

Finance & Audit Committee

October 10, 2018



Safety Minute



Carbon Monoxide: The Invisible Killer



Item(s) for Consent

- a. Approval of September 19, 2018 Finance & Audit Committee Budget Work Session Meeting Report
- b. Approval of September 27, 2018 Finance & Audit Committee Meeting Report



Recommended Action (by acclamation)

Motion to approve



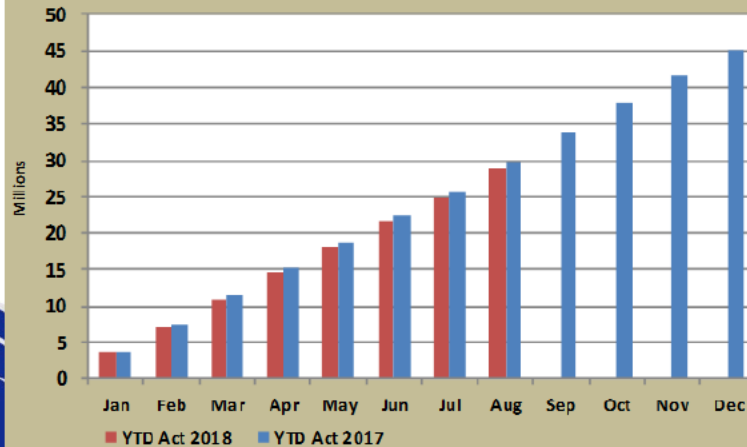
August 2018 Financial Report & Dashboard



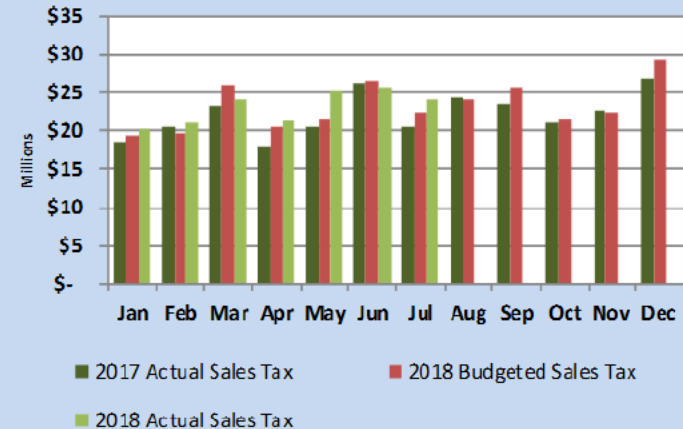
August 2018 Dashboard

Financial Metrics	Fav/				Fav/			
	Aug Actual	Aug Budget	(Unfav)	%	YTD Actual	YTD Budget	(Unfav)	%
Sales Tax (July '18 mm \$)	\$ 24.0	\$ 22.5	\$ 1.52	6.7%	\$ 161.3	\$ 155.7	\$ 5.54	3.6%
Fare Revenue (mm)	\$ 4.2	\$ 4.0	\$ 0.20	5.1%	\$ 33.9	\$ 31.5	\$ 2.43	7.7%
Operating Exp (mm)	\$ 24.0	\$ 23.4	\$ (0.57)	-2.4%	\$ 178.8	\$ 184.1	\$ 5.25	2.9%
Investment Per Rider (IPR)	\$ 5.06	\$ 5.13	\$ 0.07	1.4%	\$ 5.03	\$ 5.13	\$ 0.10	1.9%
IPR adj for fuel price	\$ 4.63	\$ 5.13	\$ 0.50	9.7%	\$ 5.00	\$ 5.13	\$ 0.13	2.5%
UTA Diesel Price (\$/gal)	\$ 2.72	\$ 2.20	\$ (0.52)	-23.5%	\$ 2.41	\$ 2.20	\$ (0.21)	-9.4%
Operating Metrics	Aug Actual	Aug-17	F/ (UF)	%	YTD Actual	YTD 2017	F/ (UF)	%
Ridership (mm)	3.91	4.01	(0.1)	-2.6%	28.81	29.82	(1.0)	-3.4%
Alternative Fuels	\$/gal				YTD Actual			
CNG Price (Bus Diesel Equiv rti)	\$ 1.16	Revenue Development (m\$)			\$ 33.88			
Debt Service	Aug Actual	Aug-17	Var	%	YTD Actual	YTD 2017	Var	%
Debt Service (net mm)	\$ 8.60	\$ 7.71	\$ (0.89)	-11.6%	\$ 78.61	\$ 68.75	\$ (9.85)	-14.3%

