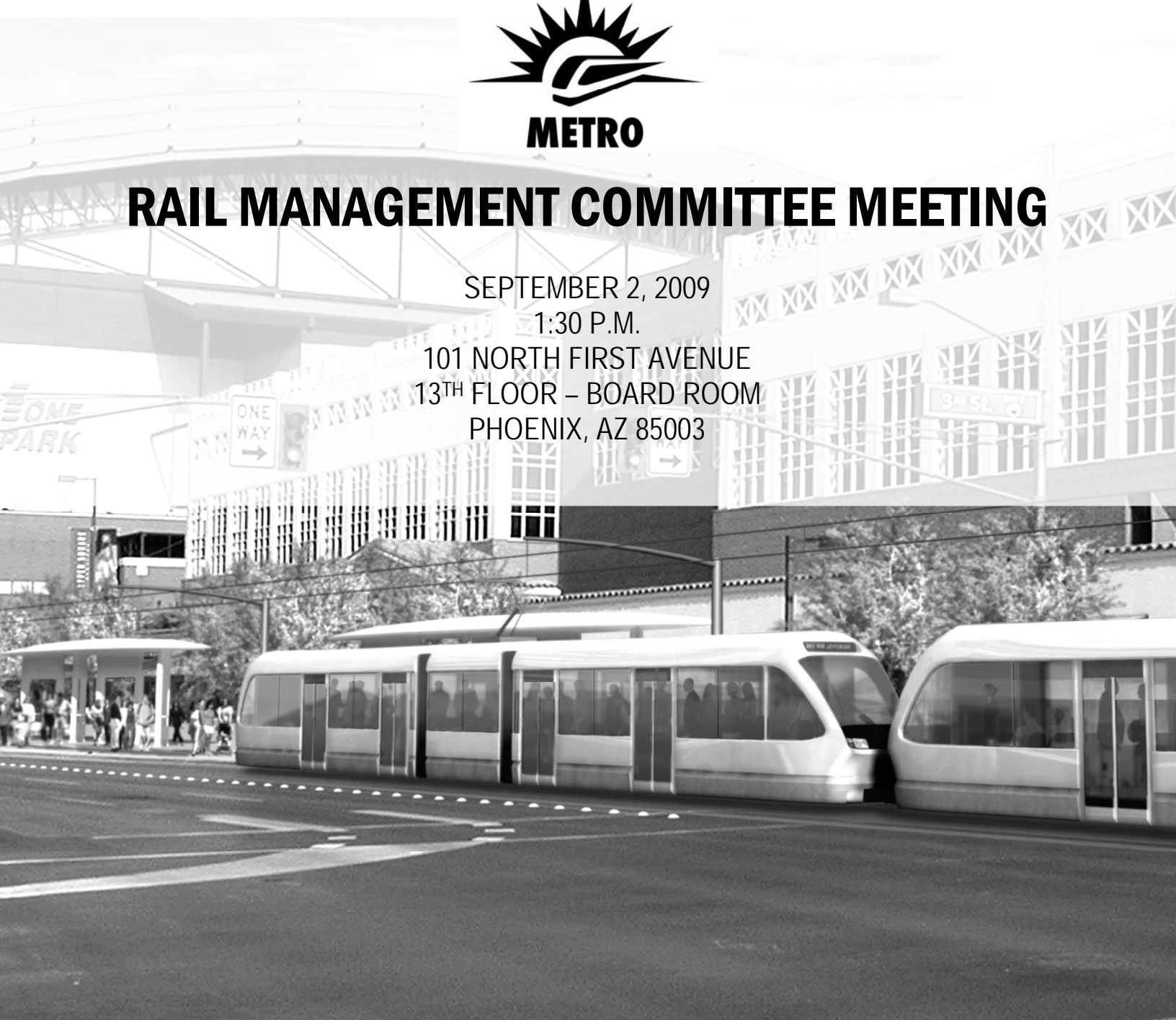




RAIL MANAGEMENT COMMITTEE MEETING

SEPTEMBER 2, 2009
1:30 P.M.

101 NORTH FIRST AVENUE
13TH FLOOR – BOARD ROOM
PHOENIX, AZ 85003





AGENDA

RAIL MANAGEMENT COMMITTEE

August 26, 2009

To: Chairman Fairbanks and Members of the Rail Management Committee

From: Richard J. Simonetta, Chief Executive Officer

Date: September 2, 2009

Time: 1:30 p.m.

