SUBJECT:	June Variance Analysis	DATE:	July 27, 2023

FROM: CFO – Viola Miller
TO: Executive Director – Jay Fox

Highlights
June 2023 UTA ridership was under forecast by 3.2% and exceeded June 2022 by 0.1%.
2023 YTD UTA ridership exceeds forecast by 10.2% and the same period in 2022 by 10.8%.

June revenue was below budget by ($1.3M / 2.6%); YTD revenue exceeds budget by $20.4M / 8.0%. Operating expenses were under amended budget by ($5.3M / 13.4%) in June. YTD operating expenses are ($15.5M / 7.6%) under amended budget.

Actual accrued June 2023 Sales Tax revenue was $43M which is ($3.4M / 7.2%) below budget. YTD 2023 Sales Tax revenue is $232.7M which exceeds budget by $4.3M / 1.9%. June 2023 Sales Tax revenue was ($8.3 M / 16.2%) lower than June 2022 and 2023 YTD Sales Tax Revenue is ($1.3M / 0.5%) lower than the same period in 2022. *Note: UTA Sales Tax revenues are reported by the state with a one-to-two-month lag with current month numbers reflecting an accrued estimate.*

Diesel fuel cost in June 2023 was ($1.16 / 29.6%) below budget. June 2023 diesel fuel cost averaged $2.74 vs. June 2022 average price of $4.64. 2023 YTD diesel average price is $3.07 compared to budget diesel price of $3.90.

2023 ANALYSIS
Ridership
(Comparison of YTD 2023 Actual Ridership to 2023 Forecast and 2022 Actual results)

UTA System Ridership
YTD June 2023

YTD	Jun 2023	Jun 2023	Jun 2022	Variance '22	Variance 'F23	Vs 2022	Vs F2023
	Actual	Forecast	Actual	Var	Var	%	%
Bus	8,701,976	7,799,081	7,493,377	1,208,599	902,895	16.1%	11.6%
Salt Lake	5,414,024	4,545,756	4,749,422	664,602	868,269	14.0%	19.1%
Ogden	1,456,182	1,615,014	1,226,454	229,728	(158,832)	18.7%	-9.8%
Timp	1,831,769	1,638,311	1,517,500	314,269	193,458	20.7%	11.8%
Light Rail	5,151,978	5,119,057	5,372,057	(220,079)	32,921	-4.1%	0.6%
FrontRunner	1,758,569	1,429,363	1,473,230	285,339	329,206	19.4%	23.0%
Micro Transit [1]	188,472	183,457	82,211	106,261	5,015	129.3%	2.7%
Paratransit	430,366	358,398	378,964	51,403	71,968	13.6%	20.1%
Van Pool	565,610	354,415	358,955	206,655	211,195	57.6%	59.6%
Total Ridership	16,796,971	15,243,772	15,158,793	1,638,178	1,553,199	10.8%	10.2%

[1] Micro Transit was a pilot program in 2019 & 2020

Systemwide

Systemwide, total ridership 2023 YTD was 16.8M which exceeded the YTD ridership forecast of 15.2M by 10.2%. This amounted to 1.64M / 10.8% more trips 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 1.76M passengers 2023 YTD compared to a ridership forecast of 1.43M which resulted in exceeding forecast by 23.0%. This is approximately 19.4% higher than 2022 ridership of 1.47M. [1]

TRAX ridership YTD in 2023 was 0.6% above the 2023 forecast with 32.9K more riders than projected. 2023 YTD amount is 4.1% lower than 2022 ridership of 5.37M riders.

Bus ridership YTD in 2023 was 8.70M compared to a forecast of 7.80M, so ridership exceeded forecast by 11.6%. 2023 YTD ridership exceeded 2022 totals by $1.21M / 16.1%.

Paratransit/Flex YTD 2023 ridership exceeded 2023 forecast of 358.4K by 20.1%, with UTA providing 430.4K trips. This is 13.6% higher than 2022 ridership of 379.0K.

Micro Transit YTD ridership in 2023 exceeded forecast by 5.0K / 2.7%. Micro Transit started south Davis County and Tooele County service in August of 2022, so YTD June 2022 values are not comparable.

Van Pool ridership YTD for 2023 was 565.6K versus a forecast of 354.4K, which is 59.6% above forecast. 2023 ridership is 57.6% higher than in 2022.

