Capitol Extension
Phoenix, Arizona
New Starts Project Development
(Rating Assigned November 2024)

Summary Description	
Proposed Project:	Light Rail 0.75 Miles, 2 Stations
Total Capital Cost ($YOE):	$397.02 Million (Includes $18.9 million in finance charges)
Section 5309 CIG Share ($YOE):	$194.54 Million (49.0%)
Annual Operating Cost (opening year 2028):	$2.11 Million
Current Year Ridership Forecast (2024):	3,100 Daily Linked Trips 1,020,100 Annual Linked Trips
Horizon Year Ridership Forecast (2045):	6,300 Daily Linked Trips 2,083,100 Annual Linked Trips
Overall Project Rating:	Medium-High
Project Justification Rating:	Medium
Local Financial Commitment Rating:	Medium-High

Project Description: Valley Metro proposes to implement a new light rail transit line from downtown Phoenix to the Arizona State Capitol area. The project includes construction of two split platforms for each station and the purchase of three rail cars. Service is planned to operate from 5:00 AM to 12:00 AM on weekdays, with trains running every 12 minutes during peak periods and every 12 to 20 minutes during off peak periods. On weekends, service is planned to operate from 5:00 AM to 3:00 AM with trains running every 15 to 20 minutes.

Project Purpose: The project connects several destinations and employment centers along the corridor including the commercial and entertainment hubs in Downtown Phoenix, City Hall, the US Courthouse, Liberty Park, and the Downtown Hub, a light rail transit hub which is under construction as part of a separate project. With the opening of the Downtown Hub anticipated next year, the project is eventually planned to be part of a line that continue east connecting the Arizona State Capitol area to Phoenix Sky Harbor International Airport, Downtown Tempe, Arizona State University Main Campus and downtown Mesa via a single-seat ride. The project is intended to support the existing and planned transit network, provide additional capacity for existing and future demand in the corridor, and facilitate development in the Arizona State Capitol area.

Project Development History, Status and Next Steps: Valley Metro selected the locally preferred alternative (LPA) in November 2021, and the LPA was adopted into the region's long range transportation plan in January 2023. The project entered New Starts Project Development in April 2023. Valley Metro anticipates completing the environmental review process in June 2025, entering Engineering in 2026, receiving a Full Funding Grant Agreement in 2027, and opening for revenue service in 2028.

Locally Proposed Financial Plan		
Source of Funds	**Total Funds ($million)**	**Percent of Total**
Federal:		
Section 5309 Capital Investment Grants	$194.54	49.0%
FHWA Flexible Funds (Congestion Mitigation and Air Quality Program)	$3.31	0.8%
Local:		
City of Phoenix Transportation Sales Tax (2050) (Proposition 104)	$123.17	31.0%
Maricopa County Sales Tax (Proposition 400)	$76.00	19.1%
Total:	**$397.02**	**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.

Capitol Extension
Phoenix, Arizona
New Starts Project Development
(Rating Assigned November 2024)

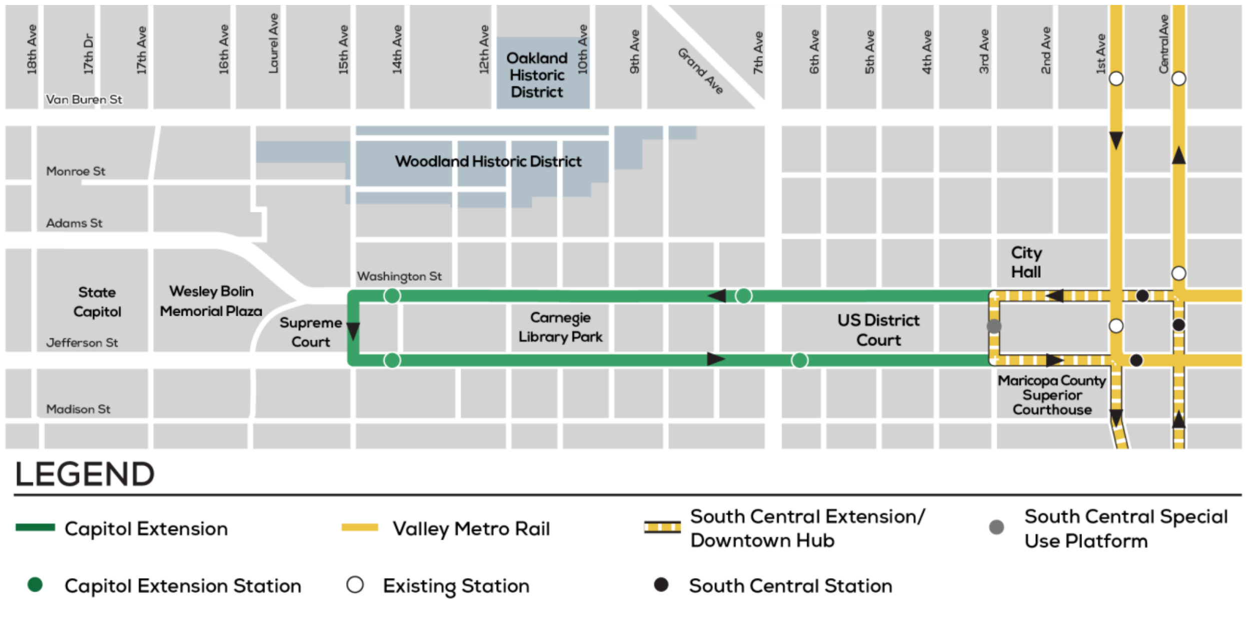
Factor	Rating	Comments
Local Financial Commitment Rating	**Medium-High**	
Non-Section 5309 CIG Share	**+1 level**	The CIG share of the project is 49.0 percent.
Summary Financial Plan Rating	**Medium**	
Current Capital and Operating Condition (25% of local financial commitment rating)	Medium	• The average age of the bus fleet is 7.2 years, which is in line with the industry average. • The sponsor did not submit bond ratings from the last two years. • RPTA's current ratio of assets to liabilities as reported in its most recent audited financial statement is 1.76 (FY 2023). • Valley Metro Rail's current ratio of assets to liabilities as reported in its most recent audited financial statement is 1.81 (FY 2023). • There were no service cutbacks or cash flow shortfalls in recent years
Commitment of Capital and Operating Funds (25% of local financial commitment rating)	High	• All the non-Section 5309 CIG capital funds are committed or budgeted. Sources of funds include Federal Highway Congestion Mitigation Air Quality (CMAQ) funds, Maricopa County sales tax (Proposition 400), and City of Phoenix Transportation 2050 sales tax (Proposition 104) funds. • Approximately 67 percent of the funds needed to operate and maintain the transit system in the first full year of operation are committed, and the rest are considered planned. Sources of funds include FTA Section 5307, FTA Section 5310, FTA Section 5311, CMAQ, Maricopa County sales tax, farebox revenues, Valley Metro Member City contributions, and other operational 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 for CMAQ funds are optimistic compared to recent experience. Assumed growth for the City of Phoenix Transportation Sales Tax (2050) and the Maricopa County Sales Tax (Proposition 400) are reasonable compared to recent historical experience. • The capital cost estimate is reasonable. • Regarding growth in operating revenue assumptions, bus farebox revenue is optimistic FTA Section 5307, Section 5310, CMAQ, Maricopa County sales tax, rail farebox revenues, Member City contributions, and other operational revenues are reasonable. The proposed FTA Section 5311 funds are conservative compared to recent historical experience.

