



City Council Report

Date: September 28, 2015
To: City Council
Through: Scott Butler, 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 2015/16 Districts 3 and 4

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 of \$5,445,863 during Fiscal Year 15/16.

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 15/16 are:

Mesa	\$5,445,863
Phoenix	\$22,716,301
Tempe	\$9,492,217

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. METRO began operating light rail in December 2008. Since that time, the Sycamore station has consistently carried approximately 10 percent of the average daily ridership. August, three additional miles of light rail service began operating in Mesa through downtown. This is the first extension to the initial 20 mile light rail system and is expected to add 5,000 weekday riders to the system.

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 15/16, Mesa's portion of fare and advertising revenue along with preventative maintenance grants are forecasted for Mesa to be approximately \$2.2 million. These funding sources help offset the City funding contribution.

Alternatives

Fiscal Impact

The light rail operation and maintenance cost of \$5,445,863 is approved and included in the City of Mesa Transit Services budget for Fiscal Year 2015/16.

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.