



December 13, 2017

To: Finance and Administration Committee

From: Darrell Johnson, Chief Executive Officer

Subject: Fiscal Year 2017-18 First Quarter Budget Status Report

Overview

The Orange County Transportation Authority's staff has implemented the fiscal year 2017-18 budget. This report summarizes the material variances between the budget and actual revenues and expenses through the first quarter of fiscal year 2017-18.

Recommendation

Receive and file as an information item.

Background

The Board of Directors (Board) approved the Orange County Transportation Authority (OCTA) Fiscal Year 2017-18 Budget on June 12, 2017. 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 \$1.29 billion. Sources of funds were comprised of \$1.06 billion in current fiscal year revenues and \$232.6 million in use of prior year designations. Uses of funds were comprised of \$1.15 billion of current fiscal year expenditures and \$142.7 million of designations.

The Board approved one amendment in the first quarter increasing the expense budget by \$3.6 million. The amendment was approved on September 25, 2017, to support the new upcoming Bravo! bus route 529, and increased the maximum obligation for Agreement C-4-1280 with New Flyer of America, Inc., by \$3.6 million, exercising an option to purchase six, 40-foot, low floor compressed natural gas buses painted with the Bravo! branding.

Discussion

Staff monitors and analyzes revenues and expenditures versus the working budget. The Quarterly Budget Status Report (Attachment A) 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 in Attachment A are Bus, 91 Express Lanes, Commuter Rail, Motorist and Taxi Services, and Measure M2 (M2).

Total salaries and benefits underran the first quarter budget by \$2.4 million. This is primarily due to vacancies OCTA-wide. As a result, an underrun can be expected to continue, but can change slightly throughout the year based on future net vacancies.

Bus Program operating revenues were on track coming in within one percent of the budget. Bus Program operating expenses underran the budget by 7.3 percent or \$4 million primarily due to staffing vacancies, as well as lower than anticipated operating costs associated with paratransit service, contracted fixed-route service, and the Vanpool Program. Capital revenues and expenses exceeded the budget by approximately \$0.05 million. These variances are the direct result of having finalized the purchase of 25 alternative fuel coach operator relief vehicles earlier than anticipated.

The 91 Express Lanes experienced high utilization in the first quarter and received 21.7 percent or \$2.4 million more operating revenues than budgeted. Actual operating expenses were in alignment coming in within 1.9 percent of the budget.

The Rail Program operating and capital revenues were in alignment with the budget. However, the first quarter payment related to the Metrolink operating subsidy was posted at the beginning of the second quarter and is the driver for the variance within operating expenses through the first quarter.

Revenue for the Motorist Services Program was in alignment with the budget expenses through the quarter and had a minor underrun related to time and expense items.

Sales tax revenue advances for the Local Transportation Authority (LTA) M2 Program and Local Transportation Fund (LTF) Transit Program grew by 1.93 percent and 1.71 percent year-over-year, respectively. Although the growth rates for advances for the first three months are below the budgeted growth rates of 3.3 percent for the M2 Program and 2.4 percent for the Transit Program, the actual amount of sales tax receipts for the first quarter will not be finalized until mid-December when OCTA receives the first quarter “true-up” payment. The

amount of the true-up payment varies significantly from quarter to quarter and is therefore difficult to forecast.

Advances for both LTA M2 Program sales tax revenue and LTF Transit Program sales tax revenue underran the budget by \$0.9 million and \$0.3 million, respectively, through the first quarter of the fiscal year based on advances.

Table 1 - First Quarter LTA and LTF Sales Tax Revenue					
	Budget		Actual		% Variance
				\$ Variance	
LTA	\$	70,613,504	\$	69,676,000	(937,504) -1.33%
LTF	\$	37,079,040	\$	36,828,300	(250,740) -0.68%

Summary

Overall, sales tax revenue advances for the LTA M2 Program and LTF Transit Program grew by 1.93 percent and 1.71 percent year-over-year in comparison to the budgeted growth rates of 3.3 percent and 2.4 percent, respectively. However, in total OCTA revenues overran the budget by \$17 million. This is primarily due to OCTA receiving more grant, fare, and toll revenues than anticipated. Furthermore, expenses underran the budget by \$37 million.

Attachment

- A. Quarterly Budget Status Report First Quarter of Fiscal Year 2017-18

Prepared by:



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

Approved by:



Andrew Oftelie
Executive Director,
Finance and Administration
(714) 560-5649