



BOARD OF DIRECTORS MEETING

JANUARY 20, 2010

9:45 A.M.

101 NORTH FIRST AVENUE

13TH FLOOR – BOARD ROOM

PHOENIX, AZ 85003





BOARD AGENDA

January 13, 2010

To: Chairman Simplot and Members of the METRO Board of Directors

From: Michael J. Ladino, Acting Chief Executive Officer

Date: January 20, 2010

Time: 9:45 a.m.

Location: METRO
101 N. First Ave., 13th Floor Board Room
Phoenix, AZ 85003

Please park in the garage in the US Bank Building (enter from Adams Street) and bring your parking ticket to the meeting as parking will be validated. Transit passes will be provided to those using transit. For those using bicycles, please lock your bicycle in the bike rack located on the 2nd level of the parking garage across from the ticket handler booth. METRO Board (Board) members may attend the meeting by teleconference. If you have any questions or need additional information regarding attendance by teleconference, please contact Gina Frackiewicz at (602) 322-4455.

Item	Action Requested
1. Call to Order	
2. Call to the Audience A 15-minute opportunity will be provided to members of the public at the beginning of the meeting to address the METRO Board on all agenda items. The Chairman may recognize members of the public during the meeting at his/her discretion. Up to three minutes will be provided per speaker.	Information
3. Minutes Summary minutes from the December 9 and 16, 2009 Board meetings are presented for review and approval.	Action
4. Chief Executive Officer's (CEO) Report Steve Banta will brief the Board on current light rail issues.	Information

Item		Action Requested
Consent Agenda		
5.	<p>Approval of Consent Agenda</p> <p>The Board is being requested to take action on the Consent Agenda. Board members may request that items be removed from the Consent Agenda.</p>	Action
5a.	<p>Corporate Sponsorship/Naming Rights Consulting Services Contract</p> <p>Staff is providing information to the Board related to the negotiation and execution of a contract for consultant services to develop the feasibility of METRO sponsorship and/or naming rights opportunities. Please see information attached for Agenda Item 5a for additional information.</p>	Information
Regular Agenda		
6.	<p>Fiscal Year 2010 Mid-Year Budget Adjustment</p> <p>Staff will request that the Board authorize updates to the Valley Metro Rail (METRO) Operating and Capital Budget for Fiscal Year (FY) 2010. Please see information attached for Agenda Item 6 for additional information.</p>	Action
7.	<p>Fiscal Year 2011 Rail Operations Budget Preview</p> <p>Staff will provide information to the Board about service alternatives under consideration for Fiscal Year 2011 (July 1, 2010 thru June 30, 2011) passenger operations in light of revenue constraints brought on by current economic conditions. Please see information attached for Agenda Item 7 for additional information.</p>	Information and Possible Action
8.	<p>2010 High Capacity Transit Life Cycle Program Update</p> <p>Staff will brief the Board on the preparation of the 2010 update of the Light Rail/High Capacity Transit (LRT/HCT) Life Cycle Program. Please see information attached for Agenda Item 8 for additional information.</p>	Information and Possible Action

Item	Action Requested
9. Future METRO Board Agenda Items The Board may request consideration of future agenda items. No additional information is attached.	Information
10. Adjournment	Action

With 24-hours notice, special assistance can be provided for persons with sight and/or hearing impairments. Call 602-254-7245 (voice) or 602-261-8208 (TTY) to request accommodations. If you require information about this meeting in alternate formats, please call the METRO hotline at 602-254-RAIL.

A blurred, grayscale background image of a train station platform. A train is visible on the tracks, and a bus is parked on the platform. The image is intentionally out of focus to create a sense of motion and depth.

AGENDA ITEM 3

Minutes



BOARD MEETING MINUTES

December 9, 2009
101 North First Avenue
13th Floor – Board Room
Phoenix, Arizona

Board Members Present

Vice Mayor Tom Simplot, City of Phoenix - Chair
Mayor Hugh Hallman, City of Tempe
Vice Mayor Kyle Jones, City of Mesa
Craig Tindall, City of Glendale
Patrice Kraus, City of Chandler
Councilmember Ron Aames, City of Peoria

Others Present

Dave Boggs, RPTA
Matthew Dudley, City of Glendale
Megan Schmitz, City of Phoenix
N. Vescio, StrongGo
Mark Wavering, Jacobs

1. Call to Order

Chairman Simplot called the meeting to order at 9:33 a.m.

Chairman Simplot took the agenda out of order.

3. Minutes

IT WAS MOVED BY VICE MAYOR JONES AND SECONDED BY CRAIG TINDALL AND UNANIMOUSLY CARRIED TO APPROVE THE OCTOBER 21, 2009 MEETING MINUTES.

4. Chief Executive Officer's (CEO) Report

FTA Quarterly Meeting: The final meeting for the Central Phoenix/East Valley Light Rail Transit Project occurred on November 17th. Future meetings will be conducted on an as needed basis. However, METRO will continue to file quarterly reports as the Full Funding Grant Agreement (FFGA) closes out. The Project Management Oversight Contractor has completed their work with METRO. Communication will continue directly with the FTA on remaining issues. The FTA is very proud of the project and they are optimistic that the finances are in order to close out the FFGA on time and on budget.

Meeting with FTA Administrator: On November 20th, the CEO accompanied Mesa’s Mayor Scott Smith, City Manager Chris Brady, and METRO’s Wulf Grote to Washington to meet with the FTA Administrator Peter Rogoff to discuss the Central Mesa Extension. The Mayor and the City Manager offered comments about community support for the project from the local perspective. METRO is seeking a Small Starts grant and will continue to work with the FTA to advance the project through the federal process. METRO has requested that the project advance into the project development phase. METRO is hopeful that FTA will approve this request by March/April 2010.

FY 2011 Budget Process: METRO is working with Phoenix, Tempe and Mesa on the Operations and Maintenance budget for 2011. The cities will incorporate the information into their budgets.

U.S. Airways Center Ticketing Agreement Update: The arrangement with the U.S. Airways Center Ticketing Agreement has been successful. A handout provided to the Board shows a number of events and their details including the total percentages of light rail ridership. METRO, Suns, and the Arena are encouraged by the partnership and METRO is exploring future advertising opportunities.

At 9:37 a.m. Mayor Hallman arrives at the meeting.

2010 Meeting Schedule: A 2010 Board Meeting schedule was distributed to the Board members.

Ridership/Revenue: November ridership exceeded one million riders. The FTA is very pleased with METRO’s ridership and will benefit future extensions.

November 2009 Ridership and Revenue							
	Total	Phoenix		Tempe		Mesa	
Passenger Rides	1,003,503	611,479	60.9%	302,137	30.1%	89,887	9.0%
	Rides						
Average Weekday	40,211						
Average Saturday	27,129						
Average Sunday & Holiday	15,128						
Revenue	\$ 759,202	\$ 478,736		\$ 211,524		\$ 68,942	

2. Call to the Audience

There were no requests to address the Board.

Chairman Simplot presented Mr. Simonetta with a Resolution of Appreciation from the Board of Directors. Chairman Simplot added that he has done an outstanding job by bringing the 20-mile project in on time and on budget and that his experience and level of respect throughout the region has created a foundation that will make this a premier light rail system.

Mayor Hallman stated his heartfelt thank you from the City of Tempe.

Craig Tindall thanked Mr. Simonetta on behalf of the City of Glendale for a job well done.

Councilmember Aames added that it has been a great learning experience working with someone with the level of knowledge and professionalism exhibited by Mr. Simonetta.

Patrice Kraus stated that Mr. Simonetta's relationship with the Board is professional and that he should take pride in what he has done for the community. She also thanked him for the opportunity to have worked with him.

Vice Mayor Jones stated his and the City of Mesa's appreciation for his work.

Mr. Simonetta thanked the Board for their comments. He added that no one individual takes the credit for a successful project. It is always a team effort including the Board, city elected officials, city staff, and the METRO team which he is proud of. In addition good contractors and consultants have made a difference. The METRO team is committed to continued success. METRO's credibility has been built with the FTA and the Region and staff and the new CEO will use this leverage for future opportunities. Mr. Simonetta thanked the Board for their confidence and for six great years.

Regular Agenda

5. American Recovery and Reinvestment Act Park-n-Ride Expansion and Shade Canopies Design Build Contract

Mr. Simonetta stated that staff is prepared to present information related to this item. The Board agreed to forego a presentation.

