

MEMORANDUM OF UNDERSTANDING
between
PIMA ASSOCIATION OF GOVERNMENTS
and
the REGIONAL TRANSPORTATION AUTHORITY
for
FISCAL YEAR 2027-2031

This Memorandum of Understanding ("Understanding") is entered into by and between Pima Association of Governments ("PAG") and the Regional Transportation Authority of Pima County ("RTA").

RECITALS

WHEREAS, PAG is an Arizona nonprofit corporation, formed for the purposes of coordinating multi-jurisdictional cooperation in transportation planning, and is designated as a Metropolitan Planning Organization for the Pima County region (the "Region"); and

WHEREAS, the RTA is an Arizona special taxing district, duly formed and existing, pursuant to A.R.S. 48-5302, et seq., for the purposes of coordinating multi-jurisdictional cooperation in transportation planning and fund-raising as a municipal corporation through taxation and bonding, with the public's input and voter approval; and

WHEREAS, PAG is entitled to receive, spend and allocate transportation funding from various sources, including federal, state and local governments; and

WHEREAS, PAG is governed by its Regional Council (the "PAG Council") which is made up of officials from various local governments in the Region; and

WHEREAS, PAG has professional staff to create and update various long- and short-range transportation plans which secure transportation funding for the Region; and

WHEREAS, the RTA is governed by its Board of Directors (the "RTA Board"), which, pursuant to A.R.S. 48-5303 (A), is comprised of the members of the PAG Council; and

WHEREAS, pursuant to A.R.S. 48-5302 (D), the Executive Director of PAG serves as the Executive Director of the RTA; and

WHEREAS, on November 30, 2005, pursuant to A.R.S. 48-5309 (A), the RTA adopted a twenty-year, comprehensive, multimodal regional transportation plan (the "Plan") that is to be primarily funded by a countywide transportation excise (sales) tax, described in A.R.S. 42-6106 (the "Tax"); and

WHEREAS, on May 16, 2006, the Plan and the Tax were both approved by the voters; and

WHEREAS, on March 10, 2026, a new 20-year Plan and Tax were both approved by the voters; and

WHEREAS, the new Plan and Tax went into effect on April 1, 2026, while the 2006 voter-approved

Plan and Tax sunset on March 31, 2026; and

WHEREAS, the RTA must undertake implementation of the 2026 voter-approved Plan and the Tax (collectively its "Mission"); and

WHEREAS, PAG and the RTA acknowledge that the state Legislature has created a symbiotic relationship between them inasmuch as their leadership and essential goals and purposes are substantially similar and compatible; and

WHEREAS, PAG has a qualified staff and other resources immediately available to assist the RTA in accomplishing its Mission; and

WHEREAS, PAG supports the Mission of the RTA and is willing and able to provide its resources and staff for use by the RTA in accomplishing that Mission; and

WHEREAS, RTA has authority pursuant to A.R.S. section 48-5304(7) to hire employees and fix the compensation of its employees; and

WHEREAS, RTA believes it will be more efficient and cost effective to use the services of PAG employees to carry out RTA's Mission, including for the delivery of specific projects identified in the 2026 voter-approved Plan; and

WHEREAS, PAG has authority to enter into this Understanding by virtue of its Articles of Incorporation and the action of the PAG Regional Council, and the RTA has authority to enter into this Understanding by virtue of A.R.S. sections 48-5302 (D); 48-5304 (18); 48-5308 (D)(2) and the action of the RTA Board; and

WHEREAS, PAG and the RTA have been cooperating for the past several years under a prior memorandum of understanding.

NOW, THEREFORE, PAG AND RTA ACKNOWLEDGE, UNDERSTAND AND AGREE, AS FOLLOWS:

A. Specific Terms

1. **Personnel.** PAG will share its Executive Director, other program directors and the rest of its workforce, as necessary, (collectively "Staff") with the RTA. RTA will reimburse PAG for the cost of personnel as provided in sections (A)(6) & (7), below. However, PAG will remain the only legal employer of staff, and PAG shall be solely responsible for all workers' compensation, payroll, tax withholding, notices and other legal obligations of PAG, and of employers generally, pursuant to all federal, state and local laws. The employees of PAG shall not become employees of the RTA by virtue of this Understanding.
2. **Executive Director.** Pursuant to A.R.S 48-5304 (17), the Executive Director will be the chief administrator of the RTA. He shall be responsible for day-to-day operations, RTA continuation planning and preparation of all meeting agendas, including those of the RTA's special committees and advisory bodies (collectively "Committees"), and is authorized to execute contractual and financial transactions on behalf of the RTA, pursuant to policies adopted by the RTA Board. He will coordinate all activities of the PAG Council and RTA

Board and Committees to facilitate accomplishment of the Mission without interference by others. He shall report to the RTA Board, on all expenditures made by PAG on the RTA's behalf, and on all other significant activities undertaken by staff on its behalf. He shall prepare an annual budget, as required by A.R.S. 48-252 and 48-5304 (7). He shall cooperate with legal counsel to provide timelines, financial information and recommendations to the RTA Board and Committees to ensure that the RTA and all parties to contractual agreements with the RTA meet all legal requirements and obligations to the RTA in accomplishing its Mission.

