

Valley Metro® Rail
FY26 Budget



Valley Metro Rail, Inc.

PHOENIX, ARIZONA

OPERATING AND CAPITAL BUDGET

FISCAL YEAR 2026

(JULY 1, 2025 THROUGH JUNE 30, 2026)

FIVE-YEAR OPERATING FORECAST AND CAPITAL PROGRAM

FISCAL YEAR 2026 THROUGH FISCAL YEAR 2030

(JULY 1, 2025 THROUGH JUNE 30, 2030)

BOARD OF DIRECTORS



Chair
Francisco Heredia
Councilmember
Mesa



Vice Chair
Laura Pastor
Councilmember
Phoenix



Jennifer Adams
Councilmember
Tempe



OD Harris
Councilmember
Chandler

EXECUTIVE MANAGEMENT TEAM



Jessica Mefford-Miller
Chief Executive Officer



Sebrina Beckstrom
Chief Auditor



Melissa Boyles
Chief of Staff



Trevor Collon
Chief Capital Development



Darren Curry
Chief Maintenance Officer



Michael Eshelman
Deputy Chief, Service Planning



Hillary Foose
Director, Communication & Strategic Initiatives



Angie DeVore
Interim Chief Administrative Officer



Ken Kessler
Chief Financial Officer



Penny Lynch
Director, Human Resources



Michael Pal
Chief Transportation Officer



Adrian Ruiz
Director, Safety and Security



Alexis Tameron Kinsey
Chief Policy and Government Relations Officer



Michael Wawro
Chief Legal Officer

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Executive Summary & Annual Budget

EXECUTIVE SUMMARY



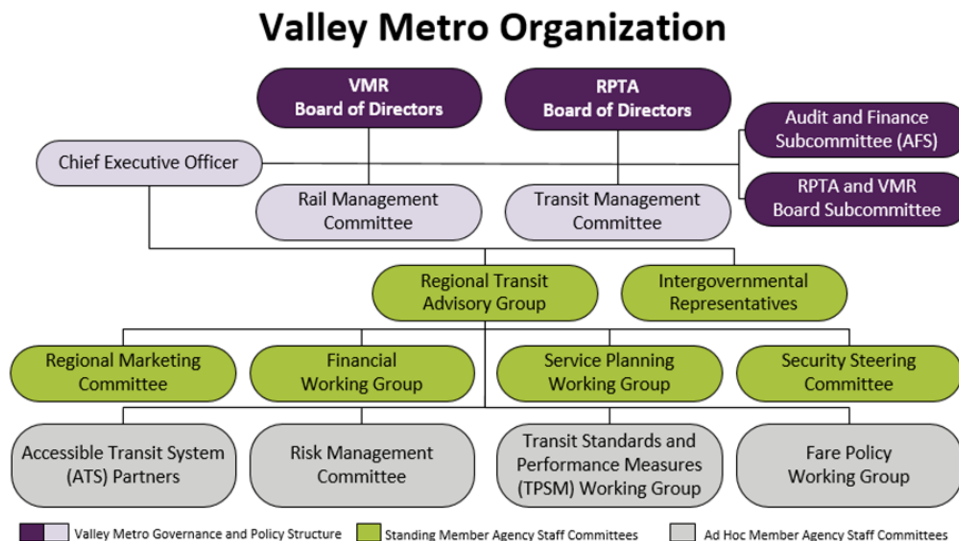
AGENCY OVERVIEW

Valley Metro is comprised of two separate legal entities, the Regional Public Transportation Authority (RPTA) and Valley Metro Rail, Inc. (VMR). The two agencies operate jointly with one Chief Executive Officer and one organizational structure. Intergovernmental agreements between the agencies define the responsibilities of each agency in meeting the overall strategic mission, vision, and goals for Valley Metro. Valley Metro is governed by two boards of directors. The RPTA Board consists of 19 public agencies that set the policy direction for all modes of transit except light rail. The VMR Board consists of four cities that set the policy direction for light rail and streetcar high-capacity transit (HCT). The boards and the agency work to improve and regionalize the public transit system.

RPTA is the regional transit agency for Maricopa County. Created in 1985 with the passage of Proposition 300, RPTA is a political subdivision of the State of Arizona overseen by a 19-member board of elected officials. Membership is open to all municipalities in Maricopa County and to the County government. The current Valley Metro RPTA Board comprises Avondale, Buckeye, Chandler, El Mirage, Fountain Hills, Gilbert, Glendale, Goodyear, Maricopa County, Mesa, Peoria, Phoenix, Queen Creek, Scottsdale, Surprise, Tempe, Tolleson, Wickenburg, and Youngtown. With the passage of Proposition 400 in November 2004, RPTA is the recipient of the transit portion of the twenty-year countywide 0.5% sales tax fund commencing in 2006 and running through 2025. The sales tax was extended through 2045 by voters passing Proposition 479 in November 2024.

VMR was formed in 2002 to design, construct, and operate a high-capacity transit system. The current VMR Board comprises Mesa, Phoenix, and Tempe. VMR is responsible for administration and oversight of the design, construction, and operation of light rail and streetcar. VMR is also responsible for receipt and disbursement of funds from federal, state, local, and other funding sources. The VMR Board is empowered to enter into contracts for design and construction, hire or contract for staff and undertake extensions to the system. The member cities of VMR retain power of eminent domain and ownership of real estate with agreements established for property use by VMR. The cities are responsible for providing annual funding for the light rail and streetcar projects through their annual or biannual budgets, in addition to recommending light rail corridors within their city boundaries.

The following chart depicts the policy organization for Valley Metro and the relationships to key stakeholders:



SERVICE CHARACTERISTICS

VMR operates the light rail and streetcar systems within the Phoenix Metropolitan area.

Light rail operates with an average weekday ridership of 30,000 boardings in FY24. Weekday trains run with two cars at 15-minute intervals during peak hours and 20-minute intervals off-peak. VMR operates a fleet of 62 light rail vehicles traveling over 9,000 miles each weekday, on a 33 mile alignment, serving 57 station platforms within the cities of Phoenix, Tempe, and Mesa. VMR’s light rail service area encompasses 47.5 square miles within the Phoenix Metropolitan area.

Streetcar weekday service operates at 20-minute intervals. There will be a fleet of six streetcar vehicles, operating on a 3-mile alignment, serving 14 stops within the city of Tempe, with two connections to light rail. Streetcar service area encompasses 5.7 square miles within the city of Tempe.

FARE POLICY

Effective October 2023, the current Regional Fare Policy is as follows:

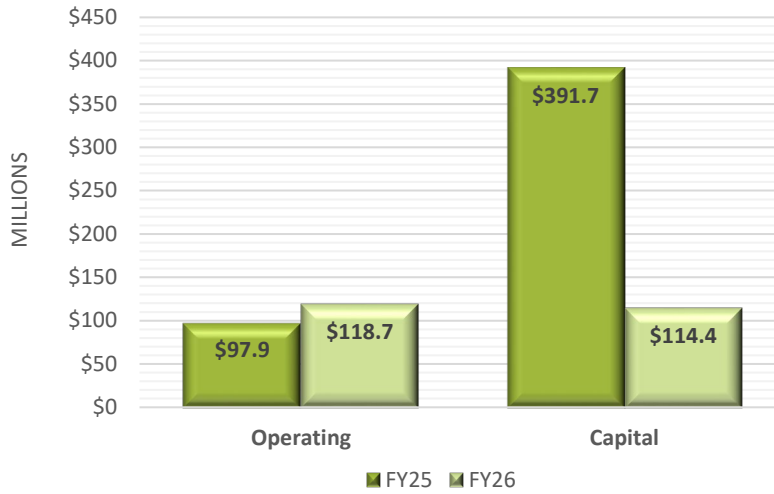
Exact Fare Required	Cash & Smart Fare		Smart Fare Maximum Fare Charged					
	1-Ride		Daily		Weekly		Monthly	
	Full	Reduced ¹	Full	Reduced ²	Full	Reduced ²	Full	Reduced ²
Local Bus/ Light Rail	\$2	\$1	\$4	\$2	\$20	\$10	\$64	\$32
Express/RAPID	\$3.25	N/A	\$6.50	N/A		\$104		N/A
Streetcar	\$1	\$0.50	Streetcar contributes to all Smart Fare maximums.					
Daily maximum applies to transit day (3 a.m.–2:59 a.m.). Weekly/monthly maximums apply to calendar week (Mon.–Sun.) and calendar month.								
Reduced fare is available for youth ages 6–18, seniors 65+, persons with disabilities and Medicare card holders.								
¹ Cash reduced fares require showing proof of eligibility: government-issued ID, Medicare card with proof of ID, current school year ID with photo or reduced fare Copper card.								
² Reduced fare account required to access reduced Smart Fare.								

Visit Valley Metro’s website at <https://www.valleymetro.org> for details regarding the fare structure.

BUDGET OVERVIEW

Total operating and capital budget for FY26 is \$233.1 million (M), a decrease of \$256.5M or 52% from the FY25 budget.

FY25 vs FY26 Budget Comparison



SOURCES OF FUNDS

Operating sources of funds are \$118.7M, an increase of \$20.7M or 21% from the FY25 budget. The primary sources are detailed below:

- Member city contributions of \$107.4M are up from \$87.2M. This funding is used for rail operations and maintenance, and agency operating expenses. The increase also includes a full year of operations for South Central Ext./Downtown Hub.

Capital sources of funds are \$114.4M, a decrease of \$277.3M or 71% from the FY25 budget. The primary sources are detailed below:

- Member city contributions of -\$86.8M, down from \$168.6M. This funding is used to support future project development and capital construction activities, systemwide improvements, and State of Good Repair (SOGR) projects. Member city contributions for capital projects are down by \$255.4M in FY26, programmed at -\$86.8M, due to repaying City of Phoenix for upfront contributions made while awaiting federal grant reimbursement.
- Federal funds are programmed at \$110.8M to support South Central Ext./Downtown Hub, and Northwest Extension Phase II projects’ design and construction activities, as well as future project development, and SOGR.
- Public Transportation Fund (PTF) sales tax revenue is \$85.4M, down from \$93.1M in FY25, primarily due to decreased funding requirements for most capital projects.

	FY24 Actual	FY25 Budget	FY26 Budget	
Sources of Funds				
Operating				*Note
Advertising	\$ 1,250,000	\$ 1,250,000	\$ 1,250,000	
Fares	6,850,000	6,810,000	7,104,000	
Federal Funds	5,433,000	2,539,000	2,827,000	
Member City Contributions	69,572,000	87,249,000	107,396,000	1
Other	150,000	100,000	100,000	
Carry Forward & Reserves	(128,000)	-	-	
Total Operating	83,127,000	97,948,000	118,677,000	
Capital				
Federal Funds	120,050,000	128,915,000	110,789,000	2
MAG Funds	500,000	500,000	500,000	3
Member City Contributions	94,718,000	168,599,000	(86,772,000)	4
Public Transportation Funds	80,220,000	93,142,000	85,387,000	
Regional Area Road Funds	500,000	500,000	500,000	
Carry Forward & Reserves	24,816,000	-	4,000,000	5
Total Capital	320,804,000	391,656,000	114,404,000	
Total Sources of Funds	\$ 403,931,000	\$ 489,604,000	\$ 233,081,000	

*Explanations for significant changes from the previous year are included in the Budget Analysis section of this document.

USES OF FUNDS

Operating uses of funds are \$118.7M, an increase of \$20.7M or 21% from the FY25 budget. The primary uses are detailed below:

- Light Rail and Streetcar Operations and Maintenance (O&M) is \$93.0M, up from \$78.1M due to a full year of South Central Ext./Downtown Hub revenue operations.
- Security costs are \$22.0M, up from \$16.4M primarily due to South Central Ext./Downtown Hub service operating for a full year and additional hours of vendor security presence.

Capital uses of funds are \$114.4M, a decrease of \$277.3M or 71% from the FY25 budget. The primary uses are detailed below:

- Future project development is \$21.9M, up by \$5.4M due to an increase in planning activities related to future corridors and system planning.
- Capitol Extension is in the design stage, while South Central Ext./Downtown Hub and Northwest Extension Phase II project construction activities are completed and revenue service has started.
- State of Good Repair is \$28.1M, up from \$22.2M to address aging of revenue vehicles.

	FY24 Actual	FY25 Budget	FY26 Budget	
Uses of Funds				
Operating				*Note
Light Rail O&M	\$ 64,927,000	\$ 71,713,000	\$ 86,215,000	6
Streetcar O&M	4,214,000	6,404,000	6,754,000	
Light Rail Security	10,211,000	15,343,000	20,514,000	7
Streetcar Security	939,000	1,045,000	1,455,000	
Agency Operating	2,800,000	3,443,000	3,739,000	
Total Operating	83,091,000	97,948,000	118,677,000	
Capital				
Future Project Development	9,450,000	16,483,000	21,930,000	8
South Central Ext./Downtown Hub	251,597,000	297,243,000	18,811,000	9
Capitol Extension	950,000	20,848,000	32,093,000	10
Northwest Extension Phase II	45,154,000	12,592,000	2,637,000	11
Tempe Streetcar	1,751,000	8,343,000	6,691,000	12
Gilbert Road Extension	88,000	2,235,000	-	13
OMC Expansion	259,000	-	-	
Systemwide Improvements	4,844,000	11,711,000	4,188,000	14
State of Good Repair	6,747,000	22,201,000	28,054,000	15
Total Capital	320,840,000	391,656,000	114,404,000	
Total Uses of Funds	\$ 403,931,000	\$ 489,604,000	\$ 233,081,000	

*Explanations for significant changes from the previous year are included in the Budget Analysis section of this document.

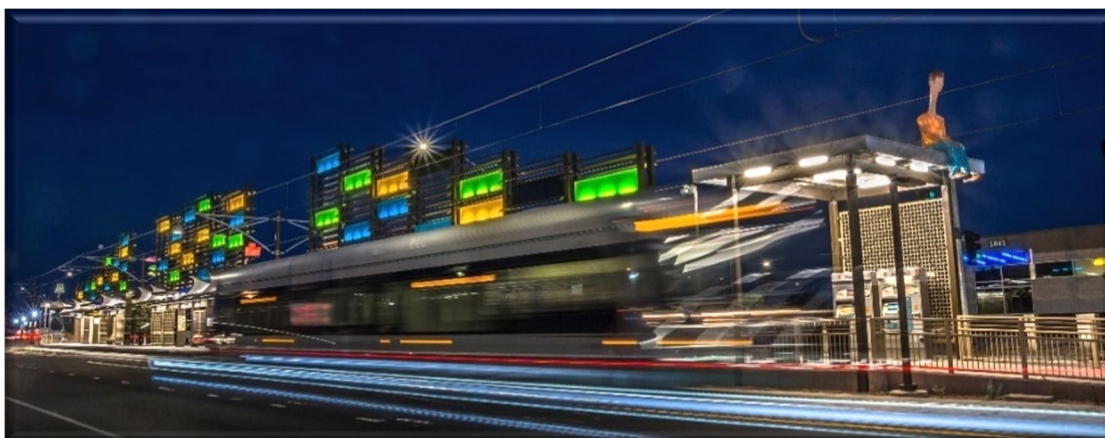
BUDGET ANALYSIS

The following is an analysis of the major changes in the FY26 Budget versus the FY25 Budget. The number in the "Note" column corresponds to the "Note" column in the "Sources of Funds" and "Uses of Funds" tables.

Note Analysis Comment - Sources of Funds		
OPERATING	1	Member city contributions for operating projects are up from \$87.2M to \$107.4M in FY26 mainly due to South Central Ext./Downtown Hub (SCE/DH) in operations for a full year and higher overall security costs.
	2	Federal funding for capital is down from \$128.9M to \$110.8M. The large decrease is primarily due to the timing of available federal grant drawdowns decreasing in FY26 and the winding down of construction activity for the capital program.
CAPITAL	3	Member city contributions for capital projects are down by \$255.4M in FY26, programmed at \$-86.8M, due to repaying City of Phoenix for upfront contributions made while awaiting federal grant reimbursement.
	4	PTF sales tax funding requirement is decreasing from \$93.1M to \$85.4M, due to the completion of SCE/DH. PTF sales tax revenues are used to provide funding for major capital activities including future project development, capital construction projects as well as systemwide improvement and state of good repair activities.
	5	Carry forwards & reserves are at \$4.0M in FY25 for supporting State of Good Repair projects.



Note Analysis Comment - Uses of Funds		
OPERATING	6	Light Rail Operation and Maintenance costs are increasing over FY25 primarily due to a full year operations of SCE/DH and scheduled contractual increases.
	7	Light Rail Security costs are increasing over FY25 due to a new contract with higher security staff presence and SCE/DH being in operations for a full year.
CAPITAL	8	Planned future project development costs are up by \$5.4M due to an increase in planning activities related to future corridors and system planning. The main projects are I-10 West and Rio East-Dobson Streetcar.
	9	South Central/Downtown Hub project construction activities ended in FY25, however residual costs will continue in FY26. Annual expenditures are planned at \$18.8M, which includes revenue vehicle payments of \$8.3M.
	10	Capitol Extension project activities are anticipated to ramp up in FY26. Annual design and project management expenditures are planned at \$32.1M.
	11	Northwest Phase II project construction activities were completed in FY24. Annual expenditures in FY26 are forecasted at \$2.6M for residual construction costs.
	12	Tempe Streetcar project is complete. Further expenses in FY26 are for revenue vehicle payments, communications system installation and fare collection equipment site preparation.
	13	Gilbert Road Extension project is complete and no further expenses are expected in FY26.
	14	Systemwide Improvements are forecasted at \$4.2M, down by \$7.5M. The main projects are: Information Technology upgrades \$1.6M, systemwide fiber study, future revenue vehicle study \$0.7M, pantagraph strike detection equipment \$0.4M, and other systemwide improvements \$1.5M.
15	State of Good Repair needs for FY26 are \$28.0M including replacement parts \$5.4M, HVACs on platforms \$4.0M, passenger station painting \$3.6M, pavers platform replacement \$3.2M, and revenue vehicles overhaul projects \$4.8M.	



