

Valley Metro® Rail Inc. – Phoenix, AZ

# Annual Comprehensive Financial Report

**FISCAL YEAR ENDED JUNE 30, 2024**





# **VALLEY METRO RAIL, INC.**

Phoenix, Arizona

## **Annual Comprehensive Financial Report**

**For the fiscal year ended**

**June 30, 2024**

**Prepared by:  
Finance Division**

Valley Metro®

# Rail System Fact Sheet

## ABOUT VALLEY METRO RAIL

Valley Metro Rail is responsible for the planning, design, construction and operations of the region's light rail and streetcar system, serving more than ten million total passengers in fiscal year 2024.

The initial 20-mile light rail line opened on December 27, 2008. Two extensions began service by spring 2016, adding six more miles and connecting downtown Mesa to northwest Phoenix. In 2019, the line extended 1.9 miles east to the new Gilbert Rd/Main St light rail station, where there are additional transit connections. The 50th St/Washington station also opened in 2019 with enhanced accessibility features, including advanced pedestrian detection crosswalk signals, wider platforms and gently sloped entries. In 2024, the line extended farther into northwest Phoenix adding another 1.6 miles to the Metro Parkway elevated station at the former Metrocenter mall area.

Each of the 41 light rail stations were designed with significant consideration given to the desert heat and sun. Thirteen park-and-rides provide 4,738 parking spaces along 30 miles. Artwork is also an integral part of the urban system, reflecting the history and culture of local neighborhoods. Each light rail vehicle has a comfort capacity of 175 passengers and features state-of-the-art technology designed for the urban desert climate.

In May 2022, the rail system added a new mode with the opening of streetcar. Traveling along a three-mile route in Tempe, the streetcar makes 14 stops. As the Valley's first modern streetcar line, it adds to the comprehensive transit network in Tempe. Currently, streetcar makes two connections to the light rail system providing regional access for travelers. A future extension of streetcar farther east into Mesa is also being studied.

The rail system in metro Phoenix continues to expand with the construction of the South Central Extension/Downtown Hub. The Capitol Extension, which will extend light rail west to the State Capitol area from downtown Phoenix, is currently in the advanced design phase. The I-10 West Extension, which is in the preliminary engineering phase, continues light rail from the State Capitol area for approximately 10 miles along I-17 and I-10 to Desert Sky Transit Center at 79th Avenue and Thomas Road. A study to evaluate high-capacity options in west Phoenix to 99th Avenue is also underway.



## RAIL SYSTEM OVERVIEW

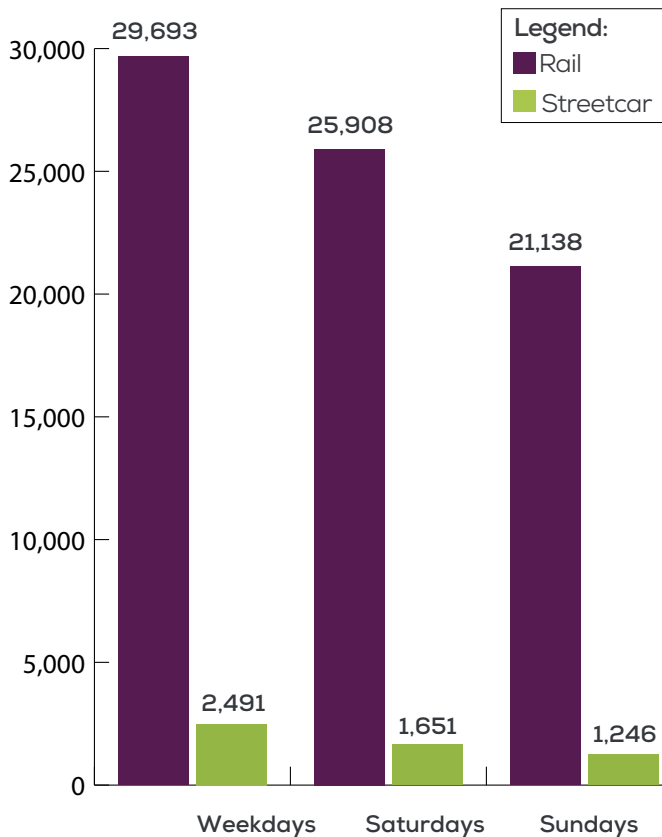
- Number of miles: 30
- Number of stations: 41
- Number of vehicles: 59
- Number of parking spaces: 4,738
- Total travel time: 97 minutes
- Cost to ride: \$2.00 per ride  
\$4.00 daily fare



## FIVE BUSIEST RAIL STATIONS

1. Gilbert Rd/Main St
2. Metro Parkway
3. 44th St/Washington
4. 19th Ave/Montebello
5. 19th Ave/Camelback

## FY24 DAILY AVERAGE RIDERS



Total annual rail ridership– 10,162,295  
 Total annual streetcar ridership– 793,628

## STREETCAR SYSTEM OVERVIEW

- Number of miles: 3
- Number of stops: 14
- Number of vehicles: 6  
(when fleet is complete)
- Total travel time: 43 minutes
- Cost to ride: Free



## FIVE BUSIEST STREETCAR STOPS

1. Rural/Apache
2. Dorsey Ln/Apache
3. Paseo Del Saber/Apache
4. Ninth St/Mill
5. College Ave/Apache

## OPERATIONS

Valley Metro Rail operates 365 days a year, with light rail trains arriving every 15 minutes and streetcars arriving every 20 minutes during peak travel hours. Operations costs are supported by rail member cities, passenger fares and advertising (light rail only).

Rail service is coordinated with bus service to provide a regional transit network for customers. Rail and bus services are coordinated to provide a comprehensive regional transit network. Fares can be purchased via mobile app, reloadable Copper card, or a 1-ride cash option is available at fare machines at light rail stations and fareboxes onboard buses. Reduced fare and group fare options are also available. In addition, eligible riders can also apply for ADA certification. For additional fare information, visit [valleymetro.org/fares](http://valleymetro.org/fares).

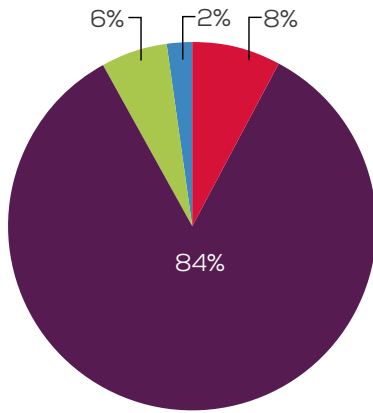
Security officers have a continual presence on the system. Passengers on light rail will be asked at

random for proof of payment. Violators are subject to fines ranging from \$50 to \$500 and can even lose their transit privileges. Customer Experience Coordinators help riders on the rail system, providing a welcoming presence and aiding with wayfinding and purchasing correct fare.

The Valley Metro Rail system connects the region to the cities of Phoenix, Tempe and Mesa. It provides connections to work, education and entertainment. There are many sports, shopping, restaurants and arts and culture destinations along the line. Valley Metro Rail also connects to Phoenix Sky Harbor International Airport with PHX Sky Train® at the 44th St/Washington station.

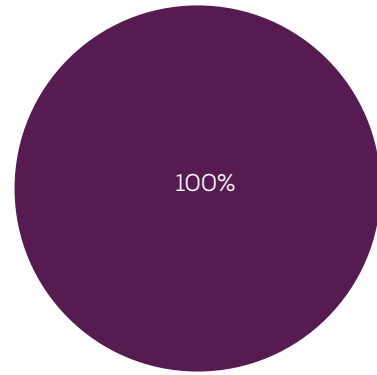
Rail is a catalyst for jobs and economic development with \$17.5 billion in public and private sector investment since 2008 along the light rail and streetcar corridors.

## RAIL OPERATIONS FUNDING SOURCES



- Fares
- Member Cities
- Federal
- Advertising

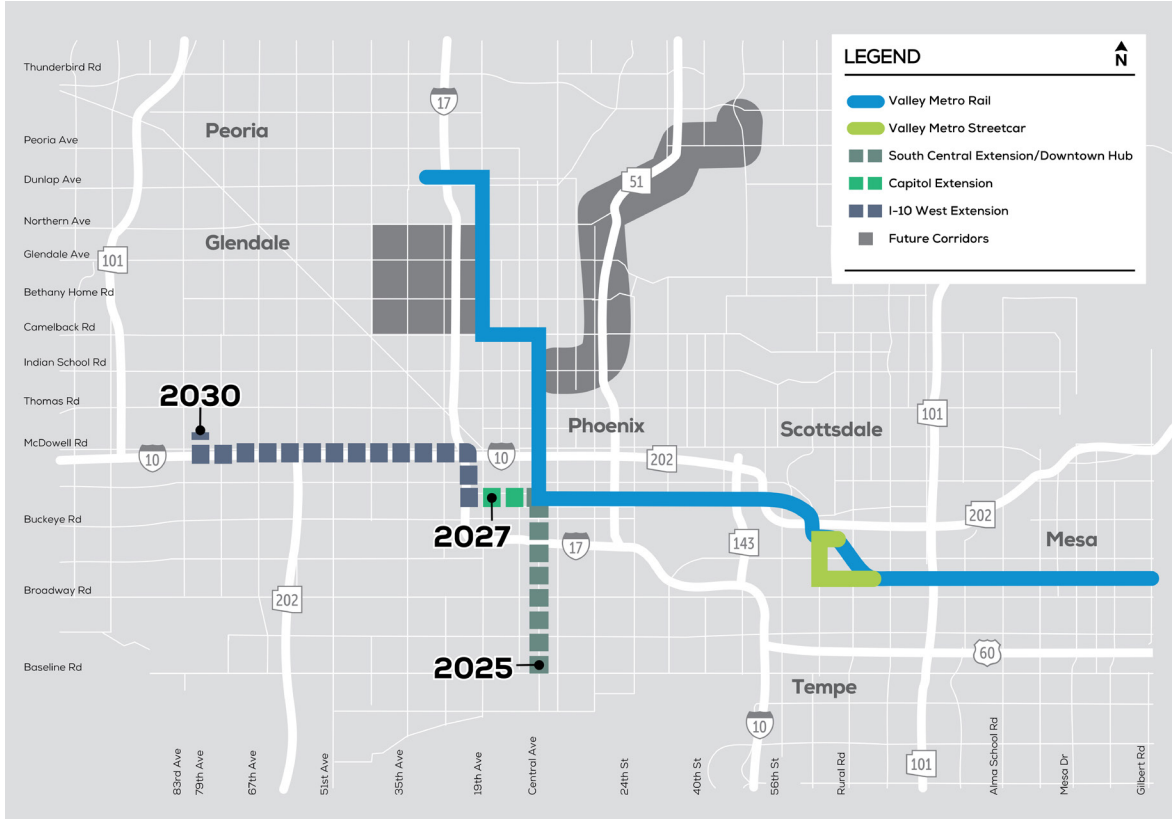
## STREETCAR OPERATIONS FUNDING SOURCES



- City of Tempe

## FUTURE EXPANSION

Five high-capacity extensions are planned or under construction to create a 50-mile system by 2030. The Valley Metro Rail Board of Directors sets the policy direction for the system with the intent of advancing regional public transit in the Valley.



@valleymetro

valleymetro.org

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**Valley Metro Rail, Inc.**

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Fiscal Year Ended June 30, 2024

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# INTRODUCTORY SECTION

The Introductory Section includes Valley Metro Rail's transmittal letter, policy organizational chart, and list of appointed officials



Valley Metro Rail officially expanded service 1.6 miles beyond Dunlap and 19th Avenue on Saturday, Jan. 27. Northwest Extension Phase II opened for service, offering transit access to more of the West Valley and connection to important regional destinations in central Phoenix, Tempe and Mesa. FTA Administrator Nuria Fernandez and U.S. Congressman Greg Stanton were on hand for the ribbon cutting ceremony at the Thelda Williams Transit Center. The new extension includes three new stations, including the system's first elevated rail station and rail-only bridge over the I-17 freeway, as well as seven public art installations.



November 15, 2024

To the Chairman and Members of the Valley Metro Rail, Inc. Board of Directors and Citizens of the City of Chandler, Mesa, Phoenix and Tempe:

The annual comprehensive financial report of Valley Metro Rail, Inc. (VMR) for the fiscal year ended June 30, 2024, is hereby submitted in accordance with the requirements of the Bylaws and Board directives. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position, results of operations and cash flows of VMR. All disclosures necessary to enable the reader to gain an understanding of VMR's activities have been included.

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

The independent auditors, Forvis Mazars LLP., whose report is included herein, have audited the basic financial statements and related notes. As stated in the independent auditors' report, the goal of the independent audit was to provide reasonable assurance that the basic financial statements of VMR as of and for the fiscal year ended June 30, 2024, are free from material misstatement. The independent audit involved examining on a test basis; evidence supporting the amounts and disclosures in the financial statements; assessing accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon their audit, that there was a reasonable basis for rendering an unmodified opinion that the basic financial statements of VMR for the fiscal year ended June 30, 2024, are fairly presented, in all material respects, in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

Additionally, VMR is required to have an independent audit of expenditures of federal awards received (Single Audit) by VMR directly from federal agencies or passed through to VMR by other governmental entities during the fiscal year. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on VMR's internal controls and compliance with legal requirements having a direct and material impact on major programs, with special emphasis on internal controls and compliance requirements involving the administration of major federal awards. The results of VMR's Single Audit for the fiscal year ended June 30, 2024, found no instances of material weakness in the internal control structure or significant violations of applicable laws and regulations with respect to major programs. The auditors' reports on internal controls and compliance with applicable laws and regulations are included in a separately issued Single Audit Report.

The financial statements are prepared and presented in conformity with accounting principles generally accepted in the United States of America. More information about the presentation can be found in Management's Discussion and Analysis (MD&A) beginning on page 8 and discussed in the notes to the financial statements beginning on page 17. This transmittal letter is designed to complement MD&A and should be read in conjunction with it.

### **THE FINANCIAL REPORTING ENTITY**

VMR was established in October 2002 as a public nonprofit corporation to manage the design, construction and operation of the Light Rail Transit (LRT) and Streetcar System within the Phoenix Metropolitan Area. Membership is governed by a Joint Powers Agreement and the By-Laws of the corporation. Current membership consists of the cities of Phoenix, Tempe, Mesa, and Chandler.

During the fiscal year 2024, a four-member Board of Directors governed VMR, consisting of the mayors or the designated representatives from each member city. The Board of Directors establishes overall policies for management and administration of the LRT and Streetcar System, provides oversight over the design, construction and operation of light rail and streetcar, and receives and disburses funds and grants from federal, state, local, and other funding sources. A Chief Executive Officer, appointed by the Board of Directors, is responsible for the day-to-day management of the organization.

### **Funding Milestones**

On November 2, 2004, the voters of Maricopa County approved Proposition 400, the continuation of the half-cent transportation excise tax, for a twenty-year period, beginning in calendar year 2006 and ending December 2025. A major milestone in transportation funding and service in the region, the proposition had unanimous support from the mayors of all the cities in the region and the Maricopa County Board of Supervisors, the Maricopa Association of Governments Regional Council, and the Arizona Department of Transportation.

In August 2015, Phoenix voters approved Proposition 104, which extended the City of Phoenix's dedicated transportation tax sunset from 2020 to 2050. In addition, it raised the tax rate from 0.4% to 0.7%. The revenues are intended to support a variety of transportation projects in the City of Phoenix, including many light rail transit projects.

In August 2023, Governor Hobbs signed the enabling legislation passed by the legislature that allowed Proposition 479, that would extend the half-cent transportation excise tax for an additional 20 years, to go to Maricopa County voters on November 5, 2024. On November 5, 2024 the voters approved Proposition 479. This will provide the capacity for growth with a greater share of regional transportation sales tax revenues being dedicated to public transit (from 33.3% to 37%). The enabling legislation for proposition 479 does continue to allow the use of the regional transportation sales tax monies to ensure rail fleet and support infrastructure are in a state of good repair, providing for safe reliable service. The enabling legislation does, however, prohibit the use

of the regional transportation sales tax monies from being used to fund light rail and streetcar expansion projects. While this will present challenges for our planned light rail and streetcar extensions, we are committed to moving these projects forward with local and federal funding opportunities with our city and federal partners.

### **LOCAL ECONOMIC CONDITION AND OUTLOOK**

VMR serves the cities of Phoenix, Tempe, Mesa and Chandler that are centrally located in Maricopa County, Arizona. These cities collectively encompass approximately 760 square miles. Together they form a significant portion of the greater metropolitan Phoenix area, which is the economic, political, and population center of Arizona.

The combined four cities have grown from 2.43 million residents in the year 2014 to 2.63 million residents in 2023, an increase of approximately 8.2% in the last ten years. The four cities' population represents over 57% of the total Maricopa County population. According to projections published in September 2024 by the University of Arizona, Economic and Business Research Center Greater Phoenix Economic Council, population growth in the region remains solid and is projected to grow at 1.5% each year for the next three calendar years, growing from 5.22 million in 2024 to 5.46 million in 2027. Personal income for the Phoenix area is forecasted to increase over 6% each year, retail sales growth is projected to grow between 3.1% and 4.6% each year, and non-farm employment is predicted to increase between 1.9% and 2.3% each year.

Sales tax projections prepared by Arizona Department of Transportation forecast revenues to grow by 1.8% in fiscal year 2025.

### **FINANCIAL CONTROLS**

#### **Accounting and Administrative Controls**

As previously noted, VMR's management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of VMR are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. VMR's internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a sub-recipient of federal financial assistance, VMR is also responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by management and by VMR's independent auditors. As part of VMR's Single Audit, tests were made of the internal control structure and of its compliance with applicable laws and regulations, including those related to federal awards.

