

**INTERGOVERNMENTAL TRANSIT SERVICE AND OPERATIONS FUNDING
AGREEMENT BETWEEN
THE REGIONAL TRANSPORTATION AUTHORITY OF PIMA COUNTY
AND
City of Tucson
FOR
DELIVERY OF RTA PLAN TRANSIT SERVICES AND OPERATIONS**

This Intergovernmental Agreement (hereinafter “the Agreement”) is entered into by and between the Regional Transportation Authority of Pima County (“RTA” or “the Authority”), a special taxing district formed pursuant to Title 48 Chapter 30 of the Arizona Revised Statutes (A.R.S.), and the City of Tucson, a body politic and corporate of the State of Arizona (“the Jurisdiction”) pursuant to A.R.S. § 11-952.

RECITALS

- A. A.R.S. § 48-5301, et seq., authorizes the Authority to act as a regional taxing authority for the purpose of funding multimodal transportation operations and improvements identified in the Regional Transportation Plan (“the Plan”) approved by the voters at the special election held in Pima County, Arizona, on March 10, 2026.
- B. The governing board of the Authority is composed of representatives of each member of the regional council of governments in accordance with A.R.S. § 48-5303.
- C. Pursuant to A.R.S. § 48-5304 (12), the governing board of the Authority has sole authority to implement the elements of the Plan.
- D. Pursuant to A.R.S. § 48-5304 (13), the governing board of the Authority shall coordinate the implementation of the Plan among the local jurisdictions.
- E. A Regional Transportation Fund was established by the Arizona Legislature per A.R.S. § 48-5307 to be the repository for those funds collected for the purpose of funding the transportation projects identified in the Plan.
- F. The Authority and the Jurisdiction may contract for services and enter into agreements with one another for joint and cooperative action pursuant to A.R.S. § 11-951, et seq.
- G. Pursuant to A.R.S. § 48-5304 (9), the RTA is authorized to adopt rules that are proper or necessary to regulate the use, operation, and maintenance of its property and facilities, including its public transportation systems and related transportation facilities and services operating in its area of jurisdiction;
- H. The Jurisdiction, through its Department of Transportation & Mobility and agent Sun Tran, provides public transit services, including fixed route service, and as applicable, complimentary paratransit service to areas within designated areas of Pima County, Town of Marana, and City of South Tucson;

- I. The Jurisdiction is authorized by A.R.S. Title 9, its Charter, and its Mayor and Council, to oversee the design, operation, and management of RTA-funded transit services within the Jurisdiction's jurisdictional boundaries.
- J. The Jurisdiction may enter into an Intergovernmental Agreement with one or more other jurisdictions within Pima County empowering the Jurisdiction to perform transit services, operations, and improvements outside the Jurisdiction's jurisdiction boundaries as necessary for individual projects. Where this need is identified, the roles of each jurisdiction will also be defined in the Roles and Responsibilities section of the Project Charter.
- K. The parties desire to cooperate in the operation and administration of transit service and improvements included in the Plan.
- L. It is the policy of the Authority that for each individual transit service operation in the Plan, the parties will create a document identifying the scope of the service or operation, the financial and schedule performance attributes, the lead agency and the roles and responsibilities between the Jurisdiction and the RTA (the "Transit Service Charter." Each Transit Service Charter must be agreed to and approved and entered into by the Authority and the Jurisdiction, or their authorized representatives, before requests for funding reimbursement or payment related to that service or operation can be processed by the Authority.

NOW, THEREFORE, the City of Tucson and Authority, pursuant to the above and in consideration of the matters and things set forth herein, do mutually agree as follows:

STANDARD PROVISIONS

1. **Purpose.** The purpose of this Agreement is to establish the legal, administrative, and funding framework governing RTA-funded transit services and operations provided by the City of Tucson, as approved in the Plan for residents of designated areas of City of Tucson, Pima County, Town of Marana, and City of South Tucson. Service-specific requirements shall be addressed through one or more Transit Service Charters developed for the applicable transit services, including fixed-route transit services, complementary paratransit service, fare revenue and applicable assistance credits, associated capital and operating support, and transit amenities and supporting infrastructure.
2. **Effective Date; Term.** This Agreement shall become effective upon its execution by both parties and shall continue in effect until the transit services and operations authorized pursuant to this Agreement are completed, all eligible reimbursement payments to the Jurisdiction are concluded, and all warranties applicable to the services and operations outlined in the Transit Service Charters have expired, unless terminated earlier in accordance with Section 15.
3. **Transit Service Framework.**

The Jurisdiction shall provide transit services such as:

- Fixed-route services operating on established schedules and routes.
- Paratransit services.
- Safety and security of the transit system.

