



Finance and Operations Committee Minutes
March 11, 2015

Attending Committee Members: Jeff Hawker Larry Ellertson Chris Sloan

Missing Committee Members: Greg Hughes

Other Board Members Present: H. David Burton Robert McKinley Dannie McConkie

Attending Staff: Michael Allegra Robert Biles Jerry Benson Lorin Simpson
 Steve Meyer Matt Sibul Clair Fiet Rebecca Cruz
 Cathie Griffiths Erika Shubin Jacob Splan Brad Armstrong
 Jim Bean Remi Barron Chad Saley Stan DeJong

Visitors: No visitors were present.

Committee Chair Jeff Hawker opened the meeting at 12:01 p.m. and appointed all visiting trustees as voting committee members for the meeting.

Safety First Minute

Chair Hawker yielded the floor to Sheldon Shaw, UTA Safety Manager, for a brief safety message.

Review of December and January Performance Dashboards & Financial Statements

Robert Biles, UTA Chief Financial Officer, presented the December 2014 and January 2015 financials and performance dashboards, and specifically mentioned the following:

December Financials:

- Sales tax growth – There was a 12% sales tax growth in December, 2014 which brought the YTD for December up to \$214.7 million, just .6% below the goal of \$216 million
- Fare revenue growth – December YTD fare revenue of \$49 million is below the budget of \$50 million
- Operating expense – December YTD operating expenses of \$229 million is below the budget of \$235.8 million

Mr. Biles read through what the Board Goals are for 2015

January Financials:

- Sales tax revenue hasn't come in yet for January
- YTD fare revenue of \$4.1 million is above the goal of \$3.8 million
- YTD operating expenses of \$18.4 million is under the budget of \$20.9 million
- YTD IPR of \$3.69 is below the goal of \$4.01
- YTD diesel price of \$1.78 per gallon is under the budget of \$3.30 per gallon

A motion to forward the December 2014 and January 2015 performance dashboards and financial statements to the board was made by Trustee Larry Ellertson and seconded by Trustee Chris Sloan. The motion carried by unanimous vote.

Capital Lease Parameters Resolution

Chair Hawker indicated that the Executive Committee requested this resolution be returned to the

March 11, 2015

committee for a long-term perspective on the leasing program and further discussion. Mr. Biles presented and covered:

- Recession effect on revenues
 - Sales tax went down between 2008 and 2009 by 17%
 - The difference between the 2008 sales tax growth projections going forward vs. what has actually taken place is a difference of approximately \$90 per year. The total amount of difference is approximately \$400 million.
- Actions taken due to the recession
 - Reduction in workforce of 100 positions (35 people)
 - Reduced service by 6%
 - Evaluate and implement capital and financing efficiencies
 - 2015 Capital Program
 - Proceed with the 2015 Frontline project
 - Seek innovative opportunities with construction firms – saved \$300 million
 - Financing
 - Use variable rate bond financing – saved over \$58 million compared to fixed rate financing
 - Use lease financing – revenue service vehicles from 2015 through 2024
 - Maintain strong financial reserves
- Estimated revenue service vehicle replacements 2015 through 2024
 - Using preventative maintenance to extend the life of the vehicles
 - Purchasing replacement vehicles each year (with the exception of no buses being purchased in 2016)
- Estimated replacement costs for revenue service vehicles by year between 2015 to 2024 ranges from \$7.2 million to \$34.8 million
- Long-term financial projections showing bus leasing vs. purchasing
- Parameters Resolution
 - Amount not to exceed \$11 million
 - Rate not to exceed 3.6%
 - Maturities not to exceed 12 years (Buses – 12 years, Paratransit vans – 5 years, Rideshare vans – 4 years)
- Next Steps
 - Board consideration of parameters resolution
 - Staff issues RFP for lease in June or July

A motion to forward the resolution to the board was made by Trustee Sloan and seconded by Trustee Robert McKinley. The motion carried by unanimous vote.

Trustee Ellertson requested that information on scenarios for applying savings from the bond refunding sale be given at the next committee meeting.

Transfer of Rolling Stock Resolution

Steve Meyer, UTA Chief Development Officer, distributed a document titled "Optima Transfer Fact Sheet" and summarized the resolution which will allow a grantee-to-grantee transfer of ten Optima buses from UTA's fleet to three transit agencies in Idaho.