Although this testing is limited in scope and is not sufficient to support an opinion on VMR's internal control system or its compliance with laws and regulations, the audit for the year ended June 30, 2024, disclosed no material internal control weaknesses or material violations of laws and regulations. The audit of VMR's compliance with requirements applicable to each major federal program and internal control over compliance resulted in an unmodified opinion of compliance and noted no material weaknesses in internal controls.

### **Budgetary Systems and Controls**

The objective of the budgetary controls maintained by VMR is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Directors. The by-laws require a balanced budget to be adopted by the VMR Board each fiscal year. The level of budgetary control, i.e., the level at which expenditures cannot legally exceed appropriations, is the total operating budget. VMR maintains budgetary control by conducting monthly evaluations of expenditures against the board approved budget and through close monitoring of revenues. Encumbrance accounting is not utilized.

In addition to the annual budget, VMR also prepares a Five-Year Capital Program and Operating Forecast and the Transit Life Cycle Plan (TLCP) update. The five-year forecast uses the annual budget information as a base and extends it an additional four years to provide information about the anticipated schedule, costs, and revenues. The TLCP outlines the sources and uses of funds for specific regionally supported planning and capital projects through fiscal year 2026.

For each major capital construction project, VMR regularly reports the project budget status, showing by project element, the budget amount versus actual expenditures, and forecasted cost at completion. Should anticipated contractual costs appear to exceed the Board approved project budget, VMR staff will seek Board action to adjust project scope or approve additional funding. During construction, significant issues are addressed in narrative reports included in the project progress report submitted to the Board on a quarterly basis.

### **Current Light Rail Passenger Operations**

The total LRT System encompasses approximately 28.9 miles with the cities of Phoenix, Tempe, and Mesa sharing the responsibility for funding the operating and maintenance (O&M) costs. Costs are currently shared based on the proportion of track miles constructed within each city.

### **Current Streetcar Operation**

The total Streetcar System encompasses 3 miles within the City of Tempe. The City of Tempe is responsible for funding the operating and maintenance (O&M) costs.

## **MAJOR INITIATIVES – Design/Construction of Light Rail and Modern Streetcar**

### **Northwest Extension-Phase II**

The project was completed and opened for revenue service in January 2024. The 1.6-mile Northwest Extension-Phase II extends light rail west on Dunlap Avenue from 19th Avenue, north on 25th Avenue and across I-17 on Mountain View Road with a terminus on the west side of the freeway near the former Metrocenter Mall area. The project also includes three new stations, including the system’s first elevated station, and a park-and-ride transit center.

### **South Central/Downtown Hub Extension**

The 5.5-mile South Central Light Rail Extension project will connect with the current light rail system in downtown Phoenix and operate south on Central Avenue to Baseline Road. The project will contain 8 stations and two park-and-rides. The South-Central corridor is one of the seven project areas identified by the U.S. Department of Transportation for inclusion in its Ladders of Opportunity Transportation Empowerment Pilot (LadderSTEP) program. The LadderSTEP pilot program aims to build and restore connections, develop workforce capacity and catalyze neighborhood revitalization through planned transportation projects. Valley Metro and City of Phoenix continue to provide direct financial assistance to locally owned, small businesses immediately adjacent to construction activities along the corridor with the Small Business Financial Assistance Program. The project is expected to open for revenue service in 2025.

### **Capitol Extension**

The 0.8-mile Capitol Extension project will provide an important connection between downtown core and the Arizona State Capitol area. Integrating with the existing light rail system at 3<sup>rd</sup> avenue, the route will extend West on Washington Street, turning south on 15<sup>th</sup> Avenue before returning east on Jefferson Street, again connecting to the existing light rail system at Third Avenue and Jefferson Street. This project will connect state, regional and local agencies, as well as community partners, and energize the downtown and State Capital areas. The capitol extension was approved by the Phoenix City Council and the VMR Board in 2016. In August 2023, Governor Hobbs signed SB 1102, legislation that enables the extension of Proposition 400, the regional half-cent transportation sales tax, to be presented as Proposition 479 to Maricopa County voters in November 2024. SB 1102 also included language prohibiting the construction of the light rail adjacent to the State Capitol’s legislative and executive buildings as previously approved. Valley Metro has worked with the City of Phoenix, the Federal Transit Administration and the neighboring community to assess route alternatives and developed a revised locally preferred alternative that serves the community goals and connects with the future I-10 West Light Rail Extension Project. The project is beginning the environmental review process and further design advancement.

### **I-10 West Extension**

The 10 mile I-10 West Extension project will connect the greater West Valley to the existing Valley

Metro Rail System. This project is unique and will see light rail trains traveling the median of interstate 10, before ultimately crossing to the north side of the freeway to terminus at the siting Desert Sky Transit Center. In 2016, the Phoenix City Council and the Valley Metro Board of Directors approved a phased approach to what was then known as the Capitol/I-10 West Extension. Phase I, is now known as the Capitol Extension. Phase II, is now known as the I-10 West Extension. Valley Mero initiated preliminary engineering during the year.

## **OTHER INFORMATION**

### **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Valley Metro Rail, Inc. for its annual comprehensive financial report for the fiscal year ended June 30, 2023.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine eligibility for another certificate.

### **Acknowledgments**

The preparation of this report could not have been accomplished without the dedicated service of VMR's Finance staff. Support provided by the Board of Directors is invaluable and appreciated.

Respectfully submitted,



Jessica Mefford-Miller  
Chief Executive Officer



Ken Kessler  
Chief Financial Officer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Valley Metro Rail, Inc.**  
**Arizona**

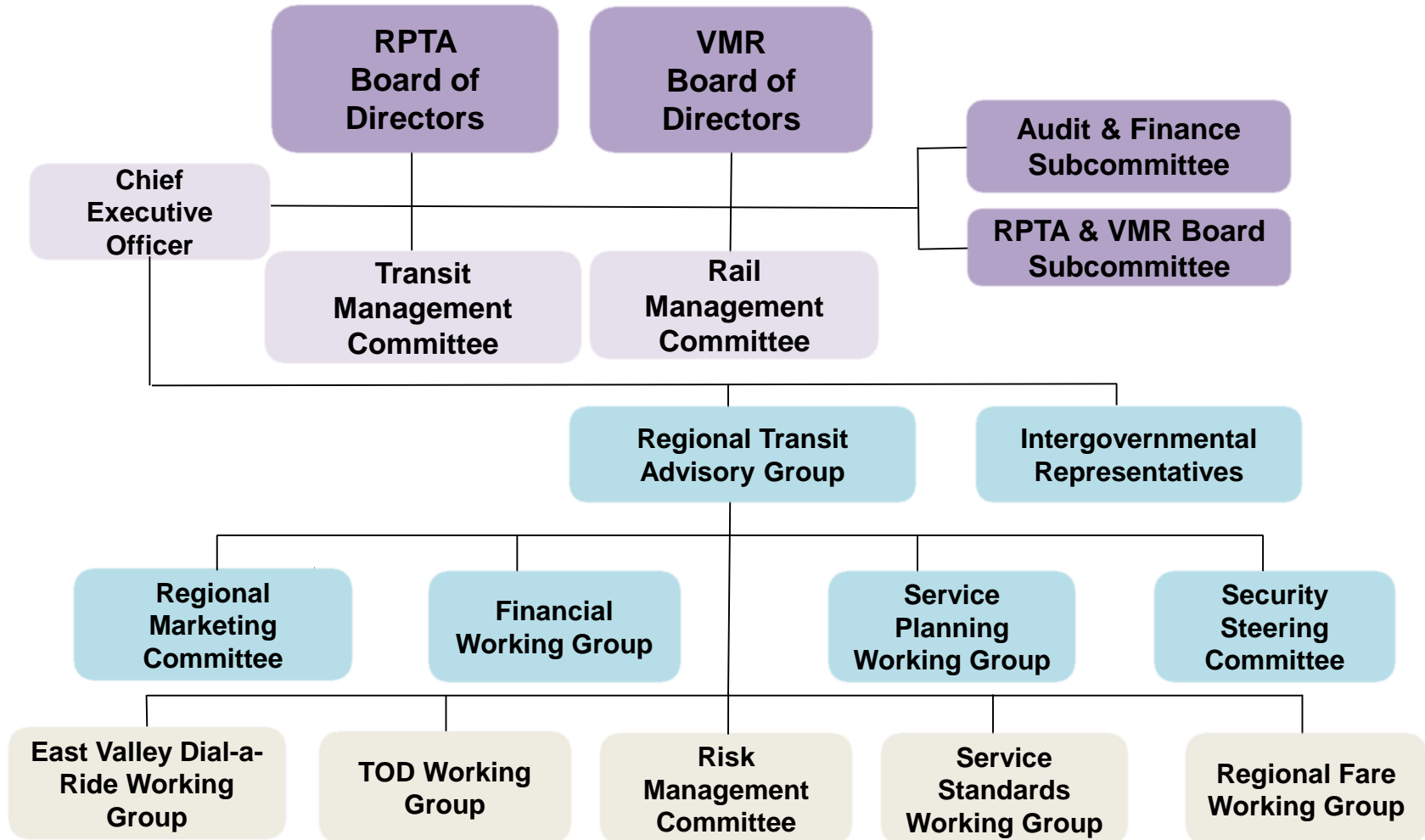
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2023

*Christopher P. Morill*

Executive Director/CEO

# Valley Metro Organization



**VALLEY METRO RAIL, INC.**  
**List of Appointed Officials**  
**Fiscal Year Ended June 30, 2024**

**Board of Directors**

Board Chairman	Councilmember Laura Pastor, Phoenix
Vice Chairman	Vice Mayor Francisco Heredia, Mesa
Board Member	Vice Mayor Jennifer Adams, Tempe
Board Member	Vice Mayor O.D. Harris, Chandler

**Executive Management Team**

Chief Executive Officer	Jessica Mefford-Miller
Chief of Staff	Melissa Boyles
Director, Government Relations	Alexis Tameron Kinsey
Chief Legal Officer	Michael Wawro
Chief Administrative Officer	Jim Hillyard
Chief of Capital Development	Trevor Collon
Director, Communication and Strategic Initiatives	Hillary Foose
Director, Human Resources	Penny Lynch
Chief Financial Officer	Ken Kessler
Director, Safety, Security, and Quality Assurance	Adrian Ruiz
Chief Auditor	Sebrina Beckstrom
Chief Maintenance Officer	Darren Curry
Chief Transportation Officer	Mike Pal

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# FINANCIAL SECTION

The Financial Section includes the Independent Auditor's Report, Management's Discussion and Analysis (MD&A), the basic financial statements, and notes to the financial statements.

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## **Independent Auditor's Report**

Board of Directors  
Valley Metro Rail, Inc.  
Phoenix, Arizona

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the business-type activities of Valley Metro Rail, Inc. (VMR), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise VMR's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Valley Metro Rail, Inc., as of June 30, 2024, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of VMR, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about VMR's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of VMR's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about VMR's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise VMR's basic financial statements. The Schedule of Operations – Budget to Actual is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Operations – Budget to Actual is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

***Forvis Mazars, LLP***

**Dallas, Texas  
November 15, 2024**

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The city of Phoenix hosted the NCAA Men’s Final Four® events on April 5-8, 2024. Valley Metro and the City of Phoenix made travel easy for riders. Riders had to download the Valley Metro app and create an account to take advantage of the complimentary pass. Riders could attend games, fan fest, and free concerts downtown from any of the 13 free park-and-rides in Phoenix, Tempe, and Mesa. They could plan trips, locate trains in real-time, and check rider alerts.

As management of Valley Metro Rail, Inc. (VMR), we offer this narrative overview and analysis of the financial activities of VMR for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iii – viii of this report. This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of VMR's financial activity, (3) identify changes in VMR's financial position, (4) identify any material deviations from the financial plan (adopted annual budget), and (5) identify other issues or concerns.

### **Financial Highlights**

- On January 27, 2024, the Northwest Extension Phase II light rail project opened for service. As a result of the completion of this project and capitalization of other improvements a \$339.4 million transfer of non-depreciable assets - construction in progress to depreciable assets was recorded.
- Ongoing costs for the South Central Extension/Downtown Hub rail expansion project resulted in an increase of \$233.1 million to non-depreciable assets - construction in progress. Funding required to support this capital project was received from the City of Phoenix, Public Transportation Funding, and from the U.S. Department of Transportation and are reported as capital contributions.
- VMR received \$1.3 million in federal support for rail operations reported as non operating receipts of federal grant funding from the American Rescue Plan Act (ARP) to support ongoing eligible rail operations costs and lost revenue associated with the COVID-19 pandemic. This was a reduction in funding compared to the prior year of \$35.6 million.
- Non-Operating contribution from member cities increased by \$40.3 primarily as a result of an increased need for funding to support passenger operations. The increase in funding was needed as result of an increase in operating expenses and a decrease in the receipts of federal grant funding from the ARP to support the cost of rail operations.
- Unearned revenues decreased by \$32.9 million as advance funding received from the City of Phoenix for the South Central Extension/Downtown Hub rail expansion projects was recognized as capital contributions from member cities for the local match obligation of the capital projects resulting in a decrease in the unearned revenue compared to the prior reporting period.
- The Small Business Financial Assistance Program (SBFAP) along the South Central Extension/ Downtown Hub and Northwest Extension Phase II light rail projects continues to deliver grants to small, locally-owned businesses along those corridors. These grants support small businesses during construction and lay the groundwork for their continued success during future operations. Valley Metro spent \$0.7 million on this program during the year.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

VMR's financial statements are presented on an accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP") promulgated by the Governmental Accounting Standards Board (GASB). GAAP requires that the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "Management's Discussion and Analysis" (MD&A). The financial section of the Annual Comprehensive Financial Report for VMR consists of this discussion and analysis and the basic financial statements. This report also contains other supplementary schedules presented after the basic financial statements. VMR's basic financial statements include a statement of net position; a statement of revenues, expenses and changes in net position; a statement of cash flows; and the notes to the financial statements.

**Fund Financial Statements** – VMR is presented as an enterprise fund. Enterprise funds are used for activities that primarily serve customers outside the governmental unit. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or conditions. Funds are used to ensure and demonstrate compliance with finance-related legal requirements as well as for managerial control to demonstrate fiduciary responsibility over the assets of VMR.

The statement of net position presents information on all of VMR's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of VMR is improving or deteriorating.

The statement of revenues, expenses and changes in fund net position presents information showing how the agency's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected grant revenues).

**Notes to the Financial Statements** – The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements and should be read with the financial statements. The notes can be found beginning on page 23.

**Enterprise Operations** – VMR was formed in October 2002 by the cities of Glendale, Mesa, Phoenix and Tempe as a public nonprofit corporation to manage design, construction and operation of the Light Rail Transit (LRT) System within the metropolitan area. The City of Chandler became the fifth contributing member in April of 2007. During Fiscal Year 2020, the City of Glendale elected to discontinue its membership in VMR reducing the total member cities from five to four. The member cities pay for their share of VMR's operating expenses based on expense allocation methods approved in the by-laws of VMR. See Note 1 for a summary of VMR's significant accounting policies.

**FINANCIAL ANALYSIS OF VMR**

The following tables and analysis discuss the financial position and changes to the financial position for VMR as a whole as of and for the year ended June 30, 2024, with comparative information for the previous period.

**Net Position** – Net position may serve over time as a useful indicator of VMR's financial position. The following table reflects the condensed Statement of Net Position as of June 30, 2024, compared to the prior period.

**VMR's Condensed Statement of Net Position**  
**As of June 30, 2024 and 2023**  
*(in thousands of dollars)*

	<b>2024</b>	<b>2023</b>	<b>Change</b>	<b>Percent Change</b>
Current and other assets	\$ 228,009	\$ 318,950	\$ (90,941)	(28.5)%
Noncurrent assets:				
Lease receivable	1,221	2,397	(1,176)	(49.1)%
Capital Assets, not being depreciated	989,194	1,050,075	(60,881)	(5.8)%
Capital Assets, net of accumulated depreciation/amortization	1,736,152	1,465,984	270,168	18.4 %
Total assets	<u>2,954,576</u>	<u>2,837,406</u>	<u>117,170</u>	<u>4.1 %</u>
Current Liabilities	181,951	176,386	5,565	3.2 %
Noncurrent Liabilities	21,330	125,879	(104,549)	(83.1)%
Total liabilities	<u>203,281</u>	<u>302,265</u>	<u>(98,984)</u>	<u>(32.7)%</u>
Deferred inflows of resources	2,365	3,548	(1,183)	(33.3)%
Net Investment in Capital Assets	2,710,022	2,498,919	211,103	8.4 %
Unrestricted	38,908	32,674	6,234	19.1 %
Total Net Position	<u><b>\$ 2,748,930</b></u>	<u><b>\$ 2,531,593</b></u>	<u><b>\$ 217,337</b></u>	<u><b>8.6 %</b></u>

Total net position represents the sum of VMR's unrestricted net position plus net investment in capital assets. The largest portions of the net investment in capital assets are the light rail system capital assets. It is not VMR's intention to sell these assets and they are therefore not available for future spending. In FY 2024, net position increased \$217.3 million largely due to the addition of the construction in progress for South Central/Downtown Hub Extension (\$233.1 million) and capitalization of current year expenses for Northwest Extension Phase III (\$42.2 million). These increases were offset by depreciation/amortization expenses of \$72.1 million.