- Service adjustments for overcrowding, route modification, or system optimization.

Transit service definitions will be included in each Transit Service Charter.

- 4. Non-assignment.** Neither party to this Agreement shall assign its rights or obligations under this Agreement to any other party without written permission from the other party to this Agreement.

- 5. Construction of Agreement.**

- a. Entire Agreement.** This Agreement, together with any Transit Service Charters and amendments executed in accordance with this Agreement, constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior or contemporaneous oral and written agreements and understandings relating thereto. Any such Transit Service Charters and amendments are incorporated herein by this reference. Each Transit Service Charter entered into between the parties pursuant to this Agreement will be attached to this Agreement as an exhibit at the time the Project Charter is approved by the authorized representatives of each party and any time the Project Charter is amended.
- b. Amendment.** This Agreement may be modified, amended, altered or changed only by written agreement signed by both parties.
- c. Construction and interpretation.** All provisions of this Agreement shall be construed to be consistent with the intention of the parties as expressed in the Recitals hereof.
- d. Captions and headings.** The headings used in this Agreement are for convenience only and are not intended to affect the meaning of any provision of this Agreement.
- e. Severability.** In the event that any provision of this Agreement or the application thereof is declared invalid or void by statute or judicial decision, such action shall have no effect on other provisions and their application, which can be given effect without the invalid or void provision or application, and to this extent the provisions of the Agreement are severable. In the event that any provision of this Agreement is declared invalid or void, the parties agree to meet promptly upon request of the other party in an attempt to reach an agreement on a substitute provision.
- f.** This Agreement is subject to cancellation pursuant to the provisions of A.R.S. § 38-511.

- 6. Legal Jurisdiction.** Nothing in this Agreement shall be construed as either limiting or extending the legal jurisdiction of the Jurisdiction or the Authority.

- 7. No Joint Venture.** It is not intended by this Agreement to, and nothing contained in this Agreement shall be construed to, create any partnership, joint venture, or employment relationship between the parties or create any employer-employee relationship between the Jurisdiction and any Authority employees, or between the Authority and any Jurisdiction employees. Neither party shall be liable for any debts, accounts, obligations, or other liabilities whatsoever of the other, including, without limitation, the other party's obligation to withhold Social Security and income taxes for itself or any of its employees.

- 8. No Third-Party Beneficiaries.** Nothing in this Agreement is intended to create duties or obligations to, or rights in, third parties that are not parties to this Agreement or to affect the legal liability of either party by imposing any standard of care different from the standard of care imposed by law.
- 9. Compliance with Law.** The parties shall comply with all applicable federal, state, and local laws, rules, regulations and standards, without limitation to those designated within this Agreement.
- a. Anti-Discrimination. Neither party shall discriminate against any employee or client of either party or any other individual in any way because of that person's age, race, creed, color, religion, sex, sexual orientation, familial status, political affiliation, disability or national origin in the course of carrying out the duties pursuant to this IGA. Both parties shall comply with applicable provisions of Executive Order 75-5, as amended by Executive Order 2009-09 of the Governor of Arizona, which are incorporated into this IGA by reference as if set forth in full herein, including the provisions of A.R.S. § 41-1463.
 - b. Americans with Disabilities Act. This Agreement is subject to all applicable provisions of the Americans with Disabilities Act (Public Law 101-336, 42 U.S.C. 12101-12213) and all applicable federal regulations under the Act, including 28 CFR Parts 35 and 36, as well as the Genetic Information Nondiscrimination Act of 2008.
 - c. Workers' Compensation. An employee of either party shall be deemed to be an "employee" of both public agencies, while performing pursuant to this Agreement, for purposes of A.R.S. § 23-1022 and the Arizona Workers' Compensation laws. The primary employer shall be solely liable for any workers' compensation benefits, which may accrue. Each party shall post a notice pursuant to the provisions of A.R.S. § 23-906 in, substantially, the following form:
 - i. All employees are hereby further notified that they may be required to work under the jurisdiction or control of, or within the jurisdictional boundaries of, another public agency pursuant to an intergovernmental agreement or contract, and under such circumstances they are deemed by the laws of Arizona to be employees of both public agencies for workers' compensation purposes.
- 10. Waiver.** Waiver by either party of any breach of any term, covenant or condition herein contained shall not be deemed a waiver of any other term, covenant or condition, or any subsequent breach of the same or any other term, covenant, or condition herein contained.
- 11. Force Majeure.** A party shall not be in default under this Agreement if it does not fulfill any of its obligations under this Agreement because it is prevented or delayed in doing so by reason of uncontrollable forces. The term "uncontrollable forces" shall mean, for the purpose of this Agreement, any cause beyond the control of the party affected, including but not limited to failure of facilities, breakage or accident to machinery or transmission facilities, weather conditions, flood, earthquake, lightning, fire, epidemic, war, riot, civil disturbance, sabotage, strike, lockout, labor dispute, boycott, material or energy shortage, casualty loss,

