

# UTA Board of Trustees Meeting

April 8, 2020



# Call to Order and Opening Remarks





# Safety First Minute



# 15 Days to Slow the Spread

If you are experiencing symptoms of covid

- cough
- fever
- shortness of breath



Call your doctor right away.

Frequently wash hands for 20 seconds.



UTA   
SAFETY & SECURITY

APRIL 2020



**R2020-04-01**

**Resolution Authorizing Electronic Meetings for the  
Duration of the Governor's Executive Order 2020-01**



# **Recommended Action (by roll call)**

Motion to approve R2020-04-01

Resolution Authorizing Electronic Meetings for the Duration of the Governor's  
Executive Order 2020-01



# Consent Agenda

- a. Approval of March 25, 2020 Board Meeting Minutes
- b. Approval of March 27, 2020 Board Meeting Minutes





# Recommended Action (by acclamation)

Motion to approve



# Agency Report

- a. Service Modification Outreach
- b. Ridership Update
- c. Communication on COVID-19



# Financial Report – February 2020

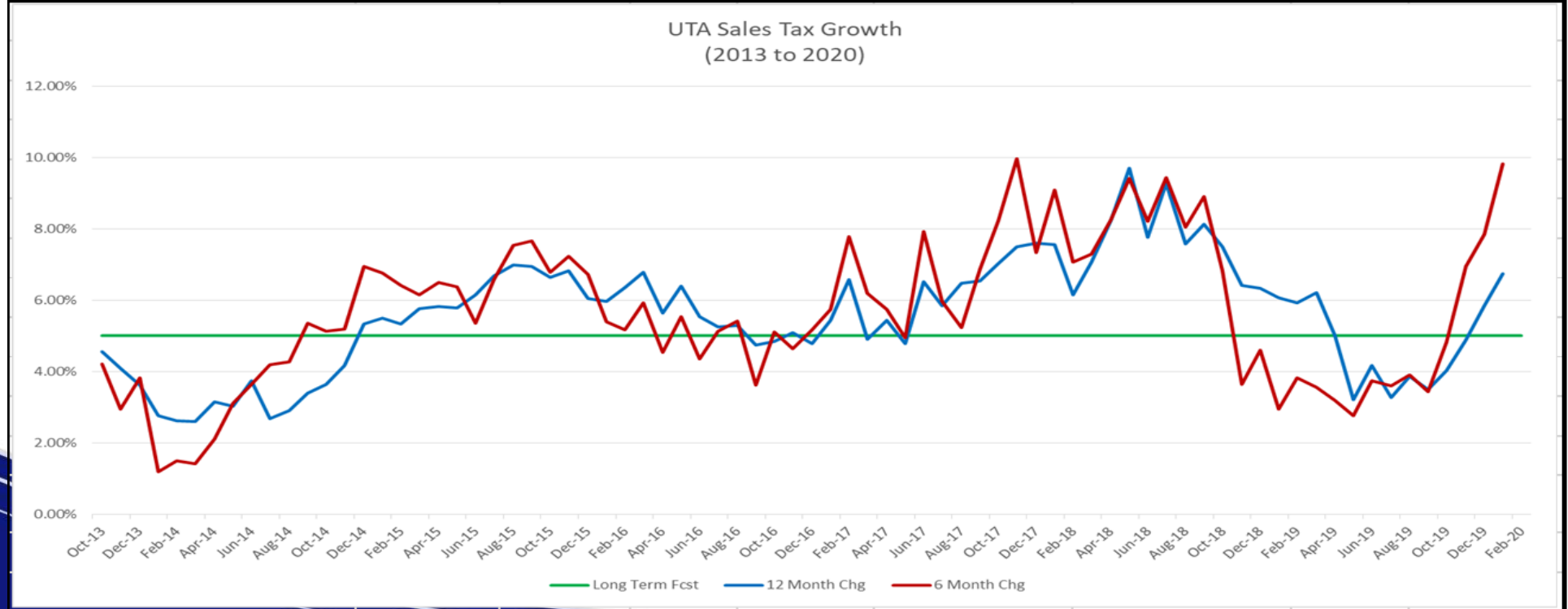


# Monthly Financial Report

April 8, 2020

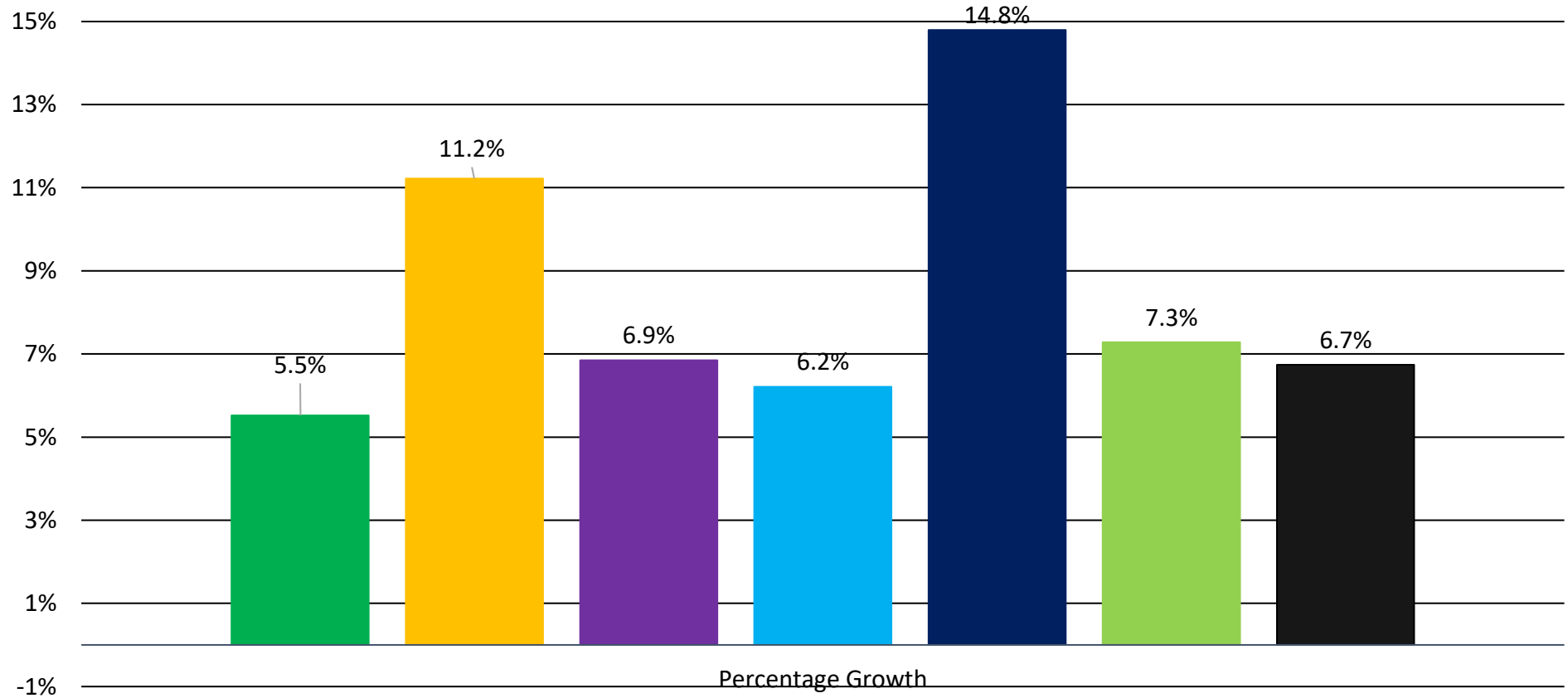
# February 2020 Dashboard

Financial Metrics	Fav/ (Unfav)				Fav/ (Unfav)			
	Feb Actual	Feb Budget		%	YTD Actual	YTD Budget		%
Sales Tax (Jan '20 mm \$)	\$ 28.5	\$ 22.9	\$ 5.60	● 24.5%	\$ 28.5	\$ 22.9	\$ 5.60	● 24.5%
Fare Revenue (mm)	\$ 4.5	\$ 4.3	\$ 0.21	● 4.9%	\$ 9.2	\$ 9.0	\$ 0.22	● 2.4%
Operating Exp (mm)	\$ 23.6	\$ 25.7	\$ 2.08	● 8.1%	\$ 48.3	\$ 52.8	\$ 4.53	● 8.6%
Subsidy Per Rider (SPR)	\$ 5.14	\$ 5.88	\$ 0.74	● 12.6%	\$ 5.17	\$ 5.88	\$ 0.71	● 12.1%
UTA Diesel Price (\$/gal)	\$ 1.86	\$ 2.50	\$ 0.64	● 25.7%	\$ 1.86	\$ 2.50	\$ 0.64	● 25.4%
Operating Metrics	Feb Actual	Feb-20	F/ (UF)	%	YTD Actual	YTD 2018	F/ (UF)	%
Ridership (mm)	3.71	3.53	0.2	● 5.0%	7.58	7.28	0.3	● 4.1%
Alternative Fuels	CNG Price (Diesel Gal Equiv)		\$ 1.13					



# Sales Tax Collections

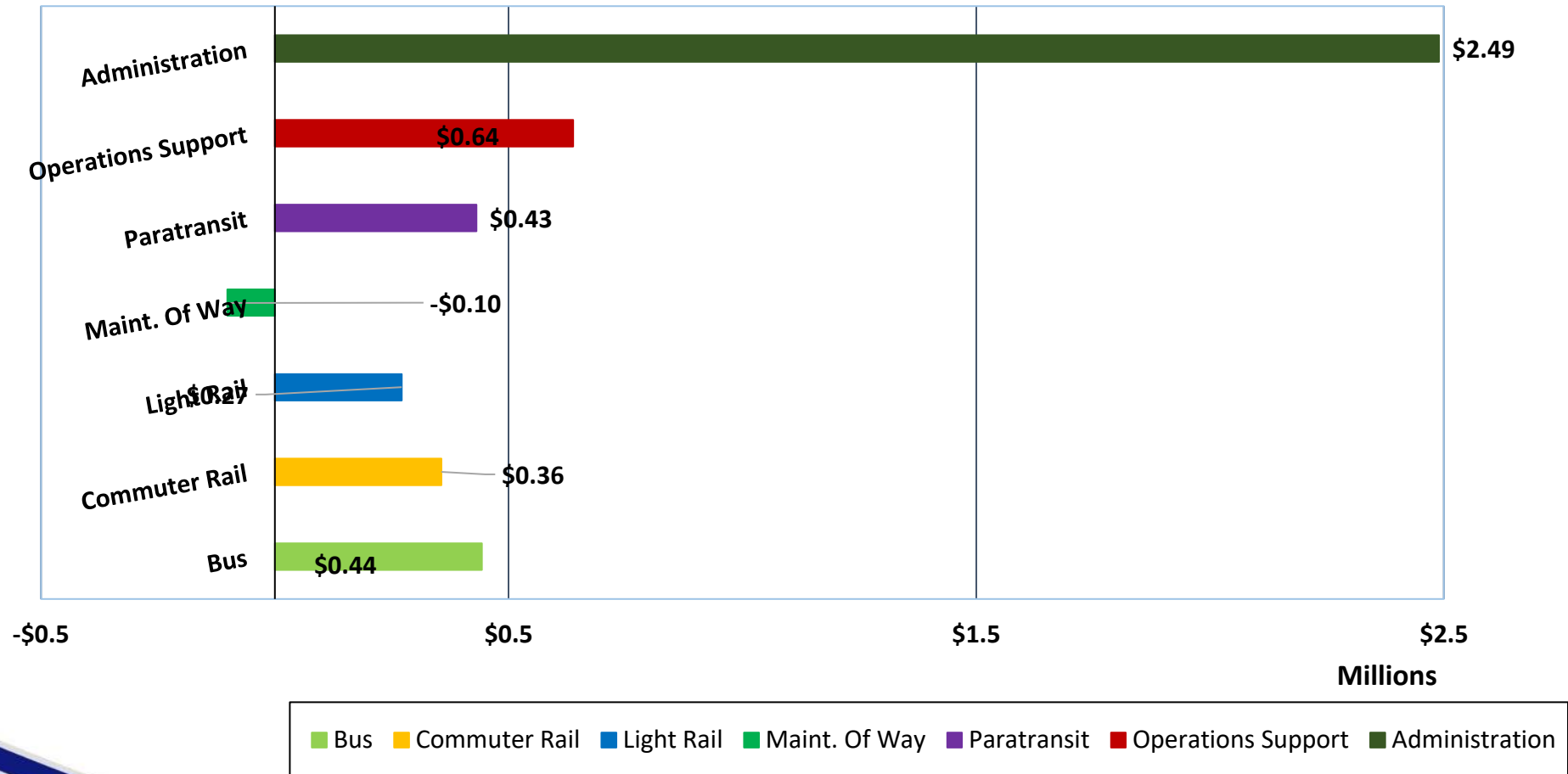
(2020 over 2019 for 12 months ended March 31)



