

SUBJECT: May Variance Analysis

DATE: June 21, 2023

FROM: CFO – Viola Miller

TO: Executive Director – Jay Fox

**Highlights**

May 2023 UTA ridership exceeded forecast by 17.9% and May 2022 ridership by 21.2%. 2023 YTD UTA ridership exceeds forecast by 13.1% and the same period in 2022 by 13.0%.

May revenue exceeded budget by \$4.6M / 11.2%; YTD revenue exceeds budget by \$21.8M / 10.6%. Operating expenses were under budget by \$4.2M / 12.2% in May. YTD operating expenses are \$10.2M / 6.2% under budget.

Accrued May 2023 Sales Tax revenue was \$38.9M which is \$2.7M / 7.3% above budget. YTD 2023 Sales Tax revenue is \$189.7M which exceeds budget by \$7.6M / 4.2%. May 2023 Sales Tax revenue was \$80.6K / 0.2% higher than those for the month May 2022 and 2023 YTD Sales Tax Revenue is \$7.0M / 3.9% 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 May 2023 was \$0.82 / 21% lower than budget. May 2023 diesel fuel cost averaged \$3.08 vs. May 2022 average price of \$4.58. 2023 YTD diesel average price is \$3.14 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 May 2023**

YTD	May 2023	May 2023	May 2022	Variance '22	Variance 'F23	Vs 2022	Vs F2023
	Actual	Forecast	Actual	Var	Var	%	%
<b>Bus</b>	7,303,548	6,522,013	6,254,509	1,049,040	781,536	16.8%	12.0%
<b>Salt Lake</b>	4,522,153	3,817,116	3,982,000	540,154	705,037	13.6%	18.5%
<b>Ogden</b>	1,215,822	1,372,458	994,478	221,344	(156,636)	22.3%	-11.4%
<b>Timp</b>	1,565,573	1,332,439	1,278,031	287,542	233,135	22.5%	17.5%
<b>Light Rail</b>	4,334,382	4,067,028	4,347,400	(13,018)	267,354	-0.3%	6.6%
<b>FrontRunner</b>	1,454,366	1,114,884	1,164,957	289,409	339,482	24.8%	30.4%
<b>Micro Transit <sup>1</sup></b>	156,614	143,094	64,785	91,829	13,520	141.7%	9.4%
<b>Paratransit</b>	354,687	292,572	312,743	41,944	62,115	13.4%	21.2%
<b>Van Pool</b>	469,413	302,829	305,065	164,348	166,584	53.9%	55.0%
<b>Total Ridership</b>	14,073,010	12,442,421	12,449,458	1,623,553	1,630,590	13.0%	13.1%

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

## Systemwide

Systemwide, total ridership 2023 YTD was 14.1M compared to YTD ridership forecast of 12.4M (13.1% above forecast). This amounted to 1.62M more trips (13.0%) 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 1.45M passengers 2023 YTD compared to a ridership forecast of 1.11M (30.4% above forecast). This is approximately 24.8% higher than 2022 ridership of 1.16M.<sup>1</sup>

TRAX ridership YTD in 2023 was 6.6% above the 2023 forecast with 267.4K more riders than projected. This is almost equal to 2022 ridership, 2023 is only 0.3% lower than 2022 ridership of 4.35M riders.

Bus ridership YTD in 2023 was 7.30M, compared to a forecast of 6.52M (12.0% above forecast), and higher than 2022 ridership of 6.25M (16.8%).

Paratransit/Flex YTD 2023 ridership was above 2023 forecast of 292.6K by 21.2%, with UTA providing 354.7K trips. This is 13.4% higher than 2022 ridership of 312.7K.

Microtransit YTD ridership in 2023 is above forecast by 13.5K / 9.4%. Microtransit started south Davis County and Tooele County service in August of 2022, so YTD May 2022 values are not comparable.

Van Pool ridership YTD for 2023 was 469.4K versus a forecast of 302.8K, which is 55.0% above forecast. 2023 ridership is 53.9% higher than in 2022.