STAFFING OVERVIEW

RPTA and VMR budgets are developed with a unified staff plan, with department managers planning the level of effort required to meet the bus and rail activities. For FY26, there are 534 employees budgeted: 183.5 Full Time Equivalent (FTE) positions are budgeted to RPTA activities and 350.5 FTEs to VMR activities. Staffing levels are reviewed on an annual basis to fulfill work requirements for the coming year. Salary and fringe benefit compensation levels are measured against comparable regional agencies, member cities, and peer transit agencies located in the western U.S.

FY26 COMPENSATION AND FRINGE BENEFIT ASSUMPTIONS

Total compensation budget is based on a 3.0% merit increase and a 2.0% Cost of Living Adjustment (COLA) for all agency staff. For staff salary changes, merit increases are based on employee performance. The COLA is recommended based on continued inflation, which according to the Consumer Price Index (CPI) in the Phoenix metropolitan area, reached 1.8% growth over a 12-month period (February 2024 compared to February 2025). Furthermore, Valley Metro has undertaken a compensation study and the recommendations will be implemented during FY26. The fringe benefits plan, including Arizona State Retirement System and health insurance, is anticipated to decrease slightly due to lower Retirement rates.

FY26 STAFFING NEEDS

Valley Metro and our partners are committed to delivering excellent customer experience across the system now and into the future. Seventeen key positions have been added to the FY26 budget in order to best serve our customers by ensuring safety and security for the riders, maintaining the system for upcoming new service related to the opening of the South Central Extension and maintaining the system assets in proper operating condition.

Shared Agency

- Deputy Chief of Security
- Deputy Chief of Safety
- Management Analyst/Grants Coordinator
- Planner
- Supervisor, Community Engagement
- Supervisor, Passenger Information Systems

RPTA only

- Benefits Administrator
- Human Resources Generalist Utility Worker
- Management Analyst
- Bus Fleet Maintenance Superintendent (3)

VMR only

- Traction Power Manager
- Traction Power Supervisor (3)
- Utility Worker

Agency	FY25 Budget	Mid-Year Additions	FY26 Changes	FY26 Budget
RPTA	175.2	3.0	5.3	183.5
VMR	341.8	0.0	8.7	350.5
Total Agency	517.0	3.0	14.0	534.0

5-YEAR OVERVIEW

VMR currently has a number of transit projects in various phases of planning, design, or construction. The sources and uses of funds associated with these projects and activities are projected to be \$1.7 billion (B) through the five-year planning horizon of FY26 through FY30. These sources and uses of funds are summarized as follows:

SOURCES OF FUNDS

	5-Year Total
Sources of Funds (\$,000)	
Operating	
Advertising	\$ 6,637
Fares	44,104
Federal Funds	14,564
Member City Contributions	571,235
Other	500
Total Operating	637,040
Capital	
Federal Funds	347,726
MAG Funds	500
Member City Contributions	540,342
Public Transportation Funds	128,611
Regional Area Road Funds	500
Total Capital	1,017,679
Total Sources of Funds	\$ 1,654,719

USES OF FUNDS

	5-Year Total
Uses of Funds (\$,000)	
Operating	
Operations & Maintenance	\$ 500,549
Security	116,636
Agency Operating Budget	19,855
Total Operating	637,040
Capital	
Future Project Development	130,150
South Central Ext./Downtown Hub	22,114
Capitol Extension	337,762
Northwest Extension Phase II	24,199
Tempe Streetcar	7,213
Rio East-Dobson Extension	347,840
Systemwide Improvements	17,295
State of Good Repair	131,106
Total Capital	1,017,679
Total Uses of Funds	\$ 1,654,719

OPERATING BUDGET



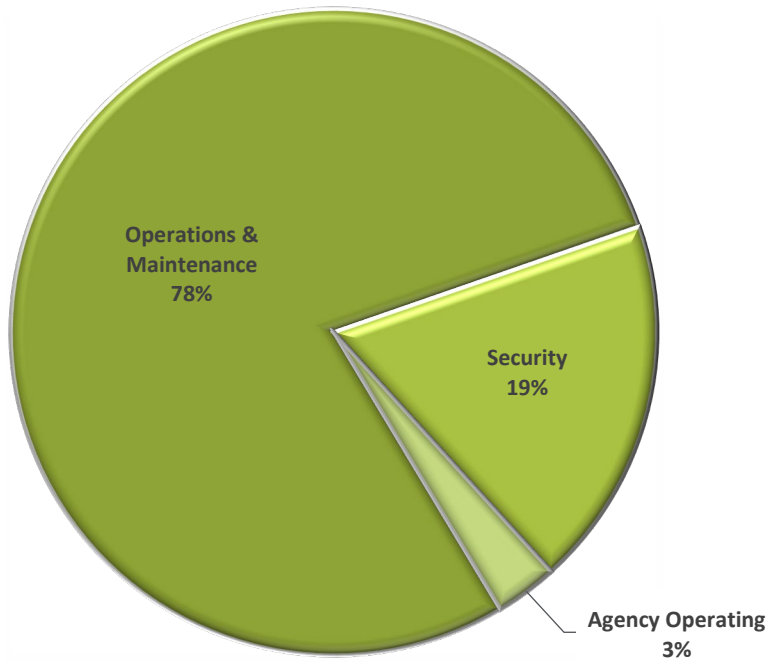
OPERATING OVERVIEW

LIGHT RAIL & STREETCAR

The total operating budget for FY26 is \$118.7M, up \$20.7M or 21% from FY25.

	FY24 Actual	FY25 Budget	FY26 Budget
Operating			
Operations & Maintenance	\$ 69,141,000	\$ 78,117,000	\$ 92,969,000
Security	11,150,000	16,388,000	21,969,000
Agency Operating	2,800,000	3,443,000	3,739,000
Total Operating	\$ 83,091,000	\$ 97,948,000	\$ 118,677,000

FY26 Operating



OPERATIONS & MAINTENANCE

LIGHT RAIL

Valley Metro Rail (VMR) light rail will provide approximately 4.3 million miles of service in FY26. VMR contracts with a vendor to provide operator service to Phoenix, Tempe, and Mesa at 57 platform stations.

Light Rail Operations & Maintenance (O&M) is composed of five categories: Operations, Vehicle Maintenance, Maintenance of Way, Administrative Support, and Insurance. Overall, there is an increase of \$14.5M or 20% over FY25. Each of the five categories are detailed below.

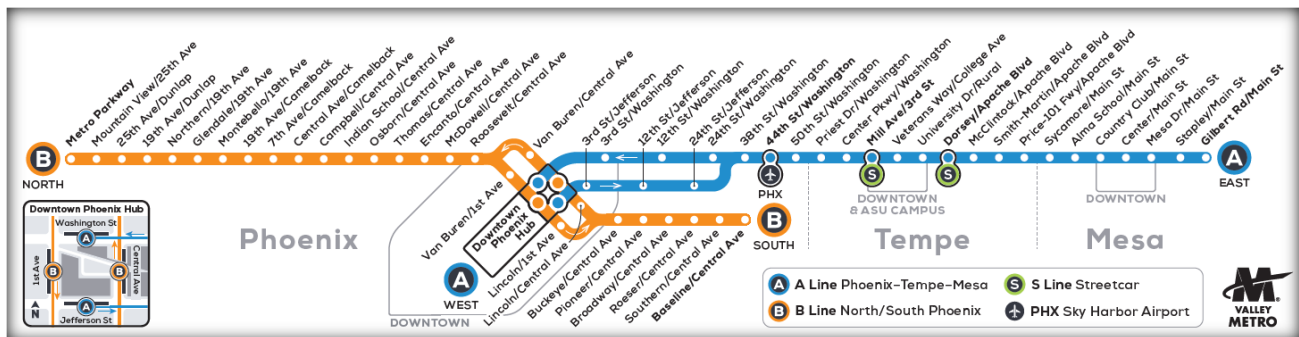
South Central Extension/Downtown Hub opened for operation on June 7, 2025.

	FY24 Actual	FY25 Budget	FY26 Budget
Light Rail O&M			
Operations	\$ 18,560,000	\$ 20,242,000	\$ 26,151,000
Vehicle Maintenance	13,187,000	12,118,000	14,261,000
Maintenance of Way	18,774,000	21,387,000	25,935,000
Administrative Support	9,371,000	12,408,000	13,976,000
Insurance	5,035,000	5,558,000	5,892,000
Total Light Rail O&M	\$ 64,927,000	\$ 71,713,000	\$ 86,215,000

Full Time Equivalents

Operations	2.1	2.6	2.6
Vehicle Maintenance	79.4	71.0	86.4
Maintenance of Way	72.8	76.0	92.8
Administrative Support	34.1	47.5	51.1
Insurance	0.0	0.0	0.0

Track Miles	28.9	28.9	32.9
Revenue Miles	3,648,000	3,560,000	4,290,000
Boardings	9,449,000	10,438,000	13,410,000



OPERATIONS

Operations is responsible for ensuring the overall reliability of the light rail system. This includes the operation control center, field supervision, train operators, and propulsion power.

	FY24 Actual	FY25 Budget	FY26 Budget
Operations			
Personnel	\$ 304,000	\$ 398,000	\$ 34,000
Contractual Services	14,000	10,000	5,000
Fuel & Lubricants	110,000	133,000	136,000
Propulsion Power	2,991,000	3,475,000	4,797,000
Transit Services	15,116,000	16,191,000	21,176,000
Allocated Indirect Costs	25,000	35,000	3,000
Total Operations	\$ 18,560,000	\$ 20,242,000	\$ 26,151,000

Full Time Equivalents	2.1	2.6	2.6
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The costs for operations are forecasted to increase by 29%. Transit services will increase due to standard contractual increases and a full year of South Central Ext./Downtown Hub operations. The propulsion power increase is due to utility rate increases and a full year of South Central Ext. / Downtown Hub.

VEHICLE MAINTENANCE

Vehicle Maintenance is responsible for the preventive and corrective maintenance required to preserve a high level of vehicle availability, reliability, and cleanliness.

	FY24 Actual	FY25 Budget	FY26 Budget
Vehicle Maintenance			
Personnel	\$ 8,090,000	\$ 7,577,000	\$ 9,423,000
Computers & Software	15,000	-	-
Contractual Services	844,000	949,000	1,003,000
Equipment	15,000	-	-
Parts	3,591,000	2,927,000	3,005,000
Supplies	12,000	-	62,000
Allocated Indirect Costs	620,000	665,000	768,000
Total Vehicle Maintenance	\$ 13,187,000	\$ 12,118,000	\$ 14,261,000

Full Time Equivalents	79.4	71.0	86.4
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Overall vehicle maintenance costs are forecasted to increase by 18%. Vehicle maintenance costs will increase due to an additional 18 revenue vehicles serving the entire alignment, including the new South Central Ext./Downtown Hub.

ADMINISTRATIVE SUPPORT

Operations, vehicle maintenance, and maintenance of way are supported by administrative activities including public safety and security, marketing, customer service, legal and procurement, finance and accounting, risk management, and information systems.

	FY24 Actual	FY25 Budget	FY26 Budget
Administrative Support			
Personnel	\$ 3,564,000	\$ 5,770,000	\$ 7,001,000
Advertising	208,000	585,000	765,000
Contractual Services	2,933,000	2,816,000	2,420,000
Leases/Rent	-	75,000	75,000
Non-Revenue Vehicles	122,000	-	-
Parts	6,000	-	6,000
Site Improvements	10,000	163,000	43,000
Supplies	121,000	91,000	111,000
Travel & Meetings	34,000	57,000	69,000
Other	851,000	711,000	897,000
Allocated Indirect Costs	1,522,000	2,140,000	2,589,000
Total Administrative Support	\$ 9,371,000	\$ 12,408,000	\$ 13,976,000

Full Time Equivalents	34.1	47.5	51.1
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Administrative costs for operations are up \$1.6M over FY25 are mainly due to increased personnel costs. In addition, advertising is increasing due to rider education for the new Fare Collection System, on-going marketing and education for the new South Central/Downtown Hub extension and a two line rail system education program.

INSURANCE

	FY24 Actual	FY25 Budget	FY26 Budget
Insurance			
Insurance	5,560,000	6,200,000	6,648,000
Property Damage Recoveries	(525,000)	(642,000)	(756,000)
Total Insurance	\$ 5,035,000	\$ 5,558,000	\$ 5,892,000

Full Time Equivalents	0.0	0.0	0.0
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Insurance costs for operations are up \$0.3M over FY25. Insurance is up 6% primarily due to the tightening insurance market for transit liability risks. South Central Ext./Downtown Hub full year insurance costs are also included.

STREETCAR

Valley Metro Rail (VMR) streetcar will provide approximately 163,000 miles of service in FY26. VMR contracts with a vendor to provide operator service to Tempe at 14 stops.

Streetcar Operations & Maintenance (O&M) is comprised of five categories: Operations, Vehicle Maintenance, Maintenance of Way, Administrative Support, and Insurance. Overall, there is an increase of \$0.4M or 5.5% over FY25. Each of the five categories are detailed below.

	FY24 Actual	FY25 Budget	FY26 Budget
Streetcar O&M			
Operations	\$ 2,459,000	\$ 2,741,000	\$ 2,773,000
Vehicle Maintenance	391,000	970,000	1,045,000
Maintenance of Way	865,000	1,458,000	1,515,000
Administrative Support	281,000	808,000	1,071,000
Insurance	218,000	427,000	350,000
Total Streetcar O&M	\$ 4,214,000	\$ 6,404,000	\$ 6,754,000

Full Time Equivalent

Operations	0.1	0.2	0.2
Vehicle Maintenance	5.0	5.1	6.0
Maintenance of Way	5.2	5.2	5.8
Administrative Support	0.9	2.6	3.3
Insurance	0.0	0.0	0.0

Track Miles	3.0	3.0	3.0
Revenue Miles	163,000	163,000	163,000
Boardings	408,000	686,000	765,000



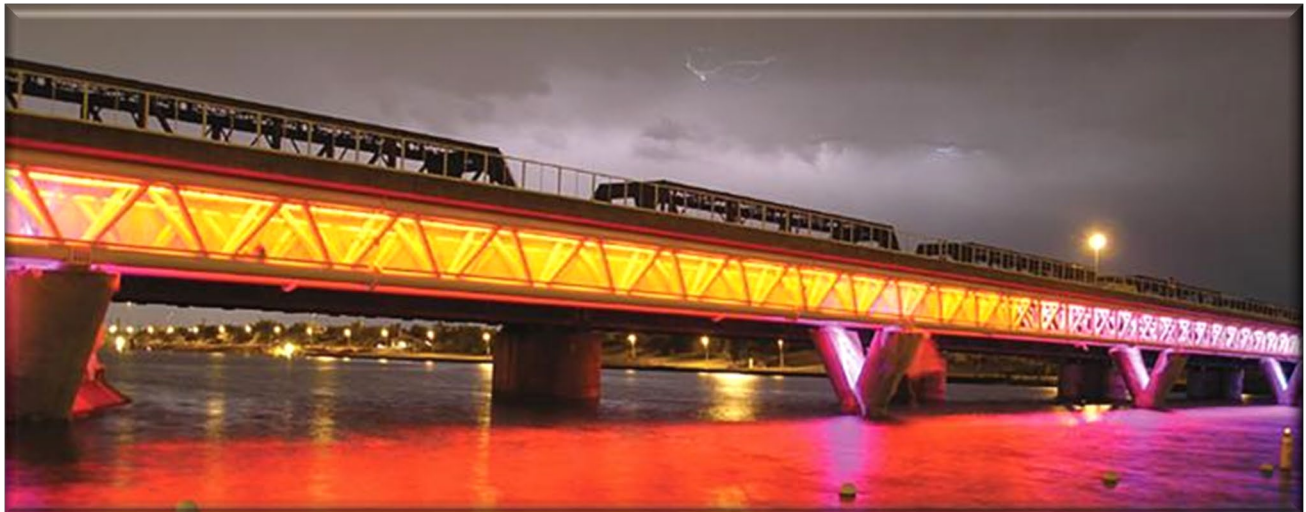
MAINTENANCE OF WAY

Maintenance of Way is responsible for maintaining all rail systems and facilities, including, track, communications, signals, stations, traction power distribution, and overhead catenary systems.

	FY24 Actual	FY25 Budget	FY26 Budget
Maintenance of Way			
Personnel	\$ 231,000	\$ 590,000	\$ 684,000
Computers & Software	5,000	20,000	16,000
Contractual Services	482,000	574,000	480,000
Fuel & Lubricants	31,000	33,000	26,000
Non-Revenue Vehicles	13,000	17,000	45,000
Parts	7,000	54,000	71,000
Supplies	1,000	2,000	3,000
Utilities	77,000	88,000	118,000
Other	9,000	29,000	16,000
Allocated Indirect Costs	9,000	51,000	56,000
Total Maintenance of Way	\$ 865,000	\$ 1,458,000	\$ 1,515,000

Full Time Equivalentts	5.2	5.2	5.8
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Maintenance of Way costs are forecasted to have a slight increase of 4% over FY25. Costs related to staffing and utilities increased but were offset mostly by savings in fuel and contractual services.



ADMINISTRATIVE SUPPORT

Operations, vehicle maintenance, and maintenance of way are supported by administrative activities including public safety and security, marketing, customer service, legal and procurement, finance and accounting, risk management, and information systems.

	FY24 Actual	FY25 Budget	FY26 Budget
Administrative Support			
Personnel	\$ 100,000	\$ 327,000	\$ 460,000
Advertising	31,000	80,000	155,000
Contractual Services	89,000	232,000	226,000
Parts	-	-	2,000
Site Improvements	-	10,000	4,000
Supplies	11,000	11,000	11,000
Travel & Meetings	1,000	4,000	4,000
Other	23,000	47,000	52,000
Allocated Indirect Costs	26,000	97,000	157,000
Total Administrative Support	\$ 281,000	\$ 808,000	\$ 1,071,000

Full Time Equivalentents 0.9 2.6 3.3

Administrative costs for operations are up \$0.3M over FY25 mainly due to costs related to staffing.

