



**October 25, 2023**

**To:** Finance and Administration Committee  
**From:** Darrell E. Johnson, Chief Executive Officer  
**Subject:** Fiscal Year 2022-23 Fourth Quarter Budget Status Report

**Overview**

Orange County Transportation Authority staff has implemented the fiscal year 2022-23 budget. This report summarizes the material variances between the budget and actual revenues and expenses through the fourth quarter of fiscal year 2022-23.

**Recommendation**

Receive and file as an information item.

**Background**

The Board of Directors (Board) approved the Orange County Transportation Authority (OCTA) Fiscal Year (FY) 2022-23 Budget on June 13, 2022. The approved budget itemized the anticipated revenues and expenses necessary to deliver OCTA's transportation programs and projects.

The balanced budget as originally approved by the Board in June was \$1.65 billion. Sources of funds were comprised of \$1.235 billion in current FY revenues and \$415 million in use of prior year designations. Uses of funds were comprised of \$1.445 billion of current FY expenditures and \$205 million of designations.

**Discussion**

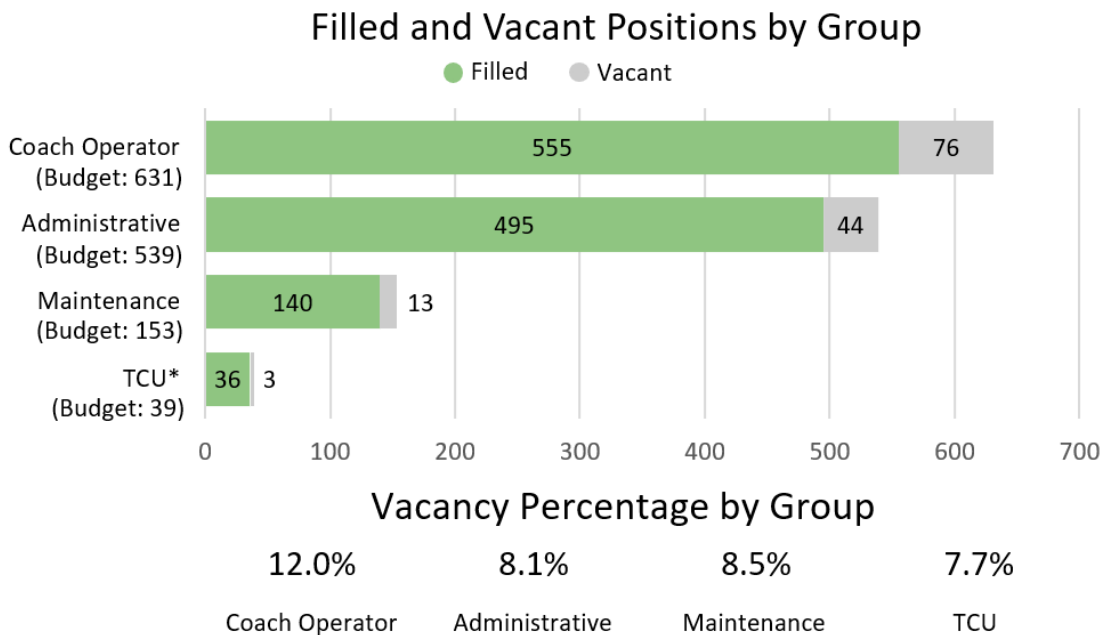
Staff monitors and analyzes revenues and expenditures versus the working budget. This report provides a summary level overview of staffing levels and explanations for material budget to actual variances within each pertinent OCTA program. The OCTA programs included are Bus, Regional Rail, 91 Express Lanes, Motorist Services, and Measure M2 (M2). A visual dashboard summary of this report is provided in Attachment A.

Unless indicated on an individual chart, the general color pattern used is outlined below:

- Gray – Budget
- Green – Within budget
- Yellow – Within five percent variance of budget
- Red – Over five percent variance of budget

Staffing

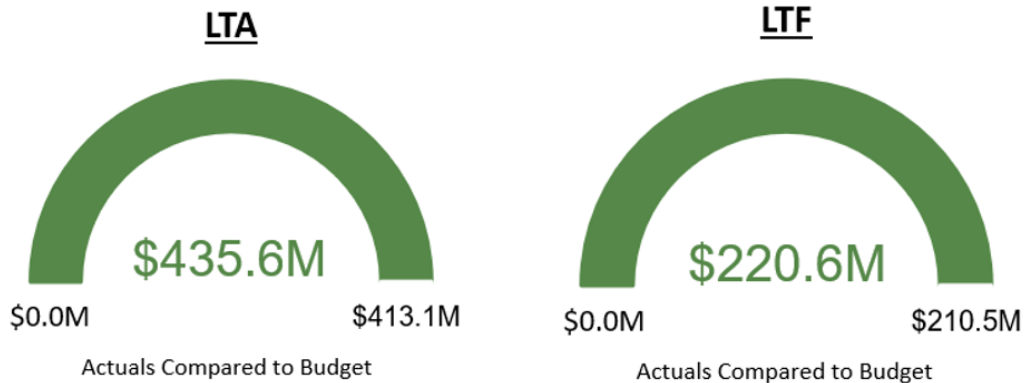
Total salaries and benefits were \$12.7 million under the budget. This is primarily due to vacancies agency-wide; vacancy details are provided in the graph below.