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

# Operating Financial Results

## May 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		
\$ 38.8	\$ 38.9	\$ 36.2	\$ 2.7	7.3%	<b>Revenue</b>	\$ 182.7	\$ 189.7	\$ 7.6	4.2%	
2.9	3.0	3.0	0.1	1.9%	Sales Tax (May accrual)	14.0	15.2	1.2	8.6%	
35.7	-	-	-	0.0%	Fares	161.1	0.1	-	0.0%	
1.4	3.6	1.8	1.9	105.9%	Federal	6.5	22.1	15.6	240.0%	
					Other *					
<b>\$ 78.8</b>	<b>\$ 45.5</b>	<b>\$ 41.0</b>	<b>\$ 4.6</b>	<b>11.2%</b>	<b>TOTAL REVENUE</b>	<b>\$ 364.3</b>	<b>\$ 227.2</b>	<b>\$ 205.4</b>	<b>\$ 21.8</b>	<b>10.6%</b>
					<b>Expense</b>					
\$ 13.7	\$ 14.3	\$ 15.5	\$ 1.2	7.8%	Salary/Wages	\$ 69.1	\$ 76.6	\$ 7.4	1.1%	
6.6	7.0	7.8	0.9	11.0%	Fringe Benefits	33.5	35.9	2.4	8.7%	
3.2	3.6	5.3	1.7	32.4%	Services	10.9	14.9	4.0	13.4%	
1.4	2.3	1.9	(0.4)	-18.9%	Parts	7.1	10.8	3.7	-11.3%	
2.2	2.0	2.9	0.9	30.7%	Fuel	10.2	12.9	2.7	14.4%	
0.1	1.2	0.5	(0.7)	-133.4%	Utilities	2.5	4.3	1.8	-65.8%	
0.9	1.2	1.6	0.4	23.4%	Other	4.5	5.0	0.5	42.3%	
(0.6)	(1.2)	(1.0)	(0.2)	23.8%	Capitalized Cost	(3.0)	(5.5)	(2.5)	12.2%	
<b>\$ 27.4</b>	<b>\$ 30.4</b>	<b>\$ 34.6</b>	<b>\$ 4.2</b>	<b>12.2%</b>	<b>TOTAL EXPENSE</b>	<b>\$ 134.8</b>	<b>\$ 154.9</b>	<b>\$ 165.1</b>	<b>\$ 10.2</b>	<b>6.2%</b>
\$ 6.8	\$ 6.6	\$ 6.7	\$ 0.0	0.1%	Debt Service	\$ 34.1	\$ 33.6	\$ 0.5	(0.3)	-1.0%
<b>\$ 44.6</b>	<b>\$ 8.5</b>	<b>\$ 3.4</b>	<b>\$ 5.1</b>	<b>149.4%</b>	Contrib. Capital/Reserves	<b>\$ 195.4</b>	<b>\$ 38.7</b>	<b>\$ 7.1</b>	<b>\$ 31.6</b>	<b>446.9%</b>

\*Does not include Sale of Assets: \$2.8M Favorable/(Unfavorable)

\*Does not include Sale of Assets: \$4.73M 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 May financial statements) reflect accrued sales tax revenues through May 2023.

As shown above, 2023 sales tax revenues (including accruals for May in the financial statements) were \$189.7M, \$7.6M 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

YTD passenger revenue was slightly above budget in May, with total fare revenue of \$15.2M compared to a budget of \$14.5M. The small positive variance can be attributed to the recognition of revenue from 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 year to date are funds directly related to UTA's 5310 FTA Grant Program. These funds were passed-through UTA and disbursed to the qualified agencies and communities in our service area.

### Other Revenue

Other revenue sources year to date were \$13.3M / 150.4% above budget. Actual investment revenue, driven by higher rates of return on investments than expected, was \$13.5M 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.

