

Advisory Council of the Utah Transit Authority

September 25, 2019



Call to Order and Opening Remarks



Pledge of Allegiance



Safety First Minute



Be Prepared, Not Scared



Public Comment Period



Public Comment Guidelines

- Each comment will be limited to two minutes per citizen or five minutes per group representative
- No handouts allowed



**Approval of
July 17, 2019
Advisory Council Meeting
Minutes**

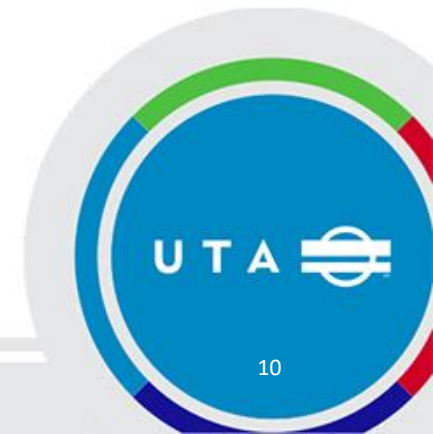


Recommended Action (by acclamation)

Motion to approve



Board of Trustees Report

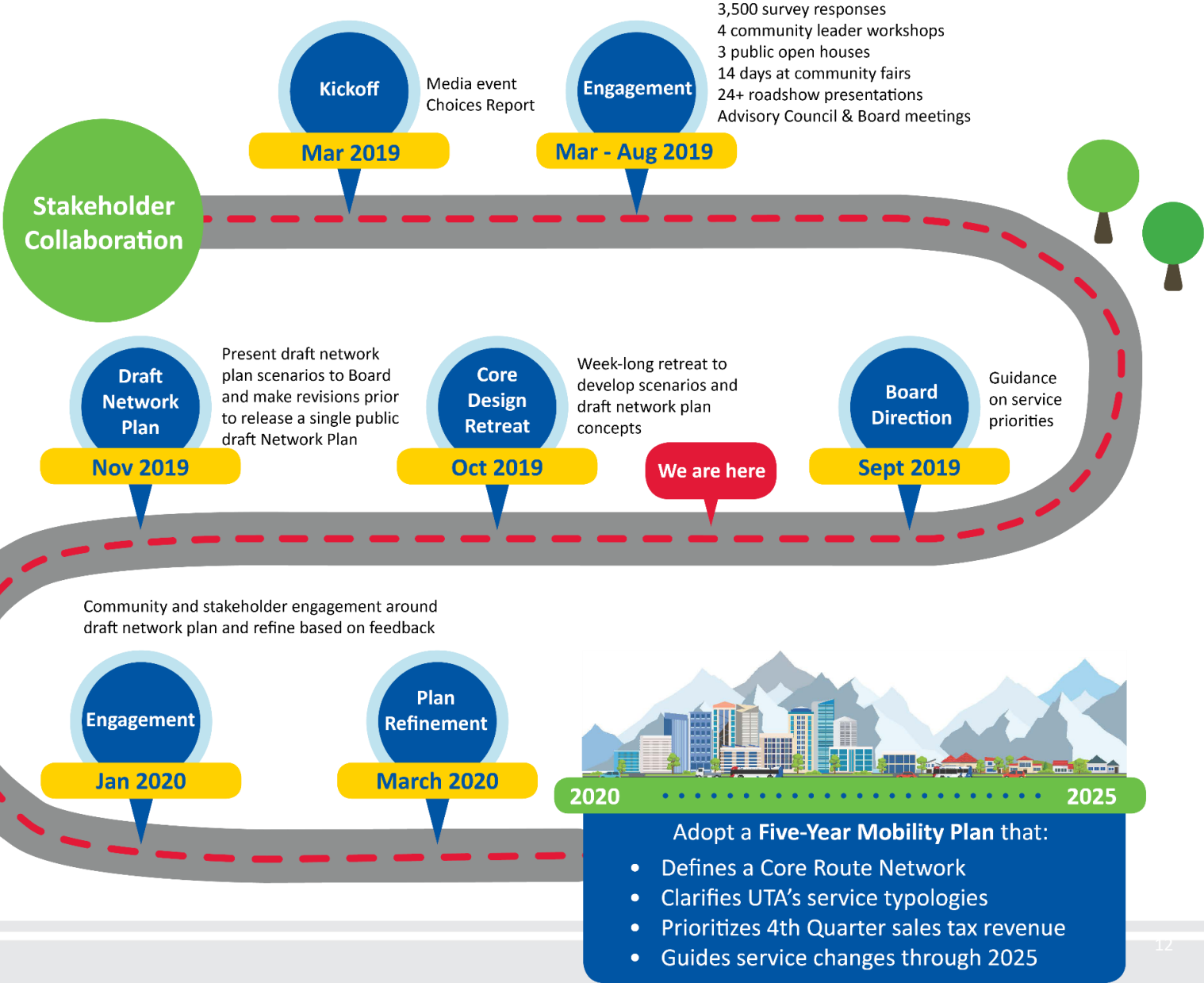


Board of Trustees Report

- UTA service choices study update
- Stakeholder outreach
- Status of legislative studies
- Introduction of new Executive Director, Carolyn Gonot



Service Choices Study Update



Service Choices Study Update: UTA Direction

1. **Plan for future transit needs** of the sub-regions poised to receive the majority of the Wasatch Front's growth.
2. Coordinate transit service with **local government long-range plans** for economic centers and affordable housing in response to H.B. 34, and focus on a limited number of more productive transit routes.
3. Consider **sharing of resources across regions** if improving transit service in one county will support another by easing congestion, serving employment centers, or minimizing inter-county travel demand.
4. Identify opportunities for **efficiencies within the existing transit system** to bolster ridership and productivity.
5. Shift UTA's service towards a **greater focus on ridership**.
6. **Create a vision for the future** that ensures good mobility and a high quality of life along the Wasatch Front through the year 2050.

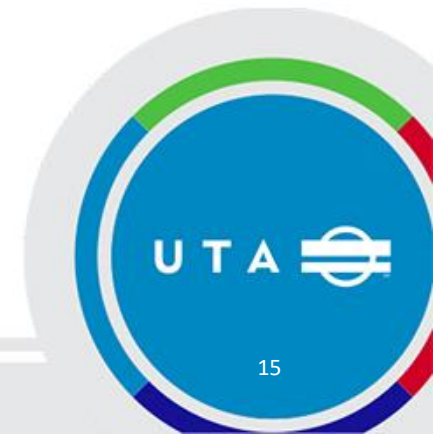


Stakeholder Outreach: City Councils in Transit District

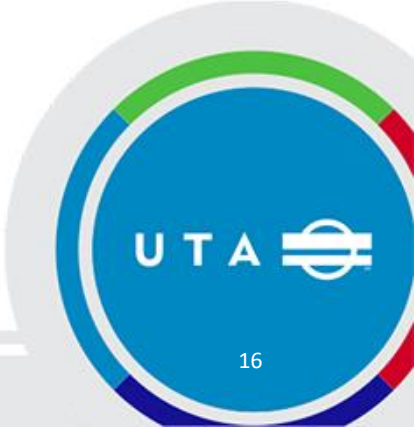
| | |
|-----------------------------|--------|
| Total Visits Complete | 59 |
| Total Visits Remaining | 24 |
| Percentage Visits Complete | 71.08% |
| Percentage Visits Remaining | 28.92% |



Status of Legislative Studies



Introduction of New Executive Director, Carolyn Gonot



Agency Report



AUGUST CHANGE DAY FOLLOW UP

Key data points that we have observed since August 11th, 2019:

Salt Lake County

- Weekday changes show in an increase of 1-3% overall on routes that were changed, with room to grow.
- Weekend changes brought big increases:
 - 200 South: +35% Saturday, +48% Sunday
 - 2100 South: +34% Saturday, +90% Sunday
 - 900 South and associated changes: +138% Saturday, +145% Sunday



AUGUST CHANGE DAY FOLLOW UP

Salt Lake County

Salt Lake City is putting resources toward promoting Routes 2, 9 and 21 in the community to increase awareness and drive ridership. They put together a few video spots highlighting the 15-minute service, night service and weekend service.



AUGUST CHANGE DAY FOLLOW UP

Key data points that we have observed since August 11th, 2019:

Weber County

- New Ogden Trolley carrying 160-190 people per day. The route is so short that these numbers already meet our passengers per hour threshold for this route. Industry best practice (per the TCQSM) is that it takes about two years for a route to reach full ridership potential.
- So far, more people are riding the Ogden Trolley on Saturday than on Weekdays.



AUGUST CHANGE DAY FOLLOW UP

Key data points that we have observed since August 11th, 2019:

Tooele County

- Total ridership has stayed almost exactly the same through the changes.
- New midday flex route has attracted 44 boardings per day so far (about half of what it needs to meet standard.)



AUGUST CHANGE DAY FOLLOW UP

Key data points that we have observed since August 11th, 2019:

Utah County

- Weekday and Saturday ridership in North County/Lehi Tech Corridor is down 1-3% as people adjust to the change.
- Sunday ridership is up 189% in Utah County with the addition of route 850 service.
- UVX, with UVU in session averaged over 11,000 boardings per day. On Aug. 28 (U of U vs. BYU Football) ridership was over 17,000. For comparison, the TRAX Green Line has averaged about 14,000 boardings per weekday in 2019.



UVX 1-YEAR ANNIVERSARY

UVX Customer Appreciation Event

Thursday, September 12th

2:00 p.m. – 4:00 p.m.