INSURANCE

	FY24 Actual	FY25 Budget	FY26 Budget
Insurance			
Insurance	\$ 240,000	\$ 452,000	\$ 379,000
Property Damage Recoveries	\$ (22,000)	\$ (25,000)	\$ (29,000)
Total Insurance	\$ 218,000	\$ 427,000	\$ 350,000

Full Time Equivalentents 0.0 0.0 0.0

Insurance costs for operations are down \$0.08M over FY25. Insurance is down 18% primarily due to the allocations with Light Rail Operations.

SECURITY

Security is responsible for ensuring the overall safety of the light rail and streetcar systems.

LIGHT RAIL

	FY24 Actual	FY25 Budget	FY26 Budget
Security			
Personnel	\$ 1,562,000	\$ 2,194,000	\$ 2,708,000
Contractual Services	8,121,000	12,245,000	16,688,000
Non-Revenue Vehicles	-	61,000	-
Supplies	3,000	25,000	6,000
Travel & Meetings	3,000	11,000	8,000
Other	106,000	107,000	100,000
Allocated Indirect Costs	416,000	700,000	1,004,000
Total Security	\$ 10,211,000	\$ 15,343,000	\$ 20,514,000

Full Time Equivalents	15.5	20.0	23.4
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Security costs for light rail operations are projected to be up 34% over FY25 levels. The increase is primarily due to the new vendor contract, an emphasis on more presence on the alignment and South Central Ext./Downtown Hub full year of revenue service. Personnel costs are increasing to enhance system safety oversight and reduce system safety risk.

STREETCAR

	FY24 Actual	FY25 Budget	FY26 Budget
Security			
Personnel	\$ 78,000	\$ 101,000	\$ 167,000
Contractual Services	838,000	893,000	1,206,000
Non-Revenue Vehicles	-	3,000	-
Supplies	-	10,000	3,000
Travel & Meetings	-	1,000	2,000
Other	4,000	7,000	12,000
Allocated Indirect Costs	19,000	30,000	65,000
Total Security	\$ 939,000	\$ 1,045,000	\$ 1,455,000

Full Time Equivalents	0.8	1.0	1.4
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Security costs for streetcar operations are projected to be \$0.4M over FY25 due to additional staff time focused on streetcar safety and a new vendor contract that emphasizes more presence on the alignment.

VMR INDIRECT COST POOL

VMR AGENCY

The VMR indirect cost pool includes general and administrative costs of VMR, directly related to the corporate office. Costs are directly allocable to labor charged by VMR corporate office staff to each project budget. Costs within this budget include rent, leased equipment, computer software and software maintenance, equipment, offsite hosting, and personnel costs for information technology, accounting, and procurement.

	FY24 Actual	FY25 Budget	FY26 Budget
Indirect Cost Pool			
Expenses			
Personnel	\$ 1,389,000	\$ 1,680,000	\$ 1,914,000
Advertising	-	1,000	1,000
Computers & Software	317,000	724,000	-
Contractual Services	2,663,000	3,172,000	4,060,000
Equipment	-	5,000	-
Fuel & Lubricants	30,000	34,000	34,000
Leases/Rent	1,244,000	1,275,000	1,345,000
Site Improvements	10,000	177,000	64,000
Supplies	93,000	108,000	147,000
Travel & Meetings	25,000	49,000	51,000
Other	209,000	391,000	331,000
Allocated Indirect Costs	105,000	148,000	156,000
Total Project Costs	6,085,000	7,764,000	8,103,000
Total Indirect Cost Pool	\$ 6,085,000	\$ 7,764,000	\$ 8,103,000

Full Time Equivalents	10.2	11.2	12.6
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The VMR indirect cost pool expenses are up by \$0.3M or 4% from FY25. The increase is primarily due to higher contractual services costs, additional personnel costs, and annual rent increases.

VMR indirect cost pool expenses are allocated based on ratios of actual wages expended for VMR operating and capital projects. The table below shows the amount of indirect costs allocated to each project.

	FY24 Actual	FY25 Budget	FY26 Budget
Indirect Cost Pool			
Allocation by Project			
Light Rail O&M	\$ 1,246,000	\$ 1,648,000	\$ 2,038,000
Streetcar O&M	20,000	64,000	121,000
Light Rail Security	298,000	508,000	783,000
Streetcar Security	13,000	21,000	53,000
Agency Operating	688,000	720,000	926,000
Future Project Development	1,525,000	1,497,000	1,859,000
South Central Ext./Downtown Hub	1,394,000	2,701,000	859,000
Capitol Extension	97,000	495,000	1,339,000
Northwest Extension Phase II	767,000	17,000	-
Tempe Streetcar	3,000	-	-
Systemwide Improvements	34,000	93,000	116,000
State of Good Repair	-	-	9,000
Total Indirect Cost Pool	\$ 6,085,000	\$ 7,764,000	\$ 8,103,000



CAPITAL BUDGET

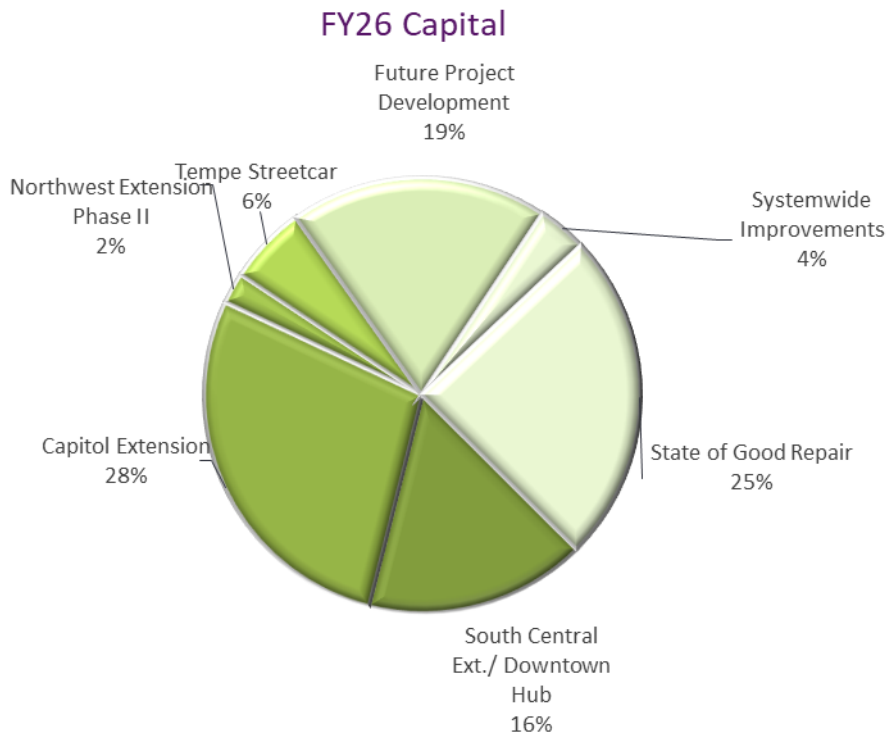


CAPITAL OVERVIEW

The total capital budget for FY26 is \$114.4M, down \$277.4M or 71% from FY25.

	FY24 Actual	FY25 Budget	FY26 Budget
Capital			
Future Project Development	\$ 9,450,000	\$ 16,483,000	\$ 21,930,000
South Central Ext./Downtown Hub	251,597,000	297,243,000	18,811,000
Capitol Extension	950,000	20,848,000	32,093,000
Northwest Extension Phase II	45,154,000	12,592,000	2,637,000
Tempe Streetcar	1,751,000	8,343,000	6,691,000
Gilbert Road Extension	88,000	2,235,000	-
OMC Expansion	259,000	-	-
Systemwide Improvements	4,844,000	11,711,000	4,188,000
State of Good Repair	6,747,000	22,201,000	28,054,000
Total Capital	\$ 320,840,000	\$ 391,656,000	\$ 114,404,000

Capital activities fluctuate based on the progress or phase of the capital projects. For FY26, Capitol Extension continues in the design phase and starts its capital phase in FY26. South Central Ext./Downtown Hub and Northwest Extension Phase II have residual costs remaining in FY26.



FUTURE PROJECT DEVELOPMENT

The proposed HCT system will include over 66 miles of service in three cities within the current program. Before any specific transit corridor is initiated, VMR will study and configure the system to better understand how corridors connect, determine facility requirements, and define operating parameters. System planning is the first step in developing the HCT network. It is followed by the corridor planning for individual corridors. Once technologies and alignments are determined in each corridor, preliminary engineering is engaged.

A key objective during project development is to define all aspects of each HCT corridor project, identify the appropriate transit technology, the alignment, stations, park-and-rides, maintenance facilities, traction power substations, and bus interface. VMR staff are committed to working closely with policy makers, public agencies, businesses, community stakeholders, and utility companies to assure an early and complete understanding of their needs and issues before design begins. VMR is responsible for ensuring that adequate funding is in place to implement, maintain, and operate the light rail program. VMR staff work closely with federal, state, regional, and local agencies that provide present and future funding for the light rail system. VMR, in coordination with all affected agencies, annually updates the HCT element of the Transit Life Cycle Program, which defines light rail projects, funding, and schedule.

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

The project costs fluctuate based on the progress of the individual projects being planned or studied.

	FY24 Actual	FY25 Budget	FY26 Budget
Future Project Development			
Project Costs			
Personnel	\$ 2,988,000	\$ 3,562,000	\$ 3,961,000
Advertising	1,000	2,000	8,000
Art	2,000	-	-
Computers & Software	11,000	11,000	11,000
Contractual Services	4,740,000	10,953,000	15,623,000
Supplies	1,000	8,000	8,000
Travel & Meetings	14,000	101,000	91,000
Other	2,000	35,000	45,000
Allocated Indirect Costs	1,691,000	1,811,000	2,183,000
Total Project Costs	9,450,000	16,483,000	21,930,000
Total Future Project Development	\$ 9,450,000	\$ 16,483,000	\$ 21,930,000

Full Time Equivalents	20.8	20.7	22.0
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Projects and studies planned for FY26, and associated funding sources are listed below:

- I-10 West Extension is anticipated to be funded with Federal funds (\$1.4M) and PTF (\$3.7M).
- Rio East/Dobson Streetcar is anticipated to be funded with Federal funds (\$8.7M).

SOUTH CENTRAL EXT./DOWNTOWN HUB

The South Central corridor is one of 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.

The 5.0-mile South Central corridor will connect with the current light rail system via the Downtown Hub and operate south to Baseline Rd. The Downtown Hub will include track improvements at 5th Street, 3rd Avenue, and McKinley, as well as new stations downtown on Central Avenue, Jefferson Street, and Washington Street. This expanded infrastructure will improve transfer opportunities between existing and planned light rail services and provide better connectivity to regional destinations.

	FY24 Actual	FY25 Budget	FY26 Budget
South Central Ext./Downtown Hub			
Project Costs			
Personnel	\$ 2,876,000	\$ 6,409,000	\$ 1,829,000
Advertising	2,000	200,000	15,000
Computers & Software	8,000	15,000	16,000
Contractual Services	195,590,000	245,162,000	5,880,000
Insurance	3,000	-	-
Non-Prior Right Utilities	17,779,000	14,000,000	1,500,000
Non-Revenue Vehicles	-	-	210,000
Propulsion Power	33,000	-	-
Real Estate	2,390,000	-	-
Revenue Vehicles	2,626,000	11,448,000	8,277,000
Supplies	40,000	403,000	10,000
Transit Services	-	2,400,000	-
Travel & Meetings	7,000	70,000	20,000
Other	409,000	662,000	46,000
Allocated Indirect Costs	1,622,000	3,265,000	1,008,000
Total Project Costs	223,385,000	284,034,000	18,811,000
Associated Costs			
Art	580,000	945,000	-
Contractual Services	8,033,000	11,819,000	-
Real Estate	19,033,000	-	-
Other	566,000	445,000	-
Total Associated Costs	28,212,000	13,209,000	-
Total South Central Ext./Downtown Hub	\$ 251,597,000	\$ 297,243,000	\$ 18,811,000

Full Time Equivalents	32.4	56.2	12.6
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The South Central Ext./Downtown Hub project ended the construction phase of the project. Revenue service started June 7, 2025.

CAPITOL EXTENSION

The 0.8-mile Capitol Extension will provide an important connection between the downtown core and 15th Ave, east of the Arizona State Capitol area. Integrating with the existing Valley Metro Rail system at 3rd Avenue, this project will connect state, regional and local agencies, as well as community partners, and energize the downtown and State Capitol areas.

	FY24 Actual	FY25 Budget	FY26 Budget
Capitol Extension			
Project Costs			
Personnel	\$ 234,000	\$ 1,181,000	\$ 2,862,000
Computers & Software	5,000	7,000	13,000
Contractual Services	590,000	18,863,000	24,625,000
Non-Prior Right Utilities	-	-	2,500,000
Supplies	-	18,000	107,000
Travel & Meetings	5,000	16,000	33,000
Other	1,000	15,000	49,000
Allocated Indirect Costs	115,000	598,000	1,572,000
Total Project Costs	950,000	20,698,000	31,761,000
Associated Costs			
Art	-	150,000	332,000
Total Associated Costs	-	150,000	332,000
Total Capitol Extension	\$ 950,000	\$ 20,848,000	\$ 32,093,000
Full Time Equivalents	3.5	6.6	16.7

Capitol Extension started its capital design phase in FY25 and enters the construction phase in FY26.

NORTHWEST EXTENSION PHASE II

In 2004, the Phoenix City Council approved the Northwest Extension Phase II to extend light rail from 19th Ave/Montebello to 25th Ave and Mountain View Rd. In 2007, the route was divided into two phases. The 1.6-mile Phase I on 19th Ave from Montebello to Dunlap Ave opened on March 19, 2016.

Phase II of the Northwest Extension extends the light rail 1.6 miles west on Dunlap Ave from 19th Ave, north on 25th Ave and across I-17 with a terminus near the former Metrocenter Mall.

	FY24 Actual	FY25 Budget	FY26 Budget
Northwest Extension Phase II			
Project Costs			
Personnel	\$ 1,499,000	\$ 42,000	\$ -
Advertising	16,000	-	-
Computers & Software	8,000	7,000	-
Contractual Services	33,940,000	9,309,000	2,637,000
Non-Prior Right Utilities	2,876,000	3,186,000	-
Non-Revenue Vehicles	300,000	-	-
Real Estate	(672,000)	-	-
Supplies	131,000	-	-
Travel & Meetings	3,000	-	-
Utilities	19,000	-	-
Other	107,000	4,000	-
Allocated Indirect Costs	884,000	21,000	-
Total Project Costs	39,111,000	12,569,000	2,637,000
Associated Costs			
Art	133,000	23,000	-
Contractual Services	79,000	-	-
Real Estate	5,783,000	-	-
Other	48,000	-	-
Total Associated Costs	6,043,000	23,000	-
Total Northwest Extension Phase II	\$ 45,154,000	\$ 12,592,000	\$ 2,637,000

Full Time Equivalents	15.5	0.4	0.0
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The Northwest Extension Phase II project started revenue service on January 27, 2024.

TEMPE STREETCAR

The Tempe Streetcar 3.0-mile alignment is the first modern streetcar line in the Valley. It serves one of the highest transit ridership centers in the region and connects riders to Arizona State University, neighborhoods, major business centers, and regional events and destinations.

	FY24 Actual	FY25 Budget	FY26 Budget
Tempe Streetcar			
Project Costs			
Personnel	\$ 6,000	\$ -	\$ -
Contractual Services	791,000	-	-
Site Improvements	144,000	-	-
Revenue Vehicles	399,000	4,058,000	-
Allocated Indirect Costs	3,000	-	-
Total Project Costs	1,343,000	4,058,000	-
Associated Costs			
Contractual Services	437,000	3,142,000	1,500,000
Revenue Vehicles	(29,000)	1,143,000	5,191,000
Total Associated Costs	408,000	4,285,000	6,691,000
Total Tempe Streetcar	\$ 1,751,000	\$ 8,343,000	\$ 6,691,000
Full Time Equivalents	0.1	0.0	0.0

Revenue vehicle payments and communications system installation and fare collection equipment continue in FY26.



GILBERT ROAD EXTENSION

The Gilbert Road Extension extends the alignment 1.9 miles on Main Street from Mesa Drive to Gilbert Road in Mesa. At Gilbert Road, there are significant transit connections and the ability to serve the growing transit demand in the East Valley.

	FY24 Actual	FY25 Budget	FY26 Budget
Gilbert Road Extension			
Project Costs			
Contractual Services	\$ 41,000	\$ -	\$ -
Revenue Vehicles	47,000	2,235,000	-
Total Project Costs	88,000	2,235,000	-
Total Gilbert Road Extension	\$ 88,000	\$ 2,235,000	\$ -
Full Time Equivalents	0.0	0.0	0.0

OPERATIONS & MAINTENANCE CENTER EXPANSION

The Rail Operations and Maintenance Center (OMC), built in 2006 for the original initial 20-mile light rail line, provides office space and facilities to store, inspect, maintain, clean, and operate trains. With the expansion of the light rail system and streetcar system, the OMC also needed to expand. The expansion includes additional storage track, maintenance buildings, cleaning structures, and staff facilities.

	FY24 Actual	FY25 Budget	FY26 Budget
OMC Expansion			
Project Costs			
Contractual Services	\$ 259,000	\$ -	\$ -
Total Project Costs	259,000	-	-
Total OMC Expansion	\$ 259,000	\$ -	\$ -
Full Time Equivalents	0.0	0.0	0.0

The OMC Expansion project was completed in FY23.

SYSTEMWIDE IMPROVEMENTS

Systemwide Improvements include capital replacement and expansion needs.

