


SUBJECT: December Preliminary Monthly Financial Report DATE: February 6, 2023

FROM: CFO – William Greene 
 TO: Executive Director – Jay Fox

Highlights

Year to date UTA ridership is 27 percent above projections for 2022 and 29 percent below 2019 actual ridership.

Preliminary revenues for 2023 had a positive variance of \$101 million and preliminary operational expenses for 2022 are \$16.8 million under budget.

Actual year-to-date November 2022 Sales Tax revenues are \$42.7 million or 10.8 percent above budget. For comparison purposes, Sales Taxes are 13.9 percent or \$50.0 million higher when compared to the same period in 2021. UTA’s American Rescue Plan stimulus funds were 100 percent withdrawn as of October 31st.

Diesel fuel cost in December 2022 was 35.3% lower than November at \$3.13 per gallon. 2022 diesel average price is \$3.92.

2022 ANALYSIS

Ridership

(Comparison of Year-To-Date 2022 Actual Ridership to 2022 Forecast and 2019 Actual results)

**UTA System Ridership
YTD December 2022**

YTD	Dec 2019 Actual	Dec 2022 Forecast	Dec 2022 Actual	Variance '19 Var	Variance '22 Var	Vs 2019 %	Vs F2022 %
Bus	20,303,086	13,555,088	15,723,537	(4,579,549)	2,168,449	-22.6%	16.0%
Salt Lake	12,492,268	8,990,051	9,773,639	(2,718,629)	783,588	-21.8%	8.7%
Ogden	3,338,527	1,835,958	2,625,969	(712,559)	790,011	-21.3%	43.0%
Timp	4,472,291	2,729,079	3,323,930	(1,148,362)	594,851	-25.7%	21.8%
Light Rail	16,871,929	8,391,677	10,734,066	(6,137,863)	2,342,389	-36.4%	27.9%
FrontRunner	5,193,880	1,809,586	3,230,521	(1,963,359)	1,420,935	-37.8%	78.5%
Micro Transit ¹	-	189,128	246,771	-	57,643	0.0%	30.5%
Paratransit	805,121	288,314	790,775	(14,346)	502,461	-1.8%	174.3%
Van Pool	1,065,208	587,139	713,886	(351,322)	126,747	-33.0%	21.6%
Total Ridership	44,239,223	24,820,932	31,439,556	(12,799,668)	6,618,624	-28.9%	26.7%

¹ Micro Transit was a pilot program in 2019 & 2020

Systemwide

Systemwide, total ridership for 2022 was 31.4 million compared to 2022 ridership forecast of 24.8 million (26.7 percent above 2022 forecast). This amounted to 12.8 million trips (28.9 percent) lower than in 2019. 2022 ridership was positively impacted by the Fare Free February promotion for all modes of transit. Ridership has retained much of the gains achieved in February.

Frontrunner carried 3.2 million passengers in 2022 compared to a ridership forecast of 1.8 million (78.5 percent above forecast). This figure is approximately 37.8 percent lower than 2019 ridership of 5.2 million. ¹

TRAX ridership in 2022 was 27.9 percent above the 2022 forecast with 2.3 million more riders than projected. This is 36.4 percent below 2019 ridership of 16.8 million riders.

Bus ridership in 2022 was 15.7 million as compared to a forecast of 13.5 million (16.0 percent above forecast) and lower than 2019 ridership of 20.3 million (22.6 percent). ²

Paratransit/Flex 2022 ridership was above 2022 forecast of 288,000 by 174.3 percent, with UTA providing 790,000 trips. This is two percent lower than 2019 ridership for 2019.

Microtransit ridership in 2022 is above forecast by 57,600 or 30.5 percent. Microtransit was a partial year pilot program in 2019 and so 2022 values are not comparable.

Van Pool ridership for 2022 was 714,000 versus a forecast of 587,000, which is 21.6 percent above forecast. 2022 ridership is 33.0 percent lower than in 2019.

¹ Monthly forecasted ridership calculated using Planning 2022 monthly forecast by mode.

² December 2022 Ridership report. UVX numbers included in total Bus ridership numbers.