acts of God, or action or non-action by governmental bodies in approving or failing to act upon applications for approvals or permits which are not due to the negligence or willful action of the parties, order of any government officer or court (excluding orders promulgated by the parties themselves), and declared local, state or national emergency, which, by exercise of due diligence and foresight, such party could not reasonably have been expected to avoid. Either party rendered unable to fulfill any obligations by reason of uncontrollable forces shall exercise due diligence to remove such inability with all reasonable dispatch.

- 12. Notification.** All notices or demands upon any party to this Agreement shall be in writing, unless other forms are designated elsewhere, and shall be delivered in person or sent by mail addressed as follows:

The Authority:

Executive Director

Pima Association of Governments/Regional Transportation Authority

1 E. Broadway Blvd., Suite 401

Tucson, AZ 85701

Jurisdiction representative(s):

City Manager

Timothy Thomure

City Hall, 10th Floor

255 W. Alameda St.

Tucson, AZ 85701

Director of Transportation & Mobility

Samuel Credio

Public Works Building

201 N. Stone Ave. 6th Floor north

Tucson, AZ 85701

- 13. Remedies.** Either party may pursue any remedies provided by law for the breach of this Agreement, subject to the provisions of Paragraph 14, below. No right or remedy is intended to be exclusive of any other right or remedy and each shall be cumulative and in addition to any other right or remedy existing at law or in equity or by virtue of this Agreement.

- 14. Dispute Resolution and Escalation.** In the event of a dispute, disagreement, or issue arising under this Agreement or any applicable Transit Service Charter, the Parties shall first attempt to resolve the matter through informal discussions between the respective project managers or designated staff representatives within fifteen (15) calendar days after the dispute arises. The timeframes in this section may be shortened by an applicable Transit Service Charter but shall not otherwise be extended. Costs associated with service delays may be identified for Board consideration consistent with the RTA Administrative Code and applicable dispute resolution processes.

- a. **Staff-Level Review.** The parties first attempt to resolve the matter through informal discussions between the respective project managers or designated staff representatives within 15 calendar days of the dispute arising.
- b. **Escalation to Management.** If the matter cannot be resolved at the staff level within 15 calendar days, either Party may escalate the matter to the appropriate department directors or management representatives of the Parties to resolve the matter.

- c. Executive-Level Review. If the matter remains unresolved after 30 calendar days, the dispute shall be elevated to the executive leadership of the Parties, including the Executive Director of the Authority and the City Manager, Town Manager, County Administrator, or equivalent executive of the Jurisdiction, for further consideration and resolution within 15 calendar days.
- d. RTA Board Consideration. If executive-level discussions do not resolve the dispute within 45 days of issue identification, the matter may be presented to the RTA Board at the next reasonably available meeting for consideration, consistent with applicable law, Board policies, and the Authority's statutory responsibilities. Nothing herein shall be construed to limit or expand the authority of the RTA Board or any governing body of the Jurisdiction.
- e. Preservation of Rights. Except as otherwise provided by law, neither Party shall initiate litigation or other formal legal proceedings related to a dispute arising under this Agreement unless and until the escalation process described in this Section has been exhausted. Nothing in this section shall preclude either Party from seeking interim or emergency relief where necessary to prevent irreparable harm or to comply with legal obligations.

