

SUBJECT: February Variance Analysis  
 FROM: CFO – William Greene  
 TO: Executive Director – Jay Fox

DATE: April 13, 2023

**Highlights**

Year to date UTA ridership is 19.6 percent above projections for 2023 and 15.4 percent above 2022 actual ridership for the same time period.

Preliminary revenues YTD had a positive variance of \$1.2 million and operational expenses are \$6.0 million under budget.

Actual January 2023 Sales Tax revenues are \$35.5 million or 4.2 percent above budget. For comparison purposes, Sales Taxes are 5.8 percent or \$1.9 million higher when compared to the same period in 2022.

Diesel fuel cost in February 2023 was 12% lower than budget. 2023 year to date diesel average price is \$3.42 compared to 2023 budgeted diesel price of \$3.90.

**2023 ANALYSIS**

**Ridership**

*(Comparison of Year-To-Date 2023 Actual Ridership to 2023 Forecast and 2022 Actual results)*

**UTA System Ridership  
 YTD February 2023**

YTD	Feb 2023 Actual	Feb 2023 Forecast	Feb 2022 Actual	Variance '22 Var	Variance 'F23 Var	Vs 2022 %	Vs F2023 %
<b>Bus</b>	2,912,378	2,515,697	2,444,157	468,221	396,681	19.2%	15.8%
<b>Salt Lake</b>	1,788,925	1,478,682	1,567,323	221,602	310,243	14.1%	21.0%
<b>Ogden</b>	491,470	543,182	376,729	114,740	(51,712)	30.5%	-9.5%
<b>Timp</b>	631,984	493,834	500,105	131,879	138,150	26.4%	28.0%
<b>Light Rail</b>	1,649,199	1,468,329	1,628,296	20,903	180,870	1.3%	12.3%
<b>FrontRunner</b>	561,667	340,391	433,366	128,301	221,276	29.6%	65.0%
<b>Micro Transit <sup>1</sup></b>	57,560	43,689	19,194	38,366	13,871	199.9%	31.7%
<b>Paratransit</b>	131,844	102,712	113,139	18,705	29,132	16.5%	28.4%
<b>Van Pool</b>	172,447	114,906	116,520	55,927	57,541	48.0%	50.1%
<b>Total Ridership</b>	5,485,095	4,585,725	4,754,672	730,423	899,370	15.4%	19.6%

<sup>1</sup> Micro Transit was a pilot program in 2019 & 2020

Systemwide

Systemwide, total ridership 2023 year to date was 5.5 million compared to YTD ridership forecast of 4.6 million (19.6 percent above forecast). This amounted to 730,000 trips (15.4 percent) higher than in 2022. 2023 ridership was positively impacted by the Fare Free promotion occurring during the NBA Allstar weekend celebration in Salt Lake City.

Frontrunner carried 561,000 passengers YTD 2023 compared to a ridership forecast of 340,000 (65.0 percent above forecast). This figure is approximately 29.6 percent higher than 2022 ridership of 433,000 .<sup>1</sup>

TRAX ridership YTD in 2023 was 12.3 percent above the 2023 forecast with 181,000 more riders than projected. This is 1.3 percent above 2022 ridership of 1.63 million riders.

Bus ridership YTD in 2023 was 2.91 million as compared to a forecast of 2.51 million (15.8 percent above forecast) and higher than 2022 ridership of 2.4 million (19.2 percent).<sup>2</sup>

Paratransit/Flex YTD 2023 ridership was above 2023 forecast of 103,000 by 28.4 percent, with UTA providing 132,000 trips. This is 16.5 percent higher than 2022 ridership of 113,000.

Microtransit YTD ridership in 2023 is above forecast by 13,800 or 31.7 percent. Microtransit started south Davis County and Tooele County service in August of 2022, so YTD February 2022 values are not comparable.

Van Pool ridership YTD for 2023 was 173,000 versus a forecast of 115,000, which is 50.1 percent above forecast. 2023 ridership is 48.0 percent higher than in 2022.

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<sup>1</sup> Monthly forecasted ridership calculated using Planning 2023 monthly forecast by mode.

<sup>2</sup> February 2023 Ridership report. UVX numbers included in total Bus ridership numbers.

