



## **Finance and Operations Committee Minutes** **February 11, 2015**

Attending Committee Members:	Jeff Hawker	Larry Ellertson	Chris Sloan	
Missing Committee Members:	Greg Hughes			
Other Board Members:	Dannie McConkie	Robert McKinley	H. David Burton	Robert Hunter
Attending Staff:	Jerry Benson	Bob Biles	Dave Goeres	Paul Edwards
	David Kallas	Mike Allegra	Alan Maughan	Rebecca Cruz
	Andrea Packer	Brad Armstrong	Richard Swenson	Matt Sibul
	Bruce Jones	Ruth Hawe	Clair Fiet	Steve Hampton
	Chad Saley	Mary DeLoretto	Cathie Griffiths	
Visitors:	Jason Lee (Deseret News)			

---

Committee Chair, Jeff Hawker opened the meeting. Trustee Greg Hughes has been excused and Trustees Robert McKinley, Dannie McConkie and H. David Burton have been appointed as voting Committee members for this meeting.

### **Safety First Minute**

UTA Chief Safety Officer, Dave Goeres presented the safety message for the month of February – *"Be Safe For the ones that Love U."* Mr. Goeres went on to say:

- Over the next couple of weeks, construction will be going on along the east fence line of FLHQ while Questar is installing a pressurized gas line for the new on-site CNG fueling facility.
- The new Amber alert system was dispatched to UTA's bus operators last week when an abduction of a young child took place in Salt Lake City.

### **Review of December Performance Dashboard & Financial Statements**

UTA Chief Financial Officer, Bob Biles presented the December financials and performance dashboards specifically mentioning the following:

- Board Goals:
  - Ridership is 2.17% higher (over one million riders) than the same period in 2013; but below the 2014 goal of 4.0% growth over 2013.
  - Federal funds for the Provo/Orem BRT were not received in 2014 but are hoped for for 2015.
  - IPR – Final numbers will be in next month; but preliminary information indicates that UTA may be able to meet this goal.
  - Gas line construction for the on-site CNG fueling facility is now underway. Completion for the new facility is scheduled for April 2015.
  - UTA successfully executed Exclusive Negotiation Agreements for two TOD projects (Salt Lake and Ogden IMC's) in 2014 and is in final negotiations on six more.
  - All other 2014 board goals were accomplished.
- Financials:
  - YTD Sales Taxes of \$191.3 million is below the budget of \$193.5 million.
  - YTD Fare Revenue of \$49 million is below the budget of \$50 million.
  - YTD Operating Expenses of \$228 million is below the budget of \$235.8 million.

February 11, 2015

- YTD IPR of \$3.97 is below the goal of \$3.99.
- YTD Diesel price of \$3.10 per gallon is under the budget of \$3.40 per gallon.

Trustee Robert McKinley made a motion to forward the December, 2014 dashboard and financial statements to the Board for approval. Trustee Larry Ellertson seconded the motion. Voting was unanimous.

### **Capital Lease Parameters Resolution**

Mr. Biles presented a Vehicle and Equipment Leasing Update

- 2015 Capital Leasing
  - Total Cost is \$17.1 million (\$6.2 million will come from grants).
  - UTA's lease payment for 2015 is expected to be \$642,000

Trustee Ellertson said he'd like to see some comparisons of cost analysis, etc. Mr. Biles stated he will bring it to the next Board meeting.

- Leasing Terms
  - Non-negotiable terms:
    - Annual funding clause
    - Monthly payments in arrears
    - UTA will have the titles to the vehicles
- Resolution Parameters
  - Equipment and vehicles
    - CNG buses - 23
    - Paratransit vans - 27
    - Rideshare vans – 50
    - Approximately \$2 million in technology (cameras, etc.)
  - Amount not to exceed \$11 million
  - Lease rate not to exceed 3.6%
  - Maturity dates not to exceed 12 years
    - Buses – 12 years
    - Paratransit vans – 5 years
    - Rideshare vans – 4 years
- Next Steps
  - Forward the parameters resolution to the full Board for consideration
  - Staff bids lease rate (an RFP will be completed in June or July)
    - If rate is within the parameters UTA can move forward with the contracts
    - Bid results will be reported back to the Finance and Operations Committee in July or August.

Trustee McKinley made a motion to forward the Capital Lease Parameters Resolution to the Board for approval. Trustee Ellertson seconded the motion. Voting was unanimous.

### **Approve January 14, 2015 Meeting Report**

Trustee Chris Sloan made a motion to approve the Committee Meeting Report for January 14, 2015. Trustee Ellertson seconded the motion. Voting was unanimous.