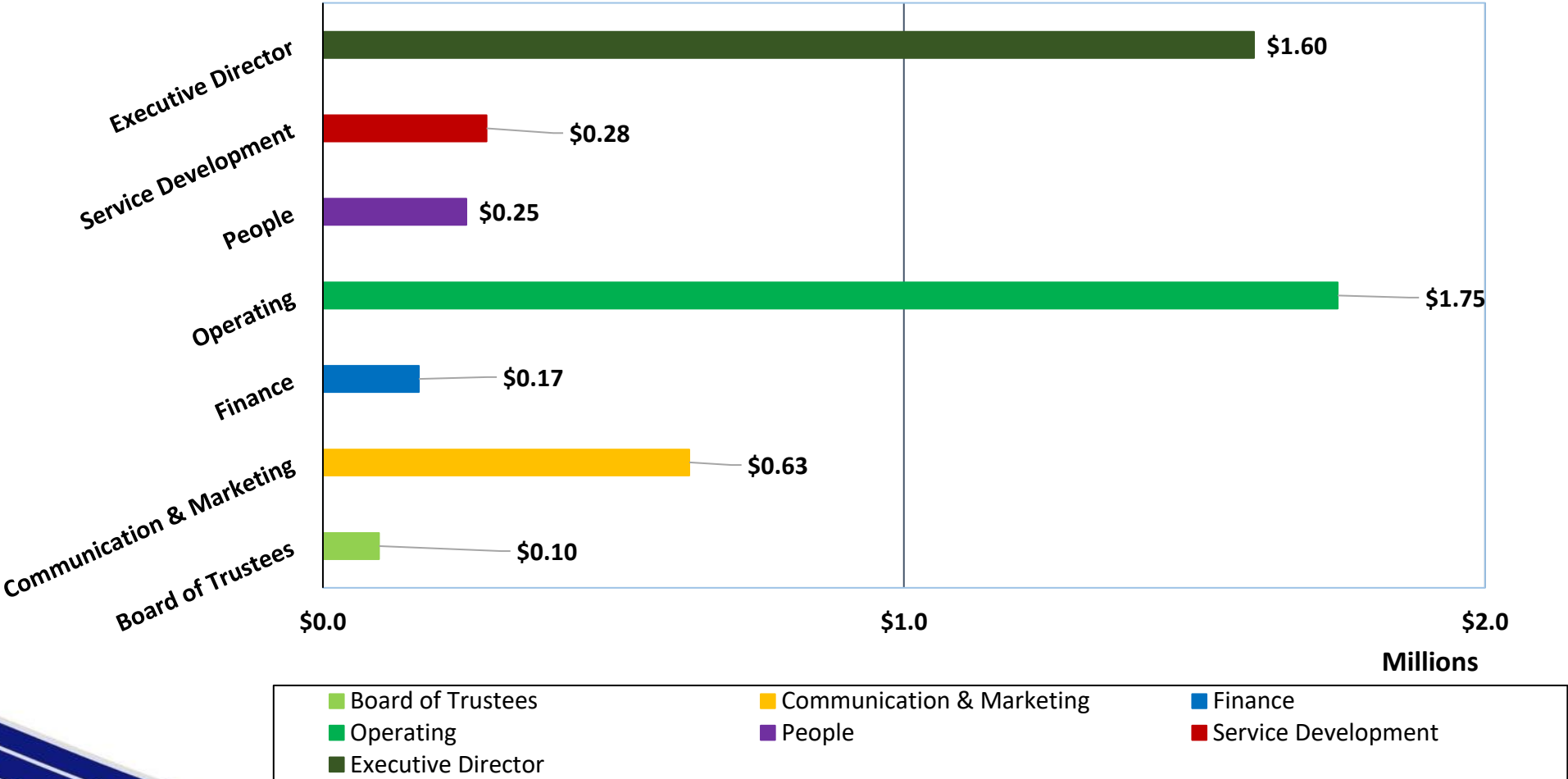
■ Salt Lake (62.5%) ■ Utah (17.9%) ■ Davis (10.0%) ■ Weber (8.2%) ■ Tooele (0.8%) ■ Box Elder (.8%) ■ Overall