Location: METRO
101 North First Avenue, 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 in the garage. Rail Management Committee 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. Rail Management Committee Officers As noted in the July 7, 2005 minutes of the Organizational Meeting of the Rail Management Committee (RMC), there is to be a Chair and Vice-Chair of the RMC. The minutes also state that the RMC Chair and Vice-Chair will be consistent with the METRO Board of Directors. The METRO Board elects officers at the first meeting of the fiscal year (FY). In July 2009, the Board elected the Phoenix Board Representative, Councilman Tom Simplot, as the Chair and the Mesa Representative, Vice Mayor Kyle Jones, as the Vice-Chair. Accordingly, the Chair of the RMC will be the member designated by the City of Phoenix and the Vice-Chair will be the member designated by the City of Mesa. There is no additional information for this agenda item.	Information and Possible Action

Item	Action Requested
3. 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 Rail Management Committee (RMC) 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
4. Minutes Summary minutes from the July 1, 2009 RMC are presented for review and approval.	Action
5. Chief Executive Officer's (CEO) Report Rick Simonetta will brief the RMC on current light rail issues.	Information
Regular Agenda	
6. US Airways Center/Phoenix Suns Fare Agreement Staff is requesting that the RMC recommend that the Board authorize the CEO to execute an agreement with Phoenix Arena Development Limited Partnership (PADLP), operator of US Airways Center (USAC), for a pilot program to integrate light rail ridership into USAC events by combining event and light rail ticketing. Please see information attached for Agenda Item 6 for additional information.	Action
7. Valley Metro Rail (METRO) Fiscal Year 2010 Budget Adjustment Staff is requesting that the RMC recommend that the Board authorize updates to the METRO Operating and Capital Budget for Fiscal Year 2010. Please see information attached for Agenda Item 7 for additional information.	Action
8. Passenger Intercept Survey Results Staff will present results of the 2009 Passenger Intercept Survey to the RMC. Please see information attached for Agenda Item 8 for additional information.	Information
9. Future Rail Management Committee Agenda Items The RMC may request consideration of future agenda items. No additional information is attached.	Information

Item	Action Requested
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 text is overlaid on this image.

AGENDA ITEM 4

Minutes



MEETING MINUTES

RAIL MANAGEMENT COMMITTEE

July 1, 2009
101 North First Avenue
13th Floor – Board Room
Phoenix, Arizona

Management Committee Members Present

Ed Zuercher, City of Phoenix
Carlos DeLeon, City of Tempe
Mike James, City of Mesa
Jamsheed Mehta, City of Glendale
Dan Cook, City of Chandler
David Moody, City of Peoria
Dave Boggs, Regional Public Transportation Authority

1. Call to Order

Mr. Ed Zuercher called the meeting to order at 1:35 p.m.

2. Call to the Audience

There were no public comments.

3. Minutes

IT WAS MOVED BY DAVID MOODY AND SECONDED BY CARLOS DELEON AND UNANIMOUSLY CARRIED TO APPROVE THE JUNE 3, 2009 MEETING MINUTES.

4. Chief Executive Officer's (CEO) Report

New Fare Rate Increase: A new regional fare structure took effect on July 1, 2009. The Ticket Vending Machines have been problem-free since the new tariff installation.

FTA Quarterly Meeting: Mr. Mike Ladino, General Counsel, attended the meeting in San Francisco. He was joined by Mr. Brian Buchanan, Director of Design and Construction, Mr. Jay Harper, Director of Operations and Maintenance, and Mr. Wulf Grote, Director of Project Development. The FTA continues to be pleased with METRO's progress and its success. The FTA has completed an assessment of the City of Phoenix and METRO DBE Outreach Program and found it to be the template for all grant recipients for Region IX. Mr. Ladino reported to the FTA on the delay of the Northwest Extension Project, the progress of the airport project and the City of Mesa Extension. The FTA

requested that the real estate parcel purchase guidelines be adhered to for future acquisitions and the Light Rail Vehicles (LRVs) be reconfirmed to be compliant with the Buy America Act (BAA).

Mr. Zuercher asked if the first 36 LRVs that were purchased are different from the 14 LRVs which were purchased thereafter. Mr. Ladino stated that the 14 LRVs were not federally funded; however, they were certified and compliant with the BAA. Mr. Zuercher asked if the vehicles can be used for a match for another system. Mr. Simonetta stated that it is an argument that can be made.

Mr. Ladino reported that the FTA requested one additional quarterly meeting in 2009; the date is yet to be determined.

Regional Public Transportation Authority (RPTA) 2009 Bond Issue: Mr. John McCormack, Director of Finance and Administration, reported that the current estimated borrowing amount is \$55 million (part of a \$105 million bond for RPTA) and estimated interest rate is 3.97%. Mr. Mike Taylor and Mr. Paul Hodgins of RPTA, Kurt Freund of RBC Capital Markets, and Bond Council were instrumental in a successful outcome. Of the \$55 million, \$12.8 million will be used to reimburse the member cities for regional assets and \$42 million for future project expenses.

Mr. Carlos DeLeon asked if the bonds were at a fixed rate. Mr. McCormack stated that they are fixed rate tax exempt bonds and Build America bonds.

CMAQ Close Out/ARRA Funding: Mr. Wulf Grote, Director of Project Development, stated that METRO will receive MAG CMAQ close out funds for the following: Friday and Saturday late night service (one year demonstration) - \$300,000, fare collection equipment - \$300,000, and Glendale Alternatives Analysis (Phase I) - \$1 million. Phoenix will provide a portion of their ARRA transit formula funding to METRO for the Central/Camelback park-and-ride expansion (\$1.4 million) and the park-and-ride shade canopies in Phoenix (\$2.5 million). METRO continues to seek ARRA energy grant funding and looking at various solar applications.