	FY24 Actual	FY25 Budget	FY26 Budget
Systemwide Improvements			
Project Costs			
Personnel	\$ 74,000	\$ 219,000	\$ 246,000
Computers & Software	105,000	-	219,000
Contractual Services	1,329,000	2,467,000	2,047,000
Equipment	695,000	267,000	566,000
Parts	-	-	208,000
PTF Disbursements	1,378,000	-	-
Revenue Vehicles	124,000	5,960,000	700,000
Site Improvements	120,000	518,000	-
Travel & Meetings	-	12,000	11,000
Other	980,000	2,154,000	53,000
Allocated Indirect Costs	39,000	114,000	138,000
Total Project Costs	4,844,000	11,711,000	4,188,000
Total Systemwide Improvements	\$ 4,844,000	\$ 11,711,000	\$ 4,188,000

Full Time Equivalentents	0.5	1.5	1.5
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Systemwide Improvements will decrease in FY26 due in part to a decrease in light rail vehicle payments over FY25. Costs for systemwide improvements in FY26 include systemwide fiber study, 38th Street/Washington to OMC fiber installation, two-line wayfinding signage installation, CPTED recommendation implementations, pantograph strike detection, and operations technology infrastructure upgrade.

STATE OF GOOD REPAIR

State of Good Repair includes projects necessary to maintain the transit system in a state of good repair to provide efficient, reliable, and safe service.

	FY24 Actual	FY25 Budget	FY26 Budget
State of Good Repair			
Project Costs			
Personnel	\$ 433,000	\$ 751,000	\$ 827,000
Computers & Software	-	-	456,000
Contractual Services	3,228,000	10,243,000	8,917,000
Equipment	2,600,000	5,361,000	6,262,000
Non-Revenue Vehicles	243,000	374,000	1,068,000
Parts	212,000	5,406,000	10,447,000
Allocated Indirect Costs	31,000	66,000	77,000
Total Project Costs	6,747,000	22,201,000	28,054,000
Total State of Good Repair	\$ 6,747,000	\$ 22,201,000	\$ 28,054,000

Full Time Equivalents	4.7	5.5	6.0
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Projects included are purchasing soon-to-be obsolete parts, HVACs on platforms, passenger station painting, pavers to concrete platforms, revenue vehicles overhaul projects, vehicle communication system replacement, non-revenue vehicle replacements, SCADA network refresh, station water fountains, and 11 other projects.

CAPITAL DEBT SERVICE

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

	FY24 Actual	FY25 Budget	FY26 Budget
Debt Service			
Administration			
Interest	\$ 2,212,000	\$ 1,354,000	\$ 459,000
Principal	16,272,000	16,823,000	17,690,000
Total Administration	18,484,000	18,177,000	18,149,000
Total Debt Service	\$ 18,484,000	\$ 18,177,000	\$ 18,149,000

Five Year Operating Forecast & Capital Program

FISCAL YEAR 2026 – FISCAL YEAR 2030

SUMMARY OVERVIEW

FISCAL YEAR 2026 – FISCAL YEAR 2030



FIVE-YEAR OVERVIEW

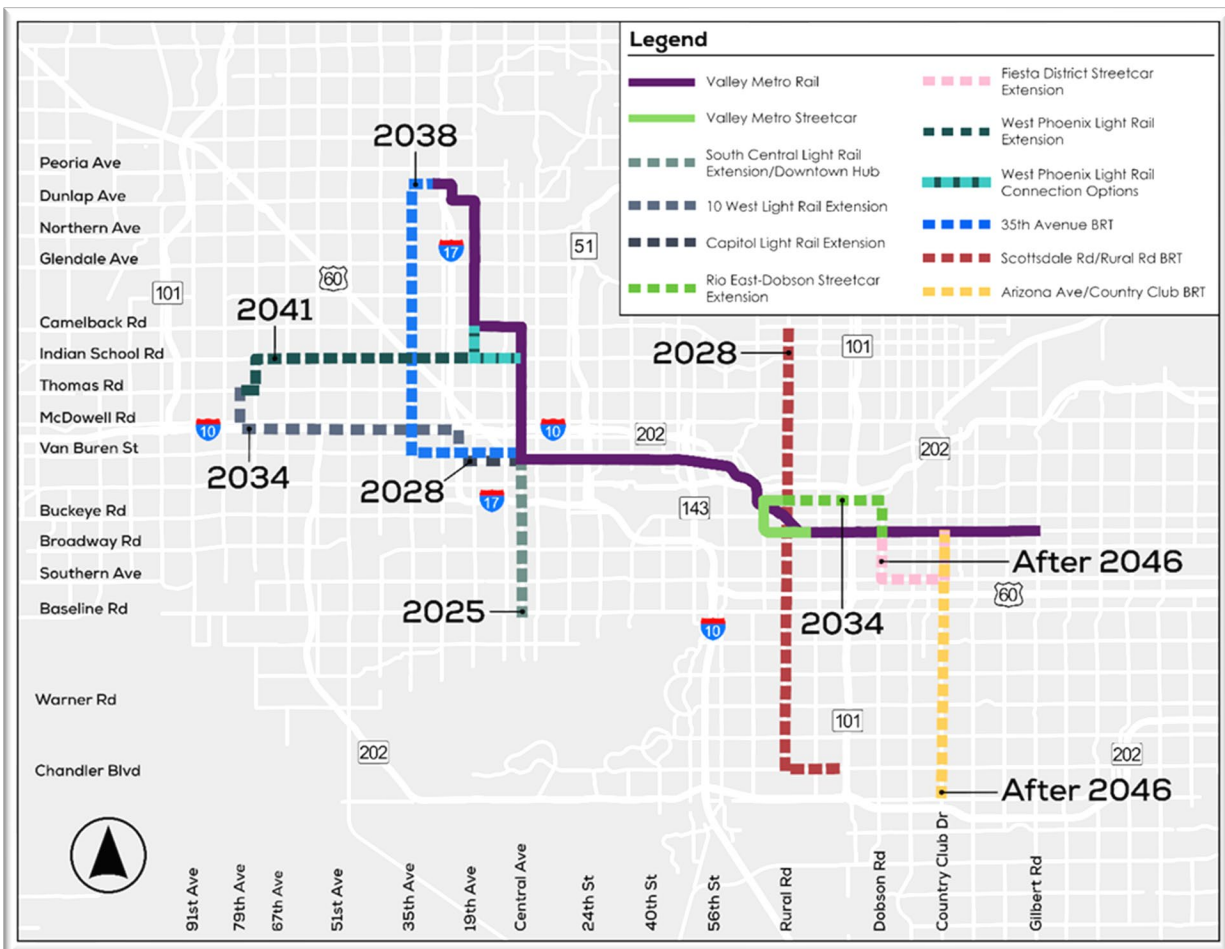
The Valley Metro Rail (VMR) Five-Year Operating Forecast and Capital Program identifies anticipated operating costs, capital projects costs, and the associated funding sources. The FY26-FY30 Five-Year Operating Forecast and Capital Program is submitted to the Board of Directors (BOD) along with the FY26 Operating and Capital Budget.

VALLEY METRO RAIL SERVICES

VMR was formed to plan, design, construct, and operate the Valley Metro light rail transit (LRT) system approved by Maricopa County voters in 2004, known as Proposition 400. The original 20-mile alignment serving passengers in Phoenix, Tempe, and Mesa opened in December 2008. Four additional extensions have since opened, creating a 33-mile LRT system: Central Mesa Extension and Gilbert Road Extension in Mesa and Northwest Phase I and Phase II and South Central Extension in Phoenix. In May 2022 Valley Metro opened the first streetcar project in Tempe that is 3-miles in length and serves the ASU campus and Downtown Tempe. With the South Central Extension/Downtown Hub extension opening in June 2025, Valley Metro’s light rail system transitioned from a single line system to a two-line system.

Additional High-Capacity Transit (HCT) projects are being planned for future years. See “Future Projects Development” for more information. The map below shows the future projects.

Future High Capacity Transit Projects in the RSTIIP



FIVE-YEAR FORECAST

The total operating and capital budget forecast for the five-year period of FY26-FY30 is \$1.7B.



	FY26	FY27	FY28	FY29	FY30	Total
Five-Year Forecast (\$,000)						
Operating						
Operations & Maintenance	\$ 92,969	\$ 96,066	\$ 100,192	\$ 104,101	\$ 107,221	\$ 500,549
Security	21,969	22,628	23,307	24,006	24,726	116,636
Agency Operating Budget	3,739	3,851	3,968	4,087	4,210	19,855
Total Operating	118,677	122,545	127,467	132,194	136,157	637,040
Capital						
Future Project Development	21,930	28,095	19,386	13,356	47,383	130,150
South Central Ext./Downtown Hub	18,811	3,303	-	-	-	22,114
Capitol Extension	32,093	110,490	103,588	59,517	32,074	337,762
Northwest Extension Phase II	2,637	21,562	-	-	-	24,199
Tempe Streetcar	6,691	522	-	-	-	7,213
Rio East-Dobson Extension	-	23,250	48,250	97,820	178,520	347,840
Systemwide Improvements	4,188	5,317	2,566	2,598	2,626	17,295
State of Good Repair	28,054	20,667	26,607	28,162	27,616	131,106
Total Capital	114,404	213,206	200,397	201,453	288,219	1,017,679
Total Uses of Funds	\$ 233,081	\$ 335,751	\$ 327,864	\$ 333,647	\$ 424,376	\$ 1,654,719

RIDERSHIP AND AVERAGE FARE

Annual ridership is forecasted to grow an average of 6% annually through FY28, including the opening of the South Central/Downtown Hub extension June 7, 2025. Additional passenger rides are forecasted with the addition of the Capitol Extension, which increases growth to 8% annually through FY30.

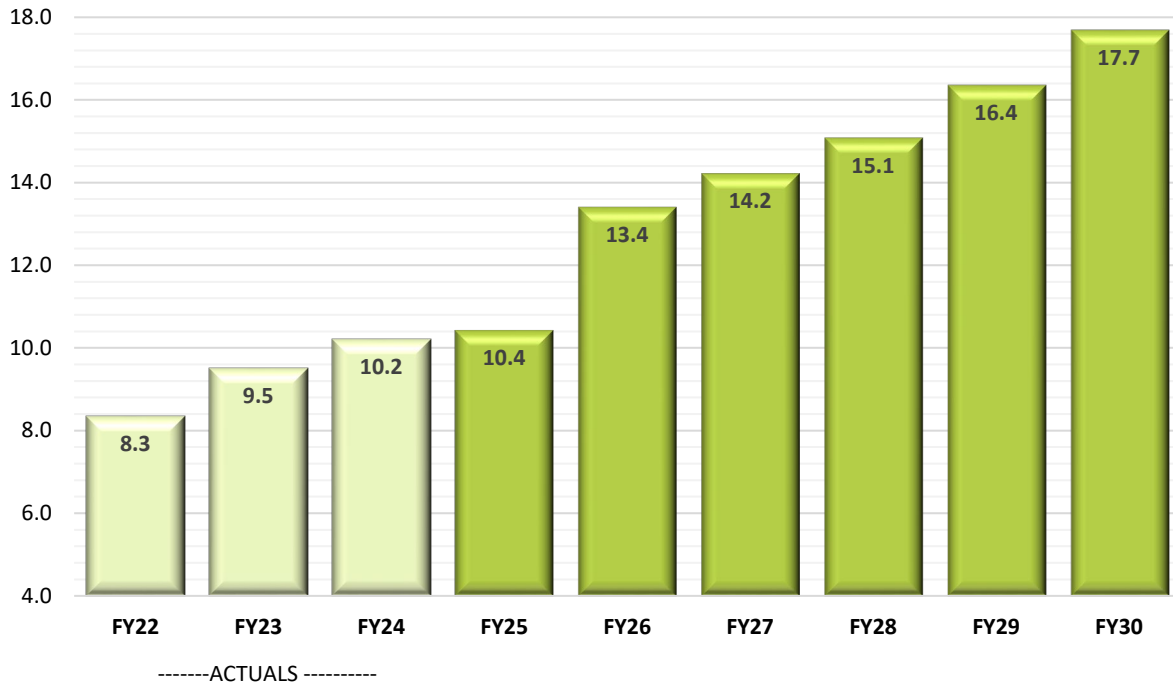
The forecasted average fare for light rail ranges from \$0.51 in FY26 to \$0.59 in FY30, and streetcar ranges from \$0.33 in FY26 to \$0.29 in FY30. The new fare collection modernization system operates the first full year of implementation in FY26 which should improve average fares collected over time.

	FY26	FY27	FY28	FY29	FY30	Total
Ridership (,000)						
Phoenix	9,844	10,440	11,068	12,100	13,176	56,628
Tempe	2,540	2,972	3,200	3,447	3,715	15,874
Mesa	1,791	1,882	1,996	2,116	2,244	10,029
Total Ridership	14,175	15,294	16,264	17,663	19,135	82,531
Avg Fare - Light Rail	\$0.51	\$0.54	\$0.55	\$0.57	\$0.59	
Avg Fare - Streetcar	\$0.33	\$0.27	\$0.28	\$0.29	\$0.29	

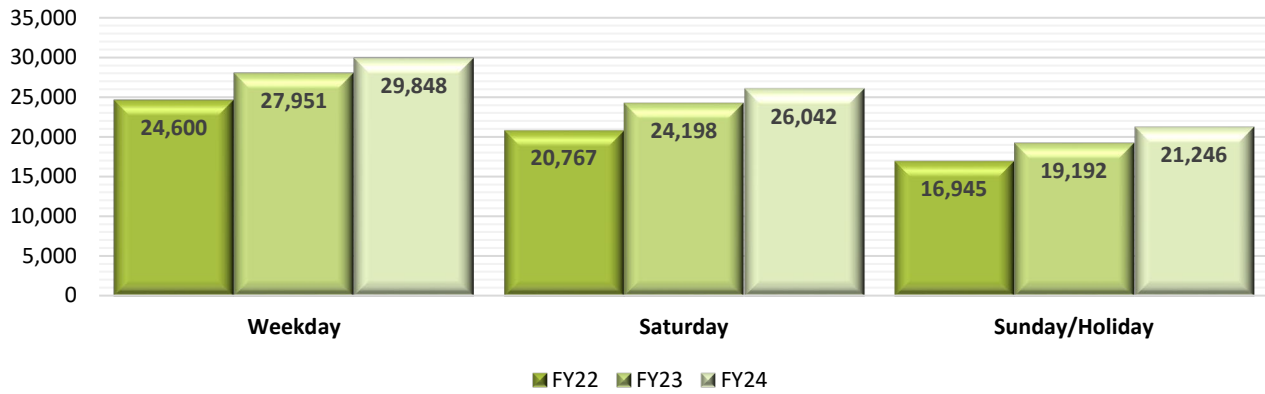
	FY26	FY27	FY28	FY29	FY30	Total
Ridership (,000)						
Mode						
Light Rail	13,410	14,221	15,078	16,352	17,685	76,746
Streetcar	765	1,073	1,186	1,311	1,450	5,785
Total Ridership	14,175	15,294	16,264	17,663	19,135	82,531

LIGHT RAIL

Annual Light Rail Ridership (Millions)

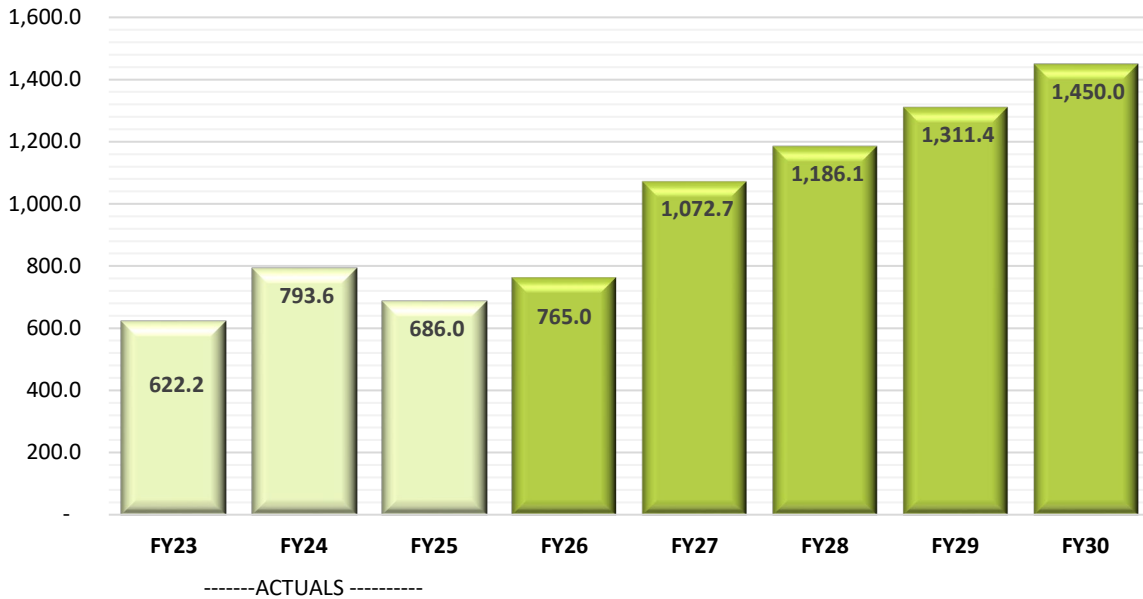


Light Rail Average Daily Boardings

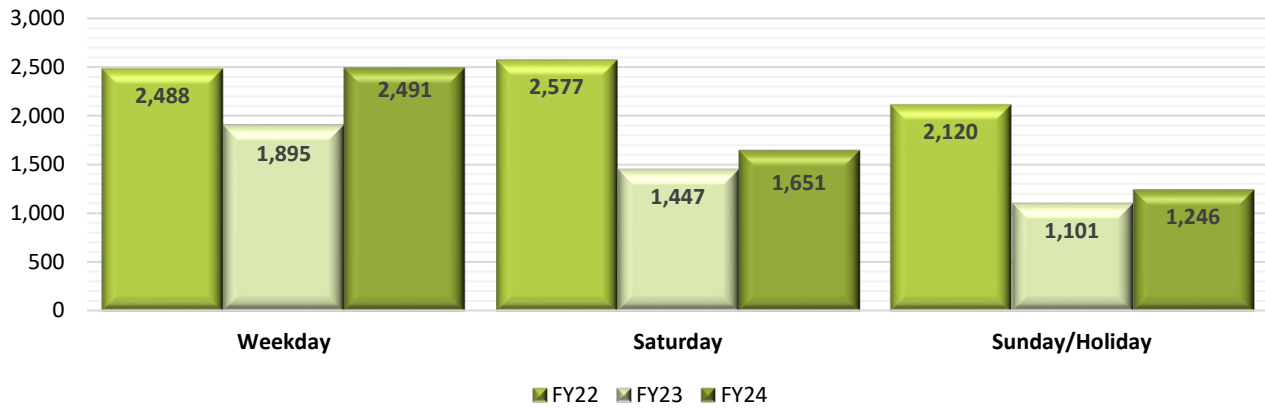


STREETCAR

Annual Streetcar Ridership (Thousands)



Street Car Average Daily Boardings



OPERATING FORECAST

FISCAL YEAR 2026 – FISCAL YEAR 2030



OPERATING OVERVIEW

The total operating budget forecast for the five-year period of FY26-FY30 is \$637.0M.



