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MEETING OF THE  
**Budget and Finance  
Subcommittee**

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MEETING DATE	May 6, 2010
TIME	3:30 p.m.
LOCATION	Valley Metro RPTA 302 N. 1 <sup>st</sup> Avenue Suite 700 Phoenix, AZ



April 29, 2010

**Meeting of the Budget and Finance Subcommittee  
RPTA Offices, 7<sup>th</sup> Floor Conference Room  
Thursday, May 6, 2010  
3:30 p.m.**

**Action  
Recommended**

1. Summary Minutes

1. For action

Summary minutes from the January 13, 2010 meeting of the BFS are presented for approval

2. FY 2010/11 (July 1, 2010 thru June 30, 2011) Proposed Operating and Capital Budget

2. For information and possible action

Mike Taylor, Acting Finance Director, will present the proposed FY 2010/11 (July 1, 2010 thru June 30, 2011) Operating and Capital Budget.

3. Public Comment

3. For information

An opportunity for general public comment on issues related to Valley Metro RPTA. Up to three (3) minutes will be provided for each speaker.

4. Next Meeting and Future Agenda Items

4. For information

Chairman Ecton will request future Subcommittee agenda items from committee members and committee members may provide a report on current events. The next meeting of the BFS is scheduled for **Thursday, June 3, 2010 at 11:30 a.m.** in the RPTA 7<sup>th</sup> Floor Conference Rooms.

Qualified sign language interpreters are available with 72 hours notice. Materials in alternative formats (large print, audiocassette, or computer diskette) are available upon request. For further information, please call Nichole Myers, Valley Metro at 602-262-7433 or TDD at 602-495-0936.



## Budget and Finance Subcommittee Information Summary

Agenda Item #1

**Date**

April 29, 2010

**Subject**

Summary minutes from the January 13, 2010 meeting of the Budget and Finance Subcommittee (BFS).

**Summary**

The BFS met on January 13, 2010 and the summary minutes are presented for review and approval.

**Fiscal Impact**

None

**Considerations**

None

**Prior Committee Action**

None

**Recommendation**

It is recommended that the BFS approve the summary meeting minutes from the January 13, 2010 meeting.

**Contact Person**

Michael Taylor  
Acting Finance Director  
602-262-7433

**Attachments**

Summary Minutes



Summary Minutes  
Budget and Finance Subcommittee  
January 13, 2010  
RPTA 7<sup>th</sup> Floor Conference Rooms  
Phoenix, AZ  
3:00 p.m.

**BFS Members Present**

Councilman Wayne Ecton, City of Scottsdale, Chairman  
Councilman Ron Aames, City of Peoria  
Councilman Frank Cavalier, City of Goodyear  
Councilman Les Presmyk, Town of Gilbert  
Councilman Michael Johnson, City of Phoenix

Chairman Wayne Ecton called the meeting to order at 3:05 p.m. He said Councilman Presmyk and Councilman Johnson would be arriving late and so the order of the agenda would be changed to present item three prior to item two.

1. Consent Agenda

The following items were presented on the consent agenda:

- A. Summary Minutes from the November 19, 2009 BFS meeting
- B. Local Government Investment Pool (LGIP)

**IT WAS MOVED BY COUNCILMAN CAVALIER, SECONDED BY COUNCILMAN AAMES AND UNANIMOUSLY CARRIED TO APPROVE THE CONSENT AGENDA.**

3. 2010 Revenue Shortfall

Mike Taylor, Acting Finance Director, presented the following information for the subcommittee's consideration:

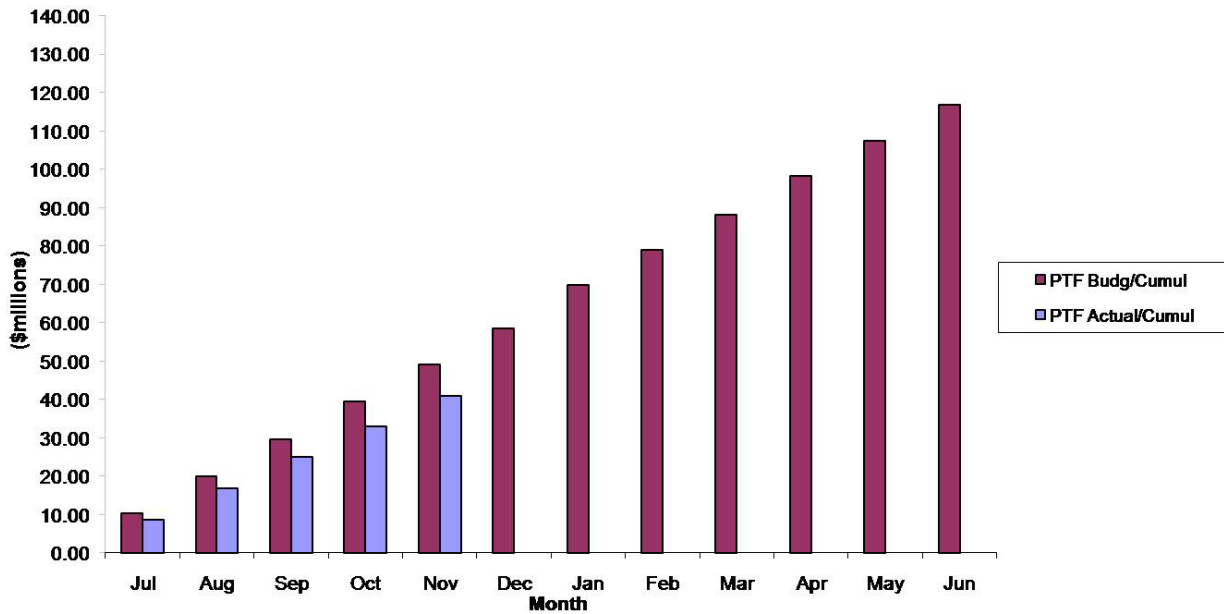
**Public Transportation Funds (PTF)**

- Shortfall in PTF for the first five (5) months - \$4.6 million (16.5%) compared to budget – Bus side only

- Anticipated shortfall will be \$8.8 million (13.3%) for the fiscal year – Bus side only.
- PTF revenue is \$3.7 million (13.7%) lower than last year comparing to the same period.

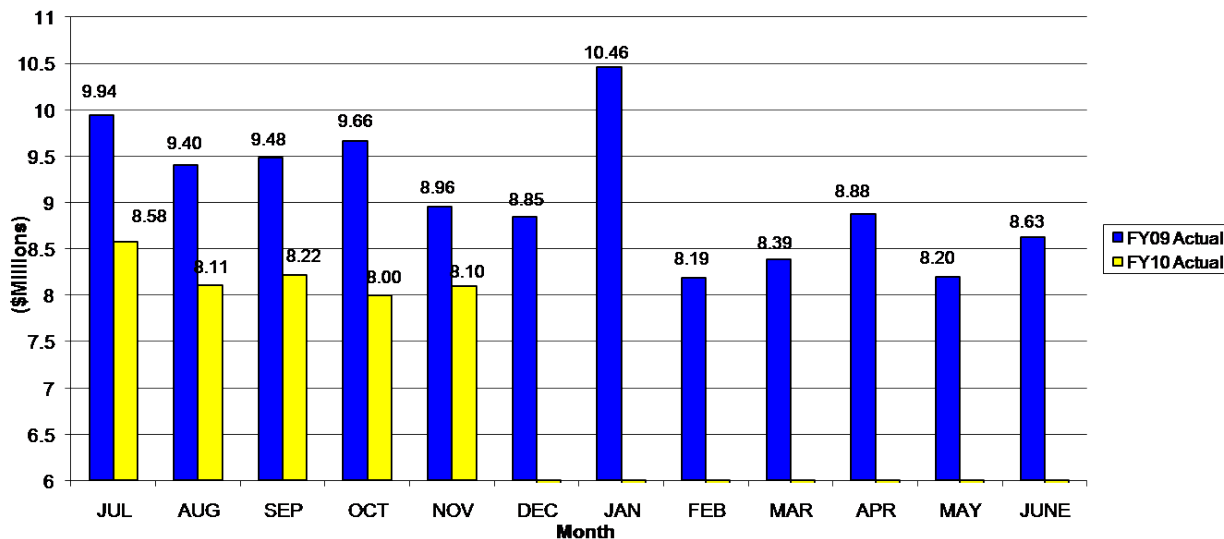
### FY 2009/10 Actual vs Budget

FY 10: PTF Budget (cumulative) & PTF Actual (cumulative)



### FY 2009/10 compared to FY 2008/09

PTF Revenues: FY 09-10



Mr. Taylor displayed a slide which showed a comparison of PTF revenues for FY10 to FY09 and said he is anticipating a shortfall of approximately \$8.8 million, or 13% below what was budgeted. He said there is a difference of about -\$3.7 million when compared to the same period last year.

