

SUBJECT: January 2023 Monthly Financial Report DATE: March 22, 2023

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

Highlights

January's UTA ridership was 24 percent above projections for the month and 24 percent above January 2022 ridership.

Revenues for January 2023 had a positive variance of \$800,000 and operational expenses for the month were \$27.7 million, \$4.4 million under budget.

Actual year-to-date December 2022 Sales Tax revenues were \$45.2 million or 10.4 percent above 2022 budget. For comparison purposes, Sales Taxes are 11.0 percent or \$47.5 million higher when compared to the same period in 2021.

Diesel fuel cost in January 2023 was \$3.45 per gallon, roughly 12 percent lower than 2022's average diesel cost and the 2023 budgeted diesel fuel price of \$3.90 per gallon.

2023 ANALYSIS FOR THE MONTH OF JANUARY

Ridership

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

UTA System Ridership YTD January 2023

MTD	Jan 2023	Jan 2023	Jan 2022	Variance '22	Variance 'F23	Vs 2022	Vs F2023
	Actual	Forecast	Actual	Var	Var	%	%
Bus	1,454,197	1,232,894	1,124,006	330,191	221,303	29.4%	17.9%
Salt Lake	895,084	726,994	714,526	180,558	168,090	25.3%	23.1%
Ogden	243,973	270,119	170,436	73,537	(26,146)	43.1%	-9.7%
Timp	315,141	235,781	239,044	76,097	79,359	31.8%	33.7%
Light Rail	793,720	659,555	746,058	47,662	134,165	6.4%	20.3%
FrontRunner	273,885	155,430	180,322	93,563	118,455	51.9%	76.2%
Micro Transit ¹	28,566	19,949	8,173	20,393	8,617	249.5%	43.2%
Paratransit	67,386	49,511	53,340	14,046	17,875	26.3%	36.1%
Van Pool	78,210	58,902	60,196	18,014	19,308	29.9%	32.8%
Total Ridership	2,695,964	2,176,241	2,172,096	523,868	519,723	24.1%	23.9%

Systemwide

Total ridership for January 2023 was 2.70 million compared to the forecast of 2.18 million (23.9 percent or 524,000 trips above forecast). This amounted to 520,000 trips (24.1 percent) above the same period in 2022.

Frontrunner carried 274,000 passengers in January 2023 compared to a ridership forecast of 155,000 (76.2 percent above forecast). This figure is approximately 51.9 percent higher than 2022 ridership of 180,000.¹

Light Rail ridership in January 2023 was 20.3 percent above the 2023 forecast with 134,000 more riders than projected. This is 6.4 percent above 2022 ridership of 746,000 riders.

Bus ridership in January 2023 was 221,000 higher as compared to a forecast of 1.23 million (17.9 percent above forecast) and higher than 2022 ridership of 1.12 million (29.4 percent).²

Paratransit/Flex January 2023 ridership was above 2023 forecast of 49,500 by 36.1 percent, with UTA providing 67,400 trips. This is 26.3 percent higher than 2022 ridership.

Microtransit ridership in January 2023 is above forecast by 8,600 or 43.2 percent. Microtransit ridership in January 2023 was 20,400 higher than 2022. This growth is directly related to the additional use of Microtransit service in west Salt Lake City, southern Davis County, and Tooele County.

Van Pool ridership for January 2023 was 78,000 versus a forecast of 59,000 which is 32.8 percent above forecast. January 2023 ridership was 24.1 percent (18,000 trips) higher than January 2022.

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

² January 2023 Ridership report. UVX numbers included in total Bus ridership numbers.

Other Revenue

Other revenue sources were \$2.6 million, or 44.7% (\$0.8 million) above budget. January investment revenue was \$1.1 million above budget with higher-than-expected returns on investment accounting for most of the variance. Also contributing was a positive variance of Advertising revenue of \$194,000 based on the latest revenue estimates received from Communications. Offsetting this variance somewhat were lower real estate and other revenue items.

UTA has also 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 2023.

Expenditures

Operating expenses in January were under budget by \$4.4 million or 13.8 percent. The explanation of the underrun is described below along with any adjusted expectations.