FIVE-YEAR OPERATING OVERVIEW

	FY26	FY27	FY28	FY29	FY30	Total
Operating (\$,000)						
Sources of Funds						
Advertising	\$ 1,250	\$ 1,288	\$ 1,326	\$ 1,366	\$ 1,407	\$ 6,637
Fares	7,104	7,903	8,653	9,668	10,776	44,104
Federal Funds	2,827	2,869	2,912	2,956	3,000	14,564
Member City Contributions	107,396	110,385	114,476	118,104	120,874	571,235
Other	100	100	100	100	100	500
Total Sources of Funds	118,677	122,545	127,467	132,194	136,157	637,040
Uses of Funds						
Operations & Maintenance	92,969	96,066	100,192	104,101	107,221	500,549
Security	21,969	22,628	23,307	24,006	24,726	116,636
Agency Operating	3,739	3,851	3,968	4,087	4,210	19,855
Total Uses of Funds	\$ 118,677	\$ 122,545	\$ 127,467	\$ 132,194	\$ 136,157	\$ 637,040

OPERATIONS & MAINTENANCE

The Operations & Maintenance costs are projected based on current cost history with a general inflation factor of 3.0%. Anticipated structural changes to staffing, contracts, and materials expenses are forecasted to meet customer demand and maintain the system in a state of good repair.

The projected sources and uses of funds in connection with rail operations and maintenance over the next five years are summarized as follows:

SOURCES AND USES OF FUNDS

	FY26	FY27	FY28	FY29	FY30	Total
Operations & Maintenance (\$,000)						
Sources of Funds						
Advertising	\$ 1,250	\$ 1,288	\$ 1,326	\$ 1,366	\$ 1,407	\$ 6,637
Fares	7,104	7,905	8,652	9,669	10,776	44,106
Federal Funds	2,826	2,869	2,910	2,956	3,001	14,562
Member City Contributions	81,689	83,904	87,204	90,010	91,937	434,744
Other	100	100	100	100	100	500
Total Sources of Funds	92,969	96,066	100,192	104,101	107,221	500,549
Uses of Funds						
Operations	35,268	36,635	38,209	39,701	40,887	190,700
Vehicle Maintenance	15,506	15,971	16,657	17,306	17,826	83,266
Maintenance of Way	27,450	28,273	29,487	30,637	31,557	147,404
Administrative Support	14,745	15,187	15,839	16,457	16,951	79,179
Total Uses of Funds	\$ 92,969	\$ 96,066	\$ 100,192	\$ 104,101	\$ 107,221	\$ 500,549

BY MODE

	FY26	FY27	FY28	FY29	FY30	Total
Operations (\$,000)						
Mode						
Light Rail	\$ 86,215	\$ 89,109	\$ 93,027	\$ 96,721	\$ 99,619	\$ 464,691
Streetcar	6,754	6,957	7,165	7,380	7,602	35,858
Total Operations	\$ 92,969	\$ 96,066	\$ 100,192	\$ 104,101	\$ 107,221	\$ 500,549

SECURITY

Security is responsible for ensuring the overall safety and security on the rail cars, station platforms, operations facility, and park-and-rides. This includes managing the fare inspection and security services contracted staff, working closely with Customer Experience Coordinators who maintain a presence on station platforms and trains, assisting customers as well as providing eyes in the field to notify authorities of any situation needing further assistance.

The projected sources and uses of funds in connection with security over the next five years are summarized as follows:

SOURCES AND USES OF FUNDS

	FY26	FY27	FY28	FY29	FY30	Total
Security (\$,000)						
Sources of Funds						
Member City Contributions	\$ 21,969	\$ 22,628	\$ 23,307	\$ 24,006	\$ 24,726	\$ 116,636
Total Sources of Funds	21,969	22,628	23,307	24,006	24,726	116,636
Uses of Funds						
Security	21,969	22,628	23,307	24,006	24,726	116,636
Total Uses of Funds	\$ 21,969	\$ 22,628	\$ 23,307	\$ 24,006	\$ 24,726	\$ 116,636

BY MODE

	FY26	FY27	FY28*	FY29	FY30	Total
Security (\$,000)						
Mode						
Light Rail	\$ 20,514	\$ 21,129	\$ 21,763	\$ 22,416	\$ 23,089	\$ 108,911
Streetcar	1,455	1,499	1,544	1,590	1,637	7,725
Total Security	\$ 21,969	\$ 22,628	\$ 23,307	\$ 24,006	\$ 24,726	\$ 116,636

AGENCY OPERATING

Agency Operating costs include those costs not directly allocable to capital projects or to passenger operations. Included are costs of the annual audit, federal and state legislative representation, and memberships to transportation-related organizations.

The projected sources and uses of funds in connection with agency operating over the next five years are summarized as follows:

SOURCES AND USES OF FUNDS

	FY26	FY27	FY28	FY29	FY30	Total
Agency Operating (\$,000)						
Sources of Funds						
Member City Contributions	\$ 3,739	\$ 3,851	\$ 3,968	\$ 4,087	\$ 4,210	\$ 19,855
Total Sources of Funds	3,739	3,851	3,968	4,087	4,210	19,855
Uses of Funds						
Administrative Support	3,739	3,851	3,968	4,087	4,210	19,855
Total Uses of Funds	\$ 3,739	\$ 3,851	\$ 3,968	\$ 4,087	\$ 4,210	\$ 19,855



CAPITAL PROGRAM

FISCAL YEAR 2026 – FISCAL YEAR 2030



CAPITAL OVERVIEW

The total capital budget forecast for the five-year period of FY26-FY30 is \$1.0 billion (B).

The Five-Year Capital Program is a forecast of the capital projects managed by VMR. Costs and revenues are reported on a modified accrual basis. Actual cash flow impacts may lag pending receipt of contractor billings and receipt of federal funding.

VMR currently has transit projects in various phases of planning, design, or construction. The overall uses of funds associated with these projects and activities are projected to be \$1.0B through the five-year planning horizon, excluding finance charges. These sources and uses of funds are summarized as follows:

	FY26	FY27	FY28	FY29	FY30	Total
Capital (\$,000)						
Sources of Funds						
Federal Funds	\$ 110,789	\$ 53,435	\$ 61,995	\$ 57,736	\$ 63,771	\$ 347,726
MAG Funds	500	-	-	-	-	500
Member City Contributions	(86,772)	127,671	128,976	138,517	219,117	527,509
Public Transportation Funds	85,387	27,860	4,964	5,123	5,277	128,611
Regional Area Road Funds	500	-	-	-	-	500
Reserves/Carryforward	4,000	4,240	4,462	77	54	12,833
Total Sources of Funds	114,404	213,206	200,397	201,453	288,219	1,017,679
Uses of Funds						
Future Project Development	21,930	28,095	19,386	13,356	47,383	130,150
South Central Ext./Downtown Hub	18,811	3,303	-	-	-	22,114
Capitol Extension	32,093	110,490	103,588	59,517	32,074	337,762
Northwest Extension Phase II	2,637	21,562	-	-	-	24,199
Tempe Streetcar	6,691	522	-	-	-	7,213
Rio East-Dobson extension	-	23,250	48,250	97,820	178,520	347,840
Systemwide Improvements	4,188	5,317	2,566	2,598	2,626	17,295
State of Good Repair	28,054	20,667	26,607	28,162	27,616	131,106
Total Uses of Funds	\$ 114,404	\$ 213,206	\$ 200,397	\$ 201,453	\$ 288,219	\$ 1,017,679

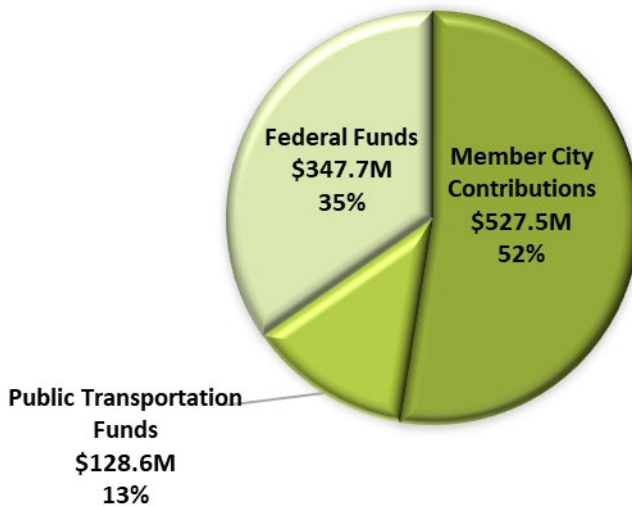
Five-Year Capital Forecast



Capital projects included in the five-year program are:

- **Future Project Development:** Includes the preparation work of major projects. These activities are described in more detail in the Future Project Development section below. Major projects in the planning stages include I-10 West Extension, Rio East/Dobson Streetcar, and West Phoenix extensions.
- **South Central Ext./Downtown Hub:** 5.5-mile extension of the existing Valley Metro light rail line along Central and 1st avenues in central and south Phoenix.
- **Capitol Extension:** 0.8-mile alignment from Phoenix City Hall westward to the vicinity of the State Capitol complex.
- **Northwest Extension Phase II:** a 1.6-mile extension which will extend west on Dunlap Avenue, north on 25th Avenue and across I-17 near Mountain View Rd. with a terminus on the west side of the freeway near the former Metrocenter Mall.
- **I-10 West Expansion:** 10.0-mile light rail transit project from the 79th Avenue Park-and-Ride on I-10 to the existing light rail transit system in downtown Phoenix.
- **Rio East-Dobson:** a 3.4-mile extension from its current terminus on Rio Salado Parkway and Marina Heights to Dobson Road where it will turn south and terminate at Main Street.
- **Systemwide Improvements:** Includes eight additional light rail vehicles, fare technology improvements, and small capital improvement elements which benefit the entire LRT system.
- **State of Good Repair:** Includes scheduled capital component overhauls, infrequent maintenance, and sub-system replacements.

Five-Year Capital Sources of Funds



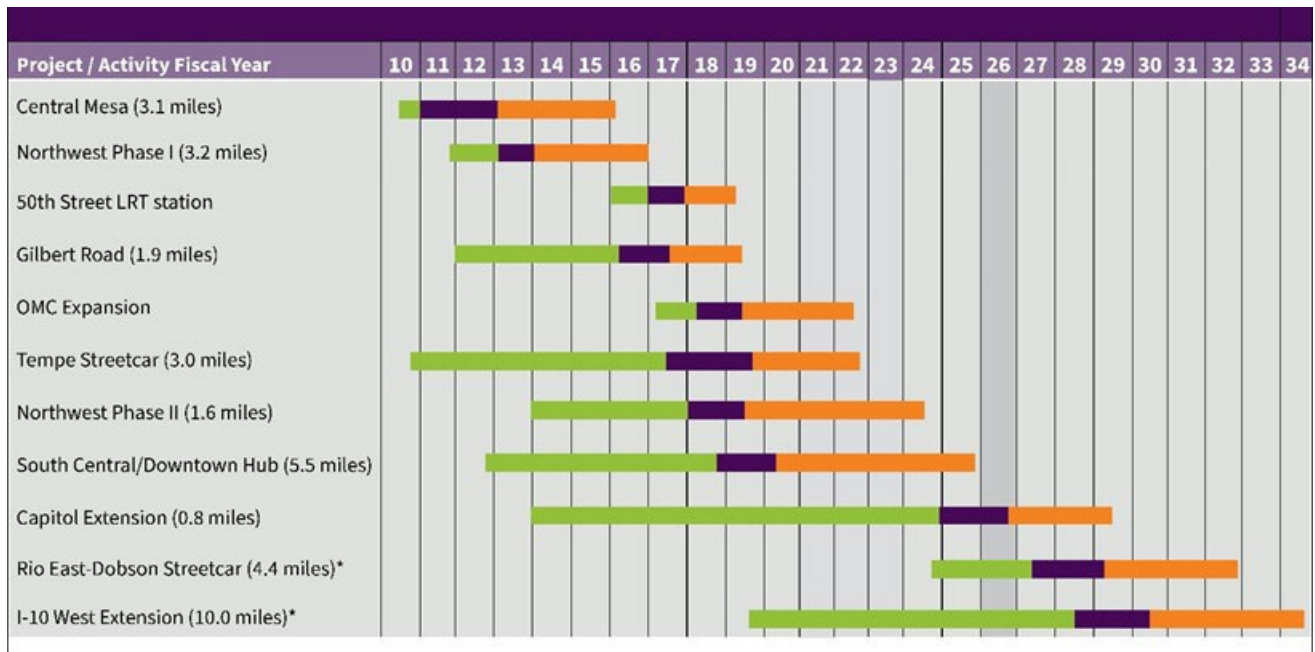
HIGH-CAPACITY TRANSIT PROJECTS

In 2004, voters in Maricopa County approved Proposition 400, a 20-year extension of the dedicated a half-cent sales tax to fund multimodal transportation investments in the region. The Regional Transportation Plan (RTP), adopted by the Maricopa Association of Governments (MAG) in 2004 identified 56 miles of major high capacity/ LRT corridors to be implemented by 2034. These corridors included the 1.6-mile Northwest Extension Phase II, the 0.8-mile Capitol Extension, and an additional 10-mile I-10 West extension.

City of Phoenix voters approved Proposition 104 in 2015, a 35-year transportation plan that would expedite several miles of light rail/high-capacity transit, such as the South Central Extension/Downtown Hub project and included additional corridors to the regional high-capacity transit system. Under this plan, Transportation 2050 (T2050), additional service areas are identified; an approximately 12-mile West Phoenix light rail project, an extension of light rail connecting the ASU West campus to the Metrocenter station, and the 35th Avenue Bus rapid Transit project.

In 2024, voters in Maricopa County approved Proposition 479 to extend the half-cent sales tax to fund multimodal transportation investment in the region. However, Proposition 479 does not provide any funding for the planning or construction of any rail projects. The Regional Strategic Transportation Infrastructure Investment Plan (RSTIIP), adopted by MAG in 2023 identifies additional high capacity (light rail, modern streetcar, and bus rapid transit) projects to be implemented by 2046.

The timing of the projects in the program is depicted on the following schedule shown below:



LEGEND

- Project Development
- Design
- Construction and Testing

*The I-10 West and Rio East-Dobson Streetcar Extensions are in the project development phases. Project schedules will be refined as development continues.

Funding for future projects has two phases:

1) Planning Budget Phase: Alternative Analysis, preliminary engineering (up to 30% design), and the draft environmental document are funded from Member City contributions, and PTF.

2) Capital Budget Phase: After environmental clearance and completion of 30% design, costs are included in the capital budget and funded by Federal, regional, and local sources.

FUTURE PROJECT DEVELOPMENT

Future Project Development consists of the following subcategories of System Planning and Corridor Planning activities:

- Light rail/HCT system planning.
- Alternatives analysis, environmental analysis, and conceptual engineering for future light rail/HCT corridors.
- Developing and updating Light Rail Transit (LRT) design criteria, standards, and specifications.
- Working with the Maricopa Association of Governments (MAG) and RPTA to participate in their regional transit planning studies and update regional project programming documents.
- Support of Transit Oriented Development initiatives by Member Cities.
- Development of a comprehensive Geographic Information System (GIS) for the agency.

The projected sources and uses of funds in connection with Capital Project Development over the next five years are summarized as follows:

SOURCES AND USES OF FUNDS

	FY26	FY27	FY28	FY29	FY30	Total
Future Project Development (\$,000)						
Sources of Funds						
Federal Funds	\$ 10,129	\$ 7,054	\$ -	\$ -	\$ -	\$ 17,183
MAG Funds	500	-	-	-	-	500
Member City Contributions	-	21,041	19,386	13,356	47,383	101,166
Public Transportation Funds	10,801	-	-	-	-	10,801
Regional Area Road Funds	500	-	-	-	-	500
Total Sources of Funds	21,930	28,095	19,386	13,356	47,383	130,150
Uses of Funds						
I-10 West Extension	5,099	12,686	10,786	4,501	38,269	71,341
Rio East/Dobson Streetcar	8,717	7,054	-	-	-	15,771
Capital Project Development Administration	1,809	1,863	1,919	1,977	2,036	9,604
Systems Planning & Project Development	6,305	6,492	6,681	6,878	7,078	33,434
Total Uses of Funds	\$ 21,930	\$ 28,095	\$ 19,386	\$ 13,356	\$ 47,383	\$ 130,150



PROJECTS



SOUTH CENTRAL EXTENSION/ DOWNTOWN HUB

TITLE

LIGHT RAIL EXTENSION

TYPE



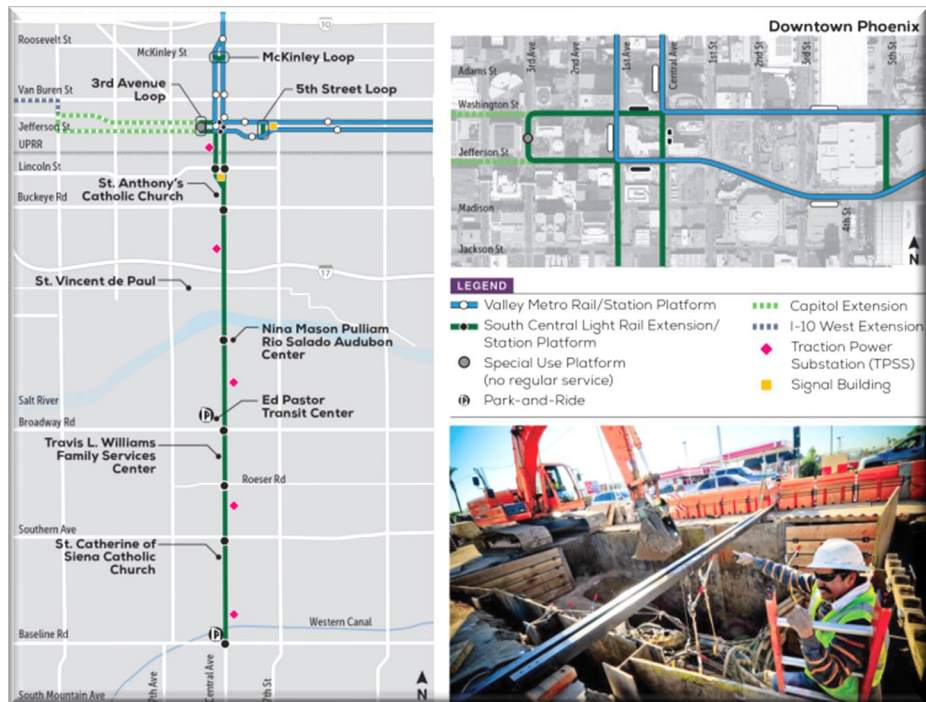


The South Central Light Rail Extension/Downtown Hub (SCE/DH) is a 5.5-mile-long extension of the existing Valley Metro light rail line south along Central Avenue to Baseline Road. The extension tracks connect to the existing light rail system at Central Avenue and Washington Street in the northbound direction and at 1st Avenue and Jefferson Street in the southbound direction.