Provo and Orem FrontRunner Stations



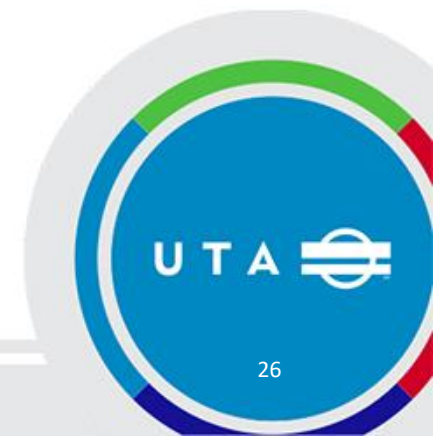
FEDERAL TRANSIT ADMINISTRATION TRIENNIAL REVIEW



2020 BUDGET DEVELOPMENT



Budget Consultation



AR2019-09-01: Resolution Recommending Adoption of the Proposed 2020-2024 Capital Plan



5-Year Capital Plan Overview

- Capital projects include:
 - new construction
 - state of good repair
 - facilities maintenance
 - vehicles
 - safety & security items
 - IT projects
 - major equipment purchases (over \$25K)
- 5-year forecast helps mitigate challenges of applying a 1-year budget to multi-year projects and helps in long range budget planning



5-Year Capital Plan - Process

- New project requests are submitted annually and prioritized by management for funding consideration
- Prioritization considerations:
 - Assure a safe system
 - Take care of or replace what we have
 - Leverage grants and partner funds
 - System improvements
- Projects with lower priority may be reduced in scope or moved to subsequent years
- Prioritized list of projects for 5-year plan is submitted to the Executive Team for review



Proposed 5-Year Capital Plan

- 2020-2024 capital requests were compiled and prioritized
- Total requests over the 5-year period exceed available budget projections
- Prioritization resulted in plan consistent with TFP
- Proposed plan will fund 82% of requests
- Any new, unforeseen items will be considered for annual budget amendments as needed



Proposed 2020 Capital Budget Summary

| Projects | 2020 Proposed Budget | Grants | State/Local Partners | UTA Funds |
|------------------------|----------------------|---------------------|----------------------|-----------------------|
| New Vehicles | \$32,041,871 | \$2,775,830 | | \$29,266,041 |
| Information Technology | \$6,531,838 | \$757,838 | | \$5,774,000 |
| Facilities/Safety | \$2,750,000 | | | \$2,750,000 |
| Rail Maintenance | \$10,050,000 | | | \$10,050,000 |
| Vehicle Rehab & Repair | \$8,524,194 | \$786,684 | | \$7,737,510 |
| Airport LRT | \$13,000,000 | | | \$13,000,000 |
| Depot District | \$40,936,916 | \$3,736,916 | \$2,500,000 | \$34,700,000 |
| Ogden-Weber BRT | \$28,197,076 | \$18,706,000 | \$2,900,000 | \$6,591,076 |
| Other Capital Projects | \$48,517,104 | \$12,599,633 | \$19,215,957 | \$16,701,514 |
| Total | \$190,548,999 | \$39,362,901 | \$24,615,957 | *\$126,570,141 |

* UTA 2020 funds include:

- \$41,111,076 in bonds
- \$31,298,470 in leasing



Proposed 5-Year Capital Plan Summary by Project

| Projects | 5-Yr Proposed Budget | Grants | State/Local Partners | UTA Funds |
|------------------------|----------------------|----------------------|----------------------|-----------------------|
| New Vehicles | \$169,759,390 | \$2,775,830 | | \$166,983,560 |
| Information Technology | \$29,801,838 | \$757,838 | | \$29,044,000 |
| Facilities/Safety | \$15,505,000 | | | \$15,505,000 |
| Rail Maintenance | \$83,211,063 | | | \$83,211,063 |
| Vehicle Rehab & Repair | \$52,390,629 | \$10,487,147 | | \$41,903,482 |
| Airport LRT | \$18,550,000 | | | \$18,550,000 |
| Depot District | \$48,630,092 | \$7,930,092 | \$5,000,000 | \$35,700,000 |
| Ogden-Weber BRT | \$91,974,076 | \$70,503,996 | \$13,579,004 | \$7,891,076 |
| Other Capital Projects | \$115,002,018 | \$37,085,810 | \$25,660,219 | \$52,255,989 |
| Total | \$624,824,105 | \$129,540,713 | \$44,239,223 | *\$451,044,169 |

* UTA funds include:

- \$66,741,076 in bonds
- \$183,701,989 in leasing



Proposed 5-Year Capital Plan Summary by Year

| Year | Proposed Budget | Grants | State/Local Partners | UTA Funds |
|--------------|----------------------|----------------------|----------------------|----------------------|
| 2020 | \$190,548,999 | \$39,362,901 | \$24,615,957 | \$126,570,141 |
| 2021 | \$172,796,119 | \$53,180,445 | \$16,423,266 | \$103,192,408 |
| 2022 | \$83,331,867 | \$24,547,367 | \$500,000 | \$58,284,500 |
| 2023 | \$84,275,100 | \$8,450,000 | \$2,700,000 | \$73,125,100 |
| 2024 | \$93,872,021 | \$4,000,000 | \$0 | \$89,872,021 |
| Total | \$624,824,105 | \$129,540,713 | \$44,239,223 | \$451,044,169 |

* UTA funds include:

- \$66,741,076 in bonds
- \$183,701,989 in leasing



Potential Future Capital Development Projects - Unfunded

- Transit Opportunities:
 - South Davis BRT
 - Mid-Valley Connector BRT
 - Future of FrontRunner
 - Point of the Mountain Transit
 - Sandy/South Jordan Circulator
- Facilities:
 - South Salt Lake County bus garage
 - LRT facility near airport and/or in Utah County
 - CRT facility in Ogden and/or in Provo
 - Warm Springs Expansion
 - Riverside Expansion
 - Timpanogos Remodel and Expansion
 - Remodel OK Manufacturing building



Next Steps

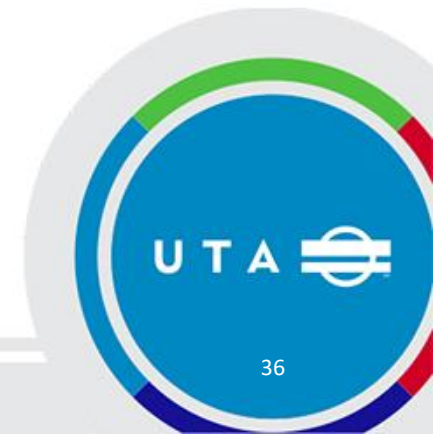
- Today, Draft Plan presented to the Advisory Council for consultation
- Plan presented to the UTA Board for review and approval
- First year of the 5-Year Capital Plan is incorporated into UTA's proposed 2020 annual budget



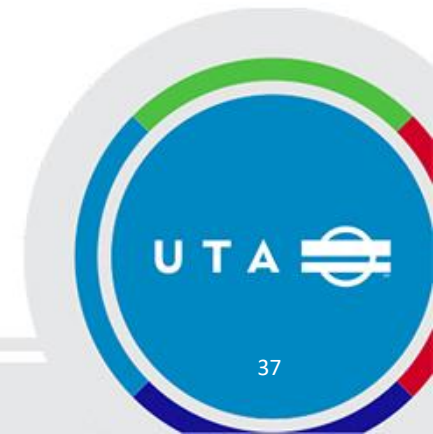
Recommended Action (by acclamation)

Motion to recommend for approval:

AR2019-09-01: Resolution Recommending Adopting of the Proposed
2020-2024 Capital Plan

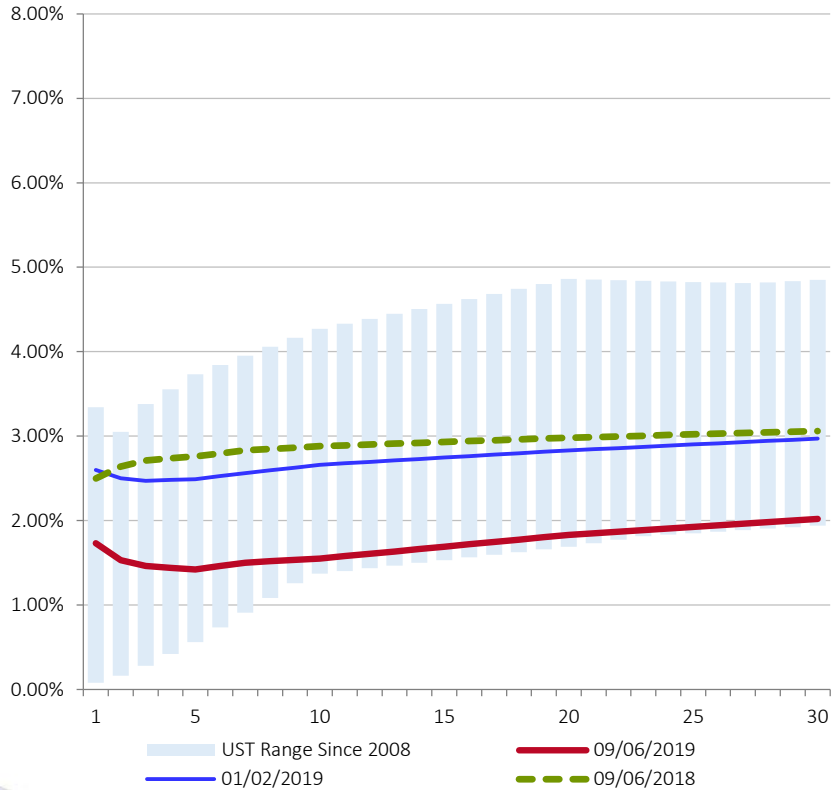


Consultation: Bond Refunding and New Money Issuance Opportunity and Proposed Fifth Amendment of the Authority's 2019 Budget