UTA Ridership Trends

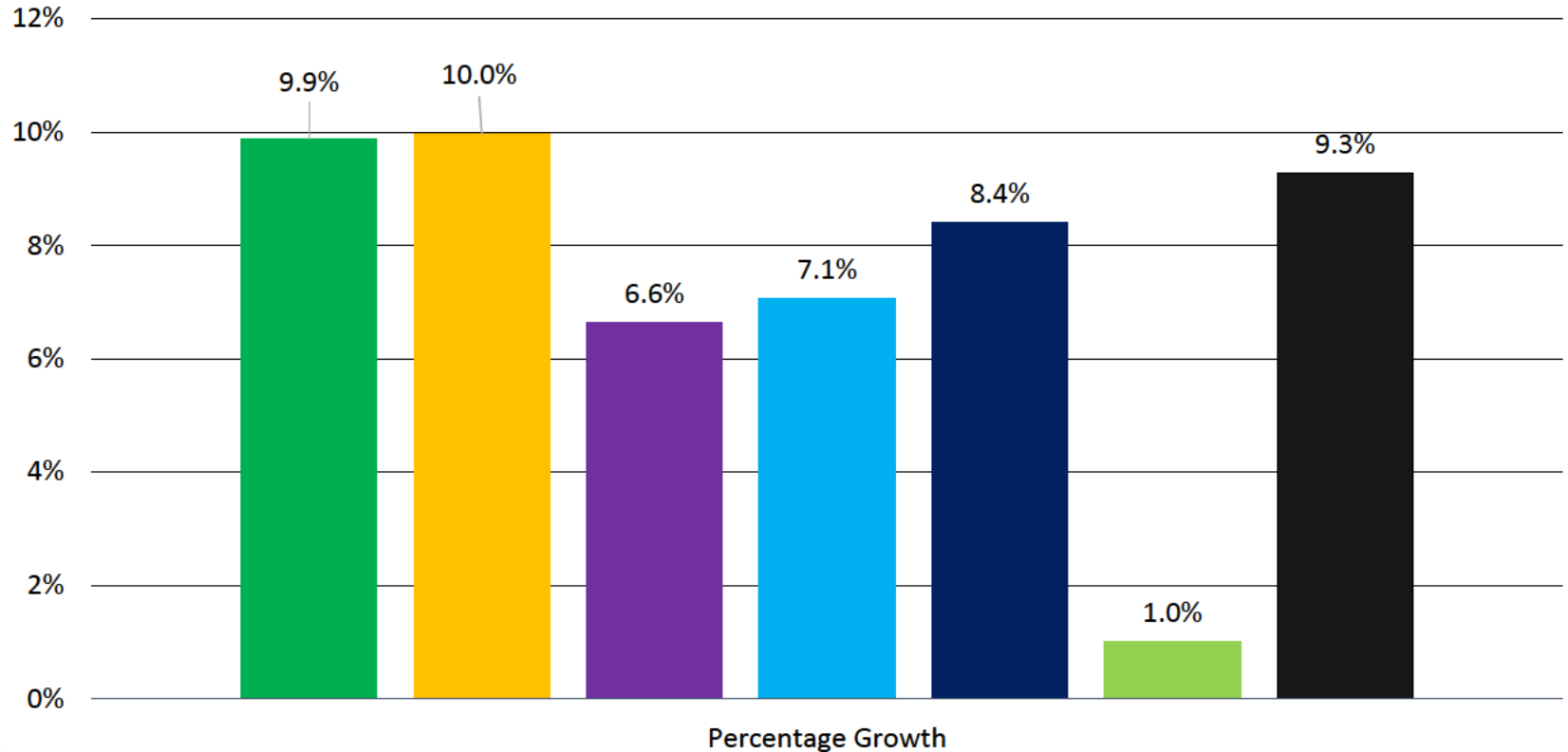


UTA Sales Tax Trends



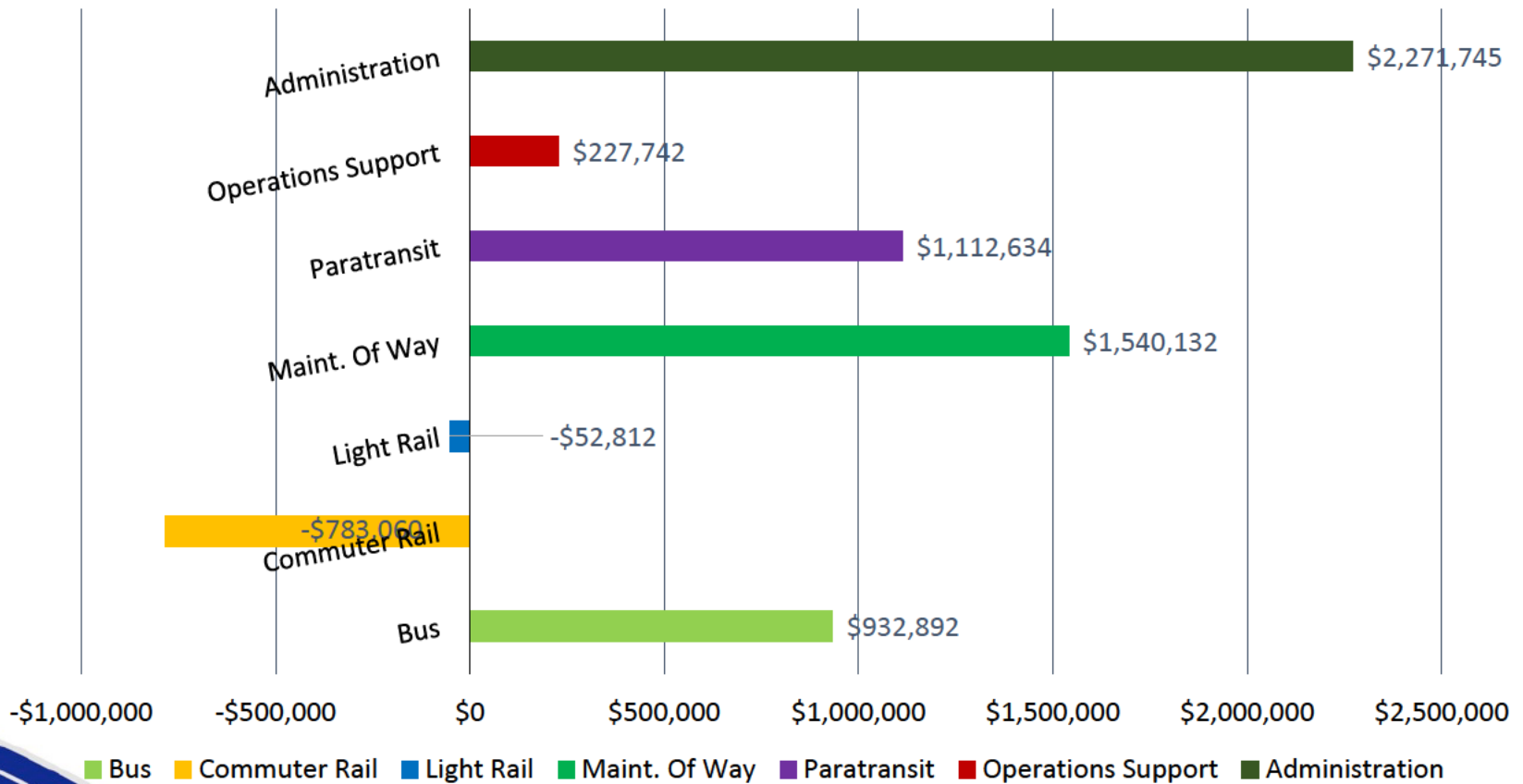
Sales Tax Collections

(2018 over 2017 for 12 months ended September 30)

