



January 25, 2023

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Fiscal Year 2022-23 First 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 first 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 14, 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.

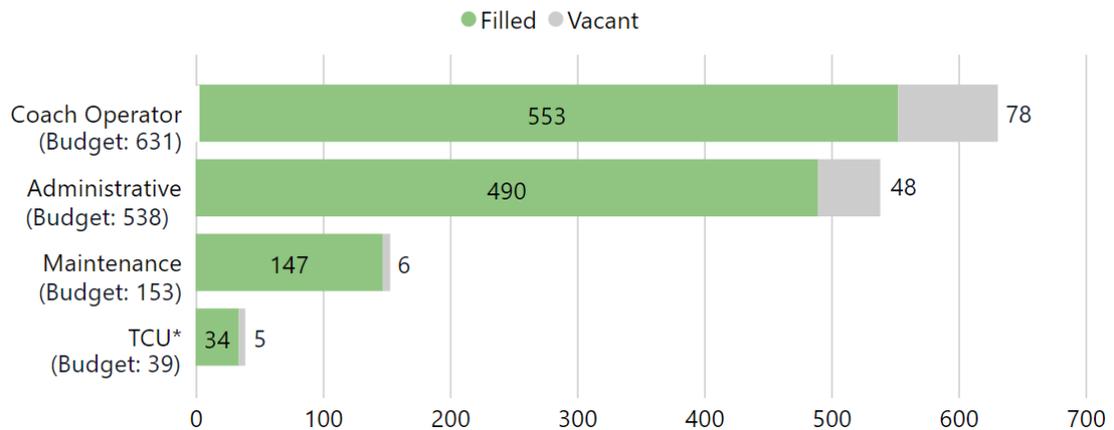
Unless indicated on an individual chart, the general color pattern used is outlined below:

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

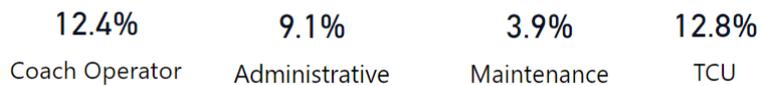
Staffing

Total salaries and benefits were \$0.7 million over the budget. This is primarily due to more utilization of coach operator overtime than anticipated. This was offset by vacancies agency-wide, with the largest vacancy percentage in the coach operator’s union group (12.4 percent) followed by administrative group (9.1 percent). Staff will continue to monitor this variance in the coming quarters.

Filled and Vacant Positions by Group



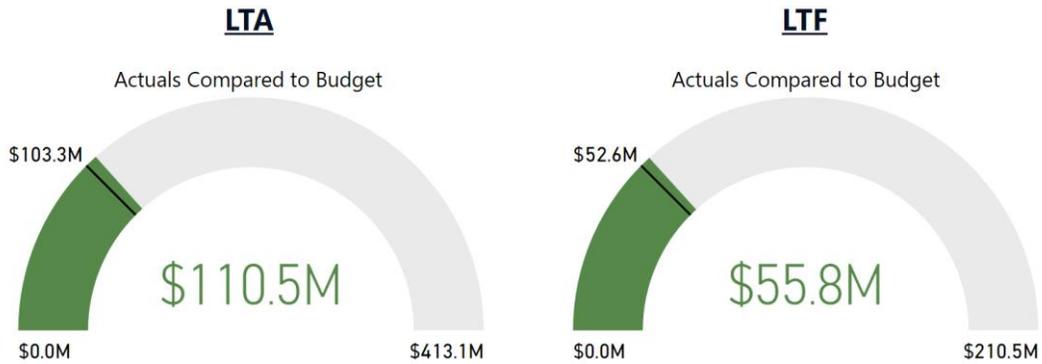
Vacancy Percentage by Group



*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. LTA sales tax receipts of \$110.5 million were \$7.2 million higher than the budget and LTF sales tax receipts of \$55.8 million were \$3.2 million higher than the budget. Sales tax receipts outperformed the budget through the first quarter of FY 2022-23.