Councilman Ecton asked if the increase in January was typical. Mr. Taylor said it was.

Councilman Ecton asked if there were signs that revenues will begin increasing. Mr. Taylor said he hoped they would stabilize, if not go up.

Councilman Aames asked if the revenues were strictly sales tax. Mr. Taylor said the graph shown indicated sales tax revenues only.

### **FY 2009/10 Budget Revisions**

- Operating Budget will be revised to include savings of \$2.6 million in fixed route services and dial-a-ride service.
- Additional measures to reduce spending in administrative, planning & regional services.
- Some capital projects are being deferred to future years.
- Reductions are sufficient to resolve the deficit in the current year budget.

Mr. Taylor said he is forecasting \$8.8 million below what was budgeted for this fiscal year and with that in mind, there will be an operating deficit of about \$2.5 million. He said in the area of the operating budget, there has been some savings in the fixed route services and dial a ride services due to the IRS fuel tax rebate for alternative fuels. He said the rebate has been previously received, but it was supposed to expire in the first quarter of the fiscal year and has now been extended through December in the approximate amount of \$250,000 per quarter. Additionally, fuel was conservatively budgeted so there has been some savings there so with higher than budgeted fare revenues, extended fuel tax rebates and decreased fuel costs, there is an anticipated \$2.6 million savings in the operating budget.

Mr. Taylor said he is presently creating a revised budget for this fiscal year as well as next year's budget which will consider continuing hiring freezes, travel freezes, training and job development freezes as well as other things presently under discussion.

Councilman Ecton asked when the revised budget would be completed. Mr. Taylor said between April and May when the next fiscal year's budget is presented. Councilman Ecton asked if it should be sooner. Mr. Boggs said we could try.

Mr. Boggs said regional services have already been reduced through the life cycle program. Additionally, there's a continuing effort to make reductions including the issue of salaries, which were not increased last year. He said his biggest concern is that we were never able to ramp up from a staffing standpoint and still have vacant positions that will probably be recommended to stay vacant.

Councilman Ecton said it's important to not utilize reserves for operating. He said if we need to access those funds, staff needs to be prepared to tell the subcommittee what options are to reduce as much as possible. Mr. Boggs said it is presently not being considered because reductions and savings had been identified.

Councilman Ecton said he wants staff to remain conservative on the revenue side. Mr. Boggs said we will be cautious. Mr. Taylor said he has not historically budgeted to the ADOT forecast. He said he considers trends, and usually budgets below ADOT's figures.

## 2. Transit Life Cycle Program (TLCP) Technical Working Group Update

Paul Hodgins, Capital Programming Manager, presented the following information on the Transit Life Cycle Program (TLCP) Final Report for the subcommittee's consideration.

### **History**

- Board of Directors asked Executive Director to convene technical working group to develop a new plan by December 31, 2009
- Members appointed up to two staff members each to the working group
- Working group met 13 times from July through December
- Sub-groups met twice each to discuss common interests
- Working group completed its work on December 9

### **Activities**

- Reviewed assumptions including:
  - Revenues: sales tax, federal funds, fares
  - Expenditures: operating costs, regional services
  - Allocations: methodologies to allocate costs by jurisdiction
  - Inflation

### **Facilitator**

- RPTA hired Debra Drecksel to facilitate the meetings
- Members participated in the selection
- Facilitator began on September 29

### **TLCP Financial Model**

- Based on the 2007 implementation plan, the TLCP financial model showed overall deficit of \$1.3 billion with annual deficits beginning in 2011 for the bus program caused by:
  - Reduced tax forecast

- Reduced federal and fare revenues
- Increased operating costs

Councilman Aames asked if the deficit is through the life cycle. Mr. Hodgins said it is.

### **Evaluation Criteria**

- Equity
- Performance
- Budget
- Voter/Taxpayer Satisfaction

### **Process**

- Initially, group was to use “Alternative A” as starting point
  - Funded all existing PTF services
  - Took over funding for existing services on 2007 schedule
  - Funded existing commitments for capital facilities
  - Funded required replacement and expansion fleet
- Alternative still showed a deficit
- Jurisdictional allocations were grossly imbalanced
- Majority of working group felt that consensus could not be reached from that starting point
- Working group moved to “Alternative B”
  - Jurisdictions were allocated available PTF based on adopted policy percentages
  - Each jurisdiction then prioritized projects up to approximately 110% of allocation
  - Sub-regional meetings refined priorities for common projects
  - Evaluation criteria were used in developing and refining priorities
  - RPTA reduced regional expenses and allocations
  - RPTA adjusted fleet needs to be less conservative
  - RPTA adjusted project timing to balance TLCP annually

### **Negotiations**

- Based on a balanced TLCP, members could then ask for project changes based on their needs
- Additions required deletions or delays to maintain balance
- On December 9<sup>th</sup>, working group decided no further progress could be made and work was complete
  - Project changes would be given to Board for discussion
  - Recommend further discussion on TLCP policies and process

## Project List

- Changes to operations projects include:
  - Deletion of PTF funds from existing services
    - May be replaced by local funds
    - May require elimination of some unproductive services
  - Reduction in programmed service levels
  - Delays in project implementation
- Majority of capital facilities are delayed beyond 2026
- Changes in ADA allocations from policy percentages
  - Some increased, some decreased
  - Phoenix included a large share to accommodate regional ADA

## Allocation Issues

- Working group agreed to new methodology to allocate fleet costs
- Several allocation issues were modeled and discussed
  - Operating rates – average vs. actual
  - Express bus costs
  - O&M facilities costs
  - Full capital cost of facilities vs. local/PTF share only

## Jurisdictional Allocations

Summary of impacts on allocations of different methodologies discussed  
(millions of Year of Expenditure dollars)

Sub-Region	Range	Minimum	Policy	Maximum
East	100 - 104%	\$1,054.4	\$1,057.0	\$1,102.8
Phoenix	97 - 100%	\$574.7	\$591.0	\$593.4
West	93 - 107%	\$199.5	\$214.2	\$230.1

Percentages reflect calculated geographic allocation compared to policy

## TMC and Board Input

- Committee input was considered by working group
- Meetings that followed TMC and Board included time to discuss comments from committees
- Working group made changes as needed

## **Final Report**

- Includes project list that balances revenues and expenditures
- Jurisdictional allocations approximately match policy
- Includes recommendation for review of TLCP Policies
- Includes recommendation to discuss future update process

## **Moving Forward**

- TMC discussion January 13
- Budget and Finance Subcommittee discussion January 13
- Board of Directors will discuss January 21
- Regional Transportation Plan Update draft in February, per MAG's schedule

## **BFS Options**

- Final project list does not have support of majority of working group, therefore there is no recommendation
- BFS may choose to:
  - Do nothing and allow Board to discuss and provide direction
  - Recommend to the Board that working group reconvene and use a different process to develop a new list
  - Recommend to the Board that the model run and project list of 12/09/09 be approved as 2010 TLCP Update

## **Policy Review**

- The Working Group recommended that Board guidance be sought to:
  - Review TLCP Guiding Principles
  - Review TLCP Policies
  - Review TLCP Update process, including cost allocation methodologies

## **TMC Motion**

- The following motion was passed by TMC (10-5):
  - That the TMC recommend to the Board:
    - Approval of the Working Group developed project list as the TLCP plan update for the upcoming MAG process;
    - The Executive Director establish a Working Group to further discuss and make recommendations to the Board on needed changes to any guidelines, policies and/or practices including cost allocation assumptions with the group making its recommendations for such needed changes for Board action by May 31, 2010.

