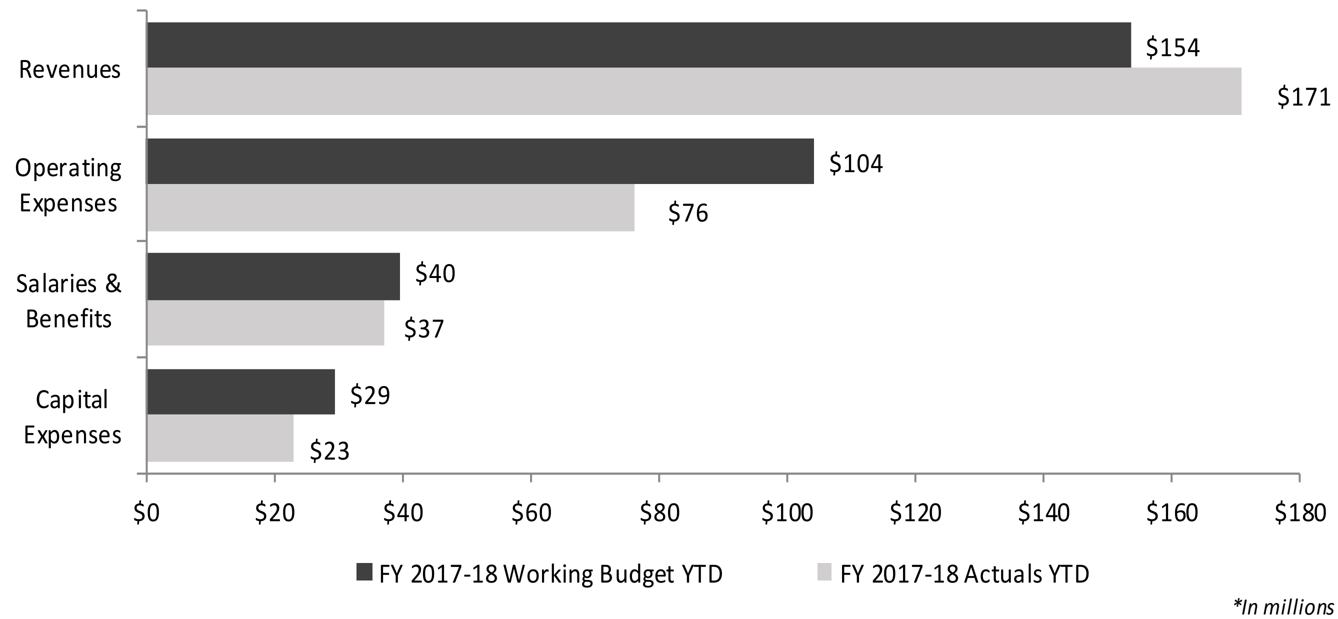
Quarterly Budget Status Report

First Quarter of Fiscal Year 2017-18



STAFFING

A staffing plan of 1,346.5 full-time equivalent positions was approved by the Board of Directors (Board) for fiscal year (FY) 2017-18. At the end of the first quarter 1,287.5 of these positions were filled, representing a vacancy rate of 4.4 percent.

Staffing Description	Budget	Filled	Vacant	% Vacancy
Coach Operators	643.0	631.0	12.0	1.9%
Maintenance	171.0	152.0	19.0	11.1%
TCU	37.0	36.0	1.0	2.7%
Union Subtotal	851.0	819.0	32.0	3.8%
Transit Support	169.5	161.5	8.0	4.7%
Other Administrative	326.0	307.0	19.0	5.8%
Administrative Subtotal	495.5	468.5	27.0	5.4%
Total OCTA	**1,346.5**	**1,287.5**	**59.0**	**4.4%**

TOTAL SALARIES AND BENEFITS

Total actual salaries and benefits of $37.3 million were approximately $2.2 million under the budget of $39.6 million. This variance is due to a $1.2 million underrun in the Transit Program salaries and benefits and a $1 million underrun in the General Fund salaries and benefits.

In both cases, the underruns are primarily driven by vacant positions that are anticipated to be filled throughout the FY.

	Budget	Actual	$ Variance	% Variance
Transit	$ 26,146	$ 24,899	$ 1,247	4.8%
General Fund	13,407	12,391	1,015	7.6%
Total	**$ 39,553**	**$ 37,290**	**$ 2,263**	**5.7%**

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
Operating							
Revenues	$	53,652	$	54,200	$	548	1.0%
Expenses		55,270		51,230		4,040	7.3%
Net Operating	**$**	**(1,618)**	**$**	**2,970**			
Capital							
Revenues		76		127		51	68.0%
Expenses		76		127		(51)	-68.0%
Net Capital	**$**	**-**	**$**	**-**			

Operating Revenue:

The overrun in revenues is primarily due to the sale of alternative fuel credits ($0.3 million) and fare revenues ($0.2 million). These revenues are slightly offset by the underruns in Local Transportation Fund (LTF) Bus Program sales tax revenue ($0.3 million). However, 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 variance pertaining to alternative fuel credits is due to greater than anticipated revenue from the sale of the credits. Alternative fuel credits are sold regularly throughout the FY, and based on current trends, staff anticipates this revenue source will continue to overrun the budget throughout the FY.

Fare revenue experienced an overrun compared to the budget. This is due to a lower than anticipated decrease in fixed-route boardings year-over-year of 3.7 percent compared to the budgeted decrease of 6.5 percent.

LTF sales tax advances grew by 1.71 percent year-over-year compared to the budgeted growth rate of 2.4 percent. This resulted in an underrun of $0.3 million, or 0.68 percent compared to the budget. However, the actual amount of LTF sales tax revenue for the first quarter will not be finalized until mid-December when OCTA receives the first quarter “true-up” payment.