IT WAS MOVED BY MAYOR HALLMAN AND SECONDED BY COUNCILMEMBER AAMES AND UNANIMOUSLY CARRIED TO AUTHORIZE THE CEO TO EXECUTE A CONTRACT BETWEEN HUNTER/JACOBS AND METRO FOR THE DESIGN/BUILD EXPANSION OF THE PARK-N-RIDE FROM THE EASTERN LIMITS OF THE EXISTING PARKING FACILITY AT 3RD AVENUE

TO 7TH AVENUE ALONG THE SOUTH SIDE OF CAMELBACK ROAD AT A CONTRACT VALUE OF \$3,499,000.

6. Arizona Avenue Bus Rapid Transit Construction Management

Mr. Simonetta stated that staff is prepared to present information related to this item. The Board agreed to forego a presentation.

7. Federal Legislative Update

Mr. Simonetta stated that staff is prepared to present information related to this item. The Board agreed to forego a presentation.

8. Executive Session

AT 9:46 A.M. IT WAS MOVED BY MAYOR HALLMAN AND SECONDED BY VICE MAYOR JONES AND UNANIMOUSLY CARRIED TO ENTER INTO EXECUTIVE SESSION ACCORDING TO A.R.S. 38-431.03(A)(1) REGARDING PERSONNEL ISSUES WITH THE HIRING OF THE CHIEF EXECUTIVE OFFICER.

The Board reconvened at 10:27 a.m.

9. Hiring of a Chief Executive Officer

Chairman Simplot stated that this was a difficult process as the Board was presented with many great candidates. The top two candidates are true professionals and top of the class.

IT WAS MOVED BY MAYOR HALLMAN AND SECONDED BY VICE MAYOR JONES AND UNANIMOUSLY CARRIED TO EXTEND AN OFFER OF EMPLOYMENT TO STEPHEN BANTA TO SERVE AS METRO'S CEO. FURTHER, THE EMPLOYMENT OFFER BE COMMUNICATED TO STEPHEN BANTA IN A LETTER FROM METRO'S CHAIRMAN WHO WILL INSTRUCT THE GENERAL COUNSEL TO WORK IN CONSULTATION, AS THE GENERAL COUNSEL SEES FIT, WITH THE MEMBER CITY'S CITY MANAGERS TO NEGOTIATE A FAIR AND EQUITABLE EMPLOYMENT CONTRACT. THE FINAL NEGOTIATED CONTRACT WILL REQUIRE FURTHER BOARD APPROVAL. FURTHER, AFTER DECEMBER 31, 2009 UNTIL AN EMPLOYMENT CONTRACT IS SIGNED BY MR. BANTA AND APPROVED BY THE BOARD THAT MICHAEL LADINO SHALL SERVE AS ACTING CEO AND HIS SALARY BE INCREASED BY FIVE PERCENT FOR ASSIGNED PAY FOR THE TERM OF THAT SERVICE.

10. Future METRO Board Agenda Items

Vice Mayor Jones proposed a discussion at a future meeting regarding the preclusion of engineering firms that have worked on various aspects of studies.

Chairman Simplot stated that in light of the CEO hiring process that the Board meet on December 16 and discuss the proposed agenda item by Vice Mayor Jones.

11. Adjournment

The meeting adjourned at 10:32 a.m.



BOARD MEETING MINUTES

December 16, 2009
101 North First Avenue
13th Floor – Board Room
Phoenix, Arizona

Board Members Present

Vice Mayor Tom Simplot, City of Phoenix - Chair
Mayor Hugh Hallman, City of Tempe
Vice Mayor Kyle Jones, City of Mesa
Craig Tindall, City of Glendale
Patrice Kraus, City of Chandler
Councilmember Ron Aames, City of Peoria

1. Call to Order

Chairman Simplot called the meeting to order at 9:45 a.m.

2. Call to the Audience

There were no requests to address the Board.

3. Executive Session

At 9:50 a.m. the Board entered into an Executive Session to discuss and consider the employment of the Chief Executive Officer.

4. Hiring of Chief Executive Officer

IT WAS MOVED BY MAYOR HALLMAN AND SECONDED BY VICE MAYOR JONES AND UNANIMOUSLY CARRIED TO AUTHORIZE CHAIRMAN SIMPLOT TO SIGN A FINALIZED EMPLOYMENT AGREEMENT BETWEEN VALLEY METRO RAIL, INC. AND STEPHEN R. BANTA AS THE NEW CHIEF EXECUTIVE OFFICER OF VALLEY METRO RAIL, INC.

5. Adjournment

The meeting adjourned at 10:30 a.m.



AGENDA ITEM 5A

**Corporate Sponsorship/Naming Rights
Consulting Services Contract**



BOARD MEMO

AGENDA ITEM 5A

To: Chairman Simplot and Members of the METRO Board of Directors

Through: Michael J. Ladino, Acting Chief Executive Officer

From: John Farry, Director, Community and Government Relations

Date: January 13, 2010

Re: Corporate Sponsorship/Naming Rights Consulting Services Contract

PURPOSE

The purpose of this item is to provide information to the METRO Board (Board) related to the negotiation and execution of a contract for Corporate Sponsorship/Naming Rights Consulting Services.

BACKGROUND

The METRO advertising policy was amended in April 2009 and an action was taken by the Board in July to authorize the CEO to negotiate a contract to sell traditional advertising with CBS Outdoor, Inc. Also during the summer, staff presented information to the RMC and Board related to the possibility of selling system naming rights as a means to generate revenues. Input from the RMC and Board was positive toward investigating the potential.

It is possible for METRO to sell both system naming rights and to conduct traditional ad sales simultaneously, much in the same way that naming rights and separate ad sales exist at the US Airways Center or at Chase Field. Alternatively, it may be determined that a single method of advertising is the most advantageous. This effort will provide input for decision makers to determine the appropriate revenue generating methodology.

Based on information provided by the private sector and a casual survey of other transit agencies, the sale of station or system naming rights is an idea that is gaining ground. In Cleveland, two hospitals bought the rights to name a new bus rapid transit system over a ten-year period for approximately \$11 million. In Las Vegas, Portland, and Miami, transit systems generate approximately \$100,000 to \$1 million a year by selling naming rights to individual stations. In Norfolk, a consultant hired to investigate naming rights for the entire light rail system estimated a potential \$20-\$25 million in income over a 20-year period.

To determine the marketability of system naming and/or sponsorship of METRO assets, staff developed a Request for Proposal (RFP) for consultant services. The RFP was issued on August 30, 2009. Responses were received on October 22, 2009.

Four proposals were determined to be responsive to the proposal. An RFP Evaluation Committee, consisting of representatives of METRO and the cities of Phoenix, Tempe and Mesa recommends accepting the proposal of Superlative Group, Inc. A contract is expected to be in place in January or February 2010, with market research to begin in March.

Key elements of the Superlative Group Inc. proposal include:

- Identification and valuation of the assets METRO has available to generate revenue;
- Presentation of a value range for each revenue opportunity;
- Development of an outline of perspective partners; and
- Identification and delivery of a METRO specific system naming and/or sponsorship marketing strategy.

The contract will address several key areas of concern to the RMC and Board that include:

- Naming Rights and Sponsorship(s) will conform to METRO's advertising policy, which limits ad content to speech which proposes a commercial transaction,
- METRO reserves the right to review market information and decide whether or not it is appropriate to direct the vendor to market and negotiate sponsorship agreements.

FISCAL IMPACT

Compensation for the market study was proposed at \$75,000, which is within the authority of the acting Chief Executive Officer. Should the Board choose to direct the vendor to market and negotiate system naming/sponsorship agreements, a separate negotiated contract will be drafted for RMC and Board consideration whereby commission fees will be negotiated.

RAIL MANAGEMENT COMMITTEE CONSIDERATION

At its January 6, 2010 Rail Management Committee (RMC) meeting, the RMC received information related to Corporate Sponsorship/Naming Rights Consulting Services Contract and staff informed that the contract amount is within the CEO's authorized authority.

RECOMMENDATION

This item is for information only. The contract amount is within the CEO's authorized authority.



AGENDA ITEM 6
Fiscal Year 2010
Mid-Year Budget Adjustment



BOARD MEMO

AGENDA ITEM 6

To: Chairman Simplot and Members of the METRO Board of Directors

Through: Michael J. Ladino, Acting Chief Executive Officer

From: John P. McCormack, Director of Finance and Administration

Date: January 13, 2010

Re: Fiscal Year 2010 Mid-Year Budget Adjustment

PURPOSE

This memo requests that the METRO Board (Board) authorize updates to the Valley Metro Rail Operating and Capital Budget for Fiscal Year (FY) 2010.