Mr. Zuercher asked about the best applications for Ticket Vending Machines and Stand Alone Validators. Mr. Simonetta stated that the Fare Collection Task Force will set priorities and perform critical analysis at the next meeting.

Election of Officers for Fiscal Year 2010: Consistent with the METRO By-Laws, the Board will be electing a slate of officers for next fiscal year at the July Board meeting.

Scottsdale Membership: The Scottsdale City Council has voted to withdraw their membership from METRO.

Budget Summary: The Central Phoenix/East Valley Light Rail Transit Project remains on budget.

Ridership/Revenue: Preliminary June ridership numbers are lower as presented last month. The July forecast shows the lowest ridership due to weather, changes in fare rate, and school impacts.

Mr. Zuercher asked about the impacts from the Diamondbacks' ridership. Mr. Simonetta stated that METRO carries approximately 500 to 1000 passengers per game. Although trains have been streamlined, METRO continues to run two to three-car trains after game break to meet customer demand.

Mr. Simonetta stated that the average fare per ride has improved during the month of May.

Mr. Zuercher asked how the operating costs incurred compared to forecast. Mr. McCormack stated that the budget for Central Phoenix/East Valley Light Rail Project was set at \$2.7 million per month. Incurred costs vary due to timing of contractor and utility company billings. Mr. Simonetta added that quarterly reports will be provided to the Board and RMC which include detailed budget information.

Regular Agenda

5. Advertising Sales Services Contract

Mr. Simonetta stated that METRO, at Board's request, solicited for Request for Proposals (RFP) to advertise on trains and stations. The Board requested to approach the market to determine advertising revenue-generating possibilities.

Two proposals were received. The RFP evaluation committee reviewed the proposals in June and recommended CBS Outdoor.

The CBS Outdoor proposal includes the following provisions:

- Sales of vehicle and station wraps, station posters and in-vehicle floor decals consistent with advertising policy restrictions and limitations
- Compensation – 60% of net income (no minimum guarantee)
- Net income defined as not including cost of printing and installation.

The contract elements will be defined as follows:

- Products advertised will conform to policy – commercial transactions only
- METRO reserves right to review for content and appearance
- METRO reserves right to utilize all unsold advertising space
- METRO reserves right to approve materials and the application process for vehicle and station wraps.

The recommendation to the Board also includes a policy recommendation to remove the six-month minimum for vehicle wraps to increase the ability to generate sales and income opportunities.

Mr. James asked for clarification regarding the flexibility to increase sales and income opportunities. Ms. Hillary Foose, Public Information Officer, stated that this item relates to the minimum time allowance for advertisements to be displayed on the vehicles. Removal of the six-month minimum for vehicle wraps will allow short-term advertising opportunities (i.e., NBA All Star).

Mr. Zuercher stated that Phoenix currently contracts with CBS Outdoor for bus shelter advertising and there are significant reductions to advertising revenues due to market conditions. However, METRO should move forward with the recommendation.

IT WAS MOVED BY CARLOS DELEON AND SECONDED BY MIKE JAMES TO RECOMMEND THAT THE BOARD AMEND THE METRO ADVERTISING POLICY TO PERMIT SALES OF VEHICLE WRAPS FOR ANY LENGTH OF TIME. THE QUANTITY OF VEHICLE WRAPS WOULD STILL BE LIMITED TO NO MORE THAN 20% OF THE FLEET AT ANY ONE TIME. THE RMC ALSO RECOMMENDED THAT THE BOARD AUTHORIZE THE CEO TO EXECUTE A ONE-YEAR CONTRACT WITH CBS OUTDOOR, INC., THE CONTRACT INCLUDES A PROVISION TO PERMIT THREE ADDITIONAL ONE-YEAR EXTENSIONS

Mr. Mehta asked if the three extensions are a staff request or is CBS Outdoors requesting this provision of METRO. Mr. Ladino stated that METRO has the option to extend the contract.

Mr. Zuercher asked if the extensions required Board action. Mr. Ladino stated it does not; however, an amendment can be made.

There was a discussion as to whether the terms of the first year contract would be negotiated annually or whether the 60% of METRO's profit share would be fixed. It was determined that an annual negotiation would result in the ability to renegotiate should the market improve and better opportunities exist.

Mr. Mehta asked if the 60/40 profit share split was predictable. Mr. Simonetta stated that METRO a guaranteed minimum might have been included.

Mr. Zuercher asked if CBS Outdoor will accept a one-year contract with extensions. Mr. Simonetta stated CBS Outdoor appeared willing to accept the provision.

THE ORIGINAL MOTION MADE BY CARLOS DELEON WAS AMENDED TO INCLUDE BOARD APPROVAL OF EACH EXTENSION. MIKE JAMES SECONDED THE NEW MOTION AND UNANIMOUSLY APPROVED.