\*TCU - Transportation Communications International Union

Sales Tax Receipts

The charts below provide a FY snapshot for both the Local Transportation Authority (LTA) M2 Program and Local Transportation Fund (LTF) Bus Program sales tax revenues against the budget. Sales tax receipts outperformed the budget through the fourth quarter. LTA sales tax receipts of \$435.6 million were \$22.5 million higher than the budget and LTF sales tax receipts of \$220.6 million were \$10.1 million higher than the budget.



Major Programs

Bus Program

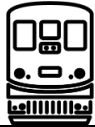


Bus Program operating revenue of \$457.6 million was \$3.7 million over budget. This is primarily due to LTF sales tax outperforming the budget. Bus Program operating expenses of \$445.5 million were \$8.4 million under the budget. This is primarily due to lower than anticipated expenditures on contracted services as well as the staffing vacancies.



Bus Program capital revenue of \$81.9 million was \$124.9 million under the budget due to less than anticipated revenue reimbursements based on lower capital expenses than budgeted. Capital revenue is often sought on a reimbursement basis after capital expenditures have occurred; therefore, underruns in capital revenue are often due to timing of capital expenditures. Bus Program capital expenses underran the budget of \$206.8 million by \$168.1 million, which is primarily due to the timing of procurement for paratransit buses which will not occur until FY 2023-24.

Rail Program

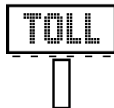


Rail Program operating revenue of \$45.8 million was \$2.7 million over the budget. This was primarily due to reimbursements for work performed on the Orange County Maintenance Facility and Anaheim Canyon Station in the previous FY. Operating expenses of \$45.8 million were \$2.7 million over the budget, primarily due to expenses for the emergency slope stabilization project.



Rail Program capital revenue of \$12.6 million was \$8.5 million under the budget due to the timing of capital expenses. Capital revenue is sought on a reimbursement basis after capital expenditures have occurred. Capital expenses of \$10.6 million were \$10.5 million under budget primarily due to the timing of construction for slope stabilization projects between the cities of Mission Viejo and Laguna Niguel as well as the timing of change orders for Mile Post 206.8 emergency repairs that will continue into FY 2023-24.

91 Express Lanes Program



The 91 Express Lanes Program operating revenue of \$81.2 million exceeded the budget by \$11.4 million, primarily due to higher than anticipated adjustments to rates and conservative budgeting. Operating expenses of \$28.8 million underran by \$41 million, primarily due to the timing of contributions to the State Route 91 Riverside Freeway improvements between State Route 57 and State Route 55 (Project I) as well as lower than anticipated expenses for

professional services, office costs, and equipment/maintenance. Staff anticipates expenses will occur in FY 2023-24.



The 91 Express Lanes Program capital revenue of \$24.1 million was \$2.7 million under the budget. Capital revenue is often sought on a reimbursement basis after capital expenditures have occurred; therefore, underruns in capital revenue are often due to timing of capital expenditures. In this case, capital expenses of \$24.1 million were \$2.7 million under budget which is in alignment with the underrun in revenue and is primarily due to the timing of the electronic toll and traffic management system and 91 Express Lanes back-office system. Though expenditures are occurring on these projects, both have been re-budgeted in the next FY.