# 2020 Expense Thru February 29

## Variance by Mode



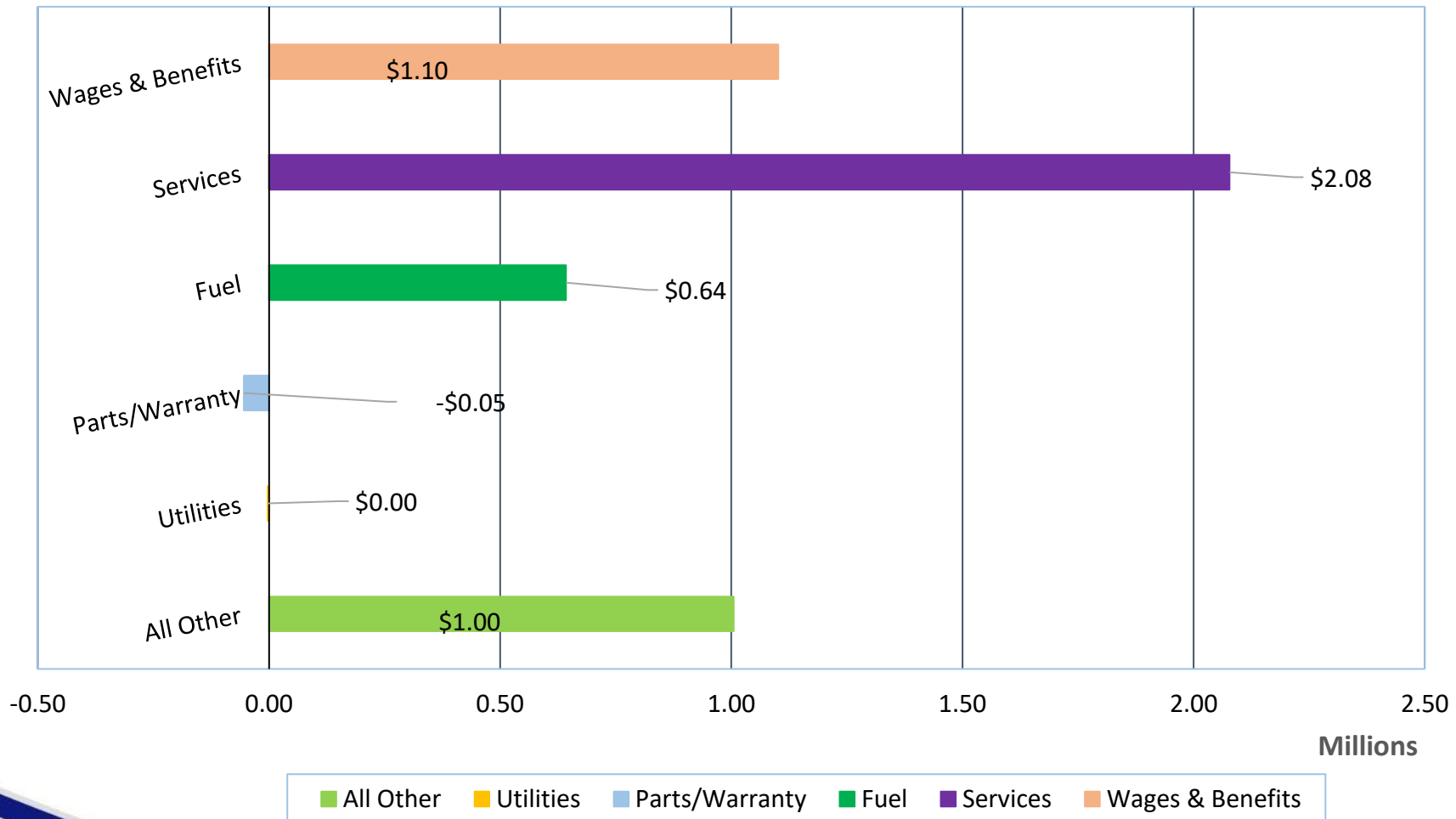
# 2020 Expense Thru February 29 Variance by Chief Officer





# 2020 Expense Thru February 29

## Variance by Type



**R2020-04-02**

**Resolution Granting Expenditure  
and Disbursement Authority**



# **Recommended Action (by roll call)**

Motion to approve R2020-04-02

Resolution Granting Expenditure and Disbursement Authority



# Bond Reserves Policy Discussion



# Reserves Discussion

April 8, 2020

# 2019 Cash Reserves Actions

- Board policy on reserves established in July 2019
  - Reduced the number of reserves to five
  - Changed minimum reserve balance for:
    - General Operating (9 1/3% to 12%) - \$38.4 million
    - Service Stabilization (5% to 3%) - \$9.6 million
  - Created a Capital Replacement reserve:
    - Goal to fund at 1% of physical assets (\$45 million)
    - Funded at \$10.7 million
- Review in 2020

# New Considerations

- November 2019 and 2020 Bond Refundings
  - Refunded 2012 bonds subject to call in 2022
- Delay in Preventative Maintenance revenues
  - Receivable grew to \$50 million before authorized to drawdown funds
  - Exceeded 2020 General Operating reserve of \$38.4 million
- Economic Impact of Covid-19

# Debt Reduction Reserve

- Anticipated use – calling 5% coupon 2012 bonds in 2022
- 2012 bonds were included in 2019 refunding
  - Next bond call date is in 2025
- Amount available for reallocation
  - December 2019 balance - \$71.3 million
  - 2020 budget amount - \$16.1 million



# Recommendations

Reallocate Debt Reduction reserve to:

- Increase General Operating to at least 18%
- Fully fund the Capital Replacement reserve

# Recommended Reserve Changes

Reserve *	Policy	12/31/20 Estimate	12/31/20 Revised
<u>Designated Balances:</u>			
General Operating	12% to 18% of budgeted operating expense	38,379,000	57,600,000
Service Stabilization	3% of budgeted operating expense	9,595,000	9,600,000
Capital Replacement	1% of physical assets	10,700,000	45,000,000
Debt Reduction	Savings from bond refundings	<u>87,418,000</u>	<u>30,000,000</u>
Total		\$146,092,000	\$142,200,000

\* Undesignated ending balance increases by \$3.892 million.

