAs - Mesa Extension	-	2,045	(2,045)	4
Systemwide Improvements	5,720	6,480	(760)	9
Subtotal Capital before Debt Service	94,132	171,292	(77,160)	
Total Uses of Funds	143,436	212,820	(69,384)	
Capital Project Debt Service:				
Debt Service - Interest	7,742	8,120	(378)	
Debt Service - Principal	11,618	11,241	377	
	19,360	19,361	(1)	
Total Uses with Debt Service	162,796	232,181	(69,385)	

Note: See pages 8 and 9 for budget analysis notes.

(*) In FY15, the agency changed its budgetary reporting of Debt Service. Any Debt Service related to PTF bonds are reported on the VM RPTA CAFR and budget documents. Obligations of VM RPTA and VMR related to debt service are reported on a memorandum basis in this and future rail budgets.



Sources of Funds - The FY 2016 Operating and Capital Budget will be funded with a combination of Fare Revenues, Member City contributions, Public Transportation Funds, Federal 5307 Fixed Guideway Preventative Maintenance, Congestion Mitigation and Air Quality funds (CMAQ), and other local funding. The FY 2016 Budget includes anticipated capital and operating sources of funds in the amount of approximately \$143.4 million (*), as follows:

Sources of Funds	(\$,000)			Budget Analysis Note #
	FY16 Adopted	FY15 Amended	Change	
Operating Activities:				
Fare Revenue	13,624	12,437	1,187	10
Advertising Revenue	876	1,257	(382)	11
Federal 5307 PM	1,143	2,147	(1,004)	12
Federal 5339 AA	-	13	(13)	
FTA - TOD Grant	154	-	154	
Federal CMAQ	1,771	-	1,771	13
Member Cities	24,676	17,247	7,429	14
MAG / RPTA (RARF)	1,000	1,000	-	
PTF Sales Tax Revenue	6,060	7,428	(1,368)	15
	49,304	41,528	7,776	
Capital Projects:				
FTA - Section 5309	3,846	28,168	(24,322)	16
Federal CMAQ	26,356	29,321	(2,965)	17
Federal 5337 SOGR	341	340	1	
TPAN	5,352	3,257	2,095	18
TIGGER Federal Grant	-	2,555	(2,555)	19
Member Cities	254	6,291	(6,037)	20
PTF Bond Revenue	25,000	53,190	(28,190)	21
PTF Sales Tax Revenue	32,984	48,171	(15,186)	22
	94,132	171,292	(77,160)	
Total Sources of Funds	143,436	212,820	(69,384)	
Capital Project Debt Service:				
PTF Sales Tax Revenue	19,360	19,361	(1)	
	19,360	19,361	(1)	
Total Sources with Debt Service	162,796	232,181	(69,385)	

Note: See pages 8 and 9 for budget analysis notes.

(*) In FY15, the agency changed budgetary reporting of Debt Service. Any Debt Service related to PTF bonds are reported on the VM RPTA CAFR and budget documents. Obligations of VM RPTA and VMR related to debt service are reported on a memorandum basis in this and future rail budgets.



BUDGET ANALYSIS

The following is an analysis of the major changes in the FY 2016 Adopted Budget versus the FY 2015 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 6 and 7.

Budget Analysis - Uses of Funds	
1	FY 16 rail operating costs increase by 17% over FY15 levels. Base service levels will increase in October with the commencement of operations of the Central Mesa Extension, an additional 3.1 miles. Preventative maintenance activities continue to increase as the system components mature. Safety & Security level of effort and operating contingency are increasing over FY15.
2	Project Development costs are up by \$2.3 million due to increases in planning activities related to future corridors and system planning.
3	Northwest Extension Phase I base project costs down \$31.2M due to construction being in the final year prior to the forecast revenue start date of July 1, 2016. Overall project costs are not changed. CNPA work has concluded.
4	Central Mesa Extension base project costs down \$39.1M and the forecast revenue start date is October 1, 2015. Overall project costs are not changed. CNPA work has concluded.
5	Gilbert Road LRT Extension project moves into Design, Pre-construction activities, and ROW acquisition. Annual expenditures forecasted at \$9.3M.
6	Tempe Streetcar design and pre-construction activities commence, pending federal grant approval. Annual expenditures forecasted at \$6.6M.
7	Capitol/I-10 West Capital Project continues with project development and preliminary engineering activities. Capital costs are forecasted at \$6.0M.
8	Non-Prior rights utilities relocation activity is complete for both the Northwest and Central Mesa Extensions. FY16 amounts include Tempe Streetcar (\$2.3M) and Gilbert Road Extension (\$.5M).
9	Systemwide Improvements include IT systems life cycle replacements \$.6M, FCS Development \$.3M, Rail station signage improvements \$.4M, Kiosk at OMC \$.1M, Maintenance Platform truck \$.4M, Non revenue vehicles \$.1M, Power Switch upgrade \$.2M, LRV overhauls \$1.8M, OMC backup generator \$.5M, security camera replacements \$.9M, Communication cabinet AC replacements \$.2M.



Note	Budget Analysis - Sources of Funds
10	Fare revenue increases from \$12.4M to \$13.6M; assumes 14.4 million rides for the original 20 mile alignment and an additional 1.2 million rides for 9 months of Central Mesa Extension rides. Average fare is forecasted to be \$0.88 per ride in FY16.
11	Advertising revenue down by \$0.4M in FY16 from the extraordinary level in FY15 generated by the 2015 Super Bowl.
12	Federal 5307 Preventive Maintenance Funding forecasted to be \$1.1M, returning to normal levels. In FY14 and FY15, an unusually large amount of Federal PM funding became available after the 2012 CMAQ close-out process.
13	Federal CMAQ Operating funds are increased to \$1.8M to fund the environmental assessment for Capitol/I-10 West (\$.3M) and the Tempe Streetcar environmental assessment (\$1.3M).
14	Member City contributions for Operations are up from \$17.2M to \$24.7M in FY16 due to a base increase of \$2.0M to maintain a state of good repair, addition of 3 miles rail operations (\$2.5M net of fares), \$1.0M less in Federal 5307 PM, and an additional \$1.8M of future project development activities (Fiesta/Downtown Chandler Transit Corridor Study (\$250,000) to be funded by Chandler, South Central to be funded by Phoenix (\$1.6M).
15	PTF Sales Tax revenue funding requirements for project development are down \$1.4M.
16	Federal 5309 funds are reduced from \$28.2M to \$3.8M due to forecasted reductions in grant draws required for the Central Mesa Extension project during the coming year. Overall the CME project 5309 funding remains at \$75.0M.
17	Federal CMAQ Capital funds are decreased from \$29.3M to \$26.4M primarily due to decreasing construction funding requirements for the Central Mesa Extension.
18	The Gilbert Road Extension Light Rail Project is to be funded using Transportation Project Advancement Notes (TPANS) with a combination of federal and City of Mesa funds. The anticipated TPAN expenditures in FY16 are \$5.4M as the project moves into Design, Pre-construction activities, and ROW acquisition.
19	No TIGGER funds in FY16. OMC Solar project to be completed in FY15.
20	Member City contributions are down from \$6.3M in FY15 to \$.3M in FY 16 due to reductions in City of Phoenix contributions required for the Northwest Extension Phase I CNPA (\$4.0M) and City of Mesa contributions required for the Central Mesa Extension CNPA (\$2.0M). CNPA work for these two extensions is scheduled to be completed in FY15.
21	PTF Bonds funding will be reduced from \$53.2M to \$25.0M due to Central Mesa Extension and Northwest Extension activities winding down. In FY16, \$3.6M will be used to fund the final year of Central Mesa LRT Extension construction and \$21.4M to continue construction on Northwest Extension.
22	PTF Sales Tax funding will be reduced from \$48.2M to \$33.0M primarily due to Northwest Extension construction activities winding down. In FY16, PTF Sales Tax to fund \$22.8M of Northwest Extension construction, \$1.3M of Tempe Streetcar Pre-construction activities, \$1.2M Capitol I-10 West Pre-construction activities, \$2.3M of Non Prior Rights Utilities relocations, and \$5.4M Systemwide Improvements.



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. Salary and overhead charges to bus and rail projects are based on actual time worked on each project. For FY 16 there are 312 employees budgeted in the integrated agency, with 129 FTE's budgeted to RPTA activities and 183 budgeted to VMR activities.

Compensation and fringe benefit assumptions for FY 16 include:

- Compensation budget based on 3.0% increase. For staff salary changes, merit increases are evaluated based on employee performance; division level control to manage total costs within budget.
- The Arizona State Retirement System (ASRS) contribution will decrease 0.13 percent on July 1, 2015.
- Agency health care costs will increase. Program design is anticipated to hold total agency fringe benefit cost increases to within 3% of FY 15 levels.
- All VMR staff related costs are reimbursed in full by Valley Metro Rail, Inc.

Staffing cost analysis

		FY 16	FY 15	change	pct change
	\$ million				
FTE		312	296	16	5%
Salaries		18.8	17.8	1.0	5%
Fringe Benefits		7.5	7.1	0.4	6%
Total Salary and Fringe Benefits		26.3	24.9	1.4	6%

Analysis of changes	Salary	Fringe	Total	
Base Compensation FY15	17.8	7.1	24.9	
Base increase	0.5	0.2	0.7	
New Positions	0.5	0.2	0.7	
New Base Compensation FY16	18.8	7.5	26.3	
FY16 Adopted Budget vs. FY15 Adopted Budget				1.4

The FTE Count by Pay Grades and Ranges can be found on Page 54. Valley Metro completed a comprehensive survey of positions and pay grades with regional governmental agencies as well as transit peer cities located in the Western US. Pay grades are increasing by 2% in response to inflation trends which have occurred since last changes to pay grades made effective in July of 2007.



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 2016 – FY 2020 Five-Year Operating and Capital Program (page 23) will be completed and submitted to the Board of Directors for approval along with the FY 2016 Operating and Capital Budget.