The track continues south along 1st and Central avenues to Hadley Street, where the southbound track would follow the 1st Avenue one-way couplet curve to the east to rejoin Central Avenue. From Hadley Street to the extension’s southern terminus at Baseline Road, the tracks operate bi-directionally along Central Avenue.

The Downtown Hub includes track improvements at 5th Street, 3rd Avenue, and McKinley, as well as new stations platforms on Central Avenue, Jefferson Street, and Washington Street. This expanded infrastructure will improve transfer opportunities between existing and planned light rail services and provide better connectivity to regional destinations.

SCE/DH will operate weekday trains at approximately 12-minute intervals during peak hours and 15 to 20-minute intervals off-peak. Weekends will not have peak service trains and will operate at 15 to 20-minute headways. Service headways can be adjusted over time to accommodate growth and service patterns.



Final designs for the project were delivered in Fall 2019. FTA issued a Finding of No Significant Impact (FONSI) in January 2017. An Environmental Evaluation (EE) documenting the additional improvements in downtown Phoenix was approved by FTA in October 2018, and approval of an updated environmental evaluation

occurred in December 2019. The FTA granted the project entry into Engineering in April 2019. Work on construction and utility relocations started October 2019. The project entered into a Full Funding Grant Agreement (FFGA) in January 2020. Passenger operations began on June 7, 2025.



SOURCES AND USES OF FUNDS

The total capital cost of the South Central Ext./Downtown Hub FTA project is budgeted to be approximately \$1.3 billion, excluding associated costs.

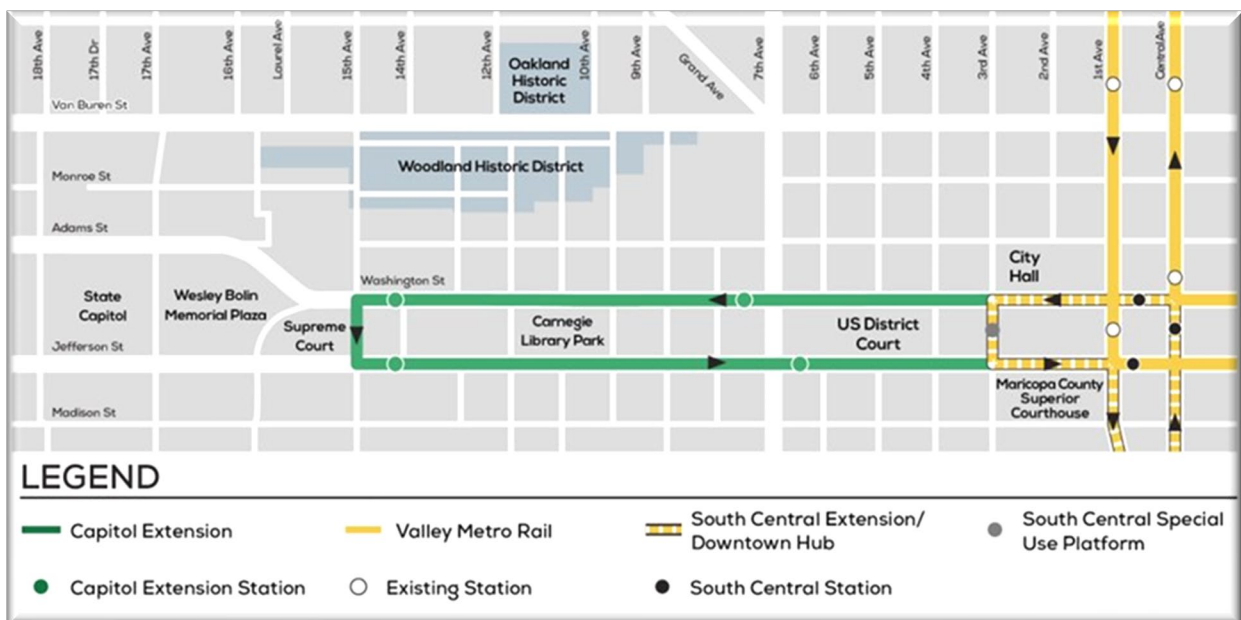
	Pre-FY26	FY26	FY27	FY28	FY29	FY30	Total
South Central Extension/Downtown Hub (\$,000)							
Sources of Funds							
Federal Funds	\$ 658,562	\$ 82,480	\$ -	\$ -	\$ -	\$ -	\$ 741,042
Member City Contributions	416,168	(78,276)	3,303	-	-	-	341,195
Public Transportation Funds	289,853	14,607	-	-	-	-	304,460
Total Sources of Funds	1,364,583	18,811	\$ 3,303	-	-	-	1,386,697
Uses of Funds							
Project Costs	1,288,888	18,811	3,303	-	-	-	1,311,002
OMC Expansion	34,086	-	-	-	-	-	34,086
Associated Costs	41,609	-	-	-	-	-	41,609
Total Uses of Funds	\$ 1,364,583	\$ 18,811	\$ 3,303	\$ -	\$ -	\$ -	\$ 1,386,697





The Capitol Extension (CAPEX) will improve connectivity to activity and employment centers and neighborhoods just west of Downtown Phoenix. These major activity and employment centers include the State Capitol, Maricopa County and the City of Phoenix Governmental Mall. The project will also enhance regional connectivity by extending the existing Valley Metro light rail to the west and allowing connections between Gilbert Road in Mesa and the State Capitol.

In May 2012, the Phoenix City Council adopted a locally preferred alternative (LPA), consisting of a 10.0-mile light rail transit project from the 79th Avenue Park-and-Ride on I-10 to the existing light rail transit system in Downtown Phoenix. In June 2016, the Phoenix City Council recommended this project be built in two phases. The first phase is now considered the Capitol Extension and the second phase (I-10 West) received Phoenix City Council approval for a revised LPA in 2021/2022. The project will extend light rail along a single-track loop west from downtown along Washington, south on 15th Avenue and east on Jefferson Street. The project was approved for entry into the Project Development Phase of FTAs Capital Investment Grant (CIG) Program in April 2023. The project is in final design and anticipate getting approval to enter the Engineering Phase of the CIG Program in June 2025.



SOURCES AND USES OF FUNDS

The total capital cost of the Capitol Extension project is budgeted to be approximately \$397.0 million, excluding associated costs. This budget is based on a conceptual level of design and assumptions about the project. The estimated capital cost to design and construction the project will be refined and updated as the project is further developed and designed.

	Pre-FY26	FY26	FY27	FY28	FY29	FY30	Post-FY30	Total
Capitol Extension (\$,000)								
Sources of Funds								
Federal Funds	\$ -	\$ -	\$ 29,485	\$ 43,169	\$ 31,458	\$ 15,602	\$ 78,140	\$ 197,854
Member City Contributions	15,848	(15,698)	62,540	64,541	32,181	20,604	(55,322)	124,694
Public Transportation Funds	5,803	47,791	22,246	(341)	(341)	(351)	-	74,807
Total Sources of Funds	21,651	32,093	114,271	107,369	63,298	35,855	22,818	397,355
Uses of Funds								
Project Costs	21,651	31,761	110,490	103,588	59,517	32,074	19,036	378,117
Associated Costs	-	332	-	-	-	-	-	332
Financing Costs	-	-	3,781	3,781	3,781	3,781	3,782	18,906
Total Uses of Funds	\$ 21,651	\$ 32,093	\$ 114,271	\$ 107,369	\$ 63,298	35,855	22,818	\$ 397,355

Finance costs are informational only.





In 2004 the Phoenix City Council approved the Northwest Light Rail Extension, which included 4.7 miles of additional light rail service extending north from the previous end-of-line at 19th Avenue and Montebello Avenue. In 2007, the route was divided into two phases. The 3.2-mile Phase I on 19th Avenue from Montebello to Dunlap Avenue began revenue operations in March 2016.



Phase II of the project extends west on Dunlap Avenue, north on 25th Avenue and across I-17 near Mountain View Road with a terminus on the west side of the freeway near the former Metrocenter Mall. Engineering began in 2019 and was completed in 2020. FTA issued a Finding of No Significant Impact (FONSI) in February 2019 and subsequent environmental re-evaluation in March 2020. Construction and utility relocations began in August 2020 with substantial completion in mid-2023. The project entered into an FFGA in November 2021. Phase II opened on January 27, 2024.



SOURCES AND USES OF FUNDS

The total capital cost of the Northwest Extension Phase II extension FTA project is budgeted to be approximately \$382.2 million, excluding associated costs.

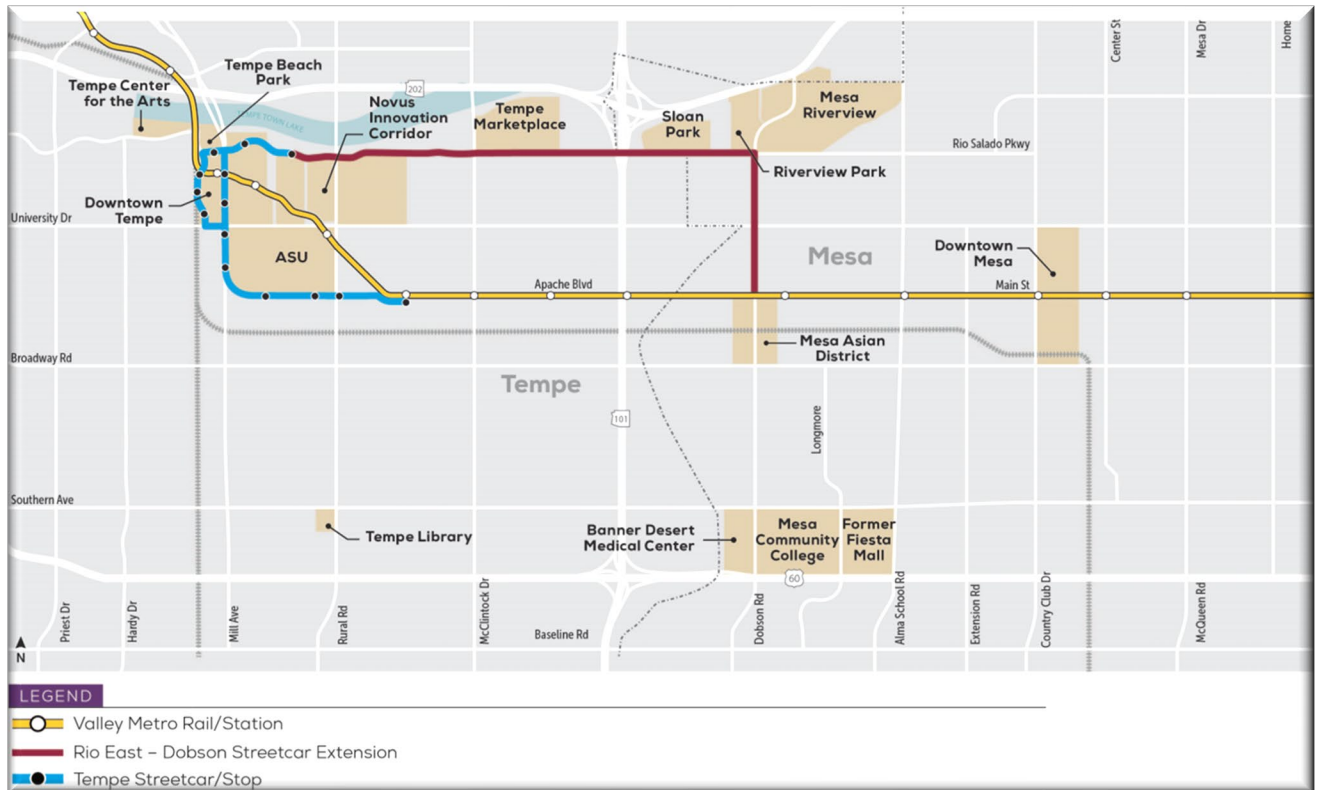
	Pre-FY26	FY26	FY27	FY28	FY29	FY30	Post-FY30	Total
Northwest Extension Phase II (\$,000)								
Sources of Funds								
Federal Funds	\$ 139,184	\$ 1,853	\$ 9,535	\$ -	\$ -	\$ -	\$ -	\$ 150,572
Member City Contributions	191,779	(2,216)	12,027	-	-	-	-	201,590
Public Transportation Funds	36,448	3,000	-	-	-	-	-	39,448
Total Sources of Funds	367,411	2,637	21,562	-	-	-	-	391,610
Uses of Funds								
Project Costs	357,963	2,637	21,562	-	-	-	-	382,162
Associated Costs	9,448	-	-	-	-	-	-	9,448
Total Uses of Funds	\$ 367,411	\$ 2,637	\$ 21,562	\$ -	\$ -	\$ -	\$ -	\$ 391,610





The Rio East-Dobson Streetcar Extension 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. The study will provide a detailed analysis of how streetcar most efficiently operates along this route, including where streetcar will operate in the street and stop areas. The project (4.35-mile extension) will connect to new activity centers including three shopping districts (Tempe Marketplace, Mesa Riverview Mall and Mesa Asian District), Sloan Park (Spring Training stadium for the Chicago Cubs) and the NOVUS Innovation Corridor, a planned 355-acre mixed-use development that will include office, residential, hospitality and retail space.

In December 2024, the Mesa and Tempe City Councils adopted a locally preferred alternative (LPA), which consists of a 4.35-mile extension from its current terminus on Rio Salado Parkway and Marina Heights to Dobson Road where it will turn south and terminate at Main Street. The Valley Metro Board approved the LPA in January 2025. The next step of the project is to begin the preliminary engineering phase where Valley Metro can refine the design, identify a schedule and develop a preliminary capital cost estimate.



SOURCES AND USES OF FUNDS

The total capital cost of the Rio-East Dobson project is budgeted to be approximately \$656.4 million, excluding associated costs.

	FY26	FY27	FY28	FY29	FY30	Post-FY30	Total
Rio East-Dobson Extension (\$,000)							
Sources of Funds							
Federal Funds	\$ -	\$ -	\$ 11,393	\$ 18,697	\$ 40,436	\$ 261,964	\$ 332,490
Member City Contributions	-	23,250	38,157	82,523	144,184	57,946	346,060
Total Sources of Funds	-	23,250	49,550	101,220	184,620	319,910	678,550
Uses of Funds							
Project Costs	-	23,250	48,250	97,820	178,520	308,510	656,350
Financing Costs	-	-	1,300	3,400	6,100	11,400	22,200
Total Uses of Funds	\$ -	\$ 23,250	\$ 49,550	\$ 101,220	184,620	319,910	\$ 678,550





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



The Tempe Streetcar will operate weekday trains at approximately 12-minute intervals during peak hours and 15 to 20-minute intervals off-peak. Weekends will not have peak service trains and will operate at 15 to 20-minute headways. Service headways can be adjusted over time to accommodate growth and service patterns.

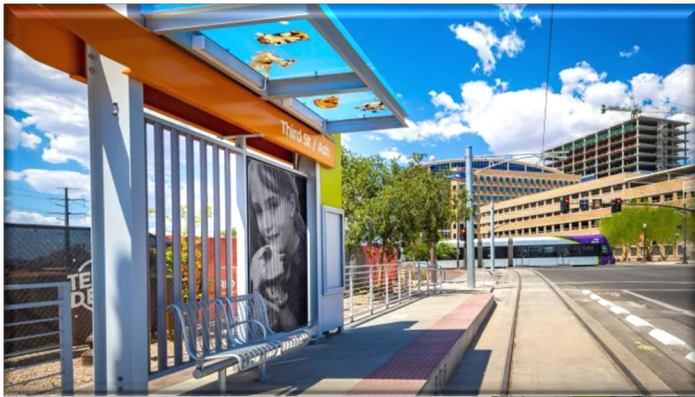
This project is part of the Regional Transportation Plan and funded by Proposition 400 regional sales tax, local funding, and federal grants. Construction activities are complete. A Single Year Grant Agreement was executed with the FTA to receive federal funds in 2019. Operational service began May 2022.



SOURCES AND USES OF FUNDS

The total capital cost of the Tempe Streetcar FTA project is budgeted to be approximately \$192.4 million, excluding associated costs.