Operating Financial Results December 2022 Preliminary

MONTHLY RESULTS					FISCAL YEAR 2022 Dollars in Millions	YEAR-TO-DATE RESULTS				
Prior Year Actual	Current Year					Prior Year Actual	Current Year			
	Actual	Budget	Variance			Actual	Budget	Variance		
					Revenue					
\$ 56.4	\$ 45.1	\$ 40.3	\$ 4.8	11.9%	Sales Tax (Dec accrual)	\$ 433.4	474.3	\$ 435.7	\$ 38.6	8.9%
0.7	2.9	3.0	(0.1)	-3.9%	Fares	28.5	34.1	34.2	(0.1)	-0.3%
(101.7)	-	-	-	0.0%	Federal	130.6	217.4	159.6	57.8	36.2%
18.7	4.2	1.9	2.3	120.7%	Other *	30.1	26.4	21.7	4.7	21.8%
\$ (25.9)	\$ 52.2	\$ 45.2	\$ 7.0	15.4%	TOTAL REVENUE	\$ 622.6	\$ 752.2	\$ 651.2	\$ 101.0	15.5%
					Expense					
\$ 14.7	\$ 14.1	\$ 14.5	\$ 0.3	2.4%	Salary/Wages	\$ 157.9	\$ 167.9	\$ 172.3	\$ 4.4	2.6%
7.0	6.8	7.1	0.3	4.4%	Fringe Benefits	77.1	81.6	84.8	3.2	3.8%
2.6	5.6	3.2	(2.4)	-73.2%	Services	24.9	34.3	35.3	1.1	3.0%
0.9	1.5	1.9	0.5	23.6%	Parts	17.6	17.4	22.9	5.5	23.9%
0.6	2.4	2.0	(0.4)	-19.7%	Fuel	20.9	32.8	27.5	(5.3)	-19.5%
0.5	0.5	0.6	0.1	21.7%	Utilities	5.7	5.4	6.4	1.0	16.1%
31.7	1.6	3.8	2.2	58.6%	Other	42.3	14.9	24.7	9.8	39.9%
(0.4)	(2.4)	(0.8)	(1.5)	184.2%	Capitalized Cost	(7.5)	(7.9)	(10.7)	(2.8)	26.4%
\$ 57.6	\$ 30.1	\$ 32.4	\$ 2.2	6.9%	TOTAL EXPENSE	\$ 338.9	\$ 346.3	\$ 363.2	\$ 16.8	4.6%
\$ 17.2	\$ 6.3	\$ 8.3	\$ 1.9	23.4%	Debt Service	\$ 102.3	\$ 81.9	\$ 89.9	\$ 8.0	8.9%
\$ (100.7)	\$ 15.7	\$ 4.6	\$ 11.1	243.0%	Contrib. Capital/Reserves	\$ 180.1	\$ 324.0	\$ 198.1	\$ 125.9	63.5%

*Does not include Sale of Assets

Favorable/(Unfavorable)

*Does not include Sale of Assets

Favorable/(Unfavorable)

Note regarding Preliminary December 2022 Financial Results: UTA is currently undergoing the year-end financial close process. This process typically can last several months as year-end recording of revenue and expenses takes place. Therefore, the financial results being discussed are preliminary and will likely change as the year-end close and audit are completed.

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 December financial statements) reflect actual sales tax revenues through November 2022 and estimated (accrued) December sales tax revenues.

As shown above, 2022 sales tax revenues (including accruals for December in the financial statements) were \$38.6 million or 8.9 percent higher than budget. Actual sales tax year-over-year growth in November 2022 for almost all counties in UTA's service area has again reached double digit growth.

Fare Revenue

Year-end passenger revenue was slightly below budget in December, with total fare revenue of \$34.1 million compared to a budget of \$34.2 million. The small variance can be attributed to the impact of renegotiated fare agreement with our educational and non-profit partners.

Federal Operating Revenue

For December, year-end Federal revenues were budgeted at \$159.6 million and \$217.4 million has been received. The amounts recorded above budget (\$57.8 million) are primarily due to the delay in recognition of originally planned 2021 grant revenues until 2022.

Other Revenue

Other revenue sources are \$4.7 million or 21.8% above budget. December year-end investment revenue was \$3.4 million above budget making up much of the positive variance. Also contributing was a positive variance of Advertising revenue of \$0.8 million.

UTA has moved to a longer-term investment strategy paired with increasing PTIF interest rates, which represented an opportunity for investment returns to exceed budgeted targets for 2022.

Expenditures

Operating expenses through the year-end in December were under budget by \$16.8 million or 4.6 percent. The explanation of the underrun is described below along with adjusted expectations when taking delays into account.

Salary and Wages

Year-end salary and wages were \$4.4 million or 2.6 percent under budget, primarily due to vacancies. The positive variance would have been higher but for overtime costs driven by labor shortages (primarily in operator labor) as discussed below.

Overtime

Overtime was \$5.2 million over budget for the year, relative to a total overtime budget of \$8.6 million (60 percent).