6. CEO Search Consultant Update

Mr. Ladino reported that six proposals from executive search consultants are being reviewed by the selection panel comprised of members from the Rail Staff Working Group. The panel will convene next week with a recommendation to the Board of the preferred search consultant at the July 15 Board meeting.


7. Future Rail Management Committee Agenda Items

Mr. Zuercher requested to continue monitoring operating expenses.

Mr. Simonetta stated that the August Rail Management Committee and Board meetings will be cancelled.

8. Adjournment

The meeting adjourned at 2:10 p.m.



AGENDA ITEM 6
US Airways Center/Phoenix Suns
Fare Agreement



MEMO

RAIL MANAGEMENT COMMITTEE

AGENDA ITEM 6

To: Chairman Fairbanks and Members of the Rail Management Committee

Through: Richard J. Simonetta, Chief Executive Officer

From: John Farry, Director of Community and Government Relations

Date: August 26, 2009

Re: US Airways Center/Phoenix Suns Fare Agreement

PURPOSE

This item requests that the RMC recommend that the Board authorize the Chief Executive Officer to execute an agreement with Phoenix Arena Development Limited Partnership (PADLP), operator of US Airways Center (USAC), for a pilot program to integrate light rail ridership into USAC events by combining event and light rail ticketing

BACKGROUND AND DISCUSSION

METRO and PADLP have agreed on terms of a one-year pilot program to integrate light rail ridership into US Airways Center events by combining event and light rail ticketing. The agreement (see attached) covers the 2009-2010 Phoenix Suns season as well as other events at US Airways Center such as concerts.

- **Term.** The agreement begins October 1, 2009, and ends September 30, 2010. Either party may terminate the agreement without cause upon 30 days written notice.
- **Fares.** PADLP will pay METRO 31-cents for each event ticket scanned upon entrance to the USAC. In exchange, METRO will recognize USAC event tickets as valid light rail fare on the day of the event; tickets will be honored 4 hours prior to the event until the end of the transit day.
- **Verification and payment.** PADLP will provide semi-monthly reports showing the number of tickets scanned at each center event during the previous two-week period. PADLP will pay METRO the amount due based on total tickets scanned within 10 days of each report date.
- **Fare recovery verification.** During the agreement term, METRO will verify event ridership using the light rail vehicle Automatic People Counter technology to ensure fare revenues meet or exceed the RPTA board-approved 25% fare recovery target.

Benefits of the agreement include: guaranteed income from a reliable source; reduced labor costs for post-event fare inspection; reduced fare evasion; the elimination of lines at fare vending machines; and the integration of light rail into community and downtown life. The arrangement may also boost USAC ticket sales by providing consumers with

added value and may contribute to business health as attendees patronize restaurants and shops near the arena.

FISCAL IMPACT

Revenues will depend on event attendance, but are expected to range from approximately \$300,000 to \$340,000 for the agreement term. The 31-cent per ticket payment is expected to result in a fare recovery ratio that meets or exceeds the RPTA Board adopted goal of 25%. METRO will meet or exceed the goal at any ridership level up to 35% of event attendees riding METRO.

RECOMMENDATION

Staff recommends that the RMC recommend that the Board authorize the CEO to execute the attached agreement with Phoenix Arena Development Limited Partnership (PADLP) for a pilot program to integrate light rail ridership into USAC events by combining event and light rail ticketing.

LIGHT RAIL
TICKETING AGREEMENT

This Ticketing Agreement is entered into on this 24th day August, 2009, by and between Valley Metro Rail, Inc. ("METRO"), and Phoenix Arena Development Limited Partnership ("PADLP").

RECITALS

A. Valley Metro operates the light rail system ("Light Rail") throughout the Central Phoenix/East Valley area.

B. PADLP manages and operates the US Airways Center ("Center") under a series of agreements with the City of Phoenix ("City").

C. METRO and PADLP wish to enter into a mutual agreement with regard to ticket sales for events at the Center and METRO Light Rail fares.

AGREEMENT

1. Term; Termination. The term of this Agreement will begin as of October 1, 2009, and end on September 30, 2010 ("Term"), unless sooner terminated as provided in this Agreement. Notwithstanding the foregoing, either party may terminate this Agreement without cause upon thirty (30) days written notice to the other party of its intention to terminate.

2. Center Events. For each sporting event, concert, or any other event for which tickets ("Tickets") are made available for purchase by the general public ("Center Events"), PADLP agrees to pay METRO the amount of \$.31 for each Ticket scanned upon entrance to the Center for such Center Event ("Ticket Fee").

3. METRO Light Rail Fares. In exchange for receiving Ticket Fees, on the date of each Center Event, METRO agrees to honor Tickets presented by passengers riding the Light Rail for such Center Event as proof of payment for a Light Rail fare. Tickets will be honored by METRO beginning four (4) hours prior to the official start of the Center Event, and until the end of METRO's transit day (2:59 a.m. on the following day), such that Ticket holders have the ability to utilize Light Rail on a round-trip basis to and from the applicable Center Event.