	Pre-FY26	FY26	FY27	FY28	FY29	FY30	Total
Tempe Streetcar (\$,000)							
Sources of Funds							
Federal Funds	\$ 103,736	\$ -	\$ 74	\$ -	\$ -	\$ -	\$ 103,810
Member City Contributions	18,820	6,691	(16)	-	-	-	25,495
Public Transportation Funds	86,564	-	464	-	-	-	87,028
Total Sources of Funds	209,120	6,691	522	-	-	-	216,333
Uses of Funds							
Project Costs	191,855	-	522	-	-	-	192,377
Associated Costs	17,265	6,691	-	-	-	-	23,956
Total Uses of Funds	\$ 209,120	\$ 6,691	\$ 522	\$ -	\$ -	\$ -	\$ 216,333



SYSTEMWIDE IMPROVEMENTS

Systemwide Improvements are incorporated in the Regional Transportation Plan in order to provide funding for new system components, expansion items, and for the capital replacements necessary to maintain the system in a state of good repair.

SOURCES AND USES OF FUNDS

The total capital cost of the Systemwide Improvements plan through FY30 is budgeted to be approximately \$17.3 million.

	FY26	FY27	FY28	FY29	FY30	Total
Systemwide Improvements (\$,000)						
Sources of Funds						
Member City Contributions	\$ -	\$ 5,317	\$ 2,566	\$ 2,598	\$ 2,626	13,107
Public Transportation Funds	4,188	-	-	-	-	4,188
Total Sources of Funds	4,188	5,317	2,566	2,598	2,626	17,295
Uses of Funds						
All Other	4,188	5,317	2,566	2,598	2,626	17,295
Total Uses of Funds	\$ 4,188	\$ 5,317	\$ 2,566	\$ 2,598	\$ 2,626	\$ 17,295



STATE OF GOOD REPAIR

State of Good Repair (SOGR) consists of scheduled capital component overhauls, infrequent maintenance, and sub-system replacements.

SOURCES AND USES OF FUNDS

The projected sources and uses of funds in connection with SOGR over the next five years are summarized as follows:

	FY26	FY27	FY28	FY29	FY30	Total
State of Good Repair (\$,000)						
Sources of Funds						
Federal Funds	\$ 16,327	\$ 7,287	\$ 7,433	\$ 7,581	\$ 7,733	\$ 46,361
Member City Contributions	2,727	3,990	9,407	15,040	14,201	45,365
Public Transportation Funds	5,000	5,150	5,305	5,464	5,628	26,547
Reserves/Carryforward	4,000	4,240	4,462	77	54	12,833
Total Sources of Funds	28,054	20,667	26,607	28,162	27,616	131,106
Uses of Funds						
Personnel	827	2,385	3,071	3,250	3,187	12,720
Maintenance of Equipment	10,273	2,557	3,037	1,400	2,450	19,717
Maintenance of Way	15,809	15,503	20,213	23,209	21,682	96,416
Non-Revenue Vehicles	1,068	-	-	-	-	1,068
Allocated Overhead	77	222	286	303	297	1,185
Total Uses of Funds	\$ 28,054	\$ 20,667	\$ 26,607	\$ 28,162	\$ 27,616	\$ 131,106

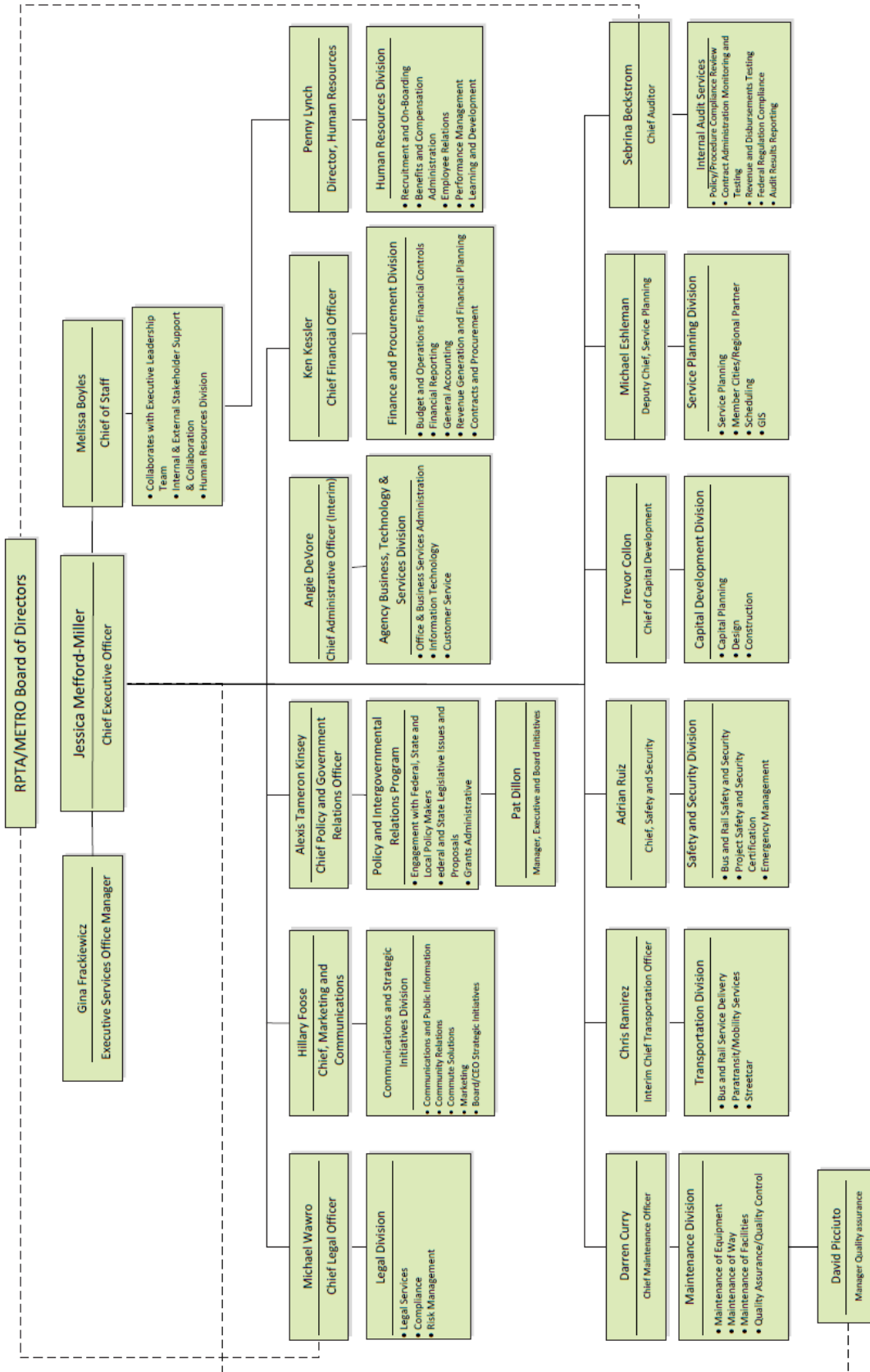


OTHER

STAFFING



ORGANIZATION CHART



POSITIONS, PAY GRADES AND EFFORT

Position Title	Pay Range	FTE Effort		
		RPTA	VMR	Total
II	\$ 32,419 - \$ 48,628			
Cleaner		0.00	4.00	4.00
III	\$ 36,021 - \$ 54,032			
Clerk		0.00	5.00	5.00
Customer Support Agent I		19.00	0.00	19.00
Utility Worker		0.00	4.00	4.00
IV	\$ 40,024 - \$ 60,036			
Customer Support Agent II		16.00	0.00	16.00
V	\$ 44,025 - \$ 66,038			
Accounting Technician		3.15	0.85	4.00
Administrative Assistant II		6.35	5.65	12.00
Lead Customer Support Agent		7.00	0.00	7.00
Lead Stockroom Clerk		0.00	1.00	1.00
VI	\$ 48,428 - \$ 72,642			
Assistant		0.85	0.15	1.00
Technician		1.00	0.00	1.00
Track Maintainer		0.00	14.00	14.00
VII	\$ 53,271 - \$ 79,907			
Administrative Assistant III		0.90	1.10	2.00
Coordinator		0.00	15.00	15.00
Program Representative		4.50	0.50	5.00
Specialist		3.85	5.15	9.00
Technician		0.05	0.95	1.00
Business Liaison		1.35	3.65	5.00
Fare Revenue Technician		0.20	0.80	1.00
VIII	\$ 58,599 - \$ 87,898			
Coordinator		1.75	7.25	9.00
Graphics Designer		2.10	0.90	3.00
Maintenance Planner/Scheduler		0.00	2.00	2.00
Lead Fare Revenue Technician		0.20	0.80	1.00
Specialist		1.20	3.80	5.00
Engineering Technician		0.00	1.00	1.00

Position Title	Pay Range	FTE Effort		
		RPTA	VMR	Total
IX	\$ 64,458 - \$ 96,686			
Accountant II		6.30	1.70	8.00
Administrator		0.90	1.10	2.00
Analyst		3.05	2.95	6.00
Construction Inspector		0.00	1.00	1.00
Coordinator		8.95	9.05	18.00
Developer		1.00	0.00	1.00
Auditor		0.50	0.50	1.00
Engineer		0.00	1.00	1.00
Human Resources Generalist		2.00	0.00	2.00
Manager		0.50	0.50	1.00
Planner		1.70	2.30	4.00
Specialist		1.00	3.00	4.00
Supervisor		4.00	0.00	4.00
Public Information Officer		0.50	1.50	2.00
Fare Programs Coordinator		2.00	0.00	2.00
X	\$ 70,904 - \$ 106,356			
Administrator		2.15	7.85	10.00
Analyst		0.40	0.60	1.00
Coordinator		0.70	1.30	2.00
Community Relations Lead		0.00	1.00	1.00
Planner		1.15	0.85	2.00
Specialist		4.00	4.00	8.00
Supervisor		5.45	19.55	25.00
XI	\$ 77,994 - \$ 116,991			
Accountant III		2.50	0.50	3.00
Administrator		3.00	4.00	7.00
Analyst		5.90	3.10	9.00
Auditor		0.50	0.50	1.00
Labor Compliance Officer		0.00	1.00	1.00
Planner		0.20	0.80	1.00
Principal Planner		0.75	1.25	2.00
Project Manager		0.50	0.50	1.00
Specialist		1.10	0.90	2.00
Sr. Human Resources Generalist		1.00	0.00	1.00
Superintendent		7.00	0.00	7.00
Supervisor		1.50	0.50	2.00
Technical Trainer		0.00	3.00	3.00
Sr. HR Business Partner		1.00	0.00	1.00

Position Title	Pay Range	FTE Effort		
		RPTA	VMR	Total
XII	\$ 85,793 - \$ 128,689			
Analyst		1.00	1.00	2.00
Assistant Manager		0.00	4.00	4.00
Assistant Superintendent		0.00	2.00	2.00
Auditor		0.50	0.50	1.00
Engineer		1.00	1.00	2.00
Manager		11.55	12.45	24.00
Office Manager		0.50	0.50	1.00
Program Manager		0.15	1.85	2.00
Senior GIS Administrator		0.65	0.35	1.00
Supervisor		0.70	1.30	2.00
XIII	\$ 94,373 - \$ 141,559			
Analyst		1.00	0.00	1.00
Engineer		0.05	3.95	4.00
Lead Engineer		1.00	1.00	2.00
Lead Application Developer		0.60	0.40	1.00
Manager		5.82	5.18	11.00
SCADA System Administrator		0.00	2.00	2.00
Senior Business Manager		0.40	0.60	1.00
XIV	\$ 106,906 - \$ 160,359			
Chief Officer		0.50	0.50	1.00
Engineer		0.25	4.75	5.00
Manager		4.35	4.65	9.00
Project Controls Manager		0.00	1.00	1.00
Superintendent		0.00	1.00	1.00
XV	\$ 119,113 - \$ 178,670			
Controller		1.00	0.00	1.00
Director		0.30	0.70	1.00
Engineer		0.50	0.50	1.00
Lead Engineer		0.50	0.50	1.00
Manager		0.15	2.85	3.00
Project Manager		0.00	1.00	1.00
XVI	\$ 130,650 - \$ 195,974			
Deputy Chief		2.35	3.65	6.00
Deputy Director		0.40	1.60	2.00
Assistant Counsel		0.50	0.50	1.00

Position Title	Pay Range	FTE Effort		
		RPTA	VMR	Total
XVII	\$ 146,850 - \$ 220,275			
Chief Auditor		0.50	0.50	1.00
Chief Officer		1.00	1.00	2.00
Deputy Chief		0.40	1.60	2.00
Director		1.45	1.55	3.00
Senior Project Manager		0.00	1.00	1.00
XVIII	\$ 161,095 - \$ 241,642			
Chief Officer		1.00	1.00	2.00
Chief of Staff		0.50	0.50	1.00
XIX	\$ 176,721 - \$ 265,081			
Chief Officer		1.61	0.39	2.00
Chief Capital Development		0.20	0.80	1.00
C	\$ 42,551 - \$ 63,827			
Rail Vehicle Inspector		0.00	22.00	22.00
E	\$ 52,164 - \$ 78,247			
Mechanic		0.00	29.00	29.00
Rail Vehicle Lead Inspector/Cleaner		0.00	2.00	2.00
H	\$ 57,000 - \$ 85,500			
Technician		0.00	26.00	26.00
J	\$ 60,693 - \$ 91,040			
Mechanic		0.00	1.00	1.00
Technician		0.00	23.00	23.00
K	\$ 62,860 - \$ 94,290			
Technician		0.00	24.00	24.00
ED	Negotiated Compensation			
Chief Officer		0.50	0.50	1.00
	FY26 FTEs	183.53	350.47	534.00
	FY25 FTEs	175.23	341.77	517.00
	Change	8.30	8.70	17.00

APPENDICES



BUDGET DEVELOPMENT

The adopted operating and capital budget have been prepared with the goal of delivering a fiscally prudent, balanced budget using carry forwards, reserves, and bond proceeds as necessary. The budget was developed in compliance with Board of Directors’ adopted budget, financial and Transit Life Cycle Program (TLCP) policies.

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

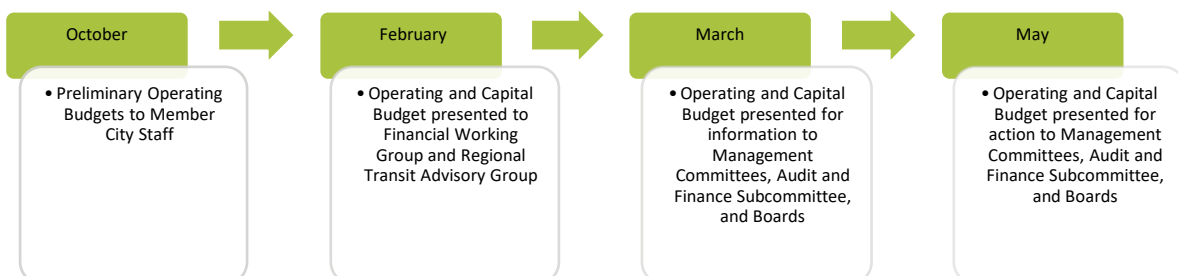
The budget process serves two principal purposes. Within the Agency, development of the budget provides a forum for joint planning of objectives and tasks, with managerial and board review of programs. It sets the expectations for performance in the coming year(s). For the Agency’s members and partner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

The annual budget is prepared on a modified accrual basis and adopted by the Board of Directors each fiscal year. The legal level of budgetary control is the total annual appropriated budget. With respect to Capital Budgets, project contingency accounting is used to control expenditures within available project funding limits. With respect to Operating Budgets, encumbrance accounting is not used, and all appropriations lapse at the end of the year. Prior to final adoption, a proposed budget is presented to the Board of Directors for review and public comment is received. Final adoption of the budget must be on or before June 30th of each year.

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

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

The internal process is a collaborative and iterative one, with the agency’s senior management providing strategic direction and critical review, managers and project managers preparing resource proposals, and financial staff (Including the Financial Working Group and the Audit and Finance Subcommittee) providing feedback and technical support for the process. A review by the Regional Transit Advisory Group and Rail Management Committee will precede drafting of the proposed budget. Once the proposed annual budget and five-year capital plan have been published, the VMR Board provides final review and adoption.



VMR BOARD AND WEIGHTED VOTES

VMR Board matters are decided by a majority of all the weighted votes for each Director. Weighted votes held by each Member City's Director are calculated using a format that takes into account the percentage of funding contributed by that Member and the percentage of committed and planned miles of Light Rail Transit track that are within each Member's boundaries. The percentage calculated from the formula is then adjusted so that each Member will have a minimum vote of two percent and no Member's vote will exceed 50% of the Weighted Votes. The number of Weighted Votes of each Member is recalculated annually prior to the start of each fiscal year based upon the adopted budget for the year. Weighted Votes calculated for FY26 are as follows:

50.0% Phoenix

29.9% Tempe

20.1% Mesa

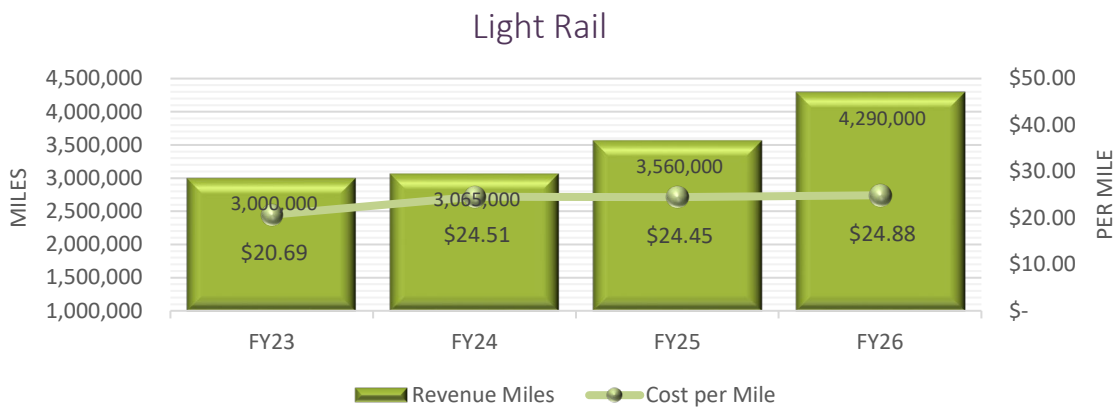


SERVICE METRICS

Below are the service metrics for rail operations showing historical data from FY23 through FY24 as well as the forecast for FY25 and FY26.