[1] Monthly forecasted ridership calculated using Planning 2023 monthly forecast by mode.

Operating Financial Results
June 2023

MONTHLY RESULTS					FISCAL YEAR 2023 Dollars in Millions	YEAR-TO-DATE RESULTS				
Prior Year	Current Year					Prior Year	Current Year			
Actual	Actual	A Budget	Variance			Actual	Actual	A Budget	Variance	
					Revenue					
$ 51.3	$ 43.0	$ 46.4	$ (3.4)	-7.2%	Sales Tax **(Jun accrual)**	$ 234.0	232.7	$ 228.4	$ 4.3	1.9%
2.2	2.9	3.0	(0.1)	-3.0%	Fares	28.5	18.1	17.5	0.6	3.5%
11.6	0.2	-	0.2	0.0%	Federal	130.6	0.3	-	0.3	0.0%
1.6	3.7	1.8	1.9	108.6%	Other *	30.1	25.8	10.6	15.2	143.4%
$ 66.6	**$ 49.8**	**$ 51.1**	**$ (1.3)**	**-2.6%**	**TOTAL REVENUE**	**$ 423.2**	**$ 277.0**	**$ 256.5**	**$ 20.4**	**8.0%**
					Expense					
$ 12.8	$ 16.3	$ 18.2	$ 1.9	10.6%	Salary/Wages	$ 75.9	$ 86.7	$ 91.3	$ 4.6	5.0%
1.2	1.4	1.1	(0.3)	-30.8%	Overtime	7.1	$ 7.5	5.4	$ (2.2)	-40.2%
8.3	8.1	9.5	1.4	14.8%	Fringe Benefits	41.8	44.0	48.8	4.8	9.9%
3.6	4.1	4.2	0.0	0.9%	Services	14.5	19.0	21.4	2.3	11.0%
1.0	1.7	1.9	0.3	13.2%	Parts	8.0	12.5	11.6	(0.8)	-7.3%
4.0	2.2	2.9	0.7	23.1%	Fuel	14.3	15.1	17.9	2.8	15.8%
0.5	0.3	0.5	0.2	45.3%	Utilities	3.1	4.6	3.1	(1.5)	-47.3%
1.7	1.2	2.3	1.1	48.0%	Other	6.2	6.2	11.0	4.8	43.5%
(0.3)	(1.1)	(1.1)	(0.0)	0.5%	Capitalized Cost	(3.3)	(6.5)	(5.9)	(0.6)	10.1%
$ 32.8	**$ 34.2**	**$ 39.6**	**$ 5.3**	**13.4%**	**TOTAL EXPENSE**	**$ 167.5**	**$ 189.1**	**$ 204.6**	**$ 15.5**	**7.6%**
7.6	6.4	6.6	0.2	3.7%	Debt Service	41.8	40.0	39.9	(0.1)	-0.3%
$ 26.2	**$ 9.1**	**$ 4.9**	**$ 4.2**	**86.5%**	**Contrib. Capital/Reserves**	**$ 221.6**	**$ 47.8**	**$ 12.0**	**$ 35.8**	**298.2%**

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

**Does not include Sale of Assets: $5.14 M* Favorable/(Unfavorable)

Revenue

Sales Tax Revenue

Due to a lag in reporting from the State of Utah, actual sales tax revenues are reported with a one to two-month delay. The results shown above (from June financial statements) reflect accrued sales tax revenues through June 2023.

As shown above, 2023 YTD sales tax revenues (including accruals for June in the financial statements) were $232.7M, $4.3M / 1.9% above budget. Actual sales tax year-over-year growth in 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

Passenger revenue was slightly above budget in June YTD, with total fare revenue of $18.1M compared to a budget of $17.5M. The small positive variance can be attributed to the recognition of revenue from a sunset provision for a discontinued pass program.

Federal Operating Revenue

YTD Federal revenues were budgeted at $0M in recognition of delays related to labor issues impacting the award of federal grants. Federal operating revenues will be recognized when delays in grant approvals and processing are completed. We anticipate seeing funds from grant approvals to arrive in Q3. The $130K received in April and $198K received in June are funds directly related to our 5310 FTA Grant Program. These funds are passed-through UTA and disbursed to the qualified agencies and communities in our service area.