4. Light Rail Operation. METRO agrees to operate the Light Rail in accordance with its regularly scheduled services, but agrees to provide extended service hours (and, if necessary, additional Light Rail cars) during Phoenix Suns home games held at the Center which end after METRO's regular operating hours.

5. Scan Reports; Payment.

5.1 Scan Reports. For verification purposes, PADLP will provide METRO with a report on the 15th and last day of each month ("Report Dates") during the Term, showing the total number of Tickets scanned at each Center Event held during the previous bi-weekly period ("Scan Reports").

5.2 Payment. Within ten (10) days of each Report Date, PADLP agrees to pay METRO the amount due based upon the total number of Tickets scanned as shown on the Scan Report for that period.

7. "Print at Home" Tickets. For Ticket holders who print their Tickets for a Center Event on a personal computer, METRO agrees to honor such "Print at Home" Tickets as if they were Tickets issued by PADLP printed on regular Ticket stock. In addition, these "Print at Home" Tickets will also include the disclaimer described in Section 9.

8. Cancellation of Event. If PADLP cancels a Center Event prior to the scheduled start time, the cancelled Center Event will not be included in the Scan Report for that time period, and no monies shall be due to METRO for the cancelled event.

9. Ticket Disclaimer. Once the Ticket stock currently in use by PADLP has been depleted, PADLP agrees to print a disclaimer on each Ticket sold for each Center Event holding both PADLP and METRO harmless from any claim(s) made by a Ticket holder alleging personal injury, damages, or loss. PADLP and METRO will mutually agree upon the exact language of such disclaimer.

10. Taxes. Any and all taxes and other charges levied, assessed or otherwise due in connection with the Ticket Fee or other arrangements described herein by any federal, state or local governmental authority will be paid by METRO.

11. Indemnification.

11.1 The parties will each indemnify, defend and save harmless the others and the City (and their respective partners, officials, officers, employees and agents) from all third-party claims, actions, damages, losses or expenses made against or suffered by the other or the City because of or based upon the indemnifying party's (or its officers', employees', agents', independent contractors' or promoters') misrepresentations, negligence, unlawful act or omission, or failure to perform any obligation under this Agreement. In addition, METRO will hold PADLP harmless against, and be liable for any and all damages to property or persons (including death) that occur as a result of a Ticket holder riding the Light Rail to and/or from a Center Event. Further, METRO agrees to indemnify, defend and save harmless PADLP (and its respective partners, officials, members, managers, officers, employees and agents) from any and all such claims.

11.3 Each party will give the other parties prompt written notice of any claim or suit coming within the scope of these indemnities. Upon the written request of an indemnitee, the indemnitor will assume the defense of any claim, demand or action against the indemnitee and will permit the indemnitee, at the indemnitee's expense, to participate in the defense of the claim. Settlement by the indemnitee without the indemnitor's prior written consent, which will not be unreasonably withheld, will release the indemnitor from the indemnity as to the claim, demand or action so settled. Termination of this Agreement will not affect the continuing obligations of the parties as indemnitors under this Agreement.

12. Governing Law and Arbitration. This Agreement shall be governed and controlled by the substantive laws of the State of Arizona. Any and all disputes arising under this Agreement (including issues regarding the interpretation of any provision of this Agreement and determinations of whether any issue arising from or related to this Agreement shall be

resolved by the Parties through good faith negotiation, failing which either Party may take the disputes to any court of competent jurisdiction in Maricopa County, Arizona for adjudication.

13. Default and Remedies.

13.1 Default. If PADLP fails to pay any undisputed Ticket fees when due under this Agreement, or either party fails to comply with or perform any of the provisions herein, then such party will be in default of this Agreement. However, if the non-defaulting party is not precluded by law from issuing notice of the default, the defaulting party will have thirty (30) days after written notice is given within which to cure the default.

13.2 Remedies. If under Section 13.1 a notice of default is not required or if notice is given and a default by either party is not cured within the time provided, then the non-defaulting party will be excused from further performance under this Agreement, and the non-defaulting party may treat this Agreement as having been terminated as of the time of default. In the alternative, at their option, the non-defaulting Party may continue this Agreement and recover all damages resulting from the default.

8. Miscellaneous.

8.1 Independent Contractors. The parties are independent contractors and are solely responsible for the conduct of their respective employees and agents in connection with the performance of their obligations under this Agreement.

8.2 Assignment. METRO will not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of PADLP. This Agreement inures to the benefit of, and is binding upon, the parties and their respective permitted successors and assigns. Upon the occurrence of certain events as provided in agreements between PADLP and the City regarding the selection of a sports facility operator to replace Operator, all of Operator's rights and duties under this Agreement may be assumed by a "Replacement Operator." If the Replacement Operator assumes Operator's obligations under this Agreement, Operator will be released from any further obligation under this Agreement, and METRO will look solely to the Replacement Operator for performance of any obligation arising after the assumption by the Replacement Operator.

