



# City Council Report

**Date:** August 25, 2014  
**To:** City Council  
**Through:** Kari Kent, Deputy City Manager  
**From:** Jodi Sorrell, Transit Services Director  
**Subject:** Intergovernmental Agreement with Valley Metro Rail, Inc. (METRO) for light rail operations and maintenance for Fiscal Year 2014/15 District 3

**Strategic  
Initiatives**



## Purpose and Recommendation

The purpose of this report is to recommend and request the City Manager, or his designee, to enter into a contract with Valley Metro Rail, Inc. (METRO) for the Mesa share of costs for operation of light rail service, and for the Mesa share of agency overhead costs; authorizing the City to disburse funds in an amount not to exceed \$1,666,243 in Fiscal Year 14/15.

## Background

The City of Mesa and METRO entered into a Light Rail Transit Operations Master Cooperative Funding Agreement ("Master Agreement"), effective November 17, 2008. The Master Agreement specifies that each fiscal year the METRO Board of Directors will identify annual operations and maintenance funding amounts for the member cities. The annual operations and maintenance costs allocated is based on the number of miles light rail operates within each city.

Operations and maintenance costs established by the METRO Board of Directors for Fiscal Year 14/15 are:

Mesa	\$ 1,666,243
Phoenix	\$ 21,874,857
Tempe	\$ 9,613,410

The operations and maintenance budget include: transportation contractors, propulsion power, vehicle maintenance, systems and facilities maintenance, materials and supplies, general and administrative costs, and liability insurance. The funding amount also includes a contingency of 3%.

## **Discussion**

Light rail service is an important asset to the community. Since light rail began operations in December 2008, the Sycamore station has been a very highly used station. Light rail averages 45,000 average daily weekday riders. Approximately 10 percent of those riders are using the Sycamore station.

Mesa makes monthly installments to METRO for light rail operations and maintenance. In turn fare and advertising revenue allocated to Mesa help reduce the overall budget costs for light rail service. In Fiscal Year 14/15, fare and advertising revenue forecasted for Mesa is approximately \$1.3 million.

## **Fiscal Impact**

The light rail operation and maintenance cost of \$1,666,243 is approved and included in the City of Mesa Transit Services budget for Fiscal Year 2014/15.

## **Coordinated With**

METRO has reviewed and agrees with the terms of the funding agreement. The City Attorney has also reviewed and concurs with the amendment as to form.