Other Revenue
Other revenue sources were $15.2M / 143.4% above budget YTD. Actual investment revenue, driven by higher rates of return on investments than expected, made up the $15.2M variance.

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 YTD through June were under amended budget by ($15.5M / 7.6%). The explanation of the variance is detailed below along with adjusted expectations when accounting for delays.

Salary and Wages
YTD salary and wages were ($4.6M / 5.0%) under amended budget. Overtime was included in this total previously which made the total closer to amended budget, overtime is now broken out separately.

Overtime
Overtime was $2.2M / 40.2% over amended budget YTD, relative to an overtime budget of $5.4M YTD.

YTD operator overtime was $1.36M / 37.6% over amended budget. Salt Lake Bus was over amended budget by $944K, Ogden by $277K, Light Rail by $27K, Riverside by $66K and Timpanogos by $30K with smaller differences elsewhere. This situation is primarily a function of business units use of overtime to compensate for operator shortages. There were minimal impacts from higher overtime rates paid during NBA All Star Weekend.

Non-operator (primarily Bargaining maintenance) YTD overtime was $804K / 45.4% over amended budget. Asset Management overtime was over amended budget by $281K / 94.5% 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 ($735K) under amended budget in Asset Management. Also contributing was Salt Lake Bus maintenance at $124K / 45.4% above amended budget, Commuter Rail at $81K / 72.2% above amended budget, Public Safety at $96K / 141.9% above amended budget and Ogden Maintenance at $85K / 262.4% above amended budget. Other smaller amounts contributed to the balance.

Fringe

YTD fringe benefit expenses were under amended budget by $4.8M / 9.9% primarily due to the impact of vacancies discussed above.

Vacancies

UTA's vacancy rate is 6.8% YTD at the end of June versus a vacancy rate of 8.2% the end of December 2022. Vacancies contribute to the positive wage variance but also contributes to the higher-than-expected overtime expense.

Non-Labor Summary

YTD non-labor categories were favorable $7M primarily due to positive variances of $2.3M in Services, $2.8M in Fuel, and $4.8M in Other, with negative offsets in Utilities ($1.5M) and Parts ($0.8M).

Services

Services were favorable by $2.3M / 11.0% due to:

- Legal (under $184K / 18.4%). Attorney General billings are up to date. External Counsel support is under amended budget.
- IT (under $425K / 11.7%). Budget timing regarding software subscriptions and software maintenance primary reason for under amended budget.
- Micro Transit (under $791K / 19.0%). Principally due to an invoice timing but expectations are that they should be close to amended budget by August.
- Planning and Engagement (under $303K / 75.3%). Due to a timing issue between budget project completion and actual delivery for the On-Board Survey, TLC Grant program, and the UTA long range transit plan and other smaller value projects.
- Balance of items spread across other groups in organization.

Parts

YTD, Parts were over budget by $0.8M on an $11.6M amended budget. The largest contributing operating unit was Commuter Rail at $538K / 32.3% over amended budget, with smaller amounts being both over and under amended budget in other operating units. Commuter Rail indicates they have been replacing higher cost components at a rate much higher than experience would have indicated. Commuter Rail replaced 14 traction motors in Q1 of 2023 and an additional five in Q2. In addition, three battery tray sets were replaced, a turbocharger was replaced, and three brand new rail car axles. These were all unexpected failures that unfortunately are high-cost parts.

In addition, we are under performing YTD on warranty recoveries by ($659K). Warranty recoveries are received when maintenance groups return a part that is within the warranty period. These credits offset parts expense. We have budgeted to receive $811K through June YTD and we have only collected $153K. Most of this variance is being driven by shortfalls in the Light Rail business unit, which is in the process of reassessing the appropriate amount to budget for warranty recovery in 2024.

Fuel and Power

YTD fuel and power expenses were about ($2.8M) under amended budget. Diesel fuel and gasoline expenses were ($2.77M) under amended budget and CNG fuel was $151K over amended budget. CNG fuel over budget amount is directly related to a spike in natural gas prices in January and February.
Propulsion power for light rail is ($226K / 7%) under amended budget YTD, the variance has self-corrected over the last quarter.

Other

YTD Other expense are under amended budget by ($4.8M / 43.5%). Insurance related expense was ($1.54M) under amended budget. Training, travel, and employee awards were under amended budget ($848K). Other Miscellaneous and contingency expenses were under amended budget ($2.57M / 93.8%). This amount is primarily comprised of ($1.96M) of Operations contingency. The balance of the variance is spread in smaller values among multiple categories across the organization.