# Bond Reserve

- Current bond reserves are approximately \$115 million
  - Cash in reserves of approximately \$33.2 million
  - Sureties of approximately \$82 million
- Subordinate bonds:
  - Cash in reserves of approximately \$14 million
  - Sureties of approximately \$13 million
  - Cash reserves are reduced as bonds are paid off or refunded
- Senior bonds – 2015 bond reserve requirements (Tenth Supplement):
  - Cash in reserves of \$19.2 million
  - Sureties in excess of \$26.6 million

# Bond Reserve Options

1. Amend Tenth Supplement to increase surety amount and decrease cash amount
2. Incremental removal of cash as principal is paid:
  - 2020 - \$4.05 million (\$3.3 million now plus \$750,000 later)
  - 2021 - \$750,000 reduction
  - 2022 - \$3.17 million reduction
  - 2023 - \$3.14 million reduction
3. Maintain current cash level in bond reserve

Note – Reserves must be used for principal and interest payments or capital projects

# Recommendations

- Pursue using sureties to fulfill senior bond reserve requirement
- Use cash to make principal and interest payments

**R2020-04-03**

**Resolution Approving the Use of the Authority's Service  
Sustainability Fund in Light of the National and State  
Declarations of Emergency Regarding the Novel  
Coronavirus (COVID-19) Outbreak**



# **Recommended Action (by roll call)**

Motion to approve R2020-04-03

Resolution Approving the Use of the Authority's Service Sustainability Fund in Light of the National and State Declarations of Emergency Regarding the Novel Coronavirus (COVID-19) Outbreak



# Contracts, Disbursements, and Grants

- a. Grant Application: BUILD Grant Application for Point of the Mountain Transit Environmental Study (US Department of Transportation)
- b. Grant Application: Safety Research and Demonstration Grant – Suicide Prevention Research and Demonstration Project (Federal Transit Administration)
- c. Grant Application: Transit Security Grant Program – Proposed Projects (Homeland Security)





# Discussion Items



# **South Salt Lake County Microtransit Pilot Quarter 1 Report**





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## **South Salt Lake County Microtransit Pilot Q1 Update**

Nichol Bourdeaux: Chief Communications and Marketing Officer

Jaron M. Robertson: Director, Innovative Mobility Solutions

Andrea Packer: Director of Communications

# Goals and Objectives

- Improve overall transit ridership
- Improve mobility and enhance the customer experience
- Provide first and last mile trips to transit stations and other important destinations in the area
- Improved operational efficiencies
- Build public support for the service



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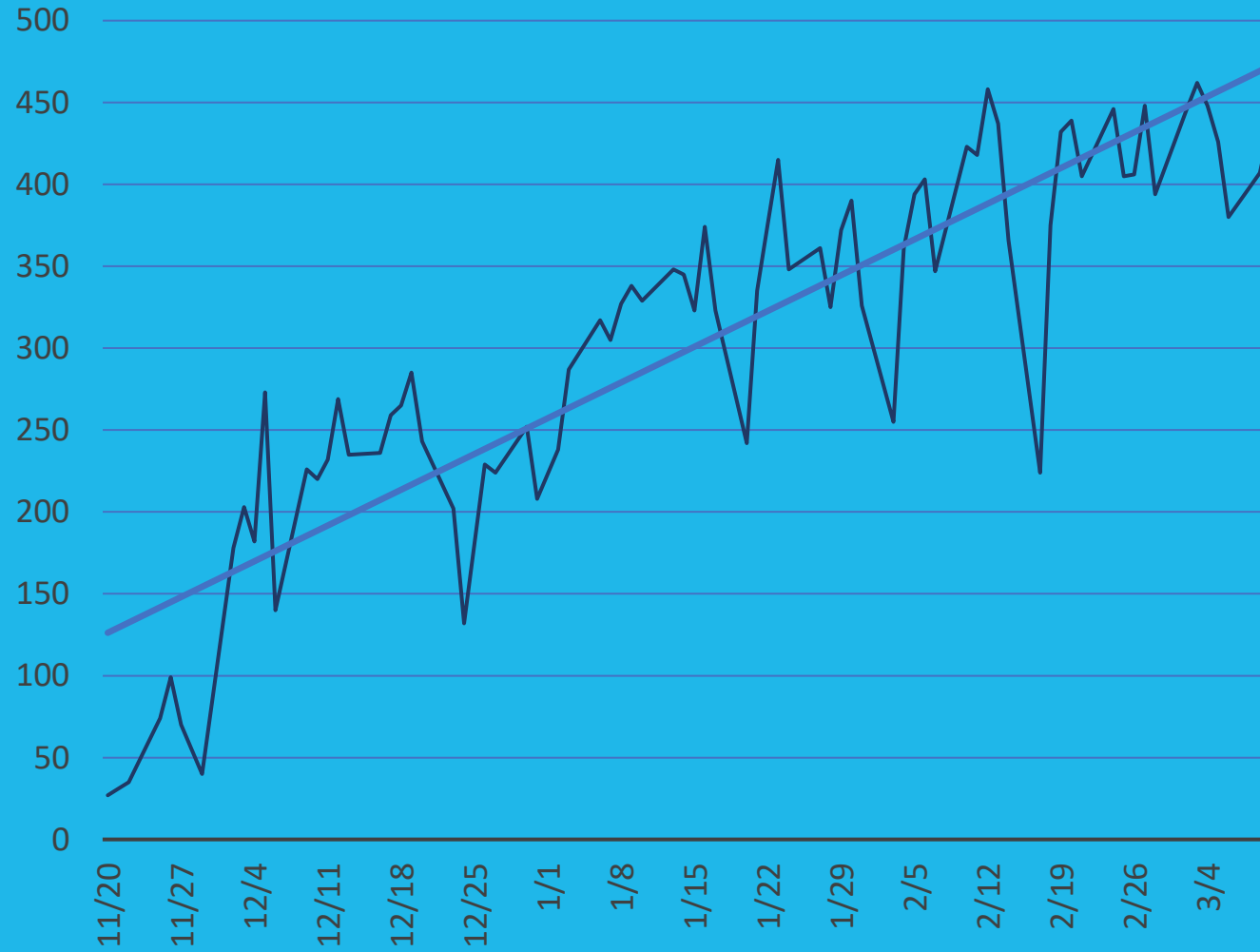


