



COUNCIL STAFF REPORT

CITY COUNCIL of SALT LAKE CITY

TO: City Council Members

FROM: Kira Luke, Ben Luedtke
Budget & Policy Analysts

DATE: December 8, 2020

**RE: FUNDING OUR FUTURE Transit Update: Interlocal Agreement with Utah Transit Authority
ISSUE AT-A-GLANCE**

Funding Our Future: In 2018, the City implemented a 0.5% increase to the sales tax rate in Salt Lake City. Following significant public engagement, the increase was approved to address unfunded critical needs for projects and services, including **improved transit service**. To this end, the Council set four priorities to improve transit:

- Increasing coverage for under-served areas, particularly the West side but not excluding other underserved areas of the City;
- Increasing ridership, particularly in the City's downtown core;
- Building out infrastructure on *Transit Master Plan* routes;
- The budget and timeline are based on 1000 North, 600 North, 200 South, 900 South, 2100 South. 400 South will be the last route implemented.

**FUNDING
OUR FUTURE**



The Council prioritized 200 South, 900 South, and 2100 South for the first phase of transit improvements, with later improvements planned for 600 North and 1000 North. ⁱ

NEW INFORMATION

There are outstanding questions about financing, true-ups and previously-encumbered funds which were not addressed in the original transmittal. At the time of publishing, staff is waiting for clarification on some of those issues and will update the report and Council Members once received.

The resolution included for the Council's consideration would approve an amendment to the second addendum (2.1) to the Interlocal Agreement (ILA) governing the City and Utah Transit Authority (UTA)'s collaboration. The second addendum governed the first year of services from August 2019 to August 23, 2020, the latter half of which has been impacted by COVID-19 since adoption.

The resolution also approves the third addendum to the Interlocal agreement, governing the next year of service from August 2020 through the August change day of 2021.

Addendum 2, Amendment 1 (2.1)

The change to the second addendum addresses impacts on services from COVID-19. During the peak of the "Stay Safe, Stay Home" phase, UTA sharply reduced services, including those governed by the ILA. The resolution takes this reduction into account, along with decreased costs for fuel, and a slight increase in actual miles funded and amends the addendum to reflect a net reduction of \$511,472. The amendment proposes to credit this amount to the City for the next service period governed by Addendum 3 (August 2020-August 2021).

Addendum 3 (3)

The third addendum currently under consideration authorizes funding for frequent transit network (FTN) service from August 2020 to August 2021, including operator wages, benefits, service administration, vehicles and maintenance, fuel, paratransit, and customer service for Routes 2, 9, and 21. As of August 23, 2020, UTA restored services system wide to 91% of pre-pandemic levels, which includes frequent service on Routes 2, 9, and 21.

BUDGET IMPACT

There are outstanding questions about the financing, true-ups, and previously-encumbered funds which were not addressed in the original transmittal. As of the posting of the agenda packets, staff is waiting for clarification on some of those issues and will update the report and Council Members once received.

Items	Fiscal Year 2020 (Addendum 2)		Fiscal Year 2021 (Addendum 3)	
	Budgeted	Amendment 2.1	Budgeted	Addendum 3
200 South, 900 South, 2100 South/2100 East FTN	\$5,307,845	\$5,307,845	\$ 4,700,000	\$4,446,267.79
Fuel cost and gas true up		-\$107,404		
Actual mileage difference		\$58,165		
Pandemic reduction		- \$462,233		
Service threshold adjustment*				-\$156,175.35
TOTAL	\$ 5,307,845	\$4,796,373 (-\$511,472 proposed credit)	\$4,700,000	\$4,290,092.44 (-\$409,907.56 below amount budgeted)

*Once service reaches a specific threshold in terms of riders served, UTA assumes sponsorship and funding of that service, and City-funded sponsorship is no longer required. More information on this can be found on pages 56 and 70 of the Administrative Transmittal.

The \$511,472 from 2.1 will be credited to the City for Addendum 3 service, pending the Council's approval of the amendment, but this does not appear to be reflected in Addendum 3. Staff is working with the City's Finance Department to confirm.