- There will be a transfer of 10 buses (all Optima)
 - Optima buses are UTA's most expensive bus to maintain and operate
 - Cost per mile is 76% higher for Optima buses than the average Salt Lake Business Unit bus (approximately \$100,000 per year)

March 11, 2015

- Optima buses have four times as many road calls as other buses in the system
- UTA will save money by transferring the Optimas and using older buses that are in reserve
- Because of limited seating capacity, Optima buses cannot be interlined with busier routes
- Optima parts are difficult to obtain
- Optima buses are not needed for expansion of service
- Because grant monies were received by the FTA to purchase the Optima buses; if UTA were to sell them instead of doing a grantee-to-grantee transfer, UTA would have to reimburse the FTA for the unused value (approximately \$100,000 per bus). Therefore, it would cost UTA more money to sell them than to transfer them
- Transferring the buses will have no impact on UTA's 20% spare ratio

A motion to forward the resolution to include the addition of how the transfer affects UTA's ability to provide expanded service to the board was made by Trustee Sloan and seconded by Trustee Ellertson. The motion carried by unanimous vote.

Trustee Burton left the meeting at 12:55 p.m.

Annual Compliance Safety Report

Mr. Shaw presented a review of safety and security in 2014, specifically mentioning the following:

- There were four audits (FRA and FTA), all completed with no findings
- Bus, TRAX, and FrontRunner incidents were all below goal
- 88 safety committee meetings were held
- 117 safety inspections and reviews took place
- 730 rides/observations were conducted by the safety staff
- 1,434 interviews were completed
- UTA corporate closed hazards have substantially increased over the last few years from below 20 to over 130
- There were no fatality accidents in 2014, all deaths were a result of suicide
- TRAX National Transit Database major accidents reduced 50% from 2012 (24) to 2014 (12)
- Total bus accidents have remained close to the same amount, but avoidable accidents have declined
- UTA exceeded the required amount of FTA and FRA random drug and alcohol tests to be conducted
- The number of dispatched police calls and arrests have gone up (the majority being crimes against persons)
- Both internal and external emergency preparedness exercises were conducted
- UTA received the Transit Security Grant Program award in 2014

Approve February 11, 2015 Meeting Report

A motion to approve the February 11, 2015 meeting report was made by Trustee Ellertson and seconded by Trustee Sloan. The motion carried by unanimous vote.

Audit Report

Jim Bean, UTA Senior Contract Auditor, distributed a document titled "Auditor Time Budget for 2015" and gave an update on internal audit activities.

March 11, 2015

CNG Update

Jacob Splan, UTA Engineering and Construction Planner, distributed pictures of current construction on UTA's Depot District Fueling Facility and gave a brief update on the authority's compressed natural gas (CNG) program.

WiFi Status Report

Clair Fiet, UTA Chief Technology Officer, delivered a presentation on short-term enhancements to the authority's WiFi system.

- An RFP was sent out in October, 2014. Received 15 proposals in December, 2014 (all for \$4.5 to \$6 million to do a complete system)
- Checked customer references and reviewed technical approaches
- Reduced list to top 5 vendors in January, 2015
- Opened pricing for top 5 vendors
- All vendors were over budget in providing a 100% technical solution
- Technical approaches were cutting edge technologies not fully proven
- Selection committee chose one of the vendors to do a scaled down proven technology approach to meet our budget limitations
- Re-examine technologies as they mature in the future
- Next steps: Vendor presentation and contract negotiations

April Change Day Summary and Hearing Report

Jerry Benson, UTA Chief Operating Officer, presented proposed system changes for the April 2015 change day. Chad Saley, UTA Public Relations Supervisor, distributed a document titled "2015 April Change Day Public Comment Report".

- Proposed changes:
 - TRAX – Adjusted run-times on the Red, Green, and S lines to improve reliability
 - FrontRunner - Cut first morning train from SLC to Ogden. Added one evening trip at 22:55 2255 from SLC to Ogden
 - Ogden – Realign routes 664 and 665 so it services the Layton station instead of the Clearfield FrontRunner station. Route 667 (the Lagoon shuttle) will be renamed to the "Lagoon / Station Park" shuttle
 - Salt Lake – Adjusting schedules to meet with changes to rail schedules and the ski and Park City service will go to the summer schedule
 - Timpanogos – Routes 832 and 835 will be discontinued due to the free BYU shuttle and low ridership. Route 850 will change to 15 minute frequency weekdays during and in between the peaks
 - Special Services – Route F868 will be discontinued. Schedules will be adjusted to meet new train schedule
- Public Hearings:
 - Davis County hearing had one attendee and received nine comments.
 - Salt Lake County hearing had no attendees and received no formal comments. However, the service planner for the route proposed to be changed, spent time on the bus and at the FrontRunner station discussing the changes with the riders. Those spoken with were happy with the alternatives available.