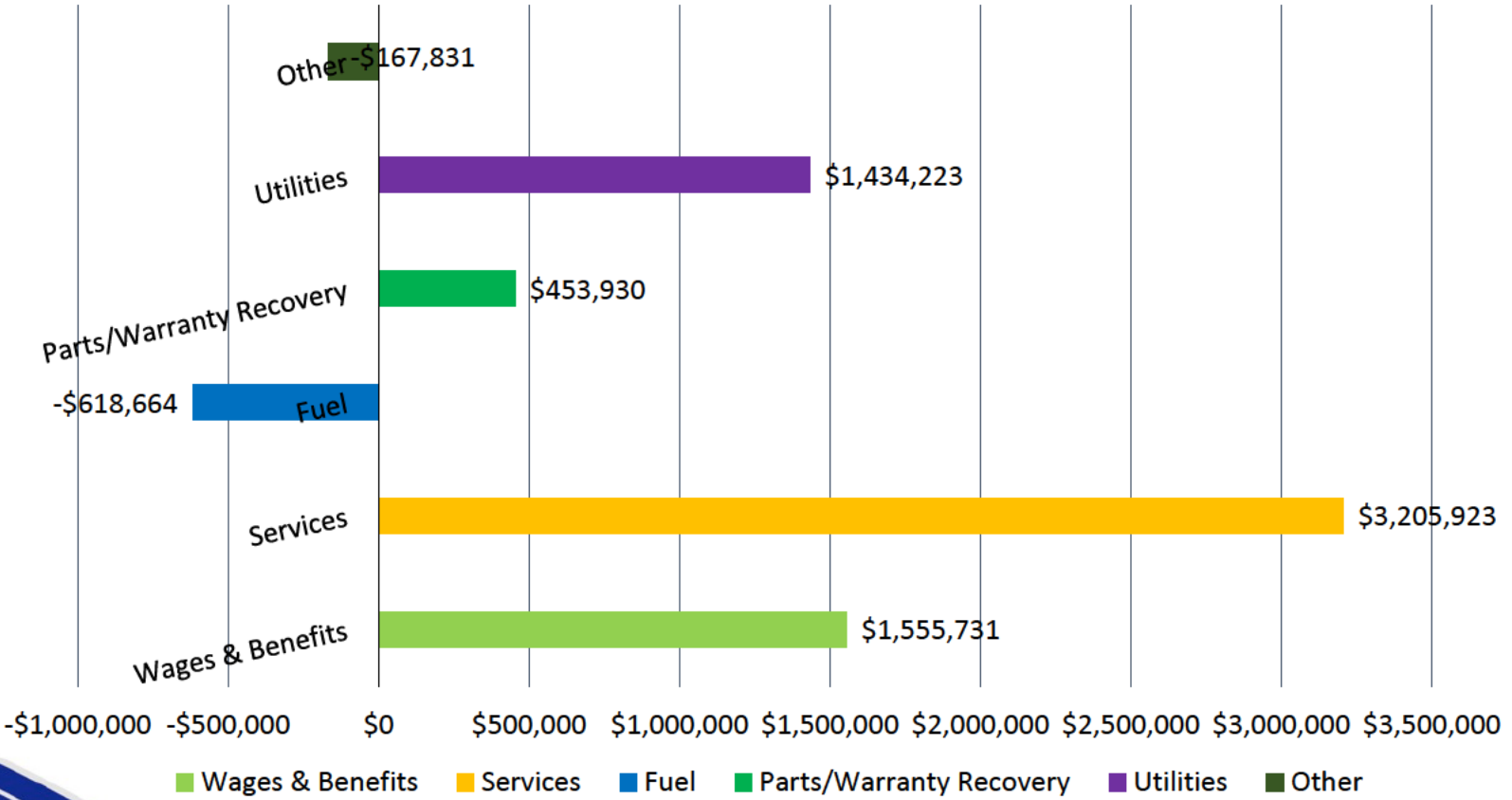


■ Salt Lake (62.1%) ■ Utah (16.0%) ■ Davis (11.3%) ■ Weber (9.2%) ■ Tooele (.9%) ■ Box Elder (.7%) ■ Overall

YTD 2018 Expense Thru August 31 Variance by Mode



YTD 2018 Expense Thru August 31 Variance by Type



Recommended Action (by acclamation)

Motion to accept and forward to the board consent agenda



2018 Q3 Investment Report



Utah Transit Authority
Investment Portfolio
September 30, 2018

Investment	CUSIP	Amount Invested	Purchase Date	Maturity	Yield to Maturity	Annual Earnings
FHLB 2.000%	313380GJ0	\$ 5,015,494.44	9/25/2017	9/9/2022	1.953%	\$ 97,861
FHLB 2.000%	313380GJ0	\$ 5,011,255.56	9/29/2017	9/9/2022	1.976%	\$ 98,892
FHLB 2.000%	313380GJ0	\$ 5,011,405.56	9/29/2017	9/9/2022	1.975%	\$ 98,863
FHLB 2.000%	313380GJ0	\$ 5,008,311.11	10/10/2017	9/9/2022	2.001%	\$ 100,167
FAMCA 1.800%	3132X0WX5	\$ 4,952,250.00	10/11/2017	8/26/2022	2.051%	\$ 102,670
FFCB 2.08%	3133EHM91	\$ 4,992,900.00	11/1/2017	11/1/2022	2.110%	\$ 105,623
FHLB 2.030%	3130ACS96	\$ 4,982,373.61	11/14/2017	11/7/2022	2.113%	\$ 105,774
FFCB 2.08%	3133EHM91	\$ 4,987,466.67	11/22/2017	11/1/2022	2.110%	\$ 105,623
		\$ 39,961,456.95				

Zions Capital Advisors	\$ 26,247,879.55	2.429%	\$ 637,561
Zions Bank	\$ 16,745,428.73	2.010%	\$ 336,583
Public Treasurer's Investment Fund	<u>\$ 150,747,215.01</u>	2.598%	<u>\$ 3,916,262</u>
Total Investments	<u>\$ 233,701,980.24</u>	2.442%	<u>\$ 5,705,879</u>

Rates as of Last Trading Day of

	<u>July</u>	<u>August</u>	<u>September</u>
Zions Capital Advisors	2.387%	2.336%	2.512%
Public Treasurer's Investment Fund	2.580%	2.584%	2.598%
Benchmark Return*	2.030%	2.110%	2.190%

*Benchmark Return is the highest of either the 3 Month T Bill rate or the Fed Funds rate.



Recommended Action (by acclamation)

Motion to accept and forward to the board consent agenda



Tentative 2019 Budget



Introduction & Strategic Priorities



Strategic Focus Areas



Customer Experience

- Created a team within the Planning Department to coordinate our focus
- Interesting fact: 22% of our customer feedback is commendations regarding our service and employees



Leadership and Advocacy

- UTA regularly participates in the legislature's interim committee meetings
- We are active nationally with the American Public Transportation Association (APTA)
- We meet regularly with our congressional delegation and their staff
- We participate in Wasatch Front Regional Council (WFRC) and Mountainland Association of Governments (MAG) meetings
- At the local level, council of governments (COGs) and city council meetings
- UTA staff are on the boards of the Salt Lake Chamber, edcUtah, Envision Utah, GREENbike, Operation Lifesaver, etc.



Access to Opportunity

- Transit-oriented development
 - Columbus Community Center
- First and last mile projects
 - TIGER grant
 - Contributions to GREENbike
- Transportation land use connection studies
- Innovative mobility
- Pass programs
- Salt Lake City purchase of service



Strategic Funding

- SB 136
 - 4th quarter
 - Transit Transportation Investment Fund (TTIF)
- Improved revenue per rider
 - Pass programs
 - Mobile ticketing app
- Competitive grant opportunities
- Transit-oriented development
- Salt Lake City purchase of service



Workforce of the Future

- Culture of continuous improvement and engagement
- Workforce planning
- In-house apprenticeship program
- Collaboration with Salt Lake Community College
 - Mechanic training program



Our Challenges

- Population growth and air quality
- Access for all
- Disruptive technologies
- Sustainable funding



Major Changes from 2018 Budget

- SB136 transition
- Service changes
 - UVX
 - FrontRunner
- New funding
 - Salt Lake City
 - Salt Lake County
- Capital projects



Operating Budget: 2019 Cost Drivers and Assumptions

- Service plan
 - 2018 service level
 - Increased bus service
 - Davis, Weber, Tooele, and Utah Counties
 - Excludes proposed Salt Lake City and Salt Lake County service
- Labor/fringe cost
 - Bargaining unit
 - 3.5% annualized 2019
 - Administration
 - 3% January 2019
- Fuel
 - \$2.20 to \$2.50 (13.64%)



