

SUBJECT: April Variance Analysis

DATE: June 7, 2023

FROM: CFO – Viola Miller

TO: Executive Director – Jay Fox

Highlights

April 2023 UTA ridership exceeded forecast by 3.3% and April 2022 ridership by 8.1%. 2023 YTD UTA ridership exceeds forecast by 11.9% and the same period in 2022 by 11.0%.

April revenue exceeded budget by \$5.6M / 12.9%; YTD revenue exceeds budget by \$17.2M / 10.4%. Operating expenses were right on target in April with actuals coming in .1% under budget. YTD operating expenses are \$5.9M / 4.6% under budget.

Actual accrued April 2023 Sales Tax revenue is \$41.8M which is \$3.5M / 9.2% above budget. YTD 2023 Sales Tax revenue is \$150.8M which exceeds budget by \$5.0M / 3.4%. April 2023 Sales Tax revenue was \$963.5K / 2.3% lower than April 2022 and 2023 YTD Sales Tax Revenue is \$7.0M / 4.8% higher 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 April 2023 was \$0.93 / 23.8% lower than budget. April 2023 diesel fuel cost averaged \$2.97 vs. April 2022 average price of \$4.29. 2023 YTD diesel average price is \$3.15 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 April 2023**

YTD	Apr 2023	Apr 2023	Apr 2022	Variance '22	Variance 'F23	Vs 2022	Vs F2023
	Actual	Forecast	Actual	Var	Var	%	%
Bus	5,874,692	5,269,827	5,045,911	828,781	604,866	16.4%	11.5%
Salt Lake	3,615,616	3,089,673	3,225,012	390,604	525,943	12.1%	17.0%
Ogden	980,583	1,126,123	782,728	197,855	(145,540)	25.3%	-12.9%
Timp	1,278,494	1,054,031	1,038,171	240,323	224,463	23.1%	21.3%
Light Rail	3,245,312	3,189,970	3,438,243	(192,931)	55,342	-5.6%	1.7%
FrontRunner	1,140,587	831,006	923,127	217,460	309,581	23.6%	37.3%
Micro Transit ¹	122,795	106,659	48,181	74,614	16,136	154.9%	15.1%
Paratransit	275,543	229,878	247,325	28,218	45,665	11.4%	19.9%
Van Pool	382,018	243,358	244,656	137,362	138,660	56.1%	57.0%
Total Ridership	11,040,948	9,870,698	9,947,444	1,093,504	1,170,250	11.0%	11.9%

¹ Micro Transit was a pilot program in 2019 & 2020

Systemwide

Systemwide, total ridership 2023 YTD was 11.0M compared to YTD ridership forecast of 9.9M (11.9% above forecast). This amounted to 1.1M more trips (11.0%) 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 1.14M passengers YTD 2023 compared to a ridership forecast of 831K (37.3% above forecast). This figure is approximately 23.6% higher than 2022 ridership of 923K. ¹

TRAX ridership YTD in 2023 was 1.7% above the 2023 forecast with 55K more riders than projected. This is 5.6% lower than 2022 ridership of 3.44M riders.

Bus ridership YTD in 2023 was 5.88M as compared to a forecast of 5.27M (11.5% above forecast) and higher than 2022 ridership of 5.05M (16.4%).

Paratransit/Flex YTD 2023 ridership was above 2023 forecast of 230K by 19.9%, with UTA providing 276K trips. This is 11.4% higher than 2022 ridership of 248K.

Microtransit YTD ridership in 2023 is above forecast by 16K / 15.1%. Microtransit started south Davis County and Tooele County service in August of 2022, so YTD April 2022 values are not comparable.

Van Pool ridership YTD for 2023 was 382K versus a forecast of 244K, which is 57.0% above forecast. 2023 ridership is 56.1% higher than in 2022.