8.3 City Exoneration. METRO acknowledges that this Agreement imposes no contractual obligations on the City unless, until and only if the City expressly assumes the obligations of PADLP under this Agreement; that the City (and each of its members, elected officials, other officials, officers, agents, employees, independent contractors and consultants as to the indemnities set forth in this Agreement) is an express third-party beneficiary of this Agreement; and that in the event of a default under this Agreement of any kind or nature whatsoever, METRO shall look solely to PADLP at the time of the default for remedy or relief; and that no member, elected official, officer, employee, agent independent contractor or consultant of the City shall be liable to METRO, or any successor in interest to METRO, in the event of any default or breach by the City under any of the Related Agreements (as such term is defined in the First Restated Operating Agreement between the City and the Operator dated as of July 19, 1989, as amended), or on any other obligation under the terms of this Agreement, except for their criminal acts with respect hereto, (i.e., acts which would constitute crimes were they prosecuted therefor and convicted thereof).

8.4 Waiver. The delay or failure of a party to assert or exercise any right, remedy or privilege under this Agreement or to insist on strict and prompt performance of the covenants and agreements herein, does not constitute a waiver of any right, remedy, or failure to perform, nor will it be construed as a waiver or relinquishment of the party's right to later enforce the same according to its rights under this Agreement if there is a continuous or later default. No waiver is effective unless in writing, and then only in the specific instance for which it was given.

8.5 Notice. Any notices, consents or approval required or permitted under this Agreement will be properly given if in writing, whether personally delivered, delivered by facsimile machine or forwarded by mail or overnight courier, postage prepaid, addressed to the following addresses (or such other addresses as may from time to time be designated in writing by each party):

To PADLP Phoenix Arena Development Limited Partnership
Attn: James R. Pitman
201 East Jefferson Street
Phoenix, Arizona 85004
FACSIMILE NO. (602) 379-2093

With a copy to: Suns Legacy Partners, L.L.C.
Attn: Jason Rowley
201 East Jefferson Street
Phoenix, Arizona 85004
FACSIMILE NO. (602) 379-2462

To Partner: Valley Metro Rail, Inc.
Attn: John Farry

101 N. 1st Avenue, Suite 700
Phoenix, Arizona 85003
FACSIMILE NO. (602) _____

8.6 Time. Time is of the essence of this Agreement.

8.7 Reservation of Rights. PADLP reserves all rights hereunder which are not expressly granted to METRO.

8.8 Authority. Each individual executing this Agreement on behalf of, or as representative for, a person, partnership, corporation or other entity represents that he is duly authorized to execute and deliver this Agreement on behalf of such person or entity and that this Agreement is binding upon such person or entity in accordance with its terms.

8.9 Interpretation. The parties acknowledge and confirm that each of their respective attorneys have participated jointly in the review and revision of this Agreement and that it has not been written solely by counsel for one party. The parties hereto therefore stipulate and agree that the rule of construction to the effect that any ambiguities are to be or may be resolved against the drafting party shall not be employed in the interpretation of this Agreement to favor any party against another.

8.10 Severability. If any provision of this Agreement is determined to be illegal or unenforceable by a court of competent jurisdiction, this Agreement shall remain valid as though such provision had not been contained herein.

8.11 Entire Agreement. This Agreement contains the entire agreement and understanding of the parties as to the matters contained in this Agreement, and it may not be amended except by a writing signed by all parties. There are no oral or written representations, agreements, understandings or circumstances which modify any of the provisions hereof.

8.12 Duplicates; Counterparts. This Agreement shall be executed in duplicate, each of which may be executed in any number of counterparts, all of which, when taken together as a whole, shall constitute a single, binding instrument.

IN WITNESS WHEREOF, the parties have hereunto set their hands as of the date first above written.

METRO:

By: Richard J. Simonetta

Its: Chief Executive Officer

Approved as to form:

Michael J. Ladino
General Counsel
Valley Metro Rail, Inc.

Operator:

PHOENIX ARENA DEVELOPMENT LIMITED
PARTNERSHIP

By: _____
Ralph Marchetta
General Manager

The background of the slide is a grayscale, motion-blurred photograph. It shows a train on the left and a bus on the right, both moving horizontally across the frame. The train is in the foreground, and the bus is slightly behind it. The background includes a building and some trees, all blurred to create a sense of speed and movement.

AGENDA ITEM 7

Valley Metro Rail (METRO) Fiscal Year 2010 Budget Adjustment



MEMO RAIL MANAGEMENT COMMITTEE

AGENDA ITEM 7

To: Chairman Fairbanks and Members of the Rail Management Committee

Through: Richard J. Simonetta, Chief Executive Officer

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

Date: August 26, 2009

Re: Valley Metro Rail (METRO) Fiscal Year 2010 Budget Adjustment

PURPOSE

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

BACKGROUND/DISCUSSION

Reductions in local sales tax revenues along with the addition of American Recovery and Reinvestment Act (ARRA) projects have resulted in the need for adjustment to the FY 2010 Operating and Capital Budget. Following are general descriptions of the changes for RMC consideration and action:

Construction of the Northwest Extension light rail project was to begin in FY 2010. The City of Phoenix was to fund that project almost entirely from local sales tax revenues. Due to current economic conditions, the city has postponed the commencement of construction on that project until a future year.