There was a 28.5% or \$90.9 million decrease in current and other assets. The largest changes were a decrease in due from other governments of \$94.1 million and an increase in inventory of \$2.6 million. The decrease in due from other governments was caused by an increase compared to the prior year of \$9.0 million of the amount of federal monies due from City of Phoenix for federally reimbursable costs, a \$87.4 million decrease in public transportation funding due from Regional Public Transportation Authority (RPTA), and a \$11.9 million decrease in the amount due from City of Tempe for light rail and streetcar funding. The decrease in public transportation funding due from RPTA was caused as the cash transfers from RPTA of \$128.5 million exceeded the current year PTF revenues of \$41.2 million. The increase in inventory is the result of purchases of maintenance inventory during the period.

There was a 8.3% or \$208.1 million increase in noncurrent assets. The largest changes were a \$60.9 million decrease in capital assets, not being depreciated and a \$270.2 million increase in capital assets, net of accumulated depreciation/amortization. The increase to capital assets was the result of the capitalization of \$275.3 in current year capital expenses for the South Central Extension/Downtown Hub and Northwest Extension Phase II light rail project rail expansion projects. On January 27, 2024, the Northwest Extension Phase II light rail project opened for service. As a result of the completion of this project and capitalization of other improvements \$339.4 million were transferred from non-depreciable assets - construction in progress to depreciable assets. As a result of these assets being subject to depreciation/amortization and annual depreciation/amortization expense on other capital assets, accumulated depreciation/amortization increased by \$72.0 million.

There was a 3.2% or \$5.6 million increase in current liabilities. The largest changes were an increase in accounts payable of \$34.3 million and a decrease of unearned revenues of \$32.9 million. Accounts payable increased as the amount of services provided during fiscal year 2024 that were paid after year end increased compared to fiscal year 2023. Unearned revenues decreased by \$32.9 million as advance funding received from the City of Phoenix for capital projects was recognized as capital contributions from member cities for the local match obligation of the capital projects and as a decrease in the unearned revenue. The remaining balance is expected to be used as the local match obligation on the South Central Extension/Downtown Hub project.

There was a 83.1% or \$104.5 million decrease in noncurrent liabilities primarily caused by changes to due to other governments. Non current due to other governments decreased by \$102.7 million primarily because of the change to the liability for direct borrowing for the advance funding received from City of Phoenix assisting in the financing of the South Central Extension/Downtown Hub rail expansion project. The decrease in the non-current liability to the City of Phoenix was the result of 1) an advance from the City increasing the liability by \$9.8 million, 2) a repayment to City of Phoenix of \$45.0 million reducing the liability, 3) a reclassification of \$20.0 million of the liability as a current liability reducing the liability, and 4) a change in assumption of how much advance money should be classified as a due to other governments liability instead of unearned revenue resulted in a reduction of the liability of \$47.5 million. See Note 9 - Due To Other Governments for additional information regarding the assumption change.

**CHANGES IN NET POSITION**

The following table compares the changes in net position, revenues and expenses, of VMR for the current fiscal year and the previous period.

**VMR's Changes in Net Position**  
**Fiscal year ended June 30, 2024 and 2023**  
*(in thousands of dollars)*

	<u>2024</u>	<u>2023</u>	<u>Change</u>	<u>Percent Change</u>
Operating Revenues:				
Passenger Fares	\$ 6,850	\$ 6,904	\$ (54)	(0.8)%
Regional Capital Rebuild Revenue	3,223	1,552	1,671	107.7 %
Other Revenues	469	1,061	(592)	(55.8)%
Operating Revenues	<u>10,542</u>	<u>9,517</u>	<u>1,025</u>	<u>10.8 %</u>
Operating Expenses:				
Administrative	2,929	3,441	(512)	(14.9)%
Passenger Operations Service	80,866	66,093	14,773	22.4 %
Regional Capital Rebuild Program	5,552	3,090	2,462	79.7 %
Depreciation	70,222	66,618	3,604	5.4 %
Lease amortization	1,926	1,926	—	— %
Operating expenses	<u>161,495</u>	<u>141,168</u>	<u>20,327</u>	<u>14.4 %</u>
Operating Loss	(150,953)	(131,651)	(19,302)	14.7 %
Non-operating revenues (expense)	<u>85,656</u>	<u>54,244</u>	<u>31,412</u>	<u>57.9 %</u>
Deficiency before Capital Contributions	(65,297)	(77,407)	12,110	(15.6)%
Capital Contributions	<u>282,634</u>	<u>327,389</u>	<u>(44,755)</u>	<u>(13.7)%</u>
Increase in Net Position	<u>217,337</u>	<u>249,982</u>	<u>(32,645)</u>	<u>(13.1)%</u>
Net Position, July 1	<u>2,531,593</u>	<u>2,281,611</u>	<u>249,982</u>	<u>11.0 %</u>
Net Position, June 30	<u>\$ 2,748,930</u>	<u>\$ 2,531,593</u>	<u>\$ 217,337</u>	<u>8.6 %</u>

Total operating revenues increased by \$1.0 million, or 10.8% primarily as a result of changes in regional capital rebuild revenues and other revenues. Regional capital rebuild revenues increased as a result of increases in regional capital rebuild revenues to fund state of good repair projects scheduled in fiscal year 2023 that were deferred to fiscal year 2024. Other revenues decreased as a result of a change in the reporting of advertising revenues. In fiscal year 2023, there was \$656.1 thousand of advertising revenues reported as other revenues. In fiscal year 2024, there was \$0 of other revenue reported for advertising revenues as there was a lease executed on June 28, 2023 and therefore the advertising revenues were instead reported as non-operating lease income in fiscal year 2024.

Operating expenses increased by \$20.3 million or 14.4% primarily as a result of changes in passenger operations service, regional capital rebuild program, and depreciation expenses. Passenger operations service expenses increased by \$14.8 million. The largest increases for passenger operations service were the result of increases in staff compensation and fringe benefit, transit service contractor, consultant, liability insurance, and utility costs. Another cause of the

increase was a reduction of \$1.3 million in amount received from property damage recoveries compared to the prior year.

Staff compensation and fringe benefit costs increased because of additional staff, salary increases, and increases in the cost of benefits. The number of staff working on vehicle maintenance, traction power, track maintenance, and business management increased during the year. Further, agency staff received an average performance based merit increase of 3% and a 5% cost of living adjustment. Finally, costs of benefits for employees, including Arizona State Retirement and health insurance increased compared to the prior year.

Transit service contractor, consultant, and utility costs all increased compared to the prior year. Transit service contractor costs increased due to increased retention rates, standard contractual increases, and Northwest Extension Phase II opening for revenue service in January 2024. Consultant costs increased as a result of the cost of one time work to the Tempe Town Lake Bridge art lighting. Utility costs increased to record high temperatures and increases in utility rates for small account utilities.

Finally, The regional capital rebuild program expenses increased by \$2.5 million as a result of regional capital rebuild program projects scheduled in fiscal year 2023 deferred to fiscal year 2024. Depreciation expense increased by \$3.6 million primarily as a result of depreciation on current year asset additions.

Non-operating revenues and expenses increased by \$31.4 million or 57.9%. The change compared to the prior year is shown below with an explanation for each non-operating revenue or expense with a significant change.

- Contributions from member cities increased by \$40.3 million or 88.1% - The increase was caused by funding provided by member cities to fund passenger operations costs and a change in the line item city real estate costs were reported in. The increase was partially offset by a reduction in the contributions by the City of Phoenix for concurrent non project activity expenses. Increased funding from member cities for passenger operations costs were needed as operating expense increased and federal grant funding decreased. In fiscal year 2023, member city contributions for real estate were reported as capital contributions from member cities. In the current year, it was determined it to be preferable to report the city real estate contributions as non-operating revenues to ensure those revenues and the real estate costs were both reported as non-operating revenues and expenses. The contribution for concurrent non project activities decreased as there was a reduced level of City funded project expenses during the year.
- Receipts from federal grants decreased by \$25.6 million or 64.4% - Federal grant revenue decreased as the available funds from the American Rescue Plan (ARP) to support rail operations were fully expended after receiving \$1.3 million in federal assistance. With no remaining ARP grant monies to draw from, this resulted in a decline in federal ARP grant revenues of \$35.6 million during the reporting period. VMR was unable to use the Federal Transit Administration's Urbanized Area Formula Funding program grant awards for preventive maintenance costs in prior periods, as all eligible expenses had been covered by ARP funding. Consequently, in the current period, VMR utilized two years' worth of grant funding for preventive maintenance, leading to a \$4.1 million increase in federal revenues for preventive maintenance costs compared to the previous year. In addition, in the current year it was determined it to be preferable to report the \$7.7 million in federal grant award funding received for private utility relocation costs as non-operating revenues to ensure those revenues and the private utility relocation costs were both reported as non-operating revenues and expenses. This resulted in an increase in non-operating receipts from federal grants for the same amount.

- Private utility relocation expenses increased by \$7.2 million or 71.2% - The cost of private utility relocation costs incurred for the South Central Extension/Downtown Hub rail expansion project increased compared to the prior year
- Capital conveyance to member cities decreased by 2.7 million or 51.1% - The decrease was caused by decreased real estate costs for Northwest Extension Phase II light rail project.
- Capital conveyance to RPTA decreased by \$2.9 million or 74.9% - The decrease was the result of decreased contributions to RPTA for costs of the regional fare technology modernization project.
- Concurrent non project activity expenses decreased by \$15.2 million or 93.5% - The cost of concurrent non project activities on South Central Extension decreased compared to prior reporting period.
- Lease income increased by \$1.2 million or 100.0% - VMR, as a lessor, entered into a lease agreement involving advertisements on light rail vehicles and light rail stations that ends on June 30, 2026. That caused the increase to lease income. See Note 7 for additional information.
- Public Transportation Funds (PTF) interest expense decreased from \$1.3 million and was \$0 in the current year - The reduction occurred as the final debt service payment, including PTF interest, occurred in the prior reporting period.

Capital contributions decreased by \$44.8 million or 13.7%. The change compared to the prior year is explained below for each capital contribution line item with a significant change.

- Capital contributions from member cities decreased by \$3.2 million or 2.9% due to decreased funding needed for Northwest Extension-Phase II as the capital project was completed in fiscal year 2024.
- Capital Public Transportation Funds decreased by \$72.6 or 75.9% due to decreased funding needed for the final debt service payment for the advance bond proceeds obligation. The last payment was made in fiscal year 2023. Also, there was decreased funding for Northwest Extension-Phase II as the capital project was completed in fiscal year 2024. Further, public transportation funding for the South Central Extension/Downtown Hub decreased as light rail vehicles and professional services previously funded 100% by public transportation funds were retroactively requested from the Federal Transit Administration and member cities after receiving a new grant award. Finally, there was decreased funding for Tempe Streetcar as lagging project costs in fiscal year 2024 were less than the prior year.
- Federal Transit Administration capital grants increased by \$31.1 million or 25.6% due to retroactive funding of South Central Extension/Downtown Hub federally eligible expenditures compared to prior year.

**CAPITAL ASSETS AND LONG TERM DEBT****Capital Assets:**

The following table provides a breakdown of capital assets of VMR at June 30, 2024, with comparative information for the previous period. Additional information on VMR's capital assets may be found in Note 5.

**VMR's Capital Assets, Net of Depreciation or Amortization**  
**As of June 30, 2024 and 2023**  
*(in thousands of dollars)*

	<u>2024</u>	<u>2023</u>	<u>Change</u>	<u>Percent Change</u>
Buildings	\$ 59,162	\$ 61,726	\$ (2,564)	(4.2)%
Prefabricated Buildings	794	39	755	1,935.9 %
Guideway	760,172	746,461	13,711	1.8 %
Bridges	127,483	31,783	95,700	301.1 %
Operation Control Center	6,536	6,973	(437)	(6.3)%
Passenger Stations and Facilities	122,770	108,947	13,823	12.7 %
Park and Ride Facilities	5,384	7,500	(2,116)	(28.2)%
Bus Shelter	102	180	(78)	(43.3)%
Electric Power Substations	229,185	189,857	39,328	20.7 %
Signal and Communication System	75,726	82,373	(6,647)	(8.1)%
Computers and Software	22	31	(9)	(29.0)%
Revenue Vehicles	154,851	165,170	(10,319)	(6.2)%
Non-Revenue Vehicles	1,491	680	811	119.3 %
Site Improvements	37,066	38,509	(1,443)	(3.7)%
Tenant Improvements	78	121	(43)	(35.5)%
Equipment	9,996	10,228	(232)	(2.3)%
Transit Center	131,854	—	131,854	100.0 %
Construction in Progress	989,194	1,050,075	(60,881)	(5.8)%
Lease Asset - Buildings	13,480	15,406	(1,926)	(12.5)%
Net Capital Assets	<u>\$ 2,725,346</u>	<u>\$ 2,516,059</u>	<u>\$ 209,287</u>	<u>8.3 %</u>

As of June 30, 2024, VMR had \$2.7 billion in capital assets, net of accumulated depreciation and amortization. On January 27, 2024, the Northwest Extension Phase II light rail project opened for service. As a result of the completion of this project and capitalization of other improvements, \$339.4 million was transferred from non-depreciable assets - construction in progress to depreciable assets. This caused an increase in the net reported value of guideway, bridges, passenger stations and facilities, electric power substations, and transit center. The construction in progress decrease was offset by increases of \$278.6 million of CIP additions for capital costs associated with major capital projects (South Central Extension/Downtown Hub, Capitol Extension, and the LRV Video and Communication upgrade). In addition, during the year 17 non-revenue vehicles were purchased resulting in an increase to the non-revenue vehicles net value.

**Long Term Debt:**

See change in net position, non-current liabilities for description of changes to the direct borrowing from City of Phoenix.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

VMR's adopted fiscal year 2025 capital budget is \$261.6 million, down \$143.7 million from fiscal year 2024's adopted budget. The primary causes for the decrease are a \$89.6 million decrease in budgeted South Central Extension/Downtown Hub construction in fiscal year 2025 and a \$47.7 million decrease in budgeted costs for Northwest Extension Phase II. The decrease in Northwest Extension II was the result of the construction activity being completed as the extension is in revenue service starting in January 2024, however payments for residual construction costs continue into fiscal year 2025. Background on the capital projects may be found in the Statistical Section commencing on page 51.

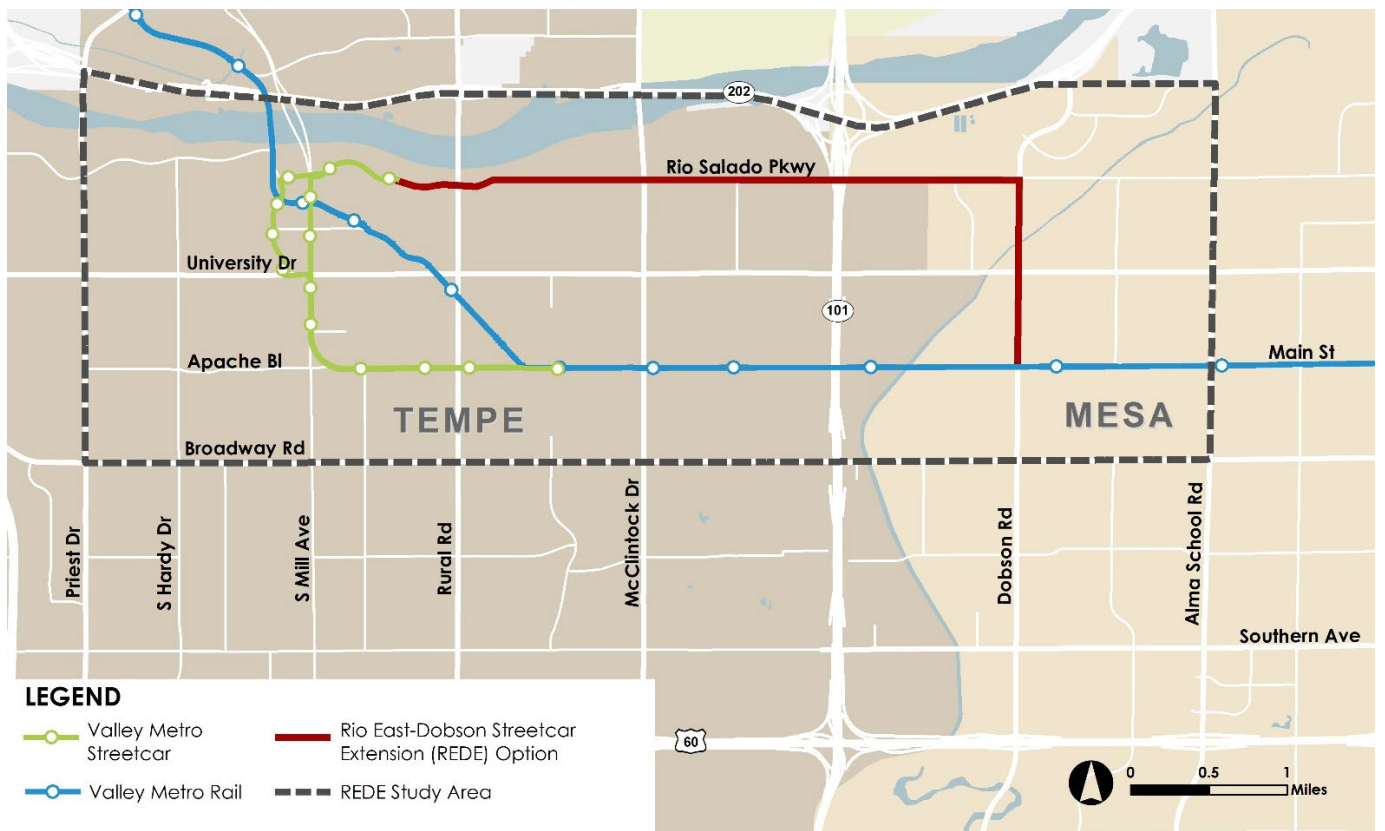
On the operating side, VMR's FY 2025 budget is \$97.0 million, up \$8.0 million versus FY 2024 adopted budget. Light rail operations costs are budgeted to increase by \$5.5 million to \$71.7 million in FY 2025 mainly due to a full year of Northwest Extension Phase II revenue service combined with increases to personnel and contractual services. Light rail security is budgeted to increase by \$2.2 million primarily due to annual contract increases, enhanced security and Northwest Extension II service operating for a full year.