# Ridership

	Goal	December	January	February	Q1
Total	N/A	4,701	7,346	7,844	19,891
Total WAV	2% - 5%	65	87	87	1.2%
Avg. Weekday	350 - 450	224	334	392	316
Utilization	2.5 - 4.5	1.33	2.0	2.3	1.88
Shared Rides	25%	12.7%	20.8%	29.3%	



# Daily Ridership

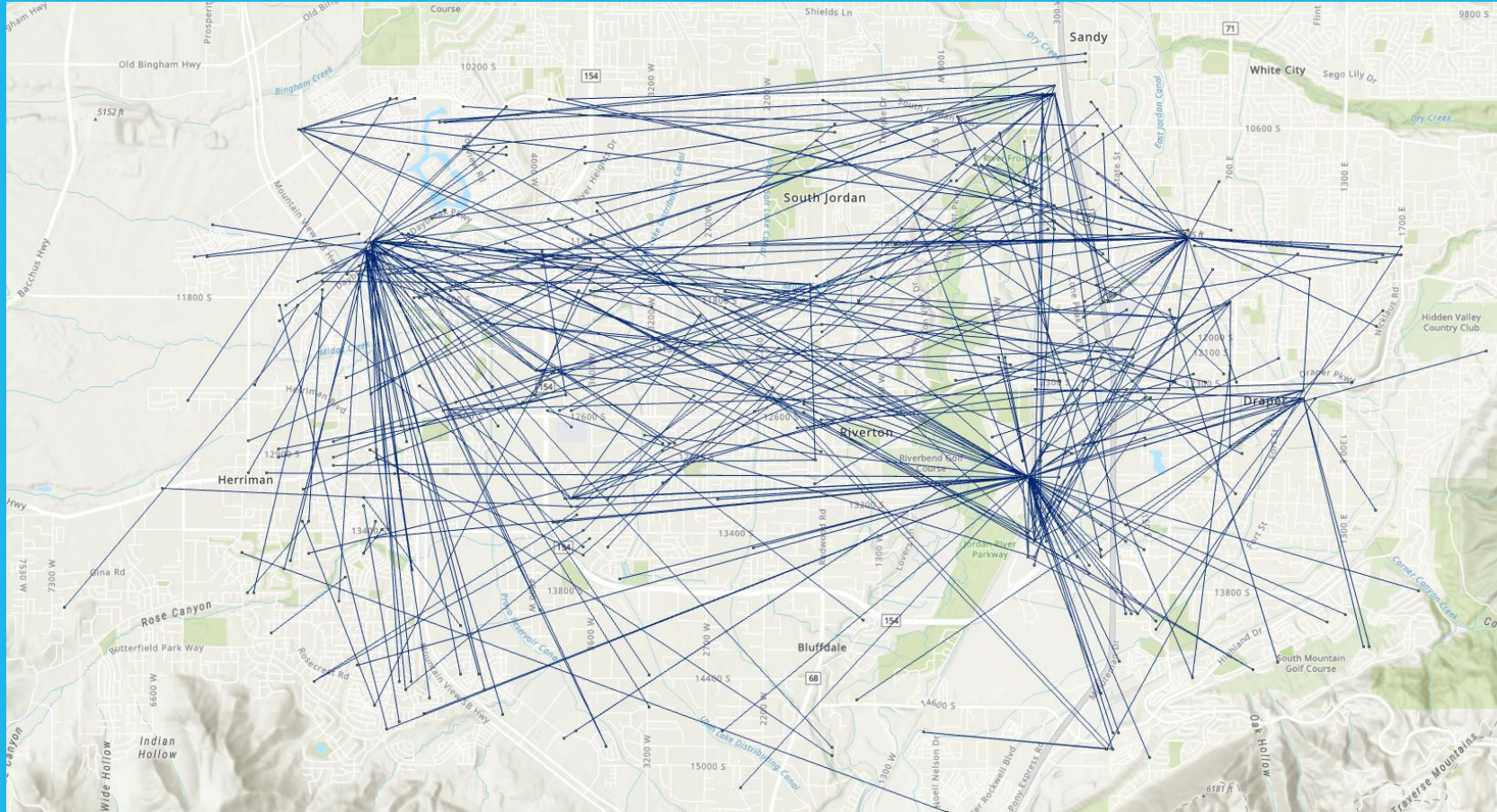


# Top Pick Up and Drop Off Locations

	Pick Up	Drop Off
1	Draper FrontRunner	Draper FrontRunner
2	Daybreak Parkway TRAX	Daybreak Parkway TRAX
3	Crescent View TRAX	Crescent View TRAX
4	So. Jordan FrontRunner	So. Jordan FrontRunner
5	Draper Town Ctr. TRAX	Draper Town Ctr. TRAX
6	Local Business (Riverton)	Local Business (Riverton)
7	Local Business (Riverton)	Local Business (Draper)
8	Local Business (Draper)	Local Business (Riverton)
9	Residential Apartment (Draper)	Residential Apartment (Draper)
10	Kimball's Lane TRAX	Kimball's Lane TRAX