Utilities

YTD Utility expenses were $1.5M / 47.3% higher than amended budget. Primary cause of this variance is directly related to January and February'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% in one month; since then, prices have declined. The Facilities group has also experienced additional Utility charges related directly to the extraordinary winter weather through March. For natural gas facility needs, we have recently changed providers and now purchase fuel directly from the primary local utility, Dominion Energy.

Capitalized Cost

YTD Capitalized Cost are under amended budget by ($0.6M), this is primarily associated with Light Rail accruals. Variances in this area has improved with recent changes in process driven by the Comptroller's office and Operations.

June 2023 Results

Ridership

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

UTA System Ridership
June 2023

MTD	Jun 2023 Actual	Jun 2023 Forecast	Jun 2022 Actual	Variance '22 Var	Variance 'F23 Var	Vs 2022 %	Vs F2023 %
Bus	1,398,427	1,277,068	1,238,868	159,559	121,359	12.9%	9.5%
Salt Lake	891,871	728,639	767,423	124,448	163,232	16.2%	22.4%
Ogden	240,360	242,556	231,976	8,384	(2,196)	3.6%	-0.9%
Timp	266,196	305,873	239,469	26,727	(39,676)	11.2%	-13.0%
Light Rail	817,596	1,052,029	1,024,657	(207,061)	(234,433)	-20.2%	-22.3%
FrontRunner	304,203	314,478	308,273	(4,070)	(10,275)	-1.3%	-3.3%
Micro Transit [1]	31,858	40,363	17,426	14,432	(8,505)	82.8%	-21.1%
Paratransit	73,679	65,827	66,221	7,458	7,853	11.3%	11.9%
Van Pool	85,332	51,586	53,890	31,442	33,746	58.3%	65.4%
Total Ridership	2,711,096	2,801,351	2,709,335	1,760	(90,255)	0.1%	-3.2%

June's total ridership was 2.7M, which was (90K / 3.2%) below forecast. This was nearly identical (within 2,000 riders) to June 2022 ridership.

Frontrunner carried 304.2K passengers in June which was (3.3%) lower than the forecast of 314.5K. This figure is (1.3%) lower than 2022 ridership of 308.3K.[2]

TRAX ridership in June was down (22.3%) from the June forecast of 1.05M riders. This is (20.2%) below June 2022 ridership of 1.02M riders.

Bus ridership in June was 121K / 9.5% higher than the forecast of 1.28M and 12.9% higher than 2022 ridership of 1.24M.[3]

Paratransit/Flex ridership was above June forecast of 65.8K by 11.9%, with UTA providing 73.7K trips. This is 11.3% higher than 2022 ridership for the same period.

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[2] Monthly forecasted ridership calculated using Planning 2023 yearly forecast by mode.

[3] June 2023 Ridership report. UVX numbers included in total Bus ridership numbers.

Micro Transit ridership in June was below forecast by (8.5K / 21.1%). Microtransit started South Davis and Tooele County service in August of 2022, June 2022 values are not comparable.

Vanpool ridership for June was 85K versus a forecast of 51.6K, which is 65.4% above forecast.