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

Operating Financial Results

April 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		
					Revenue					
\$ 42.8	\$ 41.8	\$ 38.3	\$ 3.5	9.2%	Sales Tax (Apr accrual)	\$ 143.9	150.8	\$ 145.9	\$ 5.0	3.4%
3.8	3.6	3.0	0.7	22.1%	Fares	28.5	12.2	11.5	0.6	5.6%
15.4	0.1	-	0.1	0.0%	Federal	130.6	0.1	-	0.1	0.0%
1.5	3.0	1.8	1.2	69.7%	Other *	30.1	18.5	7.1	11.4	161.5%
\$ 63.5	\$ 48.5	\$ 43.0	\$ 5.6	12.9%	TOTAL REVENUE	\$ 333.1	\$ 181.6	\$ 164.5	\$ 17.2	10.4%
					Expense					
\$ 13.4	\$ 17.1	\$ 15.4	\$ (1.7)	-11.2%	Salary/Wages	\$ 55.4	\$ 62.3	\$ 61.9	\$ (0.4)	-0.6%
6.6	7.6	7.8	0.2	3.1%	Fringe Benefits	26.9	28.9	31.4	2.5	8.1%
2.2	3.5	2.9	(0.7)	-22.7%	Services	7.7	11.3	11.9	0.6	5.0%
2.8	2.4	2.0	(0.4)	-18.9%	Parts	5.7	8.5	7.8	(0.7)	-9.4%
2.0	2.4	3.0	0.5	17.7%	Fuel	8.0	10.8	12.1	1.3	10.5%
0.7	0.0	0.5	0.5	92.9%	Utilities	2.4	3.1	2.1	(1.0)	-49.0%
0.9	1.3	2.3	1.1	46.6%	Other	3.6	3.8	7.1	3.3	46.2%
(1.6)	(1.4)	(1.0)	(0.5)	47.2%	Capitalized Cost	(2.4)	(4.3)	(3.9)	(0.4)	9.3%
\$ 26.9	\$ 32.9	\$ 32.9	\$ 0.0	0.1%	TOTAL EXPENSE	\$ 107.4	\$ 124.5	\$ 130.5	\$ 5.9	4.6%
6.8	6.8	6.6	(0.2)	-2.5%	Debt Service	\$ 27.4	\$ 27.0	\$ 26.6	\$ (0.4)	-1.3%
\$ 29.7	\$ 8.8	\$ 3.4	\$ 5.4	158.9%	Contrib. Capital/Reserves	\$ 150.8	\$ 30.1	\$ 7.4	\$ 22.8	307.8%

*Does not include Sale of Assets

Favorable/(Unfavorable)

*Does not include Sale of Assets: \$1.94 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 April financial statements) reflect accrued sales tax revenues through April 2023.

As shown above, 2023 sales tax revenues (including accruals for April in the financial statements) were \$150.8M, \$5.0M above budget. Actual sales tax year-over-year growth in March 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

YTD passenger revenue was slightly above budget in April, with total fare revenue of \$12.2M compared to a budget of \$11.5M. 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, which may take several additional months. The \$130K received in April are funds directly related to our 5310 FTA Grant Program. These funds will be passed-through UTA and disbursed to the qualified agencies and communities in our service area.

Other Revenue

Other revenue sources were \$11.4M* / 161.5% above budget. Actual investment revenue, driven by higher rates of return on investments than expected, was \$11.7M above budget. There were small negative variances that made up the difference in lease, TOD, and fee revenues.

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.

**Includes \$6M of mark to market adjustments that will be reconciled at year end.*

Expenditures

Operating expenses YTD through April were under budget by \$5.9M / 4.6%. The explanation of the underrun is described below along with adjusted expectations when taking delays into account.

Salary and Wages

YTD salary and wages were \$400K / 0.6% over budget, primarily due to bonuses paid upon a ratification vote of the new Collective Bargaining Agreement (CBA).

Overtime

Overtime was \$1.71M over budget YTD, relative to a total overtime budget of \$3.43M.

YTD operator overtime was \$1.06M / 47.0% over budget. Salt Lake Bus was over budget by \$662K, Ogden by \$235K, Light Rail by \$25K, Riverside by \$57K and Timpanogos by \$63K with smaller differences elsewhere. This situation is primarily a function of business units use of overtime to compensate for operator shortages minimal impacts from higher overtime rates paid during NBA All Star Weekend.

Non-operator (primarily Bargaining maintenance) YTD overtime was \$649K / 55.0% over budget. Asset Management overtime was over budget by \$136K / 48.7% 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 \$329K under budget). Also contributing was Salt Lake Bus maintenance at \$133K (73.2% above budget), Commuter Rail at \$66K (88.1% above budget), Public Safety at \$100K (221.7% above budget) and Ogden Maintenance at \$69K (319.9% above budget). Other smaller amounts contributed to the balance.

Fringe

YTD fringe benefit expenses were under budget by \$2.5M / 8.1% primarily due to the impact of vacancies discussed above.

Vacancies

UTA's vacancy rate is 8.6% YTD at the end of April 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 \$3.0M favorable primarily due to positive variances of \$600K in Services, \$1.3M in Fuel, and \$3.3M in Other, with negative offsets in Parts \$(700K) and \$(100K) in Utilities.

Services

Services were favorable by \$600K / 5.0% due to:

- Paratransit contracted service (under \$104K / 7.2%). Associated primarily with impacts of accrual adjustments for outsourced paratransit services and delays in invoicing.
- Legal (under \$249K / 37.3%). Attorney General billings are up to date. External Counsel support is under budget.
- Capital Development (under \$245K / 47.5%). Lower expenses in professional technical services (\$89K) and special studies (\$155K).
- Microtransit (under \$714K / 25.7%). Amount has dropped from March's balance and expectations are that they should be close to budget by August.
- Communications (under \$64K / 18.8%). Budgeted amounts in external agency services are expected to be incurred later in the year than originally planned.
- Balance of items spread across other groups in organization.