BACKGROUND/DISCUSSION

In September 2009, the Board approved changes to the FY2010 Operating and Capital Budget. The changes approved included:

- Cost and funding reductions due to the postponement of Northwest Extension Capital project construction
- Modifications to the capital project development cost allocation system establishing the Capital Project Development Administration (CPDA) funding for core staff.
- Roll-forward to FY2011 of preliminary engineering cost and funding for the South Tempe and Phoenix West Capital projects
- New ARRA funded capital project for park and ride lot expansion at Central and Camelback that will create additional parking spaces and shade canopies
- New budget to provide construction support to RPTA for the ARRA funded Arizona Avenue Bus Rapid Transit (BRT) capital project.

The budget changes approved by the Board in September have been incorporated into the Mid-Year Budget Adjustments presented below.

In October 2009, staff presented to the RMC and Board information regarding cost issues affecting the Rail Operations budget. Significant increases to contracted transportation costs and propulsion power costs were reported with mitigation actions being reduction of METRO staff costs, general and administrative costs and use of contingency.

STAFFING CHANGES:

In response to postponement of construction for the Northwest Extension project as well as challenges posed by increased transportation contractor and propulsion power costs for passenger operations, METRO staffing costs for the fiscal year will be reduced. The adopted FY2010 budget provided 96 authorized positions. Five administrative positions are being reduced in response to the construction postponement. Seven rail operations technical positions are being deferred pending funding availability. One rail operations position is being added to provide greater oversight of contracted vehicle maintenance activities. Again, these are the same staffing changes presented to the Board this past October.

Authorized Positions FY 2010	96
Positions Reduced :	
Rail Real Estate Manager	-1
Rail DBE Program Manager	-1
Finance and Budget Manager	-1
Metro Marketing Manager	-1
Administrative Assistant	-1
Positions Deferred:	
Track Maintainer	-2
Traction Power Systems Technician	-2
Signals & Comm Systems Technician	-2
Network Support Analyst	-1
Positions Added:	
QA / QC Manager	1
Revised Positions for balance of FY 2010	85

The staff reductions are being implemented over the course of the fiscal year, with cost savings this fiscal year of \$628,000.

20-Mile METRO Initial Segment:

The \$1.4 billion 20-mile METRO Initial Segment funded under the Full Funding Grant Agreement (FFGA) opened in December 2008; on time and the forecast continues to be within budget. The project is now in the closeout phase.

Valley Metro Rail, Inc.

Proposed FY 2009-10 20-Mile METRO Initial Segment Budget Adjustment

	2009/10 Amended Budget	2009/10 Adopted Budget	Amount Increase/ (Decrease)
Sources of Funds			
FTA - Section 5309	\$ 126,881,999	\$ 127,800,000	\$ (918,001)
FTA - CMAQ	5,618,000	5,618,000	-
Local Match - Mesa	(10,668,878)	(8,687,240)	(1,981,638)
Local Match - Phoenix	(102,728,243)	(97,893,812)	(4,834,431)
Local Match - Tempe	(31,637,689)	(34,021,968)	2,384,279
PTF Revenue	53,808,445	47,086,000	6,722,445
	<u>\$ 41,273,634</u>	<u>\$ 39,900,980</u>	<u>\$ 1,372,654</u>
Expenditures			
Salaries and Fringe Benefits	\$ 111,291	\$ 111,291	\$ -
RPTA Overhead	10,409	10,409	-
Consultants - General/Prelim Engineering	300,000	300,000	-
Consultants - Construction Admin.	495,000	495,000	-
Consultants - Other	447,238	447,238	-
Facilities construction	4,242,000	4,242,000	-
Light rail vehicles	3,500,000	5,750,000	(2,250,000)
Systems	1,700,000	1,700,000	-
Real estate acquisition	3,100,000	1,500,000	1,600,000
Conferences & seminars	1,000	1,000	-
Printing	1,500	1,500	-
Postage	1,250	1,250	-
Other direct expenditures	15,110	15,110	-
LRT project office expense	2,100	2,100	-
LRT legal services	551,500	551,500	-
Local meetings & mileage	100	100	-
Travel expenses	1,000	1,000	-
LRT startup cost	1,000,000	-	1,000,000
Interest expense	25,610,327	24,737,672	872,654
Agency Overhead Allocation	183,810	33,810	150,000
	<u>\$ 41,273,634</u>	<u>\$ 39,900,980</u>	<u>\$ 1,372,654</u>

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

The primary change to sources of funding is the timing of PTF funding reimbursements. The revised budget recognizes receipt of RPTA bond funds in FY2010 that were planned in FY2009.

Northwest Extension (NWE) Phase I Budget

In response to current economic conditions and reduction in sales tax revenues, the Phoenix City Council took action to postpone construction activities. Real Estate acquisitions will continue at an increased pace versus plan.

Valley Metro Rail, Inc.

FY 2009-10 Proposed Northwest Extension Phase I Budget Adjustment

	2009/10 Amended Budget	2009/10 Adopted Budget	Amount Increase/ (Decrease)
Sources of Funds			
PTF Revenue	\$ 8,000,000	\$ 4,533,000	\$ 3,467,000
Phoenix - Water Services	-	12,837,000	(12,837,000)
Phoenix - T2000	23,923,892	65,885,815	(41,961,923)
	<u>\$ 31,923,892</u>	<u>\$ 83,267,815</u>	<u>\$ (51,331,923)</u>
Expenditures			
Salaries and Fringe Benefits	\$ 450,000	\$ 2,073,398	\$ (1,623,398)
RPTA Overhead	30,000	193,915	(163,915)
Consulting COP Liaison	125,000	125,000	-
City management & administration	1,875,000	1,233,000	642,000
Consultants - General/Prelim Engineering	470,000	880,000	(410,000)
Consultants - Construction Admin.	1,210,000	1,210,000	-
Consultants - Art Design	15,000	826,051	(811,051)
Consultants - Other	75,000	507,113	(432,113)
Facilities construction	-	59,941,000	(59,941,000)
Real estate acquisition	27,500,000	15,000,000	12,500,000
Conferences & seminars	-	1,000	(1,000)
Advertising	-	5,500	(5,500)
Printing	3,500	57,600	(54,100)
Postage	-	14,550	(14,550)
Public meetings & information	-	13,800	(13,800)
Other direct expenditures	-	14,400	(14,400)
LRT project office expense	-	20,000	(20,000)
Local meetings & mileage	-	2,100	(2,100)
Travel expenses	-	3,000	(3,000)
LRT project capital outlay	-	512,600	(512,600)
Agency Overhead Allocation	170,392	621,789	(451,397)
	<u>\$ 31,923,892</u>	<u>\$ 83,267,815</u>	<u>\$ (51,331,923)</u>

Non- Prior Rights Utility Relocation Budget

Non-Prior Rights Utility Relocations are anticipated to decrease by \$2.1 million for the 20-mile CPEV project. Relocations related to Northwest Extension are being reduced due to the postponement of construction. Interest expenses are lower due to the reduced amount of borrowing (\$55.0 million actual versus \$85.0 million planned) for the rail portion of the RPTA revenue bond financing program.

FY 2009-10 Proposed Non-Prior Rights Utilities Relocation Budget Adjustment

	2009/10 Amended Budget	2009/10 Adopted Budget	Amount Increase/ (Decrease)
Sources of Funds			
PTF Revenue	\$ 5,250,000	\$ 15,815,750	\$ (10,565,750)
	<u>\$ 5,250,000</u>	<u>\$ 15,815,750</u>	<u>\$ (10,565,750)</u>
Expenditures			
CP/EV NPR Utilities	\$ 2,000,000	\$ 4,150,000	\$ (2,150,000)
Northwest Extension NPR Utilities	500,000	6,465,750	(5,965,750)
Interest expense	2,750,000	5,200,000	(2,450,000)
	<u>\$ 5,250,000</u>	<u>\$ 15,815,750</u>	<u>\$ (10,565,750)</u>

20-Mile Initial Segment - CNPA Budget

Changes include the forecasted Phoenix Water Services Department (WSD) portion of Line Section 2 contractor claim, wrap up of the Mesa Transit Center costs and final settlement of real estate parcel costs. ***See Appendix for complete listing of CNPA projects.

Valley Metro Rail, Inc.