15. Termination. This Agreement and any Project Charter entered into pursuant to this Agreement, may be terminated as follows:

- a. By mutual agreement of the parties.
- b. If the Dispute Resolution process set forth in Paragraph 14 fails to resolve the dispute between the parties relating to this Agreement, either party may terminate this Agreement for material breach of the Agreement by giving written notice of default to the other party and providing time to cure. Upon notice of default, the party said to be in default shall have forty-five days to cure the default. If after 45 days the party said to be in default has not cured the default and is not making reasonable progress toward curing the default, the other party may terminate this Agreement. Any such termination shall not relieve either party from liabilities or costs already incurred under this Agreement.
- c. If the Dispute Resolution process set forth in Paragraph 14 fails to resolve the dispute between the parties relating to a Project Charter, either party may terminate the Transit Service Charter in accordance with the notice and opportunity to cure provisions of Section 15(b) above. Alternatively, the parties may amend the Transit Service Charter to revise the Roles and Responsibilities of the parties or otherwise resolve the dispute. Any such termination shall not relieve either party from liabilities or costs already incurred under the Transit Service Charter.

16. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The signature pages from one or more counterparts may be removed from such counterpart and attached to a single instrument.

ELEMENT/SUB-ELEMENT PROVISIONS

17. Transit Services and Transit Service Charters. The Jurisdiction, with funding from the Authority, shall provide transit services identified in the Plan. The parties agree to enter into one or more Transit Service Charters, the terms of which are incorporated into this Agreement by this reference, and attached hereto as an exhibit at the time they are executed, to accomplish the elements of the Plan within Jurisdiction's boundaries.

- a. Each Transit Service Charter shall define, as applicable:
 - i. Routes or service areas, as applicable
 - ii. Service miles and/or service hours
 - iii. Frequency, span, or schedules, as applicable
 - iv. Operational responsibilities
 - v. Cost methodology and eligible expenses
 - vi. Number of trips
- b. Each Jurisdiction is encouraged to appoint authorized representative(s) to sign Transit Service Charters along with the Executive Director (or designee) of the Authority to accelerate Charter execution. This does not preclude a jurisdiction from requiring committee or governing body approval in accordance with jurisdictional policies.
- c. Transit Service Charters will provide service delivery and performance information, such as ridership, service reliability, cost efficiency, and other mutually agreed measures for use in reporting and oversight.
- d. Transit service cost eligibility requirements are identified in the RTA Administrative Code.

18. Funding. The Authority intends to fund transit services and operations in accordance with this Agreement. Funding details, including the total maximum amount are identified in the 2026 voter-approved Plan and in Transit Service Charters and are subject to ARS Title 48 Chapter 30 and the RTA Administrative Code. Annual maximum expenditure will be established through the Transportation Improvement Program (TIP) process and in accordance with applicable TIP policies and procedures. Any annual reimbursement requests that exceed the amounts programmed in the TIP and the annual RTA budget will require RTA Board approval and remain subject to available revenues.

The Jurisdiction shall be responsible for securing and providing any committed non-RTA funding identified for its project in the Plan, unless otherwise specified in the applicable Transit Service Charter.

19. Annual Reimbursement.

- a. The Authority shall provide an annual reimbursement to the Jurisdiction in accordance with the applicable Transit Service Charter. Annual reimbursements shall be paid in four equal quarterly installments, with the first installment due at the end of the first quarter following execution of this Agreement.
- b. Release of any annual reimbursement amount remains subject to the applicable Transit Service Charter, the RTA Administrative Code, approved TIP

programming, an adopted annual RTA budget, RTA Board approval where required, and the availability of revenues.

