



Utah Transit Authority

MEETING MEMO

669 West 200 South
Salt Lake City, UT 84101

Board of Trustees

Date: 10/13/2021

TO: Board of Trustees
THROUGH: Mary DeLoretto, Interim Executive Director
FROM: William Greene, Chief Financial Officer
PRESENTER(S): William Greene, Chief Financial Officer
Brad Armstrong, Senior Manager, Budget and Financial Analysis

TITLE:

Tentative 2022 Budget

AGENDA ITEM TYPE:

Discussion

RECOMMENDATION:

Informational report for discussion.

BACKGROUND:

Each year, the Authority is required to prepare an operating and capital budget for the succeeding year. After consultation with the Board of Trustees, and in accordance with the provisions of the Local Districts Act (§17B-1-702) and Public Transit District Act (§17B-2a-8), the Executive Director has prepared the 2022 Tentative Budget.

DISCUSSION:

Over the first half of 2021, the Board of Trustees and UTA staff reviewed 2021 program delivery, current operating environment including economic conditions, revenue projections, and the organization's strategic framework to support near and long-term public transportation needs in the region.

Using 2021 existing operating budgets as a starting point, the organization updated inflationary assumptions for labor, fuel and other expenses, eliminated one-time 2021 costs, and annualized the cost of mid-year budget adjustments (August 2021 service changes, technical budget adjustments, etc.). The resulting 2022 base budget or budget target was developed at the department and object of expenditure level.

Using the newly developed strategic framework and informed by discussions with the Board of Trustees, the organization built on the 2022 base with the selection of prioritized initiatives focused on:

- Financial sustainability (Safeguarding our Future)
- Restoring ridership (Innovate and Integrate our System)
- Keeping the system in a state of good repair (Deliver Excellence)
- Recruitment and Retention (Develop our People)
- Continuous improvement (Deliver Excellence)

Simultaneously, the capital program development process revisited the existing 5-year capital plan focusing on program delivery, held a call for new projects, and prioritized the resulting list to select projects for consideration, culminating in a draft 5-year capital program.

The Board of Trustees and the Local Advisory Committee reviewed the draft 5-year Capital Plan in September, providing input. The Board of Trustees also held five budget workshops to discuss the 2022 operating budget and supporting 5-year financial plan in September.

The 2022 Operating Budget includes service additions for bus, paratransit, and rail, adding an annualized 99,000 operating hours to existing service. The microtransit program adds service in Tooele and South Davis Counties. Combined, UTA is requesting about \$7 million in service additions across the system in 2022.

Like businesses across the state, UTA is experiencing severe recruitment and retention issues with its workforce - across all functions. The 2022 budget request includes funding to support recruitment and retention, and a significant investment of operating and capital funds to create a comprehensive apprenticeship program for the rail modes to complement the existing bus apprenticeship program and secure the workforce of the future. Together these investments in UTA's workforce total over \$7 million, including one-time investments of about \$5 million to purchase training aids, develop curriculum, and roll-out the program in 2022.

UTA's operations and capital program delivery rely heavily on technology. This budget request includes technology investments in both capital and operating programs to keep the system safe and secure, ensure service reliability, and encourage increased ridership.

The operating budget request also recognizes the need to support its increased operating program and accelerating capital program by investing in the necessary management and support functions.

At the October 27, 2021 Board of Trustees meeting, UTA will present to the Board a resolution to adopt the 2022 Tentative Budget and set a public hearing date for November 4, 2021.

Summary information about the 2022 Tentative Budget is provided in the tables below. More detail will be provided in the 2022 Tentative Budget documentation that will be included in the resolution on October 27, 2021.

2022 UTA Operating Budget by Mode

	FY 2021 Budget	FY 2022 Budget	Change
Bus	\$107,925,104	\$116,829,982	\$8,904,878
Light Rail	55,486,453	56,899,729	1,413,276
Commuter Rail	28,948,048	31,721,199	2,773,151
Paratransit	24,024,713	25,888,110	1,863,397
Rideshare/Vanpool	3,644,685	3,704,913	60,228
Operations Support	50,472,071	61,524,988	11,052,917
Administration	44,783,860	49,140,060	4,356,200
Planning/Capital Support	9,227,523	9,376,709	149,186
Non-Departmental	2,000,000	1,000,000	(1,000,000)
Total Division	\$326,512,457	\$356,085,690	\$29,573,233

2022 UTA Operating Budget Expenses by Category

	FY2021 Budget	FY 2021 Budget	Change
Wages	\$158,368,493	\$170,747,523	7.8%
Fringe	75,243,781	83,340,042	10.8%
Services	30,393,901	33,167,680	9.1%
Fuel	21,938,262	25,210,783	14.9%
Parts	22,518,325	22,821,044	1.3%
Utilities	5,962,312	6,396,797	7.3%
Other O&M	21,419,009	25,064,222	17.0%
Capitalized Costs	(9,331,626)	(10,662,401)	14.3%
Total Budget	\$326,512,457	\$356,085,690	\$29,573,233

UTA FTE Summary: 2021 Budget and 2022 Proposed Budget

	2021 Budget	2022 Proposed	Change
Board	13.50	13.38	(0.12)
Executive Director	37.50	41.50	4.00
Operations	2,211.73	2,285.23	73.50
Finance	105.05	113.45	8.40
Service Development	45.00	56.00	11.00
Planning & Engagement	71.50	73.22	1.72
Enterprise Strategy	105.00	115.00	10.00
People	59.48	84.00	24.52
Totals	2,648.76	2,781.78	133.02

ALTERNATIVES:

Discussion item

FISCAL IMPACT:

The proposed 2022 Tentative Operating Budget and supporting 5-year Financial Plan are financially constrained with all required reserves fully funded.

ATTACHMENTS:

None