Councilman Ecton commended staff on the efforts applied to this process. He said if the working group continues, using guidance and approval from the Board, the policies and

processes developed will last from year to year. He said he is comfortable with the recommendation, but questions the May 31, 2010 date. He asked if the date had any impact on the budget and if the goals of the working group can be accomplished by that date.

Mr. Hodgins said it's critical to get these items resolved before the next update process with direction from the Board. The next ADOT forecast is anticipated for September/October. He said any decision by May 31<sup>st</sup> likely wouldn't impact anything being done for FY 2011, but would impact subsequent fiscal years.

Councilman Ecton asked if a date of August 31<sup>st</sup> would be realistic. He said we need the right amount of time to complete the process thoroughly and completely and done well.

Mr. Boggs said staff should have a few month break so they can attend to other duties, but suggests the break not exceed August 31<sup>st</sup>. He said he would like to continue the services of Debra Drecksel to facilitate the meetings. He said after a short break, staff could meet with the members involved in the process to lay out of schedule of priorities with an agenda and a timeline not to exceed August 31<sup>st</sup>.

Councilman Johnson said he is disappointed the working group was unable to reach a recommendation. He is unhappy with the interruption towards the end of the process. He said if a group is appointed by the Board, any communications to that group should be directed to the Board who established it. He said he wants to ensure that there are clear definitions as to the role of the group and what the process should be.

Councilman Aames asked if the main issue to be resolved is the move to blended rates. Mr. Hodgins said there was an amendment to the motion at this morning's TMC meeting to resolve the operating rates issue, but it was defeated. He said it's still an option for the group to consider.

Councilman Aames asked if it is the main issue or if there are other issues. Mr. Hodgins said it is likely one of the key issues. He said concerns over the cost allocation methods were what drove the group to not come to agreement and that's why it's critical that we come to some agreement with Board direction before we start the next process.

Councilman Ecton asked if it makes sense to create a list of what has to be resolved and a schedule for it to be resolved, to be brought to the Board as the important issues and a timeline for them to be resolved. Mr. Boggs said he agreed with the need for front end policy direction. He said staff could draft a suggestion as to what should be done first and then the Board could provide guidance from there. He said he would like to get the assistance of the working group in drafting the suggestion.

Councilman Presmyk said the Board needs to make sure that they vote on the guiding principles and stand behind the guidance given to the Executive Director. He said he understood that the group was empowered to come back to the Board with whatever it

was that the group could agree to and that a disservice was done to the group in the middle of the process with the interruption that occurred.

Mr. Boggs said his suggestion would be to reconvene the working group for a 3 hour meeting solely to settle the issue of the priorities, cost allocations, and operating rates which would then be presented to the subcommittee for their approval or modification.

Councilman Ecton said he does not want to see another consensus. He said he wants a recommendation. Mr. Boggs said the working group members had agreed that if consensus could not be reached, they would bring forward a single item with dialogue which ended up being the project list. He said the group was very close, not to consensus but to having a recommendation on December 9<sup>th</sup> when the letter was presented just before the meeting and then discussion ensued.

Councilman Presmyk said whether it's by consensus or recommendation, there is a list of things that has been moved forward for the subcommittee's review.

Councilman Johnson said the directions were clear that the working group was to come back with a single recommendation, not more alternatives.

Councilman Aames said he thinks there is a finished product with the caveat that there would be another look at cost allocation assumptions, and policies and practices which is more than shifting money around but which would still have the balance of the programs in place.

Councilman Ecton said what has been recommended, staff working with the committee to put together what the plan is, makes sense.

Councilman Presmyk said the process needs to go forward with the facilitator. He said although there was interference in the process, he is pleased with the progress that was made.

Councilman Ecton asked if the motion that was approved by the TMC were moved for approval, would anything need to be added to it. Mr. Boggs said there needed to be some provision that would prevent the same situation which just occurred from recurring.

Councilman Presmyk said it does need to include the recognition that asking the staff of the working group to come back with a document with recommendations for Board approval. Mr. Boggs suggested adding under the Executive Director, the staff and the working group will provide recommendations to the Board as to the guidelines, policies and allocation methods. He said a significant piece is that the Board give direction to the Executive Director and the working group.

Councilman Johnson agreed to add the Board direction provision, and pointed out that as Executive Director, Mr. Boggs is responsible for bringing a recommendation back to

the Board without relying on specific guidelines from the Board. Mr. Boggs said he agrees and added that with the letter received by the working group on December 9<sup>th</sup>, 20 minutes before the meeting, it stated that the new alternative plan presently being discussed is a direct contradiction with the Board's approved guiding principles. He said he will accept the responsibility of bringing a recommendation to the Board, without interference.

Councilman Johnson said he understands the situation with the letter, but that the responsibility of the Executive Director was to return to the Board with a recommendation. He said the Executive Director is responsible to every member of the Board, not a select few. He said when the letter was received, it should have been brought before the entire Board for discussion. He said although the letter was presented to the working group, he is not in agreement because the letter was not the representation of the Board.

He said his other concern was any violation of the open meeting law that may have occurred because when there is half the Board making a recommendation that the rest of the Board didn't sit in on and there was no public input, it's very close to violations of the open meeting law. He said the reason the Board established this committee was so they could work in a non public session and get things done and then come back to the Board with a recommendation. He suggests that when a situation like this occurs, it should be referred directly back to the Board. He said the Board is supposed to be a regional Board with each city represented who has the opportunity for input.

Councilman Ecton suggested adding a new item to the TMC motion to read the Executive Director will work with the working committee to establish a process that addresses and resolves the mentioned items with final recommendations to the Board.

Mr. Boggs said if he is given the responsibility, in conjunction with the working group to give a recommendation, he will bring a recommendation forward. He said the only problem with that is that the Board is presently split, but he is willing to give his best recommendation based on input from the working group. He said the working group is very important to this process.

Councilman Johnson said although the Board is split, it has to vote as a Board on the recommendation which then has to be adhered to until the Board, as a whole, meets again and agrees to make a change to that recommendation. He said Mr. Boggs has done a great job in putting the committee together, but that he wants to make sure that it's clear that Mr. Boggs knows his responsibility to bring forward a recommendation.

Mr. Boggs said that if he is held accountable, he will make the recommendation to the Board. Councilman Ecton said he wanted to ensure that Mr. Boggs had the final authority to make a recommendation to the Board.

**IT WAS MOVED BY COUNCILMAN PRESMYK, SECONDED BY COUNCILMAN JOHNSON AND UNANIMOUSLY CARRIED TO;**

**APPROVE THE WORKING GROUP DEVELOPED PROJECT LIST AS THE TLCP PLAN UPDATE FOR THE UPCOMING MAG PROCESS.**

**RECOMMEND THE EXECUTIVE DIRECTOR ESTABLISH A WORKING GROUP TO FURTHER DISCUSS AND MAKE RECOMMENDATIONS TO THE BOARD ON NEEDED CHANGES TO ANY GUIDELINES, POLICIES AND/OR PRACTICES INCLUDING COST ALLOCATION ASSUMPTIONS WITH THE GROUP MAKING ITS RECOMMENDATIONS FOR SUCH NEEDED CHANGES FOR BOARD ACTION BY AUGUST 31, 2010;**

**AND THE EXECUTIVE DIRECTOR WILL WORK WITH THE WORKING GROUP AND THE FACILITATOR TO ESTABLISH A PROCESS THAT ADDRESSES AND RESOLVES THE MENTIONED ITEMS WITH THE EXECUTIVE DIRECTOR HAVING FINAL AUTHORITY TO MAKE A RECOMMENDATION TO THE BOARD.**

4. Public Comment

None

5. Next Meeting and Future Agenda Items

None

With no further comment, the meeting was adjourned at 4:20 p.m.



## Budget and Finance Subcommittee Information Summary

Agenda Item #2

### Date

April 28, 2010

### Subject

FY 2010/11 (July 1, 2010 thru June 30, 2011) Proposed Operating and Capital Budget

### Summary

The FY 2010/2011 combined operating and capital budget is \$225.0 million and includes projects funded with Proposition 400 Public Transportation Fund (PTF) revenues (\$97.3 million) as approved by the Board of Directors as part of the FY 2010/11 TLCP update.