**Comparison of Annual Expenditure Budgets  
Fiscal Year 2025 vs. 2024**

<b>Uses of Funds</b>	<b>FY 2025 Adopted (\$,000)</b>	<b>FY 2024 Adopted (\$,000)</b>	<b>Change (\$,000)</b>
<b>Operating</b>			
Revenue Light Rail Operations & Maintenance	\$ 71,713	\$ 66,233	\$ 5,480
Revenue Streetcar Operations & Maintenance	6,404	6,263	141
Light Rail Security	14,431	12,224	2,207
Streetcar Security	1,045	1,007	38
Agency Operating	3,443	3,304	139
<b>Total Operating</b>	<b>97,036</b>	<b>89,031</b>	<b>8,005</b>
<b>Capital Projects:</b>			
Future Project Development	14,792	13,354	1,438
South Central	195,951	285,587	(89,636)
Northwest Phase II	10,769	58,425	(47,656)
Tempe Streetcar	—	3,500	(3,500)
Gilbert Road Extension	—	2,322	(2,322)
Capitol Extension	18,396	12,898	5,498
OMC Expansion	—	—	—
Systemwide Improvements	4,359	12,074	(7,715)
State of Good Repair	17,361	17,192	169
<b>Total Capital</b>	<b>261,628</b>	<b>405,352</b>	<b>(143,724)</b>
<b>Total Uses of Funds</b>	<b>\$ 358,664</b>	<b>\$ 494,383</b>	<b>\$ (135,719)</b>

***FINANCIAL CONTACT***

The financial report is designed to provide a general overview of VMR's finances and to demonstrate accountability for the use of public funds. Questions about any of the information provided in this report, or requests for additional financial information should be addressed to Valley Metro's Chief Financial Officer, Valley Metro Rail, Inc., 101 North 1st Avenue, Suite 1400, Phoenix, Arizona 85003.



U.S. Second Gentleman Douglas Emhoff joined local and federal officials on Friday, July 19, 2024, for an event and a ride on Valley Metro Streetcar to emphasize the importance of public transit investments. Mr. Emhoff emphasized the Biden Administration’s \$903 million investment in transit projects in Arizona, including the recent \$15.9 million USDOT [Rebuilding American Infrastructure with Sustainability and Equality \(RAISE\)](#) grant award for the [Rio East-Dobson Streetcar Extension](#) (REDE). The 4.4-mile extension builds on the success of the streetcar in Tempe, which has served over 1.4 million rides since opening in 2022.

**Valley Metro Rail, Inc.**  
Statement of Net Position  
June 30, 2024  
*(in thousands of dollars)*

**Assets**

Current Assets:

Cash and cash equivalents	\$	16,571
Receivables		23
Due from other governments		178,107
Inventory		28,722
Lease receivable		1,176
Lease interest receivable		20
Other assets		3,390
Total Current Assets		<u>228,009</u>

Noncurrent Assets:

Lease receivable		1,221
Capital assets, not being depreciated		989,194
Capital assets, net of accumulated depreciation and amortization		1,736,152
Total Noncurrent Assets		<u>2,726,567</u>

Total Assets		<u>2,954,576</u>
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**Liabilities**

Current Liabilities

Accounts payable		86,320
Lease liability		1,877
Insurance reserves		1,025
Due to other governments		26,174
Member cities deposits		19,216
Lease interest payable		16
Unearned revenue		47,323
Total Current Liabilities		<u>181,951</u>

Noncurrent liabilities:

Due to other governments		9,235
Lease liability		12,095
Total Noncurrent Liabilities		<u>21,330</u>

Total Liabilities		<u>203,281</u>
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**Deferred Inflows of Resources**

Deferred inflows related to leases		<u>2,365</u>
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**Net Position**

Net investment in capital assets		2,710,022
Unrestricted		38,908
Total Net Position	\$	<u>2,748,930</u>

The accompanying notes to the financial statements are an integral part of this statement.

**Valley Metro Rail, Inc.**

## Statement of Revenues, Expenses, and Changes in Fund Net Position

Fiscal Year Ended June 30, 2024

*(in thousands of dollars)***Operating Revenues:**

Passenger Fares	\$ 6,850
Regional Capital Rebuild Revenue	3,223
Other Revenues	469
Total Operating Revenues	<u>10,542</u>

**Operating Expenses:**

Administrative	2,929
Passenger Operations Service	80,866
Regional Capital Rebuild Program	5,552
Depreciation	70,222
Amortization	1,926
Total Operating Expenses	<u>161,495</u>

**Operating Loss**(150,953)**Non-Operating Revenue / (Expense):**

Contributions from Member Cities	86,104
Public Transportation Funds	14,839
Receipts from Federal Grants	14,145
Other Planning Revenues	1,000
Future Project Development	(9,157)
Private Utilities Relocations	(17,254)
Small Business Assistance Program and Transit Oriented Development	(658)
Capital Conveyance to Member Cities	(2,551)
Capital Conveyance to RPTA	(980)
Contribution to RPTA	(336)
Concurrent Non Project Activities	(1,058)
Lease Income	1,183
Lease Interest Income	108
Gain on Disposal of Capital Assets	37
Other Non-Operating Revenues	234
Total Non-Operating Revenues / (Expense)	<u>85,656</u>

**Deficiency before Capital Contributions**(65,297)**Capital Contributions:**

Capital Contributions from Member Cities	106,965
Public Transportation Funds Capital	23,097
Federal Transit Administration Capital Grants	152,216
Other Capital Contributions	356
Total Capital Contributions	<u>282,634</u>

**Change in Net Position**

217,337

**Net Position, Beginning of Period**2,531,593**Net Position, End of Period**\$ 2,748,930

The accompanying notes to the financial statements are an integral part of this statement.

**Valley Metro Rail, Inc.**  
Statement of Cash Flows  
Fiscal Year Ended June 30, 2024  
*(in thousands of dollars)*

**Cash Flows from Operating Activities**

Receipts from Fare Revenues	\$ 6,729
Receipts from Regional Capital Rebuild Program	1,201
Other Receipts	319
Payments for Payroll Related Expenses	(33,680)
Payments to Suppliers	(59,503)
Net Cash Used in Operating Activities	<u>(84,934)</u>

**Cash Flows from Non-Capital Financing Activities**

Receipts from Member Cities	100,205
Receipts from Regional Public Transportation Authority	15,483
Receipts from Federal Non-Capital Grants	22,388
Receipts from Maricopa Association of Governments	555
Payments for Concurrent Non Project Activities	(346)
Payments for Future Project Development	(15,289)
Payments for Small Business Assistance and Transit Oriented Development	(686)
Payments for Private Utility Relocations	(23,509)
Capital Conveyance to Member Cities	(144)
Capital Conveyance to RPTA	(865)
Contributions to RPTA	(336)
Net Cash Provided by Non-Capital Financing Activities	<u>97,456</u>

**Cash Flows from Capital and Related Financing Activities**

Capital Contributions from Member Cities	18,102
Receipts from FTA Capital Grants	134,944
Receipts from Regional PTF for Capital	112,319
Receipt of South Central Extension Advance Funding	9,829
Repayment of South Central Extension Advance Funding Obligation	(45,000)
Payments for Capital Assets	(242,633)
(Payments) Receipts on Leases or SBITAs	314
Net Cash Used in Capital and Related Financing Activities	<u>(12,125)</u>

**Net Increase in Cash and Cash Equivalents**

397

**Cash and Cash Equivalents, Beginning of Year**

16,174

Cash and Cash Equivalents, End of Year

\$ 16,571

**Cash and Cash Equivalents**

Cash and Investments \$ 16,571

Restricted Cash and Investments —

**Total Cash and Cash Equivalents**

\$ 16,571

Continued on next page

**Valley Metro Rail, Inc.**

Statement of Cash Flows (Concluded)

Fiscal Year Ended June 30, 2024

*(in thousands of dollars)***Reconciliation of Operating Loss to Net Cash Provided by Operating Activities**

Operating Loss	\$	(150,953)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:		
Depreciation		70,222
Lease Amortization		1,926
Lease interest expense recorded in operating expenses		78
Contribution from RPTA recorded in operating revenues		(370)
(Increase) Decrease in Assets:		
Accounts Receivable		165
Due from Other Governments		(1,887)
Inventory		(2,633)
Other Assets		(220)
Increase (Decrease) in Liabilities		
Accounts Payable		7,206
Due to Other Governments		(8,517)
Insurance Reserves		49
<b>Net Cash Provided by Operating Activities</b>	<b>\$</b>	<b>(84,934)</b>

**Noncash Transactions affecting Financial Position**

Capital Contributions from Member Cities	\$	10,905
Capital Conveyance removed from Construction in Progress		1,718

The accompanying notes to the financial statements are an integral part of this statement.

## **1. Summary of Significant Accounting Policies**

The accounting policies of Valley Metro Rail, Inc. (VMR) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

All GASB issued statements that had an effective date for implementation for the year ended June 30, 2024 were considered in the preparation of the financial statements; however, there were no additional GASB statements that impacted the financial statements or presentation for the fiscal year ended June 30, 2024.

### **a. Financial Reporting Entity**

In October 2002, the city councils of Glendale, Mesa, Phoenix and Tempe approved the formation of a government entity with a nonprofit status by the name of Valley Metro Rail, Inc. The nonprofit corporation was organized under A.R.S. 11-952 and 40-1152. The initial members entered into a Joint Powers Agreement which provides that this corporation be organized as the instrumentality to plan, design, construct, and operate the Light Rail Transit Project ("LRT"). Prior to October 2002, the Regional Public Transportation Authority (RPTA) performed these roles.

VMR contracts with the RPTA for certain administrative functions, including personnel, HR administration, and computer support services. All VMR staff is hired and employed by RPTA but works solely under the direction of Valley Metro Rail, Inc., and its Board of Directors, through a contractual arrangement with RPTA.

The Board of Directors of VMR is solely responsible for the governance of LRT and VMR is not a component unit of RPTA; economic resources received by VMR are entirely for the direct benefit of VMR, and RPTA is not entitled to and has no ability to otherwise access any of the economic resources received or held by VMR.

### **b. Financial Statements**

These financial statements are presented in accordance with Government Accounting Standards Board (GASB) and all applicable GASB Statements. VMR is engaged only in business-type activities and is required to present the financial statements required for enterprise funds which are part of proprietary funds. VMR does not report any component units.

### **c. Basis of Presentation**

Proprietary funds account for activities of VMR similar to those found in the private sector, where cost recovery and the determination of net income is useful or necessary for sound fiscal management. The focus of proprietary fund measurement is upon the determination of operating income, changes in net position, financial position and cash flows. Currently, the VMR is classified as a stand-alone enterprise fund.

### **d. Measurement Focus and Basis of Accounting**

The Statement of Net Position and Statement of Revenues, Expenses and Changes in Fund Net Position are reported using the flow of economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been

met. Such revenue is subject to review by the funding agency, which may result in disallowance in subsequent periods.

All of VMR's activities are accounted for in a single proprietary or business-type fund. Proprietary funds distinguish operating revenues and expenses from non-operating items and capital contributions. Operating revenues and expenses generally result from providing services and producing and delivering goods in connecting with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as either non-operating revenues and expenses or capital contributions.

**e. Cash and Investments**

State statutes authorize VMR to invest in obligations of the U.S. Treasury and any of its agencies, corporations or instrumentalities, collateralized repurchase agreements, certificates of deposit, and the Local Government Investment Pool. VMR's investments are stated at fair value. Fair value is based on quoted market prices as of the valuation date.

VMR considers short-term investments in mutual fund-money markets, U.S. Treasury bills and notes with maturities of three months or less at acquisition date to be cash equivalents.

**f. Receivables**

Management analyzes receivables periodically to determine the adequacy of the allowance for doubtful accounts. There is no current provision required for possible bad debts.

**g. Inventory**

Inventories consist of expendable supplies held for consumption. Inventories are valued at cost using the average cost method. Inventories are expensed when the resources are used.

**h. Prepaid Expenses**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaids are recorded as assets and the expense is recognized when the assets are consumed or used. The prepaid items are included in Other Assets on the Statement of Net Position.

**i. Capital Assets**

Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year.

Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

VMR capitalizes all costs incurred in connection with the construction of capital projects. The costs for passenger operations service, the LRV Regional Capital Rebuild program (considered maintenance for capitalization purposes), administration, and capital asset depreciation and amortization costs are recorded as annual operating expenses.

VMR is not the legal owner of any land. The land required for the LRT system is acquired and owned by the Member Cities and is the subject of a long-term use agreement between each City and VMR. Land, subject to the above agreement, is not capitalized by VMR and is instead recorded on the books of member cities. If a member city submits a reimbursement for real estate purchases, the cost is paid to the city through federal and regional sources. Land purchased by member cities is reported to VMR and recorded on the books as an expense and

**Valley Metro Rail, Inc.**

## Notes to the Financial Statements (Continued)

Fiscal Year Ended June 30, 2024

capital contribution from member cities. At fiscal year end, the land costs paid for by VMR and the member cities is reported as a Capital Conveyance to member cities as it is considered “conveyed” back to the member city.

The costs included as construction in progress consist primarily of project administration, engineering, construction management, facility construction, equipment procurement, and other costs related to construction. Construction in progress is not depreciated until after construction is completed and the assets are placed in service.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Useful Life (Years)</u>
Buildings	40
Prefabricated Buildings	10-25
Guideway	50
Bridges	30
Operation Control Center	30
Passenger Stations and Facilities	15-30
Park and Ride Facilities	15
Electric Power Substations	25
Signal and Communication System	10-20
Revenue Vehicles	25-30
Equipment	3-25
Furniture and Fixtures	7
Non-Revenue Vehicles	10-15
Computers and Software	3-10
Tenant Improvements	8
Site Improvements	5-25
Bus Shelter	10
Transit Center	20-40

**j. Leases and Subscription-Based Information Technology Arrangements**

**Leases** - As lessee, VMR recognizes lease liabilities with an initial, individual value of \$50,000 or more. VMR uses its estimated incremental borrowing rate to measure lease liabilities unless it can readily determine the interest rate implicit in the lease. VMR's estimated incremental borrowing rate is based on historical yields obtained from the Municipal Bond Information Service for investment grade tax-exempt governmental bonds plus 75 basis points.

As lessor, VMR recognizes lease receivables with an initial, individual value of \$50,000 or more. If there is no stated rate in the lease contract (or if the stated rate is not the rate VMR charges the lessee) and the implicit rate cannot be determined, VMR uses its own estimated incremental borrowing rate as the discount rate to measure lease receivables. VMR's estimated incremental borrowing rate is calculated as described above.

**Subscription-based Information Technology Arrangements** - VMR recognizes subscription liabilities with an initial, individual value of \$500,000 or more. VMR uses its estimated incremental borrowing rate to measure subscription liabilities unless it can readily determine the interest rate implicit in the lease. VMR's estimated incremental borrowing rate is calculated using the same methodology as leases as described above.

Due to the contractual agreement with the Regional Public Transportation Authority (RPTA) as described in Note 1a, VMR and RPTA have joint agreements with various vendors that include leases and SBITAs. These arrangements are funded by both entities based on usage. All assets and liabilities related to joint leases and SBITAs agreements are recorded in RPTA's financial statements while VMR records contributions toward the lease or subscription payments only. Total amounts for subscription and lease payments are classified as Contribution to RPTA on VMR's financial statements as a result of the implementation of this new standard.

**k. Unearned Revenue**

Unearned revenue is recorded when cash, receivables, or other assets are received prior to their being earned.

**l. Allocation of Costs to Member Cities**

Design and construction costs for the Light Rail Extensions that comprise the System are allocated to the member cities as follows:

- i) Regional design and construction costs are allocated based upon the Design and Construction Miles percentage method as stated in the bylaws of the corporation. The components of the LRT that are currently classified as "regional" are light rail vehicles, the maintenance and storage facility, operations control center, some bridge structures, and regional park-and-ride lots.
- ii) Local design and construction costs are allocated to the member cities within whose boundaries the LRT Component designed or constructed will be located. Design and construction costs that are not classified as regional are deemed to be local.
- iii) Design and construction costs for future LRT extensions are funded based upon Design and Construction Agreements which are executed in accordance with the adopted Regional Transit Life Cycle Plan (TLCP). Each construction project of a light rail extension has a different funding structure based on the TLCP. Under the Design and Construction project agreement for each extension, a member city may be required to fund a local match as part of project funding, if the project is located within its jurisdiction. The remaining funding comes from Federal and regional monies.

If a member city's share of the LRT costs for a fiscal year is determined to be less than \$50,000, such member city's share of the LRT costs shall be \$50,000. The purpose of the Minimum Cost is so that all member cities will contribute to payment of the overhead expense of the Corporation for matters such as the cost of meetings of the Board of Directors, administrative support to the Board of Directors, and support to member cities by the Rail Program Staff.