- c. Maximum Amount. Total annual reimbursement under any Transit Service Charter shall be limited to the inflation-adjusted maximum amount authorized in the 2026 voter-approved Plan and further subject to availability of funds, unless otherwise approved by the RTA Board as set forth in Paragraph (d) below. The applicable Transit Service Charter shall identify the annual reimbursement amount and describe the methodology used to determine that amount, which may include additional jurisdictional allocations under Appendix A of the RTA Administrative Code for transit services the City of Tucson provides in other jurisdictions.
- d. Excess Costs. Jurisdiction may request reimbursement in excess of the amount set forth in Paragraph (c) above, but any such request shall require prior authorization by the RTA Board and shall remain subject to the availability of revenues as well as the Plan's provisions related to Potential Additional Revenue and the RTA Administrative Code.

20. Annual Review.

- a. The Jurisdiction will meet with the Authority annually and provide sufficient documentation certifying conformance with all provisions outlined in the RTA Administrative Code and the applicable Transit Service Charters, including documentation sufficient to support annual reconciliation of the reimbursement. Documentation will include:
 - i. Contractor invoices
 - ii. Direct expenses
 - iii. Progress Report (summary of Quarterly Analysis)
- b. Use of Funds; Reconciliation. The Jurisdiction shall use annual reimbursements solely for eligible purposes under this Agreement, the applicable Transit Service Charter, and the RTA Administrative Code. Any funds determined through annual review, audit, or reconciliation to be unexpended, ineligible, or unsupported shall be returned to the Authority or credited against a future reimbursement amount, as provided in the applicable Transit Service Charter or otherwise agreed by the Parties consistent with the RTA Administrative Code.
- c. Unused or Ineligible Funds. Any funds identified through annual review, audit, or reconciliation as unexpended, ineligible, or unsupported shall be addressed as follows: (i) unexpended funds shall be provided to the Jurisdiction as a credit against a future annual reimbursement or a carryforward for specified eligible purposes. Nothing in this subsection limits the Authority's right to offset amounts due against a future annual reimbursement to the extent permitted by the applicable Transit Service Charter and the RTA Administrative Code.
- d. The Jurisdiction must retain and certify all vendor receipts, invoices, payroll or operating support documentation, and other related records as needed, and ensure that they are available for review for a minimum of five (5) years after final payment is made unless otherwise specified herein.

21. Quarterly Key Performance Indicators (KPIs)

- a. Quarterly, the Jurisdiction shall prepare and submit to the Authority KPI data to support the Quarterly Analysis update to the TMC, CART, and RTA Board. Additional KPIs can be included in each Charter and as information and tracking potentially improves with the use of technology or other software. Quarterly Analysis Transit KPIs for standard fixed route transit operations include at a minimum:
 - i. Ridership
 - ii. On-time performance
 - iii. Passengers per revenue hour
 - iv. Passengers per revenue mile
 - v. Vehicle revenue miles
 - vi. Vehicle revenue hours
- b. Additional required metrics related to transit service or operations may be specified in the applicable Transit Service Charter.

22. Governing Documents. The RTA Administrative Code, available at RTAmobility.com will be the governing source for all procedural requirements, eligible work items and payments unless otherwise specified herein.

The PAG and/or RTA Transportation Improvement Program (TIP) will be the governing source for all funding amounts and annual reimbursements. Each applicable Transit Service Charter shall establish the baseline service scope, performance expectations, schedule, budget, annual reimbursement amount and calculation methodology, payment schedule, and review or reconciliation requirements. Any material deviation from an approved Transit Service Charter requires Authority approval in accordance with the Charter, Authority policy, and the RTA Administrative Code.

The Jurisdiction and the Authority shall work cooperatively to address issues arising during service delivery that may affect implementation. The applicable Transit Service Charter shall be updated to reflect mutually agreed changes to roles, responsibilities, service scope, schedule, budget, annual reimbursement timing, reconciliation procedures, or changes otherwise directed by the RTA Board.

23. Transit Facilities, Workforce, and Supporting Resources. Except as otherwise specified in the applicable Transit Service Charter, the Jurisdiction is responsible for the facilities, transit stops, passenger amenities, fleet support assets, operational personnel, maintenance, personnel, administrative personnel, financial and accounting staff, management personnel and other resources necessary to provide transit services supported by this Agreement. The acquisition, use, disposition, and maintenance of such assets shall comply with the RTA Administrative Code and any additional requirements set forth in the applicable Transit Service Charter.