Year-end operator overtime was \$3.9 million or 68 percent over budget. Salt Lake Bus was over budget by \$1.5 million, Ogden by \$732,000, Light Rail by \$729,000, Riverside by \$450,000 and Timpanogos by \$378,000 with smaller differences elsewhere.

This situation is primarily a function of business units use of overtime to compensate for operator shortages and the impact of double overtime which was in place until April. The double overtime cost was included in the 2022 Budget for the months of January and February.

Non-operator (primarily Bargaining maintenance) December year-end overtime was \$1.3 million (45 percent) over budget. Asset Management overtime was over budget by \$510,000 (118 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 \$1,687,000 under budget). Also contributing was Salt Lake Bus maintenance at \$343,000 (86 percent above budget but reg wages under budget by \$626,000), Transit Communications Center at \$108,000 (\$25,000 budget for OT), Commuter Rail at \$86,000 (41 percent above budget), Customer Service at \$93,000 (no OT budget), Paratransit

Maintenance at \$88,000 (126% above budget) and Ogden Maintenance at \$72,000 (114% above budget). Other smaller amounts contributed to the balance.

Fringe

Year-end, fringe benefit expenses were under budget by \$3.2 million (3.8 percent) primarily due to the impact of vacancies discussed above.

Vacancies

UTA's vacancy rate is 8.2 percent at the end of December holding steady versus a vacancy rate of 8.2 percent the end of November. Vacancies contribute to the positive wage variance but also contributes to the higher-than-expected overtime expense. However, headcount vacancies of part-time operator positions are 48.1%, which leads to less of savings in wages than might otherwise be anticipated.

Non-Labor Summary

Year-end, non-labor categories were a net \$9.2 million favorable primarily due to positive variances of \$1.1 million in Services, \$5.5 million in Parts, and \$9.8 million in Other, with negative offsets in Fuel \$(5.3) million, \$(2.8) million in Capitalized Cost, with smaller amounts spread across other categories.

Services

Services were favorable by \$1.1 million (three percent) due to:

- Information Systems (under \$0.4 million or six percent). This area is much closer to budget than in prior months, as prior month invoicing has been recorded and projects completed. Additional invoices are likely to be processed during the year-end close to get even closer to budgeted amounts.
- Paratransit (under \$1.0 million or 16 percent). Reflects that some of these services have been provided by UTA Special Services instead of the paratransit contractor in Ogden.
- Legal (under \$572,000 or 29%). Invoices for these services are still being processed. About \$130,000 in additional invoices have been processed since the last financial snapshot was taken. Attorney General's office estimates that expenses will come in at least \$300,000 below budget for 2022 because of lower-than-expected outside counsel support for 2022.
- Capital Development (under \$234,000 or 13%). Lower expenses in professional technical services (\$200,000) and grant management consulting special studies (\$34,000) Capital Development is expected to be under budget in Services by \$200,000 at final close.
- Microtransit (under \$334,000 or 5%). Amount has dropped from prior balances and expectations are that they should be close to budget by year-end close.
- Planning. (over budget by \$409,000 or 46%). Primarily reflects the impact of delayed payment in 2022 of an invoice for a study completed in 2021 but not invoiced until 2022.
- People (over \$2.7 million or 168%). Driven by Apprenticeship expenses being charged to Services line item with original budget being shown in Other expense (\$5.5 million

budgeted). A significant amount of this underrun (\$1.5 million) was recognized in the 2023 budget process and authority will be carried over into 2023.

- Balance of items spread across other groups in organization.

Parts

Year-to-date, Parts were under budget by \$5.5 million (on a \$22.9 million annual budget). Contributing were primarily lower parts usage in Light Rail (\$5.3 million), with smaller amounts in other operating units.

Fuel and Power

Year-to-date, fuel and power expenses were about \$5.3 million over budget. Actuals continued to exceed budget in this area as higher fuel prices than budgeted for diesel (budget \$2.75/gallon) continued through the year. There is a small volume variance due to slightly lower fuel usage than budgeted of about \$560,000.

Other

Year to date Other expense has a positive variance of \$9.8 million or 40 percent.

Training and Other Miscellaneous expenses budgeted by the People office account for about \$5.1 million of this positive expense variance. As mentioned above, much of the actual cost for these items was recorded in the Contract Services line item, so there is a higher actual expense recorded in that line item. As a result, the underspend is directly related to the recognition of the maintenance apprenticeship and other recruitment and retention efforts.

Other significant portions of the 'Other' positive variance is associated with Operating Fund contingency and Operations contingency. Year-to-date, COO Contingency expenses were \$2.7 million favorable to budget. Also contributing were positive variances associated with Insurance fees (\$110,000), Vanpool Insurance (\$570,000) and Travel/Training expenses (\$651,000).