FY16 Adopted METRO Revenue Operations Budget

	FY16 Adopted Budget	FY15 Amended Budget	Amount Increase/ (Decrease)
Sources of Funds			
Mesa Fare Revenue	\$ 1,987,604	\$ 1,098,644	\$ 888,959
Phoenix Fare Revenue	8,207,195	7,758,265	448,930
Tempe Fare Revenue	3,429,453	3,580,018	(150,566)
Federal 5307 PM	1,142,800	2,146,533	(1,003,733)
Mesa Advertising	111,013	61,467	49,546
Phoenix Advertising	572,943	843,196	(270,253)
Tempe Advertising	191,544	352,337	(160,793)
Mesa Base Cost Contributions	3,180,526	280,749	2,899,777
Phoenix Base Cost Contributions	13,247,745	11,163,967	2,083,778
Tempe Base Cost Contributions	5,513,879	4,326,812	1,187,067
Mesa Local Security	-	71,609	(71,609)
Tempe Local Security	69,680	472,798	(403,118)
	<u>\$ 37,654,381</u>	<u>\$ 32,156,396</u>	<u>\$ 5,497,985</u>
Expenditures			
Salaries and Fringe Benefits	\$ 9,090,694	\$ 7,907,057	\$ 1,183,637
RPTA Overhead	917,699	717,602	200,097
Transportation Contractors Labor & Materials	9,690,024	9,078,300	611,724
Fare Inspection & Security	3,604,472	2,930,305	674,167
Propulsion Power	2,635,243	2,301,513	333,730
Vehicle Maintenance Contractor Labor & Materials	1,617,214	1,200,872	416,342
Systems & Facilities Maintenance Contractors	2,130,325	1,918,401	211,924
SFM Material / Supplies / Other Direct Costs	822,013	500,000	322,013
Utilities	1,507,882	1,379,606	128,276
General & Administrative Costs	2,905,297	2,228,354	676,943
Consultants	192,500	282,268	(89,768)
Liability Insurance	1,821,400	1,400,000	421,400
Contingency Reserve	500,000	125,000	375,000
LRT project capital outlay	219,618	187,118	32,500
	<u>\$ 37,654,381</u>	<u>\$ 32,156,396</u>	<u>\$ 5,497,985</u>
Allocation of Operating Costs			
Phoenix			
Base Costs	\$ 20,591,797	\$ 19,545,690	\$ 1,046,107
Regional Security	2,124,504	1,659,632	464,872
60.328%	22,716,301	21,205,323	1,510,979
Less Fares,Advertising & Fed PM Distributed	(9,468,557)	(10,041,355)	572,798
Phoenix Net Contribution	\$ 13,247,745	\$ 11,163,968	\$ 2,083,777
Tempe			
Base Costs	\$ 8,534,793	\$ 8,167,348	\$ 367,446
Regional Security	887,744	693,493	194,251
Local Security	69,680	472,798	(403,118)
25.209%	9,492,217	9,333,638	158,579
Less Fares,Advertising & Fed PM Distributed	(3,908,659)	(4,534,029)	625,370
Tempe Net Contribution	\$ 5,583,559	\$ 4,799,609	\$ 783,950
Mesa			
Base Costs	\$ 4,923,318	\$ 1,424,842	\$ 3,498,476
Regional Security	522,545	120,984	401,561
Local Security	-	71,609	(71,609)
14.463%	5,445,863	1,617,435	3,828,428
Less Fares,Advertising & Fed PM Distributed	(2,265,336)	(1,265,077)	(1,000,259)
Mesa Net Contribution	\$ 3,180,526	\$ 352,358	\$ 2,828,168
Total Operating Costs	\$ 37,654,381	\$ 32,156,396	\$ 5,497,985



FY16 Adopted Future Project Development Budget

	FY16 Adopted Budget	FY15 Amended Budget	Amount Increase/ (Decrease)
Sources of Funds			
FTA - Section 5339 AA	\$ -	\$ 13,000	\$ (13,000)
FTA - TOD Grant	154,000	-	154,000
Chandler	250,000	-	250,000
Phoenix	1,476,000	3,000	1,473,000
Tempe	30,000		30,000
MAG	500,000	500,000	-
RPTA (RARF/Other)	500,000	500,000	-
PTF Revenue Sales Tax	6,059,511	7,427,752	(1,368,242)
CMAQ	1,771,000		1,771,000
	<u>\$ 10,740,511</u>	<u>\$ 8,443,752</u>	<u>\$ 2,296,758</u>
Expenditures			
Salaries and Fringe Benefits	\$ 2,718,710	\$ 2,246,955	\$ 471,755
RPTA Overhead	257,776	192,187	65,589
Business Assistance	25,000	-	25,000
Consulting COP Liaison	145,000	125,000	20,000
Consultants - PM/CM	92,000	75,000	17,000
Consultants - Planning Support	4,055,000	2,445,000	1,610,000
Consultants - Other	725,250	123,797	601,453
Consultants - Planning/Environmental	1,000,000	1,700,000	(700,000)
Advertising	7,500	1,000	6,500
Printing	56,500	31,250	25,250
Postage	61,500	31,000	30,500
Public meetings & information	30,000	18,000	12,000
Other direct expenditures	26,600	21,500	5,100
LRT project office expense	5,000	-	5,000
Local meetings & mileage	6,400	2,700	3,700
Business Travel	22,300	24,900	(2,600)
LRT project capital outlay	5,000	5,000	-
Agency Overhead Allocation	1,500,975	1,400,463	100,512
	<u>\$ 10,740,511</u>	<u>\$ 8,443,752</u>	<u>\$ 2,296,758</u>

- * West Phoenix/Glendale Corridor Alternatives Analysis is anticipated to be funded with PTF (\$649,000)
- * Capitol/I-10 West Environmental Assessment to be funded with PTF (\$161,000) and CMAQ (\$645,000)
- * Northeast Corridor feasibility study to be funded with by PTF (\$305,000)
- * Tempe Streetcar EA/PE to be funded with PTF (\$281,000) and CMAQ (\$1.3M)
- * Northwest Phase II EA/ACE to be funded with PTF (\$.9M)
- * South Central (\$1.5M) to be funded by Phoenix
- * Fiesta/Downtown Chandler Transit Corridor Study (\$250,000) to be funded by Chandler
- * TOD to be funded by FTA, PTF and Tempe (\$184,000)

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.



FY16 Adopted Agency Operating Budget

	FY16 Adopted Budget	FY15 Amended Budget	Amount Increase/ (Decrease)
Sources of Funds			
Chandler	\$ 22,715	\$ 27,834	\$ (5,119)
Glendale	22,715	27,834	(5,119)
Mesa	172,634	129,893	42,742
Phoenix	454,300	463,902	(9,602)
Tempe	236,236	278,341	(42,105)
	<u>\$ 908,601</u>	<u>\$ 927,804</u>	<u>\$ (19,203)</u>
Expenditures			
Salaries and Fringe Benefits	\$ 369,458	\$ 358,567	\$ 10,891
RPTA Overhead	33,371	28,635	4,736
Consultants - Other	124,500	130,000	(5,500)
Conferences	16,850	12,825	4,025
Business Travel	45,200	33,200	12,000
Advertising	250	250	-
Printing	2,000	1,500	500
Public meetings & information	63,049	64,317	(1,268)
Other direct expenditures	18,850	53,850	(35,000)
LRT audit and accounting costs	37,080	36,000	1,080
Agency Overhead Allocation	197,993	208,660	(10,667)
	<u>\$ 908,601</u>	<u>\$ 927,804</u>	<u>\$ (19,203)</u>

Note: The Cities of Chandler and Glendale contribute \$50,000 each annually to METRO. \$22,715 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.

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



FY16 Adopted Agency Overhead Allocation

	FY16 Adopted Budget	FY15 Amended Budget	Amount Increase/ (Decrease)
Allocation of Costs			
Agency Overhead Allocation:			
Revenue Operations	\$ 614,472	\$ 610,604	\$ 3,868
Northwest Extension	350,169	346,944	3,225
Central Mesa	215,088	300,864	(85,776)
Tempe South	87,299	190,238	(102,939)
Phoenix West	93,490	113,372	(19,882)
Gilbert Road	213,159	255,963	(42,804)
Agency Operating	197,993	208,660	(10,667)
Future Projects	1,500,975	1,400,463	100,512
NPR Utilities	23,960	25,728	(1,768)
Systemwide Improvements	-	62,299	(62,299)
	<u>\$ 3,296,605</u>	<u>\$ 3,515,134</u>	<u>\$ (218,529)</u>
Expenditures			
Salaries & Fringes	\$ 1,125,718	\$ 1,068,792	\$ 56,926
RPTA Overhead	107,530	92,568	14,962
Relocation Expenses	-	5,000	(5,000)
Building Rent	1,529,196	1,481,538	47,658
Building Rent Sublease	(705,304)	(622,246)	(83,058)
IT Services and Consultants	290,750	179,120	111,630
Equipment Leases	42,704	45,181	(2,477)
Equipment Maintenance	-	24,576	(24,576)
Office Supplies	106,302	65,832	40,470
Telecommunication Services	77,784	36,701	41,083
Employee Development	188,250	273,550	(85,300)
Vehicle Related	25,000	12,250	12,750
Other Office Expense	28,750	24,800	3,950
Computer/Software/Equipment	419,325	-	419,325
LRT project capital outlay	60,600	827,472	(766,872)
	<u>\$ 3,296,605</u>	<u>\$ 3,515,134</u>	<u>\$ (218,529)</u>



FY16 Adopted Northwest Extension Phase I Budget

	FY16 Adopted Budget	FY15 Amended Budget	Amount Increase/ (Decrease)
Sources of Funds			
PTF Revenue Bonds	\$ 21,523,565	\$ 43,792,667	\$ (22,269,102)
PTF Revenue Sales Tax	22,748,520	31,700,000	(8,951,480)
	<u>\$ 44,272,085</u>	<u>\$ 75,492,667</u>	<u>\$ (31,220,582)</u>
Expenditures			
Salaries and Fringe Benefits	\$ 680,899	\$ 590,095	\$ 90,804
RPTA Overhead	65,040	51,108	13,932
Consulting COP Liaison	5,000	25,000	(20,000)
Consultants - PM/CM	3,474,135	2,162,507	1,311,628
Consultants - Planning Support	30,000	54,000	(24,000)
Consultants - Design & Construction Support	-	50,000	(50,000)
Contractor - CM At Risk	28,352,534	57,181,225	(28,828,691)
City Construction Management	8,049,518	4,000,000	4,049,518
Consultants - Engineering	362,500	900,000	(537,500)
Consultants - Art Design	319,707	441,373	(121,666)
Consultants - Other	340,000	394,640	(54,640)
Consultants - Utility Relocation	-	3,400,000	(3,400,000)
Business Assistance	150,000	150,000	-
Real estate acquisition	1,783,249	5,420,311	(3,637,062)
Community Advisory Board	-	120,000	(120,000)
Advertising	-	1,000	(1,000)
Printing	10,000	30,400	(20,400)
Postage	5,000	8,185	(3,185)
Public meetings & information	2,000	8,000	(6,000)
Other direct expenditures	165,000	62,468	102,532
LRT project office expense	30,200	29,200	1,000
Local meetings & mileage	2,800	3,511	(711)
LRT project capital outlay	94,334	62,700	31,634
Agency Overhead Allocation	350,169	346,944	3,225
	<u>\$ 44,272,085</u>	<u>\$ 75,492,667</u>	<u>\$ (31,220,582)</u>

FY16 Northwest Extension - Concurrent Non-Project Activities (CNPA) Budget

	FY16 Adopted Budget	FY15 Amended Budget	Amount Increase/ (Decrease)
Sources of Funds			
Phoenix-WSD	\$ -	\$ 4,011,480	\$ (4,011,480)
	<u>\$ -</u>	<u>\$ 4,011,480</u>	<u>\$ (4,011,480)</u>
Expenditures			
Contractor - Design Build	\$ -	\$ 4,011,480	\$ (4,011,480)
	<u>\$ -</u>	<u>\$ 4,011,480</u>	<u>\$ (4,011,480)</u>



