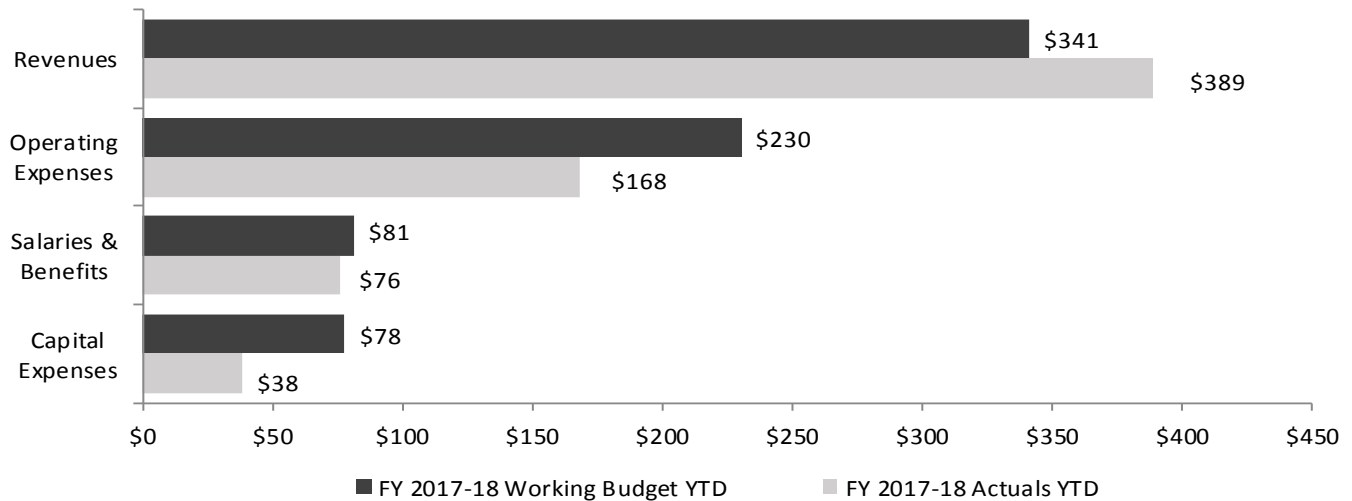




## Quarterly Budget Status Report

### Second Quarter of Fiscal Year 2017-18



\*In millions

## STAFFING

A staffing plan of 1,346.5 full-time equivalent positions was approved by the Board of Directors for fiscal year (FY) 2017-18. At the end of the second quarter, 1,271 of these positions were filled, representing a vacancy rate of 5.6 percent.

Staffing Description	Budget	Filled	Vacant	% Vacancy
Coach Operators	643.0	621.0	22.0	3.4%
Maintenance	171.0	148.0	23.0	13.5%
TCU	37.0	34.0	3.0	8.1%
<i>Union Subtotal</i>	<i>851.0</i>	<i>803.0</i>	<i>48.0</i>	<i>5.6%</i>
Bus Operations Support	165.5	155.5	10.0	6.0%
Other Administrative	330.0	312.5	17.5	5.3%
<i>Administrative Subtotal</i>	<i>495.5</i>	<i>468.0</i>	<i>27.5</i>	<i>5.5%</i>
<b>Total OCTA</b>	<b>1,346.5</b>	<b>1,271.0</b>	<b>75.5</b>	<b>5.6%</b>

## TOTAL SALARIES AND BENEFITS

Total salaries and benefits of \$76.1 million were \$4.9 million under the budget of \$81 million. This variance is comprised of a \$3.3 million underrun in the Bus Program salaries and benefits, as well as a \$1.6 million underrun in the General Fund salaries and benefits. In both groups, the underruns are primarily driven by vacant positions.

	Budget	Actual	\$ Variance	% Variance
Bus Program	\$ 53,543	\$ 50,257	\$ 3,286	6.1%
General Fund	27,495	25,867	1,628	5.9%
<b>Total</b>	<b>\$ 81,037</b>	<b>\$ 76,124</b>	<b>\$ 4,913</b>	<b>6.1%</b>

## PROGRAM VARIANCES

Year-to-date material variances are listed by program. All dollar amounts in tables are shown in thousands.

