
CITY OF TEMPE
REQUEST FOR COUNCIL ACTION**Council Meeting Date: 08/18/2016**
Agenda Item: 5C7

ACTION: Adopt a resolution authorizing the Mayor to sign the annual Operations Funding Agreement (Number Nine) with Valley Metro Rail, Inc. for light rail transit services for fiscal year 2016-2017. (Resolution No. R2016.86)

FISCAL IMPACT: The gross cost is \$9,902,000 funded with the following applied revenue sources: Transit Tax \$5,699,000; fare revenue \$3,751,000; federal preventative maintenance funds \$255,000; and advertising revenue \$197,000. Sufficient funding for this Agreement has been appropriated in the Transit Fund (cost center 3921) as part of the adopted fiscal year 2016-17 budget.

RECOMMENDATION: Adopt Resolution No. R2016.86.

BACKGROUND INFORMATION: The Agreement (Number Nine) is entered into pursuant to the Light Rail Transit Operations Master Cooperative Funding Agreement, which the City Council approved on February 21, 2008. The fiscal year 2016-2017 Operations Funding Agreement provides Valley Metro Rail, Inc. (METRO) with funding to support and operate the light rail system in Tempe.

The level of funding and revenue identified in the Agreement was approved by METRO's Board of Directors in May 2016 and by the Tempe City Council in June 2016 as part of the Transit Fund budget. Overall, the Agreement reflects a 2.1% decrease in net cost to the city. Information on the use of funds and offsetting revenue is provided below.

- Light Rail Operations – The budget amount of \$8,538,000 reflects a 0.4% increase compared to fiscal year 2015-2016 and includes, but is not limited to, agency/contracted labor, materials, utilities, and insurance associated with the operation and maintenance of the light rail system.
- Security – The budget amount of \$1,083,000 reflects a 13.1% increase compared to fiscal year 2015-2016 for both regional and local security efforts. Regional costs of \$1,013,000 include security for METRO's Operations and Maintenance Center, increased fare inspection services for the light rail system as well as region-wide security/patrol services. The increased fare inspection levels are intended to provide a higher level of fare compliance. Local security costs of \$70,000 cover security staff for Tempe special events and late night weekend security provided by off-duty Tempe police officers.
- Administration – The budget amount of \$281,000 reflects an 18.9% increase and includes agency staff salaries/benefits, consultant services, expenses related to public meetings and information, and personnel/support services provided by the Regional Public Transportation Authority (RPTA).
- Revenue – The revenue amount of \$4,203,000 reflects a 7.5% increase in estimated revenue compared to fiscal year 2015-2016. Revenue includes funding from passenger fares (\$3,751,000), federal funding for preventative maintenance (\$255,000), and light rail vehicle advertising (\$197,000). The increase in revenue reflects a 9.4% projected increase in fare revenue, a 2.8% increase in advertising revenue and an 11.4% decrease in federal funds available for preventative maintenance.

METRO Fiscal Year 2016-2017 Operations Funding Agreement			
Category	Fiscal Year 2016	Fiscal Year 2017	%Inc./Dec
Operations	\$ 8,534,793	\$ 8,538,000	0.04%
Security -Regional	\$ 887,744	\$ 1,013,000	14.1%
Security - Local	\$ 69,680	\$ 70,000	0.5%
Agency Operating (admin.)	\$ 236,236	\$ 281,000	18.9%
Subtotal	\$ 9,728,453	\$ 9,902,000	1.8%
Fare Revenue	\$ 3,429,453	\$ 3,751,000	9.4%
Preventive Maint.(Fixed Guide)	\$ 287,662	\$ 255,000	-11.4%
Advertising	\$ 191,544	\$ 197,000	2.8%
Subtotal	\$ 3,908,659	\$ 4,203,000	7.5%
Net	\$ 5,819,794	\$ 5,699,000	-2.1%

ATTACHMENTS: Resolution and Intergovernmental Agreement Amendment.

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Department Director: Don Bessler, Public Works Director
 Legal review by: Teresa Voss, Assistant City Attorney
 Prepared by: Mike Nevarez, Transit Manager