FY 2009-10 Proposed 20-Mile METRO Initial Segment--Concurrent Non-Project Activities (CNPA) Budget Adjustment

	2009/10 Amended Budget	2009/10 Adopted Budget	Amount Increase/ (Decrease)
Sources of Funds			
Mesa	\$ 90,000	\$ -	\$ 90,000
Mesa CMAQ Funding	\$ 360,000		360,000
Phoenix	3,175,000	1,012,000	2,163,000
Tempe	150,000		150,000
ASU, Others			-
	<u>\$ 3,775,000</u>	<u>\$ 1,012,000</u>	<u>\$ 2,763,000</u>
Expenditures			
Consultants - General/Prelim Engineering	\$ -	\$ -	\$ -
Consultants - Construction Admin.	-	-	-
Facilities construction	3,275,000	12,000	3,263,000
Systems	-	-	-
Real estate acquisition	500,000	1,000,000	(500,000)
Project reserve	-	-	-
	<u>\$ 3,775,000</u>	<u>\$ 16,085,000</u>	<u>\$ 2,763,000</u>

Other Capital Project Budget Changes

Valley Metro Rail, Inc.

FY 2009-10 Proposed Central Mesa HCT Capital Project Adjustments

	2009/10 Proposed Budget	2009/10 Adopted Budget	Amount Increase/ (Decrease)
Sources of Funds			
PTF Revenue	\$ 826,568	\$ 926,568	\$ (100,000)
CMAQ	-	-	-
	<u>\$ 826,568</u>	<u>\$ 926,568</u>	<u>\$ (100,000)</u>
Expenditures			
Salaries and Fringe Benefits	\$ 41,671	\$ 41,671	\$ -
RPTA Overhead	3,897	3,897	-
Consultants - General/Prelim Engineering	780,000	880,000	(100,000)
LRT project capital outlay	1,000	1,000	-
	<u>\$ 826,568</u>	<u>\$ 926,568</u>	<u>\$ (100,000)</u>

FY 2009-10 Proposed South Tempe HCT Capital Project Adjustments

	2009/10 Proposed Budget	2009/10 Adopted Budget	Amount Increase/ (Decrease)
Sources of Funds			
PTF Revenue	\$ 58,810	\$ 938,810	\$ (880,000)
	<u>\$ 58,810</u>	<u>\$ 938,810</u>	<u>\$ (880,000)</u>
Expenditures			
Salaries and Fringe Benefits	\$ 52,866	\$ 52,866	\$ -
RPTA Overhead	4,944	4,944	-
Consultants - General/Prelim Engineering	-	880,000	(880,000)
LRT project capital outlay	1,000	1,000	-
	<u>\$ 58,810</u>	<u>\$ 938,810</u>	<u>\$ (880,000)</u>

FY 2009-10 Proposed Phoenix West HCT Capital Project Adjustments

	2009/10 Proposed Budget	2009/10 Adopted Budget	Amount Increase/ (Decrease)
Sources of Funds			
PTF Revenue	\$ 91,038	\$ 971,038	\$ (880,000)
	<u>\$ 91,038</u>	<u>\$ 971,038</u>	<u>\$ (880,000)</u>
Expenditures			
Salaries and Fringe Benefits	\$ 82,337	\$ 82,337	\$ -
RPTA Overhead	7,701	7,701	-
Consultants - General/Prelim Engineering	-	880,000	(880,000)
LRT project capital outlay	1,000	1,000	-
	<u>\$ 91,038</u>	<u>\$ 971,038</u>	<u>\$ (880,000)</u>

New Capital Projects added to Fiscal 2010 budget:

METRO will manage design and construction of the City of Phoenix ARRA-funded park-and-ride lot expansion at Central and Camelback. The project will create additional parking spaces at the Central and Camelback location and add shade canopies to 19th and Montebello, 19th and Camelback, 7th and Camelback and Central and Camelback locations.

FY 2009-10 Proposed ARRA FUNDED CAPITAL PROJECTS Budget

	2009/10 Proposed Budget	2009/10 Adopted Budget	Amount Increase/ (Decrease)
Sources of Funds			
Federal ARRA Funding	3,900,000		3,900,000
	<u>\$ 3,900,000</u>	<u>\$ -</u>	<u>\$ 3,900,000</u>
Expenditures			
Staff	\$ 250,000	\$ -	\$ 250,000
Consulting	151,000	-	151,000
Construction	3,499,000	-	3,499,000
	<u>\$ 3,900,000</u>	<u>\$ -</u>	<u>\$ 3,900,000</u>

METRO will provide construction support to RPTA for the ARRA funded Arizona Avenue Bus Rapid Transit (BRT) capital project:

FY 2009-10 Proposed RPTA CONSTRUCTION SUPPORT Budget

	2009/10 Proposed Budget	2009/10 Adopted Budget	Amount Increase/ (Decrease)
Sources of Funds			
RPTA ARRA / PTF Revenue - Bus Capital	\$ 250,000	\$ -	\$ 250,000
	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ 250,000</u>
Expenditures			
Staff	\$ 200,000	\$ -	\$ 200,000
Consulting	50,000	-	50,000
	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ 250,000</u>

Revenue Operations Budget

The Adopted Revenue Operations Expenditure Budget of \$33.7 million remains the same; however, contingency reserves are being drawn down to cover increases to Transportation Contractor costs and Propulsion Power. Other cost mitigation measures include reduction of Advertising, Consultant costs and METRO Staff Costs. These adjustments were also presented to the RMC and Board at the October meetings. Changes proposed are as follows:

Valley Metro Rail, Inc.

FY 2009-10 Proposed METRO Revenue Operations Budget Adjustments

	2009/10 Amended Budget	2009/10 Adopted Budget	Amount Increase/ (Decrease)
Sources of Funds			
Fare Revenue	\$ 8,985,159	\$ 8,985,159	\$ -
Mesa	1,071,696	1,071,696	0
Phoenix	14,701,307	14,701,307	0
Tempe	6,143,077	6,143,077	0
Mesa Advertising	17,115	17,115	-
Phoenix Advertising	234,780	234,780	-
Tempe Advertising	98,105	98,105	-
Mesa Local Security	299,530	299,530	-
Phoenix Local Security	1,161,452	1,161,452	-
Tempe Local Security	1,020,946	1,020,946	-
	<u>\$ 33,733,168</u>	<u>\$ 33,733,168</u>	<u>\$ 0</u>
Expenditures			
Salaries and Fringe Benefits	\$ 4,565,705	4,589,348	\$ (23,643)
RPTA Overhead	429,220	429,220	-
Transportation Contractors Labor & Materials	9,901,532	9,247,624	653,908
Fare Inspection & Security	3,492,809	3,492,809	-
Propulsion Power	2,532,851	2,294,520	238,331
Vehicle Maintenance Contractor Labor & Materials	5,407,373	5,447,132	(39,759)
Systems & Facilities Maintenance Contractors	1,544,962	1,544,962	-
SFM Material / Supplies / Other Direct Costs	846,000	846,000	-
Utilities	1,052,700	1,052,700	-
Fare Collection Material/Security	388,386	388,386	-
Regional Customer Services	150,258	150,258	-
Advertising	150,000	300,000	(150,000)
General & Administrative Costs	338,360	338,360	-
Consultants	417,050	563,300	(146,250)
LRT legal services	75,000	75,000	-
Liability Insurance	1,800,000	1,800,000	-
Contingency Reserve	367,413	900,000	(532,587)
Agency Overhead Allocation	273,551	273,551	-
	<u>\$ 33,733,168</u>	<u>\$ 33,733,168</u>	<u>\$ 0</u>

Future Project Development Budget:

For FY2010, the proposed changes relate to newly received \$1.0 million CMAQ funding for the Glendale corridor study, with reductions to City of Glendale and Phoenix funding contributions to the study. Staff cost increases are for Capital Project Development Administration (CPDA) funded by PTF revenue.

Valley Metro Rail, Inc.