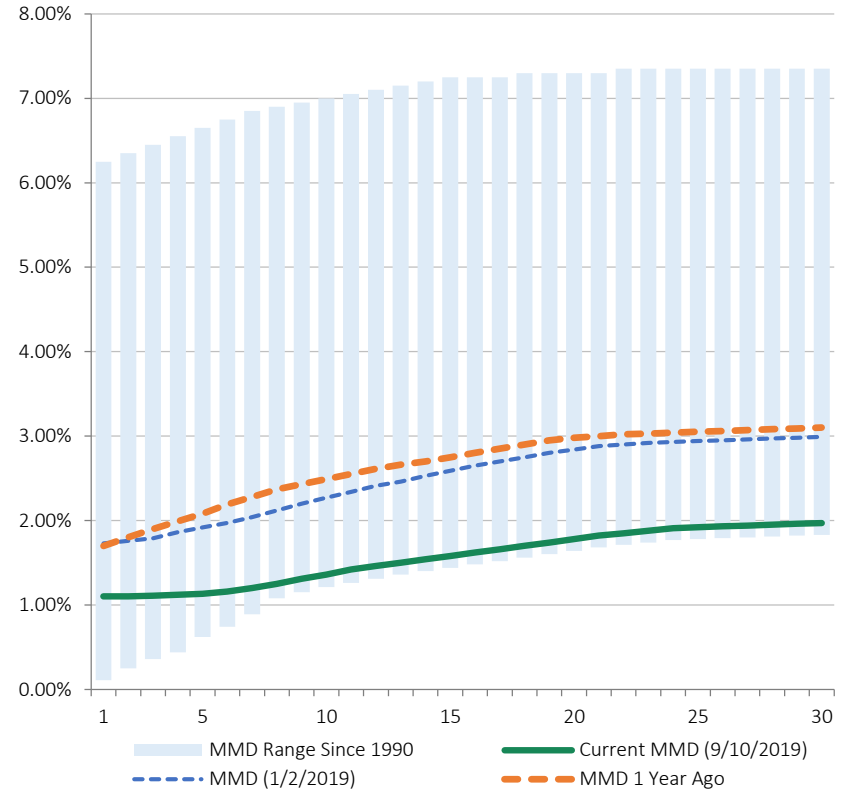
Interest Rates at Historic Lows

UST: Historic Range vs. Current



Source: U.S. Department of Treasury; UST range from 1/1/2008 through 9/6/2019

AAA MMD: Historic Range vs. Current



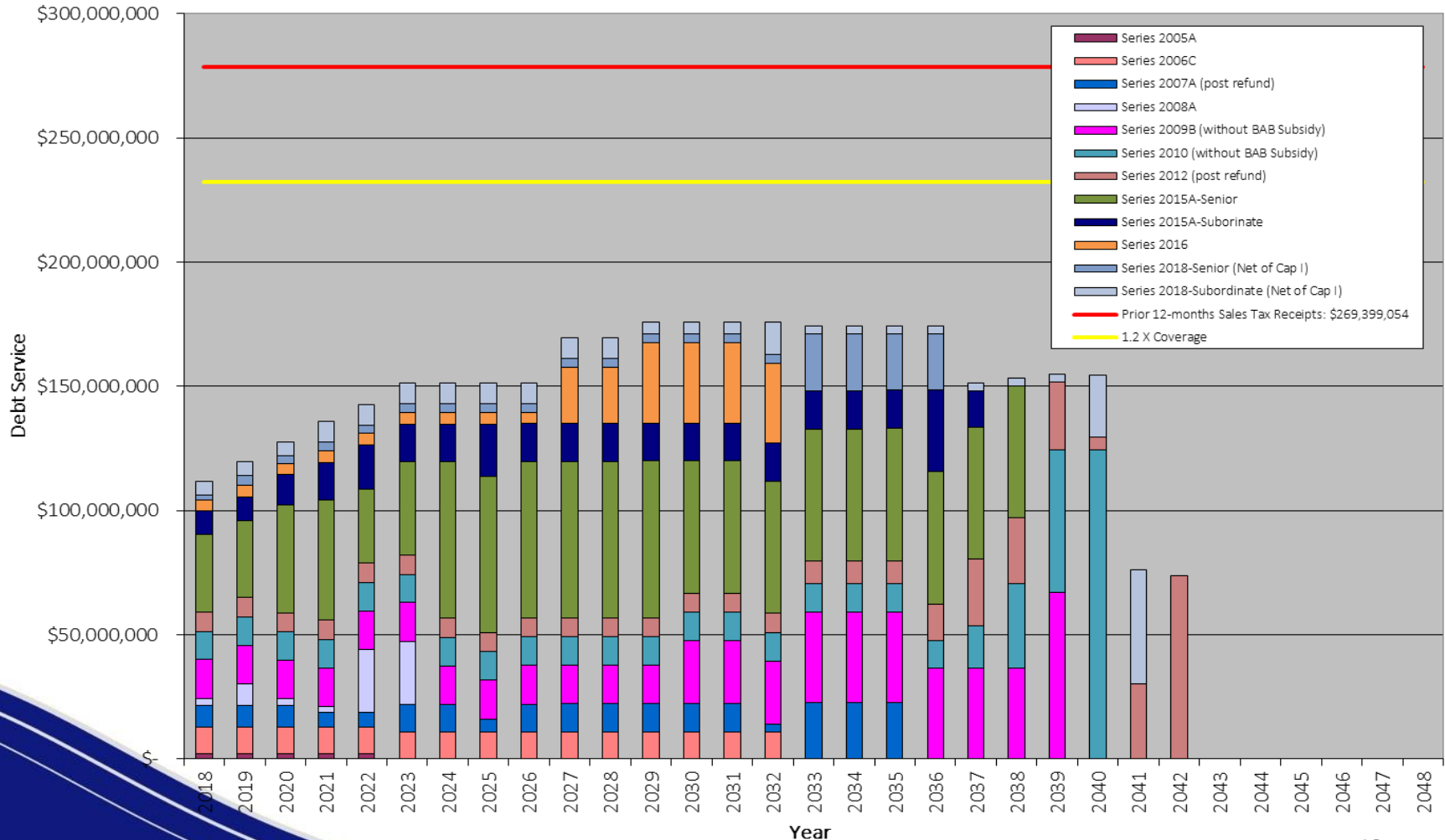
Source: Thomson Reuters TM3; range from 1/1/1990 through 9/10/2019

Bond Refunding and Restructuring Considerations

| | Refunding Bonds | Restructuring Bonds |
|---|-----------------|---------------------|
| Net Present Value Savings 5% or more | X | |
| Consider options to lower maximum annual debt service | X | X |
| Move principal payments from June 15 to December 15 | X | X |
| High refunding efficiency | X | |
| Minimize use of refunding savings reserve | X | X |
| Consider change from subordinate to senior debt | X | X |

Current Debt Service (Base Case)

Total Outstanding Debt Service: Senior and Subordinate Debt

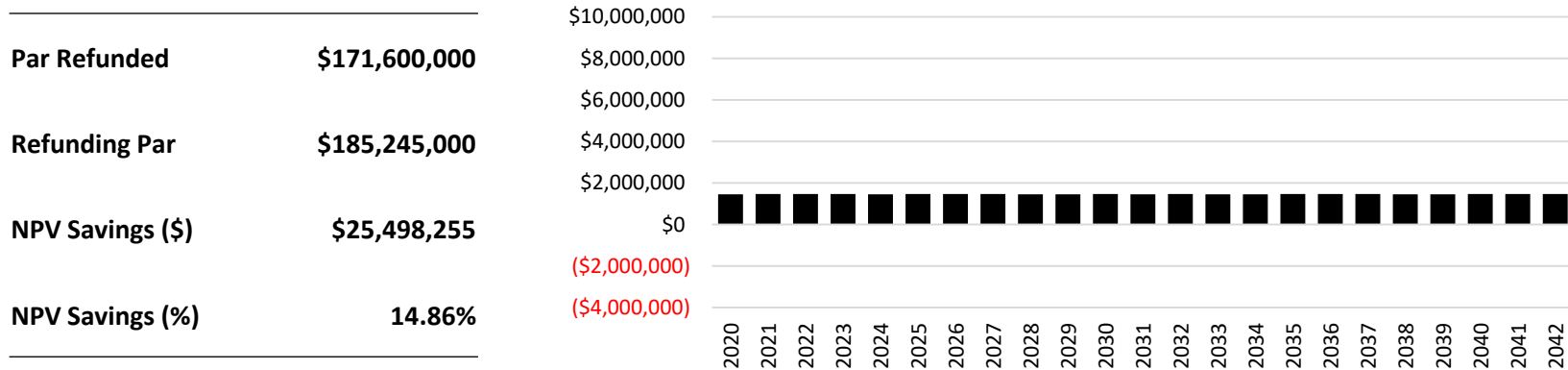


Refunding/Restructuring – 2012 Subordinated Bonds Projected Results (Structured)

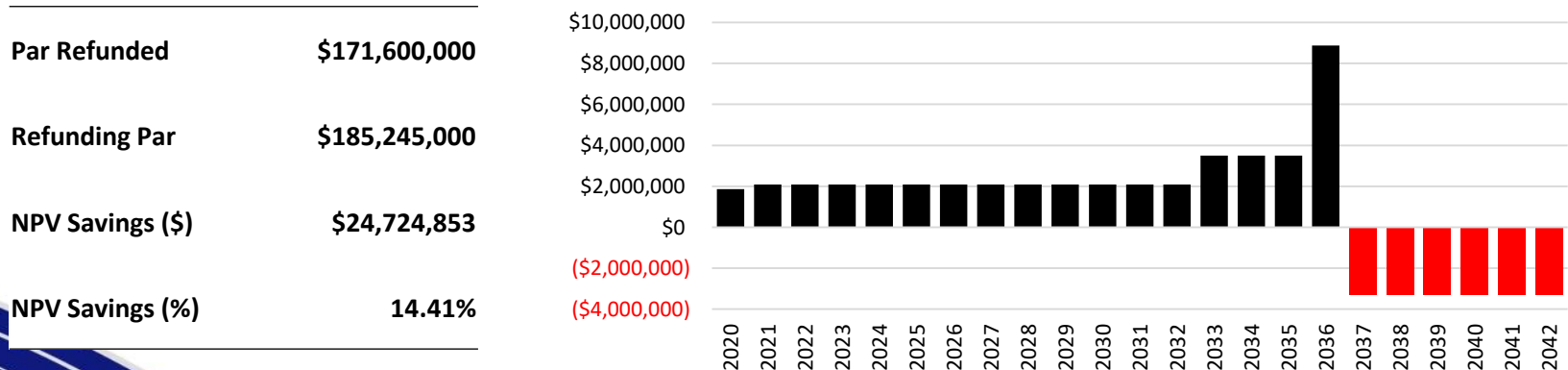
| | Projected Results |
|--|---------------------------------------|
| Net Present Value Savings 5% or more | 14.4%; \$24.7mm NPV |
| Consider options to lower maximum annual debt service | Lowers MADs in 2036 by \$8.87 million |
| Move principal payments from June 15 to December 15 | Yes |
| High refunding efficiency | Approximately 77% |
| Minimizes use of refunding savings reserve | None required |
| Moves refunding of subordinate lien Series 2012 Bonds to senior lien level | Yes |

Refunding/Restructuring – 2012 Subordinated Series

Uniform Savings Scenario: Debt Service Comparison (12/31)



Restructuring Scenario: Debt Service Comparison (12/31)



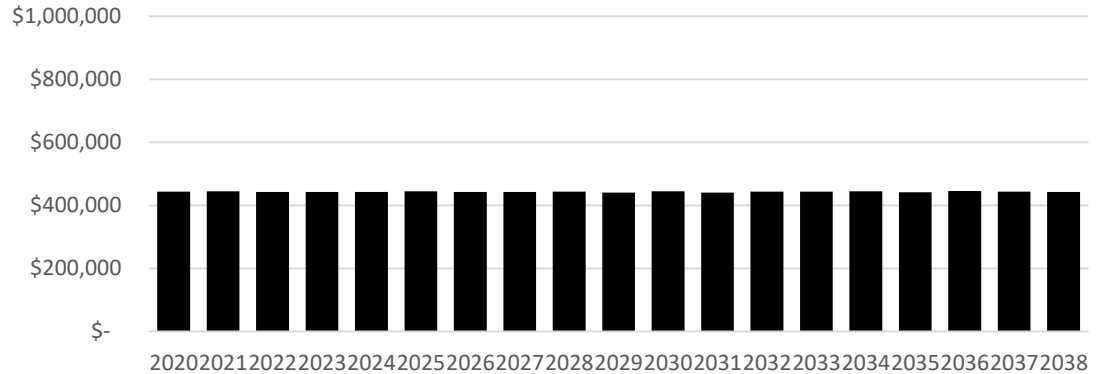
Bond Refunding – 2015 Senior Bonds Projected Results (Structured)

| | Projected Results |
|--|--|
| Net Present Value Savings 5% or more | 7.46%; \$7.45mm NPV |
| Consider options to lower maximum annual debt service | Lowers MADs by an average of \$938 k/yr in 2027-2036 |
| Move principal payments from June 15 to December 15 | Yes |
| High refunding efficiency | Approximately 50% |
| Minimizes use of refunding savings reserve | None required |
| Keeps refunding of Senior Series 2015 Bonds at senior lien level | Yes |