# Improved Mobility

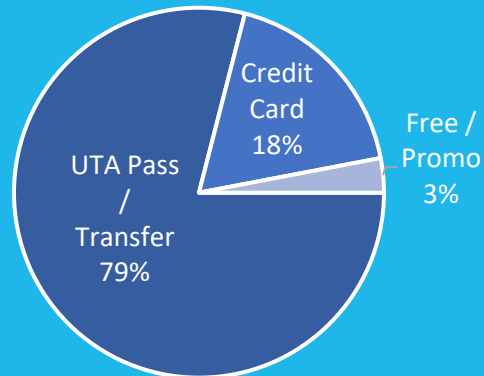




# Customer Experience

	Goal	December	January	February	Q1
Avg. Cust. Rating	4.8	4.8	4.8	4.8	4.8
Avg. Wait Time	< 15 Min.	9	11	12	11
On Time Pick Up	95%	95%	93%	92%	93%

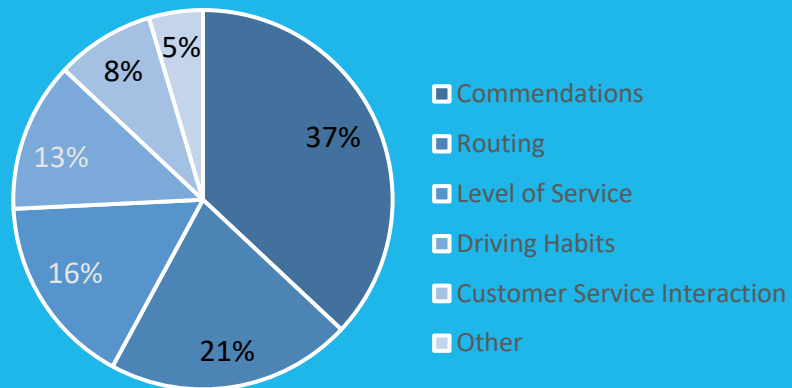
Fare Payment by Type



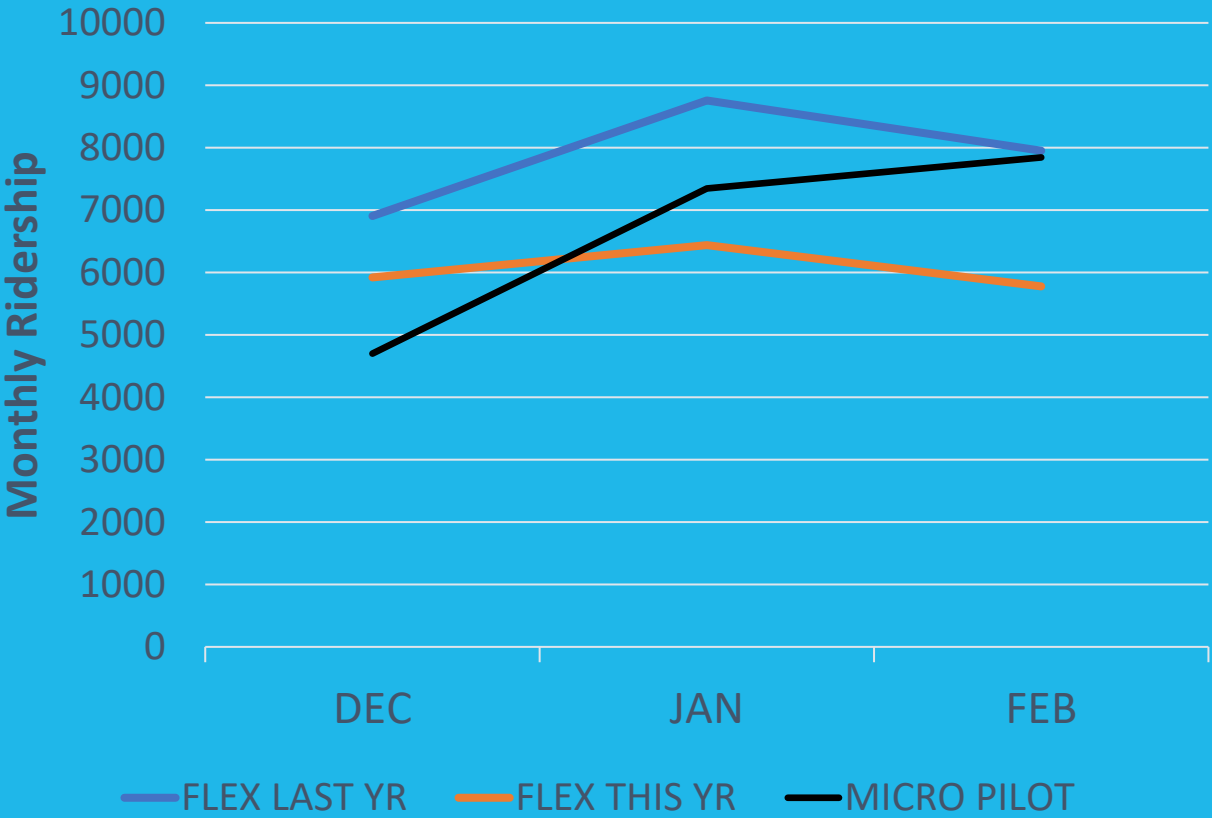
# Performance

	Goal	December	January	February	Q1
Cost Per Rider	< \$13.08	\$26.91	\$17.91	\$15.54	\$19.10
Q1 Budget	\$464,678	\$126,483	\$131,572	\$121,867	\$379,921

## Customer Comments



# Flex Route Performance



# Marketing and Promotions

- Joint UTA and Via marketing efforts
  - Organic growth
  - Street marketing
  - Local media
  - City support and journals
  - Social media
  - Out of home
- Finalizing 2020 marketing plan