3. **Financial Transactions.** The Executive Director, or his designee, is authorized to execute financial transactions on behalf of the RTA, pursuant to policies adopted by the RTA Board.
4. **Offices and Equipment.** PAG will share all of its offices, equipment and other resources to support the RTA in accomplishing its Mission.
5. **Administration.** PAG, through the Executive Director, will provide and pay for all administrative and accounting services necessary and proper to administer and support the RTA and protect the resources PAG is providing to the RTA.
6. **RTA Administration, Projects and Programs.**
 - a. PAG will provide the professional planning, technical and administrative staff required to accomplish plan development for the RTA.
 - b. PAG will staff and manage the RTA's Small Business Assistance Program. Funding to manage and provide services for the Small Business Assistance program will be provided to PAG by the RTA.
 - c. The Executive Director may identify other RTA projects or programs within the Plan, which the Executive Director determines may be most efficiently implemented by PAG staff, including delivery of projects listed in the Plan when identified in a Project Charter. Funding to implement such projects and programs will be provided to PAG by the RTA in accordance with A.R.S. 48-5308(C), and the RTA's adopted budget.
7. **Reimbursement.** To the extent permitted by law, RTA will reimburse PAG for project-specific expenses beyond the funding authorized by A.R.S. 48-5308 (D) (2).
8. **Indemnification.** The Parties agree to indemnify, defend and hold harmless each other and their Boards, from, for, and against, any and all claims, demands, damages or penalties, brought by or on behalf of any persons or entities, arising out of the Parties' activities, as described herein, regardless of how such claims are worded or styled, and regardless of the specific cause of action or type of claim asserted.
9. **Insurance.** For the duration of this Understanding, PAG agrees to carry liability insurance necessary and proper to secure all of its commitments made herein, and PAG agrees to disclose this Understanding to its insurers and verify that they will insure the responsibilities undertaken by PAG herein. Until RTA notifies PAG that it has obtained its own insurance, PAG shall require that the RTA be identified as an additional insured on all of PAG's insurance policies, and will provide to the RTA certificates of insurance evincing RTA's status as additional insured and requiring that the RTA be notified in writing, at least ten days in advance, of any modification, termination or lapse of the insurance. The Executive Director may pursue insurance coverage for RTA and PAG through the Arizona Municipal

Risk Retention Pool.

10. **Financial Books, Annual Report and Public Records.** PAG agrees to keep and maintain for the RTA, for the duration of this Understanding, separate financial books, receipts and other records as are typically kept and maintained by Arizona special taxing districts, pursuant to governmental accounting standards, and shall file an annual report if required by A.R.S. 48-251. In addition, PAG shall keep and maintain for RTA its public records, as required by A.R.S. 39-101, et seq., and shall comply with the disclosure requirements therein. All records described in this section shall be turned over to the RTA upon termination of this Understanding.
11. **Inspections and Audits.** PAG agrees to permit inspections or audits of any of its financial books or records, upon reasonable notice, by the RTA or anyone authorized by the RTA to conduct any inspections or audits on the RTA's behalf. PAG agrees to have performed a financial audit, pursuant to A.R.S. 48-5304 (8), consistent with governmental accounting standards, upon the close of each fiscal year.

B. General Terms

12. **Severability.** If any provision of this Understanding shall be interpreted by a court of competent jurisdiction to be illegal or invalid, the illegal or invalid provision shall be reformed to the extent possible to give its intended effect and/or meaning and all remaining provisions hereof shall continue in full force and effect so long as the economic or legal substance of this Agreement is not affected in any manner materially adverse to any party.
13. **Term, Termination and Modification.** The term of this Understanding shall be for five years, beginning on July 1, 2026, and ending on June 30, 2031, unless sooner terminated. However, this Understanding shall automatically renew for an additional one-year term, unless PAG or the RTA notifies the other, in writing, of its intention not to allow this Understanding to renew, at least thirty days prior to the beginning of the renewal term. Either PAG or the RTA may terminate this Understanding, at any time, with or without cause, by giving sixty days advance written notice one to the other. The parties may modify or amend this Understanding only by written agreement adopted by the PAG Regional Council and the RTA Board.
14. **No Partnership or Joint Agency.** Nothing in this Understanding shall be construed to create any partnership or joint agency relationship between PAG and the RTA.
16. **Federal Immigration Law:** As mandated by Arizona Revised Statutes § 41-4401, the RTA is prohibited after September 30, 2008, from awarding a contract to any contractor or subcontractor that fails to comply with A.R.S. § 23-214(A). The RTA must also ensure that every contractor and subcontractor complies with federal immigration laws and regulations that relate to their employees and A.R.S. § 23-214(A). Therefore, PAG fully understands that:
 - A. It warrants that both it and any subcontractors it may use comply with all federal immigration laws and regulations that relate to their employees and their compliance with A.R.S. § 23-214(A);
 - B. A breach of the warranty described in subsection A shall be deemed a

material breach of the contract that is subject to penalties up to and including termination of the contract; and

- C. The RTA or its designee retains the legal right to inspect the papers of any contractor or subcontractor employee who works on the contract to ensure that the contractor or subcontractor is complying with the warranty under subsection A.

17. **No 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, genetic information, disability or national origin in the course of carrying out the duties pursuant to this Agreement. 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 Agreement by reference as if set forth in full herein, and 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, and the Genetic Information Nondiscrimination Act of 2008.

IN WITNESS WHEREOF:

Pima Association of Governments

By: 
Mayor Jon Post
Regional Council Chair

Date: 09/24/2026

Regional Transportation Authority

By: 
Mayor Tom Murphy
RTA Board Chair

Date: 09/24/2026