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

Utilities

Year-end December Utility expenses were \$1.0 million or 16.1 percent lower than budget. Primary cause of positive variance appears to be caused by delays in booking expenses both in non-propulsion power in Asset Management (wayside power) and for cell phones and data circuits in IT. These expenses will be booked in the 13th month and utility expenses are projected to be even with budget at final year-end close.

Capitalized Cost

\$2.8 million below budget due to lower-than-expected charges to capital projects, primarily in Light Rail. Accounting is working with Light Rail to provide a simpler path for

Light Rail to submit the transfer of Capitalized Cost during each monthly accounting close. The amount of this variance has dropped considerably in preliminary December results and is expected to be at or near budget by the end of year-end close as corrections are processed.

December 2022 Results

Ridership

(Comparison of December 2022 Actual Ridership to 2022 Forecast and 2019 Actual results)

UTA System Ridership December 2022

MTD	Dec 2019	Dec 2022	Dec 2022	Variance '19	Variance 'F22	Vs 2019	Vs F2022
	Actual	Forecast	Actual	Var	Var	%	%
Bus	1,542,221	1,201,525	1,235,685	(306,535)	34,160	-19.9%	2.8%
Salt Lake	987,000	788,780	791,525	(195,475)	2,745	-19.8%	0.3%
Ogden	244,587	158,537	198,215	(46,372)	39,679	-19.0%	25.0%
Timp	310,633	254,209	245,945	(64,688)	(8,264)	-20.8%	-3.3%
Light Rail	1,394,138	758,133	759,652	(634,486)	1,519	-45.5%	0.2%
FrontRunner	410,299	161,194	254,973	(155,326)	93,779	-37.9%	58.2%
Micro Transit ¹	-	15,843	32,440		16,597	0.0%	104.8%
Paratransit	61,535	25,767	62,575	1,040	36,808	1.7%	142.9%
Van Pool	72,056	45,395	69,377	(2,679)	23,982	-3.7%	52.8%
Total Ridership	3,480,249	2,207,857	2,414,703	(1,065,546)	206,846	-30.6%	9.4%

December's total ridership was 2.4 million, which was 207,000 above forecast (9.4 percent), This was 1.1 million (30.6 percent) lower than in 2019.

Frontrunner carried 254,000 passengers in December compared to a ridership forecast of 161,000 (58.2 percent higher). This figure is 37.9 percent lower than 2019 ridership of 410,000³

TRAX ridership in December was 0.2 percent above the December forecast of 758,000 riders. This is 45.5 percent below December 2019 ridership of 1.4 million riders.

Bus ridership in December was 34,000 higher as compared to a forecast of 1.2 million (2.8 percent higher) and 19.9 percent below 2019 ridership of 1.54 million.⁴

³ Monthly forecasted ridership calculated using Planning 2022 yearly forecast by mode.

⁴ December 2022 Ridership report. UVX numbers included in total Bus ridership numbers.

Paratransit/Flex ridership was above December forecast of 36,000 by 142.9 percent, with UTA providing 62,000 trips. This is 1.7 percent higher than 2019 ridership for the same period.

Microtransit ridership in December was above forecast by 17,000 or 104.8 percent. Microtransit was a partial year pilot program in 2019 and so 2022 values are not comparable.

Vanpool ridership for December was 69,000 versus a forecast of 45,000, which is 52.8 percent above forecast. Ridership is 3.7 percent lower than the same month in 2019.