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# Next Steps

- No significant changes to the pilot are necessary
- Test paratransit to microtransit connections
- Explore service enhancements
  - Transit - Via integration
  - EFC validation plan
  - Evaluation of electric vehicles
- Continued evaluation for service improvements





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# Fuel Hedging



# Fuel Hedging Discussion

April 8, 2020



# Why Consider Fuel Hedging?

- UTA buys approximately 6,400,000 gallons of diesel, 420,000 gallons of gasoline, and 470,000 diesel gallon equivalents of CNG every year
- Budgeted 2020 cost is \$17.7 million
- UTA per gallon diesel price is based upon current price “rack rate” less \$0.09 cents plus 2 to 3 cents freight
- Diesel prices since January 2016 have ranged from \$1.00 to \$2.80 per gallon
- Price spikes can have a detrimental effect on annual expenditures
- Hedging provides a smoothing effect to fuel expense

# What is Fuel Hedging?

- Contractual agreement to buy:
  - A certain amount of fuel (usually 40,000 gallon increments)
  - At a certain time
  - At a set price
- Example – UTA agrees to buy 200,000 gallons of diesel in April and in May 2021 for \$1.85 per gallon

# How Does Fuel Hedging Work?

## Example 1

- UTA hedges 200,000 gallons of diesel in April 2021 for \$1.85 per gallon
  - UTA buys diesel in April 2021 with an average price of \$2.00
- UTA pays fuel provider \$400,000 (200,000 X \$2.00)
- Hedge provider pays UTA \$30,000 (200,000 X \$0.15)
- UTA net cost is \$370,000 ( $\$400,000 - \$30,000$ ) = \$1.85 per gallon

# How Does Fuel Hedging Work?

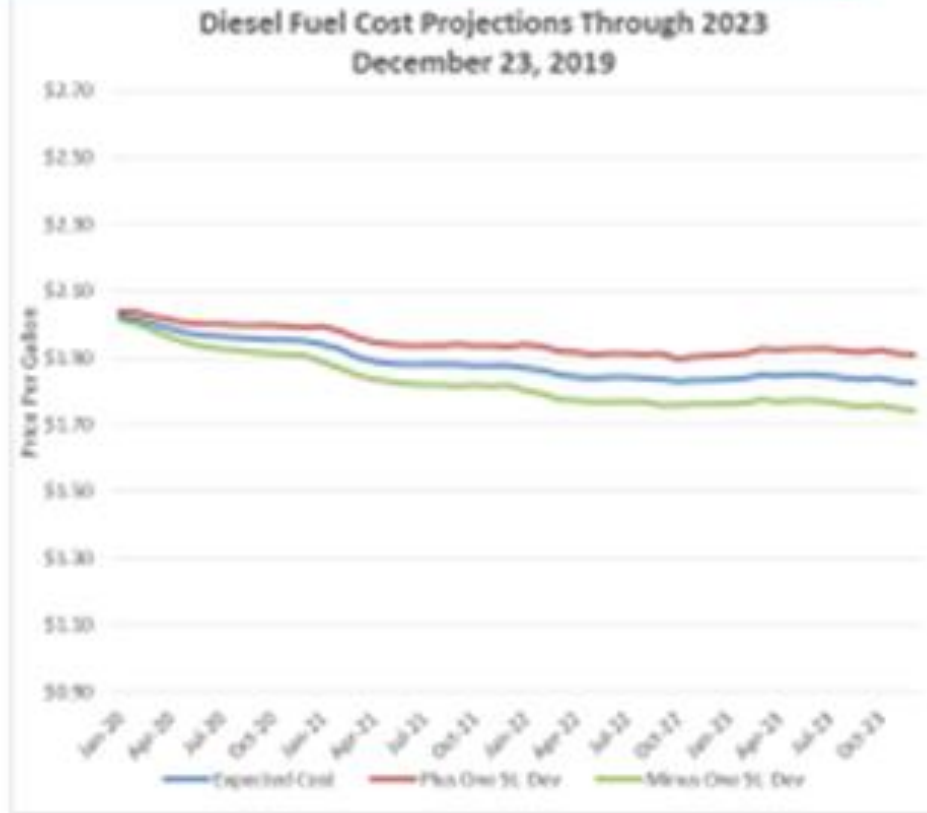
## Example 2

- UTA hedges 200,000 gallons of diesel in May 2021 for \$1.85 per gallon
  - UTA buys diesel in May 2021 with an average price of \$1.70
- UTA pays fuel provider \$340,000 (200,000 X \$1.70)
- UTA pays hedge provider \$30,000 (200,000 X \$0.15)
- UTA net cost is \$370,000 ( $\$340,000 + \$30,000$ ) = \$1.85 per gallon

# Un-Hedged vs. Hedged



- No Hedging
- Wide Range of Expected Cost
- Maximum Risk Exposure
- High Budget Risk



- Hedging 90%
- Narrower Range of Expected Cost
- Managed Risk Exposure
- More Certain Future Costs

# Example Hedging Performance

Long-term, hedge losses and gains sum to near zero.  
The benefit along the way is fuel cost certainty.



Assuming 24 month forward pricing window and 100% hedged

# Fuel Hedging Considerations

- Percentage of monthly fuel purchases to hedge
- Expertise needed to buy hedges
  - Contract out
- Expected hedging costs are around \$0.10 per gallon
  - If 100% hedged for diesel, annual cost would be \$640,000
- Primary purpose is to provide budget certainty
  - May provide opportunities to reduce costs
- There will be periods when monthly cost exceeds market price

# Next Steps

- Procure fuel hedging consultant
- Develop fuel hedging plan for Board and Local Advisory Council consideration
- Begin fuel hedging program



# Other Business

- a. Next meeting: Regular Board Meeting on April 15, 2020 at 9:00 a.m.



# Closed Session

- a. Strategy Session to Discuss Collective Bargaining



# Closed Session



# Open Session



**Adjourn**