FY 2009-10 Proposed Future Project Development Budget Adjustments

	2009/10 Amended Budget	2009/10 Adopted Budget	Amount Increase/ (Decrease)
Sources of Funds			
FTA - Section 5339	\$ 950,000	\$ 950,000	\$ -
Chandler	12,373	20,548	(8,175)
Glendale	-	1,390,000	(1,390,000)
Peoria	55,000	55,000	-
Phoenix	-	596,000	(596,000)
Scottsdale	50,000	20,548	29,452
MAG	500,000	500,000	-
RPTA (RARF/Other)	500,000	500,000	-
PTF Revenue	9,617,399	8,767,100	850,299
FHWA - CMAQ	1,000,000	-	1,000,000
	<u>\$ 12,684,772</u>	<u>\$ 12,799,196</u>	<u>\$ (114,424)</u>
Expenditures			
Salaries and Fringe Benefits	\$ 2,356,823	\$ 1,787,779	\$ 569,043
RPTA Overhead	463,105	167,202	295,903
Consultants - Planning/Environmental	8,431,000	9,432,000	(1,001,000)
Consultants - Other	461,846	717,000	(255,154)
Conferences & seminars	3,000	3,000	-
Advertising	7,500	7,500	-
Printing	32,500	32,500	-
Postage	10,700	10,700	-
Public meetings & information	10,000	10,000	-
Other direct expenditures	4,200	4,200	-
LRT project office expense	800	800	-
Local meetings & mileage	1,700	1,700	-
Travel expenses	11,500	11,500	-
LRT project capital outlay	22,000	22,000	-
Agency Overhead Allocation	868,098	591,315	276,783
	<u>\$ 12,684,772</u>	<u>\$ 12,799,197</u>	<u>\$ (114,425)</u>

Agency Operating Budget:

Agency Operating costs are funded by Member Cities based on their voting percentage. In July 2009, the City of Scottsdale withdrew its membership from METRO. The revised funding allocations for the remaining Members are as follows:

3.0%	Chandler
3.0%	Glendale
8.0%	Mesa
3.0%	Peoria
50.0%	Phoenix
33.0%	Tempe

Agency Operating costs are increasing \$267,000 to cover contractual obligations related to the change in Chief Executive Officer (CEO), as well as recruitment costs for the new CEO.

Valley Metro Rail, Inc.

FY 2009-10 Proposed Agency Operating Budget Adjustments

	2009/10 Amended Budget	2009/10 Adopted Budget	Amount Increase/ (Decrease)
Sources of Funds			
Chandler	\$ 37,627	\$ 29,617	\$ 8,010
Glendale	37,627	29,617	8,010
Mesa	100,338	69,105	31,232
Peoria	37,627	29,617	8,010
Phoenix	627,110	493,610	133,500
Scottsdale	-	29,617	(29,617)
Tempe	413,892	306,038	107,854
	<u>\$ 1,254,220</u>	<u>\$ 987,220</u>	<u>\$ 267,000</u>
Expenditures			
Salaries and Fringe Benefits	\$ 439,497	\$ 439,497	\$ -
RPTA Overhead	41,104	41,104	-
Consultants - Other	420,500	153,500	267,000
Conferences & seminars	4,050	4,050	-
Advertising	500	500	-
Printing	1,250	1,250	-
Postage	500	500	-
Public meetings & information	44,500	44,500	-
LRT project office expense	3,000	3,000	-
Other direct expenditures	122,300	122,300	-
LRT audit and accounting costs	26,250	26,250	-
Travel expenses	17,250	17,250	-
Agency Overhead Allocation	133,518	133,518	-
	<u>\$ 1,254,220</u>	<u>\$ 987,220</u>	<u>\$ 267,000</u>

FISCAL IMPACT

Refer to the reports on pages 3 through 10 for details of the estimated costs funded by each member city. Below is a summary of the overall changes:

Sources of Funds		(\$,000)		
		Proposed	Adopted	Change
Capital Projects:				
FTA - Section 5309	92.4%	126,882	127,800	(918)
Federal CMAQ	4.4%	5,978	5,618	360
Federal ARRA	3.0%	4,150	-	4,150
Member Cities	-84.6%	(116,060)	(59,235)	(56,825)
PTF Bond Revenue	18.2%	24,919	20,338	4,581
PTF Sales Tax Revenue	31.8%	43,708	50,526	(6,818)
	65.3%	89,578	145,047	(55,469)
Operating Projects:				
Fare Revenue	6.5%	8,985	8,985	-
Advertising Revenue	0.3%	350	350	-
Federal 5339	0.7%	950	950	-
Federal CMAQ	0.7%	1,000	-	1,000
Member Cities	18.8%	25,769	27,461	(1,692)
MAG / RPTA (RARF)	0.7%	1,000	1,000	-
PTF Bond - Capital Project Planning	7.0%	9,617	8,767	850
	34.7%	47,671	47,513	158
Total Sources of Funds	100.0%	137,249	192,560	(55,311)

Uses of Funds		(\$,000)		
		Proposed	Adopted	Change
Capital Projects:				
20-Mile METRO Initial Segment	30.1%	41,274	39,886	1,388
Northwest Extension	23.3%	31,924	83,268	(51,344)
Non-Prior Rights Utilities Relocations	3.8%	5,250	15,816	(10,566)
Other Capital Projects:				
Central Mesa Extension	0.6%	827	927	(100)
South Tempe Extension	0.0%	59	939	(880)
I-10 West Extension	0.1%	91	971	(880)
CNPAs - 20-Mile Initial Segment	2.8%	3,775	1,012	2,763
ARRA - Phoenix P& R Improvements	2.8%	3,900	-	3,900
ARRA - RPTA Ariz Avenue BRT	0.2%	250	-	250
14 LRV's	1.6%	2,229	2,229	-
	65.3%	89,578	145,047	(55,469)
Operating Projects:				
Revenue Operations	24.6%	33,733	33,733	-
Future Project Development	9.2%	12,684	12,798	(114)
Agency Operating Budget	0.9%	1,254	982	273
	34.7%	47,671	47,513	158
Total Uses of Funds	100.0%	137,249	192,560	(55,311)

RAIL MANAGEMENT COMMITTEE CONSIDERATION

At its January 6, 2010 Rail Management Committee (RMC) meeting, the RMC recommended that the METRO Board approve the updates to the METRO Fiscal Year 2010 Operating and Capital Budget.

RECOMMENDATION

Staff is requesting that the RMC recommend that the Board approve the updates to the METRO Fiscal Year 2010 Operating and Capital Budget.

METRO Board of Directors Memo
 January 13, 2010
 Page 12

Valley Metro Rail, Inc.

FY 2009-10 Amended Overall Operating & Capital Budget

	2009/10 Amended Budget	2009/10 Adopted Budget	Amount Increase/ (Decrease)
Sources of Funds			
Fare Revenue	\$ 8,985,159	\$ 8,985,159	\$ 0
Advertising Revenue	350,000	350,000	-
FTA - Section 5309	126,881,999	127,800,000	(918,001)
FTA - Section 5339	950,000	950,000	-
Federal - CMAQ	6,978,000	5,618,000	1,360,000
Federal - ARRA	4,150,000	-	4,150,000
Chandler	50,000	50,000	-
Glendale	37,627	1,419,452	(1,381,825)
Mesa - See Note below	(9,107,315)	(7,247,488)	(1,859,827)
Peoria	92,627	84,452	8,175
Phoenix	(57,503,641)	427,670	(57,931,312)
Scottsdale	50,000	50,000	-
Tempe - See Note below	(23,909,773)	(26,557,626)	2,647,853
MAG / RTPA Planning Funds	1,000,000	1,000,000	-
PTF Revenue Bonds	34,536,843	29,105,294	5,431,548
PTF Revenue - Sales Tax	43,708,445	50,526,000	(6,817,555)
	<u>\$ 137,249,970</u>	<u>\$ 192,560,914</u>	<u>\$ (55,310,944)</u>
Expenditures			
Salaries and Fringe Benefits	\$ 8,550,190	\$ 9,178,186	\$ (627,996)
RPTA Overhead	990,379	858,392	131,987
Transportation Contractors Labor & Materials	9,901,532	9,247,624	653,908
Fare Inspection & Security	3,492,809	3,492,809	(0)
Propulsion Power	2,532,851	2,294,520	238,331
Vehicle Maintenance Contractor Labor & Materials	5,407,373	5,447,132	(39,759)
Systems & Facilities Maintenance Contractors	1,544,962	1,544,962	(0)
SFM Material / Supplies / Other Direct Costs	846,000	846,000	-
Utilities	1,052,700	1,052,700	-
Fare Collection Material/Security	388,386	388,386	(0)
Regional Customer Services	150,258	150,258	-
Safety Consultants	417,050	563,300	(146,250)
Consulting COP Liaison	125,000	125,000	-
Consultants - General/Prelim Engineering	1,550,000	3,820,000	(2,270,000)
City management & administration	1,875,000	1,233,000	642,000
Consultants - Construction Admin.	1,906,000	1,705,000	201,000
Consultants - Art Design	15,000	826,051	(811,051)
Consultants - Planning/Environmental	8,431,000	9,432,000	(1,001,000)
Consultants - Other	1,404,583	1,816,350	(411,767)
Facilities construction	11,016,000	64,195,000	(53,179,000)
Light rail vehicles	3,500,000	5,750,000	(2,250,000)
Systems	1,700,000	1,700,000	-
Real estate acquisition	31,100,000	17,500,000	13,600,000
Project reserve	367,413	900,000	(532,587)
Conferences & seminars	8,050	9,050	(1,000)
Advertising	158,000	13,500	144,500
Printing	38,750	92,850	(54,100)
Postage	12,450	27,000	(14,550)
Public meetings & information	54,500	68,300	(13,800)
Other direct expenditures	479,970	794,370	(314,400)
LRT project office expense	5,900	25,900	(20,000)
LRT audit and accounting costs	26,250	26,250	-
LRT legal services	626,500	626,500	-
Liability Insurance	1,800,000	1,800,000	-
Local meetings & mileage	1,800	3,900	(2,100)
Travel expenses	29,750	32,750	(3,000)
LRT startup cost	1,000,000	-	1,000,000
Interest expense	28,360,327	29,937,672	(1,577,346)
Non-Prior Rights Utility Relocation	2,500,000	10,615,750	(8,115,750)
14 LRV's	1,635,840	1,635,840	-
LRT project capital outlay	618,028	1,130,628	(512,600)
Agency Overhead Allocation	1,629,369	1,653,984	(24,615)
Grand Total	<u>\$ 137,249,969</u>	<u>\$ 192,560,914</u>	<u>\$ (55,310,945)</u>