Parts

YTD, Parts were over budget by \$700K (on a \$7.8M budget). The largest contributing operating unit was Commuter Rail at \$514K / 46.4% over budget, with smaller amounts being both over and under 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 April. 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 budget YTD on warranty credits \$390K. Warranty credits are received when maintenance groups return a part that is within the warranty period. These credits offset parts expense.

Fuel and Power

YTD, fuel and power expenses were about \$1.3M under budget. Diesel fuel and gasoline expenses were \$2.3M under budget and CNG fuel was \$895K over planned budget spend. The CNG fuel over budget amount is directly related to a spike in natural gas prices in

January and February. Additionally, diesel gallon usage was under budget by 86K gallons for an approximate diesel savings of \$335K.

Propulsion power was over budget \$121K but is expected to normalize by the end of May. Light rail was \$109K above budget, Salt Lake Bus propulsion power was \$16K over planned spend, and Ogden Bus propulsion power was \$1.3K over budget. These overages are offset by underspending of \$5K in Microtransit propulsion power budget.

Other

YTD Other expense has a positive variance of \$3.3M / 46.2%. Insurance related expense was \$1.12M under budget. Training, travel, and employee awards were under budget \$532K. Other Miscellaneous and contingency expenses were under budget \$1.49M / 94.4%. This amount is primarily comprised of \$958K from the People office for the purpose of salaries and wage increases reflected in the amended budget. The other remaining large variance is Operations contingency of \$479K. The balance of the variance is spread in smaller values among multiple categories across the organization.

Utilities

YTD Utility expenses were \$1.0M / 49.0% higher than budget. This variance is down from a YTD March amount of \$1.5M. 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, with the latest information showing April costs to approximately \$12 per MMBtu. In addition, Summit Energy has some delayed invoicing from January and February. The Facilities group has also experienced additional Utility charges related directly to the extraordinary winter weather through March.

Capitalized Cost

YTD Capitalized Cost are slightly under budget, with small amounts associated with Light Rail accruals. Variances in this area have improved with recent changes in process, driven by the Comptroller's office and Operations.

April 2023 Results

Ridership

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

UTA System Ridership April 2023

MTD	Apr 2023	Apr 2023	Apr 2022	Variance '22	Variance 'F23	Vs 2022	Vs F2023
	Actual	Forecast	Actual	Var	Var	%	%
Bus	1,419,549	1,331,520	1,232,633	186,916	88,029	15.2%	6.6%
Salt Lake	879,372	780,783	777,973	101,399	98,589	13.0%	12.6%
Ogden	234,504	280,375	193,801	40,703	(45,871)	21.0%	-16.4%
Timp	305,673	270,361	260,858	44,815	35,312	17.2%	13.1%
Light Rail	776,060	850,287	865,886	(89,826)	(74,227)	-10.4%	-8.7%
FrontRunner	279,293	256,214	240,918	38,375	23,079	15.9%	9.0%
Micro Transit ¹	30,825	32,885	14,866	15,959	(2,060)	107.4%	-6.3%
Paratransit	67,648	61,640	63,137	4,511	6,008	7.1%	9.7%
Van Pool	114,555	70,009	68,249	46,306	44,546	67.8%	63.6%
Total Ridership	2,687,930	2,602,555	2,485,689	202,241	85,375	8.1%	3.3%

¹ Micro Transit was a pilot program in 2019 & 2020

April's total ridership was 2.7M, which was 85K / 3.3% above forecast. This was 202K / 8.1% higher than in 2022.

Frontrunner carried 279K passengers in April which was 9.0% higher than the forecast of 256K. This figure is 15.9% higher than 2022 ridership of 241K.²

TRAX ridership in April was down 8.7% from the April forecast of 850K riders. This is 10.4% below April 2022 ridership of 865K riders.

Bus ridership in April was 88K / 6.6% higher as compared to a forecast of 1.3M and 15.2% higher than 2022 ridership of 1.23M.³

Paratransit/Flex ridership was above April forecast of 62K by 9.7%, with UTA providing 68K trips. This is 7.1% higher than 2022 ridership for the same period.

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

³ April 2023 Ridership report. UVX numbers included in total Bus ridership numbers.

Microtransit ridership in April was below forecast by 2K or down 6.3%. Microtransit started South Davis County and Tooele County service in August of 2022, April 2022 values are not comparable.

