



**April 24, 2019**

**To:** Finance and Administration Committee

**From:** Darrell E. Johnson, Chief Executive Officer

**Subject:** Orange County Transportation Authority Fiscal Year 2019-20 Budget Workshop Preview

**Overview**

The Orange County Transportation Authority is developing the fiscal year 2019-20 budget, which identifies available revenues and the costs associated with providing transportation services and programs for Orange County. The proposed budget will be reviewed in detail in a two-hour informal workshop following the May 13, 2019, Orange County Transportation Authority Board of Directors' meeting.

**Recommendation**

Review the fiscal year 2019-20 proposed budget in a workshop setting following the regularly scheduled Orange County Transportation Authority Board of Directors' meeting on May 13, 2019.

**Discussion**

The preparation of the Orange County Transportation Authority's (OCTA) annual budget began in December 2018 with the development of initial revenue projections, a service plan, and program goals and objectives for the upcoming fiscal year (FY). The service plan and program goals and objectives were developed in accordance with those of the Board of Directors (Board) and Chief Executive Officer (CEO).

Each division developed and submitted its budget requests in January, which were subject to successive internal reviews. The proposed budget was reviewed by a CEO-appointed internal budget review committee, consisting of the Deputy CEO, Chief Financial Officer, and Executive Director of Human Resources and Organizational Development, to ensure a balanced and fiscally responsible budget is delivered consistent with the Board's goals, CEO's goals, OCTA Strategic Plan, Comprehensive Business Plan, and the Next10 Plan.

The development of the FY 2019-20 proposed budget was based on a series of programmatic assumptions that were presented to the Finance and Administration Committee on March 27, 2019. The presentation covered the guiding principles and assumptions used to develop the budget for OCTA's major programs including: Measure M2 (M2), transit, commuter rail, motorist services, and the 91 Express Lanes.

In FY 2019-20, the sales tax growth rate for the M2 Program is forecasted to be 2.5 percent, and the growth rate for the ¼ cent Local Transportation Fund sales tax is forecasted to be 2.1 percent, based on the Board-approved sales tax forecasting methodology.

The FY 2019-20 proposed budget represents a balanced plan of sources and uses of funds. Sources of funds include new revenues received within the year, as well as planned uses of prior year designations. Planned uses of prior year designations are funds set aside (designated) in prior FYs to be utilized in the current FY. The uses of these funds are planned and do not represent a utilization of funds as a result of deficit spending. Expenditures include current year expenditures, as well as funds designated in the current FY to be used in a future FY.

Under the M2 Program, funds will continue to improve freeways, and streets and roads throughout Orange County, as well as fund multiple transit programs. Included in the proposed budget is \$366.4 million to help fund freeway improvement projects on Interstate 405, Interstate 5, State Route 55, State Route 57, and State Route 91. Approximately \$159 million is budgeted to improve streets and roads, including \$58 million to fund the Local Fair Share Program, \$57.2 million for the Regional Capacity Program, and \$33.5 million for Regional Traffic Signal Synchronization. In addition, the budget also includes \$48.5 million for ongoing construction of the OC Streetcar.

The combination of estimated revenues and planned use of reserves produces available funding of \$1,525.2 million, while proposed expenditures and designations yield a total use of funds of \$1,525.2 million. On a year-over-year comparison to the approved FY 2018-19 budget, the FY 2019-20 proposed budget is \$219.3 million higher than the FY 2018-19 budget. The increase is driven by the purchase of 299 40-foot buses, 116 22-foot buses, 12 iShuttle buses, and five electric 40-foot buses.

Consumed fixed-route revenue hours are proposed to increase by 1.4 percent to 1.63 million based on the first full year of operations for Bravo! Route 529. The proposed budget continues to include fixed-route service at 60 percent directly-operated and 40 percent of the service delivered by OCTA's contracted

service provider. Efforts to increase ridership will continue with OC Bus 360. In addition, OC Flex service continues with 23,000 revenue vehicle hours. No fare increase is assumed in the budget.

Staff will be presenting the FY 2019-20 budget in detail in an informal workshop setting on May 13, 2019. The presentation will include a discussion of program goals and objectives, proposed staffing plan, and the sources and uses of funds planned to meet specified program goals. The presentation will be solely informational for the Board. No public hearing will be held at the meeting, nor will the Board be asked to vote on the budget at the meeting. A public hearing for the budget is scheduled to occur at the June 10, 2019, Board meeting, after which staff anticipates seeking Board approval of the budget.

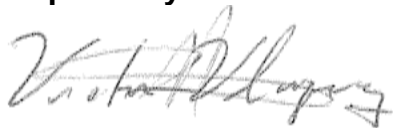
**Summary**

Staff will conduct a budget workshop for the OCTA Board at the May 13, 2019, Board meeting. The presentation will be solely informational for the Board. No public hearing will be held at the meeting, nor will the Board be asked to vote on the budget at the meeting. A public hearing for the budget is scheduled to occur at the June 10, 2019, Board meeting, after which staff anticipates seeking Board approval of the budget.

**Attachment**

- A. Orange County Transportation Authority Fiscal Year 2019-20 Budget Workshop Preview

**Prepared by:**



Victor Velasquez  
Department Manager,  
Financial Planning and Analysis  
(714) 560-5592

**Approved by:**



Andrew Oftelie  
Chief Financial Officer,  
Finance and Administration  
(714) 560-5649