## Operating Financial Results February 2023

MONTHLY RESULTS					FISCAL YEAR 2023 Dollars in Millions	YEAR-TO-DATE RESULTS				
Prior Year Actual	Current Year					Prior Year Actual	Current Year			
	Actual	Budget	Variance			Actual	Budget	Variance		
					<b>Revenue</b>					
\$ 28.1	\$ 31.4	\$ 31.4	\$ -	0.0%	Sales Tax (Feb accrual)	\$ 28.9	65.5	\$ 65.5	\$ -	0.0%
1.8	2.0	2.6	(0.6)	-23.0%	Fares	28.5	5.0	5.6	(0.5)	-9.7%
-	-	-	-	0.0%	Federal	130.6	-	-	-	0.0%
1.0	2.8	1.8	1.0	56.6%	Other *	30.1	5.3	3.5	1.8	50.6%
<b>\$ 30.9</b>	<b>\$ 36.2</b>	<b>\$ 35.7</b>	<b>\$ 0.4</b>	<b>1.2%</b>	<b>TOTAL REVENUE</b>	<b>\$ 218.1</b>	<b>\$ 75.9</b>	<b>\$ 74.6</b>	<b>\$ 1.2</b>	<b>1.7%</b>
					<b>Expense</b>					
\$ 13.0	\$ 14.2	\$ 15.4	\$ 1.2	7.7%	Salary/Wages	\$ 13.5	\$ 29.2	\$ 30.8	\$ 1.6	5.2%
6.1	6.7	7.9	1.2	15.6%	Fringe Benefits	7.3	14.2	15.8	1.6	10.2%
2.2	2.4	2.9	0.5	16.7%	Services	1.3	4.1	5.8	1.7	28.7%
1.1	2.3	1.9	(0.4)	-21.5%	Parts	0.9	4.2	3.8	(0.4)	-10.6%
1.2	3.1	3.0	(0.1)	-1.9%	Fuel	0.7	5.4	6.0	0.6	10.6%
0.4	0.7	0.5	(0.2)	-29.1%	Utilities	0.6	1.4	1.0	(0.3)	-28.8%
1.1	1.0	1.4	0.4	27.7%	Other	0.5	1.7	2.9	1.2	41.3%
(0.2)	(1.1)	(1.0)	(0.1)	14.3%	Capitalized Cost	(0.1)	(2.0)	(1.9)	(0.0)	0.6%
<b>\$ 24.8</b>	<b>\$ 29.3</b>	<b>\$ 32.1</b>	<b>\$ 2.8</b>	<b>8.8%</b>	<b>TOTAL EXPENSE</b>	<b>\$ 24.7</b>	<b>\$ 58.2</b>	<b>\$ 64.2</b>	<b>\$ 6.0</b>	<b>9.4%</b>
\$ 6.8	\$ 6.6	\$ 6.6	\$ (0.0)	0.0%	Debt Service	\$ 6.8	\$ 13.3	\$ 13.3	\$ (0.0)	0.0%
<b>\$ (0.7)</b>	<b>\$ 0.3</b>	<b>\$ (3.0)</b>	<b>\$ 3.2</b>	<b>108.5%</b>	Contrib. Capital/Reserves	<b>\$ 1.1</b>	<b>\$ 4.4</b>	<b>\$ (2.9)</b>	<b>\$ 7.3</b>	<b>254.0%</b>

\*Does not include Sale of Assets Favorable/(Unfavorable)

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### Revenue

#### Sales Tax Revenue

Due to a lag in reporting from the State of Utah, actual sales tax revenues are reported with a two-month delay. The results shown above (from February financial statements) reflect accrued sales tax revenues through February.

As shown above, 2023 sales tax revenues (including accruals for February in the financial statements) were \$65.5 million (at budget). Sales tax year-over-year growth in January 2023 for almost all counties in UTA's service area appear to have dropped from double-digit growth rates that we have seen in prior periods.

#### Fare Revenue

Year-to-date passenger revenue was below budget in February, with total fare revenue of \$5.0 million compared to a budget of \$5.6 million. The small negative variance can be attributed to the impact and timing of matching payments by UTA for terms of the Paratransit fare agreement with the State of Utah.

#### Federal Operating Revenue

Year-to-date Federal revenues were budgeted at \$0 million in recognition of delays related to the Teamsters protesting award of federal grants. Federal operating revenues will be recognized when delays in grant approvals and processing are completed, which may take several additional months.

#### Other Revenue

Other revenue sources are \$5.3 million or 50.6% above budget. Higher than budgeted February investment revenue, driven by higher rates of return on investments than expected, was \$1.9 million above budget.