Vanpool ridership for April was 115K versus a forecast of 70K, which is 63.6% above forecast. Ridership is 67.8% 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		
\$ 42.8	\$ 41.8	\$ 38.3	\$ 3.5	9.2%	Revenue	\$ 143.9	150.8	\$ 145.9	\$ 5.0	3.4%
3.8	3.6	3.0	0.7	22.1%	Sales Tax (Apr accrual)	28.5	12.2	11.5	0.6	5.6%
15.4	0.1	-	0.1	0.0%	Federal	130.6	0.1	-	0.1	0.0%
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\$ 13.4	\$ 17.1	\$ 15.4	\$ (1.7)	-11.2%	Salary/Wages	\$ 55.4	\$ 62.3	\$ 61.9	\$ (0.4)	-0.6%
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2.0	2.4	3.0	0.5	17.7%	Fuel	8.0	10.8	12.1	1.3	10.5%
0.7	0.0	0.5	0.5	92.9%	Utilities	2.4	3.1	2.1	(1.0)	-49.0%
0.9	1.3	2.3	1.1	46.6%	Other	3.6	3.8	7.1	3.3	46.2%
(1.6)	(1.4)	(1.0)	(0.5)	47.2%	Capitalized Cost	(2.4)	(4.3)	(3.9)	(0.4)	9.3%
\$ 26.9	\$ 32.9	\$ 32.9	\$ 0.0	0.1%	TOTAL EXPENSE	\$ 107.4	\$ 124.5	\$ 130.5	\$ 5.9	4.6%
\$ 6.8	\$ 6.8	\$ 6.6	\$ (0.2)	-2.5%	Debt Service	\$ 27.4	\$ 27.0	\$ 26.6	\$ (0.4)	-1.3%
\$ 29.7	\$ 8.8	\$ 3.4	\$ 5.4	158.9%	Contrib. Capital/Reserves	\$ 150.8	\$ 30.1	\$ 7.4	\$ 22.8	307.8%

**Does not include Sale of Assets Favorable/(Unfavorable)* **Does not include Sale of Assets: \$1.94 M Favorable/(Unfavorable)*

Revenue

For the month of April, sales tax revenues were \$41.8M. Farebox revenue was 22.1% above budget, primarily related to the recognition of revenue from a discontinued fare pass product.

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 \$30M in 2023 – which will be recorded as Federal income in 2023. The \$130K received in April are funds directly related to our 5310 FTA Grant Program. These funds will be passed-through UTA and disbursed to the qualified agencies and communities in our service area.

Other revenues came in higher than budget with a \$1.2M variance. Positive variance was primarily driven by higher-than-expected investment returns, as discussed above.

Expenditures

The April expense variance of \$46K (rounds to \$0 on table) or 0.1% below budget. Salaries and Wages were over budget \$1.7M. An underspend of \$200K in Fringe expense is related to the

Agency's vacancies. An overspend in Service of \$700K due to timing of services/invoices and a \$500K underspend in Fuel due to lower than budgeted pricing also contributed to the positive variance. Other Expenses totaling \$1.1M below budget were related to the agency's contingency amounts and insurance positive variances.

Comments on notable impacts to the variance are as follows:

Salary: \$1.7M over budget. In April, \$2.0M in signing bonuses were paid upon the ratification vote of the new Collective Bargaining Agreement (CBA).

Parts: \$400K above budget for the month of April. Commuter Rail spending on parts was \$100K over budgeted plan because of unexpected replacement of three battery trays and a supercharger. Light Rail was above budget \$225K due primarily to an accelerated maintenance schedule. Light Rail YTD remains under budget regarding parts. Other small variances in smaller amounts were experienced in other operating units.

Services: \$700K spend over budget, 22.7% over plan. Information Technology department 5200 is above budget \$233K due to a budget timing issue related to SAAS software and software related licensing. Actual expenses are not in alignment with the forecasted timing of expenses. This issue should be resolved by the end of June. Enterprise Strategy is above budget by \$158K. This issue is similar regarding the timing of budgeted consulting services versus actual expense of those services. Facilities is above budget \$105K / 48.5%. Primarily due to an extended winter season of snow removal, unexpected door maintenance at the Warm Spring Commuter Rail facility, and several building maintenance issues across the system.

Fuel/Power: Under budget \$500K / 17.7%, driven by a lower monthly average price of \$2.97 per gallon versus a budgeted diesel amount of \$3.90. In addition, the April price of unleaded fuel was \$2.90 compared to the budget price of \$3.10. There continues to be a lingering above budget CNG cost from the large price increase in January and February coupled with a correction to CNG entries posted to incorrect accounts.

Utilities: Under budget by \$500K / 92.9%, actual utility expenses should now normalize with budgeted expenses. Under budget in April is primarily due to a reclass entry moving CNG expenses from Facilities department to Salt Lake Bus Unit fuel.

Capitalized Cost: \$0.5M under budget (47.2% variance) for April. 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.