Refunding/Restructuring – 2015 Senior Bonds

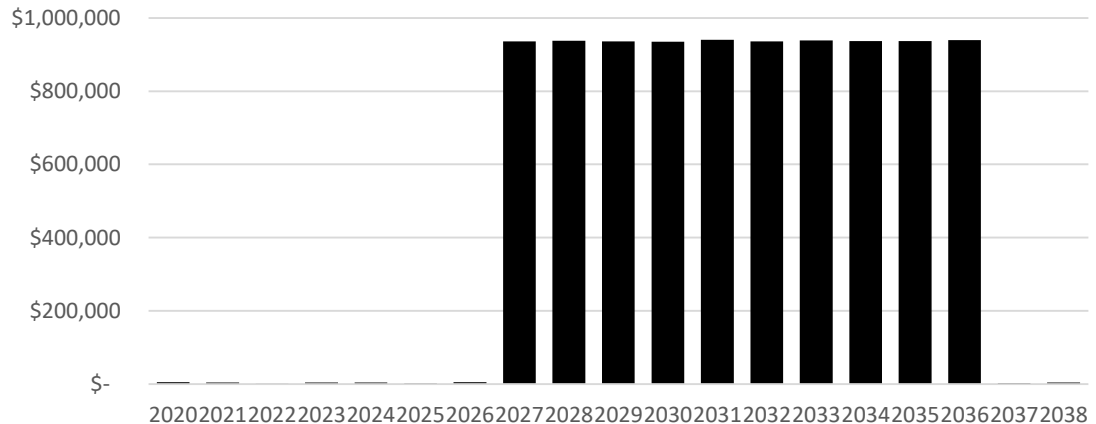
Uniform Savings Scenario: Debt Service Comparison (12/31)

| | |
|------------------|----------------------|
| Par Refunded | \$101,040,000 |
| Refunding Par | \$120,540,000 |
| NPV Savings (\$) | \$7,539,794 |
| NPV Savings (%) | 7.46% |



Restructuring Scenario: Debt Service Comparison (12/31)

| | |
|------------------|----------------------|
| Par Refunded | \$101,040,000 |
| Refunding Par | \$120,345,000 |
| NPV Savings (\$) | \$7,517,219 |
| NPV Savings (%) | 7.44% |



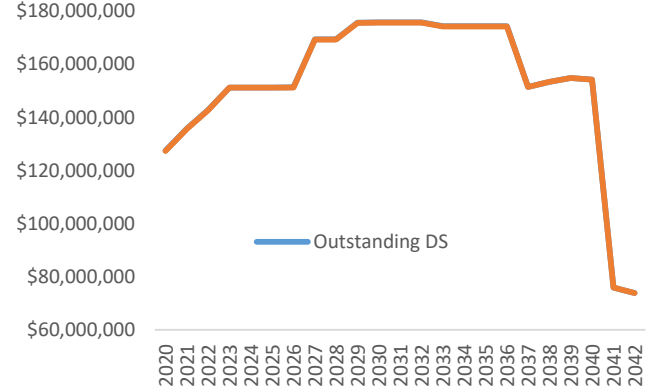
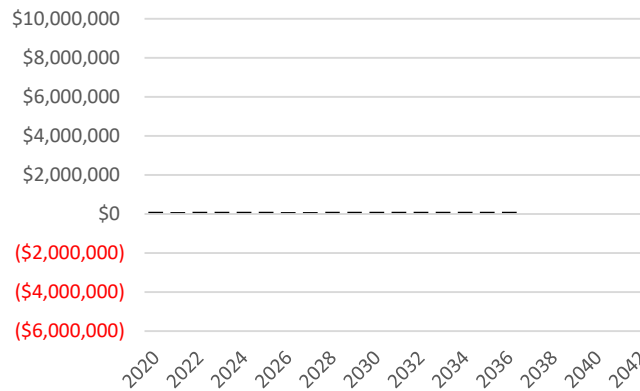
Bond Refunding – 2015 Subordinated Bonds Projected Results (Structured)

| | Projected Results |
|--|---|
| Net Present Value Savings | Neutral |
| Consider options to lower maximum annual debt service | Lowers MADs by an average of \$9.85mm/yr in 2027-2035 |
| Move principal payments from June 15 to December 15 | Yes |
| Minimizes use of refunding savings reserve | None required |
| Keeps refunding of 2015 Subordinated Bonds at subordinate lien level | Yes |

Refunding/Restructuring Analysis – 2015 Subordinated Bonds

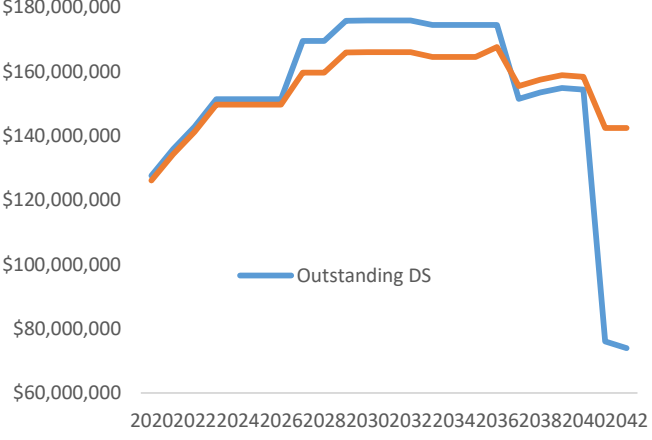
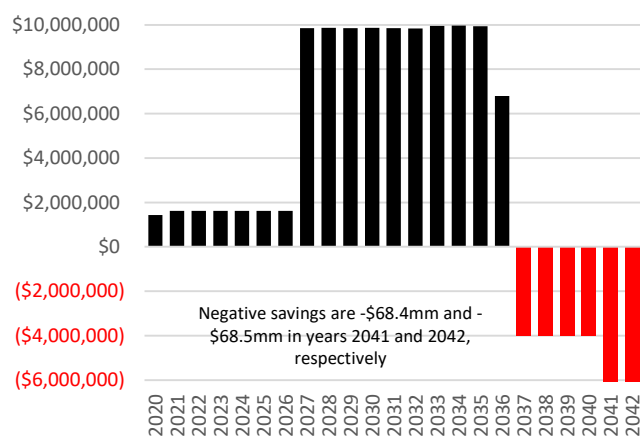
Uniform Savings Scenario: Debt Service Comparison (12/31)

| | |
|------------------|---------------|
| Par Refunded | \$125,135,000 |
| Refunding Par | \$149,185,000 |
| NPV Savings (\$) | \$2,938,022 |
| NPV Savings (%) | 2.35% |



Restructuring Scenario: Debt Service Comparison (12/31)

| | |
|------------------|---------------|
| Par Refunded | \$125,135,000 |
| Refunding Par | \$149,285,000 |
| NPV Savings (\$) | (\$2,621,017) |
| NPV Savings (%) | (2.09%) |

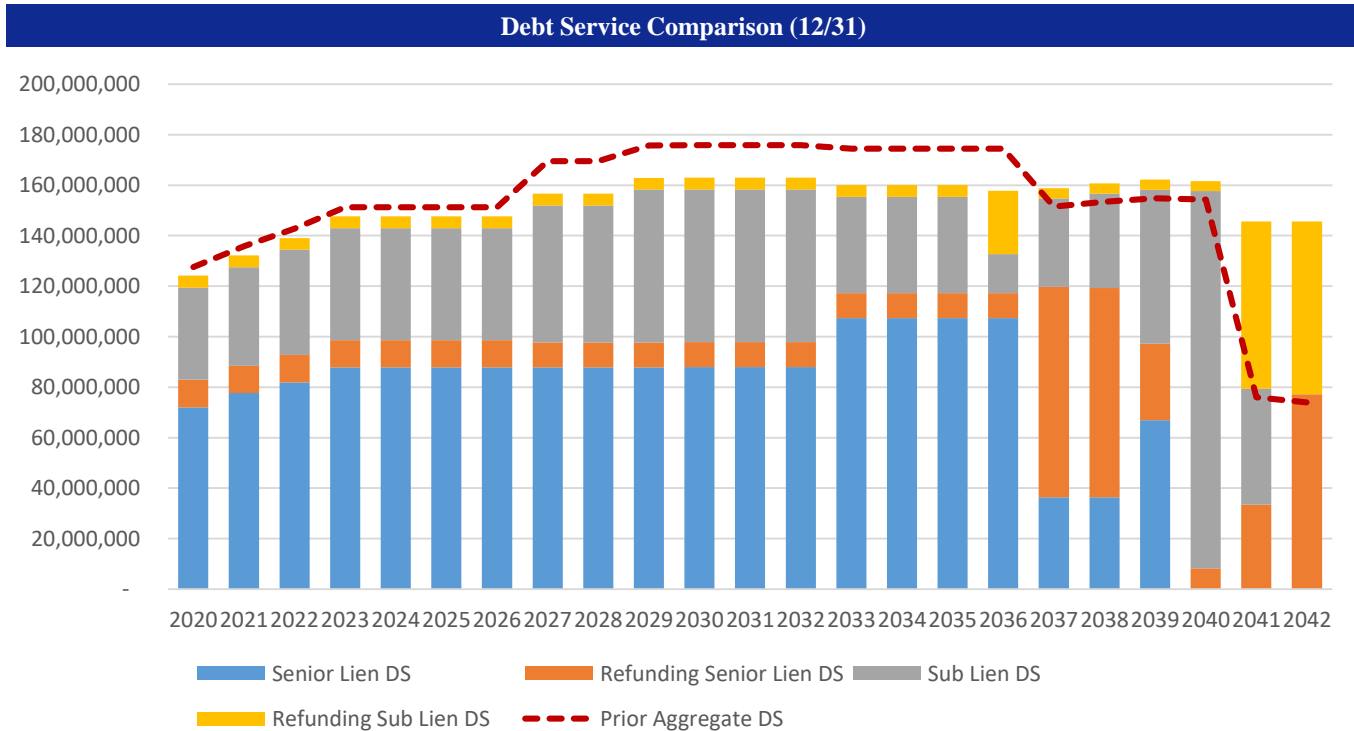


Refunding/Restructuring Summary

| | |
|--|---|
| Net Present Value Savings 5% or more | \$32.15 million total NPV Savings; 14.4% (2012); 7.5% (2015) |
| Consider options to lower maximum annual debt service | Lowers MADS by \$12.9 million |
| Move principal payments from June 15 to December 15 | Yes |
| High refunding efficiency | 77% (2012); 50% (2015) |
| Minimizes use of refunding savings reserve | None Required |
| Moves refunding of subordinate lien to senior lien level | 2012 only |

