Northwest Extension Phase II
Phoenix, Arizona
New Starts Engineering
(Rating Assigned April 2021)

Summary Description	
Proposed Project:	Light Rail Transit 1.6 Miles, 3 Stations
Total Capital Cost ($YOE):	$401.32 Million (Includes $24.6 million in finance charges)
Section 5309 CIG Share ($YOE):	$158.12 Million (39.4%)
Annual Operating Cost (opening year 2025):	$3.76 Million
Current Year Ridership Forecast (2020):	5,700 Daily Linked Trips 1,889,300 Annual Linked Trips
Horizon Year Ridership Forecast (2040):	7,800 Daily Linked Trips 2,575,000 Annual Linked Trips
Overall Project Rating:	Medium-High
Project Justification Rating:	Medium
Local Financial Commitment Rating:	Medium-High

Project Description: Valley Metro plans to extend its light rail system from the existing end of line station in Northwest Phoenix to the Metrocenter Mall. The Project includes three stations, three bridges, a multi-modal transit center, and a parking structure. The service is to operate every 12 minutes for most of the weekday, every 20 minutes during late night and early morning hours, and every 15 to 20 minutes on the weekends.

Project Purpose: The project is intended to improve connectivity across Interstate 17, provide easy access to the region's light rail system for various communities in north and west Phoenix, Glendale, and Peoria, and support transit-oriented land-use planning in the corridor, including the planned redevelopment of the Metrocenter Mall site. The project links Metrocenter to existing regional activity centers and major activity nodes such as the North Central Avenue office corridor, Phoenix Sky Harbor International Airport, Arizona State University, and downtown Phoenix. The project improves transit service in a corridor where 31 percent of the population lives below the poverty level and 18 percent of the households own no cars.

Project Development History, Status and Next Steps: The City of Phoenix selected the locally preferred alternative in November 2014, and it was adopted into the fiscally constrained long range transportation plan in June 2015. The project entered New Starts Project Development in June 2017. Valley Metro completed the environmental review process with receipt of a Finding of No Significant Impact from FTA in February 2019. FTA approved the project into Engineering in March 2020. Valley Metro expects to receive a Full Funding Grant Agreement in 2021 and start revenue service in February 2025.

Significant Changes Since Last Evaluation (November 2019): The amount of CIG funding requested decreased from $198.26 million to $158.12 million, with the CIG share decreasing from 49.4 percent to 39.4 percent.

Locally Proposed Financial Plan		
Source of Funds	**Total Funds ($million)**	**Percent of Total**
Federal: Section 5309 CIG	$158.12	39.4%
Local: City of Phoenix Proposition 104 Sales Tax Revenues and Bond Proceeds	$213.20	53.1%
Maricopa County Proposition 400 Public Transportation Fund Excise Tax Revenues	$30.00	7.5%
Total:	**$401.32**	**100.0%**

NOTE: The financial plan reflected in this table has been developed by the project sponsor and does not reflect a commitment by DOT or FTA. The sum of the figures may differ from the total as listed due to rounding.

City of Phoenix, Valley Metro NW Extension Phase II
(Rating Assigned February 2021)

Factor	Rating	Comments
Local Financial Commitment Rating	**Medium-High**	
Non-Section 5309 CIG Share	**+1 level**	• The CIG share of the project is 39.4 percent.
Summary Financial Plan Rating	**Medium**	
Current Capital and Operating Condition (25% of local financial commitment rating)	Medium-High	• The average age of the bus fleet is 4.9 years • The most recent bond ratings for Valley Metro, are as follows: Fitch Ratings, Inc. AA, and S&P Global Ratings AA+. • Valley Metro's current ratio of assets to liabilities as reported in its most recent audited financial statement is 1.4 (FY2019). • There have been no service cutbacks or cash flow shortfalls from 2017 to 2019.
Commitment of Capital and Operating Funds (25% of local financial commitment rating)	High	• All of the non-Section 5309 CIG capital funds are committed or budgeted. Sources of funds include the City of Phoenix's Proposition 104 funds and Maricopa County's Proposition 400 funds. • Approximately 78.1 percent of the funds needed to operate and maintain the transit system in the first full year of operation are committed or budgeted, and the remaining are considered planned. Sources of funds include FTA Section 5307 and FTA Section 5310 funds, Proposition 400 funds, local member city (Phoenix, Tempe, Mesa and Chandler) system-wide revenue, advertising revenue and fare revenues.
Reasonableness of Capital and Operating Cost Estimates and Planning Assumptions/Capital Funding Capacity (50% of local financial commitment rating)	Medium-Low	• Assumed growth in capital revenues is optimistic compared to recent historical experience. • The capital cost estimate is reasonable. • Assumed growth in operating revenue from farebox collections is optimistic and contributions from Member Cities are conservative compared to recent historical experience. • Operating cost estimates are reasonable compared to recent historical experience. • Valley Metro has access to funds via additional debt capacity, cash reserves, and other committed funds to cover unexpected cost increases or funding shortfalls equal to 42.2 percent of the total Project capital cost and 21.2 percent of annual system-wide operating expenses