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

Appendix:

Concurrent Non-Project Activities (CNPA) Budget: Part I - December 2009

	Element	Project Description	5 Year Plan 2009 Budget Update	December 2009 Budget Update	Cost Change
Phoenix Public Transit	A1	Bus Bays (LS2)	\$726,000	\$756,216	\$30,216
	A2	Phoenix Art Museum Left Turn Signal	\$92,000	\$66,442	(\$25,558)
	A5	19th/Montebello Transit Center (SF)	\$6,276,000	\$6,278,273	\$2,273
	A6	117 Central/Camelback Transit Center (SF)	\$9,831,000	\$12,479,093	\$2,648,093
	A7	44th Street/Washington Transit Center Real Estate	\$4,467,000	\$4,467,450	\$450
	B1	Washington Street Bike Lane (LS4)	\$843,000	\$802,654	(\$40,346)
	F4	Civic Plaza Track Support System	\$340,000	\$338,041	(\$1,959)
	F5	Additional Water Services to the Pueblo Grande Museum - LS4	\$82,000	\$81,792	(\$208)
	F6	Central/Camelback Bus Bays Relocation	\$140,000	\$62,354	(\$77,646)
	F7	COP Landscape Irrigation Restoration Central Ave	\$92,000	\$91,807	(\$193)
	H2	Fiber Optic COP	\$423,000	\$419,233	(\$3,767)
	J6	Washington/Jefferson 16th to 26th Street, Property Access	\$2,438,000	\$2,372,458	(\$65,542)
	K7	11th Street Loop Track	\$5,118,000	\$5,102,503	(\$15,497)
	L8	PPT CNPA-3rd St/Washington APD Medallions	\$7,000	\$6,782	(\$218)
G8	PPT CNPA Additional Point of Interest Signs	\$67,000	\$67,245	\$245	
M4	Taylor Street Pedestrian Crossing (EAS)	\$11,000	\$10,989	(\$11)	
		Sub Total	\$30,953,000	\$33,403,332	\$2,450,332
Phoenix Streets	A3	6th Lane - Camelback (LS1)	\$8,643,000	\$10,329,883	\$1,686,883
	D1	Additional Street/Pedestrian Lighting (LS3)	\$538,000	\$521,991	(\$16,009)
	E3	Seal Coat versus Rubber Overlay (LS 1)	\$219,000	\$218,964	(\$36)
	E4	Seal Coat versus Rubber Overlay (LS 3)	\$1,557,000	\$1,544,478	(\$12,522)
	E5	Seal Coat versus Rubber Overlay (LS 4)	\$380,000	\$378,590	(\$1,410)
	G9	3/8" AC Leveling Course	\$166,000	\$166,000	\$0
	K3	Red Light Enforcement	\$50,000	\$49,782	(\$218)
	5F	LRT Signals/Communications	\$80,000		(\$80,000)
	M1	Removable Steel Curb at 7th/Jefferson	\$6,000	\$5,989	(\$11)
		Sub Total	\$11,639,000	\$13,215,677	\$1,576,677
Phoenix Aviation	A7	44th Street/Washington Transit Center (SF)	\$2,981,000	\$2,995,182	\$14,182
	C6	APM Utility Connections	\$23,000	\$22,717	(\$283)
	D2	44th Street Station People Mover Foundation (LS4)	\$756,000	\$756,400	\$400
	D6	People Mover - APS Duct Bank @ 40th Place	\$357,000	\$356,944	(\$56)
	E9	10" Water Line at 42nd/Washington LS 4	\$57,000	\$57,389	\$389
	F3	Archaeological/Hazardous Material Testing (CAC)	\$59,000	\$57,471	(\$1,529)
		Sub Total	\$4,233,000	\$4,246,103	\$13,103
Phoenix Water	B3	LS 1 Water/Sanitary Sewer	\$13,851,000	\$13,834,394	(\$16,606)
	B4	LS 2 Water/Sanitary Sewer	\$8,054,000	\$7,777,539	(\$276,461)
	B5	LS 3 Water/Sanitary Sewer	\$20,974,000	\$19,829,399	(\$1,144,601)
	B6	LS 4 Water/Sanitary Sewer	\$6,962,000	\$6,962,341	\$341
	B7	Water and Sanitary Sewer Lines - 48th St. Bridge Replacement	\$143,000	\$142,862	(\$138)
	J1	Cathodic Protection for Waterlines LS1	\$744,000	\$633,645	(\$110,355)
	J2	Cathodic Protection for Waterlines LS2	\$505,000	\$445,159	(\$59,841)
	J3	Cathodic Protection for Waterlines LS3	\$0	\$0	\$0
J5	Cathodic Protection for Waterlines LS4	\$86,000	\$85,620	(\$380)	
		Sub Total	\$51,319,000	\$49,710,959	(\$1,608,041)
		Total - Phoenix	\$98,144,000	\$100,576,071	\$2,432,071