Passenger Operations Service Expenses for Light Rail Operations are funded by the member cities according to the ratio of LRT route mileage currently in service. Costs related to fare inspection, on-board security and park-and-ride security are considered regional costs. Member cities may also contribute amounts to fund local security within their respective jurisdictions. Passenger Service Operations Expenses, including on board security, for Tempe StreetCar are funded by the City of Tempe.

**Valley Metro Rail, Inc.**

Notes to the Financial Statements (Continued)

Fiscal Year Ended June 30, 2024

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**m. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America necessarily requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting financial period. Actual results could differ from these estimates.

**n. Deferred Inflows of Resources**

The statement of net position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to future periods and will be recognized as a revenue in future periods.

**o. Net Position**

VMR's net position consists of unrestricted net position and net investment in capital assets. Net investment in capital assets, which is capital assets, net of related debt, is separately reported because capital assets make up a significant portion of net position.

**2. Budgetary Basis of Accounting**

An annual budget of revenues and expenses is prepared and adopted by the Board of Directors each fiscal year. According to the By-Laws of Valley Metro Rail, Inc. annual operating and capital budget is required. The legal level of budgetary control is the total annual appropriated budget. The annual budget is adopted on the accrual basis. Encumbrance accounting is not used and all appropriations lapse at year end. Depreciation expense and lease amortization expense are not included in the annual budget. Prior to final adoption, a proposed budget is presented to the Board of Directors for review and public comment is received. Final adoption of the budget must be on or before June 30 of each year.

A schedule of actual operating revenues and expenses versus original budget and final budget is presented as other supplementary information. See Page 39.

**3. Cash and Investments**

Cash deposits and investments at June 30, 2024, consisted of the following  
(in thousands of dollars):

Cash on Hand and in Bank	\$	15,546
Insurance Trust Fund		1,025
Total Cash and Investments	<u>\$</u>	<u>16,571</u>

VMR has deployed Ticket Vending Machines (TVM's) which contain coin and bill vaults to accommodate the purchase of fares. At June 30, 2024, the total cash contained in the coin and bill vaults totaled \$148 thousand.

VMR's bank deposits at June 30, 2024, had a carrying value of \$15.4 million and the bank ledger balance was \$29.5 million. The difference of \$14.1 million represents deposits in transit and outstanding checks. Of the bank balance, \$750 thousand is covered by federal depository insurance and \$28.7 million is collateralized 102% by securities held by the pledging financial institution in VMR's name.

**Valley Metro Rail, Inc.**

Notes to the Financial Statements (Continued)

Fiscal Year Ended June 30, 2024

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The Self Insurance Reserve Trust Account totaling \$1.0 million was covered by collateral held by the pledging financial institution in VMR’s name. It is invested within Money Market Funds with Wells Fargo that are measured at amortized cost.

*Custodial Credit Risk* – Custodial credit risk is the risk that in the event of bank failure VMR’s deposits may not be returned. VMR does not have a deposit policy for custodial credit risk. All of VMR’s bank deposits, except the restricted cash with bank, are in non-interest bearing accounts.

*Interest Rate Risk* – VMR’s formal investment policy limits the type of investment as a means of managing its exposure to fair value losses arising from increasing interest rates. During FY 2024, all investment durations were shorter than 90 days.

*Credit Risk* – State Statutes and VMR’s Investment Policy authorize VMR to invest in bank demand deposit accounts and obligations of the U.S. Treasury.

*Concentration of Credit Risk* – VMR’s Investment Policy limits the total investments by type of account including, General Operating, Imprest Fund, Self-Insurance Reserve and TVM Credit Card. At June 30, 2024, VMR maintains all available cash in these accounts.

**4. Accounts Receivable and Due From Other Governments**

All receivable balances at June 30, 2024 are displayed on the financial statements and are expected to be collected in full; therefore, an allowance for uncollectibles has not been recorded.

Due from other governments consists of federal receivables due from the City of Phoenix as Grantee of Federal Funds, PTF receivable due from Regional Public Transportation Authority (RPTA), project funding receivables due from cities of Mesa, Phoenix and Tempe and miscellaneous receivables due from Arizona State University (*in thousands of dollars*).

City of Phoenix (Grantee of Federal Funds)	\$	93,141
Public Transportation Funding		77,756
City of Mesa		153
City of Phoenix		4,790
City of Tempe		2,263
Arizona State University		4
Total Due from Other Governments	\$	<u>178,107</u>

Public Transportation Funding is discussed more fully in Note 15.

**Valley Metro Rail, Inc.**

Notes to the Financial Statements (Continued)

Fiscal Year Ended June 30, 2024

**5. Capital and Lease Assets**

Capital and lease assets and construction in progress activity for the year ended June 30, 2024 were as follows *(in thousands of dollars)*:

	<b>Balances, 6/30/23</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balances, 6/30/24</b>
Nondepreciable assets:					
Construction in Progress	\$ 1,050,075	\$ 278,569	\$ (27)	\$ (339,423)	\$ 989,194
Depreciable/Amortizable assets:					
Buildings	102,532	—	—	—	102,532
Prefabricated Buildings	41	—	—	775	816
Guideway	954,445	—	—	33,107	987,552
Bridges	61,516	—	—	98,738	160,254
Operation Control Center	13,104	—	—	—	13,104
Passenger Stations and Facilities	169,020	—	—	19,787	188,807
Park and Ride Facilities	49,791	—	—	—	49,791
Bus Shelter	772	—	—	—	772
Electric Power Substations	271,211	—	—	51,173	322,384
Signal and Communication System	143,169	—	—	743	143,912
Computers and Software	918	—	—	—	918
Furniture and Fixtures	898	—	—	—	898
Revenue Vehicles	295,489	1,057	—	535	297,081
Non-Revenue Vehicles	4,530	930	(138)	—	5,322
Site Improvements	44,853	—	—	671	45,524
Tenant Improvements	342	—	—	—	342
Equipment	27,524	923	—	278	28,725
Transit Center	—	—	—	133,616	133,616
Lease Asset - Buildings	19,258	—	(1)	—	19,257
Total depreciable/amortizable assets at historical cost	<u>2,159,413</u>	<u>2,910</u>	<u>(139)</u>	<u>339,423</u>	<u>2,501,607</u>
Less accumulated depreciation/amortization for:					
Buildings	(40,806)	(2,564)	—	—	(43,370)
Prefabricated Buildings	(2)	(20)	—	—	(22)
Guideway	(207,984)	(19,396)	—	—	(227,380)
Bridges	(29,733)	(3,038)	—	—	(32,771)
Operation Control Center	(6,131)	(437)	—	—	(6,568)
Passenger Stations and Facilities	(60,073)	(5,964)	—	—	(66,037)
Park and Ride Facilities	(42,291)	(2,116)	—	—	(44,407)
Bus Shelter	(592)	(78)	—	—	(670)
Electric Power Substations	(81,354)	(11,845)	—	—	(93,199)
Signal and Communication System	(60,796)	(7,390)	—	—	(68,186)
Computers and Software	(887)	(9)	—	—	(896)
Furniture and Fixtures	(898)	—	—	—	(898)
Revenue Vehicles	(130,319)	(11,911)	—	—	(142,230)
Non-Revenue Vehicles	(3,850)	(102)	121	—	(3,831)
Site Improvements	(6,344)	(2,114)	—	—	(8,458)
Tenant Improvements	(221)	(43)	—	—	(264)
Equipment	(17,296)	(1,433)	—	—	(18,729)
Transit Center	—	(1,762)	—	—	(1,762)
Lease Asset - Buildings	(3,852)	(1,926)	1	—	(5,777)
Total accumulated depreciation/amortization	<u>(693,429)</u>	<u>(72,148)</u>	<u>122</u>	<u>—</u>	<u>(765,455)</u>
Total capital assets being depreciated/amortized	<u>1,465,984</u>	<u>(69,238)</u>	<u>(17)</u>	<u>339,423</u>	<u>1,736,152</u>
Business-type activities, capital assets, net	<u>\$ 2,516,059</u>	<u>\$ 209,331</u>	<u>\$ (44)</u>	<u>\$ —</u>	<u>\$ 2,725,346</u>

**Valley Metro Rail, Inc.**

Notes to the Financial Statements (Continued)

Fiscal Year Ended June 30, 2024

**6. Member Cities' Deposits**

The member cities advance monies to cover the cost of operations plus the federal and local share of project costs. In addition, unpaid expenses to be funded by member contributions are accrued for each city. A summary of member cities' deposits at June 30, 2024 follows (*in thousands of dollars*):

City of Chandler	\$	152
City of Glendale		142
City of Mesa		2,371
City of Peoria		37
City of Phoenix		10,919
City of Tempe		5,595
	\$	<u>19,216</u>

**7. Leases**

Valley Metro Rail, Inc. (VMR) has several leasing arrangements, summarized below.

**Lessee activities**

Beginning on July 1, 2014, VMR entered into a new contract to lease office space for a 12 year term which included 57,007 square feet of building space including parking. Further, beginning on December 1, 2017, VMR entered into a new contract to lease additional office space for the 14th Floor of the building for a 8.5 year term (with a five year extension option) which included 13,242 square feet of building space. The remaining liability for this lease is \$14.0 million as of June 30, 2024. Intangible right to use assets, net of amortization for these leases is \$13.5 million as of June 30, 2024. Interest expense recognized on these leases was \$218 thousand for fiscal year ended June 30, 2024. Of the \$218 thousand in interest expense, \$78 thousand is recorded in Administrative expenses, \$59 thousand is recorded in Passenger Operations Service and \$81 thousand is recorded in Future Project Development. Principal payments totaling \$1.8 million were recognized in year ended June 30, 2024. Final payment on these leases is expected in fiscal year 2031.

VMR's schedule of future payments included in the measurement of the lease liability is as follows (*in thousands of dollars*):

<b>Fiscal Year</b>				
<b>ending June 30:</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2025	\$ 1,877	\$ 190	\$ 2,067	
2026	1,940	162	2,102	
2027	1,972	134	2,106	
2028	2,001	105	2,106	
2029	2,031	75	2,106	
2030 - 2031	4,151	59	4,210	
	<u>\$ 13,972</u>	<u>\$ 725</u>	<u>\$ 14,697</u>	

**Valley Metro Rail, Inc.**

Notes to the Financial Statements (Continued)

Fiscal Year Ended June 30, 2024

**Summary of Long-Term Lease Liability**

	Balance July 1, 2023	Additions	Reductions	Transfers and Adjustments	Balance June 30, 2024	Due within 1 year
Lease payable - Buildings	\$ 15,788	\$ —	\$ (1,816)	\$ —	\$ 13,972	\$ 1,877

**Lessor activities**

Beginning on June 28, 2023, VMR, as a lessor, entered into a lease agreement involving advertisements on light rail vehicles and light rail stations that ends on June 30, 2026. The contract includes terms and conditions for variable payments that are not included in the measurement of the lease receivable. Per the contract, \$1.3 million will be paid to VMR annually or 65% of contractor's net advertising revenues, whichever is greater.

During the fiscal year ended June 30, 2024, VMR recognized total lease-related revenues of \$1.2 million and interest revenue of \$0.1 million. The balance of deferred inflows of resources related to leases is \$2.4 million. There were no variable payments received in the fiscal year.

**8. Subscription-Based Information Technology Arrangements**

VMR and RPTA have entered into joint subscription-based information technology arrangements (SBITAs) involving:

- Office productivity software
- Access management security software
- Data visualization and business intelligence software
- Collaboration for chat, video conferencing, and file sharing software
- Email and calendaring for business communication software
- Diagramming and vector graphics software
- Workflow automation software
- Enterprise resource planning and human resources software that integrates finance, human resources, procurement, business processes
- Physical asset maintenance software
- Cybersecurity software
- Geographical information software

All assets and liabilities related to joint SBITA agreements are recorded in RPTA's financial statements while VMR records contributions toward the subscription payments only. Total amounts for subscription and lease payments are classified as Contribution to RPTA on VMR's financial statements and were \$336 thousand for fiscal year 2024.

**9. Due to Other Governments**

As mentioned in Note 1, VMR contracts with RPTA for administrative functions, including personnel, HR administration, and computer support services. All VMR staff are hired and employed by RPTA but work solely under the direction of VMR and its Board of Directors through a contractual arrangement with RPTA. As of June 30, 2024, VMR owed RPTA \$3.7 million for payroll and fringe benefits and \$1.6 million to reimburse shared contractual services. Both amounts are expected to be repaid to RPTA next fiscal year.

The \$0.7 million due to City of Phoenix in current liabilities consists of \$20.0 million for the current portion of the direct borrowing for the advance funding for the South Central Extension/Downtown Hub and \$0.7 million for other amounts due to the City. The \$59 thousand due to City of Mesa and the \$59 thousand due to City of Tempe are for quarterly station and vehicle advertising revenue distributions.

On May 20, 2015, VMR entered into an agreement with the City of Phoenix for funding for the South Central Extension/Downtown Hub. The agreement was amended on January 6, 2021 for the City of Phoenix to provide advance Federal Transit Administration (FTA) funding to VMR. The terms specify the amount to advance in an amount not to exceed \$329.8 million.

At June 30, 2023, the total amount reported as non-current due to other governments for the City of Phoenix (the City) was \$110.6 million. The liability included the assumption that a maximum of \$233.7 million received from the City would be the City's local match contribution requirement. However, in fiscal year 2024, a change in assumption occurred because it was determined that \$47.5 million reserved to fund City incurred finance charges would no longer be needed as there would not be financing costs for the project. Therefore, the assumed maximum contributions by the City of Phoenix towards the project increased from \$233.7 million to \$281.2 million. This change in assumption reduced the noncurrent due to other governments liability by \$47.5 million it also increased the unearned liability by the same amount. The \$47.5 million of the advance from the City of Phoenix was reclassified between non-current due to other governments to unearned revenue liability as the total amount of advance funding that may be used towards the cities share of the local match for the project increased by \$47.5 million. This change in assumption was preferable as it more accurately represents the best estimate if the advance funding will be used towards the cities local match for the project or refunded back to the City. In addition to this change in assumption, the liability changed during the year as \$9.8 million in advance funding was received from the City increasing the liability. Further, VMR repaid the City of Phoenix \$45.0 million of the due to other governments liability. The direct borrowing liability due to City of Phoenix balance at June 30, 2024 was \$27.9 million of which \$20.0 million was a current liability anticipated to be repaid in fiscal year 2025 and \$7.9 million is a non-current liability. For this agreement, VMR did not pledge assets as collateral for the debt. There are no terms specified in the agreement related to significant (1) events of default with finance-related consequences, (2) termination events with finance-related consequences, and (3) subjective acceleration clauses.

The \$1.4 million due to the Federal Transit Administration is for insurance and disposal proceeds recognized prior to FY22 that may be applied to offset future federally eligible purchases. The fiscal year 2025 Board approved budget did not include usage of the disposal proceeds. Therefore, it is a noncurrent liability.

**Valley Metro Rail, Inc.**

Notes to the Financial Statements (Continued)

Fiscal Year Ended June 30, 2024

Total Due to Other Governments is as follows *(in thousands of dollars)*:

Payroll and Fringe Benefits	\$ 3,742
Reimburse Shared Contractual Services	1,629
Due to RPTA	<u>5,371</u>
Due to City of Phoenix (Advance for South Central Extension/Downtown Hub)	20,000
Due to City of Phoenix	685
Due to City of Mesa	59
Due to City of Tempe	59
Total Due to Other Governments (Current Liabilities)	<u>\$ 26,174</u>
Due to City of Phoenix (Advance for South Central Extension/Downtown Hub)	\$ 7,883
Due to Federal Transit Administration	1,352
Total Due to Other Governments (Noncurrent Liabilities)	<u>\$ 9,235</u>

**Summary of Long-Term Liability to City of Phoenix**

	Balance July 1, 2023	Additions	Reductions	Adjustment	Balance June 30, 2024	Due within 1 year
Due to City of Phoenix (Advance for South Central Extension/Downtown Hub)	<u>\$ 110,553</u>	<u>\$ 9,829</u>	<u>\$ (45,000)</u>	<u>\$ (47,500)</u>	<u>\$ 27,882</u>	<u>\$ 20,000</u>

**10. Contractual and Other Commitments**

VMR has entered into contractual agreements for construction manager at risk and private utility relocations. At June 30, 2024, VMR had remaining contractual commitments for these services aggregating approximately \$75.4 million. These commitments have not been recorded in the accompanying financial statements. Only the currently payable portions of these contracts have been included in accounts payable in the accompanying financial statements.

**As of June 30, 2024:**  
*(in thousands of dollars)*

<u>Contract</u>	<u>Commitment</u>	<u>Spent-to-date</u>	<u>Remaining</u>
South Central Extension Construction Manager	\$ 828,976	\$ 769,138	\$ 59,838
Northwest Extension II Utilities	13,696	10,509	3,187
South Central Extension Utilities	49,170	36,839	12,331
	<u>\$ 891,842</u>	<u>\$ 816,486</u>	<u>\$ 75,356</u>

**11. Risk Management**

VMR is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to contracted labor; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. VMR purchases insurance coverage for property, general liability, excess liability, automobile liability, umbrella liability, public entity employment practices liability, public entity management liability, boiler and machinery, crime, inland marine, owner's protective professional indemnity, environmental site protection, contractor's environmental protection and excess liability. In addition, the RPTA purchases workers' compensation, employee life insurance, health and dental insurance coverage for all LRT full-time employees. Settled claims for these risks have never exceeded commercial insurance limits in any of the past three fiscal years.