February 11, 2015

## **Legislative Update**

UTA General Counsel, Bruce Jones mentioned the following:

- Some of the issues that are being discussed include:
  - Transportation funding. The Senate appears to be receptive to an increase to the gas tax but the House to date is not.
    - The gas tax is not an asset or source of funds to UTA, it's for roads – 70% to the state and 30% to the cities and counties
    - There are two potential component changes to the gas tax:
      - A potential increase
      - Conversion of some of the gas tax to an excise tax or percentage
  - .25 cent new sales tax that will be split between roads and transit. The House is receptive to the idea, the Senate to date is not. Some of the issues/concerns are:
    - A .25 cent increase divided out between the cities, counties and transit is insufficient
    - Expectations would be high but the amount of funding would be low
    - The Legislature needs to decide whether the .25 cent tax will be imposed or voted upon. Per Mr. Jones, stated that it being on a county ballot would be better than it being on a city ballot
- A few of the other bills being discussed this legislative session that Mr. Jones mentioned are about education, human resources, GRAMA requests (the appeal process) and mobility for the disabled community.

## **State of Good Repair Update**

UTA Sr. Program Manager, Paul Edwards presented the Asset Management System Process Update

- Mr. Edwards shared the following quote made about UTA at the APTA General Conference in October, 2014 by Mr. Rober J. Tuccillo, Associate Administrator for Budget & Policy with the Federal Transit Administration:
  - "UTA gets it and should serve as a model to other transit agencies on utilization of TERM (Transit Economic Resource Model) Lite and development of Asset Management"
    - TERM Lite has 600 assets most commonly used by all transit agencies. UTA used this to develop its asset deterioration and performance information.
- Achieving Balance – Having an integrated and comprehensive asset management system will provide the basis for UTA to find the balance between expansion and maintaining a State of Good Repair as the company continues to grow.
- There are four methods used for evaluating SOGR and Asset Management:
  1. Age based (develop an inventory) – Assets should be scheduled for replacement beyond a certain maximum age. UTA is currently tracking approximately 20,000 assets.
  2. Condition based – Assets should be replaced once inspections identify deteriorated conditions.
  3. Performance based (for things that look the same on day one as it does on the date of fail) – Assets should be replaced when their deteriorated condition reduces speed or reliability.
  4. Comprehensive assessment– Combines age, condition inspections, performance data, and maintenance history. This is the most accurate way of projecting long term what costs will be and moves the company toward a more predictive model than a reactive model.
    - UTA's approach is if it takes care of the equipment it has and does the proper maintenance at the proper time, it minimizes the cost of operating long term.

February 11, 2015

- 2014 System Work Completed
  - Replaced 10 grade crossings
    - Mr. Edwards showed a time lapsed video clip of the replacement of the 3300 South Grade Crossing which took 60 hours to complete but was able to be done without interrupting service.
  - Replaced the tactile on 13 TRAX stations, all of University and Med Center line stations and 5 North South Stations in the downtown core
  - With Questar, managed Stray Current Mitigation resulting in a 43% reduction to Questar Gas "A" list of issue areas
  - Removed and replaced fouled ballast at 7 grade crossings
  - Corrected switching issues at Tesoro crossing
- 2014 Asset Management Team Accomplishments
  - Completed yearly inspections of 82 Structures and Culverts
  - Inspected all platforms and grade crossings and applied condition rating in TAM (Transit Asset Management) system
  - Stray Current Mitigation
  - Presented Final Grant Report to FTA
  - Implemented and tested phase 1 of RFID (Radio Frequency Identification) Project
    - UTA is tagging 23 major components on each S70 vehicle so when a train passes a portal location, it tells what parts are on each vehicle and provides real time information
    - This will done on the other vehicles and buses as well
  - On track to meet anticipated FTA requirements for TAM System

### **Closed Session**

Trustee McKinley made a motion to go into closed session at 12:52 pm. Trustee Ellertson seconded the motion. Voting was unanimous.

### **Other Business**

Committee Chair, Hawker mentioned the following:

- Mr. Benson suggested a mini fieldtrip next month
  - Mr. Benson explained one of the items the Trustees identified to be put on the agenda for this committee is periodic reporting of UTA's Operations (service modes, departments, etc.). Mr. Benson went on to suggest instead of having someone do a PowerPoint presentation next month, that the Committee take a mini fieldtrip and spend approximately 30 minutes in the Central Bus Operations area.
    - Mr. Benson would like to show the Trustees some of the work and process improvements they have made in the maintenance shop to reduce costs and increase reliability stating a lot of the ideas came from employee generated input.
  - The Trustees expressed a desire to participate
- UTA Board Chair, H. David Burton would like there to be a functioning Audit Committee and is asking the other Trustees to share their opinion/thoughts on the matter with either him, Vice Chair Chris Bleak, or Committee Chair Hawker.

### **Input for March Committee Meeting Agenda**

- Tour of Central
- 2014 Year-end report

February 11, 2015

- Safety and security annual report
- Audit Committee discussion

**Adjourn**

Trustee Ellertson made a motion to adjourn this meeting at 1:18 pm; Trustee McKinley seconded the motion. Meeting adjourned.

Report Transcribed by:

Aj Anderson, Sr. Office Specialist

Office of the Chief Operating Officer

E-mail: [aanderson@rideuta.com](mailto:aanderson@rideuta.com)

Telephone: (801) 287-2309