



City Council Report

Date: January 28, 2019
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 2018/19 Districts 3 and 4

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 \$8,159,000 during Fiscal Year 18/19.

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 2018/19 are:

Mesa	\$ 8,159,000
Phoenix	\$32,159,000
Tempe	\$11,349,000

The operations and maintenance budget include: safety, security, propulsion power, vehicle maintenance, systems and facilities maintenance, transportation contractors, materials and supplies, general and administrative costs, and liability insurance.

Discussion

Light rail service is an important asset to the community. METRO began operating light rail in December 2008. In August, 2015, three additional miles of light rail was

added in Mesa through downtown. In May, the Gilbert Road light rail extension will open, adding another two miles to the light rail system in Mesa.

Mesa makes monthly installments to METRO for light rail operations, maintenance, safety and security. Approximately \$3.5M is forecasted in light rail fares, advertising revenue and Arizona Lottery Funds (ALF) help reduce the funding offset contribution by the City.

Fiscal Impact

The light rail operation and maintenance cost of \$8,159,000 is approved and included in the City of Mesa Transit Services budget for Fiscal Year 2018/19. The City anticipates receiving \$2,233,000 in light rail fares, advertising and preventive maintenance as well as \$1,281,570 in Arizona Lottery Funds for a net impact to the City's General Fund of \$4,644,430.

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.