

**ANNUAL OPERATIONS FUNDING AGREEMENT**

**FY 2026-2027**

**BETWEEN**

**THE CITY OF MESA**

**AND**

**VALLEY METRO RAIL**

**145-44-2026-19-00-AOFA**

THIS ANNUAL OPERATIONS FUNDING AGREEMENT FOR FISCAL YEAR 2026 - 2027 (“Annual Funding Agreement”) is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2026, between the City of Mesa, a municipal corporation duly organized and existing under the laws of the State of Arizona ( “CITY”) and Valley Metro Rail, Inc., a non-profit corporation, duly organized and existing under the laws of the State of Arizona ( “VMR”). CITY and VMR are collectively referred to as the “Parties.”

**RECITALS**

WHEREAS, the Parties entered into a Light Rail Transit Operations Master Cooperative Funding Agreement ("Master Agreement"), effective November 17, 2008; and,

WHEREAS, in the Master Agreement, the Parties agreed that annual funding amounts for the operation of the Light Rail Transit System would be determined by VMR in cooperation with CITY and that the funding amounts thus determined would be implemented in this and other Annual Operations Funding Agreements; and,

WHEREAS, VMR’s Board of Directors has unanimously approved the FY 2026-2027 rail operations budget for rail base service in the sum of \$129,510,000 (FY 2026-2027 Budget); and,

WHEREAS, CITY's share of FY2026-2027 Budget for rail operations & maintenance, security, state of good repair, agency operations, future project development, systemwide improvements, and facility landscaping (for the Sycamore Transit Center and Gilbert Road Transit Center and CITY owned land adjacent to the Mesa Drive Park-and-Ride) for FY 2026-2027 totals:

Operations & Maintenance	\$ 15,575,000
Security	\$ 3,486,000
State of Good Repair	\$ 41,000
Agency Operations	\$ 704,000
Facility Landscaping	\$ 22,000
Future Project Development	\$ 1,023,000
Systemwide Improvements	\$ 297,000
<b>Total</b>	<b>\$ 21,148,000</b>

and;

WHEREAS, this Agreement is intended to implement CITY's funding obligation for its share of the FY 2026-2027 Budget.

### **AGREEMENT**

IT IS AGREED by the Parties as follows:

SECTION 1. Funding Obligation for FY 2026-2027. CITY shall pay its share of the FY 2026-2027 budget for rail base service in the sum of TWENTY-ONE MILLION ONE HUNDRED FORTY-EIGHT THOUSAND DOLLARS (\$21,148,000).

SECTION 2. Payment. CITY's pro-rata monthly contribution for its share of the FY 2026-2027 Budget will be delivered to VMR two (2) days prior to the start of each fiscal month for which rail transit operations services are to be provided. Payment will be by delivering or transferring the funds in a manner to be mutually determined by CITY and VMR staff.

SECTION 3. Integration. This Annual Funding Agreement is subject to the terms and conditions set forth in the Master Cooperative Funding Agreement between the Parties dated April 27, 2009, except as otherwise expressly agreed upon herein.

IN WITNESS WHEREOF, the Parties have executed this Annual Funding Agreement on the day and year first set forth above.

**VALLEY METRO RAIL, INC.**

By: \_\_\_\_\_  
Jessica Mefford-Miller, Chief Executive Officer

APPROVED AS TO FORM

By: \_\_\_\_\_  
Michael Wawro, Chief Legal Officer

**CITY OF MESA**

By: \_\_\_\_\_  
Scott J. Butler, City Manager

ATTEST:

By: \_\_\_\_\_  
Holly Moseley, City Clerk

APPROVED AS TO FORM

By: \_\_\_\_\_  
Sarah Steadman, Assistant City Attorney