### Bus Program



	Budget	Actual	\$ Variance	% Variance
<b>Operating</b>				
Revenues	\$ 125,786	\$ 119,097	\$ (6,689)	-5.3%
Expenses	116,821	112,834	3,987	3.4%
<b>Net Operating</b>	<b>\$ 8,965</b>	<b>\$ 6,263</b>		
<b>Capital</b>				
Revenues	2,778	596	(2,182)	-78.5%
Expenses	2,708	589	2,119	78.3%
<b>Net Capital</b>	<b>\$ 70</b>	<b>\$ 7</b>		

**Operating Revenue:** The \$6.7 million underrun in operating revenue is primarily due to a Federal Transportation Administration (FTA) grant for bus preventative maintenance (\$8.8 million). The underrun in operating revenue was slightly offset by an overrun in fare revenue (\$1.1 million).

OCTA receives an annual FTA grant for salaries and benefits associated with preventative maintenance of the bus fleet. The annual grant was not executed as originally anticipated due to the timing of approval of the United States Federal Budget for the 2017 federal fiscal year (year ended September 30, 2017). The grant is anticipated to be executed in the third quarter.

Fare revenue experienced an overrun of \$1.1 million compared to the budget. The variance is due to a lower-than-anticipated decrease in fixed-route boardings year-over-year of 2.3 percent compared to the budgeted decrease of 6.5 percent.

Local Transportation Fund (LTF) Bus Program sales tax advances grew by 3.11 percent year-over-year compared to the budgeted growth rate of 2.4 percent. This resulted in an overrun of \$0.2 million, or 0.3 percent, compared to the budget. However, the actual amount of LTF sales tax revenue for the second quarter will not be finalized until mid-March when OCTA receives the second quarter "true-up" payment.

**LTF Bus Program Sales Tax Revenue**

	Budget	Actual	\$ Variance	% Variance
Revenue	\$ 79,118	\$ 79,359	\$ 240	0.30%

**Operating Expenses:** The \$4 million underrun in Bus Program operating expenses can be attributed to salaries and benefits (\$3.3 million) and paratransit service (\$1.5 million).

Salaries and benefits underran the budget by \$3.3 million. This is primarily due to vacant positions. The vacancy rate at the end of the second quarter is 5.6 percent for Bus Program union employees and 6 percent for Bus Program administrative employees, compared to budgeted vacancy rates of 3 percent for each group.

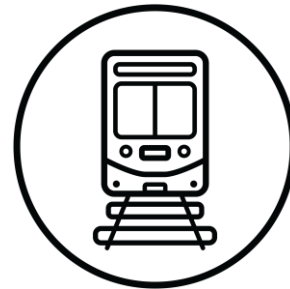
The underrun of \$1.5 million in paratransit service expenses can be attributed to lower-than-anticipated growth in these on-demand services. In previous years, paratransit service has experienced a large growth rate year-over-year. However, in the first half of the FY, the growth has been more modest, primarily in supplemental taxi services for paratransit riders.

**Capital Revenue:** Capital revenue underran by \$2.2 million due to underruns in corresponding capital expenses. Grants for capital projects are reimbursed after the

expenses occur. These grant funds are associated with the Bus Program capital expenses for bus base projects.

**Capital Expenses:** Capital expenses underran the budget by \$2.1 million. The variance is due to bus base projects beginning later than anticipated (\$2.3 million), primarily the removal of liquefied natural gas underground storage tanks at the Anaheim and Garden Grove bus bases. When the budget was developed, expenditures were anticipated to begin in the first half of the FY, but due to the timing of the contract, they are now anticipated in the second half of the FY.

**Rail Program**



	Budget	Actual	\$ Variance	% Variance
<b>Operating</b>				
Revenues	\$ 20,639	\$ 20,435	\$ (204)	-1.0%
Expenses	20,457	21,773	(1,316)	-6.4%
<b>Net Operating</b>	<b>\$ 182</b>	<b>\$ (1,338)</b>		
<b>Capital</b>				
Revenues	500	577	77	15.4%
Expenses	23,298	20,634	2,665	11.4%
<b>Net Capital</b>	<b>\$ (22,798)</b>	<b>\$ (20,057)</b>		

**Operating Expenses:** Rail Program operating expenses overran the budget by \$1.3 million. The overrun is primarily associated with payment of OCTA's portion of the Southern California Regional Rail Authority (SCRRA) operating subsidy. The third quarter payment was posted in the latter part of the second quarter.

**Net Capital:** As shown in the table above, capital revenue was budgeted \$22.8 million less than capital expenses. The underrun in budgeted revenue when compared to expenses is primarily associated with grant revenue for construction of the Orange Transportation Center Metrolink Parking Structure project. As reflected in OCTA's annual budget, grant revenues associated with capital expenditures are typically reimbursed within three months of the expenses taking place. A contract was encumbered early in the FY for \$18.4 million, and reimbursements will be sought as invoices are received.

