



City Council Report

Date: July 3, 2023
To: City Council
Through: Scott Butler, Assistant 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 2023/24 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, agency operating costs and reimbursement for landscaping maintenance authorizing the City to disburse funds in an amount of \$17,526,410 during Fiscal Year 2023/24.

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.

Discussion

Operations and maintenance costs established by the METRO Board of Directors for Fiscal Year 2023/24 are \$84,610,000. The operations and maintenance budget include safety, security, propulsion power, vehicle maintenance, systems and facilities maintenance, transportation contractors, materials and supplies, general and administrative agency costs and liability insurance. These costs are distributed to Mesa, Phoenix and Tempe based on light rail miles in each city. Mesa's estimated costs are \$17,506,410. The City also has Valley Metro maintain landscaping at the Sycamore Transit Center. This additional work is estimated at \$20,410 in Fiscal Year 2023/24. For a total estimate of \$17,526,410.

Mesa uses several revenue sources to offset the General Fund contribution to fund light rail operations. This includes approximately \$2,945,000 in forecasted light rail fares, advertising revenue, Arizona Lottery funds and other revenues help reduce the funding contribution by the City. After applying the various light rail revenue sources,

Mesa's General Fund contribution to light rail operations is \$15,561,410.

Fiscal Impact

Light rail operations, maintenance and agency operating costs are approved and included in the City of Mesa Transit Services budget for Fiscal Year 2023/24 in the amount of \$17,526,410.

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.