FY16 Adopted Central Mesa HCT Capital Project

	FY16 Adopted Budget	FY15 Amended Budget	Amount Increase/ (Decrease)
Sources of Funds			
PTF Revenue Bonds	\$ 3,476,435	\$ 9,397,238	\$ (5,920,803)
FTA Section 5309	3,845,721	28,168,000	(24,322,279)
CMAQ	12,051,200	20,883,000	(8,831,800)
	<u>\$ 19,373,356</u>	<u>\$ 58,448,238</u>	<u>\$ (39,074,882)</u>
Expenditures			
Salaries and Fringe Benefits	\$ 451,388	\$ 549,754	\$ (98,366)
RPTA Overhead	43,117	47,614	(4,497)
Consultants - PM/CM	2,022,183	2,802,136	(779,953)
Consultants - Planning Support	25,000	29,000	(4,000)
Consultants - Design & Construction Support	-	136,000	(136,000)
Contractor - Design Build	13,414,314	48,665,853	(35,251,539)
City Construction Management	382,587	1,277,034	(894,447)
Consultants - General/Final Engineering	52,500	170,000	(117,500)
Consultants - Construction Admin.	-	3,182,419	(3,182,419)
Consultants - Art Design	305,225	187,870	117,355
Consultants - Other	348,250	579,890	(231,640)
Real estate acquisition	1,596,955	-	1,596,955
Business Assistance	100,000	150,000	(50,000)
Community Advisory Board	-	120,000	(120,000)
Advertising	-	3,193	(3,193)
Printing	5,000	9,876	(4,876)
Postage	1,000	6,000	(5,000)
Public meetings & information	2,000	4,000	(2,000)
Other direct expenditures	153,200	36,505	116,695
Software licenses/Maintenance agreements	66,667	-	66,667
LRT project office expense	122,915	146,080	(23,165)
Local meetings & mileage	4,500	5,950	(1,450)
Business Travel	4,600	5,200	(600)
Vehicle Related Expense	-	15,000	(15,000)
LRT project capital outlay	56,867	18,000	38,867
Agency Overhead Allocation	215,088	300,864	(85,776)
	<u>\$ 19,373,356</u>	<u>\$ 58,448,238</u>	<u>\$ (39,074,882)</u>

*FY16 Mesa Extension - Concurrent Non-Project
Activities (CNPA) Budget*

	FY16 Adopted Budget	FY15 Amended Budget	Amount Increase/ (Decrease)
Sources of Funds			
Mesa	\$ -	\$ 2,045,216	\$ (2,045,216)
	<u>\$ -</u>	<u>\$ 2,045,216</u>	<u>\$ (2,045,216)</u>
Expenditures			
Contractor - Design Build	\$ -	\$ 2,045,216	\$ (2,045,216)
	<u>\$ -</u>	<u>\$ 2,045,216</u>	<u>\$ (2,045,216)</u>



FY16 Adopted Gilbert Road Capital Project

	FY16 Adopted Budget	FY15 Amended Budget	Amount Increase/ (Decrease)
Sources of Funds			
Trans Project Advance Notes	\$ 4,851,881	\$ 1,253,414	\$ 3,598,467
Mesa	253,886	235,000	18,886
CMAQ	4,200,259	3,900,000	300,259
	<u>\$ 9,306,026</u>	<u>\$ 5,388,414</u>	<u>\$ 3,917,612</u>
Expenditures			
Salaries and Fringe Benefits	\$ 401,783	\$ 286,112	\$ 115,671
RPTA Overhead	38,379	24,567	13,812
Consultants - PM/CM	1,084,790	500,000	584,790
Consultants - Planning Support	10,000	75,000	(65,000)
Consultants - Design & Construction Support	2,600,000	2,000,000	600,000
Contractor - CM@R	1,000,000	-	1,000,000
City Construction Management	978,673	100,000	878,673
Consultants - Art Design	335,209	80,000	255,209
Consultants - Other	381,500	382,195	(695)
Real estate acquisition	1,000,000	725,000	275,000
Business Assistance	150,000	75,000	75,000
Light Rail Vehicles	500,000	775,000	(275,000)
Community Advisory Board	120,000	50,000	70,000
Advertising	7,000	1,000	6,000
Printing	20,000	9,500	10,500
Postage	15,000	5,750	9,250
Public meetings & information	6,000	3,000	3,000
Other direct expenditures	2,200	1,200	1,000
LRT project office expense	107,200	50,000	57,200
Software Licenses/Maintenance	106,666	-	106,666
Local meetings & mileage	4,700	2,650	2,050
Business Travel	3,200	2,600	600
LRT project capital outlay	220,567	33,350	187,217
Agency Overhead Allocation	213,159	206,490	6,669
	<u>\$ 9,306,026</u>	<u>\$ 5,388,414</u>	<u>\$ 3,917,612</u>



FY16 Adopted Tempe Streetcar HCT Capital Project

	FY16 Adopted Budget	FY15 Amended Budget	Amount Increase/ (Decrease)
Sources of Funds			
PTF Revenue Sales Tax	\$ 1,326,210	\$ 1,051,390	\$ 274,821
CMAQ	5,304,842	4,205,559	1,099,282
	<u>\$ 6,631,052</u>	<u>\$ 5,256,949</u>	<u>\$ 1,374,103</u>
Expenditures			
Salaries and Fringe Benefits	\$ 154,039	\$ 357,015	\$ (202,976)
RPTA Overhead	14,714	30,921	(16,207)
Consultants - PM/CM	2,200,000	1,212,000	988,000
Consultants - Design & Construction Support	500,000	360,000	140,000
Contractor - Design Build	200,000	1,005,125	(805,125)
City Construction Management	200,000	200,000	-
Consultants - Art Design	175,000	75,000	100,000
Consultants - Other (7200)	-	256,000	(256,000)
Consultants - Planning/Environmental/PE	-	775,000	(775,000)
Pothole Program	300,000	-	300,000
Consultants - Utility Relocation	300,000	-	300,000
Consultants - Vehicle Design/Procurement	2,500,000	-	2,500,000
Real estate acquisition	-	250,000	(250,000)
Business Assistance	-	150,000	(150,000)
Community Advisory Board	-	100,000	(100,000)
Business Travel	-	1,200	(1,200)
Other direct expenditures	-	294,450	(294,450)
Agency Overhead Allocation	87,299	190,238	(102,939)
	<u>\$ 6,631,052</u>	<u>\$ 5,256,949</u>	<u>\$ 1,374,103</u>



FY16 Adopted Capitol/I-10 West Capital Project

	FY16 Adopted Budget	FY15 Amended Budget	Amount Increase/ (Decrease)
Sources of Funds			
PTF Revenue Sales Tax	\$ 1,200,000	\$ 83,050	\$ 1,116,950
CMAQ	4,800,000	332,201	4,467,799
	<u>\$ 6,000,000</u>	<u>\$ 415,252</u>	<u>\$ 5,584,748</u>
Expenditures			
Salaries and Fringe Benefits	\$ 192,435	\$ 197,569	\$ (5,134)
RPTA Overhead	18,382	17,111	1,271
Consultants - Planning Support	5,695,693	-	5,695,693
Consultants - Other	-	75,000	(75,000)
Printing	-	3,000	(3,000)
Postage	-	4,000	(4,000)
Public meetings & information	-	4,000	(4,000)
Local meetings & mileage	-	1,200	(1,200)
Agency Overhead Allocation	93,490	113,372	(19,882)
	<u>\$ 6,000,000</u>	<u>\$ 415,252</u>	<u>\$ 5,584,748</u>

FY 2016 Adopted Non-Prior Rights Utilities Relocation Budget

	FY16 Adopted Budget	FY15 Amended Budget	Amount Increase/ (Decrease)
Sources of Funds			
TPAN	\$ 500,000	\$ 2,004,000	\$ (1,504,000)
PTF Revenue Sales Tax	2,330,277	11,751,152	(9,420,875)
	<u>\$ 2,830,277</u>	<u>\$ 13,755,152</u>	<u>\$ (10,924,875)</u>
Expenditures			
Salaries and Fringe Benefits	\$ 42,278	\$ 40,766	\$ 1,512
RPTA Overhead	4,039	3,530	509
Tempe Streetcar NPR Utilities	2,260,000	1,500,000	760,000
Mesa Extension NPR Utilities	-	5,016,000	(5,016,000)
Northwest Extension NPR Utilities	-	5,165,128	(5,165,128)
Gilbert Rd Extension NPR Utilities	500,000	2,004,000	(1,504,000)
Agency Overhead Allocation	23,960	25,728	(1,768)
	<u>\$ 2,830,277</u>	<u>\$ 13,755,152</u>	<u>\$ (10,924,875)</u>



FY 2016 Adopted Systemwide Improvements

	FY16 Adopted Budget	FY15 Amended Budget	Amount Increase/ (Decrease)
Sources of Funds			
Federal 5337 SOGR	\$ 340,563	\$ 340,000	\$ 563
PTF Revenue Sales Tax	5,379,383	3,584,930	1,794,453
TIGGER Federal Grant	-	2,555,000	(2,555,000)
	<u>\$ 5,719,946</u>	<u>\$ 6,479,930</u>	<u>\$ (759,984)</u>
Expenditures			
Salaries and Fringe Benefits	\$ -	\$ 159,920	\$ (159,920)
RPTA Overhead	-	13,851	(13,851)
Solar Canopy Project	-	3,420,000	(3,420,000)
Consultants - Other	3,250	9,500	(6,250)
Systemwide Capital	5,716,696	2,814,360	2,902,336
Agency Overhead Allocation	-	62,299	(62,299)
	<u>\$ 5,719,946</u>	<u>\$ 6,479,930</u>	<u>\$ (759,984)</u>

FY 2016 Adopted Scheduled Capital Debt Service

	FY16 Adopted Budget	FY15 Amended Budget	Amount Increase/ (Decrease)
Sources of Funds			
PTF Revenue Sales Tax	\$ 19,359,878	\$ 19,361,105	\$ (1,227)
	<u>\$ 19,359,878</u>	<u>\$ 19,361,105</u>	<u>\$ (1,227)</u>
Expenditures			
Debt Service - Interest	\$ 7,741,599	\$ 8,119,661	\$ (378,062)
Debt Service -Principal	11,618,279	11,241,444	376,835
	<u>\$ 19,359,878</u>	<u>\$ 19,361,105</u>	<u>\$ (1,227)</u>

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



Funds Flow Fiscal Year 2016

\$Thousands

Funding Sources	Adopted Funds Flow - Fiscal Year 2016 (\$ Thousands)							Total Funding
	Central Mesa	Northwest Extension	Tempe Streetcar	Gilbert Road	Capitol I-10 West	Other Capital	Operations & Proj. Dev.	
Fare Revenue:								
Phoenix	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,207	\$ 8,207
Tempe							3,429	\$ 3,429
Mesa							1,988	\$ 1,988
Advertising Revenue:								
Phoenix							573	\$ 573
Tempe							192	\$ 192
Mesa							111	\$ 111
Phoenix						-	15,178	\$ 15,178
Tempe							5,850	\$ 5,850
Mesa				254		-	3,353	\$ 3,607
Glendale							23	\$ 23
Chandler							273	\$ 273
Trans Project Advance Notes				4,852		500		\$ 5,352
Federal 5309	3,846							\$ 3,846
Federal 5337 SOGR						341		\$ 341
Federal CMAQ	12,051		5,305	4,200	4,800		1,771	\$ 28,127
Federal 5307 PM							1,143	\$ 1,143
Federal TOD Grant							154	\$ 154
Regional PTF Sales Tax		22,749	1,326		1,200	7,710	6,060	\$ 39,044
Regional PTF Revenue Bonds	3,476	21,524						\$ 25,000
RPTA							500	\$ 500
MAG Arranged Funding							500	\$ 500
TOTAL FUNDING	\$ 19,373	\$ 44,272	\$ 6,631	\$ 9,306	\$ 6,000	\$ 8,550	\$ 49,304	\$ 143,436