The proposed FY 2010/11 operating and capital budget has been prepared with the goal of delivering a fiscally prudent, balanced budget using carry forwards, reserves and bonding proceeds. The budget was developed in compliance with all the Board of Directors' adopted financial policies, budget and Transit Life Cycle Program (TLCP) policies.

The total operating budget of \$85.3 million represents an \$11.7 million (12%) decrease from the previous year's adopted operating budget of \$97.0 million. The major reason for the decrease in operations is directly related to the projects that are in the Board adopted Transit Life Cycle Program (TLCP) for FY 2010/11. The total capital budget of \$139.7 million represents a \$61.4 million (31%) decrease under the previous year's capital budget of \$201.1 million. The decrease is due to lower PTF disbursements and bond proceed expenditures for METRO Rail in FY 2010/11.

For FY 10/11, there are no new positions being requested and there are seven (7) vacant positions that will not be filled in FY 2010/11, which leaves the total RPTA positions at 120.

Other key compensation and fringe benefit changes for FY 2010/11 are as follows:

- The Arizona State Retirement System (ASRS) contribution will increase 0.45 percent on July 1, 2010. This will make the contribution 9.85 percent by both RPTA and the employee, for a total contribution of 19.70%.

- For a second year, in FY 2010/11 there are no compensation increases for staff.

All Valley METRO Rail staff related costs are reimbursed in full by Valley METRO Rail, Inc.

Explanations of the major budget changes are discussed in the attached “Budget Analysis” document.

### **Fiscal Impact**

The proposed FY 2010/11 combined operating and capital budget is \$225.0 million and includes projects in the TLCP for FY 2010/11. The funding sources included in the proposed budget are \$97.3 million (PTF), \$4.5 million (RARF), \$21.1 million (Transit Service Agreements), \$8.0 million (American Recovery and Reinvestment Act), \$41.7 million (Other Federal Grants), \$8.9 million (METRO Rail), \$1.7 million (Other Revenue), \$34.2 million (Bond Proceeds), and \$7.6 million (PTF Undesignated Fund Balance).

### **Considerations**

Approval of the budget will provide funding for Board approved TLCP projects and allow RPTA to implement capital and operating projects approved by voters in Proposition 400. State statutes require annual Board adoption of the budget.

### **Committee Action Process**

Valley Metro Operations & Capital Committee (VMOCC) and Finance Oversight Advisory Committee (FOAC) – April 20, 2010 – Approved

Transit Management Committee (TMC) – May 5, 2010 – For Information and possible action

Budget & Finance Subcommittee (BFS) – May 6, 2010 – For Information and possible action

Board of Directors – May 20, 2010 – For Information and possible action

### **Recommendation**

It is recommended the BFS approve the FY 2010/11 Proposed Operating & Capital Budget and 5-Year Capital Program and forward to the Board for consideration.

### **Contact Person**

Michael Taylor  
Acting Finance Director  
602-262-7433

### **Attachments**

- ✓ FY 2010/11 Proposed Operating and Capital Budget Analysis and Overview
- ✓ FY 2010/11 Proposed Operating and Capital Budget Presentation

**Valley Metro**  
**Regional Public Transportation Authority**  
*FY 2010/11 Preliminary Operating & Capital Budget*  
*Comparison to FY 2009/10 Adopted Budget*  
*(In thousands)*

	2010/11 Preliminary Budget	2009/10 Adopted Budget	2009/10 Estimated	Amount Increase/ (Decrease)	Percent Increase/ (Decrease)	** Note
<b>Sources of funds</b>						
Revenues:						
Public transportation funds (PTF)	97,300	\$ 116,850	\$ 95,400	\$ (19,550)	-17%	(1)
Transit service agreements	21,127	24,211	23,015	(3,084)	-13%	(2)
Federal grants	49,750	27,710	13,064	22,040	80%	(3)
VMR staff & administration reimbursement	8,875	9,858	9,860	(983)	-10%	(4)
Regional area road funds (RARF)	4,467	4,389	4,371	78	2%	
Interest & other revenues	993	1,390	1,615	(397)	-29%	(5)
Local participation	176	519	313	(343)	-66%	(6)
State & local grants	507	832	687	(325)	-39%	(7)
Total revenues	183,195	185,759	148,325	(2,564)	-1%	
Bond proceeds	-	-	-	-	0%	
Carryforwards & reserves	41,797	112,325	55,597	(70,528)	-63%	(8)
Total revenues & other sources of funds	\$ 224,992	\$ 298,084	\$ 203,922	\$ (73,092)	-25%	
<b>Uses of funds by category</b>						
Expenses:						
Lead agency PTF disbursements	\$ 65,275	\$ 66,183	\$ 52,231	\$ (908)	-1%	(9)
Transit service contracts	57,672	66,807	61,187	(9,135)	-14%	(10)
Capital outlay	41,646	40,635	19,507	1,011	2%	
Salary & fringe benefits	17,692	19,132	19,184	(1,440)	-8%	(11)
Bond principal & interest expense	7,510	6,468	5,260	1,042	16%	(12)
Consultants & contracts	4,882	7,440	4,097	(2,558)	-34%	(13)
Contingency	3,030	7,124	469	(4,094)	-57%	(14)
Rent & facility costs	3,204	3,015	2,791	189	6%	(15)
Advertising	604	1,372	938	(768)	-56%	(16)
Bus book, outreach materials & online serv.	755	895	818	(140)	-16%	(17)
Insurance & risk management	322	440	339	(118)	-27%	(18)
Safety & security	508	1,214	334	(706)	-58%	(19)
Lead agency RARF disbursements	500	500	500	-	0%	
Other administrative costs	1,627	1,783	1,680	(156)	-9%	(20)
Lead agency bond disbursement	19,733	70,300	34,537	(50,567)	-72%	(21)
Total expenses	224,960	293,308	203,872	(68,348)	-23%	
Carryforwards & contributions to reserves	32	4,776	50	(4,744)	-99%	(22)
Total expenses & other uses of funds	\$ 224,992	\$ 298,084	\$ 203,922	\$ (73,092)	-25%	
Unprogrammed PTF bus revenues	\$ -	\$ -	\$ -	\$ -	0%	
<b>Uses of funds by department</b>						
Operating:						
Operations	75,817	\$ 79,763	\$ 72,018	\$ (3,946)	-5%	(23)
Marketing	4,844	6,364	5,716	(1,520)	-24%	(24)
Planning	2,527	3,463	2,463	(936)	-27%	(25)
Finance & Management Services	843	1,416	785	(573)	-40%	(26)
Executive Director's Office	1,255	1,284	1,215	(29)	-2%	(27)
Non-Departmental	-	4,700	-	(4,700)	-100%	(28)
Total Operating Budget	85,286	96,990	82,197	(11,704)	-12%	
Capital:						
Valley Metro Rail	67,246	127,112	83,392	(59,866)	-47%	(29)
Bus and other transit	72,460	73,982	38,333	(1,522)	-2%	
Total Capital Budget	139,706	201,094	121,725	(61,388)	-31%	
Total Operating & Capital Budget	\$ 224,992	\$ 298,084	\$ 203,922	\$ (73,092)	-25%	

**Valley Metro**  
**Regional Public Transportation Authority (RPTA)**  
*FY 2010/11 Preliminary Operating & Capital Budget Overview*

**Budget Analysis**

The following is an analysis of the major changes in the FY 2010/11 Preliminary Budget versus the FY2009/10 Adopted Budget. The number in the "Note" column corresponds to the "Note" column of the "FY 2010/11 Preliminary Operating & Capital Budget" (page 1).