LTF Bus Program Sales Tax Revenue

		Budget		Actual		$ Variance	% Variance
Revenue	$	37,079	$	36,828	$	(251)	-0.68%

Operating Expenses: The $4 million underrun in Transit operating expenses is primarily attributable to salaries and benefits ($1.2 million), transit recurring operational costs ($0.9 million), paratransit service ($0.5 million), contracted fixed-route services ($0.3 million), and the Vanpool Program ($0.2 million).

Salaries and benefits underran the budget by $1.2 million. This is primarily due to vacant positions. The vacancy rate is 3.8 percent for Transit union employees and 4.7 percent for Transit administrative employees, compared to budgeted vacancy rates of 0.7 percent and 3 percent, respectively.

The underrun of $0.9 million in recurring operational costs can primarily be attributed to time and expense based line items for consumables such as shop supplies, parts, bus cleaning, equipment maintenance, etc. The time and expense services are utilized on an as-needed basis.

The underruns in paratransit service, contracted fixed-route service, and the Vanpool Program can be attributed to timing of vendor invoices. Invoices were received, however final approval of the invoices were finalized at the beginning of the second quarter.

Capital Revenues and Expenses: Capital revenues and expenses exceeded the budget by approximately $0.5 million. This variance is the result of having finalized the purchase of 25 alternative fuel coach operator relief vehicles earlier than anticipated.

Rail Program

	Budget	Actual	$ Variance	% Variance
Operating				
Revenues	$ 9,920	$ 9,919	$ (1)	0.0%
Expenses	9,670	987	8,683	89.8%
Net Operating	**$ 250**	**$ 8,932**		
Capital				
Revenues	-	-	-	0.0%
Expenses	18,680	19,531	(851)	-4.6%
Net Capital	**$ (18,680)**	**$ (19,531)**		

Operating Expenses: Commuter Rail operating expenses underran the budget by $8.7 million. The underrun is primarily due to the timing of a payment to Metrolink for OCTA's portion of the Metrolink operating subsidy. The payment was expected to occur in the first quarter, but did not occur until early in the second quarter of the FY.

Net Capital: As shown in the table above, capital revenues were budgeted $18.7 million less than capital expenses related to the Orange Metrolink Station parking structure project. As reflected in OCTA's annual budget, grant revenues associated with capital expenditure are anticipated in the second quarter.

Capital Expenses: Commuter Rail capital expenses overran by $0.9 million. This is primarily due to the construction contract for the Laguna Niguel/Mission Viejo station which whose budget originally approved and encumbered in FY 2015-16. However, the remaining balance of the contract was re-encumbered in the current fiscal year causing the overrun.

91 Express Lanes Program

	Budget	Actual	$ Variance	% Variance
Operating				
Revenues	$ 11,014	$ 13,409	$ 2,395	21.7%
Expenses	4,093	4,017	76	1.9%
Net Operating	**$ 6,920**	**$ 9,391**		
Capital				
Revenues	313	277	(35)	-11.3%
Expenses	313	277	35	11.3%
Net Capital	**$ -**	**$ -**		

Operating Revenues: The 91 Express Lanes operating revenues overran the budget by $2.4 million. The overrun can be attributed to greater than anticipated non-toll revenues ($0.9 million), toll revenues from Transportation Corridor Agencies ($0.8 million), and toll revenue from the 91 Express Lanes ($0.6 million). The overrun in non-toll revenue is due to higher violation fees than anticipated. The overrun in toll revenue is the result of higher than anticipated trips on the toll lanes, 4.1 million compared to the budgeted amount of 4 million trips. This is in part due to the extension of the 91 Express Lanes into Riverside County which opened last FY with higher demand than anticipated.

Operating Expenses: The 91 Express Lanes operating expenses were in alignment with the budget for the first quarter.

Motorist Services Program

	Budget	Actual	$ Variance	% Variance
Operating				
Revenues	$ 3,379	$ 3,383	$ 4	0.1%
Expenses	1,176	887	289	24.6%
Net	**$ 2,203**	**$ 2,496**		
Capital				
Revenues	-	-	-	0.0%
Expenses	-	-	-	0.0%
Net	**$ -**	**$ -**		

Operating: Expenses for the Motorist Services Program underran the budget due to recurring time and expense items that did not impact services.

M2 Program

M2 Program Sales Tax Revenue

	Budget	Actual	$ Variance	% Variance
Revenue	$ 70,614	$ 69,676	$ (938)	-1.33%

Revenues: LTA sales tax advances grew by 1.93 percent year-over-year in comparison to the budgeted growth rate of 3.3 percent. This resulted in an underrun of $0.9 million, or 1.33 percent compared to the budget. However, the 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.

Mode	Budget	Actual	$ Variance	% Variance
Freeways	$ 12,664	$ 2,911	$ (9,753)	-77.0%
Streets & Roads	30,424	20,850	(9,573)	-31.5%
Transit	3,072	1,028	(2,045)	-66.5%
Administration	2,234	1,334	(900)	-40.3%
Debt Service	10,509	10,509	(0)	0.0%
Total	**$ 58,903**	**$ 36,632**	**$ (22,271)**	**-37.8%**

Expenditures: Measure M2 Program expenditures underran the budget by $22.3 million. Freeways contributed $9.8 million to the underrun, primarily due to time and expense type activities on the Interstate 405 Improvement Project, and landscape construction timing on the State Route 57 freeway. Streets and Roads contributed $9.6 million to the underrun due to lower than anticipated project payment requests from the cities and county. Transit contributed $2 million to the underrun, primarily due to lower than anticipated Project V community based shuttle bus payments to the cities. Administration expenditures contributed $0.9 million to the underrun primarily due to later than anticipated procurement of M2 Program support contracts.