In addition, anticipated capital costs for the commencement of preliminary engineering for the South Tempe high capacity transit (HCT) project and the I-10 West HCT project will not be incurred in FY 2010. The major impact of these rescheduled projects is a roll-forward of engineering consulting costs into FY 2011.

A new capital project has also added to METRO's FY 2010 activities. The City of Phoenix has requested that METRO construct a \$3.9 million ARRA funded park and ride lot expansion at Central and Camelback that will create additional parking spaces and shade canopies. In addition, METRO staff is in discussions with the Regional Public Transportation Authority (RPTA) to provide construction management for the ARRA funded Arizona Avenue Bus Rapid Transit (BRT) capital project.

In response to the deferral of the Northwest Extension Project, METRO will modify its capital project development cost allocation system to provide a sustainable funding source enabling the continuity of staff to deliver the rail element of the Regional Transportation Plan. Under the modified system, core staff costs are charged to the Capital Project Development Administration (CPDA) account rather than to specific project accounts in the Transit Life

Cycle Program. Funding for the core staff is an existing element within the specific project budgets. The cost allocation change reduces costs in the specific capital projects and transfers those costs to the CPDA. This change will be reflected in the future project budgets shown in the FY 2010 budget adjustment as well as in the 2010 TLCP update.

The FY 2010 budget adjustment presented is for action to modify those accounts that are impacted by the changes to the capital project schedule. A comprehensive mid-year adjustment will be presented later in the fiscal year as per METRO's standard budgetary practice.

Northwest Extension (NWE) Phase I Budget

The deferral of the NWE Project reduces construction costs, staff requirements, and associated office overhead expense. Funding remains available to continue procurement of real estate and wrap up pre-construction activities.

CHANGES TO COSTS:	NORTHWEST EXTENSION		
	ADOPTED BUDGET	UPDATE	CHANGE
STAFF COST (Including Fringe and RPTA OH)	2,267,313	534,327	(1,732,986)
CONSULTING COST			
Construction Cost	59,941,000	850,000	(59,091,000)
Agency Overhead Allocation	621,789	155,447	(466,342)
TOTAL COST CHANGES	62,830,102	1,539,774	(61,290,328)
CHANGES TO FUNDING:	ADOPTED BUDGET	UPDATE	CHANGE
PTF Revenue	4,533,000	250,000	(4,283,000)
City of Phoenix T-2000	65,897,815	21,477,487	(44,420,328)
City of Phoenix Water Services	12,837,000	250,000	(12,587,000)
TOTAL FUNDING CHANGES	83,267,815	21,977,487	(61,290,328)

South Tempe High Capacity Transit Budget

Preliminary engineering consulting costs will not be incurred this fiscal year. These activities are expected to roll-forward into FY 2011.

CHANGES TO COSTS:	SOUTH TEMPE HCT PROJECT		
	ADOPTED BUDGET	UPDATE	CHANGE
CONSULTING COST	880,000	-	(880,000)
TOTAL COST CHANGES	880,000	-	(880,000)
CHANGES TO FUNDING:	ADOPTED BUDGET	UPDATE	CHANGE
PTF Revenue	938,810	58,810	(880,000)
TOTAL FUNDING CHANGES	938,810	58,810	(880,000)

I-10 West High Capacity Transit Budget

Preliminary engineering consulting costs will not be incurred this fiscal year. These activities are expected to roll-forward into FY 2011.

I-10 WEST HCT PROJECT			
CHANGES TO COSTS:	ADOPTED BUDGET	UPDATE	CHANGE
CONSULTING COST	880,000	-	(880,000)
TOTAL COST CHANGES	880,000	-	(880,000)
CHANGES TO FUNDING:	ADOPTED BUDGET	UPDATE	CHANGE
PTF Revenue	971,038	91,038	(880,000)
TOTAL FUNDING CHANGES	971,038	91,038	(880,000)

ARRA Phoenix Park-and-Ride Expansion

ARRA funded park and ride lot expansion at Central and Camelback in Phoenix will create additional parking spaces and shade canopies. METRO staff will manage procurement, construction and federal grant compliance.

ARRA PARK AND RIDE EXPANSION			
CHANGES TO COSTS:	ADOPTED BUDGET	UPDATE	CHANGE
STAFF COST (Including Fringe and RPTA OH)	0	219,203	219,203
CONSULTING COST		250,000	250,000
Construction Cost	-	3,360,652	3,360,652
Agency Overhead Allocation	-	70,145	70,145
TOTAL COST CHANGES	-	3,900,000	3,900,000
CHANGES TO FUNDING:	ADOPTED BUDGET	UPDATE	CHANGE
FTA 2009 ARRA CAPITAL GRANT		3,900,000	3,900,000
TOTAL FUNDING CHANGES	-	3,900,000	3,900,000

RPTA – ARRA Funded Bus Rapid Transit Construction Management

ARRA funding has been programmed for the planned new BRT line along Arizona Avenue in Mesa, Chandler and Gilbert. METRO staff is in final discussions to perform construction management and federal grant compliance.