Concurrent Non-Project Activities (CNPA) Budget: Part II - December 2009

	Element	Project Description	5 Year Plan 2009 Budget Update	December 2009 Budget Update	Cost Change
Tempe	A8	5th/College Transit Center	\$628,000	\$745,558	\$117,558
	AA	COT SRP Prior Rights TC Relocation	\$220,000	\$20,000	(\$200,000)
	B8	Terrace / Apache Waterline Coordination (Design Only)	\$48,000	\$47,997	(\$3)
	C1	Additional Communications Conduits	\$28,000	\$27,775	(\$225)
	C2	COT ASU Pedestrian Signal	\$109,000	\$108,754	(\$246)
	C7	Parking Facility 5th/Farmer	\$112,000	\$109,334	(\$2,666)
	C8	COT Waterline @ Cremery Route	\$82,000	\$82,061	\$61
	D4	COT Additional Street Lighting (LS5)	\$280,000	\$279,956	(\$44)
	D7	COT Additional Conduit @ McClintock/Apache	\$8,000	\$7,990	(\$10)
	E6	Rubberized Asphalt LS5	\$595,000	\$521,809	(\$73,191)
	F2	McClintock / Apache Storm Drain	\$115,000	\$114,689	(\$311)
	F9	Rubber Asphalt - Tempe	\$464,000	\$464,026	\$26
	G1	McClintock Park and Ride - CNPA	\$5,581,000	\$5,580,729	(\$271)
	G3	Tempe Admin Costs	\$723,000	\$722,808	(\$192)
	G5	Misc Changes directed by COT	\$16,000	\$15,690	(\$310)
	G7	Apache/McClintock Par & Ride Garage	\$457,000	\$308,896	(\$148,104)
	H3	Fiber Optic COT	\$384,000	\$385,479	\$1,479
	J4	Cathodic Protection of Waterline LS4 CO#15	\$140,000	\$139,620	(\$380)
	TBD	Northeast Dorsey Park and Ride	\$0	\$0	\$0
	K1	Veteran's Way- 5th/College TC	\$7,000	\$6,772	(\$228)
	K2	Bus Shelter Electrification	\$10,000	\$9,766	(\$234)
	K4	Washington/Center Parkway Station	\$4,428,000	\$4,213,680	(\$214,320)
	L1	TLB 4th of July Electrical	\$19,000	\$12,089	(\$6,911)
	L2	COT CNPA - Additional Mill/Overlay	\$569,000	\$568,575	(\$425)
L3	Price.Apaxe PnR Modifications (PnR-RB)	\$58,000	\$57,743	(\$257)	
L7	COT CNPA Prince/Apache PnR Waterline	\$102,000	\$102,480	\$480	
L9	Landscape Island at Terrace/Apaxhe	\$8,000	\$7,776	(\$224)	
N1	Replace Bougainvilleas on Stadium Drive	\$22,000	\$21,771	(\$229)	
N4	Tempe Market Analysis	\$44,000	\$43,728	(\$272)	
XX	Tempe Miscellaneous Force Account Work LS5	\$86,000	\$85,779	(\$221)	
		Sub Total	\$15,343,000	\$14,813,330	(\$529,670)
Mesa	A9	Main Sycamore Transit Center	\$5,098,000	\$4,617,095	(\$480,905)
	H4	Fiber Optic Backbone LS-4 (Mesa portion)	\$778,000	\$735,018	(\$42,982)
	M2	Mesa Additional Grind & Overlay	\$247,000	\$246,792	(\$208)
	M3	Mesa Additional Grind & Overlay on Dobson	\$204,000	\$204,073	\$73
	N3	Mesa Market Analysis	\$19,000	\$18,542	(\$458)
	XX	Mesa Miscellaneous Force Account Work LS5	\$0	\$0	\$0
		Sub Total	\$6,346,000	\$5,821,520	(\$524,480)
ASU	C9	ASU Logo Additions	\$72,000	\$72,010	\$10
	E2	ASU Steam Line	\$8,000	\$8,189	\$189
	H1	Fiber Optic ASU	\$1,042,000	\$991,332	(\$50,668)
		Sub Total	\$1,122,000	\$1,071,531	(\$50,469)
Various	AB	Cityscape CNPA in LS3	\$24,000	\$23,846	(\$154)
	E1	(APS) Duct Bank at 48th St. Utility Bridge, Archaeological Support	\$58,000	\$57,870	(\$130)
	F8	Rojo Lofts Property	\$82,000	\$20,185	(\$61,815)
		Sub Total	\$164,000	\$101,901	(\$62,099)
		Grand Total	\$121,119,000	\$122,384,353	\$1,265,353



AGENDA ITEM 7
Fiscal Year 2011
Rail Operations Budget Preview



BOARD MEMO

AGENDA ITEM 7

To: Chairman Simplot and Members of the METRO Board of Directors

Through: Michael J. Ladino, Acting Chief Executive Officer

From: John P. McCormack, Director of Finance and Administration

Date: January 13, 2010

Re: Fiscal Year 2011 Rail Operations Budget Preview

PURPOSE

The purpose of this item is to provide information to the METRO Board (Board) about service alternatives under consideration for Fiscal Year 2011 (July 1, 2010 thru June 30, 2011). The alternatives have been developed in light of revenue constraints brought on by current economic conditions.

BACKGROUND/DISCUSSION

In recent months, METRO and member city staff have been developing options related to the preliminary FY2011 passenger operations budget. The development of those options is a direct result of a reduction in sales tax revenues due to the current economic conditions. To address the revenue declines, cost saving alternatives have been developed to hold expenses to the FY2010 budget level, as well as options to further reduce costs by five and ten percent. Details of cost saving actions were developed that include reductions to light rail service and the corresponding potential loss of ridership, fare revenue and response capability to some service and maintenance issues.

Prior to any final actions related to the reduction of passenger service, METRO staff will participate in public hearings with RPTA and member cities early next year. Following the hearings, METRO will commence with detailed budget development in early February for the upcoming year. It is therefore timely and appropriate that our RMC and Board members be informed about the service options.

CURRENT BASELINE SERVICE

The METRO current FY2010 Operations and Maintenance Budget is built upon the following general service assumptions, with specific operating frequencies identified in the table that follows:

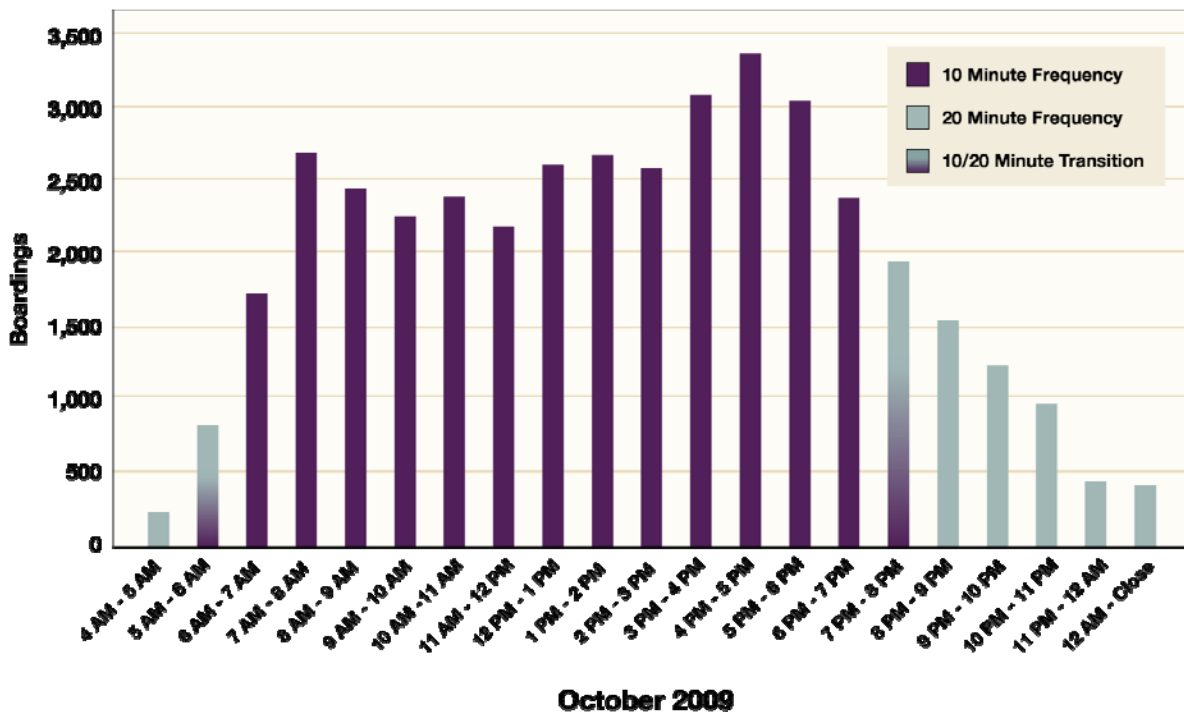
- Weekday service frequency is 10 minutes between trains from 6 a.m. to 7 p.m. (Peak Service). Off-Peak service is 20 minutes between trains.
- Saturday service is 15 minutes and Sunday service is 20 minutes between trains

- The service commences approximately 5 a.m. and runs to midnight, with the exception being Friday and Saturday nights run to 2 a.m.

Time of Day	Headway
Monday - Thursday 4:40 am to 6:00 am	20 minutes
Monday - Thursday 6:00 am to 7:00 pm	10 minutes
Monday - Thursday 7:00 pm to 12:00 am	20 minutes
Friday 4:40 am to 6:00 am	20 minutes
Friday 6:00 am to 7:00 pm	10 minutes
Friday 7:00 pm to 2:00 am	20 minutes
Saturday 5:00 am to 11:00 pm	15 minutes
Saturday 11:00 pm to 2:00 am	20 minutes
Sunday 5:00 am to 11:00 pm	20 minutes

RIDERSHIP by TIME OF DAY

Current weekday ridership by time of day is shown in the below table. As evidenced in the table for October, higher levels of ridership exist throughout the day between the morning and afternoon peak periods. As a result, service reductions will have an impact on rail ridership, which have been estimated for each service reduction alternative.



Summary of Cost Alternatives

The table below illustrates the cost comparisons between the current FY2010 budget and the FY2011 alternatives for consideration. METRO staff's preliminary FY2011 budget submittal totaled \$37.2 million.

Alternative #0 was developed to cut all feasible costs while still maintaining the same service plan. The "Across the Board" cost cuts include deferring hire of METRO technical staff for system maintenance, reducing Transportation and Vehicle Maintenance contractor staff, reducing OMC security costs and reducing general and administrative expenses.