Refunding/Restructuring Plan

| | |
|------------------------------------|----------------------|
| Par Refunded | \$397,775,000 |
| Refunding/Restructuring Par | \$454,875,000 |



Refunding/Restructuring Plan

| Debt Service Comparison (12/31) | | | |
|---------------------------------|--------------------|---------------------------|--------------------|
| FY 12/31 | Refunded DS | Refunding/Restructured DS | Savings |
| 2020 | 19,152,750 | 15,855,612 | 3,297,138 |
| 2021 | 19,152,750 | 15,452,343 | 3,700,408 |
| 2022 | 19,152,750 | 15,455,167 | 3,697,583 |
| 2023 | 19,152,750 | 15,451,837 | 3,700,914 |
| 2024 | 19,152,750 | 15,451,961 | 3,700,790 |
| 2025 | 19,152,750 | 15,454,933 | 3,697,818 |
| 2026 | 19,152,750 | 15,450,907 | 3,701,844 |
| 2027 | 27,391,500 | 14,519,610 | 12,871,891 |
| 2028 | 27,398,000 | 14,517,738 | 12,880,263 |
| 2029 | 27,392,250 | 14,519,769 | 12,872,482 |
| 2030 | 27,403,000 | 14,520,936 | 12,882,064 |
| 2031 | 27,384,375 | 14,515,823 | 12,868,553 |
| 2032 | 27,370,750 | 14,519,520 | 12,851,231 |
| 2033 | 28,903,450 | 14,517,142 | 14,386,309 |
| 2034 | 28,909,275 | 14,518,800 | 14,390,475 |
| 2035 | 28,892,700 | 14,519,336 | 14,373,364 |
| 2036 | 51,617,675 | 35,016,191 | 16,601,485 |
| 2037 | 80,060,050 | 87,364,718 | (7,304,668) |
| 2038 | 79,562,750 | 86,864,478 | (7,301,728) |
| 2039 | 27,008,500 | 34,317,792 | (7,309,292) |
| 2040 | 4,900,000 | 12,206,549 | (7,306,549) |
| 2041 | 30,142,750 | 99,842,735 | (69,699,985) |
| 2042 | 73,912,750 | 145,673,808 | (71,761,058) |
| Total | 732,319,025 | 740,527,698 | (8,208,673) |

New Money Bonds

Five-year Capital Plan Projections

| 2020 Bonds For 2020-2021 Capital Budgets | 2022 Bonds For 2022-2024 Capital Budgets | Totals |
|---|---|---------------------|
| <u>\$54,291,076</u> | <u>\$12,450,000</u> | <u>\$66,741,076</u> |

Cash Flow Comparison

July TFP and Proposed Bonding

| Year | Current TFP | Proposed Bond Issue | Favorable or (Unfavorable) |
|-------------------|-------------|---------------------|----------------------------|
| 2020 | \$1,017,958 | \$2,765,000 | (\$1,747,042) |
| 2021 | 2,035,915 | 2,661,850 | (625,935) |
| 2022 | 2,300,478 | 2,661,850 | (361,372) |
| 2023 | 2,565,040 | 2,661,850 | (96,810) |
| 2024 | 2,565,040 | 2,661,850 | (96,810) |
| 2025 | 4,436,025 | 4,350,000 | 86,025 |
| 2026 | 4,436,025 | 4,350,000 | 86,025 |
| 2027 & thereafter | 4,843,387 | 4,350,000 | 493,387 |

Net Effect on Annual Debt Service

| (in millions) | 2020 | 2021 | 2022 | 2023 | 2024 |
|------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2012 Refunding & Restructure | \$1.859 | \$2.083 | \$2.083 | \$2.083 | \$2.083 |
| 2015 Refunding & Restructure | .005 | .003 | .001 | .004 | .004 |
| 2015 Restructure | 1.433 | 1.614 | 1.614 | 1.614 | 1.614 |
| 2019 New Money | <u>(1.747)</u> | <u>(.626)</u> | <u>(.362)</u> | <u>(.097)</u> | <u>(.097)</u> |
| Net Savings | <u>\$1.550</u> | <u>\$3.074</u> | <u>\$3.337</u> | <u>\$3.604</u> | <u>\$3.604</u> |

For 2024 thru 2026, net savings ranges from \$3.6 million to \$3.8 million.
 For 2027 thru 2036, net savings ranges from \$13.3 million to \$17.1 million.
 For 2037 thru 2040, net cost is \$6.8 million per year.
 For 2041 and 2042, the net cost is \$69.2 million and \$71.3 million, respectively.

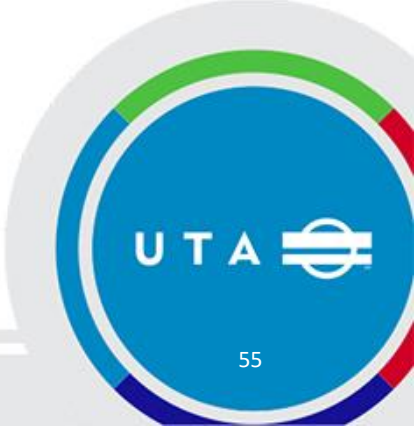
Recommendations

- Refund outstanding 2012 Subordinated Bonds for savings, restructure, use senior lien
- Refund select 2015 Senior Bonds for savings and restructure
- Restructure select 2015 Subordinated Bonds to lower MADS
- Move principal payments to December 15 on refunding bonds
- Utilize senior lien to sell new money bonds
- Negotiated sale

Calendar of Events

- October 9 – Market update to Board of Trustees and authorization to proceed
- October 16 – State Bonding Commission Approval
- October 30 – Public hearing
- November 6 – Sale Date and Board Approval of Bond Purchase Agreement
- November 27 - Closing

Information: 2020 Budget Assumptions Update



2020 Budget Goals

- **Service Improvements**

- Salt Lake City Service – Full Year
- Salt Lake County Service
 - Southwest County Pilot
 - August 2020 Changes



- **Favorable Work Environment**

- Competitive Compensation
- Improve Working Conditions

- **Forward Looking**



2020 Budget Goals

- **State of Good Repair**

- Bus, Paratransit, and Vanpool Replacements
- Light Rail and Commuter Rail Vehicle Rehab
- Rail Systems and Infrastructure
- Facilities

- **Capital Projects**

- Depot District
- Ogden/Weber BRT
- Airport TRAX
- Vineyard Station

- **Long-term Financial Sustainability**



Key Budget Changes

- **Salt Lake County Funding to Capital and Operations**
- **Full Year of Salt Lake City Purchased Service**
- **Staffing Changes For:**
 - New Service
 - Workload Adjustments

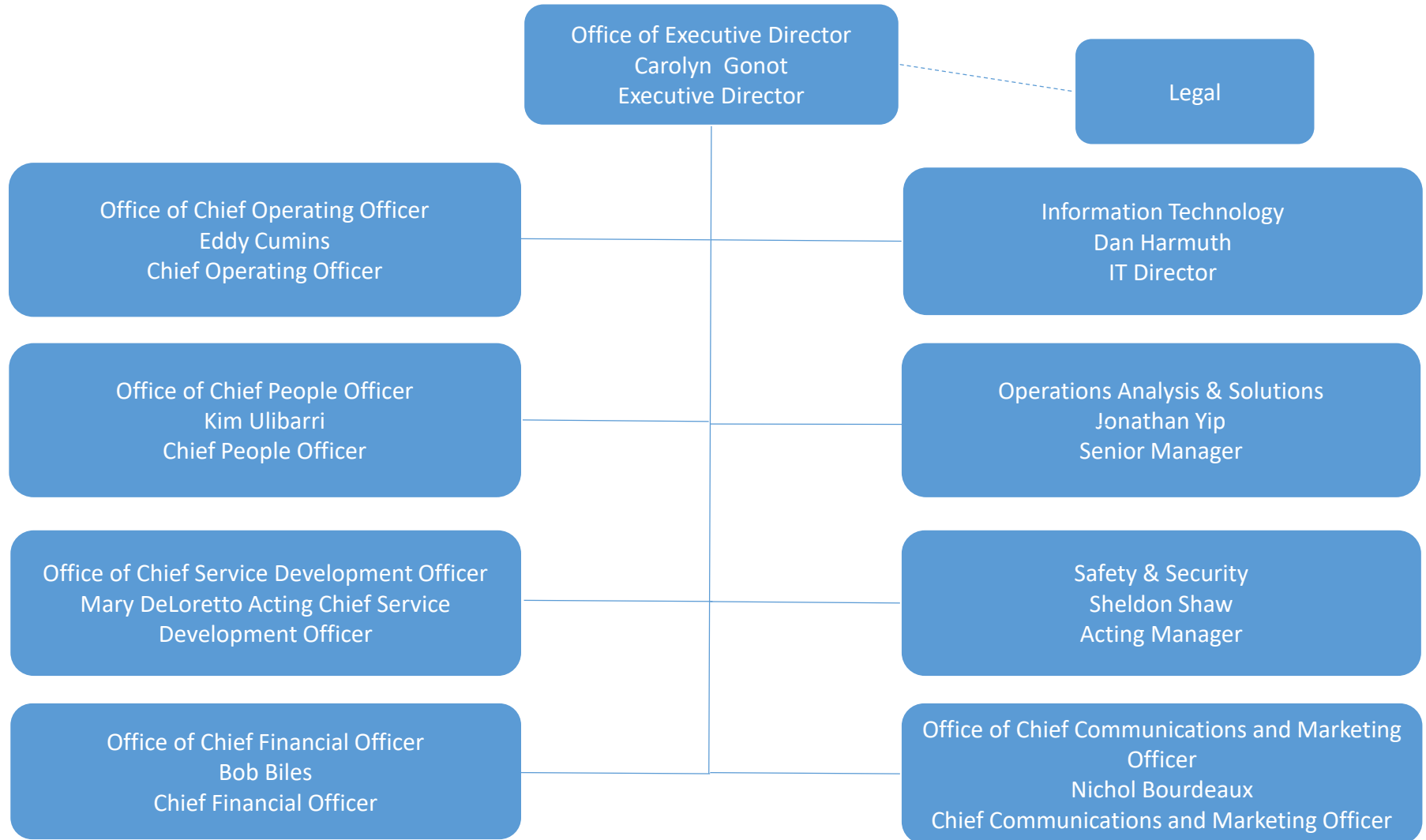


Key Budget Changes

- **State of Good Repair Increases**
- **Capital:**
 - Ogden/Weber BRT
 - Depot District Facility
 - Airport TRAX Station