Nothing in this Agreement shall be construed to make RTA the employer of any transit employee, contractor, operator, maintenance employee, administrative employee, or union-represented employee utilized in providing transit services under this Agreement.

24. Transit Service Modifications. The Jurisdiction and the Authority will coordinate on any modifications to routes, schedules, or fares. Changes involving federal funding may require a public input process consistent with Federal Transit Administration (FTA) requirements. If public input is needed, the parties agree to work cooperatively on a coordinated public input process. Approved changes shall be documented through an update to the Transit Service Charter.

25. Liability.

- a. Indemnification: To the fullest extent permitted by applicable law, the Jurisdiction agrees to indemnify, defend, and hold harmless the RTA and its Board, officers, officials, agents, and employees (“Indemnitees”) from and against any and all allegations, claims, demands, suits, actions, proceedings, damages, liabilities, or penalties of any kind (including reasonable attorneys’ fees and/or litigation expenses) arising out of the Jurisdiction’s activities, including the negligent, reckless or intentional wrongful acts or omissions of its officials, agents, employees, contractors, subcontractors or volunteers, in performance of its obligations under this Agreement or in the use of RTA resources as described herein, regardless of how such claims are worded or styled or the specific cause of action asserted. The Jurisdiction’s obligation under this section shall not apply to any damages caused by the negligent, reckless or intentional wrongful acts or omissions of RTA or its employees, agents or officers. This provision shall survive termination of this Agreement.
- b. In the event that, pursuant to an individual Transit Service Charter, the RTA is responsible for delivering the service, the RTA agrees to indemnify, defend and hold harmless the Jurisdiction and its officers, officials, agents and employees from and against any and all allegations, claims, demands, suits, actions, proceedings, damages, liabilities, or penalties of any kind (including reasonable attorneys’ fees and/or litigation expenses) arising out of the RTA’s activities, including the negligent, reckless or intentional wrongful acts or omissions of its officials, agents, employees, contractors, subcontractors or volunteers, in performance of its obligations under this Agreement, regardless of how such claims are worded or styled or the specific cause of action asserted. The RTA’s obligation under this section shall not apply to any damages caused by the negligent, reckless or intentional wrongful acts or omissions of the Jurisdiction or its employees, agents or officers. This provision shall survive termination of this Agreement. This obligation to indemnify Jurisdiction shall apply only when specified in the applicable Transit Service Charter.
- c. The Jurisdiction shall require its contractors performing activities pursuant to a Transit Service Charter to name the Authority as an additional insured and additional indemnitee with respect to insurance policies for general liability, automobile liability, and defects in design in all of the Jurisdiction’s contracts for the Project. The Jurisdiction shall also require its contractors to name the Authority as an additional beneficiary in any performance and payment-related assurances posted for the Project.
- d. Additional, project specific indemnification and insurance requirements may be reflected in the Transit Service Charter.

- e. If a claim or claims by third parties become subject to this indemnity provision, the parties to this Agreement shall expeditiously meet to discuss a common and mutual defense, including possible proportionate liability and payment of possible litigation expenses and damages.

IN WITNESS WHEREOF, the City of Tucson has caused this Agreement to be executed by its duly authorized representative, and the Authority has caused this Agreement to be executed by the Chair of its Board.

REGIONAL TRANSPORTATION AUTHORITY OF PIMA COUNTY

Board Chair

Date

ATTEST:

The foregoing Agreement between the City of Tucson and the Authority has been approved as to content and is hereby recommended by the undersigned.

Michael J. Ortega, P.E., Executive Director

Date

City of Tucson:

Regina Romero, Mayor

Date

ATTEST:

Marissa Stoller, City Clerk

Date

ATTORNEY CERTIFICATION

The foregoing Agreement by and between the Regional Transportation Authority of Pima County and the City of Tucson has been reviewed pursuant to A.R.S. Section 11-952 by the undersigned, who have determined that it is in proper form and is within the powers and authority granted under the laws of the State of Arizona to those parties to the Agreement.

Regional Transportation Authority of Pima County:

Attorney for the Authority

Date

City of Tucson:

Roi Lusk, City Attorney

Date