Five – Year Operating Forecast and Capital Program

FY 2016 – FY 2020

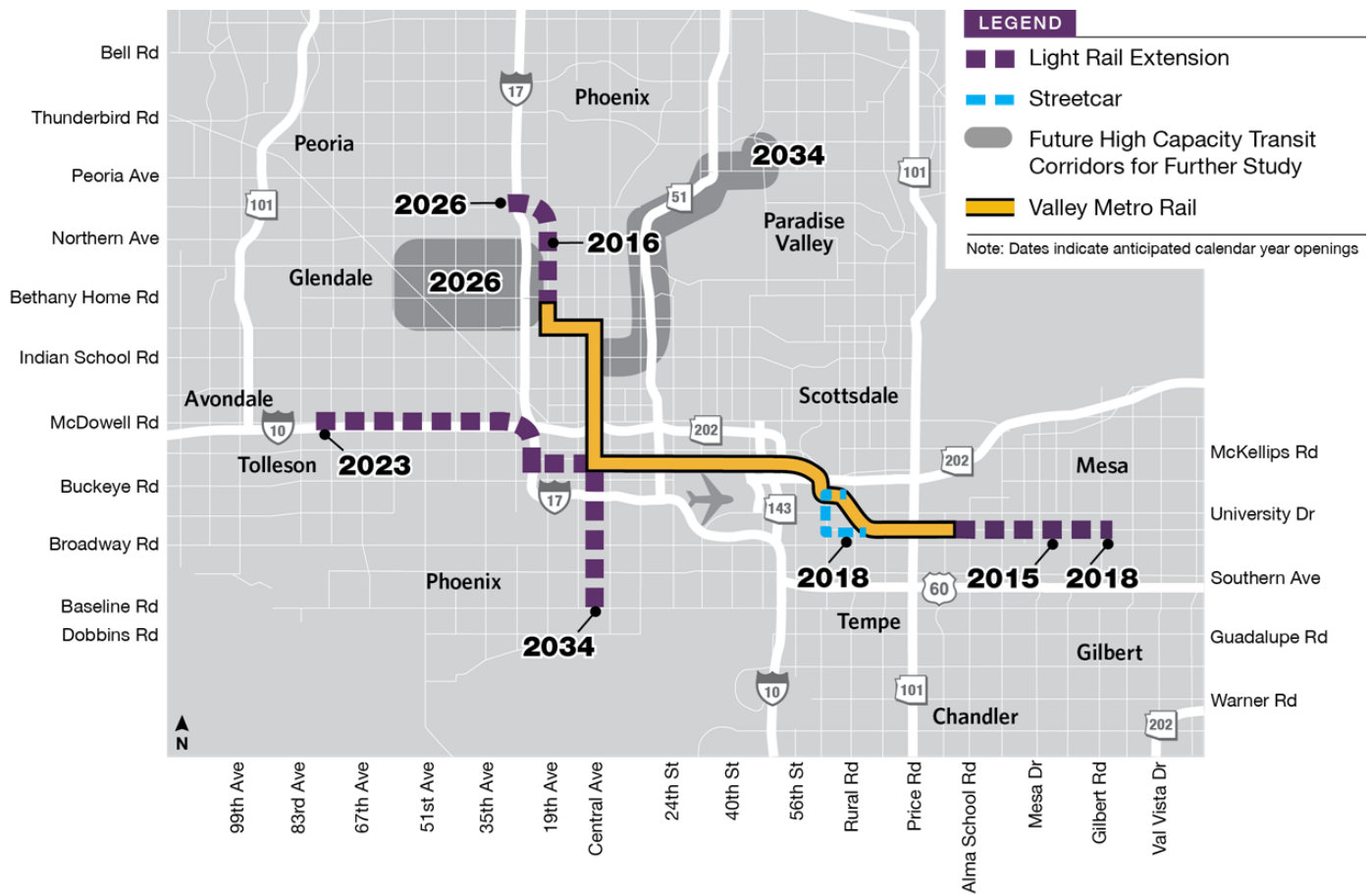


VALLEY METRO RAIL SERVICES

VMR was formed to plan, design, construct, and operate the VALLEY 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 40 miles of High Capacity Transit, to be funded by local taxes, Proposition 400 revenues, and Federal Funds, are planned for future years. See “Future Projects” for further information.

TRANSIT CORRIDORS

HIGH CAPACITY/LIGHT RAIL





VALLEY METRO RAIL SERVICES (continued)

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

In December of 2008, revenue operations began and VMR 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. VMR is self-performing core systems maintenance including track, power, signals and communication systems.

Planning and Development: The proposed high capacity/light rail transit system will include over 60 miles of service in four cities within the next 17 years. Before any specific transit corridor is initiated, VMR will study and configure the system to better understand how corridors connect, determine facility requirements, and define operating parameters. System planning is the first step in developing the 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. VMR staff is committed to working closely with policy makers, public agencies, businesses, community stakeholders, utility companies to assure an early and complete understanding of their needs and issues, before design begins. VMR is responsible to assure that adequate funding is in place to implement, maintain and operate the light rail program. VMR staff works closely with federal, state, regional and local agencies that provide present and future funding for the light rail system. VMR, in coordination with all affected agencies, annually updates the HCT element of the Transit Life Cycle Program, which defines light rail projects, funding, and schedule.

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

Design and Construction: VMR is responsible for the design and construction of the regional rail transit system. Efforts include design for guideway, passenger stations, LRV traction power, signals and communications systems and maintenance facilities. VMR 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 2016 through FY 2020, are summarized as follows:

<u>Uses of Funds Five Year Total</u>	<u>(\$,000)</u>
LRT Operations & Maintenance	\$ 230,132
Project Development Planning	55,223
Agency Operating Budget	4,820
Subtotal - Operations and Project Development	290,175
Northwest Extension Phase 1	57,108
Central Mesa	19,373
Gilbert Rd	138,068
Tempe Streetcar	162,880
Capitol I-10 West	280,182
Non-Prior Rights Utilities	69,459
Systemwide Improvements	28,781
Subtotal - Capital	755,851
Total Uses	\$ 1,046,026



Sources of Funds:

The cumulative sources of funds, FY 2016 through FY 2020, are summarized as follows:

<u>Sources of Funds Five Year Total</u>	<u>(\$,000)</u>
LRT Fares	\$ 87,245
Advertising	4,649
Member City Contributions:	
Phoenix	\$ 72,409
Tempe	58,604
Mesa	25,458
Glendale	125
Chandler	475
Regional Funding:	
MAG / RPTA	5,000
PTF Sales Tax Revenue	183,394
PTF (Reserve) / Borrowing	134,735
TPAN	141,539
Federal Funding:	
FTA Section 5309	200,808
CMAQ	120,230
Federal 5307 PM	5,713
FTA - TOD Grant	154
Federal 5337 SOGR	5,488
Total Sources	\$ 1,046,026



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

	2016	2017	2018	2019	2020	Cumulative 2016 - 2020
USES OF FUNDS						
LRT Operations & Maintenance	\$ 37,654	\$ 42,840	\$ 44,511	\$ 51,730	\$ 53,397	\$ 230,132
Project Development Planning	10,741	15,157	14,421	7,646	7,257	55,223
Agency Operating Budget	909	935	963	992	1,021	4,820
Subtotal - Operations and Proj Dev	49,304	58,932	59,896	60,368	61,675	290,175
Northwest Extension Phase 1	44,272	12,836	-	-	-	57,108
Central Mesa	19,373	-	-	-	-	19,373
Gilbert Rd	9,306	57,340	63,227	8,195	-	138,068
Tempe Streetcar	6,631	68,765	87,484	-	-	162,880
Capitol I-10 West	6,000	6,100	28,941	42,420	196,721	280,182
Non-Prior Rights Utilities	2,830	11,940	19,571	17,328	17,790	69,459
Systemwide Improvements	5,720	11,867	5,403	4,507	1,284	28,781
Subtotal - Capital	94,132	168,848	204,626	72,450	215,795	755,851
Total Uses	\$ 143,436	\$ 227,780	\$ 264,522	\$ 132,818	\$ 277,470	\$ 1,046,026
SOURCES OF FUNDS						
Phoenix	\$ 15,178	\$ (43,714)	\$ 21,965	\$ 23,976	\$ 55,005	\$ 72,409
Tempe	5,850	16,267	17,570	9,382	9,536	58,604
Mesa	3,607	3,870	4,094	6,884	7,002	25,458
Glendale	23	26	26	24	26	125
Chandler	273	106	46	24	26	475
MAG / RPTA	1,000	1,000	1,000	1,000	1,000	5,000
PTF Sales Tax Revenue	36,964	32,411	35,331	37,910	40,781	183,394
PTF (Reserve) / Borrowing	27,073	76,381	24,426	(17,128)	23,983	134,735
TPAN Funds	5,351	62,340	65,653	8,195	-	141,539
LRT Fares	13,624	17,256	17,509	18,817	20,040	87,245
Advertising	876	902	929	957	985	4,649
FTA Section 5309	3,846	31,493	43,507	21,634	100,328	200,808
CMAQ	28,138	27,613	30,982	16,748	16,749	120,230
Federal 5307 PM	1,143	1,143	1,143	1,142	1,142	5,713
Federal 5337 SOGR	341	686	341	3,253	867	5,488
FTA - TOD Grant	154	-	-	-	-	154
Total Sources	\$ 143,436	\$ 227,780	\$ 264,522	\$ 132,818	\$ 277,470	\$ 1,046,026

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



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 2016 through FY 2020 planning horizon are summarized as follows (See Table 2, Five-Year Operating Forecast):

<u>Uses of Funds - Operating Budget</u>		<u>(\$,000)</u>
Operations & Maintenance	\$	230,132
Project Development Planning Support		55,223
Agency Operating Budget		4,820
Total Uses	\$	290,175
<u>Sources of Funds - Operating Budget</u>		<u>(\$,000)</u>
Fare Revenues	\$	87,245
Advertising		4,649
Member Support:		
Phoenix		78,793
Tempe		35,604
Mesa		25,204
Glendale		125
Chandler		475
Subtotal		140,200
Capital Planning Funds - PTF		35,124
Federal 5307 PM		5,714
FTA - TOD Grant		154
RPTA/MAG/ CMAQ/ STP		17,088
Total Sources	\$	290,175