**Sources Of Funds:**

Note	Explanation																																				
(1)	The 17% decrease (\$19.6 million) in Public Transportation Fund (PTF) revenue for FY 2010/11 was determined using current revenue receipts annualized with a 2% growth assumption.																																				
(2)	The 13% decrease (\$3.1 million) in Transit Service Agreements (TSA) is due to the cost per mile of service decreasing, fare revenue increasing due to the revised fare structure and cities reducing the level of service.																																				
(3)	The 80% increase (\$22.0 million) in Federal Grants is due to the additional Section 5307 funds for the purchase of replacement buses for the City of Tempe and RPTA. Also included is \$8.0 million of American Recovery and Reinvestment Act (ARRA) grants.																																				
(4)	Valley METRO Rail staff & administration reimbursement is all Valley METRO Rail related costs. They are reimbursed in full by Valley METRO Rail, Inc.																																				
(5)	Interest and other revenues decreased 29% (\$397,000) due to a decrease in vanpool fare revenue and the decrease of Alternative Fuel Tax rebate revenue from the IRS.																																				
(6)	The 66% decrease (\$343,000) in local participation is due to a decrease in funding for planning studies that were funded with local monies.																																				
(7)	The 39% decrease (\$325,000) in state and local grants is due to a decrease in funding for the Transportation Demand Management function.																																				
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**Valley Metro**  
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Note	Explanation															
	<b><u>Uses of Funds by Category:</u></b>															
(9)	<p>The \$65.3 million in lead agency PTF disbursements represents the passing through of PTF to “lead agencies” that will directly oversee certain projects. For FY 2010/11, PTF will be passed through to Valley METRO Rail, Inc. for rail capital projects, and will also be passed through to various local jurisdictions to fund vehicle purchases, park and rides, BRT right-of-way and improvements and locally operated ADA services.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Description</u></th> <th style="text-align: right;"><u>FY 2010/11</u></th> <th style="text-align: right;"><u>FY 2009/10</u></th> </tr> </thead> <tbody> <tr> <td>Valley METRO Rail, Inc. capital program</td> <td style="text-align: right;">\$38,138,524</td> <td style="text-align: right;">\$46,453,666</td> </tr> <tr> <td>ADA reimbursements**</td> <td style="text-align: right;">7,124,040</td> <td style="text-align: right;">1,287,275</td> </tr> <tr> <td>Capital reimbursements</td> <td style="text-align: right;">20,012,476</td> <td style="text-align: right;">18,442,016</td> </tr> <tr> <td style="padding-left: 20px;">Total Lead Agency Disbursements</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">\$65,275,040</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">\$66,182,957</td> </tr> </tbody> </table> <p>** Eligibility requirements must be met to draw full amount; funds not drawn at year end will be carried forward to subsequent years.</p>	<u>Description</u>	<u>FY 2010/11</u>	<u>FY 2009/10</u>	Valley METRO Rail, Inc. capital program	\$38,138,524	\$46,453,666	ADA reimbursements**	7,124,040	1,287,275	Capital reimbursements	20,012,476	18,442,016	Total Lead Agency Disbursements	\$65,275,040	\$66,182,957
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(10)	Transit service contracts decreased 14% (\$9.1 million), primarily due to the decrease in service rates and the shifting of PTF funded service from previously funding Rapid bus service in Phoenix to funding paratransit ADA certified passengers in Phoenix.															
(11)	Salary and fringe benefits decreased 8% (\$1.4 million) due to seven (7) vacancies that will not be filled or budgeted at RPTA and additional vacancies at METRO Rail that will not be funded. For the second year, there will not be any compensation increases again for FY 2010/11.															
(12)	Bond principal and interest expense increased 16% (\$1.0 million) due to FY 2010/11 being the first year of principal payments for repayment of the financing that occurred in June of 2009.															
(13)	Consultant & contracts decreased 34% (\$2.6 million) from the prior year. The decrease is attributable to the decrease in planning studies and a decrease in consultants for the Mesa Main Street & Arizona Avenue BRT projects.															
(14)	The contingency budget decreased by 57% (\$4.1 million) due to a decrease in budgeted construction projects for FY 2010/11. The contingency requirement in the TLCP program is 10%.															
(15)	Rent and facility costs increased 6% (\$189,000) from the previous year due to the additional lease payments for the new ADA assessment center.															
(16)	Advertising decreased 56% (\$768,000) from the prior year because of the decrease in grant funding for the Transportation Demand Management function and a decrease in media purchases for educational and informational messages.															
(17)	Bus Book, outreach materials, and online services expenses decreased by 16% (\$140,000) mainly due to a decrease in public outreach materials and a decrease in the budget associated with maintaining the Valley Metro website.															
(18)	Insurance & risk management decreased by 27% (\$118,000) mainly due to lower liability insurance rates.															
(19)	Safety and Security is a TLCP allocation based on the FY 2010/11 TLCP operating program, and this item decreased 58% (\$704,000). The allocation percentage decreased with the FY 2010/11 TLCP update.															
(20)	Other Administrative costs decreased 9% (\$156,000). Costs included in this category include legal fees, audit fees, printing, copies, postage, delivery service fees, telephones, payroll outsourcing fees, staff development, travel, training, equipment rental and maintenance.															

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(21)	Lead agency bond proceeds disbursement to Valley METRO Rail. See Note 8 above for explanation of bond proceeds uses for FY 2009/10 & FY 2010/11.																								
(22)	<p>Detail of “uses of funds – carryforwards and contributions to reserves” is as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;">2010/11 Adopted Budget</th> <th style="text-align: center;">2009/10 Adopted Budget</th> <th style="text-align: center;">2009/10 Estimated</th> <th style="text-align: center;">Amount Increase/ (Decrease)</th> <th style="text-align: center;">Percent Increase/ (Decrease)</th> </tr> </thead> <tbody> <tr> <td>Minimum cash balance</td> <td style="text-align: center;">-</td> <td style="text-align: center;">4,700,279</td> <td style="text-align: center;">-</td> <td style="text-align: center;">(4,700,279)</td> <td style="text-align: center;">-100%</td> </tr> <tr> <td>Vanpool capital reserve</td> <td style="text-align: center;">32,230</td> <td style="text-align: center;">75,788</td> <td style="text-align: center;">49,803</td> <td style="text-align: center;">(43,558)</td> <td style="text-align: center;">-57%</td> </tr> <tr> <td></td> <td style="text-align: center;"><u>32,230</u></td> <td style="text-align: center;"><u>4,776,067</u></td> <td style="text-align: center;"><u>49,803</u></td> <td style="text-align: center;"><u>(4,743,837)</u></td> <td style="text-align: center;"><u>-99%</u></td> </tr> </tbody> </table> <p>Each year, excess vanpool revenues are reserved for future purchases of vanpool vans. For FY 2010/11, the excess revenue amount has decreased 57% (\$43,558) due to the decrease in vanpool fare revenues.</p>		2010/11 Adopted Budget	2009/10 Adopted Budget	2009/10 Estimated	Amount Increase/ (Decrease)	Percent Increase/ (Decrease)	Minimum cash balance	-	4,700,279	-	(4,700,279)	-100%	Vanpool capital reserve	32,230	75,788	49,803	(43,558)	-57%		<u>32,230</u>	<u>4,776,067</u>	<u>49,803</u>	<u>(4,743,837)</u>	<u>-99%</u>
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(23)	The Operations Department budget has decreased 5% (\$4.0 million) from the prior year due to the cost per mile of service decreasing, fare revenue increasing due to the revised fare structure and cities reducing the level of service.																								
(24)	The Marketing Department budget has decreased 24% (\$1.5 million) over the prior year. This is due to a decrease in advertising campaigns, a decrease in printing costs, and a decrease in Transportation Demand Management costs.																								
(25)	The Planning Department budget has decreased 27% (\$936,000) over the prior year due to a decrease in planning studies and consultants for FY 2010/11.																								
(26)	The Finance and Management Services Department budget has decreased 40% (\$573,000) over the prior year due primarily to a decrease in computer and software purchases.																								
(27)	The Executive Director’s Office budget has decreased 2% (\$29,000) from the prior year due to a decrease in agency conference and travel budgets.																								
(28)	The non-department budget is used to track activity that is not directly attributable to a departmental budget. Items recorded in this budget include carryforwards and contributions to reserves, and contingencies. This budget will fluctuate from year-to-year depending on the activities in the cost categories.																								
(29)	<p>The 47% decrease (\$59.9 million) in Valley METRO Rail capital program costs over the prior year are mainly attributable to the decrease in bond proceeds needed in FY 2010/11 to assist in the funding of their capital programs.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;"><u>Description</u></th> <th style="text-align: center;"><u>FY 2010/11</u></th> <th style="text-align: center;"><u>FY 2009/10</u></th> </tr> </thead> <tbody> <tr> <td>Lead agency PTF disbursements</td> <td style="text-align: center;">\$38,138,524</td> <td style="text-align: center;">\$46,453,666</td> </tr> <tr> <td>Lead agency RARF disbursements</td> <td style="text-align: center;">500,000</td> <td style="text-align: center;">500,000</td> </tr> <tr> <td>Staff &amp; administration</td> <td style="text-align: center;">8,874,939</td> <td style="text-align: center;">9,858,369</td> </tr> <tr> <td>Bond Proceeds</td> <td style="text-align: center;">19,732,987</td> <td style="text-align: center;">70,300,000</td> </tr> <tr> <td style="padding-left: 20px;">Total Valley METRO Rail budget</td> <td style="text-align: center;"><u>\$67,246,450</u></td> <td style="text-align: center;"><u>\$127,112,035</u></td> </tr> </tbody> </table> <p>** This budget only represents those costs that run through RPTA’s budget. See the Valley METRO Rail, Inc. FY 10/11 budget for a complete picture of the light rail capital program budget.</p>	<u>Description</u>	<u>FY 2010/11</u>	<u>FY 2009/10</u>	Lead agency PTF disbursements	\$38,138,524	\$46,453,666	Lead agency RARF disbursements	500,000	500,000	Staff & administration	8,874,939	9,858,369	Bond Proceeds	19,732,987	70,300,000	Total Valley METRO Rail budget	<u>\$67,246,450</u>	<u>\$127,112,035</u>						
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**Valley Metro**  
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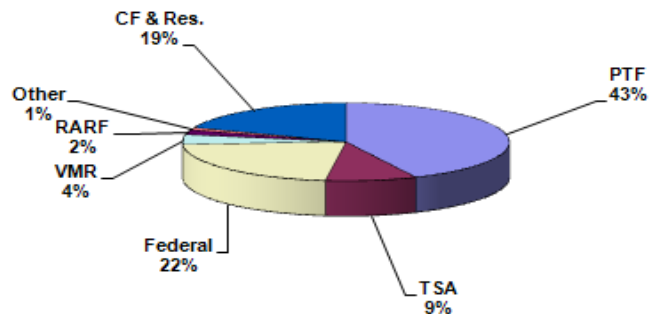
**FY 2010/11 Total Financial Program**