VMR has received notice of general liability claims related to its operations. VMR's commercial insurance policies provide coverage against losses arising from the claims subject to policy deductible amounts. Such claims are evaluated and specific reserves are established to cover VMR's contingent risk of loss pending settlement with the parties involved. At June 30, 2024, the Reserve for General Liability Claims totaled \$1.0 million.

**12. Contingencies**

As a subrecipient of federal grant monies, amounts passed through or receivable from other agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although VMR expects such amounts, if any, to be immaterial.

**13. Lawsuits**

VMR is a party to a number of various types of lawsuits, many of which normally occur in governmental operations. The ultimate outcome of the actions is not determinable, however, VMR management believes that the outcome of these proceedings, either individually or in the aggregate, will not have a materially adverse effect on the accompanying financial statements.

**14. Related Party Transactions**

All of the four member cities of VMR's Board of Directors are also member cities of the sixteen-member RPTA Board of Directors. The Board members of the cities of Chandler, Mesa, Phoenix, and Tempe represent their cities on both Boards. VMR has entered into contracts with the RPTA for certain administrative functions, including personnel, administration, financial and accounting services, purchasing, and computer support services. All VMR staff are hired and employed by RPTA but work solely under the direction of the VMR and its Board of Directors, through a contractual arrangement with RPTA. All payroll related expenses (excluding pension related expenses) are paid by RPTA and RPTA charges VMR for all contracted payroll related expenses (excluding pension related expenses). For the period July 1, 2023 through June 30, 2024, VMR incurred costs of \$35.4 million for services provided by RPTA. At June 30, 2024, VMR recorded a receivable from RPTA in the amount of \$77.8 million and a payable to RPTA in the amount of \$5.4 million.

In September 2010, the VMR Board authorized the Chief Executive Officer (CEO) to enter into a sublease with the Regional Public Transportation Authority (RPTA) for a portion of the office space currently leased and occupied by VMR. See Note 7. The sublease contract commenced in December 2010 and ended in 2016. Office space lease costs were paid by VMR monthly to the landlord and then prorated and charged to RPTA based on square footage used by RPTA. In July

2014, a new contract with the landlord was made for a 12 year period and in December 2017, another contract to add square footage space was made for an 8.5 year period. In both of these contracts, RPTA continues to make payments based on square footage per the RPTA Board approval. However, as there is no additional sublease agreement, the payments from RPTA to VMR do not meet the GASB 87 criteria and are therefore recorded as revenues during the year. The total RPTA payments over the 144-month period are estimated to equal \$7.5 million. During the fiscal year 2024, RPTA payments for the space, including additional storage fees, taxes common area maintenance and parking totaled \$1.1 million.

During the fiscal year 2024, VMR also made capital contributions to RPTA for joint lease and SBITA contracts of \$336 thousand. This expense is presented in the financial statements as Contribution to RPTA. Further, VMR conveyed capital costs in the amount of \$980 thousand to RPTA for the fare technology modernization project. This project completely changes the fare structure with the goal of making it easier for riders to purchase fare. The project is funded by both VMR and RPTA but only capitalized by RPTA.

### ***15. Public Transportation Funding***

In November 2004, the voters of Maricopa County approved Proposition 400, the continuation of the transportation tax, for a twenty-year period beginning in calendar year 2006. On August 14, 2006, VMR and RPTA executed an intergovernmental agreement (IGA) that formally designated VMR as Lead Agency to plan, design, and construct the light rail transit (LRT) program. Among other things, the IGA specifies that RPTA will reimburse VMR, from the Public Transportation Fund, for eligible incurred expenses.

VMR began receiving Public Transportation Funding (PTF) in March 2006. These monies are used to reimburse private utility companies for costs incurred in the relocation of non-prior rights utilities, to reimburse Member Cities for their share of local costs incurred in connection with the acquisition of certain regional transportation assets, and to fund the local share of future light rail extensions as designated in the Regional Transportation Plan.

RPTA manages the PTF which is held in a Savings Account designated for LRT program expenses. RPTA also sells bonds as needed to fund LRT program expenses and uses this PTF Savings Account for Debt Service.

In June 2009, the RPTA issued Transportation Excise Tax Revenue Bonds in the amount of \$100.1 million. A portion of the 2009 Series Bonds will pay or reimburse LRT capital expenditures as designated in the Regional Transportation Plan. As of June 30, 2024, the 2009 Series Bond expenditures to date for the LRT program totaled \$55.0 million on a cash basis.

In January 2014, the RPTA issued Transportation Excise Tax Revenue Bonds in the amount of \$115.0 million. The 2014 Series Bonds will pay or reimburse LRT capital expenditures as designated in the Regional Transportation Plan. As of June 30, 2024, the 2014 Series Bond expenditures to date for the LRT program totaled \$135.4 million on a cash basis.

In April 2016, the RPTA issued Transportation Excise Tax Revenue Refunding Bonds in the amount of \$22.6 million. The 2016 issue advance refunded part of the tax-exempt portion of the 2009 Series Bonds.

In June 2019, RPTA issued Refunding bonds in the amount of \$22.7 million. The 2019 issue refunded part of the taxable portion of the 2009 Series Bonds.

**Valley Metro Rail, Inc.**

Notes to the Financial Statements (Concluded)

Fiscal Year Ended June 30, 2024

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**16. Unearned revenues**

The City of Phoenix has contributed \$354.1 million to support the ongoing South Central Extension/ Downtown Hub Project (Project). The \$354.1 million included an advance of the full City of Phoenix local matching obligation of \$281.2 million. The remaining \$72.9 million is advance funding that will be repaid to Phoenix. The \$281.2 million was recorded as unearned revenue at the time of receipt. As project expenses are incurred local matching revenues were recognized as Capital Contributions from Member Cities resulting in a reduction of the unearned revenue balance. As of June 30, 2024, \$47.3 million of the unearned revenue remained.



# OTHER SUPPLEMENTARY INFORMATION

This Section includes the Schedule of Operations – Budget and Actual.

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# Valley Metro Rail, Inc.

## Schedule of Operations - Budget and Actual

Fiscal Year Ended June 30, 2024

(in thousands of dollars)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)
	Original	Final		
<b>Sources of Funds:</b>				
Net Contributions From Member Cities	\$ 227,681	\$ 262,072	\$ 193,070	\$ (69,002)
Passenger Fares	6,018	6,018	6,850	832
Federal Transit Administration Grants	122,931	150,027	166,361	16,334
Public Transportation Funds - Sales Tax	70,440	74,286	41,158	(33,128)
MAG/RPTA Grants	1,000	1,000	1,000	—
Other Revenues	980	980	1,403	423
Total Sources of Funds	<u>429,050</u>	<u>494,383</u>	<u>409,842</u>	<u>(84,541)</u>
<b>Uses of Funds:</b>				
Operating Activities				
Light Rail Operations	78,457	78,457	77,489	(968)
Streetcar Operations	7,270	7,270	5,190	(2,080)
Regional Capital Rebuild Program	8,735	8,735	6,504	(2,231)
Future Project Development	19,092	13,354	9,453	(3,901)
Agency Operations	3,304	3,304	2,609	(695)
Sub Total Operating Activities Use of Funds	<u>116,858</u>	<u>111,120</u>	<u>101,245</u>	<u>(9,875)</u>
Capital Projects:				
South Central	224,132	285,587	237,354	(48,233)
Northwest Extension Phase II	55,905	58,425	42,061	(16,364)
Gilbert Road Capital Project	1,315	2,322	87	(2,235)
Tempe Streetcar Extension	100	3,500	1,751	(1,749)
State of Good Repair - Capital Maintenance	8,457	8,457	243	(8,214)
Non-Prior Rights Utilities Relocations	—	—	17,341	17,341
Systemwide Improvements	9,385	12,074	3,177	(8,897)
Operations & Maintenance Center Expansion	—	—	259	259
Concurrent Non Project Activities	—	—	—	—
Sub Total Capital Projects Use of Funds	<u>312,192</u>	<u>383,263</u>	<u>302,273</u>	<u>(68,092)</u>
Total Uses of Funds	<u>429,050</u>	<u>494,383</u>	<u>403,518</u>	<u>(77,967)</u>
Excess Revenues Over Expenses - Budgetary Basis	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 6,324</u>	<u>\$ (6,574)</u>

### Explanation of Differences between Budgetary Basis and GAAP Basis

Total Uses of Funds - Budgetary Basis	\$ 403,518
Total Operating Expenses - GAAP Basis	(161,495)
Budgetary Operating Expenses in Excess of GAAP Operating Expenses	<u>\$ 242,023</u>
Capital Projects Before Debt Service (Budgeted expenses not recorded to expense for GAAP basis)	\$ 302,273
Future Project Development (Budgeted expenses in Operating above but in Non-operating expenses in the Financial Statements)	9,452
State of Good Repair - Capital Maintenance (Budgeted expenses above but in Operating expenses in the Financial Statements)	952
Rail Operations Capital Assets (GAAP expenses not included in budgetary basis)	1,475
Systemwide Improvements operating expenses (Budgeted expenses in Capital projects above but in Operating expenses in the Financial Statements)	(448)
GASB Statement No. 87, Leases, and GASB Statement No. 96, Subscription Based Information Technology Agreements adjustment (GAAP expenses not included in budgetary basis)	467
Depreciation (GAAP expenses not included in budgetary basis)	(70,222)
Amortization (GAAP expenses not included in budgetary basis)	(1,926)
Total Reconciling Items	<u>\$ 242,023</u>



Valley Metro hosted a Fiesta on Central Avenue event on Saturday, April 20, 2024. The event celebrated and supported the South Phoenix community. Hundreds of attendees visited booths run by local businesses. They also enjoyed free food, live music and entertainment from local groups.



## STATISTICAL SECTION

The Statistical Section includes selected financial and demographic information regarding Valley Metro Rail including financial trends, demographic and economic information, and operating information.

## Statistical Section

### Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2024

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This part of Valley Metro Rail, Inc. (VMR) comprehensive financial report presents information as a context for understanding what the information in the financial statements, footnotes, and supplementary information says about VMR's overall financial condition. VMR's principal activities consist of planning, designing constructing and operating light rail transit system in Maricopa County, Arizona.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	43
These schedules contain trend information to help the reader understand how VMR's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	N/A
VMR's principal source of operating revenues are contributions from Member Cities. With respect to capital projects, VMR receives federal grants and utilizes Public Transportation Funds administered by the Regional Public Transportation Authority (RPTA). (Refer to Note 15 on Page 35 in the Notes to the Financial Statements section.)	
<b>Debt Capacity</b>	46
These schedules include outstanding debt by type and percentage of debt to income and population in Maricopa County. There are not specific pledged revenues and not debt limits so these schedules have not been included.	
<b>Demographic and Economic Information</b>	48
These schedules offer demographic and economic indicators to help the reader understand the environment within which VMR's financial activities take place.	
<b>Operating Information</b>	51
These schedules contain service and infrastructure data to help the reader understand how the information in VMR's financial report relates to the services VMR provides and the activities it performs.	

**Valley Metro Rail, Inc.**  
Net Position by Component  
FY 2015 through FY 2024  
*(in thousands of dollars)*

<b>Business-type Activities</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
Net Investment in Capital Assets										
Construction in Progress (1)	\$ 198,400	\$ 12,781	\$ 62,358	\$ 183,222	\$ 322,989	\$ 367,046	\$ 713,605	\$ 765,442	\$1,050,075	\$ 989,194
Buildings	\$ 82,231	\$ 79,668	\$ 77,105	\$ 74,541	\$ 71,978	\$ 69,415	\$ 66,852	\$ 64,289	\$ 61,726	\$ 59,162
Prefabricated Buildings (5)	—	—	—	—	—	—	—	—	39	794
Guideway (2)	492,026	602,666	656,197	648,787	622,567	681,299	660,070	741,467	729,321	744,848
Bridges	48,188	46,137	44,087	42,036	39,986	37,935	35,885	33,834	31,783	127,483
Operation Control Center	10,466	10,030	9,593	9,156	8,719	8,720	7,847	7,410	6,973	6,536
Passenger Stations & Facilities	79,861	98,895	94,734	90,574	100,661	114,626	109,278	114,586	108,947	122,770
Park and Ride Facilities	23,239	26,981	23,870	20,760	17,649	17,457	14,138	10,819	7,500	5,384
Bus Shelter	—	720	643	565	488	411	334	257	180	102
Electric Power Substations	65,661	115,394	109,694	103,955	98,217	145,158	137,224	200,705	189,857	229,185
Signal and Communication System	32,739	73,140	68,439	63,803	68,817	82,796	76,778	89,760	82,373	75,726
Computers & Software	—	601	455	164	76	58	80	53	31	22
Site Improvements	3,173	2,952	2,807	2,722	2,343	1,964	1,585	40,545	38,509	37,066
Tenant Improvements	—	—	—	335	292	249	207	164	121	78
Revenue Vehicles	161,863	151,451	144,205	135,413	126,540	117,666	115,153	155,722	165,170	154,851
Non-Revenue Vehicles	719	943	840	785	710	645	694	501	680	1,491
Equipment	5,079	9,767	9,120	8,591	8,237	8,319	7,039	11,821	10,228	9,996
Transit Center (5)	—	—	—	—	—	—	—	—	—	131,854
Lease Asset (3) (4)	—	—	—	—	—	—	—	17,474	15,406	13,480
Subtotal Net Investment in Capital Assets	\$1,203,645	\$1,232,126	\$1,304,147	\$1,385,409	\$1,490,269	\$1,653,764	\$1,946,769	\$2,254,849	\$2,498,919	\$2,710,022
Restricted	—	—	—	—	—	—	—	—	—	—
Unrestricted	12,102	12,737	14,438	14,228	20,871	10,558	32,073	26,762	32,674	38,908
Total business-type activities net position	\$1,215,747	\$1,244,863	\$1,318,585	\$1,399,637	\$1,511,140	\$1,664,322	\$1,978,842	\$2,281,611	\$2,531,593	\$2,748,930

**Source: Valley Metro Rail, Inc. Finance Division**

- (1) FY 2015 Construction In Progress is shown net of the Northwest Extension Advance Funding Obligation. Further, in FY 2015 Construction in Progress is shown net of the RPTA PTF Advance Bond Proceeds. In FY2020, Construction in Progress is shown net of Retainage Payable, restricted cash with escrow agent, construction related payables and receivables.
- (2) Starting in FY 2016, Guideway is shown net of the Northwest Extension Advance Funding Obligation and the RPTA PTF Advance Bond Proceeds. In FY 2019 and FY 2020 Guideway is shown net of City of Mesa FTA advance obligation. In FY 2020, Guideway is shown net of FTA Advance obligation, Retainage Payable, restricted cash with escrow agent, and construction related payables and receivables. In FY 2022, FY 2023, and FY 2024 Guideway is shown net of construction related payables and receivables and lease liability.
- (3) Starting in FY 2022, Governmental Accounting Standards Board Statement 87, Leases, was implemented and leased asset values were added to the statement of net position. Each category of asset is shown in the attached schedule net of the associated lease liability.
- (4) Starting in FY 2023, Leased Asset Office Space and Leased Asset - Parking were combined as Leased Asset - Buildings as these are both building lease assets.
- (5) Prefabricated buildings are a new asset class beginning in FY 2023. Transit Center is a new asset class beginning in FY 2024.