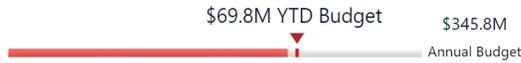


Major Programs

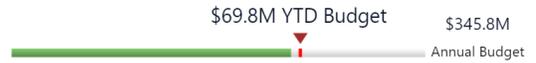
Bus Program



Operating Revenue



Operating Expense



Bus Program operating revenue of \$67.5 million was \$2.3 million under budget. This is primarily due to lower than anticipated fare revenue. Bus Program operating expenses of \$67.5 million were \$2.3 million under the budget. This is primarily due to recurring as-needed services and supplies, which can vary based on need, such as fuel, maintenance parts, and marketing efforts.

Capital Revenue



Capital Expense



Bus Program capital revenue of \$0.1 million was \$3.3 million under the budget due to less than anticipated revenue reimbursements based on lower capital expenses primarily for the construction of the Transit Security and Operations Center (TSOC) than budgeted. It is anticipated that construction of TSOC will begin in the second half of the FY. 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 expense also underran the budget by \$3.4 million. This is also primarily due to the timing of construction for TSOC.

Rail Program



Operating Revenue



Operating Expense



Rail Program operating revenue of \$0.7 million aligned to the budget. Operating expenses of \$0.5 million were \$0.2 million under the budget, primarily due to the timing of invoices for the Anaheim Canyon Metrolink Station. It is anticipated that invoices will be paid over the following quarter that will align expenditures with the budget.

Capital Revenue

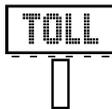


Capital Expense



Rail Program capital revenue of \$3.1 million was \$2.8 million over the budget due to revenue reimbursements received in the current FY for capital expenditures that occurred last FY. Capital expenses of \$0.1 million are in line with budget.

91 Express Lanes Program



Operating Revenue



Operating Expense



The 91 Express Lanes Program operating revenue of \$15.4 million exceeded the budget by \$2.2 million primarily due to higher than anticipated traffic volumes. Operating expenses of \$1.9 million underran by \$4.1 million, primarily due to the invoicing and timing of contracted services, professional services, office costs, and equipment/maintenance.



The 91 Express Lanes Program capital revenue was \$1 million under the budget. Capital grant revenue is sought on a reimbursement basis after capital expenditures have occurred; therefore, underruns in capital revenue are often due to timing of capital expenditures. Capital expenses were \$1 million under budget primarily due to timing and invoicing pertaining to the Electronic Toll and Traffic Management System and 91 Express Lanes back-office system. These two items will take place in the second half of the FY.