UTA has moved to a longer-term investment strategy paired with increasing PTIF interest rates, which represented an opportunity for investment returns on a cash basis to exceed budgeted targets for 2023.

## **Expenditures**

Operating expenses year-to-date through February were under budget by \$6.0 million or 9.4 percent. The explanation of the underrun is described below along with adjusted expectations when taking delays into account.

### Salary and Wages

Year-to-date salary and wages were \$1.6 million or 5.2 percent under budget, primarily due to vacancies. The positive variance would have been higher but for overtime costs driven by NBA Allstar weekend and labor shortages (primarily in operator labor) as discussed below.

### Overtime

Overtime was \$1.4 million over budget year to date, relative to a total overtime budget of \$1.7 million (80 percent).

Year-to-date operator overtime was \$752,000 or 69 percent over budget. Salt Lake Bus was over budget by \$418,000, Ogden by \$165,000, Light Rail by \$49,000, Riverside by \$40,000 and Timpanogos by \$60,000 with smaller differences elsewhere. This situation is primarily a function of business units use of overtime to compensate for operator shortages.

Non-operator (primarily Bargaining maintenance) year to date overtime was \$594,000 (101 percent) over budget. Asset Management overtime was over budget by \$140,000 (154 percent) with employee vacancies impacting this number. Asset Management had significant vacancies in Facilities and MOW that necessitated more overtime in this category (regular wages were \$413,000 under budget). Also contributing was Salt Lake Bus maintenance at \$135,000 (135 percent above budget but reg wages under budget by \$203,000), Commuter Rail at \$39,000 (148 percent above budget), Public Safety at \$100,000 (\$23,000 budget), Light Rail Maintenance at \$66,000 (73% above budget) and Ogden Maintenance at \$69,000 (600% above budget). Other smaller amounts contributed to the balance.

### Fringe

Year-to-date fringe benefit expenses were under budget by \$1.6 million (10.2 percent) primarily due to the impact of vacancies discussed above.

### Vacancies

UTA's vacancy rate is 10.6 percent year to date at the end of February versus a vacancy rate of 8.2 percent the end of December. Vacancies contribute to the positive wage variance but also contributes to the higher-than-expected overtime expense.

### Non-Labor Summary

Year-to-date, non-labor categories were a net \$2.8 million favorable primarily due to positive variances of \$1.7 million in Services, \$600,000 in Fuel, and \$1.2 million in Other, with negative offsets in Parts \$(400,000) and \$(300,000) in Utilities.

### Services

Services were favorable by \$1.7 million (28.7 percent) due to:

- Information Systems (under \$306,000 million or 36 percent). Primarily caused by lower spending on projects than expected due to delays in implementation and delays in billing for services.  
Paratransit (under \$319,000 million or 54 percent). Associated primarily with impacts of accrual adjustments for outsourced paratransit services and delays in invoicing.
- Legal (under \$158,000 or 100%). Attorney General billings for January and February have not yet been approved for payment but will be processed and included in the March update.
- Capital Development (under \$234,000 or 13%). Lower expenses in professional technical services (\$200,000) and grant management consulting special studies (\$34,000).
- Microtransit (under \$734,000 or 53%). Amount has dropped from January's balance and expectations are that they should be close to budget by the end of the first quarter.
- Communications (under \$91,000 or 100%). Budgeted amounts are expected to be incurred later in the year than originally planned.
- Balance of items spread across other groups in organization.

### Parts

Year-to-date, Parts were over budget by \$400,000 (on a \$3.8 million budget). The largest contributing operating unit was Commuter Rail at \$319,000 over budget (61 percent), with smaller amounts in other operating units. Commuter Rail indicates they have been using

### Fuel and Power

Year-to-date, fuel and power expenses were about \$600,000 under budget. Diesel fuel expenses were \$789,000 under budget and CNG fuel was \$12,000 under plan spend. Additionally, diesel gallon usage was under budget by 56,000 gallons. Propulsion power was over budget \$388,000 but is expected to normalize by the end of the first quarter.

Other

Year-to-date Other expense has a positive variance of \$1.2 million or 41 percent.

Insurance related expense was \$800,000 under budget, 59 percent. Training, travel and Other Miscellaneous expenses were under budget \$391,000, or 51 percent.

The balance of the variance is spread in smaller values among multiple categories across the organization.