The Administration had three recommendations for the excess \$409,907.56 budgeted for Addendum 3:

1. A transit-specific rainy day fund separate from Fund Balance to maintain service levels if future sales tax revenues become insufficient
2. A renewed attempt for a Trips to Transit program focusing on Westside service. This funding level is likely insufficient to fully fund the program.
3. Partial funding for 1000 North mobilization

In Budget Amendment #1 of FY2020 the Council placed \$999,824 of remaining funding into a holding account which was originally appropriated but ultimately not needed for frequent transit services under Addendum 2. Council Staff is confirming the status of those funds with the Finance Department. *The Council could consider adding these funds (once confirmed) to any of the above initiative, or consider for other transit/transportation uses.*

POLICY QUESTIONS

1. **Excess allocation:** The Council may wish to discuss the Administration's recommendation or other potential uses for the available \$409,907.56.
2. **Contract timing:** Due to delays in paperwork transmission, the Council allocated funding in the FY22 annual budget but has not had the opportunity to review the addendum prior to the service implementation in August. Staff understands that this may impact the City's ability to deliver timely payments for current services. **The Council may wish to ask the Administration, are additional resources needed to enable Council review prior to the next addendum's effective date?**
3. **Additional routes:** During the Fiscal Year 2020-21 discussions, the Council received an update that UTA plans to sponsor (cover costs for) 600 North, and the City is planning on 1000 North mobilization next. However, staff understands that there are significant delays or increased costs to implement those routes as planned in addition to going uncertainty related to the pandemic. **The Council may wish to request a formal update detailing implementation of those two routes.**

BACKGROUND OF THE INTERLOCAL AGREEMENT (ILA)

Routes

The ILA categorizes the City’s service improvements as Frequent Transit Network (FTN) routes and refers to the City’s Transit Master Plan (TMP) for the controlling definition. The minimum service for routes serving 200 South, 900 South, and 2100 South is as outlined below. UTA may choose to provide additional service with no cost to the City; any City-requested service expansions are subject to additional negotiation and funding.

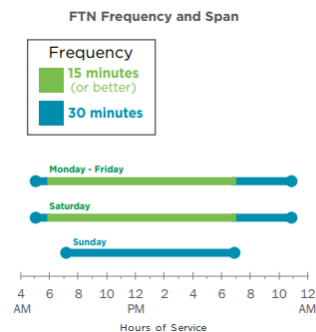


Figure 1 – Administrative Transmittal, Page 5

The map on page 55 of the Administrative transmittal currently reflects a modified Route 9 from the original plans, currently ending at 400 South instead of continuing to North Temple. This was due to multiple factors involving pending plans for a Westside Transit Hub, the location of which is anticipated to affect multiple westside bus routes, and changes at the eastern end of the line, where 2019 realignment to all routes on the University of Utah campus resulted in changes to several routes, including Route 9.

Responsibilities in the Interlocal Agreement

City	UTA
Provide funding to support route operation; appropriate funding and notify UTA of available funding annually	Manage and operate routes, equipment, personnel, insurance and accounting
May construct new bus stops, in compliance with UTA’s standards; enhanced* maintenance to be negotiated prior to construction and funded by the City	Produce/install branded bus stop signs
Send designee (City Transportation Director) to technical working group	Send designee (UTA Planning Director) to technical working group
Regularly exchange information to assess performance and report to the parties**	
Share fuel costs via a semiannual “true-up”	

*The Addendum template provides a section to define baseline (non-enhanced) services.

**Performance metrics could be added to the Funding Our Future website

The interlocal agreement between Salt Lake City and the Utah Transit Authority has two parts – a 20-year master agreement, and specific addenda, which are negotiated each year. The master agreement is scheduled to end June 30, 2039. The master agreement is intended to form the framework of how transit improvements in the City’s Transit Master Plan will be implemented.

Transit Master Plan Implementation

The agreement contemplates following the Frequent Transit Network as identified in the *Transit Master Plan*.

The Transit Master Plan used a formula based on transit industry standards to develop the Frequent Transit Network recommendations. According to the plan, the formula can be used in the future to help determine when the plan’s recommendations can be revised to reflect population or job growth within the City. Here is the formula:

- Operate light rail in areas where there are 12 to 24 or more households per acre and/or 16 to 32 or more jobs per acre.
- Operate Bus Rapid Transit in areas where there are 10 to 15 households per acre and/or 12 to 20 jobs per acre.
- Operate buses every 15 minutes in areas where there are 10 to 12 households per acre and/or 12 to 16 jobs per acre.
- Operate buses every 30 minutes in areas where there are 6 to 10 households per acre and/or 8 to 12 jobs per acre.
- Operate buses every hour in areas where there are 3 to 6 households per acre and/or less than 4 jobs per acre.ⁱⁱ

According to the Administration, the thresholds are best practices based on current industry research and should be used as guidelines rather than standards. Transit planning would take a variety of local conditions into consideration about appropriate densities, as would UTA in establishing service levels. The guidelines also can be helpful to communicate the relationship between density and successful transit.

Glossary

Frequent Transit Network – FTN

ⁱ Videotape, Council work session, Russell Weeks, October 9, 2018, 1:09.

ⁱⁱ *Transit Master Plan*, Page 6-4, 6-5. (Attachment 1)