Motorist Services Program

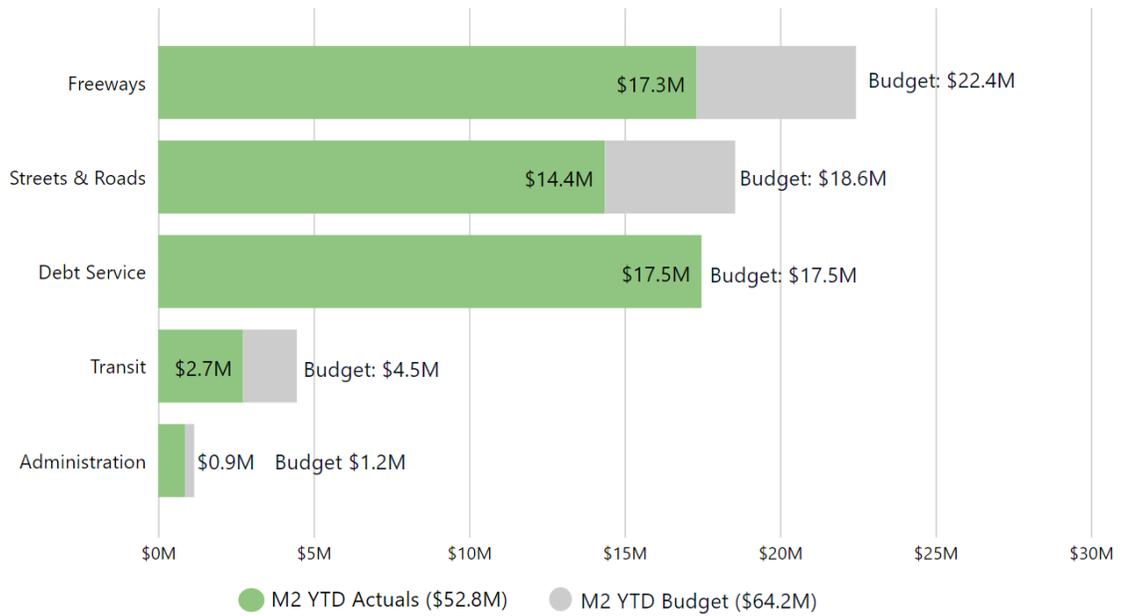


Motorist Services operating revenue of \$1.5 million aligned to the budget. Motorist Services operating expenses were \$136,000 lower than budget primarily due to the 511 program still pending an agreement with Los Angeles County Service Authority for Freeway Emergencies.

M2 Program

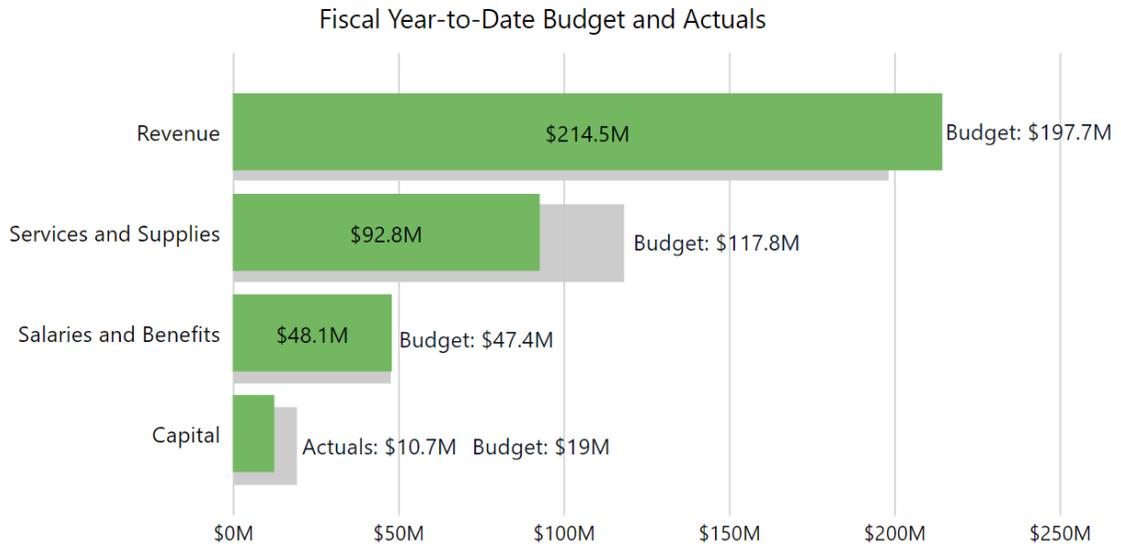


M2 Program Budget and Actuals by Mode



Total actual expenses for the M2 Program of \$52.8 million underran the budget by \$11.4 million, primarily due to less than anticipated Regional Traffic Signal Synchronization payments (\$4.7 million), timing of construction payments for the Interstate 5 (I-5) to El Toro Road (\$4.1 million), and lower than anticipated payments for Community-Based Transit Circulators (\$1.7 million).

Summary



Overall, revenue of \$214.5 million exceeded the budget by \$16.8 million, primarily due to greater than anticipated sales tax receipts.

Operating expenses of \$92.8 million were \$25 million under budget, primarily due to an underrun in contributions to local agencies based on fewer project payment requests for competitive M2 programs such as the Regional Capacity Program and Regional Traffic Signal Synchronization. Additionally, as-needed services and supplies, as well as right-of-way and engineering services, contributed to the underrun.

Salaries and benefits of \$48.1 million exceeded the budget by \$0.7 million. This was primarily due to more than anticipated coach operator overtime of \$2 million, which was offset by an underrun of \$1.3 million primarily due to coach operator and administrative vacancies.

Capital expenses of \$10.7 million were \$8.3 million under budget, primarily due to lower than anticipated expenses through the first quarter for I-5 to El Toro Road construction, Transit Security and Operations Center construction, and the Electronic Toll and Traffic Management System.

Attachment

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

Prepared by:



Anthony Baruch
Section Manager,
Financial Planning and Analysis
(714) 560-5332

Approved by:



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