New Funding

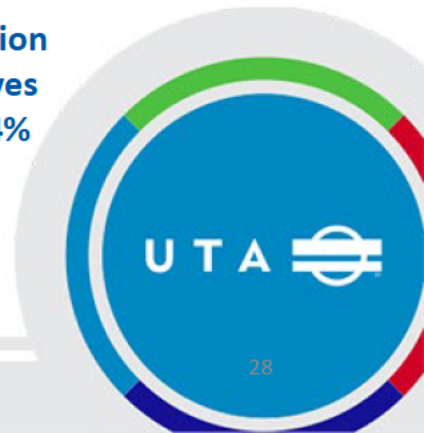
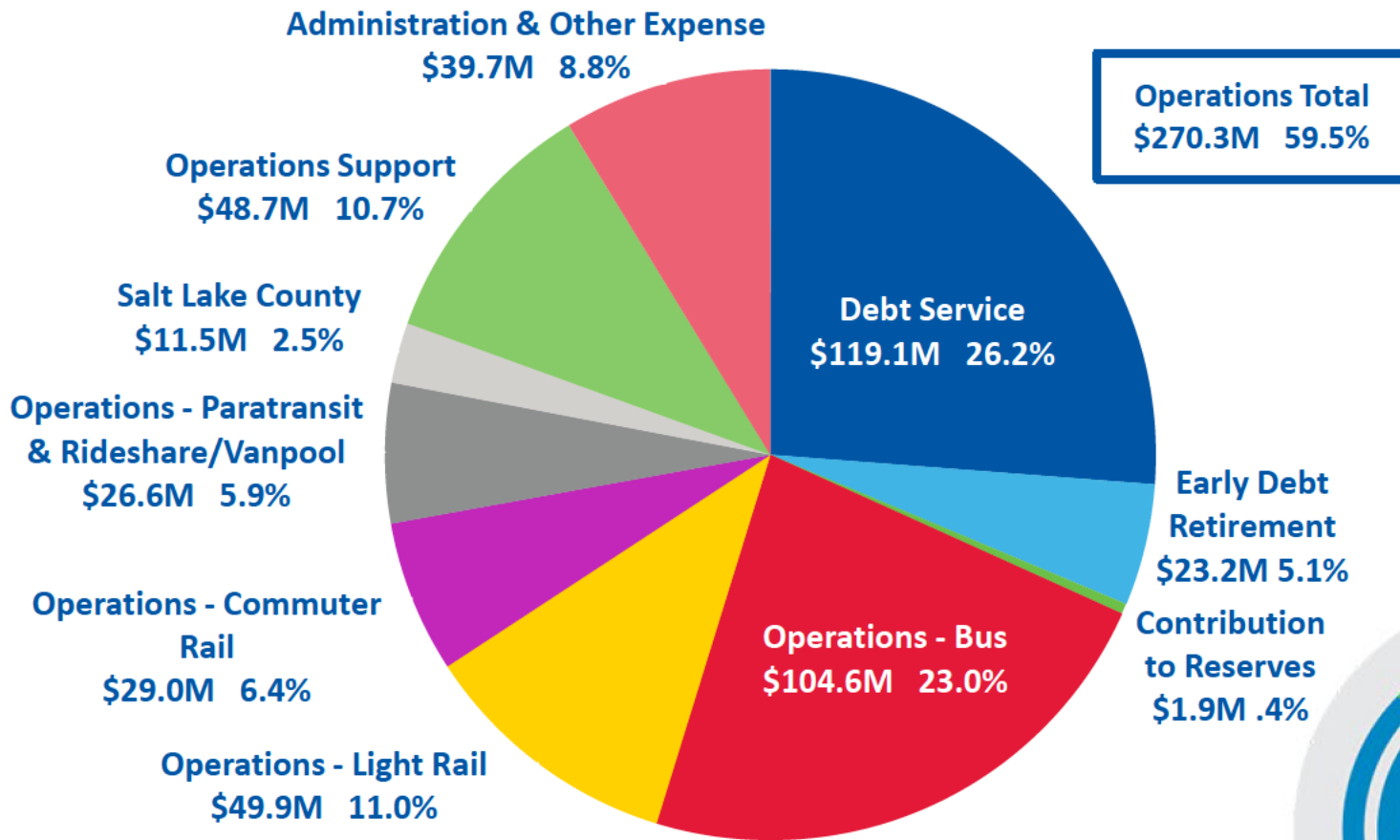
	Salt Lake City Agreement	Salt Lake County 4 th Quarter (half year)
Revenues	<u>\$3,871,000</u>	<u>\$13,400,000</u>
Operations	3,590,000	11,479,000
Debt Service	281,000	0
Reserves (14.3%)	<u>0</u>	<u>1,921,000</u>
Totals	<u>\$3,871,000</u>	<u>\$13,400,000</u>



Financial Summaries



2019 Projected Operating Expenses: \$454.2M



Tentative Operating Budget

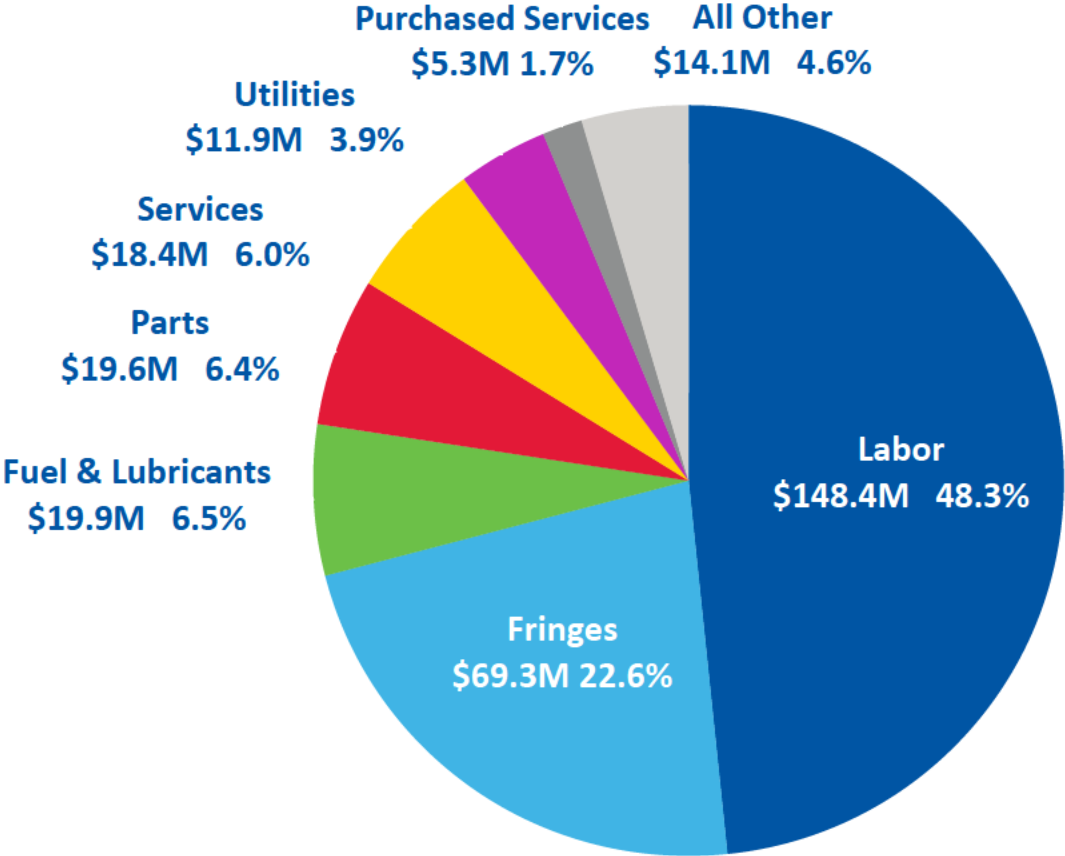
Operations	2018 Budget	2019 Budget	Percentage Change
Bus	\$ 97,522,000	\$104,577,000	7.2%
Commuter Rail	27,375,000	29,064,000	6.2%
Light Rail	48,964,000	49,906,000	1.9%
Paratransit	23,010,000	23,353,000	1.5%
Rideshare/Vanpool	3,210,000	3,221,000	0.3%
Operations Support	45,154,000	48,716,000	7.9%
General & Admin.	32,394,000	33,582,000	3.7%
Salt Lake County	<u>0</u>	<u>11,479,000</u>	N/A
Total Operations	<u>\$277,629,000</u>	<u>\$303,898,000</u>	9.5%