MONTHLY RESULTS					FISCAL YEAR 2023 Dollars in Millions	YEAR-TO-DATE RESULTS				
Prior Year	Current Year					Prior Year	Current Year			
Actual	Actual	A Budget	Variance			Actual	Actual	A Budget	Variance	
					Revenue					
$ 51.3	$ 43.0	$ 46.4	$ (3.4)	-7.2%	Sales Tax **(Jun accrual)**	$ 143.9	232.7	$ 228.4	$ 4.3	1.9%
2.2	2.9	3.0	(0.1)	-3.0%	Fares	28.5	18.1	17.5	0.6	3.5%
11.6	0.2	-	0.2	0.0%	Federal	130.6	0.3	-	0.3	0.0%
1.6	3.7	1.8	1.9	108.6%	Other *	30.1	25.8	10.6	15.2	143.4%
$ 66.6	**$ 49.8**	**$ 51.1**	**$ (1.3)**	**-2.6%**	**TOTAL REVENUE**	**$ 333.1**	**$ 277.0**	**$ 256.5**	**$ 20.4**	**8.0%**
					Expense					
$ 12.8	$ 16.3	$ 18.2	$ 1.9	10.6%	Salary/Wages	$ 75.9	$ 86.7	$ 91.3	$ 4.6	5.0%
1.2	1.4	1.1	(0.3)	-30.8%	Overtime	7.1	$ 7.5	5.4	$ (2.2)	-40.2%
8.3	8.1	9.5	1.4	14.8%	Fringe Benefits	41.8	44.0	48.8	4.8	9.9%
3.6	4.1	4.2	0.0	0.9%	Services	14.5	19.0	21.4	2.3	11.0%
1.0	1.7	1.9	0.3	13.2%	Parts	8.0	12.5	11.6	(0.8)	-7.3%
4.0	2.2	2.9	0.7	23.1%	Fuel	14.3	15.1	17.9	2.8	15.8%
0.5	0.3	0.5	0.2	45.3%	Utilities	3.1	4.6	3.1	(1.5)	-47.3%
1.7	1.2	2.3	1.1	48.0%	Other	6.2	6.2	11.0	4.8	43.5%
(0.3)	(1.1)	(1.1)	(0.0)	0.5%	Capitalized Cost	(3.3)	(6.5)	(5.9)	(0.6)	10.1%
$ 32.8	**$ 34.2**	**$ 39.6**	**$ 5.3**	**13.4%**	**TOTAL EXPENSE**	**$ 167.5**	**$ 189.1**	**$ 204.6**	**$ 15.5**	**7.6%**
7.6	6.4	6.6	0.2	3.7%	Debt Service	41.8	40.0	39.9	(0.1)	-0.3%
$ 26.2	**$ 9.1**	**$ 4.9**	**$ 4.2**	**86.5%**	**Contrib. Capital/Reserves**	**$ 221.6**	**$ 47.8**	**$ 12.0**	**$ 35.8**	**298.2%**

**Does not include Sale of Assets* Favorable/(Unfavorable) **Does not include Sale of Assets: $5.14 M* Favorable/(Unfavorable)

Revenue

For the month of June, accrued sales tax revenues were $43M, which was ($3.4M / 7.2%) below budget. Farebox revenue was 3.0% below budget.

There were no Federal PM payments recorded for the month as the formula grants are pending due to grant processing delays and delays related to labor issues. Once these grants are approved, UTA will be able draw down an estimated $55M in accrued eligible operational expenses dating back to 2022 and $35M in 2023 – which will be recorded as Federal income in 2023.

Other revenues came in higher than budget with a $1.9M variance. Positive variance was primarily driven by higher-than-expected investment returns, as discussed above.

Expenditures

The June expense variance is ($5.3M / 13.4%) below amended budget. Salaries and Wages were under amended budget ($1.9M). An underspend of ($1.4M) in Fringe expense is related to the Agency's vacancies. Service was right at target and there was underspend of ($0.7M) in Fuel mainly due to the lower than budgeted pricing which contributed to the positive variance. The ($1.1M) amount Other Expenses were under amended budget were largely related to the agency's contingency amounts and insurance positive variances. Lower spend in Computer Supplies and Media contributed to the favorable variance as well.

Comments on notable impacts to the variance are as follows:

Salary*:* ($1.9M) under amended budget. Improving month-over-month on filling needed positions (48 additional heads compared to May), but still (6.4%) below budget.

Overtime*:* 30.8% above amended budget in June. As positions go unfilled and current employees work extra to fill in the holes, overtime increases. As Salary amounts stay under budget, Overtime will likely remain above budget.

Fringe*:* ($1.4M) under amended budget in June. Fringe will follow the same pattern as Salary expenses.

Parts*:* ($253K) below amended budget for the month of June. Low spend in Repair Parts (specifically Light Rail Maintenance and Facilities) was the cause for the favorable variance.

Fuel/Power: Under amended budget ($673K / 23.1%), driven by a lower monthly average price of $2.74 per gallon versus a budgeted diesel amount of $3.90. In addition, the June price of unleaded fuel was $3.24 compared to the unleaded budget price of $3.10.

Utilities*:* Under amended budget by ($234K / 45.3%), under budget in June primarily due to Facilities only spending 57% of their monthly amended budgeted amount. Network Support only used 15% of its $71K monthly amended budget.