Motorist Services Program

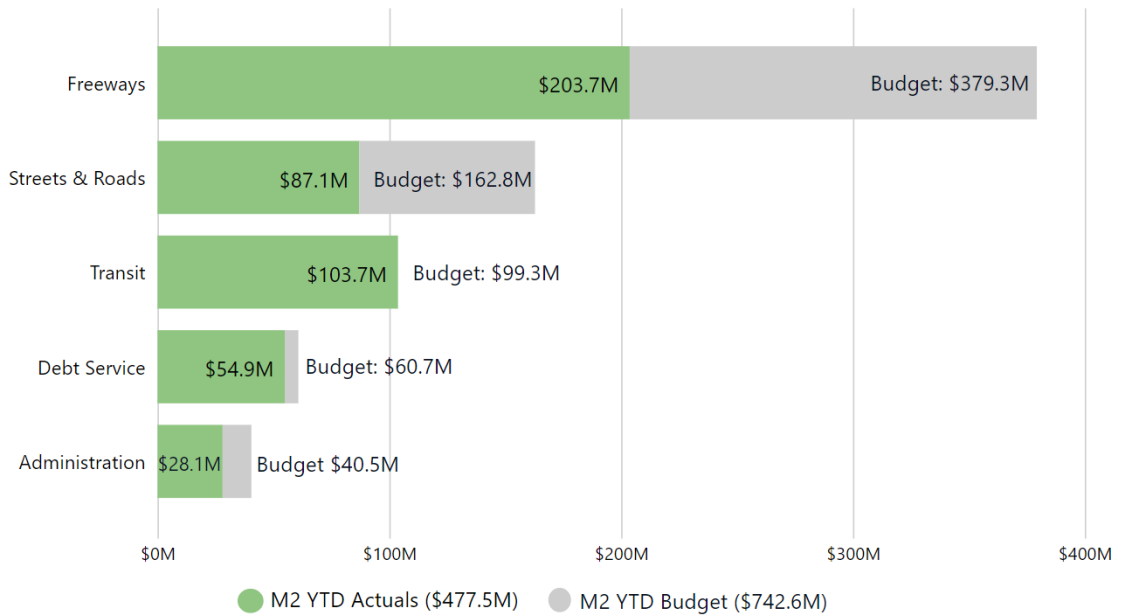


Motorist services operating revenue of \$12.5 million overran the budget by \$1.9 million. This was primarily due to the timing of revenues received from the California Department of Transportation for the Freeway Service Patrol Program. Motorist services operating expenses were \$1.3 million lower than budget primarily due to lower fuel rates than budgeted for the Freeway Service Patrol tow service and the timing of the pending 511 Program agreement with the Los Angeles County Service Authority for freeway emergencies.

M2 Program

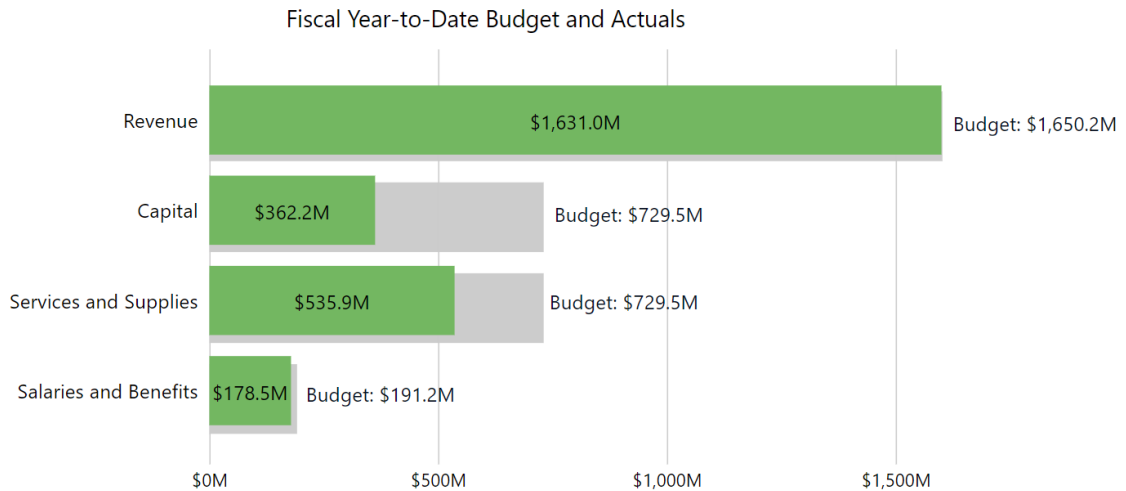


M2 Program Budget and Actuals by Mode



Total actual expenses for the M2 Program of \$477.5 million underran the budget by \$265.2 million, primarily due to the timing of construction and right-of-way (ROW) for the State Route 55 (SR-55) Costa Mesa Freeway improvements (\$101.5 million), Interstate 5 (I-5) to El Toro Road Project (\$42.4 million), and State Route 91 Riverside Freeway improvements (\$32.4 million). In addition, there were lower than anticipated payment requests for the Regional Traffic Signal Synchronization Program (\$40 million) and Regional Capacity Program improvements (\$35.4 million).

**Summary**



Overall, revenue of \$1,631 million underran the budget by \$19.2 million, primarily due to lower than anticipated revenue reimbursements for capital expenditures based on lower than anticipated spending. Most of the expenditures are anticipated to take place in FY 2023-24 and the revenue will then be sought for reimbursement.

Operating expenses of \$535.9 million were \$193.6 million under budget primarily due to an underrun in contributions to local agencies based on less project payment requests for competitive M2 programs such as the Regional Capacity Program and Regional Traffic Signal Synchronization Program. Additionally, contracted services, as-needed services and supplies, and ROW support services contributed to the underrun.

Capital expenses of \$362.2 million were \$367.3 million under budget, primarily due to lower than anticipated expenses for SR-55 improvements and the timing of the procurement for paratransit buses.

Salaries and benefits of \$178.5 million underran the budget by \$12.7 million, primarily due to vacancies in the coach operator and administrative groups.

***Attachment***

- A. FY 2022-23 Fourth Quarter Budget Status Summary

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