March 11, 2015

- Utah County drew 12 people and three comments were received.
- Comments: The comments varied by county and ranged from individuals wanting more service to the Provo temple to both support and opposition from individuals currently using FrontRunner and buses to access Hill Air Force Base. Those traveling from the south tended to favor the change to Layton while those travelling from the north preferred keeping the buses at Clearfield.

Non-Conformities Identified in External, Legislative, Safety, or FTA Audits Compliance Report

Mr. Benson delivered a presentation which covered:

- UTA has multiple internal and external audits each year
 - Annual financial audit (required under the Transit District Act)
 - ISO 9001 (QPMS - Quality), ISO 14001 (EMS - Environmental) and OHSAS 18001 (SMS - Safety) Management System Audits
 - FTA Triennial Audit - happens every three years
 - FTA Subject Audits - procurement, drug testing, etc.
 - FRA Waiver Petition Audit – done to determine what parts of the system are covered under FRA, and what are not
 - UDOT State Safety Oversight Audit – covers/has jurisdiction over the areas the FRA does not
- Mr. Benson proposed the audit reviews in 2015 be on the following:
 - ISO 9001, 14001, 18001 internal audits
 - FTA drug and alcohol program audit
 - 2014 financial and legislative audits
 - UDOT state safety oversight audit
- Today, Mr. Benson gave updates on the following:
 - 2014 ISO 9001, 14001, 18001 Internal Audit (employees are trained to be auditors and then help perform the audits in other areas than the one they work in)
 - Audits were conducted in October and November of 2014.
 - The auditors found the Management Systems are effectively implemented and maintained. Multiple examples of continuous improvement and commitment by management and employees was presented and observed.
 - Many process owners of controlled processes do not have access to the intranet to update and meet the document control requirement for ISO.
 - The use of the NCR/CAR process to investigate, resolve issues of non-compliance or when objectives are not met, as defined by the process record, needs to continue to be strengthened throughout the organization.
 - 4 nonconformities (3 incomplete or obsolete documents and 1 late change in the service plan to HAFB)
 - 2014 FTA Drug and Alcohol Audit
 - Tory Bair, UTA Drug and Alcohol Administrator, previously presented information to the Board of Trustees with recommended changes to the UTA Board policy. As a result, the Trustees are already familiar with the audit/findings.

March 11, 2015

- Refresher training was given to supervisors.
- UTA's contractor United Way Community Services/Utah Valley Paratransit made changes to its drug and alcohol policy and procedures to comply with current FTA regulations.
- UTA received a letter from the FTA in December stating UTA is now fully compliant.
- 2013 FTA Triennial Review – Impact of mandated changes to Paratransit procedures
 - Wheelchair dimensions (length, width, and weight requirement) – no significant impact
 - No Show Policy
 - The FTA stated UTA needed to have a No Show Policy, which allows a rider to cancel with only 2 hours' notice. This has had a negative impact on UTA.
 - June 1-December 31, 2013, there were 948 no-shows at a cost of \$26,098
 - For the same period in 2014, there were 8,448 (\$232,573) rides cancelled.
 - Riders have taken advantage of this change, and are not giving us more than 2 hour notice (previously by midnight day before service) when cancelling their ride which in turn does not give us the opportunity to utilize our driver resources as were used in the past.

Operations Business Update

The operations business update consisted of a walking tour of UTA's Central Garage which took place following adjournment of the meeting.

Liaison, Conference and External Committee Reports

Matt Sibul, UTA Chief Planning Officer, spoke about Riverton City Mayor Applegarth's participation in the recent APTA Mayors' Transportation Roundtable.

Input for April Committee Meeting Agenda

- Trustee Ellertson requested a presentation on UTA's five-year service plan.

Adjourn

The meeting was adjourned at 1:35 p.m. by motion.

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