**Valley Metro Rail, Inc.**  
Changes in Net Position  
FY 2015 through FY 2024  
*(in thousands of dollars)*

	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
<b>Operating Revenues</b>										
Contributions from Member Cities	\$ 16,591	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Passenger Fares	12,832	13,461	13,363	11,911	11,071	8,340	1,559	5,158	6,904	6,850
Federal Transit Administration Operating Grants	2,135	—	—	—	—	—	—	—	—	—
Regional Capital Rebuild Revenue	305	420	—	310	222	3,586	3,194	3,104	1,552	3,223
Other Revenues	3,272	1,157	1,144	1,140	1,113	1,082	473	1,150	1,061	469
<b>Total Operating Revenues</b>	<u>35,135</u>	<u>15,038</u>	<u>14,507</u>	<u>13,361</u>	<u>12,406</u>	<u>13,008</u>	<u>5,226</u>	<u>9,412</u>	<u>9,517</u>	<u>10,542</u>
<b>Operating Expenses</b>										
Administration	9,129	324	479	1,672	2,930	4,577	1,671	3,746	3,441	2,929
Passenger Operations Service	31,289	35,076	41,487	43,021	47,150	50,292	53,336	54,396	66,093	80,866
Regional Capital Rebuild Program	881	678	—	500	762	3,192	3,679	5,208	3,090	5,552
Depreciation	39,014	45,679	48,010	49,987	50,550	56,053	56,090	61,408	66,618	70,222
Lease amortization (1)	—	—	—	—	—	—	—	1,939	1,926	1,926
<b>Total Operating Expenses</b>	<u>80,313</u>	<u>81,757</u>	<u>89,976</u>	<u>95,180</u>	<u>101,392</u>	<u>114,114</u>	<u>114,776</u>	<u>126,697</u>	<u>141,168</u>	<u>161,495</u>
<b>Operating Loss</b>	<u>(45,178)</u>	<u>(66,719)</u>	<u>(75,469)</u>	<u>(81,819)</u>	<u>(88,986)</u>	<u>(101,106)</u>	<u>(109,550)</u>	<u>(117,285)</u>	<u>(131,651)</u>	<u>(150,953)</u>
<b>Non-Operating Revenues (Expense)</b>										
Contributions from Member Cities	—	21,294	29,836	32,077	37,626	45,892	14,340	27,696	45,773	86,104
Public Transportation Funds	10,527	6,138	6,139	9,105	15,835	10,014	9,659	11,649	14,943	14,839
Federal Transit Administration Non-Operating Grants	—	3,452	2,894	1,888	14,026	5,462	45,762	36,270	39,763	14,145
Other Planning Revenues	—	644	503	1,003	1,000	1,000	1,000	1,000	1,000	1,000
Future Project Development	—	(8,531)	(11,190)	(10,585)	(12,434)	(8,282)	(8,887)	(8,815)	(8,873)	(9,157)
Private Utilities Relocations	(5,120)	(1,530)	(39)	(2,743)	(2,030)	(4,437)	(9,811)	(9,291)	(10,079)	(17,254)
Small Business Assistance Program and Transit Oriented Development (3)	—	—	—	—	—	—	—	(570)	(551)	(658)
Capital Conveyance to Member Cities	(3,883)	(1,277)	(4,030)	(5,681)	(1,658)	(4,238)	(20,399)	(5,320)	(5,218)	(2,551)
Capital Conveyance to RPTA	—	—	—	—	—	—	(2,187)	(3,018)	(3,911)	(980)
Contribution to RPTA (2)	—	—	—	—	—	—	—	—	(722)	(336)
Concurrent Non Project Activities	—	—	—	(1,568)	(1,381)	(3,552)	(116)	(7,045)	(16,291)	(1,058)
Lease Income (1)	—	—	—	—	—	—	—	—	10	1,183
Lease Interest Income (1)	—	—	—	—	—	—	—	—	1	108
Interest on Capital Funding Obligation	(552)	—	—	—	(42)	(239)	(17)	—	—	—
PTF Interest expense	(8,120)	(2,986)	(2,860)	(2,643)	(2,416)	(2,165)	(1,901)	(1,623)	(1,331)	—
Gain (loss) on Disposal of Capital Assets	—	—	—	—	—	—	(248)	(3)	135	37
Impairment Loss of Capital assets	—	—	—	—	—	—	—	—	(655)	—
Other Non-Operating Revenues (Expenses)	—	—	—	—	—	—	177	618	250	234
<b>Total Non-Operating Revenues (Expense)</b>	<u>(7,148)</u>	<u>17,204</u>	<u>21,253</u>	<u>20,853</u>	<u>48,526</u>	<u>39,455</u>	<u>27,372</u>	<u>41,548</u>	<u>54,244</u>	<u>85,656</u>

Continued on the next page

**Valley Metro Rail, Inc.**  
Changes in Net Position  
FY 2015 through FY 2024  
*(in thousands of dollars)*

	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
<b>Capital Contributions</b>										
Contributions from Member Cities	25	731	45,250	33,186	50,225	77,065	113,069	14,826	110,124	106,965
Public Transportation Funds Capital	29,895	59,028	5,609	35,910	32,848	77,308	96,492	55,481	95,744	23,097
Federal Transit Administration Capital Grants	43,849	18,872	76,984	72,886	68,890	60,391	187,137	307,475	121,149	152,216
Other Capital Contributions	—	—	95	36	—	69	—	—	372	356
<b>Total Capital Contributions</b>	<b>73,769</b>	<b>78,631</b>	<b>127,938</b>	<b>142,018</b>	<b>151,963</b>	<b>214,833</b>	<b>396,698</b>	<b>377,782</b>	<b>327,389</b>	<b>282,634</b>
<b>Increase in Net Position</b>	<b>\$ 21,443</b>	<b>\$ 29,116</b>	<b>\$ 73,722</b>	<b>\$ 81,052</b>	<b>\$ 111,503</b>	<b>\$ 153,182</b>	<b>\$ 314,520</b>	<b>\$ 302,045</b>	<b>\$ 249,982</b>	<b>\$ 217,337</b>

**Source: Valley Metro Rail, Inc Finance Division**

- (1) In FY2022, Valley Metro Implemented GASB Statement 87 resulting in reporting of lease amortization, lease income, and lease interest income.
- (2) Starting in FY2023, all lease (GASB Statement 87) and SBITA (GASB Statement 96, Subscription Based Information Technology Arrangement) contribution payments to RPTA are recorded in financial statement line item "Contribution to RPTA"
- (3) Starting in FY2023, financial statement line item "Small Business Assistance Program" was expanded to include Transit Oriented Development expenses.

**Valley Metro Rail, Inc.**  
 Outstanding Debt by Type  
 Last Ten Fiscal Years  
 (in thousands of dollars)

<b>Business-type Activities</b>							
<b>Fiscal Year</b>	<b>RPTA PTF Advance Bond Proceeds</b>	<b>Direct Borrowing from City of Mesa</b>	<b>Direct Borrowing from City of Phoenix</b>	<b>Leases</b>	<b>Total</b>	<b>Percentage of Personal Income</b>	<b>Per Capita (Not rounded to thousands)</b>
2015	\$ 69,584	\$ —	\$ 60,000	\$ —	\$ 129,584	0.07 %	\$ 32
2016	61,399	—	60,000	—	121,399	0.07 %	29
2017	52,969	—	—	—	52,969	0.03 %	13
2018	44,119	—	—	—	44,119	0.02 %	10
2019	34,824	10,800	—	—	45,624	0.02 %	10
2020	25,044	5,588	—	—	30,632	0.01 %	7
2021	14,749	—	—	19,413	34,162	0.01 %	8
2022	3,914	—	51,599	17,686	73,199	0.03 %	16
2023	—	—	110,553	15,788	126,341	0.04 %	28
2024	—	—	27,882	13,972	41,854	(1)	(1)

**Source:** The source of this information is Valley Metro Rail's financial records for debt data by year. The source for personal income and population in Maricopa County is the audited FY2023 Maricopa County Annual Comprehensive Financial Report.

- (1) Personal income data for Maricopa County and population estimates were not yet available for 2024. Therefore, Percentage of Personal Income and Per Capita could not be calculated for this period.

**Valley Metro Rail, Inc.**

Debt Service Cost Per Capita

Last Ten Fiscal Years

(in thousands of dollars)

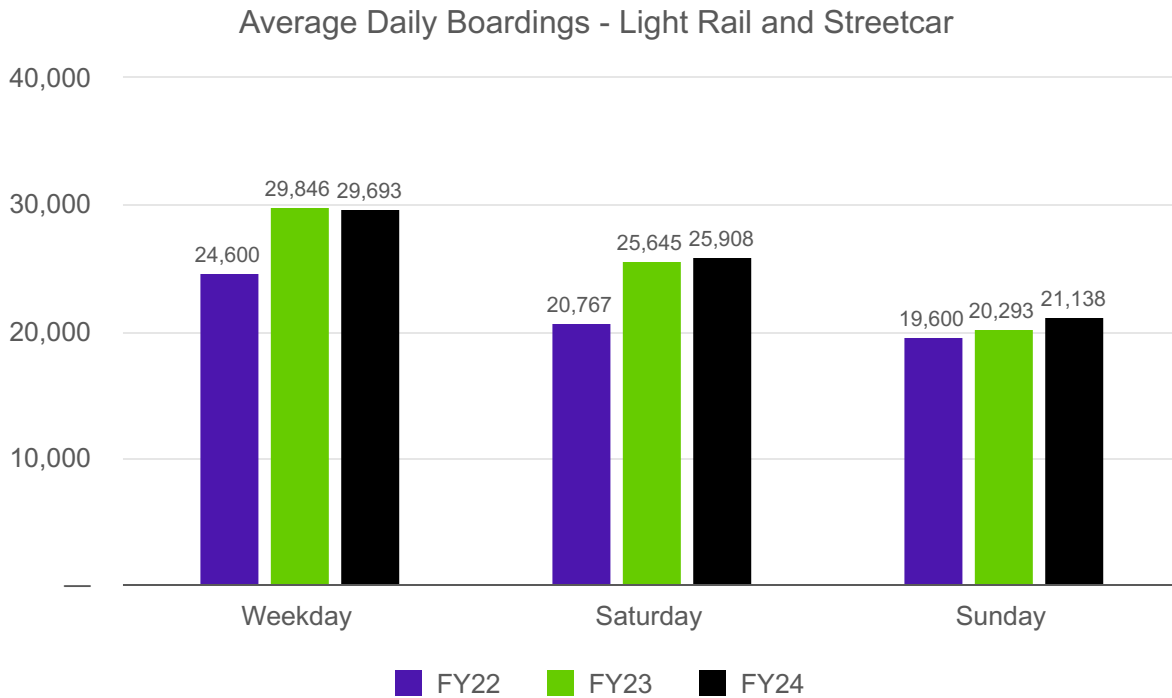
Fiscal Year	Total Cost of Debt				Maricopa County		
	Principal	Interest	Total Cost	Percentage of Personal Income	Per Capita (Not rounded to thousands)	Population (1)	Income (1) In Thousands
2015	\$ —	\$ 8,120	\$ 8,120	0.0046 %	\$ 2	4,063,700	175,437,829
2016	8,185	2,986	11,171	0.0060 %	3	4,152,800	185,111,698
2017	68,430	5,123	73,553	0.0374 %	17	4,233,300	196,779,825
2018	8,850	2,643	11,493	0.0055 %	3	4,315,600	209,719,687
2019	9,295	2,416	11,711	0.0052 %	3	4,366,583	223,097,349
2020	14,791	2,404	17,195	0.0070 %	4	4,436,908	245,077,753
2021	15,883	1,963	17,846	0.0071 %	4	4,506,505	249,677,860
2022	12,562	1,893	14,455	0.0054 %	3	4,507,419	268,713,717
2023	5,668	1,575	7,243	0.0025 %	2	4,586,431	288,842,282
2024	46,816	218	47,034	(1)	(1)	(1)	(1)

**Source:** The source of this information is Valley Metro Rail's financial records for debt data by year. The source for personal income and population in Maricopa County is the audited FY 2023 Maricopa County Annual Comprehensive Financial Report.

(1) Personal income data for Maricopa County and population estimates were not yet available for 2024. Therefore, Percentage of Personal Income and Per Capita could not be calculated for this period.

### Light Rail, Streetcar, and Bus

<u>Fiscal Year</u>	<u>Boardings</u>	<u>Change</u>
2015	70,759,847	(1.9)%
2016	67,352,825	(4.8)%
2017	65,958,074	(2.1)%
2018	66,784,913	1.3%
2019	64,380,334	(3.6)%
2020	52,528,517	(18.4)%
2021	27,337,550	(48.0)%
2022	31,854,221	16.5%
2023	34,880,822	9.5%
2024	36,849,353	5.6%



Source: Regional Public Transportation Authority

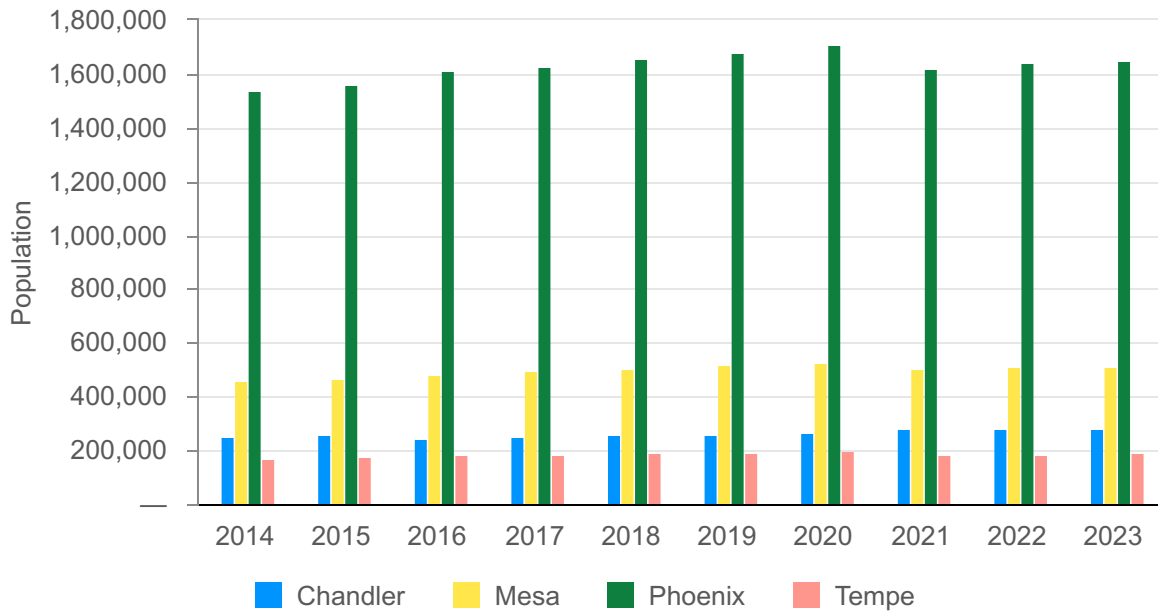
**Valley Metro Rail, Inc.**

Population Growth

Ten Years from 2013 to 2022

<u>Year</u>	<u>Chandler</u>	<u>Mesa</u>	<u>Phoenix</u>	<u>Tempe</u>
2014	254,276	464,704	1,537,058	172,816
2015	260,828	471,825	1,563,025	175,826
2016	247,477	484,587	1,615,017	182,498
2017	253,458	496,401	1,626,078	185,038
2018	257,165	508,958	1,660,272	192,364
2019	261,165	518,012	1,680,992	195,805
2020	265,398	528,159	1,708,127	200,402
2021	279,458	509,475	1,624,569	184,118
2022	280,711	512,498	1,644,409	185,950
2023	280,167	511,648	1,650,070	189,834

Valley Metro Rail, Inc  
Member Cities' Population Growth



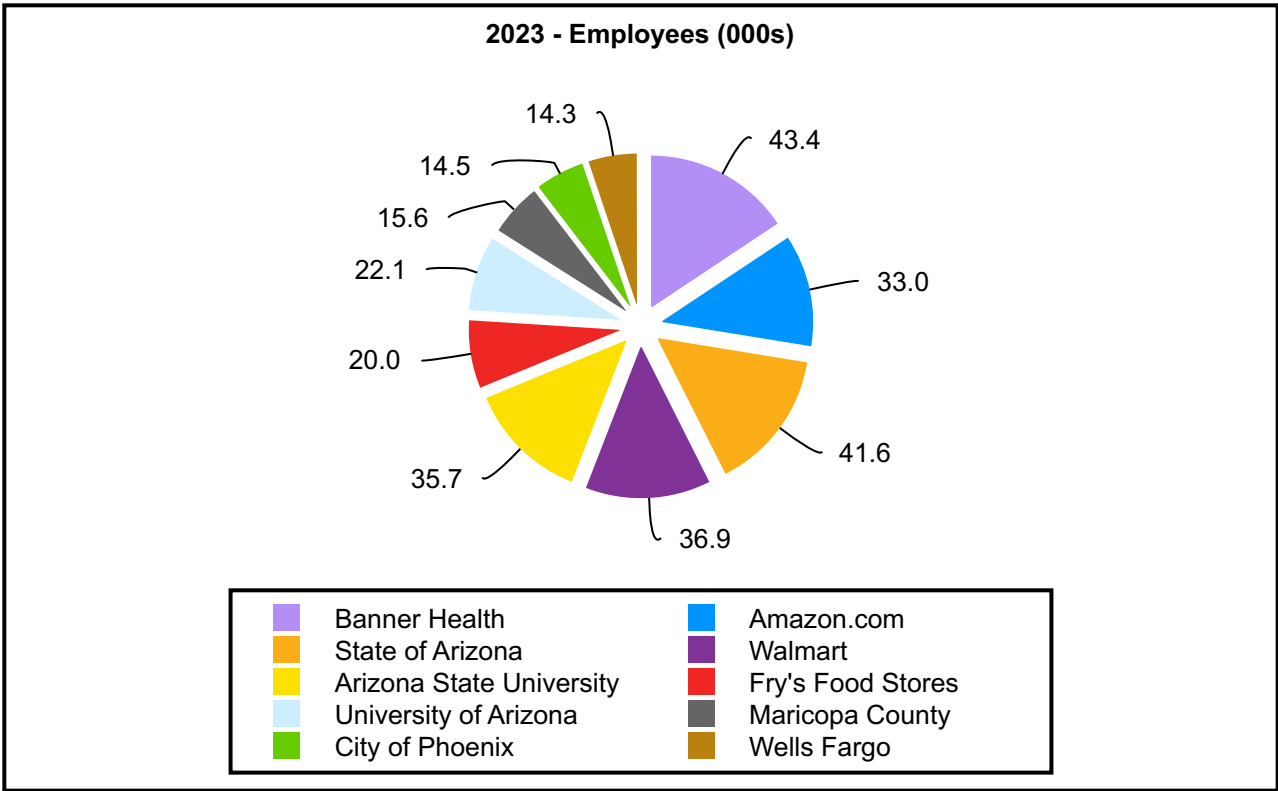
Sources: Maricopa Association of Governments  
US Census Bureau

Year 2023 is the most current year available.

**Valley Metro Rail, Inc.**

Top Employers in Maricopa County  
For the Year 2023 and Nine Years Ago

Employer	2023			2014		
	Employees	Rank	% of Total	Employees	Rank	% of Total
Banner Health	43,440	1	1.83 %	25,270	3	1.39 %
State of Arizona	41,564	2	1.75 %	49,278	1	2.72 %
Walmart	36,931	3	1.56 %	32,169	2	1.77 %
Arizona State University	35,719	4	1.51 %	12,222	7	0.67 %
Amazon.com	33,000	5	1.39 %			
University of Arizona	22,089	6	0.93 %			
Fry's Food Stores	20,000	7	0.84 %			
Maricopa County	15,550	8	0.66 %	12,698	6	0.70 %
City of Phoenix	14,500	9	0.61 %	14,983	4	0.83 %
Wells Fargo	14,315	10	0.60 %	14,713	5	0.81 %
Intel Corporation				11,900	8	0.66 %
JPMorgan Chase & Co.				11,042	9	0.61 %
Bank of America				11,000	10	0.61 %
<b>Total for Principal</b>	<b>277,108</b>		<b>11.68 %</b>	<b>195,275</b>		<b>10.77 %</b>
<b>Total Employment in Maricopa County</b>	<b>2,372,971</b>			<b>1,813,869</b>		



Source: The Phoenix Business Journal, Book of Lists  
Arizona Economy - [www.azeconomy.org](http://www.azeconomy.org)

Note: The information for FY 2024 was not available.