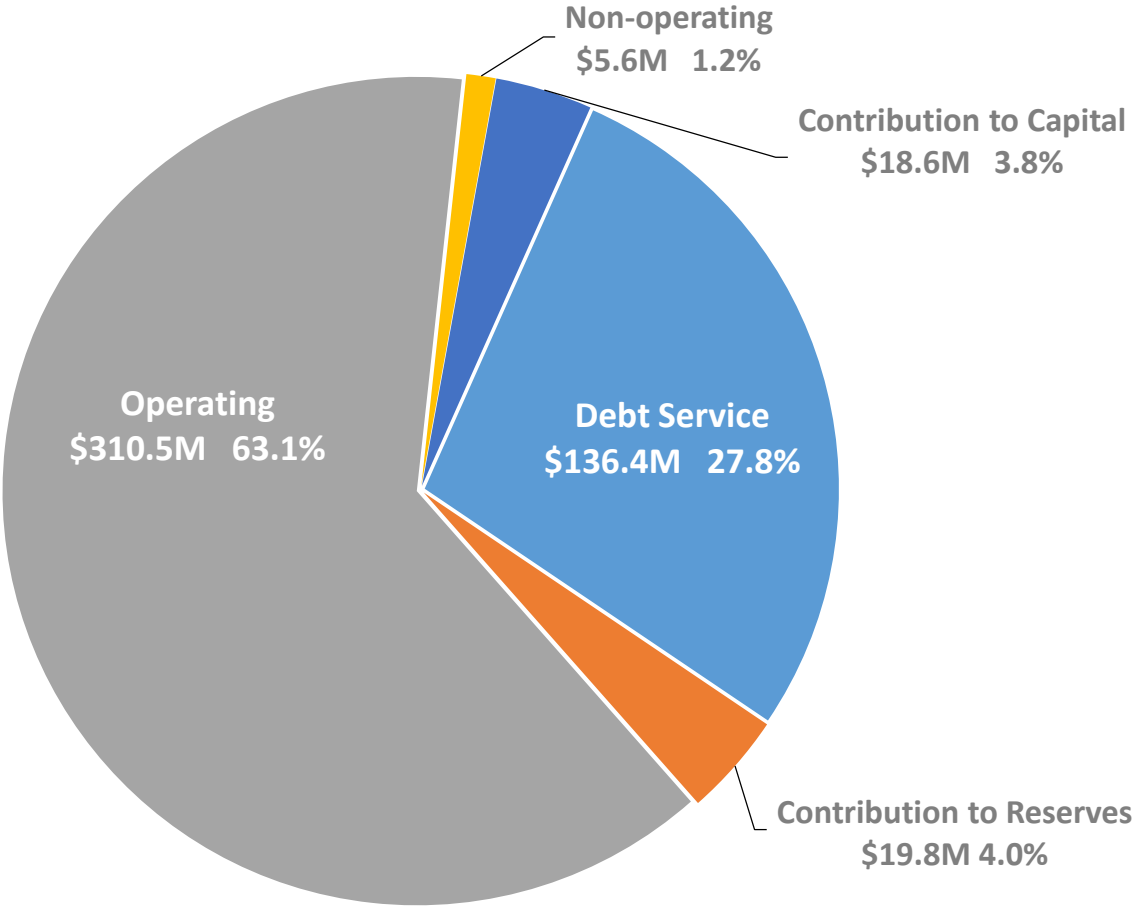


Office of the Executive Director



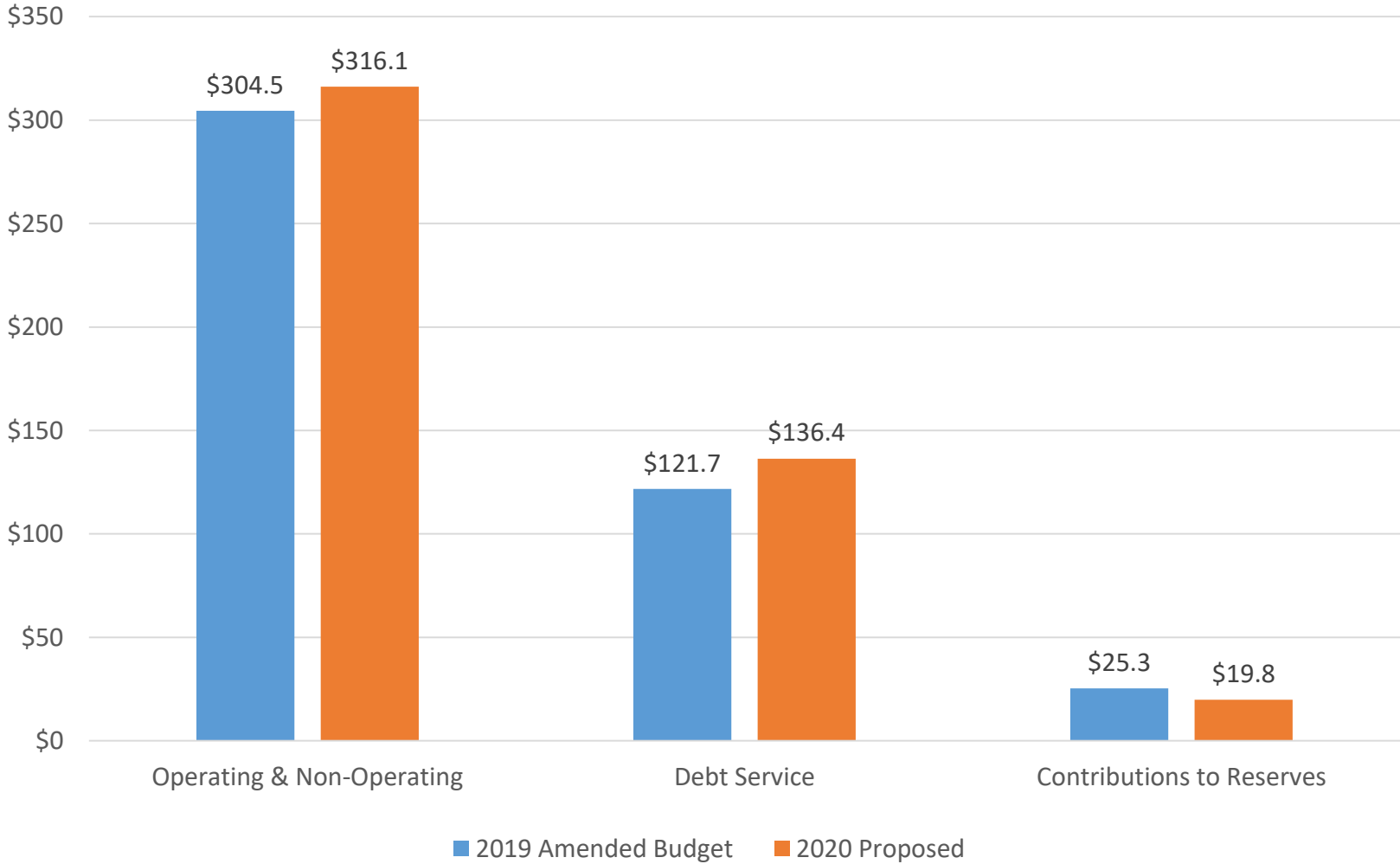
2020 Proposed Operating Budget

Expenses: \$490.9M

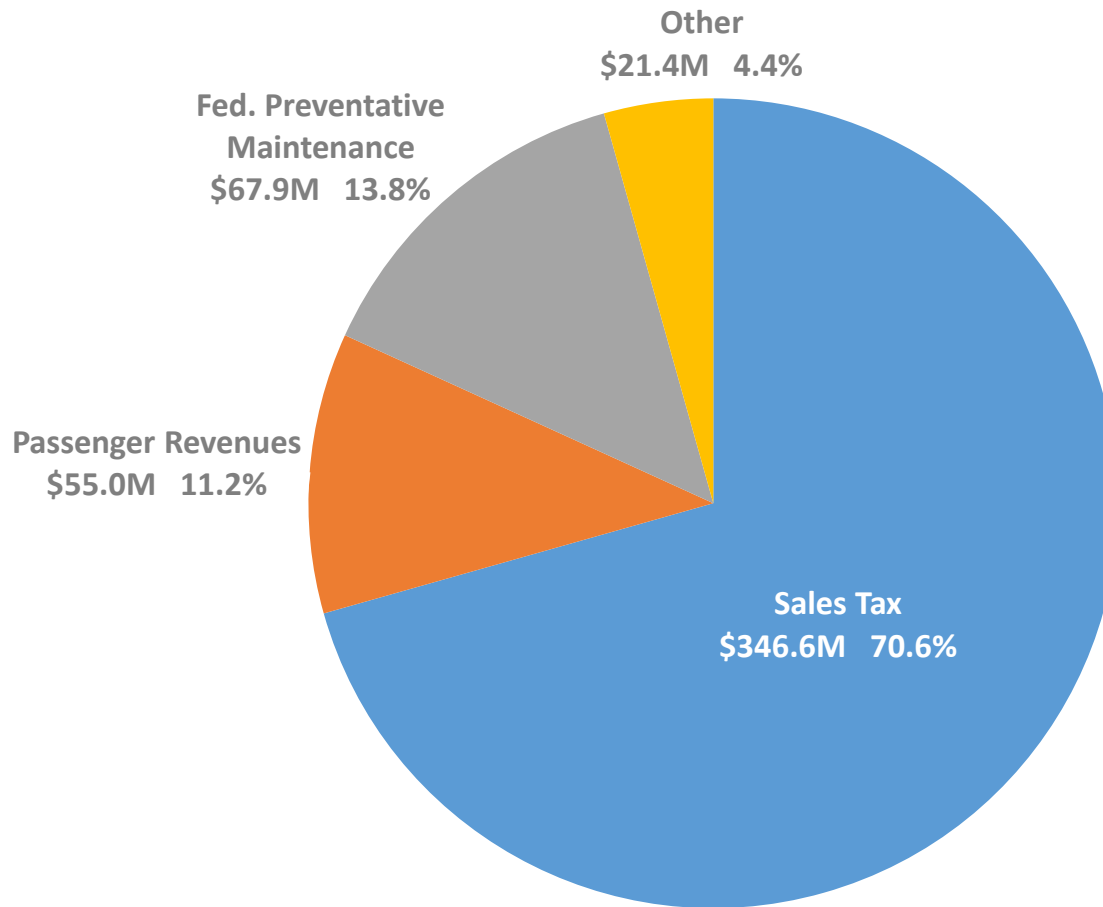


Operating Expense

Millions



2020 Proposed Operating Revenues: \$490.9M



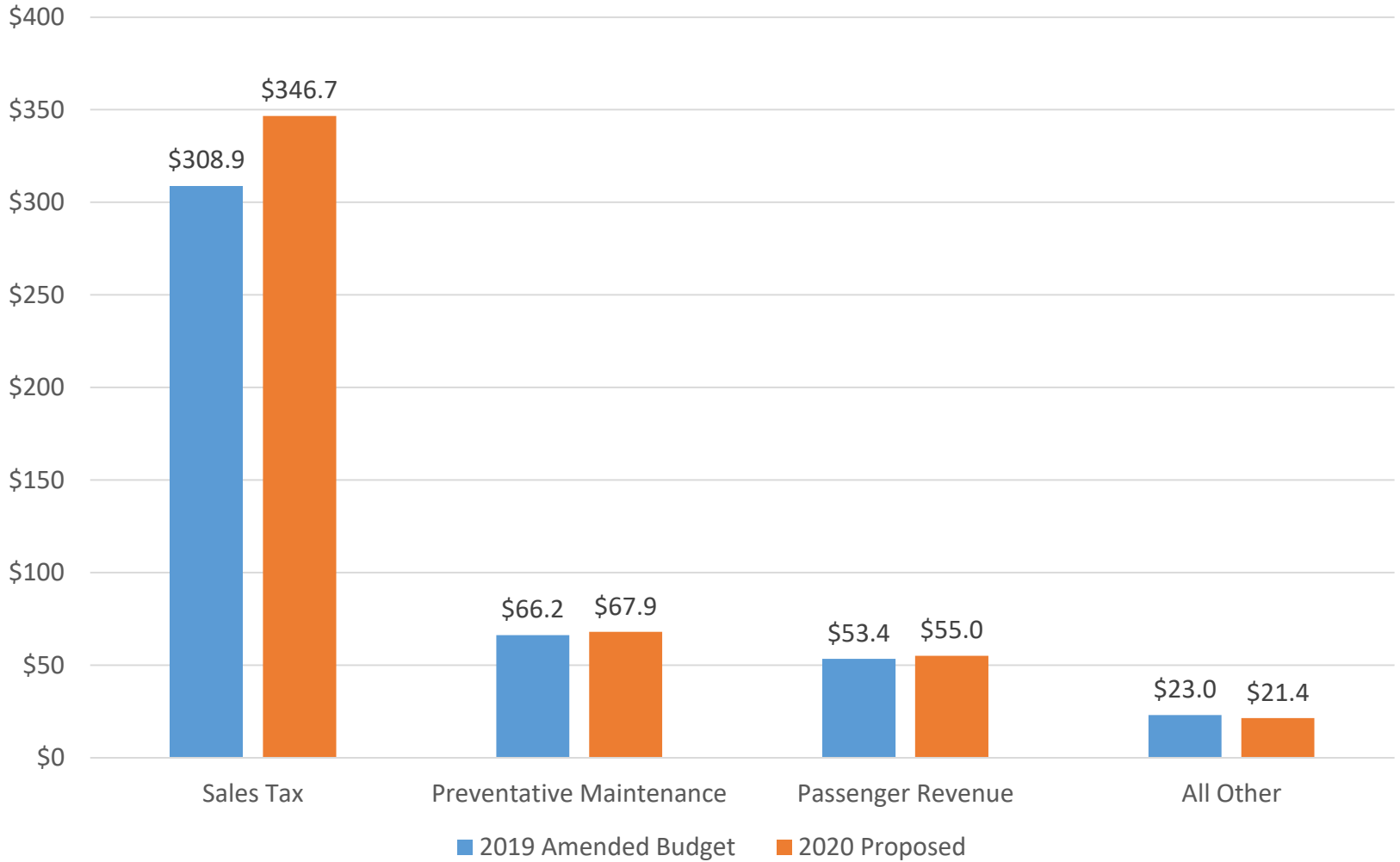
Other includes:

- Investment Income - \$7.8M
- Salt Lake City - \$4.3M
- UDOT Sales Tax - \$2.7M
- Advertising - \$2.5M
- Property Fees & Other - \$2.0M
- Grants - \$1.1M
- Salt Lake County - 0.5M
- TOD revenues - \$0.5M



Operating Revenue

Millions



