



City Council Report

Date: October 5, 2020
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 2020/21 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 \$3,880,000 during Fiscal Year 2020/21.

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 2020/21 are \$59,780,000. 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. Mesa's portion of the costs are \$12,377,000.

In March 2020 Congress passed the CARES Act. It included \$25B in much needed support for transit systems across the country to ensure service availability for transit dependent essential workers get to their jobs and residents get to medical appointments. Mesa will receive \$8,920,000 for light rail operations and maintenance. This funding reduces the General Fund contribution for Fiscal Year 2020/21.

Mesa makes monthly installments to METRO for light rail operations, maintenance, safety, and security. Approximately \$2,115,264 in forecasted light rail fares, advertising revenue and Arizona Lottery Funds (ALF) help reduce the funding contribution by the City.

On behalf of the City, METRO performs landscape services at the Sycamore Transit Center and a small city-owned parcel adjacent to the Mesa Drive Park and Ride. In Fiscal Year 2020/21 the City will reimburse METRO \$25,000 for these services.

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 2020/21 in the amount of \$3,855,000. The City anticipates receiving \$2,115,264 in light rail fares, advertising, and preventive maintenance as well as \$1,280,000 in Arizona Lottery Funds for a net impact to the City's General Fund of \$484,736 (\$459,786 for operations and maintenance and \$25,000 for landscaping).

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.