Table 2 – Five-Year Operating Forecast

	-----Year of Expenditure (\$,000) -----					
	2016	2017	2018	2019	2020	TOTAL
USES OF FUNDS						
Operations and Maintenance	37,654	42,840	44,511	51,730	53,397	230,132
Project Development Planning Support	10,741	15,157	14,421	7,646	7,257	55,223
Agency Operating Budget	909	935	963	992	1,021	4,820
Total Uses	49,304	58,932	59,896	60,368	61,675	290,175
SOURCES OF FUNDS						
LRT Fares:						
Phoenix	8,207	10,894	11,054	11,310	12,024	53,489
Tempe	3,429	3,665	3,719	4,604	4,910	20,327
Mesa	1,988	2,697	2,736	2,903	3,106	13,429
Subtotal Fares	13,624	17,256	17,509	18,817	20,040	87,245
Other Revenues:						
Phoenix	15,178	16,286	16,177	15,492	15,661	78,793
Tempe	5,850	5,267	5,570	9,382	9,536	35,604
Mesa	3,353	3,870	4,094	6,884	7,002	25,204
Glendale	23	26	26	24	26	125
Chandler	273	106	46	24	26	475
Advertising	876	902	929	957	985	4,649
Subtotal Local Revenues	25,552	26,457	26,843	32,762	33,234	144,850
Capital Planning Funds - PTF	6,060	7,831	8,426	6,598	6,208	35,124
MAG	500	500	500	500	500	2,500
RPTA	500	500	500	500	500	2,500
Federal 5307 PM	1,143	1,143	1,143	1,142	1,142	5,714
FTA - TOD Grant	154	-	-	-	-	154
CMAQ	1,771	5,245	4,975	48	49	12,088
Total Sources	49,304	58,932	59,896	60,368	61,675	290,175

5-Year Operating Assumptions:

- Central Mesa Extension opens revenue service in October 2015
- Northwest Phase I opens revenue service in July 2016
- Gilbert Rd opens revenue service in July 2018
- Tempe Streetcar opens revenue service in July 2018



Passenger Operations & Maintenance

Rail Transportation Service Delivery:

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

LRV Maintenance:

LRV Maintenance is 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 VMR systems and facilities, including: track, communications, signals, stations, traction power distribution and overhead centenary systems.

Administration:

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

Fares:

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

Local bus / LINK / Light rail			Express / RAPID bus		
Full Fare			Reduced Fare* Proof of eligibility required.		
1-Ride	Light rail only	\$2.00	1-Ride	Light rail only	\$1.00
All-day		\$4.00	All-day		\$2.00
7-day		\$20.00	7-day		\$10.00
15-day		\$33.00	15-day		\$16.50
31-day		\$64.00	31-day		\$32.00
			All-day \$6.50 31-day \$104.00		
<small>Report vending malfunctions to (602) 253-5000. Please note the date, time, and machine number listed. Machine ID#</small>					

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

Another fare increase has been planned for FY17 which will raise the base fares approximately 12%.



Table 3 – Rail Operations and Maintenance Cost Forecast FY 2016 through 2020

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

Annual Cost Projection	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Transportation					
Labor and Materials	\$ 9,690,024				
Labor - Fare Inspection & Security	3,604,472				
Propulsion Power	2,635,243				
Transportation Total	\$ 15,929,740	\$ 18,770,814	\$ 19,333,938	\$ 23,687,365	\$ 24,397,986
Vehicle Maintenance					
METRO LRVM Labor	\$ 4,920,059	5,266,884	5,424,890	5,587,637	5,961,168
LRVM Parts and Materials	1,826,300	2,232,857	2,299,842	2,368,838	2,671,758
Major PM Activities-Non-Capital	97,923	240,938	757,714	332,930	465,054
Maintenance Other / Insurance - Accident Recoveries	(307,009)	(372,687)	(383,868)	(395,384)	(407,245)
Vehicle Maintenance Total	\$ 6,537,273	\$ 7,367,991	\$ 8,098,579	\$ 8,682,077	\$ 9,064,674
Systems and Facilities Maintenance					
Track/Station/Facility Maintenance	\$ 3,059,617				
Traction Power System Maintenance Labor	1,243,351				
Signals/Communications/TVMs Labor	1,595,514				
Material Control/Supplies/Other Direct Costs	1,118,680				
Utilities	1,507,882				
Fare Collection Material & Armored Car	293,084				
Less Transfer TVM Billing to RPTA	(99,432)				
Fare Revenue Handling Fee	340,606				
Systems and Facilities Maintenance Total	\$ 9,059,301	\$ 10,334,805	\$ 10,521,567	\$ 11,788,016	\$ 12,134,489
Administration					
Property and General Liability Insurance	1,871,908				
VMR Management	1,846,611				
General & Administrative Costs	2,326,699				
Credit for Unfilled Positions	(417,150)				
Contingency Reserve	500,000				
Administration Total	\$ 6,128,067	\$ 6,366,407	\$ 6,557,399	\$ 7,572,334	\$ 7,799,504
TOTAL OPERATING COSTS	\$ 37,654,381	\$ 42,840,016	\$ 44,511,483	\$ 51,729,792	\$ 53,396,653

In fiscal year 2016 the Central Mesa alignment is forecasted to commence revenue operations (October 2015). The total \$37.6 million operating cost forecast in FY16 is composed of the following components:

- Base 20 mile system \$ 34.1 M
- Central Mesa Extension (9 months) \$ 3.5 M

The total \$42.8 million operating cost forecast in FY 17 is composed of the following components:

- Base 20 mile system \$ 35.5 M
- Northwest Extension \$ 3.5 M
- Central Mesa Extension \$ 3.8 M

The total \$44.5 million operating cost forecast in FY 18 is composed of the following components:

- Base 20 mile system \$ 37.1 M
- Northwest Extension \$ 3.6 M
- Central Mesa Extension \$ 3.8 M



The total \$51.7 million operating cost forecast in FY19 is composed of the following components:

- Base 20 mile system \$ 37.5 M
- Northwest Extension \$ 3.7 M
- Central Mesa Extension \$ 3.9 M
- Gilbert Rd Extension \$ 2.6 M
- Tempe Streetcar \$ 4.0 M

The total \$53.4 million operating cost forecast in FY 20 is composed of the following components:

- Base 20 mile system \$ 38.8 M
- Northwest Extension \$ 3.8 M
- Central Mesa Extension \$ 4.1 M
- Gilbert Rd Extension \$ 2.6 M
- Tempe Streetcar \$ 4.1 M



Table 4 – Rail Operations Fares and Member City Funding FY 2016 to FY 2020

Fiscal Year	FY 16 Annual Ridership / Fares		FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
RIDERSHIP			15,557,714	16,102,036	16,338,821	17,559,796	17,223,379
AVG Fare			0.88	1.07	1.07	1.07	1.16
Baseline Rides	Fare Assumption						
Weekday	11,934,102	\$ 0.88	\$ 10,450,970	\$ 13,347,829	\$ 13,544,113	\$ 14,556,243	\$ 15,372,778
Saturday	1,978,860	\$ 0.88	1,732,934	2,095,781	2,126,600	2,285,517	2,549,047
Sunday	1,644,751	\$ 0.88	1,440,347	1,811,332	1,837,968	1,975,317	2,118,668
Total Baseline Rides	15,557,714	\$ 0.88	\$ 13,624,251	\$ 17,254,942	\$ 17,508,680	\$ 18,817,077	\$ 20,040,493
OPERATING REVENUES			FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Fare Revenues							
Phoenix	60.24%		\$ 8,207,195	\$ 10,893,682	\$ 11,053,876	\$ 11,310,264	\$ 12,024,296
Tempe	25.17%		3,429,453	3,664,624	3,718,514	4,604,178	4,909,921
Mesa	14.59%		1,987,604	2,696,635	2,736,290	2,902,634	3,106,276
Total Fare Revenues			\$ 13,624,251	\$ 17,254,942	\$ 17,508,680	\$ 18,817,077	\$ 20,040,493
Fare Recovery Ratio			36%	40%	39%	36%	38%
Advertising Revenue							
Phoenix	65.44%		\$ 875,500	\$ 901,765	\$ 928,818	\$ 956,682	\$ 985,383
Tempe	21.88%		572,943	612,815	631,199	566,888	583,895
Mesa	12.68%		191,544	166,460	171,454	229,322	236,202
			111,013	122,490	126,165	160,472	165,286
Federal 5307 PM							
Phoenix	60.24%		\$ 1,142,800	\$ 1,142,800	\$ 1,142,800	\$ 1,142,800	\$ 1,142,800
Tempe	25.17%		688,418	721,492	721,492	607,081	607,081
Mesa	14.59%		287,662	242,709	242,709	315,173	315,173
			166,720	178,599	178,599	220,547	220,547
Gross Operating Costs							
Phoenix	60.24%		\$ 22,716,301	\$ 27,046,484	\$ 28,101,743	\$ 27,480,004	\$ 28,365,477
Tempe	25.17%		9,492,217	9,098,412	9,453,400	14,266,558	14,726,261
Mesa	14.59%		5,445,863	6,695,120	6,956,340	9,983,231	10,304,915
Total Operating Costs			\$ 37,654,381	\$ 42,840,016	\$ 44,511,483	\$ 51,729,792	\$ 53,396,653
Member City Funding							
Phoenix	60.18%		\$ 13,247,745	\$ 14,818,496	\$ 15,695,176	\$ 14,995,771	\$ 15,150,206
Tempe	25.37%		5,583,559	5,024,619	5,320,724	9,117,884	9,264,966
Mesa	14.45%		3,180,526	3,697,395	3,915,286	6,699,578	6,812,806
Total Member City Funding			\$ 22,011,829	\$ 23,540,510	\$ 24,931,185	\$ 30,813,233	\$ 31,227,978
TOTAL OPERATING REVENUE			\$ 37,654,381	\$ 42,840,016	\$ 44,511,483	\$ 51,729,792	\$ 53,396,653

Fare revenue is forecasted to grow from FY 16 through FY 20 with a combination of increased ridership and increased fare structure. Baseline ridership is forecasted to grow by 1% per year. FY16 includes an estimated 1.2M passengers relating to the Central Mesa extension opening. Additional passenger rides are developed in FY 17 through FY 20 with the addition of the Northwest, Gilbert Road and Tempe Streetcar 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 2016 to FY 2020

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

	2016	2017	2018	2019	2020	Total
USES OF FUNDS						
Tempe Streetcar	\$ 1,407	\$ 500	\$ -	\$ -	\$ -	\$ 1,907
Capitol/I-10 West	806	6,057	6,218	60	62	13,203
West Phoenix/Central Glendale	649	500	900	600	-	2,649
Northeast Phoenix	305	41	42	43	45	477
South Central	1,476	1,000	-	-	-	2,476
Fiesta/Downtown Chandler	250	80	20	-	-	350
Northwest Phase II	906	435	500	-	-	1,841
Systems Planning & Project Development	3,491	5,050	5,202	5,358	5,519	24,619
Capital Project Development Administration	1,451	1,494	1,539	1,585	1,633	7,701
Total Uses	\$ 10,741	\$ 15,157	\$ 14,421	\$ 7,646	\$ 7,257	\$ 55,223
SOURCES OF FUNDS						
Tempe (TOD)	\$ 30	\$ -	\$ -	\$ -	\$ -	\$ 30
Phoenix	1,476	1,000	-	-	-	2,476
Chandler	250	80	20	-	-	350
CMAQ	1,771	5,245	4,975	48	49	12,088
PTF	6,060	7,831	8,426	6,598	6,208	35,124
RARF RPTA	500	500	500	500	500	2,500
MAG	500	500	500	500	500	2,500
FTA TOD Grant	154	-	-	-	-	154
Total Sources	\$ 10,741	\$ 15,157	\$ 14,421	\$ 7,646	\$ 7,257	\$ 55,223