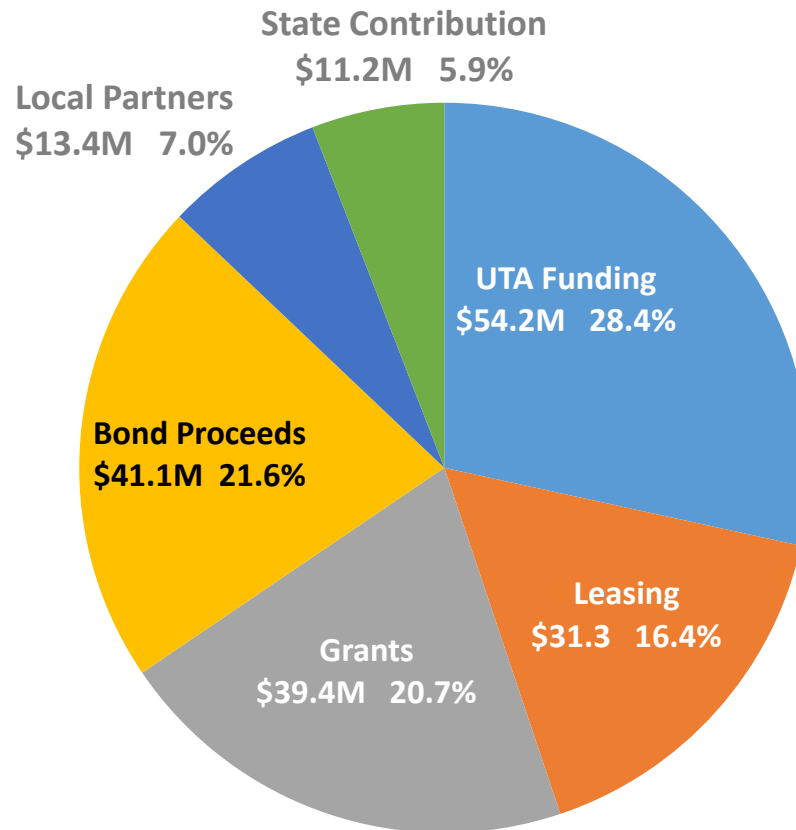
FTE Summary

| | 2019 Budget | 2019 Amended* | 2020 Proposed | Change |
|----------------------------|----------------|------------------|------------------|--------|
| Operations | 2,206.4 | 2,252.7 | 2,252.7 | 0.0 |
| Service Development | 45.5 | 44.5 | 45.5 | 1.0 |
| Finance | 102.5 | 104.5 | 104.5 | 0.0 |
| People Office | 67.5 | 74.7 | 74.7 | 0.0 |
| Communications & Marketing | 62.0 | 69.0 | 69.0 | 0.0 |
| Executive Director | 130.0 | 128.0 | 130.0 | 2.0 |
| Board | 14.0 | 14.0 | 14.0 | 0.0 |
| Total | 2,627.9 | 2,687.4 | 2,690.4 | 3.0 |