For each service reduction (Alternatives 1A thru 5), the cost savings are shown along with METRO's estimate of riders lost due to the corresponding service reduction. An overview of each alternative will be presented at the RMC meeting.

Alternative "RPC" is an option to re-procure the Transportation Services and Vehicle Maintenance Services contracts. METRO's internal cost estimates indicate substantial savings can be achieved over the next two fiscal years by eliminating certain costs included in the existing contracts. The cost savings would be phased in subsequent to a re-procurement action with RMC and Board reviews in accord with standard procurement practices, with consideration given to METRO placing a 'bid' to self-perform some or all of the services.

Valley Metro Rail, Inc.				
FY 2011 Passenger Operations Cost Alternatives				
\$ Millions				
Alt #	Description	Total Cost	Cost Change (savings)	Estimated Riders Lost
	Current Budget FY 2010	33.733		
	Less Five Percent (5%)	32.046		
	Less Ten Percent (10%)	30.360		
	Preliminary Budget FY 2011	37.208		
0	Across-the-Board Cost Cutting	35.185	(2.023)	-
1A	No Late Night Service - Friday	34.914	(0.271)	(52,748)
1B	No Late Night Service - Saturday	34.643	(0.271)	(158,244)
2	Shorten 10 Peak by 2 hours	34.136	(0.507)	(318,944)
3	Twelve Minute Peak Service	33.126	(1.010)	(761,203)
4	Shorten Service Day by 2 Hours	32.454	(0.672)	(439,368)
5	Fifteen Minute Peak Service	31.450	(1.004)	(1,137,016)
RPC	Re-procure Contractor Costs * Transportation & Vehicle Maintenance	30.425	(1.025)	

FISCAL IMPACT

Below is a summary of the cost reduction alternatives in contrast to the FY2010 budget. To compute net member city contribution, total cost is reduced by fare revenues and advertising revenue. (Advertising revenue is budgeted at \$350,000, but is not illustrated in the table.) The net change to member contribution shows the realized cost savings of each alternative to the members with estimated loss of fare revenue to offset the cost savings of reducing train service.

Valley Metro Rail, Inc.							
FY 2011 Passenger Operations Cost Alternatives							
\$ Millions							
Alt #	Description	Total Cost	Cost Change (savings)	Fare Revenues Lost	Fare Revenues	Net Member Contribution	Net Change to Member Contribution
	Current Budget FY 2010	33.733			8.985	24.713	
	Less Five Percent (5%)	32.046				23.477	
	Less Ten Percent (10%)	30.360				22.303	
	Preliminary Budget FY 2011	37.208			9.873	26.981	
0	Across-the-Board Cost Cutting	35.185	2.023		9.873	24.957	(2.023)
1A	No Late Night Service - Friday	34.914	0.271	(0.042)	9.831	24.729	(0.229)
1B	No Late Night Service - Saturday	34.643	0.271	(0.127)	9.704	24.584	(0.144)
2	Shorten 10 Peak by 2 hours	34.136	0.507	(0.255)	9.449	24.332	(0.252)
3	Twelve Minute Peak Service	33.126	1.010	(0.609)	8.840	23.931	(0.401)
4	Shorten Service Day by 2 Hours	32.454	0.672	(0.351)	8.489	23.611	(0.321)
5	Fifteen Minute Peak Service	31.450	1.004	(0.910)	7.579	23.516	(0.095)
RPC	Re-procure Contractor Costs * Transportation & Vehicle Maintenance	30.425	1.025	-	7.579	22.492	(1.025)

RAIL MANAGEMENT COMMITTEE CONSIDERATION

At its January 6, 2010 Rail Management Committee (RMC) meeting, the RMC recommended that the Board move forward into the public hearing process with the service alternatives.

RECOMMENDATION

This item is for information and possible action. The Board may wish to consider the service reduction alternatives to move forward into the public hearing process.

The background of the slide is a grayscale, motion-blurred photograph of a transit station. A train is visible on the left, and a bus is on the right. The text is overlaid in the center of the image.

AGENDA ITEM 8
2010 High Capacity
Transit Life Cycle Program Update



BOARD MEMO

AGENDA ITEM 8

To: Chairman Simplot and Members of the METRO Board of Directors

Through: Michael J. Ladino, Acting Chief Executive Officer

From: Wulf Grote, Director, Project Development
John McCormack, Director, Finance and Administration

Date: January 13, 2010

Re: 2010 Light Rail/High Capacity Transit Lifecycle Program Update

PURPOSE

The purpose of this item is to brief the METRO Board (Board) regarding the preparation of the 2010 update of the Light Rail/High Capacity Transit (LRT/HCT) Life Cycle Program. The item is for information only.

BACKGROUND/DISCUSSION

Each year METRO is tasked with revising the LRT/HCT Life Cycle Program taking into consideration changes in forecasted revenues and the current status of analysis and information available for each project. Through agreement, the updated document is subsequently submitted to the Regional Public Transportation Authority (RPTA), which is responsible for maintaining and updating the Transit Life Cycle Program, including the bus and high capacity transit elements.

A primary funding source for the LRT/HCT Life Cycle Program is the Public Transportation Fund (PTF), which is an element of the Proposition 400, ½ cent sales tax approved by voters in 2004. The Arizona Department of Transportation (ADOT) annually updates the revenue forecast associated with the ½ cent sales tax. The update is accomplished through a risk analysis process that includes prominent economists and transportation experts. For Fiscal Year (FY) 2009 the PTF revenue forecast for the LRT/HCT program was reduced by \$438 million for the remaining life of the sales tax. This caused significant schedule modifications for projects in last year's 2009 LRT/HCT Life Cycle program update.

The 2010 LRT/HCT Life Cycle Program update, now in progress, will likely consider several key factors, including:

- Continued reduction in forecasted PTF revenues for the remaining life of the sales tax
- Adjustment in forecasted inflation rates
- Adjustment to the typical construction cost per mile of an HCT project

- Assessment and certification of city funding availability for all HCT project operations, given that the operating costs for all projects will be 100% city funded
- Assessment and certification of city funds available for capital project costs for corridors utilizing city funds (e.g., Northwest and Glendale Extensions)
- Reallocation of federal New Starts and CMAQ funding, based upon availability of local/regional matching funds
- Consideration of METRO's Capital Improvement Forecast, which was prepared in fall 2009 to assess the on-going capital upgrade, expansion, and modernization needs to support the existing 20-mile LRT operation
- Assessment of LRT/HCT borrowing requirements and limitations of the RPTA bond finance program. Cooperative planning with RPTA finance staff will optimize bond funding capacity for bus and rail capital projects.

The proposed schedule for completion of the FY2010 LRT/HCT Life Cycle Program Update is as follows:

January/February – METRO staff works with member agencies to prepare an updated document

March – METRO Rail Management Committee and Board approval of LRT/HCT Life Cycle Program

March – RPTA Board approval of Transit Life Cycle Program

April – Maricopa Association of Governments (MAG) Regional Transportation Plan (RTP) Update

FISCAL IMPACT

The most recent ADOT revenue forecast for FY2010 shows a continuing decline in PTF revenues. As a result, the PTF forecasted revenues in the 2010 LRT/HCT Life Cycle Program update will be reduced by approximately \$62 million through the life of the tax.

Funding assumptions in the LRT/HCT Life Cycle Program include matching local and regional monies with federal funds. Reductions in the ability to provide a regional/local funding match could result in a loss of federal funds. The level of impact will be determined as the process moves forward.

The decline in forecasted revenues will also impact the financial capacity to deliver the projects as planned. After revenue changes and project adjustments were made, the 2009 LRT/HCT Life Cycle Program Update had a fund balance of \$27 million. This included project financing costs of \$149 million. To balance the 2010 update it may require additional financing adjustments and may result in further project delays and modifications.

Also, in conjunction with this year's update process, our federal partners and MAG will require certification regarding the availability of capital and operating funds to be provided by local jurisdictions as part of the Life Cycle Program. This certification is needed to validate the local financial commitments and maintain fiscal integrity of all projects in the RTP.

RAIL MANAGEMENT COMMITTEE CONSIDERATION

At its January 6, 2010 Rail Management Committee (RMC) meeting, staff presented the 2010 update of the Light Rail/High Capacity Transit (LRT/HCT) Life Cycle Program to the RMC.

RECOMMENDATION

This item is for information only. Recommendations regarding the 2010 LRT/HCT Life Cycle Program Update are scheduled for March.