Utilities

Year-to-date Utility expenses were \$300,000 or 28.8 percent higher than budget. Primary cause of this variance is directly related to January’s spike in natural Gas prices. Prices increased from approximately \$11 per MMBtu in December to \$50 per MMBtu in January. This increase was over 355 percent in one month. Since then, prices have declined to approximately \$12 MMBtu. The Facilities group has experienced additional Utility charges related directly to the extraordinary and ongoing winter weather.

Capitalized Cost

Year-to-date Capitalized Cost are basically at budget

**February 2023 Results**

**Ridership**

*(Comparison of February 2023 Actual Ridership to 2023 Forecast and 2022 Actual results)*

**UTA System Ridership  
February 2023**

MTD	Feb 2023	Feb 2023	Feb 2022	Variance '22	Variance 'F23	Vs 2022	Vs F2023
	Actual	Forecast	Actual	Var	Var	%	%
<b>Bus</b>	1,458,181	1,282,804	1,320,151	138,030	175,377	10.5%	13.7%
<b>Salt Lake</b>	893,841	751,688	852,797	41,044	142,153	4.8%	18.9%
<b>Ogden</b>	247,497	273,063	206,293	41,204	(25,566)	20.0%	-9.4%
<b>Timp</b>	316,843	258,052	261,061	55,782	58,791	21.4%	22.8%
<b>Light Rail</b>	855,479	808,774	882,237	(26,758)	46,705	-3.0%	5.8%
<b>FrontRunner</b>	287,782	184,962	253,044	34,738	102,820	13.7%	55.6%
<b>Micro Transit <sup>1</sup></b>	28,994	23,740	11,021	17,973	5,254	163.1%	22.1%
<b>Paratransit</b>	64,458	53,201	59,799	4,659	11,257	7.8%	21.2%
<b>Van Pool</b>	94,237	56,004	56,324	37,913	38,233	67.3%	68.3%
<b>Total Ridership</b>	<b>2,789,131</b>	<b>2,409,484</b>	<b>2,582,576</b>	<b>206,555</b>	<b>379,647</b>	<b>8.0%</b>	<b>15.8%</b>

February’s total ridership was 2.8 million, which was 380,000 above forecast (15.8 percent),

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This was 207,000 (8.0 percent) higher than in 2022.

Frontrunner carried 288,000 passengers in February compared to a ridership forecast of 184,000 (55.6 percent higher). This figure is 13.7 percent higher than 2022 ridership of 253,000.<sup>3</sup>

TRAX ridership in February was 5.8 percent higher than February forecast of 808,000 riders. This is 3.0 percent below February 2022 ridership of 882,000 riders.

Bus ridership in February was 175,000 higher as compared to a forecast of 1.3 million (13.7 percent higher) and 10.5 percent higher than 2022 ridership of 1.32 million.<sup>4</sup>

Paratransit/Flex ridership was above February forecast of 53,000 by 21.2 percent, with UTA providing 65,000 trips. This is 7.8 percent higher than 2022 ridership for the same period.

Microtransit ridership in February was above forecast by 5,000 or 22.1 percent. Microtransit started South Davis County and Tooele County service in August of 2022, February 2022 values are not comparable.

Vanpool ridership for February was 94,000 versus a forecast of 56,000, which is 68.3 percent above forecast. Ridership is 67.3 percent higher than the same month in 2022.