MONTHLY RESULTS					FISCAL YEAR 2022 Dollars in Millions	YEAR-TO-DATE RESULTS				
Prior Year Actual	Current Year					Prior Year Actual	Current Year			
	Actual	Budget	Variance			Actual	Budget	Variance		
					Revenue					
\$ 56.4	\$ 45.1	\$ 40.3	\$ 4.8	11.9%	Sales Tax (Dec accrual)	\$ 433.4	474.3	\$ 435.7	\$ 38.6	8.9%
0.7	2.9	3.0	(0.1)	-3.9%	Fares	28.5	34.1	34.2	(0.1)	-0.3%
(101.7)	-	-	-	0.0%	Federal	130.6	217.4	159.6	57.8	36.2%
18.7	4.2	1.9	2.3	120.7%	Other *	30.1	26.4	21.7	4.7	21.8%
\$ (25.9)	\$ 52.2	\$ 45.2	\$ 7.0	15.4%	TOTAL REVENUE	\$ 622.6	\$ 752.2	\$ 651.2	\$ 101.0	15.5%
					Expense					
\$ 14.7	\$ 14.1	\$ 14.5	\$ 0.3	2.4%	Salary/Wages	\$ 157.9	\$ 167.9	\$ 172.3	\$ 4.4	2.6%
7.0	6.8	7.1	0.3	4.4%	Fringe Benefits	77.1	81.6	84.8	3.2	3.8%
2.6	5.6	3.2	(2.4)	-73.2%	Services	24.9	34.3	35.3	1.1	3.0%
0.9	1.5	1.9	0.5	23.6%	Parts	17.6	17.4	22.9	5.5	23.9%
0.6	2.4	2.0	(0.4)	-19.7%	Fuel	20.9	32.8	27.5	(5.3)	-19.5%
0.5	0.5	0.6	0.1	21.7%	Utilities	5.7	5.4	6.4	1.0	16.1%
31.7	1.6	3.8	2.2	58.6%	Other	42.3	14.9	24.7	9.8	39.9%
(0.4)	(2.4)	(0.8)	(1.5)	184.2%	Capitalized Cost	(7.5)	(7.9)	(10.7)	(2.8)	26.4%
\$ 57.6	\$ 30.1	\$ 32.4	\$ 2.2	6.9%	TOTAL EXPENSE	\$ 338.9	\$ 346.3	\$ 363.2	\$ 16.8	4.6%
\$ 17.2	\$ 6.3	\$ 8.3	\$ 1.9	23.4%	Debt Service	\$ 102.3	\$ 81.9	\$ 89.9	\$ 8.0	8.9%
\$ (100.7)	\$ 15.7	\$ 4.6	\$ 11.1	243.0%	Contrib. Capital/Reserves	\$ 180.1	\$ 324.0	\$ 198.1	\$ 125.9	63.5%

*Does not include Sale of Assets

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Revenue

For the month of December, revenues were \$52.2 million (15.4 percent above budget). Accrued sales tax revenue was \$4.8 million above budget. Farebox revenue was 3.9% below budget, primarily due to the impact of the holidays and lower revenues from renegotiated contracts with educational and other partners. There were no Federal payments recorded for the month as the formula grants are pending. Once these grants are approved, (approval anticipated in February), UTA will draw down an estimated \$58 million in accrued eligible operational expenses – which will be recorded as federal income in 2023. Other revenues came in higher than budget with a \$2.3 million variance (120.7 percent), due to higher than budgeted Other revenue. Other revenue was associated with Investment revenue of \$1.6 million, Interlocal proceeds of \$1.7 million (SLC service funding), Advertising revenue of \$194,000 and \$60,000 of other non-transit revenue.

Expenditures

The December expense variance of \$2.2 million or 6.9 percent below plan is a direct result of positive variances in Wage costs of \$0.3 million, underspend of \$0.3 million in Fringe expense, under budget spend of \$0.5 million in Parts, \$2.2 million of underspend in Other expenses directly related to the agency's contingency and higher-than-budgeted offsets to capital (\$1.5 million). Offsetting this were higher than budgeted Services costs of \$2.4 million.

Notable impacts to the variance were:

Parts: \$0.5 million under budget. Light Rail spending on parts was \$240,000 under budget and Bus/Support Maintenance and under budget of \$125,000. The excess amounts under budget have been expected. Offsetting this amount somewhat were Commuter Rail parts, Ogden Bus, and Maintenance of Way. Parts expenses are projected to be even with budget at final year-end close as invoices will continue to be processed during the 13th month process.

Services: \$2.4 million spend over budget, 73.2 percent over plan. The majority of the overspend for the month was for the invoice catch-up of contracted Paratransit and the IT expense for services and software-as-a-service license billings expensed in December.

Fuel/Power: Over budget \$0.4 million (19.7 percent), driven by the cost of fuel and inflation. December diesel cost of \$3.13 a gallon versus a budget of \$2.75 a gallon. December's diesel price was the lowest monthly price since January 2022. Propulsion power for Light rail was budgeted at a rate of \$0.92 per mile with an actual year-end propulsion power expense of \$.79 Per mile.

Utilities: *Close to budget* \$0.1 million, primarily due to the processing of outstanding invoices in the wake of delayed billing because of construction and requested corrections to outstanding invoices from prior months.

Capitalized Cost: \$1.5 million over budget (positive variance) for December. Most of this variance is associated with parts usage by Light Rail. In addition, Accounting is working with Light Rail and Asset Management to help facilitate a simpler process for the transfer of Capitalized Cost and parts during the monthly accounting close process. Currently this transfer has only been initiated every six months and so we see the impacts of 'catch up' entries in December's results as corrections are processed in the 13th month.