Salary and Wages

January salary and wages were \$1.7 million or 10.7 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 for January was \$412,000 over budget relative to a total overtime budget of \$855,000 (48.1 percent).

January's operator overtime was \$290,000 or 54.6 percent over budget. Salt Lake Bus was over budget by \$175,000, Ogden by \$74,000, Light Rail by \$7,000, Riverside by \$13,000 and Timpanogos by \$21,000 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) January overtime was \$123,000 (41.4 percent) over budget
- Asset Management overtime was over budget by \$78,000 (159 percent) with vacancies impacting this number. Asset Management had significant vacancies in Facilities and MOW that necessitated more overtime in this category (regular wages were \$294,000 under budget)
- Also contributing was Salt Lake Bus maintenance at \$18,000 (54 percent above budget but reg wages under budget by \$54,000), Commuter Rail at \$17,000 (127 percent above budget) and Ogden Maintenance at \$19,000 (349% above budget)
- Other smaller amounts contributed to the balance

Fringe

Fringe benefit expenses for January were under budget by \$400,000 (4.8 percent) primarily due to the impact of vacancies discussed above.

Vacancies

UTA's overall vacancy rate was 10.8 percent at the end of January versus a vacancy rate of 8.4 percent at the end of December 2022. Vacancies contribute to the positive wage variance but also contributes to the higher-than-expected overtime expense. Operator positions vacancies are at 15.1%, which is somewhat overstated due to the use of part-time positions and the use of platform hours instead of headcount in the operator budgeting process.

Non-Labor Summary

In January, non-labor categories were a net \$2.3 million favorable primarily due to positive variances of:

- \$1.2 million in Services
- \$700,000 in Fuel
- \$800,000 in Other
- Negative offsets in Utilities \$(100,000) and \$(100,000) in Capitalized Cost.

Services

Services were favorable by \$1.2 million (42.3 percent) due to:

- Innovative Mobility (under \$0.6 million or 89 percent). Invoices in this area are likely to be processed for January in the month of February. February forward should see actual expense closer to budgeted amounts.
- Paratransit (under \$155,000 or 31 percent). Reflects that some services budgeted to be provided by contract providers have instead had services provided by UTA Special Services.
- Legal (under \$100,000 or 61%). There is a delay in processing invoices from the Attorney General's office and actual amounts are expected to be close to budget for the month.
- Balance of items spread across other groups in organization.

Parts

In January, Parts actual spend was basically at budget, \$1.8 million in expense versus a budget of \$1.9 million (a four percent variance). We see some departments higher and some departments lower and will note significant variances as the year goes on.

Fuel and Power

January fuel and power expenses were about \$692,000 (23%) under budget. There is a small volume variance due to slightly lower fuel usage than budgeted of about 26,000 gallons of diesel equivalent gallons (about a \$100,000 positive variance). Also, diesel fuel was budgeted at \$3.90 a gallon and the average January price of diesel was \$3.45 a gallon helping contribute to the positive variance.

Other

January Other expense has a positive variance of \$780,000 or 54.9 percent.

- Much of this positive variance is attributed to Risk Management, \$460,000 under budget for Insurance and Loss expense.
- Total Rewards also had a positive variance of \$167,000, related to the Gift Card budget due to year-end Motivosity credit balances. It is estimated that actual expenses in this area will match budget later in the year.
- Balance of items spread across other groups in organization.

Utilities

January Utility expenses were \$150,000 or 29 percent higher than budget.

Primary cause of this negative variance is directly related to the spike in natural Gas prices in the month of January 2023. Prices increased from approximately \$11 per MMBtu in December to \$50 per MMBtu in the month. This increase was over 355 percent in one month. Since then, prices have declined to approximately \$12 MMBtu. The Facilities group will continue to monitor the details affecting natural gas.

Capitalized Cost

\$130,000 below budgeted transfer or 13.2 percent. The process for recording these entries has been improved over the 2022 process and this variance is lower than in past periods. Most of the variance in the past was driven by Light Rail items but this no longer driving the issue. Instead, the primary driver of variance now has to do with capitalization of certain labor expenses by various departments who have been notified that they need to provide information to Payroll and Accounting to capitalize these expenses.