The Valley Metro Regional Public Transportation Authority (RPTA) FY 2010/11 combined operating and capital budget (the budget) is \$225.0 million and includes the projects funded with Proposition 400 Public Transportation Fund (PTF) revenues (\$97.3 million). Of the \$97.3 million PTF, \$55.2 million is for bus operating and bus capital and \$42.1 million is for light rail/high capacity transit capital. The total operating budget of \$85.3 million represents an \$11.7 million (12%) decrease from the previous year's operating budget of \$97.0 million. The total capital budget of \$139.7 million represents a \$61.4 million (31%) decrease under the previous year's capital budget of \$201.1 million. The major reason for the decrease in operations is directly related to the projects that are in the Board adopted Transit Life Cycle Program (TLCP) for FY 2010/11.

**Valley Metro**  
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**FY 2010/11 Proposed Operating & Capital Budget**

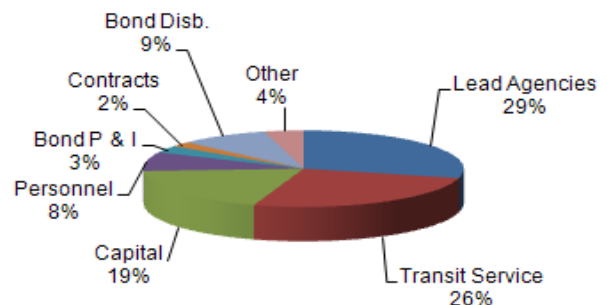
**Sources of Funds: (in thousand)**

Public transportation funds (PTF)	\$ 97,300
Transit service agreements (TSA)	21,127
Federal grants	49,750
Valley METRO Rail reimbursement (VMR)	8,875
Regional area road funds (RARF)	4,467
Other revenues	1,676
<b>Subtotal</b>	<b>\$ 183,195</b>
Carryforwards and reserves (CF and Res.)	41,797
<b>Total</b>	<b>\$ 224,992</b>



**Uses of Funds: (in thousands)**

Lead agency disbursements (PTF and RARF)	\$ 65,775
Transit service contracts	57,672
Capital	41,646
Personnel costs (METRO Rail & RPTA)	17,692
Bond Principal & Interest	7,510
Contractual agreements	4,882
Lead agency bond disbursement	19,733
Other costs	10,050
<b>Subtotal</b>	<b>\$ 224,960</b>
Carryforwards and reserves (CF and Res.)	32
<b>Total</b>	<b>\$ 224,992</b>



**Budget Development**

The FY 2010/11 Operating and Capital Budget has been prepared with the goal of delivering a fiscally prudent, balanced budget. The budget was developed in compliance with all the Board of Directors' adopted financial policies and is aligned with the FY 2010/11 Transit Life Cycle Program (TLCP) update. Administrative, planning and regional services budget has been reduced by 18% (\$2.6 million) compared to the FY 2009/10 budget. Projects that are included in the budget and are not part of the TLCP total \$3.6 million (1.5% of total budget). These programs are funded by member cities, vanpool fare revenue, and State and Federal grants. These projects include Transportation Demand Management, Vanpool Operations, and the

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Alternative Transportation program.

RPTA's primary revenue source is the PTF. The PTF FY 2010/11 revenue estimate of \$97.3 million was determined using current revenue receipts annualized with a 2% growth assumption. These funds are restricted to the implementation of the transit element of the Regional Transportation Plan (RTP). Although the approved TLCP update used the ADOT revenue forecast, the PTF budget was determined using a more conservative approach and resulted in a difference of \$9.9 million less than the FY 2010/11 TLCP update. Other key estimates in the budget are based on contractual information and historical trends.

### **Organizational Staffing**

For FY 2010/11, there are no new positions being requested and there are seven (7) vacant positions that will not be filled in FY 2010/11 which leaves the total RPTA positions at 120.

Other key compensation and fringe benefit changes for FY 2010/11 are as follows:

- The Arizona State Retirement System (ASRS) contribution will increase 0.45 percent on July 1, 2010. This will make the contribution 9.85 percent by both RPTA and the employee, for a total contribution of 19.70%.
- For a second year, in FY 2010/11 there are no compensation increases.

### **Transit Life Cycle Program (TLCP)**

In 2005, the RPTA initiated the development of the 20-year TLCP to provide management and oversight for the implementation of the transit component of the Regional Transportation Plan, including bus operating and bus capital projects, and rail capital projects. The Board of Directors adopted the TLCP financial model and TLCP guiding principles in June 2005 and adopted the TLCP policies in October 2005. This budget includes all the projects that are in the adopted TLCP for FY 2010/11. Major TLCP projects included in the adopted FY 2010/11 budget include the following:

#### TLCP Bus Operating Program

The FY 2010/11 TLCP bus operating program includes funding for RTP Supergrid services (Route 40 Main Street, 61 Southern Avenue, 70 Glendale Avenue, Route 72 Scottsdale/Rural, Route 96 Dobson Road, Route 136 Gilbert Road, and Route 156 Chandler Boulevard), Arizona Avenue LINK service, local and express routes, fixed route rural service to Wickenburg and Gila Bend, demand response Americans with Disabilities Act (ADA) trips, and funding to support Sun Cities Area Transit demand response services.

#### TLCP Bus Capital Program

The FY 2010/11 TLCP Bus Capital Program includes funding for 99 replacement buses for local, express, BRT, and supergrid fixed route, 20 paratransit fleet replacements, 58 vanpool vehicle replacement, funds for design, right-of-way, and site work for BRT projects, funds for a park-and-ride lot and a 700 MHz voice communications system.

#### TLCP Rail Capital Program

The FY 2010/11 TLCP Rail Capital Program includes utility relocation reimbursements and reimbursements to Mesa, Phoenix, and Tempe for regional capital expenses. PTF of \$42.1 million (43.24% of FY 2010/11 PTF revenues) is passed through as a "lead agency disbursement" to Valley METRO Rail, Inc., the designated lead agency on the rail project, to carry out the FY 2010/11 adopted TLCP rail capital program.