### **Expenditures**

Operating expenses YTD through May were under budget by \$10.2M / 6.2%. 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 \$800K / 1.1% under budget driven primarily by open positions. Some of this positive variance was offset by additional costs related to the Bargaining Unit agreement signed earlier in the year, including the signing bonus in April.

#### Overtime

Overtime was \$1.83M over budget YTD, relative to a total overtime budget of \$4.29M YTD.

YTD operator overtime was \$1.16M / 41.2% over budget. Salt Lake Bus was over budget by \$759K, Ogden by \$250K, Light Rail by \$27K, Riverside by \$63K and Timpanogos by \$47K with smaller differences elsewhere. This situation is primarily a function of business units use of overtime to compensate for operator shortages and minimal impacts from higher overtime rates paid during NBA All Star Weekend.

Non-operator (primarily Bargaining maintenance) YTD overtime was \$665K / 45.0% over budget. Asset Management overtime was over budget by \$214K / 86% 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 \$485K under budget in Asset Management). Also contributing was Salt Lake Bus maintenance at \$134K (59.2% above budget), Commuter Rail at \$68K (73.0% above budget), Public Safety at \$97K (171.6% above budget) and Ogden Maintenance at \$85K (305.5% above budget). Other smaller amounts contributed to the balance.

#### Fringe

YTD fringe benefit expenses were under budget by \$3.4M / 8.7% primarily due to the impact of vacancies discussed above.

### Vacancies

UTA's vacancy rate is 7.8% YTD at the end of May 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 \$4.8M favorable primarily due to positive variances of \$2.3M in Services, \$2.2M in Fuel, and \$3.7M in Other, with negative offsets in Utilities (\$1.7M) and Parts (\$1.1M).

### Services

Services were favorable by \$2.3M / 13.4% due to:

- Legal (under \$188K / 22.5%). Attorney General billings are up to date. External Counsel support is under budget.
- IT (under \$634K / 23.1%). Budget timing regarding software subscriptions and software maintenance is the primary reason for being under budget.
- Microtransit (under \$777K / 22.4%). Mainly due to invoice timing, but expectations are that they should be close to budget by August.
- Planning and Engagement (under \$1.5M / 80.5%). 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 \$1.1M (on a \$9.7M budget). The largest contributing operating unit was Commuter Rail at \$490K / 35.3% 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 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 the month of May, parts for Commuter Rail came in under budget by \$25K so the YTD performance is improving.

In addition, UTA is under performing YTD on warranty credits by \$513K. Warranty credits are received when maintenance groups return a part that is within the warranty period. These credits offset parts expense. We have budgeted to receive \$676K through May YTD and we have only collected \$163K.

Within Facilities, parts are over budget \$164K YTD due to significant cost increases in parts, specifically electronics. There have also been charges that should be assigned to other accounts.

### Fuel and Power

YTD, fuel, and power expenses were about \$2.2M under budget. Diesel fuel and gasoline expenses were \$2.4M under budget and CNG fuel was \$220K over budget. CNG was \$895K over budget in YTD April but May had a \$631K credit balance driven by invoicing issues associated with facility natural gas heating costs which reduced the total overage amount. The CNG fuel over budget amount is directly related to a spike in natural gas prices in January and February.

Propulsion power is right at target through May YTD. Light rail is also on target, \$2.5K under budget through May YTD. Salt Lake Bus propulsion power was \$12.5K over planned spend, and Ogden Bus propulsion power was \$3.4K under budget. Microtransit is also under propulsion power budget by \$6.5K primarily due to a delay in the start of Tooele service.

### Other

YTD Other expense has a positive variance of \$3.7M / 42.3%. Insurance related expense was \$1.38M under budget. Training, travel, and employee awards were under budget \$555K. Other Miscellaneous and contingency expenses were under budget \$1.72M / 92.2%. This amount is primarily comprised of \$1.19M 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 \$1.7M / 65.8% higher than 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. 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. Also impacting the higher expense was the impact of the facility heating natural gas invoicing issue mentioned in the Fuel & Power section above.