MONTHLY RESULTS					FISCAL YEAR 2023 Dollars in Millions	YEAR-TO-DATE RESULTS				
Prior Year Actual	Current Year					Prior Year Actual	Current Year			
	Actual	Budget	Variance			Actual	Budget	Variance		
					<b>Revenue</b>					
\$ 28.1	\$ 31.4	\$ 31.4	\$ -	0.0%	Sales Tax (Feb accrual)	\$ 28.9	65.5	\$ 65.5	\$ -	0.0%
1.8	2.0	2.6	(0.6)	-23.0%	Fares	28.5	5.0	5.6	(0.5)	-9.7%
-	-	-	-	0.0%	Federal	130.6	-	-	-	0.0%
1.0	2.8	1.8	1.0	56.6%	Other *	30.1	5.3	3.5	1.8	50.6%
<b>\$ 30.9</b>	<b>\$ 36.2</b>	<b>\$ 35.7</b>	<b>\$ 0.4</b>	<b>1.2%</b>	<b>TOTAL REVENUE</b>	<b>\$ 218.1</b>	<b>\$ 75.9</b>	<b>\$ 74.6</b>	<b>\$ 1.2</b>	<b>1.7%</b>
					<b>Expense</b>					
\$ 13.0	\$ 14.2	\$ 15.4	\$ 1.2	7.7%	Salary/Wages	\$ 13.5	\$ 29.2	\$ 30.8	\$ 1.6	5.2%
6.1	6.7	7.9	1.2	15.6%	Fringe Benefits	7.3	14.2	15.8	1.6	10.2%
2.2	2.4	2.9	0.5	16.7%	Services	1.3	4.1	5.8	1.7	28.7%
1.1	2.3	1.9	(0.4)	-21.5%	Parts	0.9	4.2	3.8	(0.4)	-10.6%
1.2	3.1	3.0	(0.1)	-1.9%	Fuel	0.7	5.4	6.0	0.6	10.6%
0.4	0.7	0.5	(0.2)	-29.1%	Utilities	0.6	1.4	1.0	(0.3)	-28.8%
1.1	1.0	1.4	0.4	27.7%	Other	0.5	1.7	2.9	1.2	41.3%
(0.2)	(1.1)	(1.0)	(0.1)	14.3%	Capitalized Cost	(0.1)	(2.0)	(1.9)	(0.0)	0.6%
<b>\$ 24.8</b>	<b>\$ 29.3</b>	<b>\$ 32.1</b>	<b>\$ 2.8</b>	<b>8.8%</b>	<b>TOTAL EXPENSE</b>	<b>\$ 24.7</b>	<b>\$ 58.2</b>	<b>\$ 64.2</b>	<b>\$ 6.0</b>	<b>9.4%</b>
\$ 6.8	\$ 6.6	\$ 6.6	\$ (0.0)	0.0%	Debt Service	\$ 6.8	\$ 13.3	\$ 13.3	\$ (0.0)	0.0%
<b>\$ (0.7)</b>	<b>\$ 0.3</b>	<b>\$ (3.0)</b>	<b>\$ 3.2</b>	<b>108.5%</b>	<b>Contrib. Capital/Reserves</b>	<b>\$ 1.1</b>	<b>\$ 4.4</b>	<b>\$ (2.9)</b>	<b>\$ 7.3</b>	<b>254.0%</b>

\*Does not include Sale of Assets Favorable/(Unfavorable)

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## Revenue

<sup>3</sup> Monthly forecasted ridership calculated using Planning 2023 yearly forecast by mode.

<sup>4</sup> February 2023 Ridership report. UVX numbers included in total Bus ridership numbers.

For the month of February, revenues were \$31.4 million. Accrued sales tax revenue was at budget. Farebox revenue was 23.0% below budget, primarily related to the decrease of Paratransit fares combined with free fares offered during the NBA All Star Game.

There were no Federal payments recorded for the month as the formula grants are pending due to grant processing delays. Once these grants are approved, (approval anticipated in April at the earliest), UTA will be able draw down an estimated \$55 million in accrued eligible operational expenses dating back to 2022 – which will be recorded as Federal income in 2023.

Other revenues came in higher than budget with a \$1.0 million variance (56.6 percent). Positive variance was primarily driven by higher than expected investment returns, as discussed above.

### **Expenditures**

The February expense variance of \$2.8 million or 8.8 percent below plan is a direct result of positive variances in Wage costs of \$1.2 million, underspend of \$1.2 million in Fringe expense, under spend in Service of \$0.5 million, over budget spend of \$0.4 million in Parts, \$0.1 million of overspend in Fuel, and an underspend in Other expenses directly related to the agency's contingency.

*Notable impacts to the variance were:*

Parts: \$0.4 million over budget. Commuter Rail spending on parts was \$262,000 over budgeted plan, Facilities spending on parts was \$58,000 over budget, and smaller amounts in other operating units.

Services: \$0.5 million spend under budget, 16.7 percent under plan. Much of the underspend for the month was within the IT group directly related to the timing of payment for software and software related licensing and invoice catch-up of contracted legal fees.

Fuel/Power: Slightly over budget \$0.1 million (1.9 percent), driven by higher than expected propulsion power costs somewhat offset by lower diesel fuel expenses.

Utilities: Over budget by 29.1 percent ( \$0.2 million), primarily due to costs associated with the heavy and persistent winter weather. Mostly related to platform heating, building heating, and lingering impact of the spike in the cost of natural gas.

Capitalized Cost: \$0.1 million over budget (14.3 percent positive variance) for February. Most of this variance is associated with Light Rail and Fleet Engineering. Accounting's continued work with Light Rail and Asset Management has helped this area to have more timely and accurate reporting.