Tentative Operating Budget

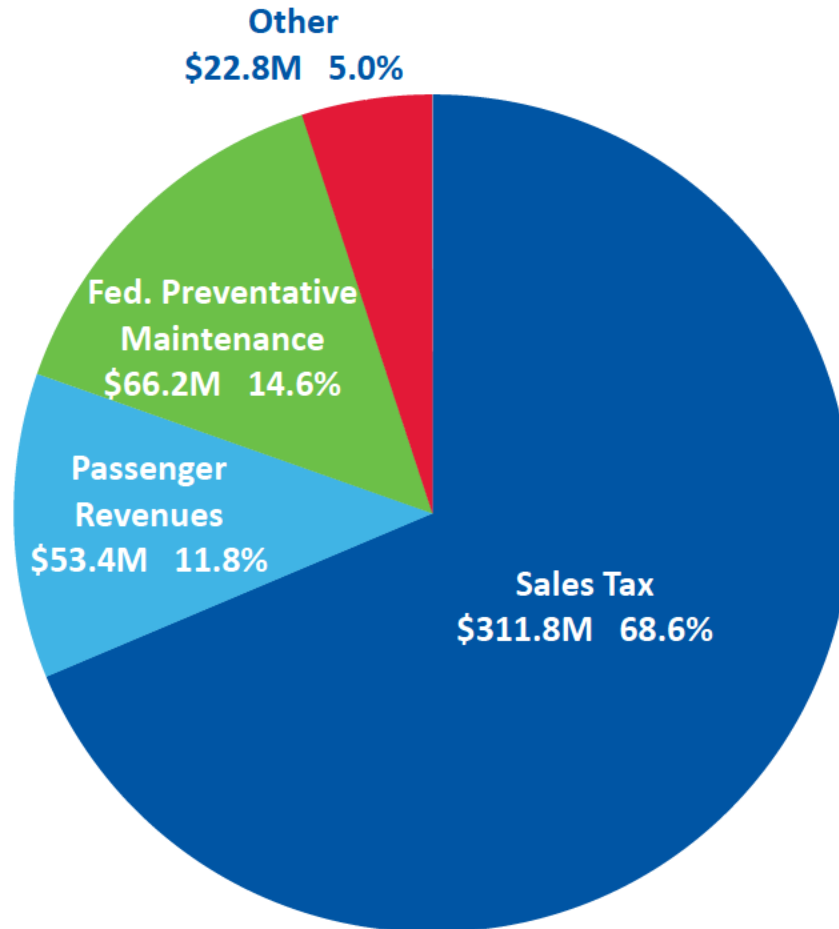
	2018 Budget	2019 Budget	Percentage Change
Total Operations Budget	\$277,629,000	\$303,898,000	9.5%
Non-operating	5,505,000	6,083,000	20.3%
Principal & Interest	113,977,000	119,141,755	4.5%
Contribution to Operating Reserves	0	1,921,000	N/A
Contribution to Early Debt Retirement	<u>5,949,000</u>	<u>23,198,245</u>	290.0%
Total	<u>\$403,060,000</u>	<u>\$454,242,000</u>	12.7%



2019 Operations Expenses by Line Item: \$306.9M (excludes expense for new Salt Lake City & Salt Lake County funding)



2019 Projected Operating Revenues: \$454.2M



Other Includes:

- Investment income - \$8.5M
- Salt Lake City - \$3.9M
- Utah County UVX - \$2.5M
- Advertising - \$2.5M
- Grants - \$2.1M
- SLC motor vehicle fees - \$1.9M
- Property fees - \$1.1M
- TOD revenues - \$.3M



2019 Projected Operating Revenues: Major Changes

- Sales Tax
 - 5% increase (\$14.2 million) over 2018 projection of \$284.2 million
 - \$13.4 million increase from Salt Lake County fourth quarter
- Passenger Revenue
 - 1.3% increase over projected 2018 revenue of \$52.7 million
- Federal Preventative Maintenance
 - 5% over 2018 allocation of \$63 million
 - Rail lines placed in service in 2011 become eligible
- Other
 - Investment income estimate
 - Higher interest rates and balances
 - Funding from Salt Lake City and Utah County



2019 Projected Operating Revenues

	2018 Budget	2019 Budget	Percentage Change
Sales Tax	\$278,909,000	\$311,796,000	11.8%
Federal Preventative Maintenance	60,827,000	66,188,000	8.8%
Passenger	50,337,000	53,420,000	6.1%
Advertising	2,483,000	2,467,000	(0.6%)
Interest Income	3,732,000	8,582,000	130.0%
Salt Lake City	0	3,871,000	N/A
Utah County	0	2,500,000	N/A
Motor Vehicle Registration	1,907,000	1,893,000	(0.7%)
Other Revenues	<u>4,865,000</u>	<u>3,525,000</u>	(27.5%)
Total Operating Revenues	<u>\$403,060,000</u>	<u>\$454,242,000</u>	12.7%

One-Year, Five-Year Financial Plan

(in thousands)

	2019	2020-2023
Operating Revenue	\$ 454,242	\$ 2,101,646
Debt Service	<u>119,142</u>	<u>673,738</u>
Net Available for Operations and Capital	<u>335,100</u>	<u>1,427,908</u>
Operations	309,981	1,422,755
Capital Revenue	65,215	276,012
Capital Expense	<u>125,403</u>	<u>398,668</u>
Net Results for Year	(35,069)	(117,503)
Beginning Balance, January 1	<u>266,206</u>	<u>231,137</u>
Ending Balance, December 31	<u>\$ 231,137</u>	<u>\$ 113,634</u>
Required Reserves	<u>\$ 166,961</u>	<u>\$ 104,630</u>
Unrestricted	<u>\$ 64,177</u>	<u>\$ 9,003</u>