### Capitalized Cost

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

## May 2023 Results

### Ridership

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

## UTA System Ridership May 2023

MTD	May 2023	May 2023	May 2022	Variance '22	Variance 'F23	Vs 2022	Vs F2023
	Actual	Forecast	Actual	Var	Var	%	%
<b>Bus</b>	1,428,856	1,252,186	1,208,598	220,258	176,670	18.2%	14.1%
<b>Salt Lake</b>	906,538	727,443	756,987	149,551	179,095	19.8%	24.6%
<b>Ogden</b>	235,239	246,335	211,750	23,489	(11,096)	11.1%	-4.5%
<b>Timp</b>	287,079	278,408	239,860	47,219	8,671	19.7%	3.1%
<b>Light Rail</b>	1,089,070	877,058	909,156	179,914	212,012	19.8%	24.2%
<b>FrontRunner</b>	303,078	283,878	241,829	61,249	19,200	25.3%	6.8%
<b>Micro Transit <sup>1</sup></b>	33,656	36,435	16,604	17,052	(2,779)	102.7%	-7.6%
<b>Paratransit</b>	79,143	62,694	65,417	13,726	16,449	21.0%	26.2%
<b>Van Pool</b>	98,259	59,471	60,409	37,850	38,788	62.7%	65.2%
<b>Total Ridership</b>	<b>3,032,062</b>	<b>2,571,723</b>	<b>2,502,014</b>	<b>530,048</b>	<b>460,339</b>	<b>21.2%</b>	<b>17.9%</b>

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

May's total ridership was 3.0M, which was 460K / 17.9% above forecast. This was 530K / 21.2% higher than in 2022.

Frontrunner carried 303.1K passengers in May which was 6.8% higher than the forecast of 283.9K. This figure is 25.3% higher than 2022 ridership of 241.8K.<sup>2</sup>

TRAX ridership in May was up 24.2% from the May forecast of 877K riders. This is 19.8% above May 2022 ridership of 909K riders. This is a significant increase in riders (40%) compared to April.

Bus ridership in May was 177K / 14.1% higher than the forecast of 1.25M and 18.2% higher than 2022 ridership of 1.21M.<sup>3</sup>

Paratransit/Flex ridership was above May forecast of 62.7K by 26.2%, with UTA providing 79K trips. This is 21.0% higher than 2022 ridership for the same period.

<sup>2</sup> Monthly forecasted ridership calculated using Planning 2023 yearly forecast by mode.

<sup>3</sup> May 2023 Ridership report. UVX numbers included in total Bus ridership numbers.

Microtransit ridership in May was below forecast by 2.8K or down 7.6%. Microtransit started south Davis County and Tooele County service in August of 2022, May 2022 values are not comparable.