		• Operating cost estimates are reasonable compared to recent historical experience. • Valley Metro Rail has access to funds via additional debt capacity, cash reserves, or other committed funds to cover unexpected cost increases or funding shortfalls equal to at least all of the estimated CIG capital costs. Valley Metro Rail does not have additional dept capacity to cover any of the annual system wide operating expenses.

Capitol Extension
Phoenix, Arizona
New Starts Project Development
(Rating Assigned November 2024)

LAND USE RATING: Medium-High
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 population density in station areas is about 7,300 persons per square mile, corresponding to a Medium rating by FTA benchmarks. Total employment served is about 133,100 jobs, corresponding to a Medium rating. The daily parking cost in the central business district (CBD) ranges up to $15, corresponding to a Medium-High rating. The ratio of station area to county LBAR housing is 11.67, corresponding to a High rating. • The corridor is developed on a grid system with small blocks. The area with the greatest density (mid to high-rise buildings) is found to the east of the project, which is on the west side of downtown. Mid-rise government office buildings with structured and surface parking are found around the Capitol and along W. Washington Street. Other development includes older, single-story commercial uses and single- and multi-family residential on smaller lots.
ECONOMIC DEVELOPMENT RATING: Medium
Transit-Supportive Plans and Policies: Medium
• *Growth Management:* There is regional support for transit corridor planning, and policies in the City of Phoenix support infill and transit-supportive development. However, there are no binding regional policies related to concentration of growth in transit corridors or land conservation. • *Transit-Supportive Corridor Policies*: The City of Phoenix has developed transit-supportive corridor and station area planning policies and initiatives, including the general designation of the station areas for walkable, mixed-use development at moderate to higher intensities. However, specific recommendations for the Capitol Extension station areas are still being fully developed. • *Supportive Zoning Regulations Near Transit Stations*: High densities and pedestrian-supportive design standards are found in the portions of the station areas covered by the Downtown Code (about one-third of the corridor). However, districts covering the majority of the station areas have relatively low commercial densities, lack transit-supportive design or mixed-use requirements, and have higher parking requirements. The City has indicated its intention to apply form-based code elements to the station areas which would increase densities and establish transit-supportive design requirements. • *Tools to Implement Land Use Policies*: The City of Phoenix and Valley Metro have led a City-wide transit-oriented planning program, and the City has adopted policies to support infill development and adaptive reuse. However, information is lacking on how existing programs and initiatives are supporting TOD in existing or proposed station areas.
Performance and Impacts of Policies: Medium
• *Performance of Land Use Policies*: A substantial amount of development has occurred around existing light rail transit stations; however, no information was provided to judge the character of this development. Only one example of a recent or proposed project in a proposed new station area was provided that is clearly transit-supportive; other potential projects were referenced but without supporting details.

• *Potential Impact of Transit Investment on Regional Land Use*: Vacant, underdeveloped, and potentially obsolete sites along the corridor provide opportunity for new development within one-half mile of the project's stations. A master plan for the Government Mall identified potential for growth in this area.
Tools to Maintain or Increase Share of Affordable Housing: Low
• Limited evidence was provided of plans and policies to preserve or increase affordable housing in station areas, and no specific examples were provided of developer activity within the station areas.



18th Ave
17th Dr
17th Ave
16th Ave
Laurel Ave
15th Ave
14th Ave
12th Ave
Oakland Historic District
10th Ave
9th Ave
Grand Ave
7th Ave
6th Ave
5th Ave
4th Ave
3rd Ave
2nd Ave
1st Ave
Central Ave
Van Buren St
Monroe St
Woodland Historic District
Adams St
City Hall
Washington St
State Capitol
Wesley Bolin Memorial Plaza
Supreme Court
Carnegie Library Park
US District Court
Jefferson St
Maricopa County Superior Courthouse
Madison St
LEGEND
Capitol Extension
Valley Metro Rail
South Central Extension/ Downtown Hub
South Central Special Use Platform
Capitol Extension Station
Existing Station
South Central Station