**Capital Expenses:** The \$2.7 million underrun in Rail Program capital expenses can be attributed to the Laguna Niguel/San Juan Capistrano Metrolink Station Passing Siding Project (\$1.9 million) and the Orange

Transportation Center Metrolink Parking Structure Project (\$1.2 million).

For the Laguna Niguel/San Juan Capistrano Metrolink Station Passing Siding Project, the \$1.9 million underrun is due to the timing of the construction phase cooperative agreement with SCRRA. Resulting from multiple stakeholder modification requests during the design phase of the project, construction activity will commence later than originally anticipated.

The \$1.2 million underrun associated with the Orange Transportation Center Metrolink Parking Structure Project is caused by expenses that were anticipated to be paid in the second quarter, but were not paid until early in the third quarter.

### 91 Express Lanes Program



	Budget	Actual	\$ Variance	% Variance
<b>Operating</b>				
Revenues	\$ 22,417	\$ 27,124	\$ 4,706	21.0%
Expenses	9,509	8,346	1,162	12.2%
<b>Net Operating</b>	<b>\$ 12,909</b>	<b>\$ 18,777</b>		
<b>Capital</b>				
Revenues	448	670	222	49.5%
Expenses	448	670	(222)	-49.5%
<b>Net Capital</b>	<b>\$ -</b>	<b>\$ -</b>		

**Operating Revenue:** The 91 Express Lanes operating revenue overran the budget by \$4.7 million. The overrun is primarily attributed to increased trips resulting from Riverside County Transportation Commission’s extension of the Express Lanes into Riverside County (\$2.6 million), and from fees such as violation processing and account minimum fees (\$1.5 million).

**Operating Expenses:** The 91 Express Lanes operating expenses underran the budget by \$1.2 million. This underrun is primarily attributed to timing of the contract procurement for project and construction management services for toll systems integration between the 91 Express Lanes and future 405 Express Lanes, and consultant services for the State Route 91 Implementation Plan. Contracts for both projects are expected to be procured in the second half of the FY.

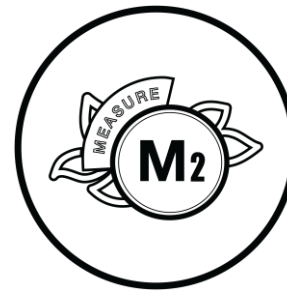
### Motorist Services Program



	Budget	Actual	\$ Variance	% Variance
<b>Operating</b>				
Revenues	\$ 2,809	\$ 2,431	\$ (378)	-13.5%
Expenses	2,809	2,431	378	13.5%
<b>Net Operating</b>	<b>\$ -</b>	<b>\$ -</b>		

**Operating:** Operating revenue and expenses for the Motorist Services Program underran the budget by \$0.4 million. The underrun is primarily due the timing of invoices for Freeway Service Patrol operations.

### M2 Program



#### **M2 Program Sales Tax Revenue**

	Budget	Actual	\$ Variance	% Variance
Revenue	\$ 154,263	\$ 153,469	\$ (794)	-0.51%

**Revenue:** Local Transportation Authority M2 Program sales tax advances grew by 2.6 percent year-over-year in comparison to the budgeted growth rate of 3.3 percent. This resulted in an underrun of \$0.8 million, or 0.5 percent, compared to the budget. However, the amount of sales tax receipts for the second quarter will not be finalized until mid-March when OCTA receives the second quarter “true-up” payment.

Mode	Budget	Actual	\$ Variance	% Variance
Freeways	\$ 50,673	\$ 13,279	\$ 37,394	73.8%
Streets & Roads	70,017	41,712	28,305	40.4%
Transit	10,525	3,736	6,790	64.5%
Administration	3,883	3,939	(56)	-1.5%
Debt Service	10,509	10,509	0	0.0%
<b>Total</b>	<b>\$ 145,608</b>	<b>\$ 73,175</b>	<b>\$ 72,432</b>	<b>49.7%</b>

**Expenses:** The Measure M2 Program expenditures underran the budget by \$72.4 million. Freeways contributed \$37.4 million to the underrun, primarily due to later than anticipated procurement for a preliminary engineering contractor on the State Route 55, from Interstate 405 (I-405) to Interstate 5 (I-5) Project, unused right-of-way capital on the I-5 widening project in south Orange County, and unused contract contingency for the I-405 Improvement project. Streets and Roads contributed \$28.3 million to the underrun, mainly due to lower than anticipated project payment requests from the cities and county. Transit contributed \$6.8 million to the underrun, primarily due to timing of contract execution for costs associated with the San Juan Creek bridge replacement.