Vanpool ridership for May was 98K versus a forecast of 59.5K, which is 65.2% above forecast. Ridership is 62.7% 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>					
\$ 38.8	\$ 38.9	\$ 36.2	\$ 2.7	7.3%	Sales Tax (May accrual)	\$ 182.7	189.7	\$ 182.1	\$ 7.6	4.2%
2.9	3.0	3.0	0.1	1.9%	Fares	14.0	15.2	14.5	0.7	4.8%
35.7	-	-	-	0.0%	Federal	161.1	0.1	-	0.1	0.0%
1.4	3.6	1.8	1.9	105.9%	Other *	6.5	22.1	8.8	13.3	150.4%
<b>\$ 78.8</b>	<b>\$ 45.5</b>	<b>\$ 41.0</b>	<b>\$ 4.6</b>	<b>11.2%</b>	<b>TOTAL REVENUE</b>	<b>\$ 364.3</b>	<b>\$ 227.2</b>	<b>\$ 205.4</b>	<b>\$ 21.8</b>	<b>10.6%</b>
					<b>Expense</b>					
\$ 13.7	\$ 14.3	\$ 15.5	\$ 1.2	7.8%	Salary/Wages	\$ 69.1	\$ 76.6	\$ 77.4	\$ 0.8	1.1%
6.6	7.0	7.8	0.9	11.0%	Fringe Benefits	33.5	35.9	39.3	3.4	8.7%
3.2	3.6	5.3	1.7	32.4%	Services	10.9	14.9	17.2	2.3	13.4%
1.4	2.3	1.9	(0.4)	-18.9%	Parts	7.1	10.8	9.7	(1.1)	-11.3%
2.2	2.0	2.9	0.9	30.7%	Fuel	10.2	12.9	15.0	2.2	14.4%
0.1	1.2	0.5	(0.7)	-133.4%	Utilities	2.5	4.3	2.6	(1.7)	-65.8%
0.9	1.2	1.6	0.4	23.4%	Other	4.5	5.0	8.7	3.7	42.3%
(0.6)	(1.2)	(1.0)	(0.2)	23.8%	Capitalized Cost	(3.0)	(5.5)	(4.9)	(0.6)	12.2%
<b>\$ 27.4</b>	<b>\$ 30.4</b>	<b>\$ 34.6</b>	<b>\$ 4.2</b>	<b>12.2%</b>	<b>TOTAL EXPENSE</b>	<b>\$ 134.8</b>	<b>\$ 154.9</b>	<b>\$ 165.1</b>	<b>\$ 10.2</b>	<b>6.2%</b>
\$ 6.8	\$ 6.6	\$ 6.7	\$ 0.0	0.1%	Debt Service	\$ 34.1	\$ 33.6	\$ 33.3	\$ (0.3)	-1.0%
<b>\$ 44.6</b>	<b>\$ 8.5</b>	<b>\$ 3.4</b>	<b>\$ 5.1</b>	<b>149.4%</b>	Contrib. Capital/Reserves	<b>\$ 195.4</b>	<b>\$ 38.7</b>	<b>\$ 7.1</b>	<b>\$ 31.6</b>	<b>446.9%</b>

\*Does not include Sale of Assets: \$2.8M Favorable/(Unfavorable)

\*Does not include Sale of Assets: \$4.73M Favorable/(Unfavorable)

**Revenue**

For the month of May, sales tax revenues were \$38.9M. Farebox revenue was 1.9% above 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 to 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 May expense variance is \$4.2M or 12.2% below budget. Salaries and Wages were under budget \$1.2M. An underspend of \$900K in Fringe expense is related to the Agency’s vacancies. An underspend in Service of \$1.7M and a \$900K underspend in Fuel due to lower than budgeted pricing also contributed to the positive variance. Other Expenses totaling \$400K 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: \$1.2M under budget. The \$2.0M in signing bonuses paid in April (new collective bargaining agreement) impacts the YTD total, the vacancy in positions impacts the monthly view.

Parts: \$400K above budget for the month of May. Light Rail was above budget \$223K due primarily to an accelerated maintenance schedule. Other small variances in smaller amounts were experienced in other operating units.

Services: \$1.7M spend under budget, 32.4% under plan. Information Technology is under budget \$703K due to a budget timing issue related to SAAS software and software related maintenance. Actual expenses are not matching the budget timing of expenses. Planning is under budget by \$1.5M 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. Offsetting variances in Paratransit of \$214k (primarily outsourced paratransit services) and other offsets which were spread among a number of smaller items.

Fuel/Power: Under budget \$900K / 30.7%, driven by a lower monthly average price of \$3.08 per gallon versus a budgeted diesel amount of \$3.90. Also impacting this was the correction of invoicing issues for facilities natural gas heating costs that were initially charged to CNG vehicle fuel costs.

Utilities: Over budget by \$700K / 133.4% in May primarily driven by the correction of invoicing for natural gas used for heating various facilities which was initially charged to CNG vehicle fuel costs.

Capitalized Cost: \$0.2M under budget (23.8% variance) for May. Most of this variance is associated with Light Rail vehicles rehab and Fleet Engineering. Accounting's continued work with Light Rail and Asset Management has helped this area to have more timely and accurate reporting.