Northwest Extension Phase II
Phoenix, Arizona
New Starts Project Development
(Rating Assigned December 2020)

LAND USE RATING: Medium-Low

The land use rating reflects population density within one-half mile of proposed stations, employment served by the line, and the share of legally binding affordability restricted (LBAR) housing in the station areas compared to the share in the surrounding county.

- The station areas have an average population density of 2,950 persons per square mile, which rates Medium-Low by FTA benchmarks. The project would serve a total of 144,000 employees by a one seat ride, which rates Medium-High by FTA benchmarks. The average daily parking cost in the Phoenix central business district (CBD) is $13, which corresponds to a Medium-High rating. There is no existing affordable housing in project station areas, and the ratio of station area to county LBAR housing is therefore 0.00, corresponding to a Low rating.
- Development in the project corridor is mostly low density commercial and industrial with surface parking fronting most buildings. At the end of the corridor is a recently closed suburban mall surrounded by a large surface parking lot.
- The main roads in the corridor typically have sidewalks but they lack shade and are not comfortably separated from the roadway. Some of the industrial areas have no pedestrian facilities.

ECONOMIC DEVELOPMENT RATING: Medium

Transit-Supportive Plans and Policies: Medium

- *Growth Management:* Arizona requires municipalities to identify targeted growth areas tied to infrastructure improvements as part of their local comprehensive plans and requires them to have policies and implementation strategies for promoting a regional system of open space. Phoenix is engaged in an ongoing planning effort to concentrate growth in identified cores and corridors.
- *Transit-Supportive Corridor Policies:* Phoenix's General Plan and North Mountain Area Plan both recommend implementing policies and ordinances to support infill development with a scale and character supportive of transit near light rail lines. The City adopted a Complete Streets ordinance and is emphasizing improving the pedestrian environment. Among the three stations in the corridor, Metrocenter is the only area where conceptual planning for transit-oriented development (TOD) has already occurred.
- *Supportive Zoning Regulations Near Transit Stations:* The two eastern-most station areas in the corridor have not been rezoned for TOD and are primarily zoned for commercial and industrial uses with varying land use intensity. The Metrocenter area has been rezoned as a Planned Unit Development with high development densities, mixed uses and strong pedestrian orientation.
- *Tools to Implement Land Use Policies:* Phoenix gives developers points toward density bonuses for including sustainability elements. The City's Adaptive Reuse Program streamlines development for the adaptation of old buildings. The City has been conducting some outreach to property owners along the corridor as part of the North Mountain Area Plan. The land use planning that resulted in a rezoning of the Metrocenter area was conducted in partnership with the owners of that property.

Performance and Impacts of Policies: Medium-High

- *Performance of Land Use Policies:* 441 projects, valued at $14 billion, have been completed or are under construction along the region's existing LRT line since 2005. The developments contain a total of over 34,000 residential units and over 22 million square feet of commercial/office space. This development is high density in the downtown areas and medium- to high density in the station areas outside of downtown. The developments typically have transit-friendly characteristics.
- *Potential Impact of Transit Investment on Regional Land Use:* The corridor has not been intensely developed and has many opportunity sites for redevelopment. There are 24 acres of vacant land plus excess surface parking areas. The Metrocenter redevelopment is large enough to be considered regionally significant. Phoenix is one of the fastest growing metropolitan areas in the United States with a robust real estate market, which indicates that significant transit-oriented development is possible.

Tools to Maintain or Increase Share of Affordable Housing: Medium-Low
• Phoenix's general plan includes goals and objectives to increase the supply of affordable housing near existing and proposed light rail stations. The City provides density bonuses for affordable housing and increased development entitlements for projects that provide long-term affordable units. The Metrocenter Planned Unit Development will include some legally binding affordable housing, including senior housing, once completed. In 2020 the City of Phoenix approved a rezoning request just south of the Metrocenter Mall for a 300-unit affordable housing development.

LEGEND

Valley Metro Rail/Station

Northwest Extension Phase II/Station

Existing Transit Center

Existing Park-and-Ride

Relocated Transit Center

Proposed Parking Structure