## PROJECTS

# SOUTH CENTRAL EXTENSION/ DOWNTOWN HUB

TITLE



LIGHT RAIL EXTENSION

TYPE

**FACT SHEET / FY24 Q4**  
[valleymetro.org/southcentral](http://valleymetro.org/southcentral)

## PROJECT STATUS

- Canopy installation is complete in the Downtown Hub. Station finishes, including station lighting, continues.
- Mill work, track installation and station platform installation continue south of I-17.
- Roundabout installation continues south of the Salt River Bridge.
- Detailed construction activity descriptions and schedule information are available at [valleymetro.org/southcentral](http://valleymetro.org/southcentral) or through the Construct VM app.
- Free business consulting and marketing opportunities continue to be offered to businesses affected by construction, including the community celebration, Fiesta on Central and the Deals & Discounts promotion. April 2024 starts the 4th year of the Small Business Financial Assistance Program. More information is available at [valleymetro.org/southcentral](http://valleymetro.org/southcentral) under the Business Assistance section.

## NEXT STEPS

- By the end of 2024, final work will largely be centered in the trackway, meaning roads and sidewalks are in their near-final condition. Remaining work will consist of landscaping, station finishes, train and power testing and public art installation – all of which is focused within the new trackway.

## COST FORECAST\*

	PROGRAMMED	EXPENDED	% EXPENDED	FORECAST
Construction	\$872,370,790	\$678,797,772	77.8%	\$872,370,790
Utilities	\$47,628,789	\$31,581,396	66.3%	\$47,628,789
Right of Way	\$47,034,197	\$17,769,582	37.8%	\$47,034,197
Design/Management	\$302,208,703	\$127,602,170	42.2%	\$302,208,703
Vehicles	\$75,845,855	\$57,771,753	76.2%	\$75,845,855
<b>TOTAL</b>	<b>\$1,345,088,334</b>	<b>\$913,522,673</b>	<b>67.9%</b>	<b>\$1,345,088,334</b>

\*Estimated as of March 2024

## About the Project

The South Central Extension/Downtown Hub will connect with the current light rail system in downtown Phoenix and operate south on Central Avenue to Baseline Road. The project also includes a light rail transit hub in downtown Phoenix, new stations and public art.

Light rail has proven to generate economic prosperity for historically under served communities in metro Phoenix. Light rail makes the unique offerings of South Phoenix more accessible to others, attracting new customers, businesses and jobs to the area.



**South Central Extension/  
Downtown Hub Community Office**  
5040 S. Central Avenue  
Phoenix, AZ 85040  
602.687.8585

Monday - Friday  
8 a.m. - 12 p.m. and 1 p.m. - 5 p.m.  
Saturday by appointment

To receive weekly email updates, contact your Community Outreach Coordinator. For more information, please visit [valleymetro.org/southcentral](http://valleymetro.org/southcentral).

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### Mary Ann Miller

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### Debbie Lopez

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### Julie Smith

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### Jose Rivas

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O: 480.943.8110



# SOUTH CENTRAL EXTENSION / DOWNTOWN HUB

TITLE

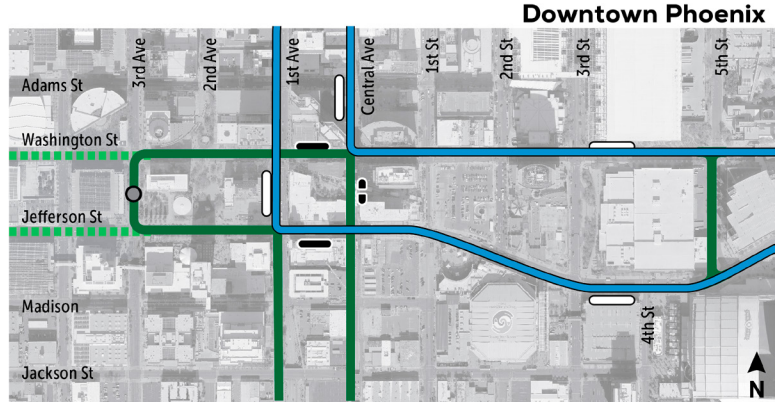


LIGHT RAIL EXTENSION

TYPE

FACT SHEET / FY24 Q4  
valleymetro.org/southcentral

## ROUTE MAP



- LEGEND**
- Valley Metro Rail/Station Platform
  - South Central Light Rail Extension/Station Platform
  - Special Use Platform (no regular service)
  - Park-and-Ride
  - Capitol Extension
  - I-10 West Extension
  - Traction Power Substation (TPSS)
  - Signal Building



## PROJECT SCHEDULE\*



2012 - 2017

PLANNING



2017 - 2019

DESIGN



2019 - 2024

CONSTRUCTION



2025

COMPLETION

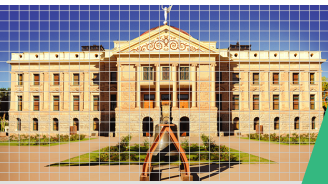
\*Dates are approximate and subject to change.



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- /valleymetroconstruction



Download the Construct VM app for real-time construction information.



# CAPITOL EXTENSION

TITLE



## PROJECTS

LIGHT RAIL EXTENSION  
TYPE

FACT SHEET / FY24 Q4  
valleymetro.org/capex

## About the Project

The Capitol Extension (CAPEX) will provide an important connection between the downtown core and the Arizona State Capitol area. Integrating with the existing Valley Metro Rail system at 3rd Avenue, the route will extend west on Washington Street, turning south on 15th Avenue before returning east on Jefferson Street, again connecting to the existing light rail system at Third Avenue and Jefferson Street. This project will connect state, regional and local agencies, as well as community partners, and energize the downtown and State Capitol areas.

A related project, the I-10 West Extension, will extend west from the Capitol Extension project and run primarily along Interstate 10. For more information on the I-10 West Extension project, visit [valleymetro.org/10west](http://valleymetro.org/10west).

### PROJECT STATUS

- The route has been modified to comply with recent legislation (SB 1102) restricting light rail's proximity to the State Capitol.
- The project team is presenting the revised CAPEX light rail route, station locations and other key characteristics to the public.
- The project team will begin environmental evaluation as part of the National Environmental Policy Act (NEPA) process.
- Jacobs Engineering was selected to advance the design.

### NEXT STEPS

- The project team will continue to meet with stakeholders and the public to gather input as the project progresses.
- Valley Metro is in the process of selecting a construction contractor, with final decision expected this summer.

### FY2024 BUDGET AND COST FORECAST\*

	Programmed	Expended
Preliminary Engineering/ Environmental Phase**	\$6.02 million	\$5.26 million

\*Estimated as of May 2024

\*\*\*This budget has been adjusted due to project amendments and additional federal funding.

**.75** MILES

**2** STATIONS

### ROUTE MAP



### LEGEND

- Capitol Extension
- Capitol Extension Station
- Valley Metro Rail
- Existing Station
- South Central Extension/ Downtown Hub
- South Central Station
- South Central Special Use Platform
- Future I-10 West Extension Connection to Capitol Extension:
  - Option 1
  - Option 2

### PROJECT SCHEDULE

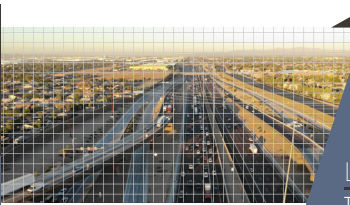


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Jessica Parks  
Community Outreach Coordinator  
jparks@valleymetro.org  
602.744.5582





# I-10 WEST EXTENSION

TITLE



## LIGHT RAIL EXTENSION

TYPE

FACT SHEET / FY24 Q4  
valleymetro.org/10west

# About the Project

The 10-mile I-10 West Extension will connect the greater West Valley to the existing Valley Metro Rail system. This project is unique and will see light rail trains traveling in the median of Interstate 10, before ultimately crossing to the north side of the freeway to a terminus at the existing Desert Sky Transit Center.

A related project, the .75-mile Capitol Extension, will provide an important connection between the downtown core and the Arizona State Capitol area. For more information on the Capitol Extension project, visit [valleymetro.org/capex](http://valleymetro.org/capex).

### FY2024 BUDGET AND COST FORECAST

	Programmed	Expended
Planning	\$375,000	\$0

\*Estimated as of May 2024.

### PROJECT STATUS

- The project team is initiating the preliminary engineering phase.

### NEXT STEPS

- Valley Metro and City of Phoenix will engage in public outreach to further define the project, including the connection to the Capitol Extension and station locations.
- The project team will continue engagement with key stakeholders, including West Valley communities and the Arizona Department of Transportation (ADOT).
- Once the analysis is complete, a recommendation for the connection to the Capitol Extension and final station locations will be presented to the Phoenix City Council for consideration.

### ROUTE MAP



### LEGEND

- I-10 West Extension/Station
- Existing Park-and-Ride
- Transit Center
- Options for Connection to Capitol Extension
- Capitol Extension
- Proposed Park-and-Ride
- Station Target Areas
- 15th Ave North Option
- 15th Ave South Option

10

MILES

8+

STATIONS

3

PARK-AND-RIDES

### PROJECT SCHEDULE



Brett Benninghoff  
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# PROJECTS

# RIO EAST-DOBSON

TITLE



## STREETCAR EXTENSION

TYPE

FACT SHEET / FY24 Q4  
valleymetro.org/rede

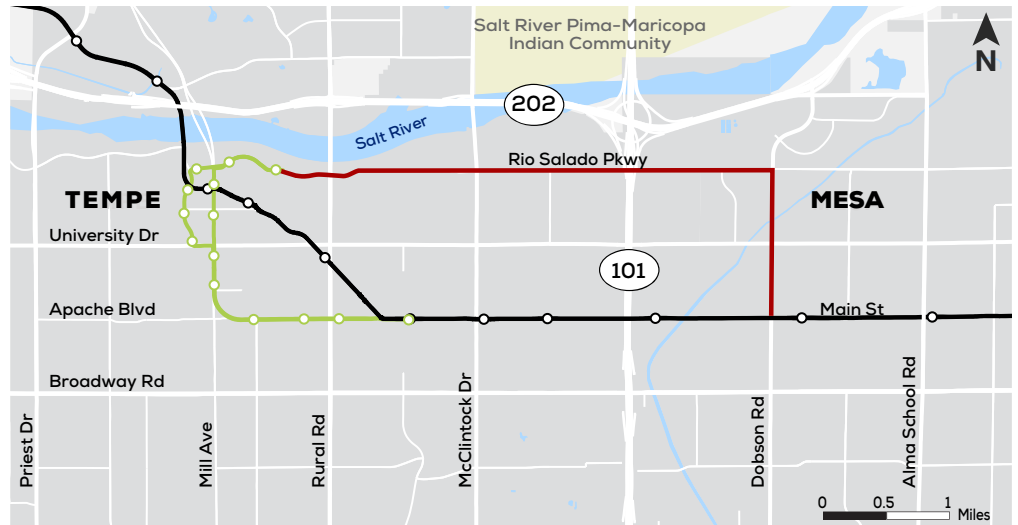
### PROJECT STATUS

- The study team is evaluating possible track locations and stop areas along the route, from Rio Salado Parkway and Marina Heights in Tempe to Dobson Road in Mesa and south on Dobson Road to Main Street.
- A virtual open house where the public can participate virtually and provide feedback is available from Tuesday, May 28 through Friday, June 28, 2024, at [www.redestreetcar.com](http://www.redestreetcar.com).
- In addition, in-person open houses are scheduled for early June.

### NEXT STEPS

- Community outreach and engagement – including public meetings and website updates – will be conducted throughout the study.
- The study team will continue analysis and incorporate public input to develop a final recommendation.
- At the completion of the REDE Study, the team will develop and present the final recommendation to the cities of Mesa and Tempe for consideration and possible adoption in early 2025.

### PROJECT MAP



#### LEGEND

- Valley Metro Rail
- Valley Metro Streetcar
- Rio East-Dobson Extension (REDE)

# About the Project



The Rio East-Dobson Streetcar Extension Study (REDE) builds upon past studies which identified a route to extend the existing streetcar line from Rio Salado Parkway and Marina Heights in Tempe to Dobson Road in Mesa and south on Dobson Road to Main Street.

This study will provide a detailed analysis of how streetcar most effectively operates along that route, including where streetcar will operate in the street and stop areas.

### PROJECT SCHEDULE



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/valleymetroconstruction

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## Valley Metro Rail, Inc.

### Design & Construction Milestones

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#### PRE-INCORPORATION ACTIVITIES

**November 2000** - Final light rail alignment approved

**February 2001** - Project opens community office for the public

**September 2001** - City of Phoenix purchases first property for the light rail system at Camelback Road and 3rd Avenue.

**December 2001** - Project receives first recommended rating from the Federal Transit Administration (FTA) in its New Starts Report.

**October 2002** - Valley Metro Rail, Inc. is incorporated.

#### VALLEY METRO RAIL, INC. ACTIVITIES

**July 2003** - METRO receives formal approval from the FTA for the light rail project to enter the Final Design phase. The approval allows designers to finalize the construction plans during the coming months, begin utility relocation, and request early approval to begin purchasing light rail vehicles and construction materials.

**August 2004** - The METRO board approves the METRO Business Outreach Plan to help minimize the impacts of light rail construction on businesses located along the light rail transit alignment.

**November 2004** - A groundbreaking ceremony is held for the reconstruction of an access bridge over the Grand Canal at 48th Street that leads to the light rail Maintenance and Storage Facility.

**January 2005** - Full Funding Grant Agreement signed for the Central Phoenix East Valley (CPEV) Light Rail Project. (20 mile initial operating segment)

**April 2005** - METRO Max program launched, business support program encouraging residents to patronize businesses impacted by light rail construction.

**March 2007** - Phoenix City Council approves funding for Northwest Extension.

**December 2008** - Central Phoenix East Valley Light Rail Project (Initial 20 Mile Segment) construction completes on-time and within budget.

**January 2009** - Rail Passenger Operations commence; ridership planned for 26,000 passengers per day reaches over 40,000 daily passengers in April 2009.

**March 2010** - Mesa City Council approves a 3.1-mile extension of the LRT system.

**October 2010** - Tempe City Council approves Mill Avenue Alignment for modern streetcar.

**October 2011** - Valley Metro receives a \$1.0 million federal grant to conduct an Alternatives Analysis on the South Central Phoenix Corridor.

**June 2012** - Phoenix City Council approves funding plan to accelerate Northwest Extension Project.

**July 2012** - Phoenix City Council approves the 11-mile Phoenix West Extension Project light rail alignment.

**October 2012** - Project Construction Grant Agreement signed for the Central Mesa Extension Project.

**January 2013** – Groundbreaking of the Northwest Extension light rail construction adding 3.2 miles to existing 20 mile system.

**November 2013** – Valley Metro received the Finding of No Significant Impact (or FONSI) from the FTA completing the federal environmental assessment for the 1.9-mile Gilbert Road light rail extension.

**April 2015** – Valley Metro Rail completes solar panel installation at the Operations and Maintenance Center, reducing electrical costs and dependence on the metropolitan grid.

**January 2015** – On Saturday, January 31, Valley Metro Rail served the 2015 Superbowl activities reaching a historic ridership record with 126,000 boardings.

**August 2015** - Valley Metro opens the 2.81 mile Central Mesa LRT Extension, serving downtown Mesa and extending the light rail line to nearly 23 miles.

**March 2016** - Valley Metro opens the 3.28 mile Northwest LRT Extension, serving North Phoenix and extending the light rail line to 25.4 miles.

**April 2019** - Valley Metro opens 50th Street Station the first completed project using Phoenix voter-approved Transportation 2050 funds. This is the first new station within the 26 mile Valley Metro Rail corridor. It is also the first station to have enhanced accessibility features, as well as a permanent tribute to Arizona Congressman Ed Pastor.

**May 2019** - Valley Metro opens the 1.9 mile Gilbert Road LRT Extension, serving Mesa and extending the light rail line to 28 miles.

## **Valley Metro Rail, Inc.**

### **Design & Construction Milestones**

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**July 2021** - The Valley Metro Operations and Maintenance Center expansion project was substantially completed providing additional capacity to properly operate and maintain light rail and streetcar as the system expands and new revenue vehicles are added to the fleet.

**May 2022** - Valley Metro opens the first modern streetcar line in Tempe. The 3-mile streetcar line serves one of the highest transit ridership centers in the region and connects riders to neighborhoods, major business centers, and regional events and destinations.

**January 2024** - Valley Metro opens the 1.6 mile Northwest LRT Extension Phase II which includes the first elevated station, rail-only bridge over I-17, four-story parking garage and a multi-modal transit center named after regional transit champion, former Phoenix Mayor and Councilmember Thelda Williams.

**Source: Valley Metro Rail, Inc. Finance Division**





101 North First Avenue | Suite 1300 | Phoenix, AZ 85003 | [valleymetro.org](http://valleymetro.org)