* Budget amendments and organizational changes

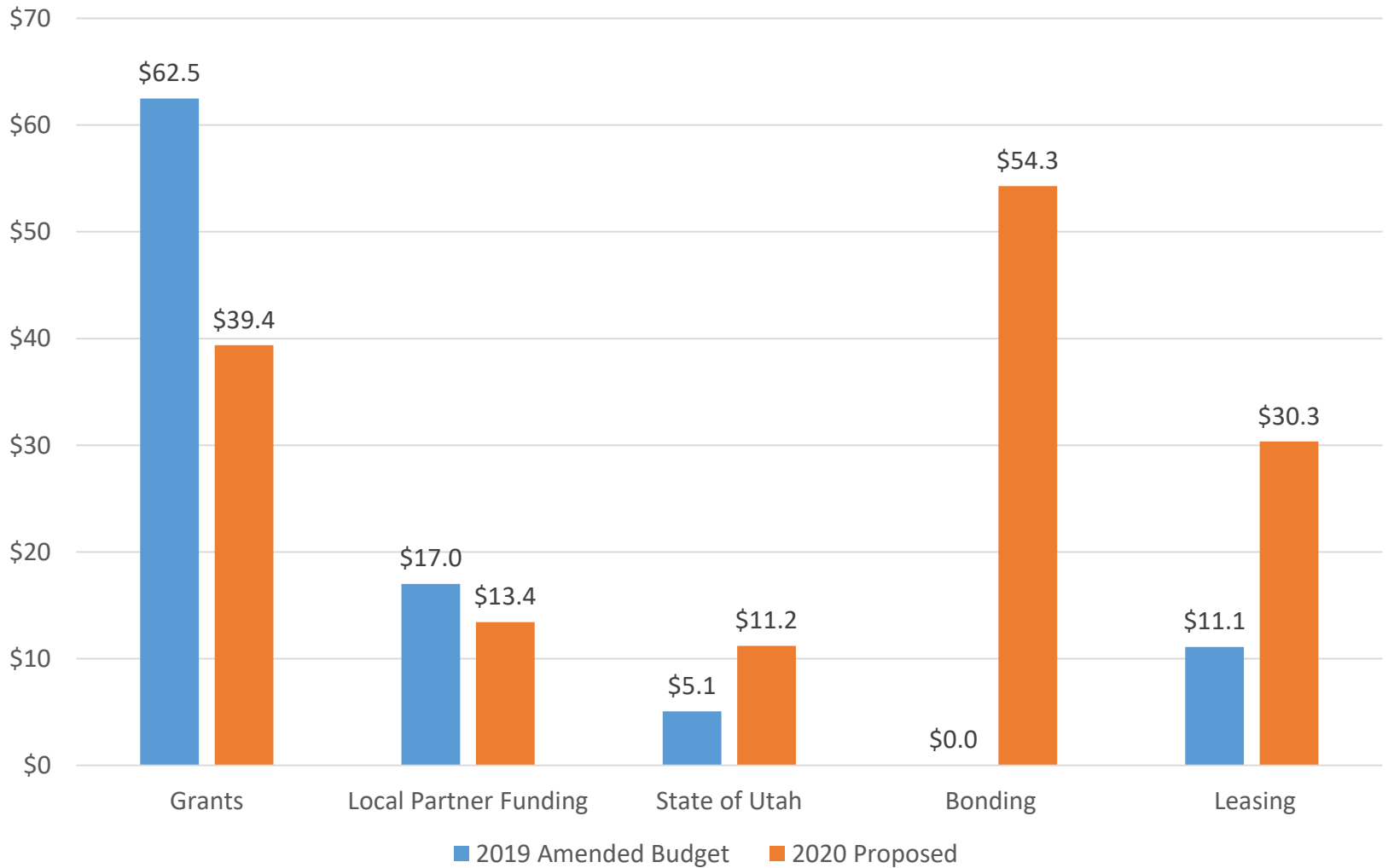


2020 Proposed Capital Revenues: \$190.5M



Capital Revenue

Millions

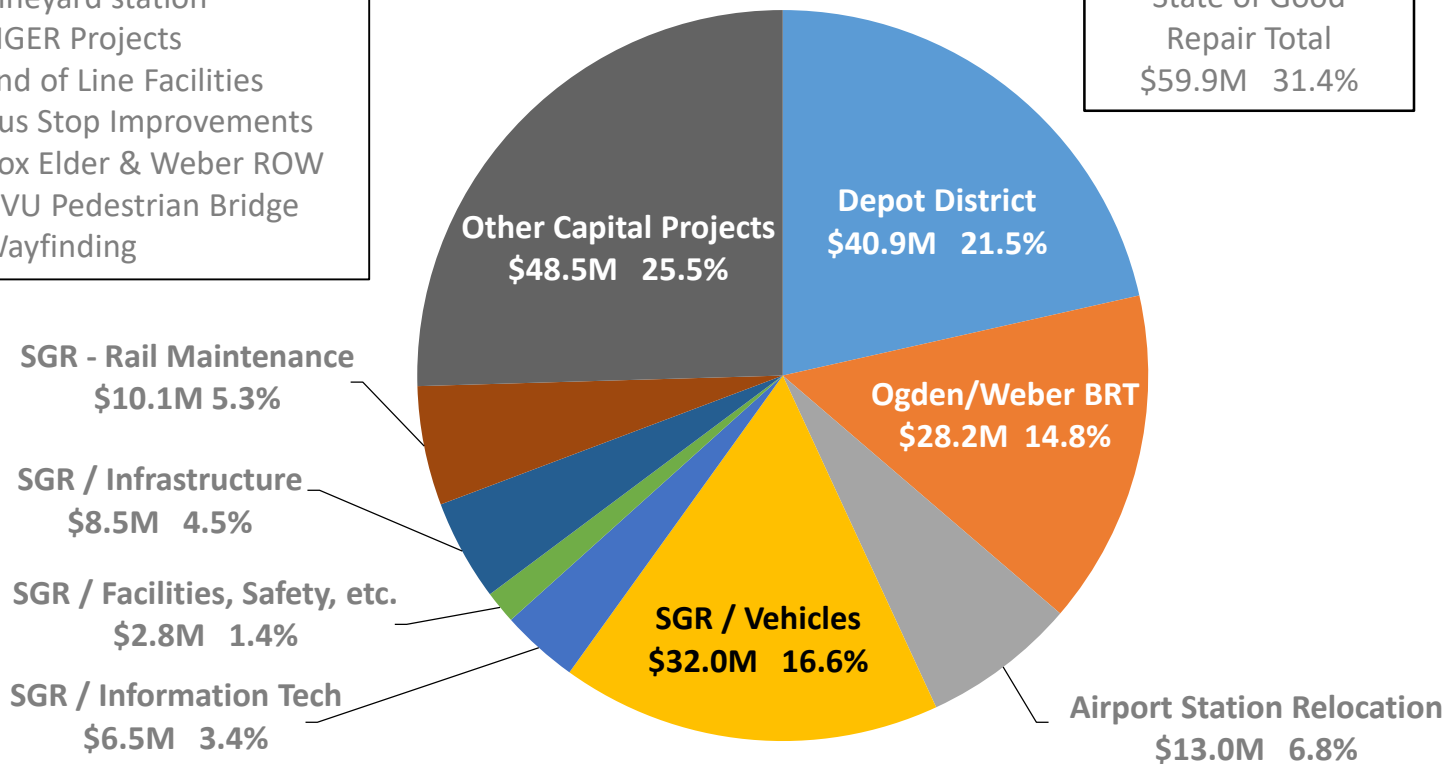


2020 Proposed Capital Expenses: \$190.5M

Other Capital includes:

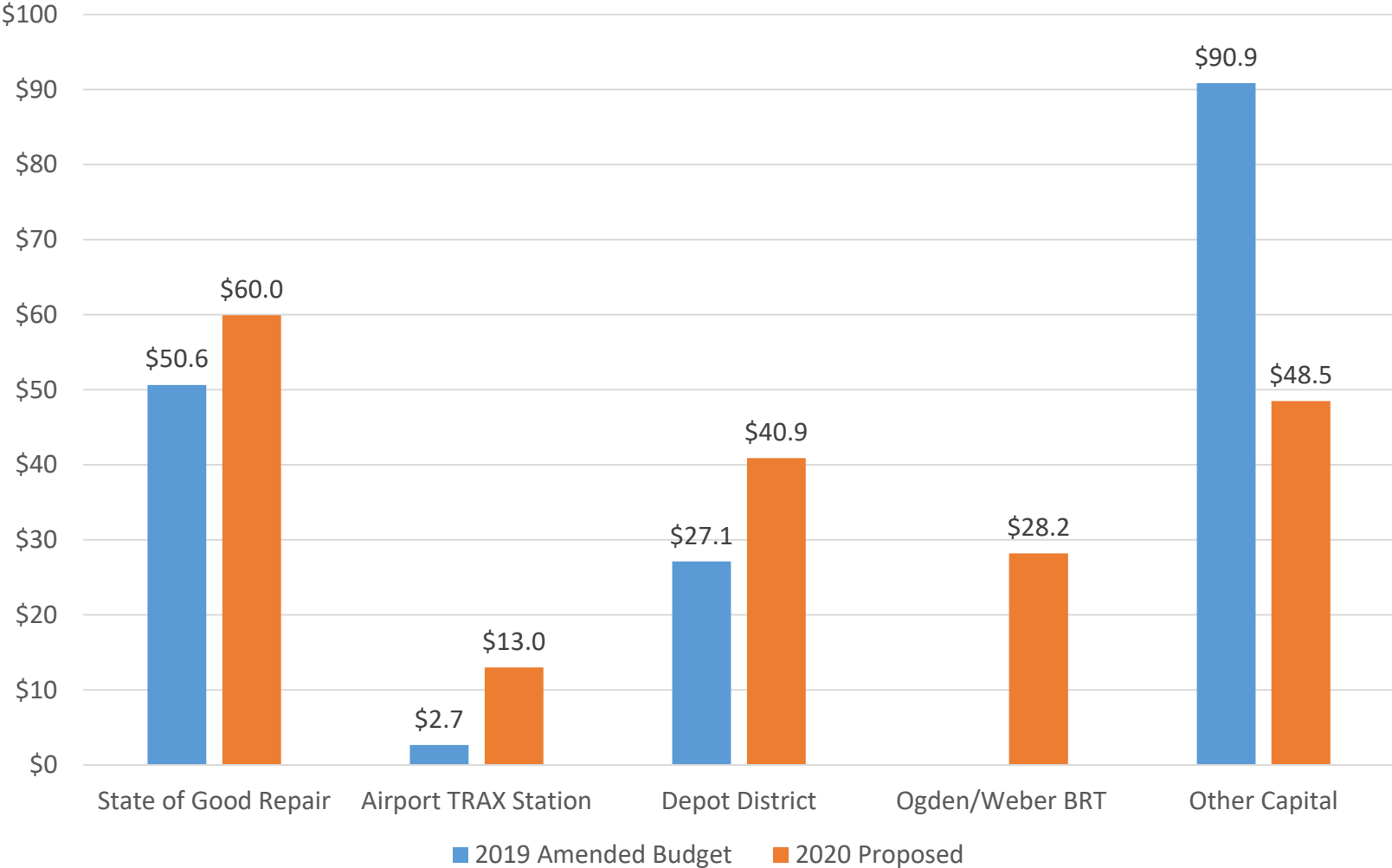
- Vineyard station
- TIGER Projects
- End of Line Facilities
- Bus Stop Improvements
- Box Elder & Weber ROW
- UVU Pedestrian Bridge
- Wayfinding

State of Good
Repair Total
\$59.9M 31.4%



Capital Expense

Millions



Initiatives

- Strategy for Sustainable Growth and Efficiency
- Align System Improvement and Expansion with Regional Growth
- Explore Innovative Ways to Increase Mobility and Access
- Leadership Development and Workforce Succession Planning
- Service Choices Study and Service Implementation
- Continued Emphasis on the UTA Customer Experience, Safety and Security



Challenges

- Aging Infrastructure
- Workforce Retention and Reliability
- Increasing Need for Resources

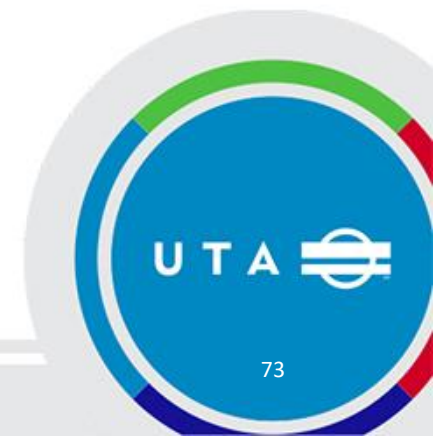


Next Steps

- **October 23, 2019**
 - Tentative Budget presented to Board of Trustees
- **October 30, 2019**
 - Board of Trustees approves Tentative Budget and sets Public Hearing
- **November 20, 2019**
 - Tentative Budget presented to Local Advisory Council
- **December 11, 2019**
 - Final Budget Presented to Board of Trustees
- **December 18, 2019**
 - Board of Trustees approves Final Budget



Trustee Compensation Review



Other Business

- a. Next Meeting: Wednesday, November 20, 2019 at 1:00 p.m.



Adjourn