## **Major Projects and Studies**

RPTA will undertake a number of key projects during FY 2010/11, as the agency continues the implementation of the TLCP operating and capital projects. Funding for these projects and studies comes from a combination of sales tax revenues (PTF and Regional Area Road Funds [RARF]) and federal grants. The major projects and studies included in the FY 2010/11 budget include the following:

### Long-Range Planning

Update and/or produce information for the Long-Range Transit Plan for Maricopa County, and annual update to the transit element of the Maricopa Association of Governments' (MAG) Regional Transportation Plan. Provide transit data to MAG in updating the regional travel demand model, provide technical support to MAG on commuter rail planning. Participate in public meetings and open house workshops to solicit public review and comment. Provide for support in the development and administration of stakeholder communications, public meetings, and public outreach as required to collect and analyze opinions and input into system, corridor and capital planning programs, the transit lifecycle program, service adjustments, purchases and other agency programs and projects. [RARF \$1,805 FTA-Planning Program \$66,541].

### Short Range Planning

Annual update for the Maricopa Association of Governments' (MAG) Annual Transportation Report and preparation of Annual Transit Performance Report. In addition, coordinate with all transit providers and funders in the MAG area on service and route planning activities including Supergrid, Arterial and Freeway Bus Rapid Transit (BRT), Express Bus routes, and Rural Connector routes. Collect and analyze information from operators and area communities to develop a Short Range Transit Plan that details regionally funded transit investments that will occur within the five year horizon of the Plan. Assist with the review and recommendation of grant applications for federal Elderly and Persons with Disabilities Transportation Program funds to the MAG Regional Council for ADOT special transportation capital assistance. [RARF \$224,929, FTA-Planning Program \$67,035].

### Valley METRO Rail RTP Planning Funds

RPTA is providing Valley METRO Rail, Inc. with \$500,000 to be used for rail specific Regional Transportation Plan (RTP) planning needs. This money is restricted for the planning and administration of projects in the RTP and cannot be used for any other purpose. [RARF \$500,000].

### Transit Research and Survey

Develop, implement, and provide analysis for comprehensive transit research surveys and studies. Information from the surveys will be used to produce a database for transit planning purposes, including route evaluation and service adjustments. Survey information derived from the Origins and Destinations Survey will be used to calibrate the MAG travel model insuring that model outputs provide a more accurate projection of mode split and travel behavior. The inclusion of customer satisfaction questions will assist in monitoring the quality of the services provided on an ongoing basis. Annual passenger satisfaction surveys will be conducted to monitor changing customer opinions from the baseline survey instrument. [RARF \$168,964, FTA \$498,800, METRO Rail \$26,000].

### Operations Planning

Provide staff support to VMOCC technical advisory committee on development of recommendations to integrate paratransit operations to improve service to riders and service efficiencies. In partnership with Valley Metro Rail (METRO), develop an alternatives analysis for the Scottsdale/Rural Road that will define a locally preferred high capacity transit alternative for

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this corridor. Develop final design, construction documents, and fleet requirements for Arizona Avenue/Country Club BRT line. Update Short Range Transit Plan. Provide operations planning assistance to RPTA member agencies upon request. [RARF \$567,409 PTF \$100,000].

Project Management

Provides project management in the implementation of the 20-year capital program identified in the RTP. Unless otherwise indicated, RPTA is the designated lead agency for development of transit capital and operating projects identified in the Regional Transportation Plan and funded through the 1/2 cent sales tax extension authorized by Proposition 400. Project management for design and construction of facilities and associated support infrastructure. [RARF \$26,226].

Regional Marketing Program

**Bus Book Development and Printing:** The Bus Book is the primary route and schedule communications vehicle for Valley Metro bus riders. It is developed and distributed twice a year. [Regional Services PTF Allocation = \$500,000].

**Printed Communications Tools and Signage:** Various forms of printed materials are essential for providing transit related information to transit users, non-users, key stakeholders, and partners. This includes brochures, passenger notices, car cards, newsletters, printed guides, kiosk signage, schedules and system maps. [Regional Services PTF Allocation = \$160,000].

**Web Site Design and Navigation:** The mission of ValleyMetro.org is to provide up-to-date information needed to use Valley Metro's services, educating the public about what services are available and the benefits of using those services, and promoting alternative modes of transportation in an effort to minimize the impact of single-occupancy vehicle usage in the Valley. With the significant increase in services and information needed to be communicated to the public, ValleyMetro.org requires significant changes to the site design and navigation. Aside from basic Web site navigation features, interactive features such as the Online Trip Planner, the Commuting Cost Calculator and periodic interactive contests will be enhanced for educational purposes and as an incentive to promote the use of alternative modes. ShareTheRide.com is RPTA's tool for carpool and vanpool matching, and is linked to ValleyMetro.org. Information for the Valley METRO Rail is also highlighted. Over time the site design and navigation are essential to delivering a "transit portal" for the entire region. [Regional Services PTF Allocation = \$218,800].

**Valley Metro Communications Campaign:** Valley Metro and our contracted public relations firm, R&R Partners, plan to continue to implement a campaign designed to promote Valley Metro as the transportation solutions provider that makes the Valley a better place to live, work, play, and visit. This includes public relations support, creative design and development, and various forms of media purchase and placement including print, radio and online advertising over the 12-month Fiscal 2010 year. [Regional Services PTF Allocation = \$379,000].

Regional Ridesharing Program

The Regional Ridesharing Program promotes and provides ridesharing services to the general public and over 1,200 Valley employers involved in the Trip Reduction Program. Services include a computerized matching system for carpooling, vanpooling transit, and bicycle partner opportunities; vanpool program marketing; and assistance with implementing a variety of Transportation Demand Management (TDM) programs such as compressed work weeks and telecommuting programs. A public awareness program, the Clean Air Campaign, is administered by the RPTA. This program is a private/public partnership encouraging participation in alternate modes of transportation, alternate work schedules, and other pollution reducing measures. [Federal & State = \$1,501,238].



# **FY 2010/11 Proposed Operating and Capital Budget Overview**

Budget and Finance Subcommittee  
May 6, 2010



## **Agenda**

- **FY 2010/11 Budget Overview**
- **Flow of Funding**
- **Funding Sources and Uses Overview**
- **Overall Budget View**
- **RPTA Support Budget**
- **Next Steps**



## FY 2010/11 Budget Overview

- 16.8% reduction in Public Transportation Funds (PTF) revenues
- 25% reduction in the RPTA budget
- 5% reduction in RPTA staff
- Budget balanced and fiscally sound; developed using conservative approach
  - \$4.3M of PTF undesignated fund balance will be drawn down to fund capital projects
  - \$3.3M of PTF undesignated fund balance to fund operating service programmed in the Transit Life Cycle Program (TLCP)
  - \$21.9M remaining in PTF Fund Balance

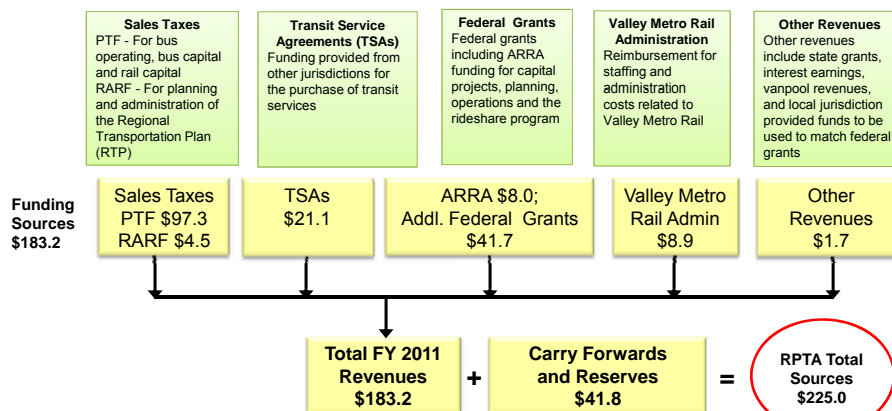
**Although the approved TLCP update used the ADOT revenue forecast, the PTF budget was determined using current revenue receipts annualized with a 2% growth assumption. This results in a difference of \$9.9 million less than the FY 2010/11 TLCP update.**

  - \$34.2M of bond proceeds to fund capital projects for RPTA and METRO
- Includes all adopted TLCP projects for FY10/11
  - All PTF bus revenues programmed for FY10/11
  - METRO funding: \$42.1M PTF and \$0.5M Regional Area Road Funds (RARF)
  - \$3.6M not part of the TLCP: projects funded by member cities, vanpool fare revenue, State and Federal grants