FIVE-YEAR CAPITAL PROGRAM – FY 2016 THROUGH FY 2020

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 – 3.0 mile alignment extending southward along Mill Avenue in downtown Tempe from Rio Salado to Southern.
- Capitol / I-10 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 VMR. 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: VMR 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 \$756 million through the five-year planning horizon. These uses of funds are summarized as follows:

FY 2016 THROUGH FY 2020

Uses of Funds - Capital Projects	(\$,000)
NW Ext Phase 1	\$ 57,108
Central Mesa	19,373
Gilbert Rd	138,068
Tempe Streetcar	162,880
Capitol I-10 West	280,182
NPR Utilities	69,459
Systemwide Improvements	28,781
Total Capital Costs	\$ 755,851

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 2016 THROUGH FY 2020

Sources of Funds - Capital Projects	(\$,000)
Phoenix	\$ (6,384)
Tempe	23,000
Mesa	254
Public Transportation Funds	283,008
TPAN	141,539
Federal Revenues:	
FTA Sec 5309	206,295
CMAQ	108,139
Total Capital Revenues	\$ 755,851

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)

	2016	2017	2018	2019	2020	FY 2016-20
USES OF FUNDS						
Northwest Extension Phase 1	\$ 44,272	\$ 12,836	\$ -	\$ -	\$ -	\$ 57,108
Central Mesa	19,373	-	-	-	-	19,373
Gilbert Rd	9,306	57,340	63,227	8,195	-	138,068
Tempe Streetcar	6,631	68,765	87,484	-	-	162,880
Capitol I-10 West	6,000	6,100	28,941	42,420	196,721	280,182
Subtotal HCT Corridors	85,582	145,041	179,652	50,615	196,721	657,611
Non-Prior Rights Utilities	2,830	11,940	19,571	17,328	17,790	69,459
Systemwide Improvements	5,720	11,867	5,403	4,507	1,284	28,781
Total Capital Costs	<u>\$ 94,132</u>	<u>\$ 168,848</u>	<u>\$ 204,626</u>	<u>\$ 72,450</u>	<u>\$ 215,795</u>	<u>\$ 755,851</u>
SOURCES OF FUNDS						
Phoenix	\$ -	\$ (60,000)	\$ 5,788	\$ 8,484	\$ 39,344	\$ (6,384)
Tempe	-	11,000	12,000	-	-	23,000
Mesa	254	-	-	-	-	254
Subtotal	254	(49,000)	17,788	8,484	39,344	16,870
Public Transportation Funds	57,976	100,961	51,331	14,184	58,556	283,008
Sales Tax Proceeds	30,903	24,580	26,905	31,312	34,573	148,273
PTF Bond and Fund Balance	27,073	76,381	24,426	(17,128)	23,983	134,735
TPAN	5,351	62,340	65,653	8,195	-	141,539
Federal Revenues:						
FTA	4,186	32,179	43,848	24,887	101,195	206,295
CMAQ	26,364	22,368	26,007	16,700	16,700	108,139
Subtotal Federal	30,550	54,547	69,855	41,587	117,895	314,434
Total Revenues	<u>\$ 94,132</u>	<u>\$ 168,848</u>	<u>\$ 204,626</u>	<u>\$ 72,450</u>	<u>\$ 215,795</u>	<u>\$ 755,851</u>

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

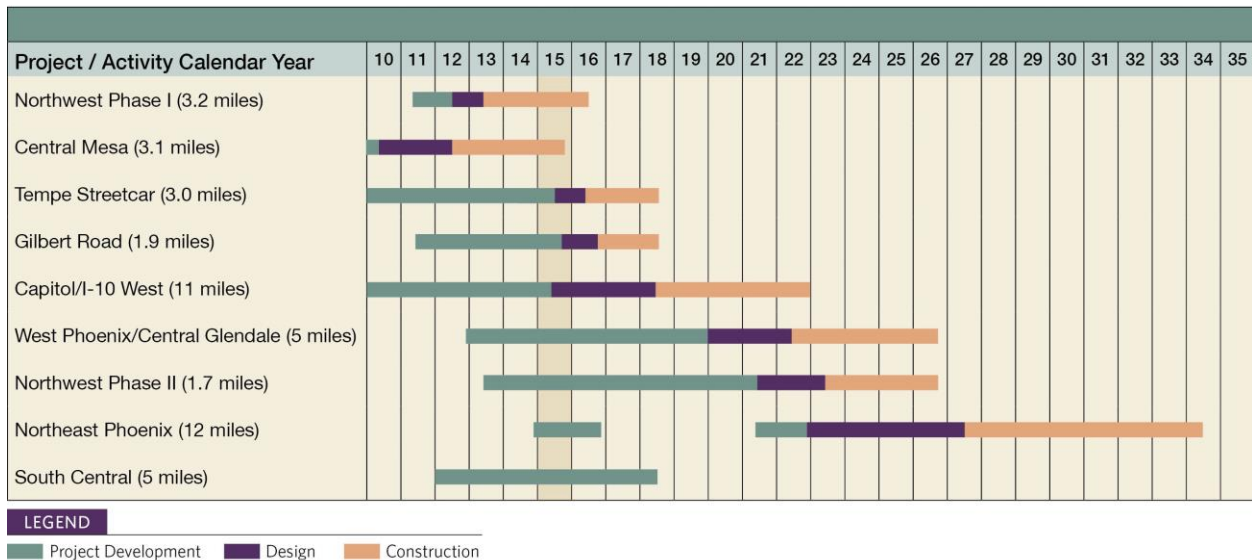
- FY 2017 Approximately \$70 million

The bonds are funded by the Public Transportation Fund sales tax proceeds over the 8 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 60 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, 3.0-miles into south Tempe, 5-miles west into Glendale, 11-miles into west Phoenix, an additional 1.9 miles in Mesa to Gilbert Rd., and 12-miles into northeast Phoenix. VMR 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:



**South Central Phoenix corridor project development is shown. Construction schedules have not been determined at this time.

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 VMR 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.



The City of Phoenix provided 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 Capitol/I-10 West Extension.

Northwest Extension Sources and Uses of Funds: The total capital cost of the Northwest Extension project over the FY 2005 to FY 2017 period is budgeted to be approximately \$326.6 million, excluding financing costs.

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

Northwest Extension	Pre-2016	2016	2017	2018	2019	2020	TOTAL
CAPITAL COSTS							
NPR Utilities	\$ 23,930	\$ 20	\$ -	\$ -	\$ -	\$ -	\$ 23,950
Project Costs	247,055	44,272	11,336	-	-	-	302,663
Financing Costs	-	-	1,500	-	-	-	1,500
Total Capital Costs	\$ 270,985	\$ 44,292	\$ 12,836	\$ -	\$ -	\$ -	\$ 328,113
CAPITAL REVENUES							
Phoenix NWX Advance	\$ 60,000	\$ -	\$ (60,000)	\$ -	\$ -	\$ -	\$ -
Phoenix T 2000 Transit Tax	89,690	-	-	-	-	-	89,690
PTF Revenue	121,295	44,292	72,836	-	-	-	238,423
Total Local	270,985	44,292	12,836	-	-	-	328,113
Total Capital Revenue	\$ 270,985	\$ 44,292	\$ 12,836	\$ -	\$ -	\$ -	\$ 328,113

Concurrent Non-Project Activities Related to Northwest Extension:

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

CNPA	Pre-2016	2016	2017	2018	2019	2020	TOTAL
Total CNPA Costs - WSD	\$ 10,736	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,736
REVENUES							
Phoenix	\$ 10,736	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,736



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, VMR 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 VMR. Design for the Central Mesa LRT Extension began in FY 2011. The Central Mesa LRT extension is scheduled to commence passenger operations in the second half of calendar year 2015.

Central Mesa LRT Extension Alignment





Central Mesa Extension Sources and Uses of Funds: The total capital cost of the Central Mesa Extension project through FY 2016 is budgeted to be approximately \$190.8 million, excluding financing costs.

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

Central Mesa Extension	Pre-2016	2016	2017	2018	2019	2020	TOTAL
CAPITAL COSTS							
NPR Utilities	\$ 8,110	\$ 26	\$ -	\$ -	\$ -	\$ -	\$ 8,136
Project Costs	163,294	19,373	-	-	-	-	182,667
Financing Costs	5,827	2,380	-	-	-	-	8,207
Total Capital Costs	\$ 177,231	\$ 21,779	\$ -	\$ -	\$ -	\$ -	\$ 199,010
CAPITAL REVENUES							
FTA Section 5309	\$ 71,154	\$ 3,846	\$ -	\$ -	\$ -	\$ -	\$ 75,000
CMAQ	40,857	12,051	-	-	-	-	52,908
Total Federal	112,011	15,897	-	-	-	-	127,908
PTF Revenue	\$ 65,220	\$ 5,882	\$ -	\$ -	\$ -	\$ -	\$ 71,102
Total Local	65,220	5,882	-	-	-	-	71,102
Total Capital Revenue	\$ 177,231	\$ 21,779	\$ -	\$ -	\$ -	\$ -	\$ 199,010

Concurrent Non-Project Activities Related to Central Mesa:

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

CNPA	Pre-2016	2016	2017	2018	2019	2020	TOTAL
Total CNPA Costs	\$ 7,568	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,568
REVENUES							
Mesa	\$ 7,568	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,568



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

The Tempe Streetcar will operate weekday trains at approximately 10 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, local funding, and federal grants. Project Development for the Tempe Streetcar project is scheduled to continue in FY 2015. 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 \$176.6 million, excluding financing costs.