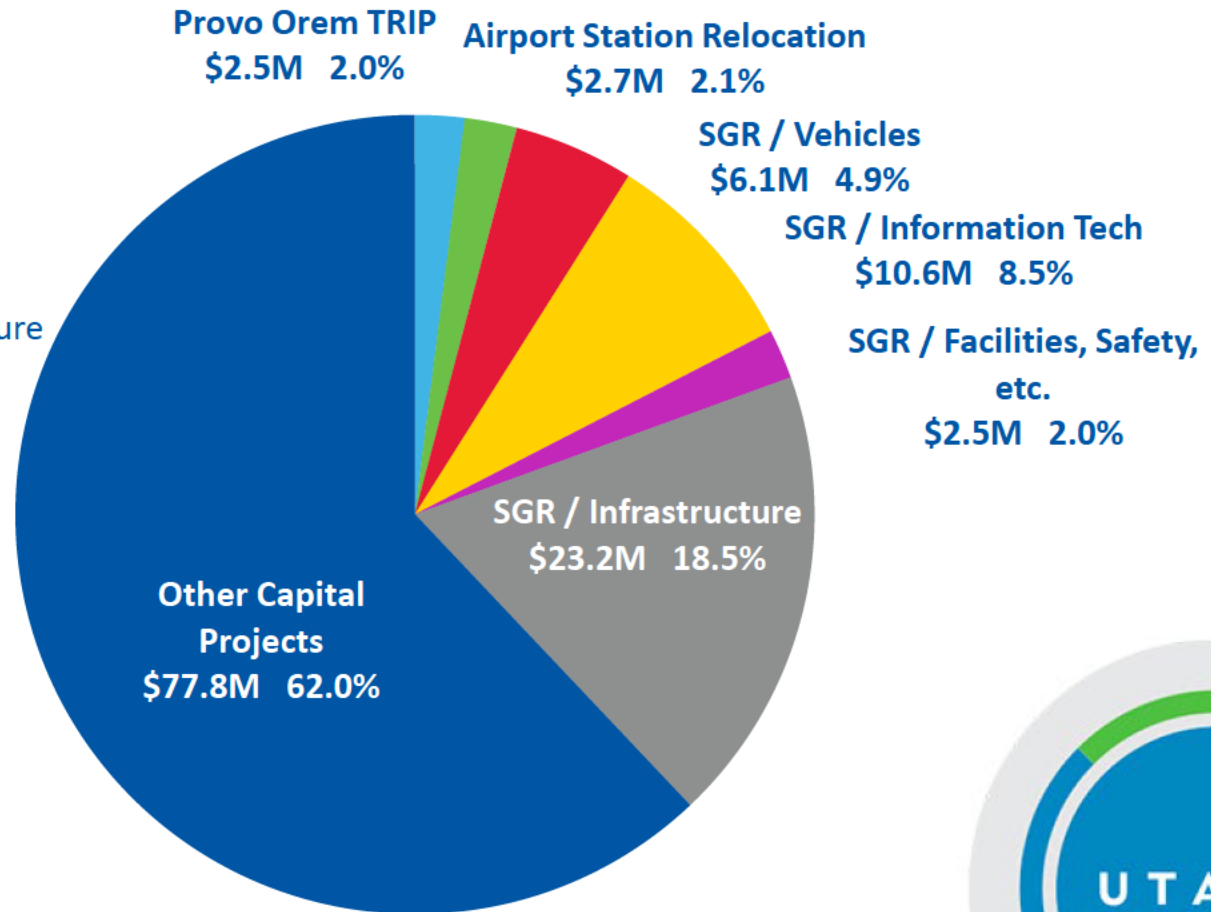
Capital and Debt



2019 Projected Capital Expenses: \$125.4M

Other includes:

- Positive train control
- Depot District
- South Davis BRT
- Ogden BRT
- Sugar House
- TIGER projects
- Sandy parking structure
- Box Elder ROW



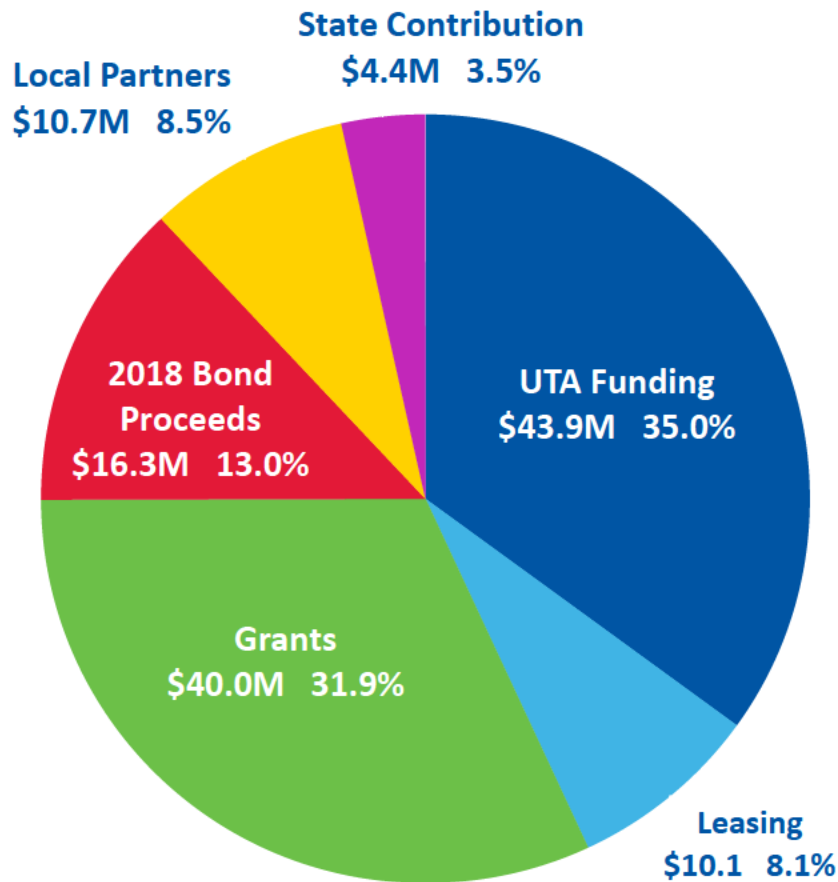
**State of Good
Repair Total**
\$42.5M 33.9%



State of Good Repair Capital Projects

Purpose	Amount
Interlocking 4 th and Main and 150 South	\$6,633,482
Light rail vehicle overhauls	5,971,388
Revenue service vehicle replacements	5,890,000
Prime mover engine rebuild (FrontRunner)	4,082,107
Electronic fare collection	3,293,112
Rail replacement	1,847,472
Passenger information	1,459,831
Facilities	1,100,000
Bus engine and transmission replacements	1,000,000

2019 Projected Capital Revenues: \$125.4M



Capital Grant Revenues

Purpose	Amount
Depot District	\$10,459,686
TIGER projects	10,265,219
5310 funding	6,130,019
Positive train control	3,956,795
Sugar House double tracking	2,221,623
Sandy parking structure	1,389,756
Passenger information systems	1,361,000
Ogden/Weber State University BRT design	1,054,062
All other	<u>150,860</u>
Total	<u>\$39,989,020</u>

Local Partners Revenue

Purpose	Amount
TIGER projects	\$ 3,666,790
Sandy parking structure	1,923,230
South Davis BRT	1,200,000
Sugar House double tracking	677,102
Signal preemption projects - UDOT	622,831
SW Salt Lake County ROW preservation	600,000
All other	<u>2,019,103</u>
Total	<u>\$10,709,056</u>

Lease Revenues

Purpose	Amount
Salt Lake City buses (10)	\$ 5,250,000
Replacement paratransit (30)	2,880,000
Replacement vans (40)	<u>1,960,000</u>
Total	<u>\$10,090,000</u>



Debt Service

Purpose	Amount
Interest	\$102,185,007
Interest subsidy (Build America bonds)	<u>(8,841,869)</u>
Net interest	93,343,138
Principal	<u>17,500,000</u>
Total bond principal and interest	110,843,138
Leasing payments	7,951,467
Salt Lake City buses (1/2 year)	281,000
Bond expenses	<u>66,150</u>
Total	<u>\$119,141,755</u>