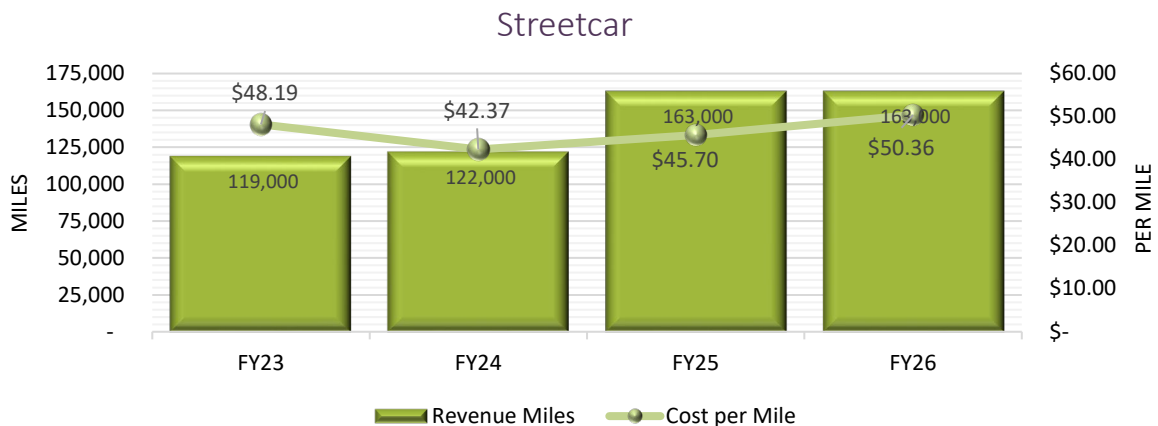
LIGHT RAIL

	FY23 Actuals	FY24 Actuals	FY25 Budget	FY26 Budget
Service Metrics				
Light Rail Operations				
Total Revenue Miles	3,000,000	3,065,000	3,560,000	4,290,000
Total Annual Cost/Budget	\$ 62,069,000	\$ 75,132,000	\$ 87,056,000	\$ 106,729,000
Cost per Mile	\$ 20.69	\$ 24.51	\$ 24.45	\$ 24.88



STREETCAR

	FY23 Actuals	FY24 Actuals	FY25 Budget	FY26 Budget
Service Metrics				
Streetcar Operations				
Total Revenue Miles	119,000	122,000	163,000	163,000
Total Annual Cost/Budget	5,754,000	5,154,000	\$ 7,449,000	\$ 8,209,000
Cost per Mile	\$ 48.19	\$ 42.37	\$ 45.70	\$ 50.36



STAFFING TRENDS

Staffing needs are assessed each year based on the level of activities and fulfillment of work requirements for the coming year. The table below summaries staff positions by each agency for the last three fiscal years and the current budget year.

	FY23	FY24	FY25	FY26
Staff Positions by Agency				
Agency				
RPTA	173	174	175	184
VMR	291	313	342	350
Total	464	487	517	534
<i>Change from prior year</i>	<i>21</i>	<i>23</i>	<i>30</i>	<i>17</i>

FY23

- Increased five VMR positions to support rail operations and maintenance
- Increased one RPTA position to support bus safety
- Increased five administrative support staff positions

FY24

- Increased 26 VMR positions to support increased alignment coverage
- Increased one RPTA position to support fare revenue distribution previously performed by Phoenix
- Increased one shared Agency position to support fleet management

FY25

- Increased 27 VMR positions to support increased coverage for current and future alignment
- Increased three RPTA positions to support the fare collection system

FY26

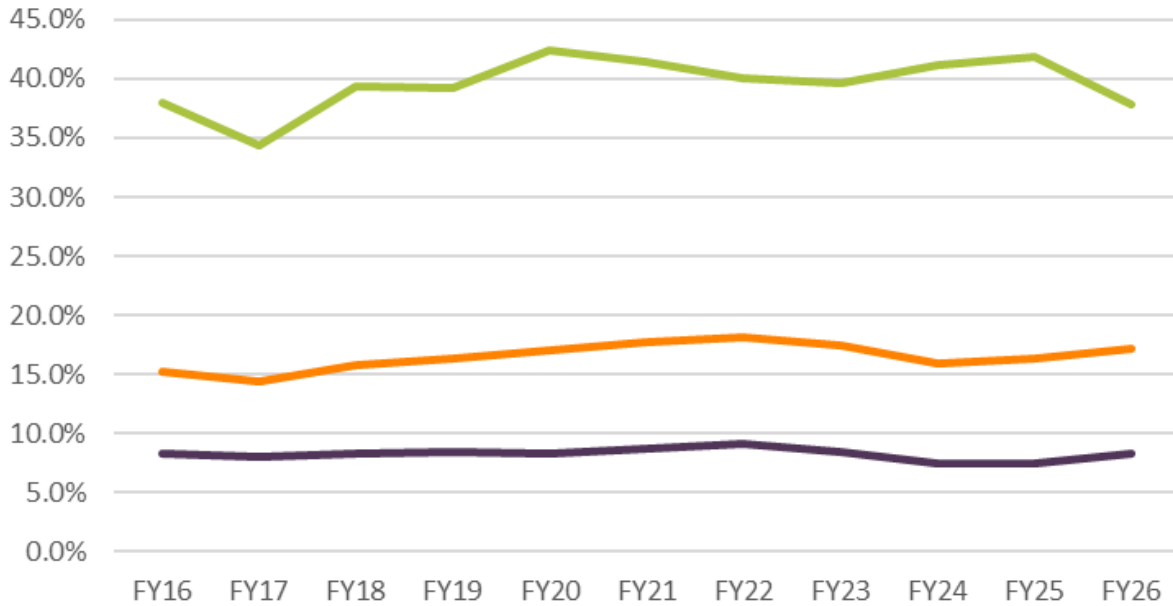
- Increased five VMR positions to support increased alignment maintenance
- Increased three RPTA positions to support human resources needs (two) and one for forecasting analytics
- Increased six shared Agency positions to help oversee safety and security operations (two), enhance rider information and education (two), and two for planning and grants coordination



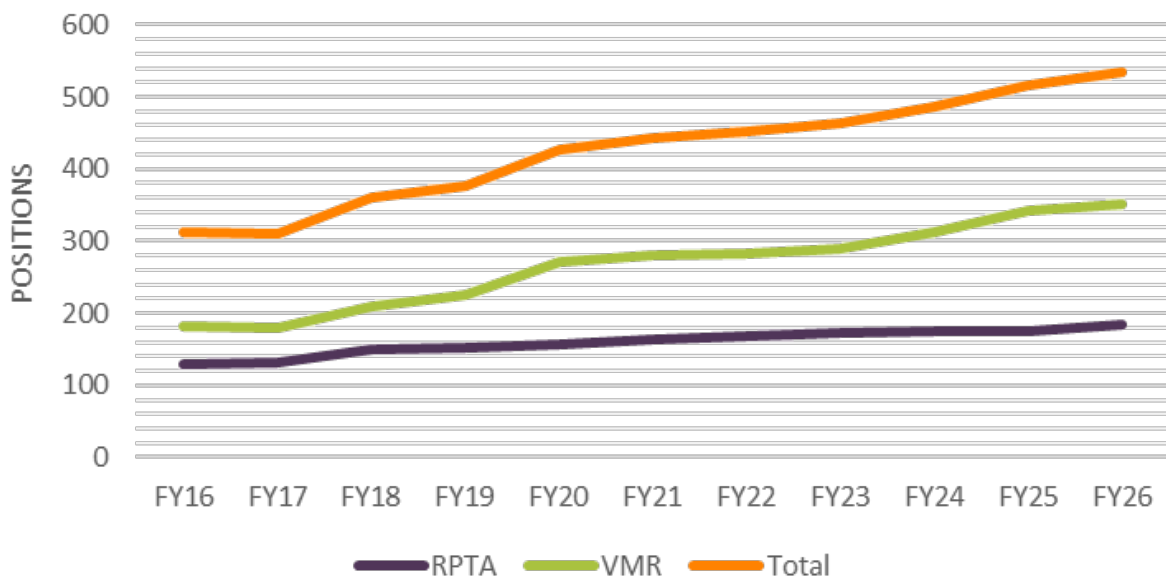
LONG TERM TRENDS

The following chart shows personal services costs as a percentage of the overall annual operating and capital budgets for the previous nine fiscal years. The long-term trend shows that the combined agencies' staffing has been in the range of four to seven percent of the total budget until FY26 when major capital spending decreases significantly.

Staff Costs as % of Agency Operating Budget



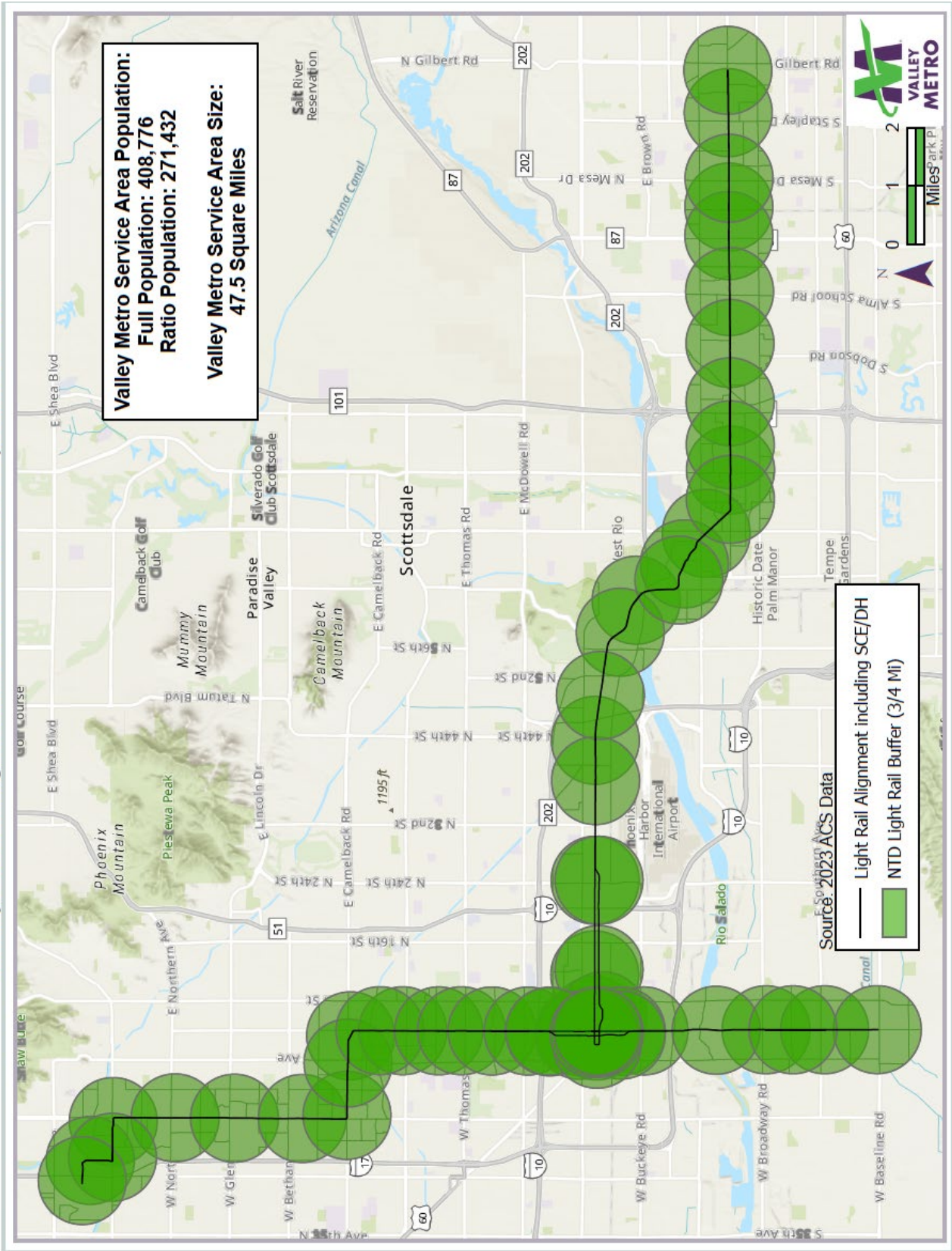
Staff Positions by Agency



SERVICE AREA

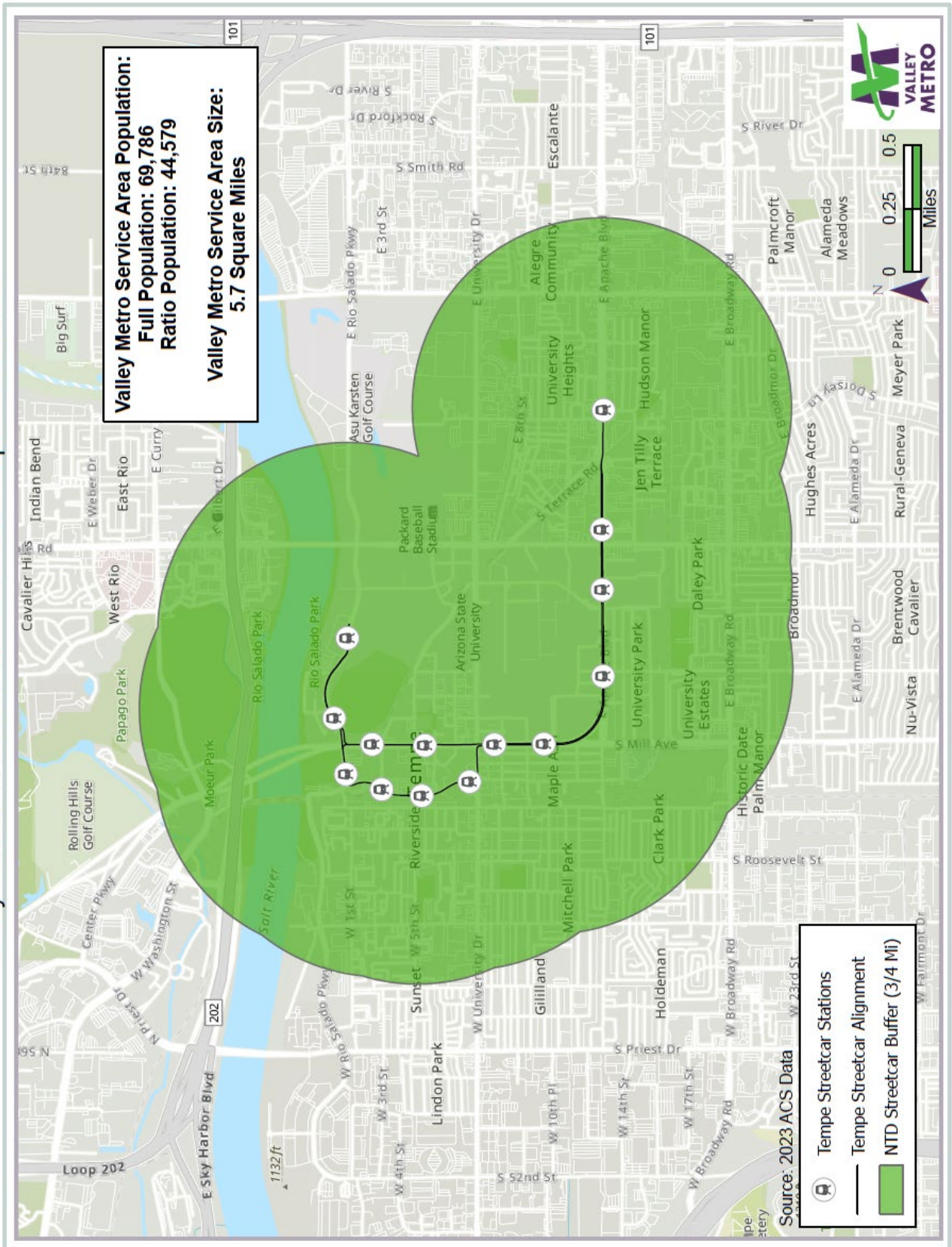
LIGHT RAIL

Valley Metro Light Rail Service Area Population 2024



STREETCAR

Valley Metro Streetcar Service Area Population 2024



SERVICE MAP



GLOSSARY OF TERMS AND ACRONYMS

TERM / ACRONYM	DEFINITION
ACI	Alternate Concepts, Inc.
BOD	Board of Directors
EE	Environmental Evaluation
FONSI	Finding of No Significant Impact
FTA	Federal Transit Administration
FTE	Full Time Equivalent
GIS	Geographic Information System
HCT	High-Capacity Transit – includes heavy rail, Light Rail Transit, Streetcar Transit, and Bus Rapid Transit modes of urban transportation
LPA	The Locally Preferred Alternative alignment for a transit route among a set of options which have been analyzed.
LRT	Light Rail Transit
LRV	Light Rail Vehicle
MAG	Maricopa Association of Governments
Member Cities	VMR equity members, currently Phoenix, Tempe, and Mesa
OMC	Operations and Maintenance Center
P&R	Park-and-Ride
Proposition 400	Legislative initiative to create a Public Transportation Fund passed into Arizona law in November 2004 providing roadway and public transit improvements in accordance with the Regional Transportation Plan.
Proposition 479 (400E)	Proposition 479 was approved by Maricopa County voters in November 2024. It extended Proposition 400.
PTF	Public Transportation Fund. See Proposition 400 and Proposition 479.
RPTA	Regional Public Transportation Authority the designated agency to receive and distribute public transit improvement funding under Proposition 400
RTP	Regional Transportation Plan - for Maricopa County, a comprehensive, performance-based, multi-modal, and coordinated regional plan providing a blueprint for future regional transportation investments.
SCADA	Supervisory Control and Data Acquisition
T2050	Phoenix Transportation 2050

TERM / ACRONYM DEFINITION

TLCP Transit Life Cycle Program

TOD Transit Oriented Development - real property development typically incorporating residential and commercial uses into the areas adjacent to a transit route.

VMR Valley Metro Rail, Inc.



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