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

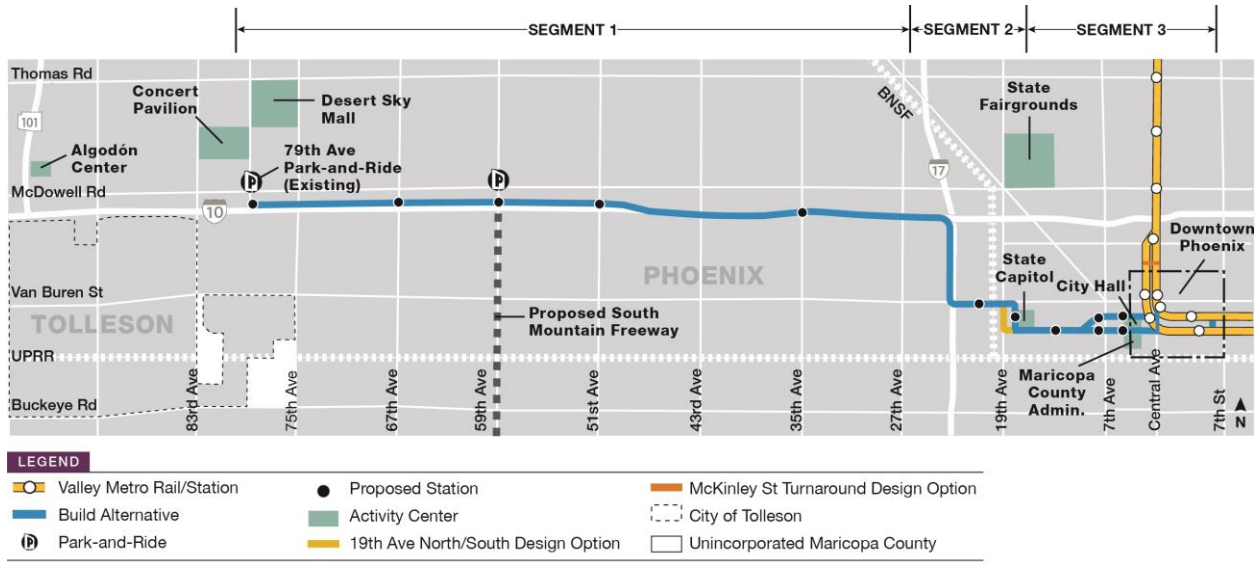
Tempe Streetcar Extension	Pre-2016	2016	2017	2018	2019	2020	TOTAL
CAPITAL COSTS							
NPR Utilities	\$ -	\$ 2,277	\$ 6,940	\$ 4,503	\$ -	\$ -	\$ 13,720
Project Costs	-	6,631	68,765	87,484	-	-	162,880
Total Capital Costs	\$ -	\$ 8,908	\$ 75,705	\$ 91,987	\$ -	\$ -	\$ 176,600
CAPITAL REVENUES							
FTA Section 5309	\$ -	\$ -	\$ 31,493	\$ 43,507	\$ -	\$ -	\$ 75,000
CMAQ	-	5,305	17,488	9,307	-	-	32,100
Total Federal	-	5,305	48,981	52,814	-	-	107,100
Tempe	-	-	11,000	12,000	-	-	23,000
PTF Revenue	\$ -	\$ 3,603	\$ 15,724	\$ 27,173	\$ -	\$ -	\$ 46,500
Total Local	-	3,603	26,724	39,173	-	-	69,500
Total Capital Revenue	\$ -	\$ 8,908	\$ 75,705	\$ 91,987	\$ -	\$ -	\$ 176,600

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

Planning for the Capitol/I-10 West corridor began spring 2007 with an Alternatives Analysis (AA). The AA evaluated possible routes to connect the light rail in downtown Phoenix with west Phoenix in the vicinity of 79th Ave / I-10. AA also evaluated 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 continue through 2015. Concurrent with the environmental analysis, Valley Metro Rail will generate detailed engineering designs of the selected alignment and station layouts.



Capitol / I-10 West LRT Extension



Capitol / I-10 West Extension Sources and Uses of Funds: The total capital cost of the Capitol/I-10 West Extension project over the FY 2016 to FY 2020 period is budgeted to be approximately \$327.9 million, excluding financing costs.

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Capitol/I-10 West Extension	Pre-2016	2016	2017	2018	2019	2020	TOTAL
CAPITAL COSTS							
NPR Utilities	\$ -	\$ -	\$ -	\$ 12,642	\$ 17,328	\$ 17,790	\$ 47,760
Project Costs	-	6,000	6,100	28,941	42,420	196,721	280,182
Financing Costs			635	3,041	4,698	5,314	13,689
Total Capital Costs	\$ -	\$ 6,000	\$ 6,735	\$ 44,624	\$ 64,446	\$ 219,825	\$ 341,631
CAPITAL REVENUES							
FTA Section 5309	\$ -	\$ -	\$ -	\$ -	\$ 21,634	\$ 100,328	\$ 121,962
CMAQ	-	4,800	4,880	16,700	16,700	16,700	59,780
Total Federal	-	4,800	4,880	16,700	38,334	117,028	181,742
Phoenix	-	-	-	5,788	8,484	39,344	53,616
PTF Revenue	\$ -	\$ 1,200	\$ 1,855	\$ 22,136	\$ 17,628	\$ 63,453	\$ 106,273
Total Local	-	1,200	1,855	27,924	26,112	102,797	159,889
Total Capital Revenue	\$ -	\$ 6,000	\$ 6,735	\$ 44,624	\$ 64,446	\$ 219,825	\$ 341,631



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 began in FY 2014 and will commence passenger operations in July 2018.



Gilbert Road LRT Extension Alignment



LEGEND	
—	Central Mesa Extension
- - - -	Gilbert Road Extension
●	Light Rail Station
Ⓟ	Park-and-Ride
⦿	Roundabout

Gilbert Road Extension Sources and Uses of Funds: The total capital cost of the Gilbert Road Extension project is budgeted to be approximately \$147.1 million, excluding financing costs and Operations and Maintenance Center contingency costs.

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Gilbert Rd Extension	Pre-2016	2016	2017	2018	2019	2020	TOTAL
CAPITAL COSTS							
NPR Utilities	\$ -	\$ 507	\$ 5,000	\$ 2,426	\$ -	\$ -	\$ 7,933
Project Costs	1,099	8,806	49,640	55,527	6,195	-	121,267
Vehicle Procurement	-	500	7,700	7,700	2,000	-	17,900
Total Capital Costs	\$ 1,099	\$ 9,813	\$62,340	\$ 65,653	\$ 8,195	\$ -	\$ 147,100
CAPITAL REVENUES							
City of Mesa	\$ 63	\$ 254	\$ -	\$ -	\$ -	\$ -	\$ 317
TPAN	-	5,351	62,340	65,653	8,195	-	141,539
CMAQ Flex	1,036	4,208	-	-	-	-	5,244
Total Capital Revenue	\$ 1,099	\$ 9,813	\$62,340	\$ 65,653	\$ 8,195	\$ -	\$ 147,100



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. During FY 2016 VMR will overhaul LRV brake systems, purchase a platform truck for rail operations, and perform station enhancements including enhanced platform security cameras and improved station signage. Non-Revenue fleet vehicles used for Maintenance crews will be replaced as necessary. Beginning in FY16 and continuing into FY19, major light rail vehicle components such as the pantographs, HVAC, 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 2020 is budgeted to be approximately \$28.8 million.

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Systemwide Improvements	2016	2017	2018	2019	2020	TOTAL
CAPITAL COSTS						
All Other	3,541	7,406	1,314	561	320	\$ 13,142
LRV Capital PM	2,178	4,461	4,089	3,947	964	15,639
Total Capital Costs	\$ 5,720	\$ 11,867	\$ 5,403	\$ 4,507	\$ 1,284	\$ 28,781
CAPITAL REVENUES						
Federal 5337 SOGR	\$ 341	\$ 686	\$ 341	\$ 3,253	\$ 867	\$ 5,488
Total Federal	341	686	341	3,253	867	5,488
PTF Revenue	5,379	11,181	5,063	1,254	417	23,293
Total Local	5,379	11,181	5,063	1,254	417	23,293
Total Capital Revenue	\$ 5,720	\$ 11,867	\$ 5,403	\$ 4,507	\$ 1,284	\$ 28,781



Valley Metro FY16 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 VMR Board is executed by adoption of the Annual Budget.



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

Regional Public Transportation Authority Staffing Forecast

Projects	FY16	FY17	FY18	FY19	FY20
Operations:					
Transit Service Operations	16.00	16.95	16.95	16.95	16.95
Administrative	33.30	33.65	33.05	34.90	34.85
Regional Services	64.45	63.55	63.55	63.55	64.35
Planning	8.30	8.90	8.90	8.90	8.90
Business Services	6.05	6.05	6.05	6.05	6.05
Capital Projects:					
BRT Improvements	0.69	0.80	0.67	0.67	0.67
Total Full Time Equivalent Staff	128.79	129.90	129.17	131.02	131.77

METRO Staffing Forecast

Projects	FY16	FY17	FY18	FY19	FY20
Operations:					
Revenue Operations	132.45	132.56	132.91	143.08	143.50
Agency Operations	3.20	3.20	3.20	3.20	3.20
Agency Overhead	10.80	11.05	11.25	11.15	11.20
Capital Projects:					
Northwest Extension	5.96	2.75	2.30	-	-
Central Mesa	3.98	1.85	0.75	-	-
Gilbert Road	3.49	5.66	6.86	3.60	1.90
Non Prior Rights Utility Relocation	0.47	0.42	0.53	0.95	0.95
Future Project Development:					
Capital Project Development Admin	6.28	6.83	7.08	6.88	6.68
Systems Studies	1.78	1.63	1.78	2.06	1.90
General Agency Support - Project Dev	8.33	8.00	7.82	8.80	9.04
Capitol I-10 West	1.60	2.20	2.48	6.39	8.02
Tempe Streetcar	2.63	6.27	6.25	3.37	1.42
Phoenix West-Central Glendale	0.65	0.48	0.83	1.31	3.28
South Central	0.91	0.51	0.10	1.80	1.40
Northwest Extension Phase II	0.65	0.40	0.40	0.90	1.25
Northeast Extension	0.05	0.30	0.30	0.50	0.50
Total Full Time Equivalent Staff	183.21	184.10	184.83	193.98	194.23

Combined Agency Total

312.00 314.00 314.00 325.00 326.00



Valley Metro
Regional Public Transportation Authority
FY16 New Positions

Title	Division	Scope of Work
Sr. Network Engineer	Administration	IT-Positions required to support planned IT expansion and additional responsibilities
Sr. IT - Systems Engineer	Administration	
LRV Maintenance Technician I (4)	Operations - Rail	Additional positions to support the opening of six miles additional Rail Service
LRV Maintenance Technician II	Operations - Rail	The Central Mesa and Northwest Extensions commence operations in October 2015 and July 2016 respectively
LRV Inspector (3)	Operations - Rail	
Sig/Comm Maintainer (2)	Operations - Rail	State of good repair schedule increases number of rebuilds of major components for Light Rail Vehicles and Systems Components
Traction Power (2)	Operations - Rail	
Track Maintainer (2)	Operations - Rail	



Valley Metro
Regional Public Transportation Authority
FY16 Adopted FTE Count by Pay Grades and Ranges