CHANGES TO COSTS:	ARRA RPTA ARIZONA AVENUE PROJECT		
	ADOPTED BUDGET	UPDATE	CHANGE
STAFF COST (Including Fringe and RPTA OH)	0	189,012	189,012
Agency Overhead Allocation	-	60,484	60,484
TOTAL COST CHANGES	-	249,496	249,496
CHANGES TO FUNDING:	ADOPTED BUDGET	UPDATE	CHANGE
RPTA - ARRA CAPITAL GRANT		249,496	249,496
TOTAL FUNDING CHANGES	-	249,496	249,496

Future Project Development Budget

Capital Project Development Administration (CPDA) costs of \$950,388 are included in the staff cost shown below and are the primary driver for the change in staff cost. Consulting costs are reduced in the fiscal year with approximately \$270,000 in consulting scope of work being transferred to METRO staff.

A \$1.0 M federal CMAQ grant was received to fund the Glendale corridor study, supplanting City of Glendale funding. PTF revenue requirements are increased by \$276,000.

CHANGES TO COSTS:	FUTURE PROJECT DEVELOPMENT		
	ADOPTED BUDGET	UPDATE	CHANGE
STAFF COST (Including Fringe and RPTA OH)	1,954,981.87	2,819,928	864,947
CONSULTING COST	9,912,000	8,655,846	(1,256,154)
Agency Overhead Allocation	591,315	868,098	276,783
TOTAL COST CHANGES	12,458,297	12,343,872	(114,425)
CHANGES TO FUNDING:	ADOPTED BUDGET	UPDATE	CHANGE
PTF Revenue	8,767,100	9,042,675	275,575
City of Glendale	1,390,000	-	(1,390,000)
FHWA CMAQ	-	1,000,000	1,000,000
TOTAL FUNDING CHANGES	10,157,100	10,042,675	(114,425)

FISCAL IMPACT

Summary of changes is shown below:

CHANGES TO COSTS:	ALL PROJECT SUMMARY		
	ADOPTED BUDGET	UPDATE	CHANGE
STAFF COST (Including Fringe and RPTA OH)	4,222,295	3,762,470	(459,824)
CONSULTING COST	11,672,000	8,905,846	(2,766,154)
Construction Cost	59,941,000	4,210,652	(55,730,348)
Agency Overhead Allocation	1,213,104	1,154,174	(58,930)
TOTAL COST CHANGES	77,048,399	18,033,142	(59,015,256)
CHANGES TO FUNDING:	ADOPTED BUDGET	UPDATE	CHANGE
PTF Revenue	15,209,948	9,442,523	(5,767,425)
City of Phoenix T-2000	65,897,815	21,477,487	(44,420,328)
City of Phoenix Water Services	12,837,000	250,000	(12,587,000)
City of Glendale	1,390,000	-	(1,390,000)
FHWA CMAQ	-	1,000,000	1,000,000
FTA 2009 ARRA CAPITAL GRANT	-	3,900,000	3,900,000
RPTA - ARRA CAPITAL GRANT	-	249,496	249,496
TOTAL FUNDING CHANGES	95,334,763	36,319,506	(59,015,257)

RECOMMENDATION

Staff is requesting that the RMC recommend that the Board approve the updates to the METRO Fiscal Year 2010 Budget as identified in the table above.

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 text is overlaid on this image.

AGENDA ITEM 8
Passenger Intercept Survey Results



MEMO RAIL MANAGEMENT COMMITTEE

AGENDA ITEM 8

To: Chairman Fairbanks and Members of the Rail Management Committee

Through: Richard J. Simonetta, Chief Executive Officer

From: Wulf Grote, Director of Project Development

Date: August 26, 2009

Re: Passenger Intercept Survey

PURPOSE

The purpose of this memorandum is to inform the Rail Management Committee (RMC) of the results to the 2009 Passenger Intercept Survey.

BACKGROUND

In April, 2009 METRO performed a Passenger Intercept Survey on the newly opened METRO light rail line. The primary purpose for this survey was to assist in improving the travel forecasting model for future light rail projects. This person-to-person verbal survey was conducted as a test on Saturday, April 4, 2009 with the full survey taking place April 18th, 20th, 22nd, and 24th. The timing of the survey was intended to capture a full range of patrons: college students, retirees who have a winter home in Phoenix, those using METRO to access work and other destinations, and people going to festivals, baseball games, or other special events.

The questions within the survey were developed to provide an understanding of specific markets within the METRO ridership base. These questions included: what types of trips are riders using METRO for; how did riders get to a METRO station; and how much did METRO riders use transit prior to the opening of light rail.

This survey not only provides a better understanding of METRO rider characteristics, it also will help METRO provide better forecasts of light rail ridership in future transit corridors. The data collected from the survey will be used as input for the regional travel demand model to define the nature and magnitude of METRO ridership.

The insights gleaned from the survey results will be available at the Rail Management Committee meeting on September 2.

RECOMMENDATION

This memorandum is for informational purposes only. No action is required.