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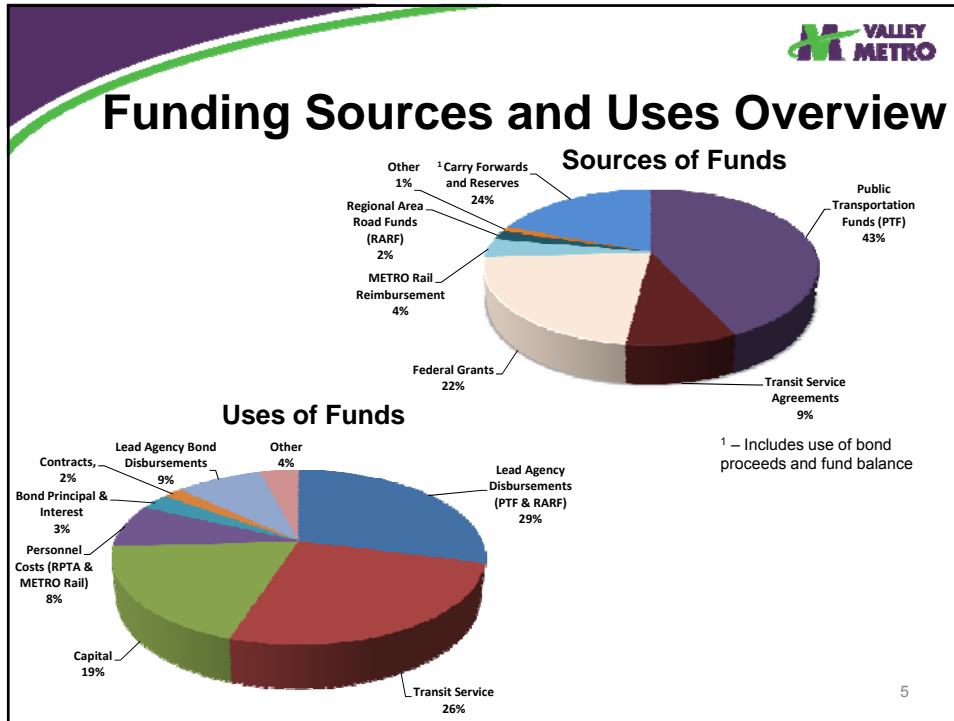
## Flow of Funding (in millions)



**Notes:**

- ARRA = American Recovery and Reinvestment Act
- PTF = Public Transportation Funds
- RARF = Regional Area Road Funds
- Of the total \$183.2M revenues there are lead agency disbursements of \$65.8M (pass through funding)
  - METRO - \$38.1M (less debt service) PTF, \$0.5M RARF
  - Other lead agencies - \$27.2M

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**Sources of Funds (in thousands)**

Operating and Capital Budget	FY 2010/11	FY 2009/10	Change \$	Change %
Public Transportation Funds (PTF)	\$97,300	\$116,850	-\$19,550	-16.8%
Transit Service Agreements (TSA)	\$21,127	\$24,211	-\$3,084	-12.7%
American Recovery & Reinvestment Act (ARRA)	\$8,040	\$15,880	-\$7,840	-49.4%
Other Federal Grants	\$41,710	\$11,830	\$29,880	252.6%
METRO Rail Reimbursement (VMR)	\$8,875	\$9,858	-\$983	-10.0%
Regional Area Road Funds (RARF)	\$4,467	\$4,389	\$78	1.8%
Other Revenues	\$1,676	\$2,741	-\$1,065	-39%
Sub Total	\$183,195	\$185,759	-\$2,564	-1.4%
Use of Bond Proceeds	\$34,209	\$101,232	-\$67,023	-66%
Use of Fund Balance	\$7,588	\$11,093	-\$3,043	-27.4%
<b>Total</b>	<b>\$224,992</b>	<b>\$298,084</b>	<b>-\$73,092</b>	<b>-24.5%</b>

**Overall 24.5% decrease**



## Uses of Funds (in thousands)

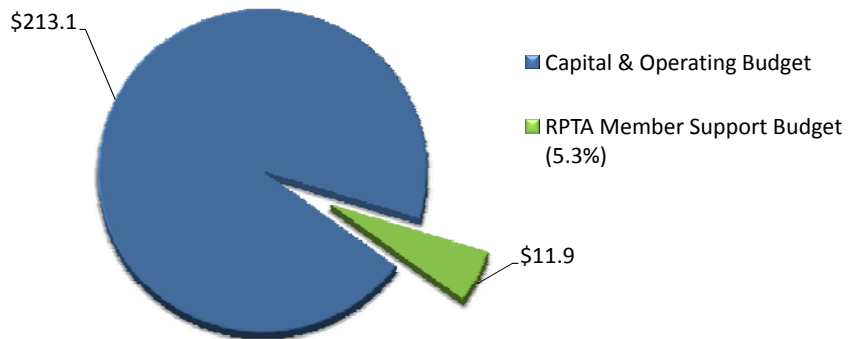
Operating and Capital Budget	FY2010/11	FY2009/10	Change \$	Change %
Lead Agency Disbursements (PTF and RARF)	\$65,775	\$66,683	-\$908	-1.4%
Transit Service Contracts	\$57,672	\$66,807	-\$9,135	-14%
Capital	\$41,646	\$40,635	\$1,011	2.5%
RPTA and METRO Personnel Costs	\$17,692	\$19,132	-\$1,440	-7.5%
Bond Principal & Interest	\$7,510	\$6,468	\$1,042	16%
Contractual Agreements	\$4,882	\$7,440	-\$2,558	-34.4%
Lead Agency Bond Disbursement	\$19,733	\$70,300	-\$50,567	-71.9%
Other Costs	\$10,050	\$15,843	-\$5,793	-36.6%
Sub Total	\$224,960	\$293,308	-\$68,348	-23.3%
Contribution to Cash Balance	\$0	\$4,700	-\$4,700	-100%
Contribution to Vanpool Reserves	\$32	\$76	-\$44	-57.9%
<b>Total</b>	<b>\$224,992</b>	<b>\$298,084</b>	<b>-\$73,092</b>	<b>-24.5%</b>

Overall 24.5% decrease

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## Overall Budget View: \$225.0M



RPTA support budget represents 5.3% of total budget.

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## RPTA Support Budget

RPTA support budget is eighteen percent (18%) lower than FY 2009/10 adopted budget.

FY 2009/10 Adopted Budget	FY 2010/11 Prelim Budget	\$ Increase/ (Decrease)	% Increase/(Decrease)
\$14,520,749	\$11,914,465	(\$2,606,284)	-18 %

Reduction of expenses from \$14.5M to \$11.9M

- 5% of workforce not filled or budgeted in FY 2010/11
- No compensation increases for second consecutive year
- Delay or elimination of non-critical project expenditures

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## Next Steps

- ✓ VMOCC/FOAC approved on April 20, 2010.
- TMC for review and possible action on May 5, 2010.
- Budget and Finance Subcommittee (BFS) for review and possible action on May 6, 2010.
- Board for review and possible action on May 20, 2010. TMC approval on June 2 and BFS approval on June 3, 2010. Board adoption on June 17, 2010.

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**Thank You**



## Budget and Finance Subcommittee Information Summary

Agenda Item #3

**Date**

April 29, 2010

**Subject**

Public Comment

**Summary**

An opportunity for general public comment on issues related to Valley Metro RPTA. Up to three (3) minutes will be provided for each speaker.

**Fiscal Impact**

None

**Considerations**

None

**Prior Committee Action**

None

**Recommendation**

None

**Contact Person**

None

**Attachments**

None



## Budget and Finance Subcommittee Information Summary

Agenda Item #4

**Date**

April 29, 2010

**Subject**

Next Meeting and Future Agenda Items

**Summary**

Chairman Ecton will request future Subcommittee agenda items from committee members and committee members may provide a report on current events. The next meeting is scheduled for Thursday, June 3, 2010 at 11:30 a.m.

**Fiscal Impact**

None

**Considerations**

None

**Prior Committee Action**

None

**Recommendation**

None

**Contact Person**

Michael Taylor  
Acting Deputy Director of Finance  
602-262-7433

**Attachments**

None