Pay Grade	Position Title	Adopted Pay Range	FTE Effort		Total FTE
			RPTA	VMR	
I	Cleaner	\$22,824 - \$34,237	0.00	10.00	10.00
III	Administrative Assistant I	\$28,179 - \$42,268	0.55	1.45	2.00
	Customer Service Representative		39.00	0.00	39.00
	Document Control Clerk		0.10	0.90	1.00
	LRV Yard Operator		0.00	2.00	2.00
	Stockroom Clerk		0.00	2.00	2.00
	Transit Distribution and Signage Assistant		0.50	0.50	1.00
IV	Customer Service Application Technician	\$31,310 - \$46,965	1.00	0.00	1.00
	Lead Document Control Clerk		0.10	0.90	1.00
	LRV Inspector		0.00	12.00	12.00
	Materials Handler		0.00	1.00	1.00
V	Accounting Technician	\$34,441 - \$51,661	3.40	0.60	4.00
	Administrative Assistant II		5.30	5.70	11.00
	Lead Customer Service Representative		4.00	0.00	4.00
	LRV Lead Inspector/Cleaner		0.00	1.00	1.00
VI	Design & Construction Project Assistant	\$37,884 - \$56,827	0.02	0.98	1.00
	Human Resources Technician		2.00	0.00	2.00
	LRV Maintenance Technician I		0.00	17.00	17.00
	Track Maintainer		0.00	7.00	7.00
VII	Accountant I	\$41,673 - \$62,510	2.50	0.50	3.00
	Administrative Assistant III		0.00	1.00	1.00
	Help Desk Specialist		0.40	0.60	1.00
	LRV Maintenance Technician II		0.00	12.00	12.00
	Planner I		0.35	0.65	1.00
	Planning Program Specialist		0.30	0.70	1.00
	Program Representative		7.00	0.00	7.00
	Signal/Comm System Maintainer		0.00	9.00	9.00
	Utility Relocation Specialist		0.07	0.93	1.00
	Vehicle Parts Coordinator		0.00	1.00	1.00
VIII	Bus & Paratransit Fleet/Facilities Coordinator	\$45,841 - \$68,762	1.00	0.00	1.00
	Engineering Technician		0.05	0.95	1.00
	Executive Administrative Coordinator		1.00	1.00	2.00
	Graphics Designer		2.10	0.90	3.00
	LRV Lead Maintenance Technician		0.00	3.00	3.00
	Materials/Warranty Coordinator		0.00	1.00	1.00
	Signal & Communications Systems Technician		0.00	8.00	8.00
	Traction Power Systems Technician		0.00	15.00	15.00



Valley Metro
Regional Public Transportation Authority
FY16 Adopted FTE Count by Pay Grades and Ranges

Pay Grade	Position Title	Adopted Pay Range	FTE Effort		Total FTE
			RPTA	VMR	
IX	Accountant II	\$50,425 - \$75,637	2.80	0.20	3.00
	Budget Analyst		1.00	1.00	2.00
	Contracts Administrator		2.55	2.45	5.00
	Customer Service Supervisor		5.00	0.00	5.00
	Data Analyst		1.00	0.00	1.00
	Human Resources Generalist		2.00	0.00	2.00
	LRV Systems/Equipment Specialist		0.00	1.00	1.00
	Management Analyst		1.00	0.00	1.00
	Planner II		1.35	1.65	3.00
	Program Coordinator		7.90	6.10	14.00
	Public Information Specialist		0.85	1.15	2.00
	Regulatory Administrator		0.50	0.50	1.00
	Safety Specialist		0.40	0.60	1.00
	Security Coordinator		0.40	0.60	1.00
	Service Analyst II		1.30	0.70	2.00
Web Developer	2.00	0.00	2.00		
X	Bus & Paratransit Fleet/Facilities Supervisor	\$55,468 - \$83,201	1.00	0.00	1.00
	Database Administrator		0.40	0.60	1.00
	LRV Maintenance Supervisor		0.00	3.00	3.00
	Network Administrator		0.40	0.60	1.00
	Program Control Specialist		0.00	1.00	1.00
	Program Supervisor		2.00	0.00	2.00
	SCADA Network Administrator		0.00	1.00	1.00
	Senior Contracts Administrator		0.40	1.60	2.00
	Supervisor, Maintenance of Way (MOW)		0.10	2.90	3.00
	VMware/Storage Administrator		0.40	0.60	1.00
XI	Employee Relations Administrator	\$61,014 - \$91,521	1.00	0.00	1.00
	GIS Administrator		0.50	0.50	1.00
	Light Rail Technical Trainer		0.00	1.00	1.00
	Project Manager		0.80	1.20	2.00
	Public Arts Administrator		0.05	0.95	1.00
	Quality Assurance Administrator		0.05	0.95	1.00
	Senior Construction Project Coordinator		0.10	0.90	1.00
	Senior Information Technology Systems Engineer		0.45	0.55	1.00
	Senior Management Analyst		1.25	0.75	2.00
	Senior Server/Exchange Administrator		0.40	0.60	1.00
Senior Network Engineer	0.45	0.55	1.00		



Valley Metro
Regional Public Transportation Authority
FY16 Adopted FTE Count by Pay Grades and Ranges

Pay Grade	Position Title	Adopted Pay Range	FTE Effort		Total FTE
			RPTA	VMR	
XII	Assistant Superintendent of LRV Maintenance	\$67,115 - \$100,673	0.00	1.00	1.00
	Manager, Accessible Transit Services		1.00	0.00	1.00
	Manager, Admin Support Services & Project Management		0.50	0.50	1.00
	Manager, Budget and Operations Financial Controls		0.50	0.50	1.00
	Manager, Communications		0.50	0.50	1.00
	Manager, Community Relations		0.30	0.70	1.00
	Manager, Customer Service		1.00	0.00	1.00
	Manager, Facilities Maintenance		0.15	0.85	1.00
	Manager, General Accounting		0.65	0.35	1.00
	Manager, Human Resources Support Services		0.50	0.50	1.00
	Manager, Marketing		1.00	0.00	1.00
	Manager, Service Planning		0.90	0.10	1.00
	Manager, Track & Facilities		0.00	1.00	1.00
	Manager, Transportation Demand Management		1.00	0.00	1.00
	Stakeholder Affairs Manager		0.00	1.00	1.00
Utility Manager	0.05	0.95	1.00		
XIII	Manager, Bus Services Delivery	\$73,827 - \$110,740	1.00	0.00	1.00
	Manager, Financial Reporting		0.50	0.50	1.00
	Manager, LRT Systems		0.05	0.95	1.00
	Manager, Operational Support and Analysis		0.35	0.65	1.00
	Manager, Quality Assurance		0.00	1.00	1.00
	Manager, Safety & Security		0.50	0.50	1.00
	Manager, System & Service Development		0.60	0.40	1.00
	Resident Engineer		0.10	0.90	1.00
	Senior Project Engineer		0.05	0.95	1.00
Systems Engineer	0.00	1.00	1.00		
XIV	Chief Maintenance Engineer	\$83,632 - \$125,448	0.00	1.00	1.00
	Government Relations Officer		0.50	0.50	1.00
	Manager, Construction		0.10	0.90	1.00
	Manager, Contracts and Procurement		0.50	0.50	1.00
	Manager, Corridor & Facility Development		0.15	0.85	1.00
	Manager, Design		0.05	0.95	1.00
	Manager, Information Technology Services		0.45	0.55	1.00
	Manager, O & M Start Up & Activation		0.00	1.00	1.00
	Manager, Revenue Generation & Financial Planning		0.75	0.25	1.00
	Superintendent LRV Maintenance		0.00	1.00	1.00



Valley Metro
Regional Public Transportation Authority
FY16 Adopted FTE Count by Pay Grades and Ranges

Pay Grade	Position Title	Adopted Pay Range	FTE Effort		Total FTE	
			RPTA	VMR		
XV	Chief Human Resources Officer	\$102,206 - \$153,310	1.00	0.00	1.00	
	Chief of Staff		0.50	0.50	1.00	
	Director, Administration & Organizational Development		0.50	0.50	1.00	
	Director, Communication & Marketing		0.50	0.50	1.00	
	Director, Safety & Security		0.40	0.60	1.00	
XVI	Chief Engineer	\$114,880 - \$172,320	0.00	1.00	1.00	
	Chief Financial Officer		0.50	0.50	1.00	
	Chief Operations Officer		0.40	0.60	1.00	
	Director, Planning & Development		0.10	0.90	1.00	
GC	General Counsel	\$119,591 - \$179,387	0.50	0.50	1.00	
ED	Chief Executive Officer	Salary Negotiated	0.50	0.50	1.00	
			FY16 FTE's	<u>129.14</u>	<u>182.86</u>	<u>312.00</u>
			FY15 FTE's	<u>130.80</u>	<u>165.20</u>	<u>296.00</u>
			Change	<u>-1.66</u>	<u>17.66</u>	<u>16.00</u>



Appendix A -- The Budget Process

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

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

The annual budget is prepared on an accrual basis and adopted by the Board of Directors each fiscal year. The legal level of budgetary control is the total annual appropriated budget. With respect to Capital Budgets, project contingency accounting is used to control expenditures within available project funding limits. With respect to Operating Budgets, encumbrance accounting is not used and all appropriations lapse at the end of the year. Prior to final adoption, a proposed budget is presented to the 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.

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

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

The internal process is a collaborative and iterative one, with the agency's senior management providing strategic direction and critical review, managers and project managers preparing resource proposals, and financial staff (Including the Financial Working Group) providing feedback and technical support for the process. A review by the 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 VMR Board provides final review and adoption.



Budget Timelines: The FY 2016 process is outlined below, with Proposed planning beginning in February and with budget adoption scheduled for May 2015. Major phases of this process are outlined below:

- October, 31, 2014 – Preliminary Rail Operating Budget to City Staff
- Jan 14th -- Board approves Agency goals
- Feb 20th -- Prelim FY16 Operating Budget delivered to Financial Working Group
- Feb 24th -- Budget presented to Financial Working Group for information
- Feb 27th -- Draft Budget to Financial Working Group and RTAG for review
- Mar 17th --Draft budget delivered to RTAG for information
- Mar 20th -- Comments due to Budget Group
- Mar 25th -- Draft Budget delivered to RMC
- Apr 1st -- Budget presented for information to RMC
- Apr 16th -- Budget presented to Board of Directors for information
- May 6th -- RMC for approval
- May 21st -- Board Meeting – Budget Adopted by Board

	Budget Group	Directors	Advisory Groups	Board of Directors
Oct	Prepare Preliminary Rail Operating Budget			
Oct - Dec	Respond to Questions and Issues Raised	Provide Input and Direction		
Jan		Respond to Questions and Issues Raised and Provide Direction	Review and Approve of Agency Goals	Approve of Agency Goals
Jan – Feb 24 th	Compile Budget Information and Prepare Draft Budget	Respond to Questions and Issues Raised and Provide Direction		
Feb 27 th thru Mar 20 th	Respond to Questions and Issues Raised		Review Draft Budget Package and Provide Feedback to Budget Group	
Mar 14 th – Mar 31 st	Compile Revisions and Prepare Budget			
April	Respond to Questions and Issues Raised		Review Budget	
May 6 th 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 VMR 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.
CME	Central Mesa Extension-additional 3.1 miles
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 VMR is acting as a sub-recipient.
FTA	Federal Transit Administration
GRE	Gilbert Road Extension – additional 1.9 miles
Headways	The time interval between arriving trains or buses along a transit route. (Service Frequency)



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

TERM / ACRONYM	DEFINITION
HCT	High Capacity Transit – includes heavy rail, Light Rail Transit, Bus Rapid Transit modes of urban transportation
LPA	The Locally Preferred Alternative alignment for a transit route among a set of options which have been analyzed.
LRT	Light Rail Transit
LRV	Light Rail Vehicle
MAG	Maricopa Association of Governments
Member Cities	VMR equity members, currently Phoenix, Tempe, Mesa and Glendale
METRO	The light rail system to be designed, constructed and operated by VMR.
NWX	Northwest Extension – additional 3.2 miles
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.
TPAN	Transportation Project Advancement Notes.
TSC	Tempe Street Car Project – additional 3 miles
VMR	Valley Metro Rail, Inc.
VMT	Vehicle Miles of Travel for each LRT vehicle operated



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