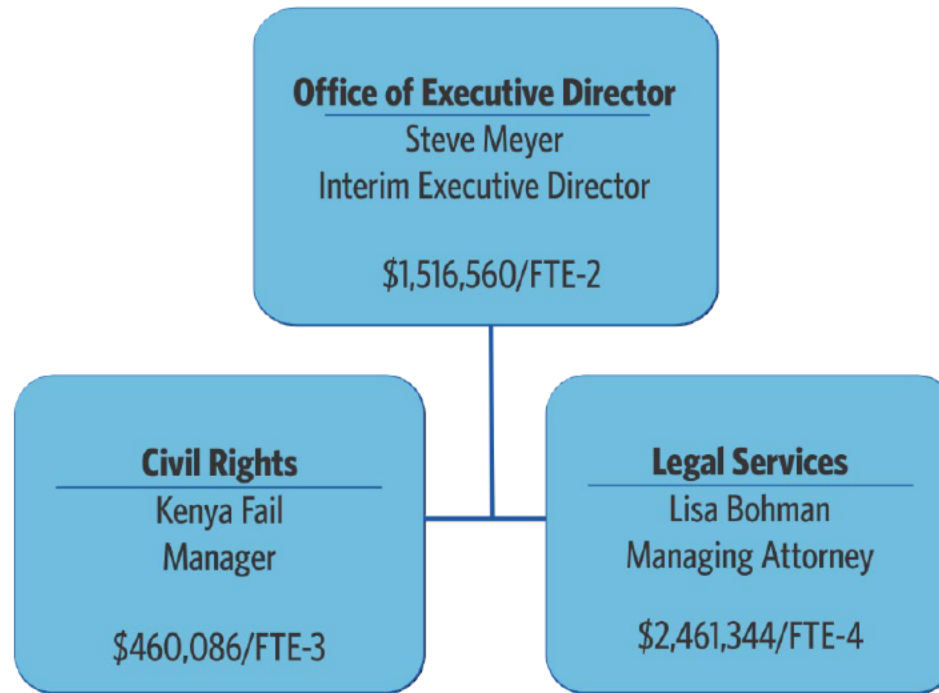
Departmental Information



Office of Executive Director

Total Funding \$4,437,990

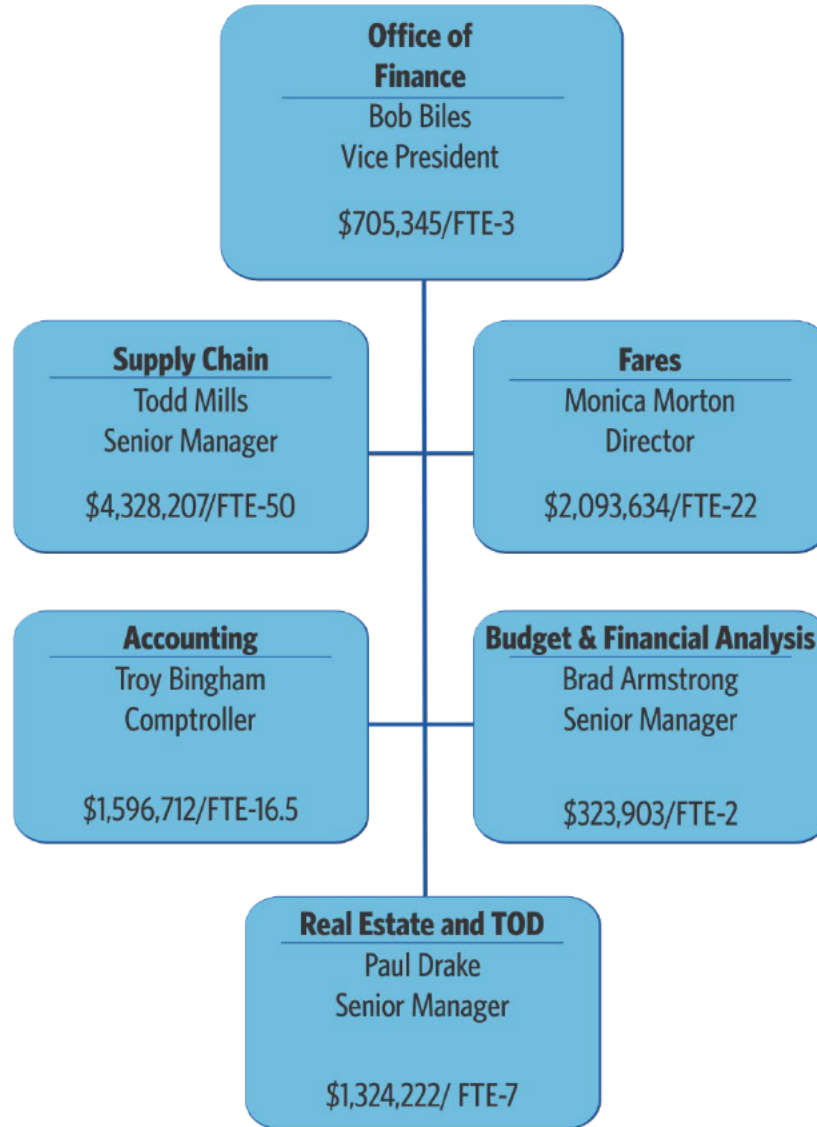
FTE Total-9



Office of Finance

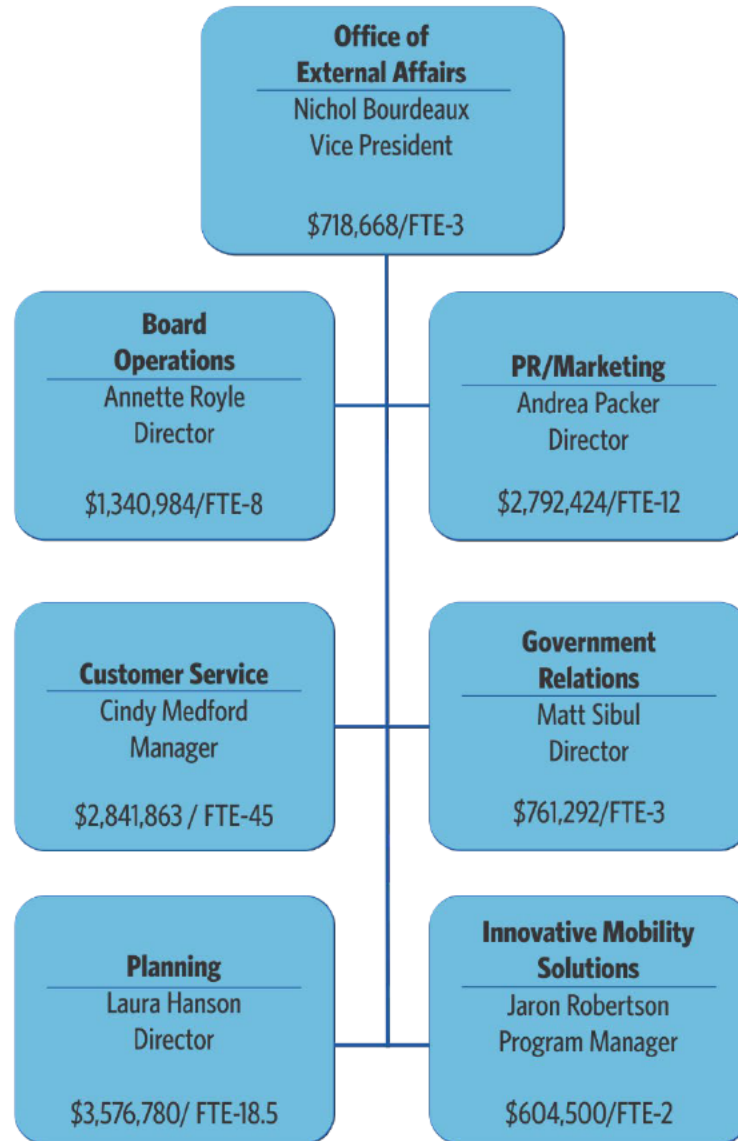
Total Funding \$10,372,023

FTE Total-100.50



Office of External Affairs

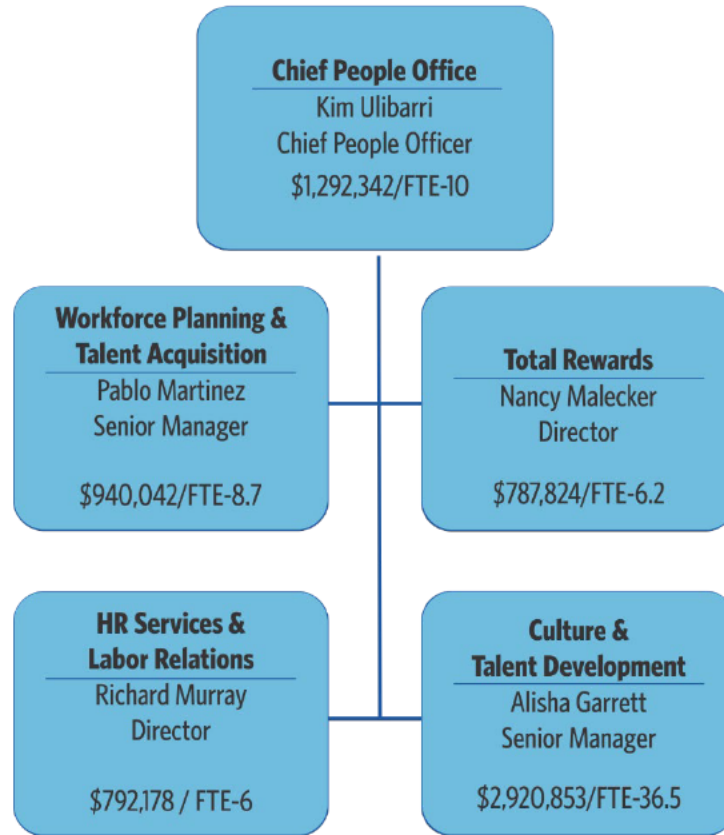
Total Funding \$12,636,511
FTE Total-91.5



Chief People Office

Total Division Funding \$6,733,239

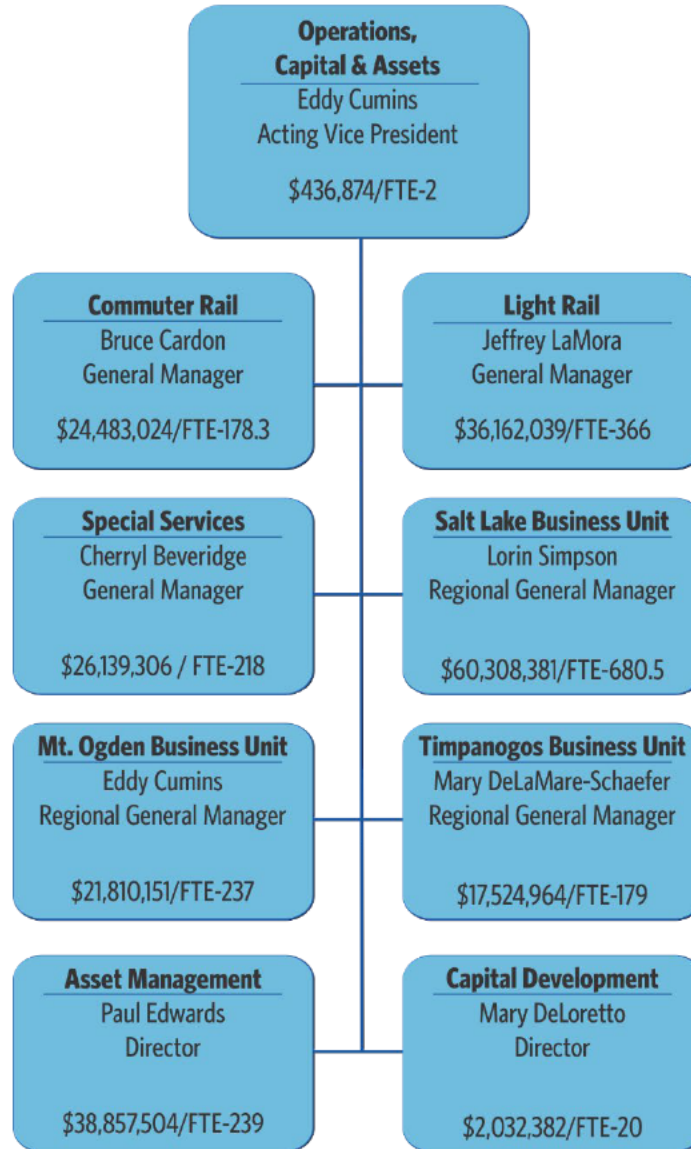
FTE Total-67.5



Office of Operations, Capital & Assets

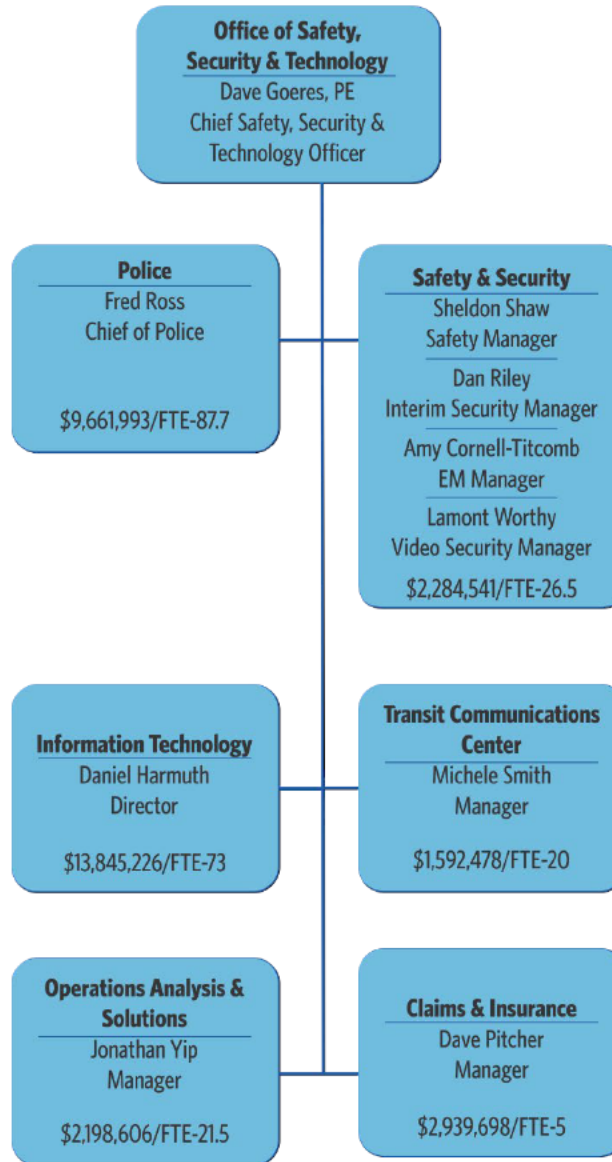
Total Funding \$227,754,625

FTE Total-2119.8



Office of Safety, Security & Technology

Total Funding \$32,522,542
FTE Total-233.7



Office of Internal Audit

Total Funding
FTE Total-3

Chief Internal Auditor

Riana de Villiers
Chief Auditor

\$454,902/FTE-3



Schedule & Next Steps

- Board of Trustees meeting: October 25
 - Trustees review tentative budget for adoption

- Public and Stakeholder comment period: November 1-30
 - Tentative budget sent to local and state officials
 - Public hearing on tentative budget (November 14)
 - Public comment via website, phone, email, mail, etc.

- Board of Trustees meeting: December 12
 - Trustees adopt final budget

Recommended Action (by acclamation)

Motion to forward to the board agenda



Other Business

- Next Committee Meeting: Thursday, October 25th, 12:00-1:00 p.m.
- Next Board Meeting: Thursday, October 25th, 1:30-4:30 p.m.



Adjourn

