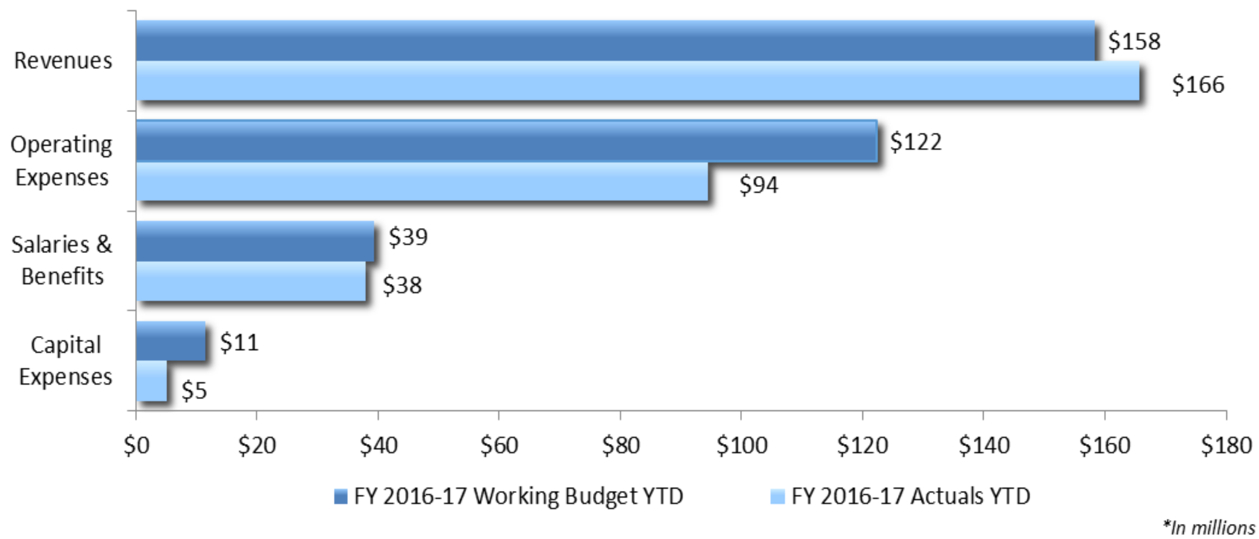
ATTACHMENT A

Quarterly Budget Status Report

First Quarter of Fiscal Year 2016-17



OVERVIEW

The Board of Directors (Board) approved the Orange County Transportation Authority (OCTA) Fiscal Year (FY) 2016-17 budget on June 13, 2016. The approved budget itemized the anticipated revenues and expenses necessary to deliver OCTA's transportation programs and meet service commitments.

In the first quarter, actual Measure M2 (M2) sales tax revenues underran the budget by $2.5 million and Transit Program sales tax revenue underran by $0.7 million. Sales tax revenue for the M2 and Transit programs grew by 2.21 percent and 2.18 percent year-over-year through the first quarter. The growth rates for the first quarter are below the budgeted growth rates of 4.4 percent for M2 and 2.8 percent for Transit. Fare revenue for Transit Operations underran by approximately $0.8 million, primarily due to a year-over-year decrease in fixed-route boardings of 9 percent. Underruns in operating revenue for the Transit Program are offset by underruns of $2.1 million in operating expenditures.

The majority of variance explanations are due to timing issues for both revenues and expenses. In areas where expenditures underrun the budget, the primary cause is timing issues related to capital projects. Often these same projects have external funding that cannot be sought for reimbursement until expenditures are incurred, creating underruns in revenues as well.

This report summarizes the material variances between the budget plan and actual revenues and expenses for the FY.

AMENDMENTS

Through the first quarter, no budget amendments were required.

STAFFING

A staffing plan of 1,386.5 full-time equivalent positions was approved for FY 2016-17. At the end of the first quarter 1,323 of these positions were filled.

Staffing Description	Budget	Filled	Vacant	% Vacancy
Coach Operators	680.0	660.0	20.0	2.9%
Maintenance	171.0	163.0	8.0	4.7%
TCU	37.0	35.0	2.0	5.4%
Union Subtotal	888.0	858.0	30.0	3.4%
Transit Operations Support	176.5	163.5	13.0	7.4%
Other Administrative	322.0	301.5	20.5	6.4%
Administrative Subtotal	498.5	465.0	33.5	6.7%
Total OCTA	**1,386.5**	**1,323.0**	**63.5**	**4.6%**

TOTAL SALARIES AND BENEFITS

At the end of the first quarter, actual salaries and benefits of $37.8 million were $1.5 million under the budget of $39.3 million. This variance is due to a $0.8 million underrun in General Fund salaries and benefits and a $0.7 million underrun in Transit Program salaries and benefits. In both cases, the underruns are primarily driven by vacant administrative positions.

Total Salaries and Benefits Expenses	Budget	Actual	$ Variance	% Variance
Transit	$ 26,602	$ 25,928	$ 675	2.5%
General Fund	$ 12,706	$ 11,916	$ 790	6.2%
Total	**$ 39,308**	**$ 37,844**	**$ 1,465**	**3.7%**

PROGRAM AND FUND VARIANCES

Year-to-date material variances are listed by program or fund group in thousands.

General Fund	Budget	Actual	$ Variance	% Variance
Revenues	$ 1,318	$ 1,824	$ 506	38.4%
Expenses	$ 16,991	$ 15,370	$ 1,621	9.5%

Revenues: General Fund revenues overran the budget by $0.5 million. This overrun is primarily due to State Transportation Improvement Program (STIP) revenues. STIP funds received through the first quarter of FY 2016-17 are from prior year allocations related to the reimbursement of planning activities and for completion of the Pacific Coast Highway (PCH) Corridor Study.

Expenses: General Fund expenses underran the budget by $1.6 million. This variance is primarily attributed the underrun of $0.8 million in salaries and benefits. The remaining underruns are largely associated with general and administrative costs. These costs account for approximately $0.6 million of the underrun. General and administrative costs consist of time and expense based line items generally associated with recurring operational costs such as administrative salaries and benefits, office supplies, software, hardware, training, consulting services, etc. The majority of time and expense based services are utilized on an as-needed basis.

Measure M2 Program	Budget	Actual	$ Variance	% Variance
Revenues	$ 82,525	$ 81,047	$ (1,479)	-1.8%
Expenses	$ 63,717	$ 38,389	$ 25,329	39.8%

Revenues: Within the M2 Program, revenues are underrunning by $1.5 million. This is primarily due to an underrun in sales tax revenues of $2.5 million. Through the first quarter, LTA sales tax revenue advances grew by 1.14 percent year-over-year. Although sales tax growth for the first quarter is below the budgeted growth rate of 4.40 percent, the amount of sales tax receipts for the first quarter will not be finalized until mid-December when OCTA receives the “true-up” payment. The underrun in sales tax revenues is partially offset by an overrun in revenue for the Regional Capacity Program of $1 million. This is due to prior year revenue reimbursements received in the current FY.

Expenses: M2 expenses are underrunning by $25.3 million. The variance can be attributed to the Regional Capacity Program ($8.2 million), I-405 Freeway improvements ($5.3 million), OC Bridges ($4.7 million), and Regional Traffic Signal Synchronization ($3.3 million).

Approximately $8.2 million of the variance is associated with the Regional Capacity Program. The billing cycles and the magnitude of expenses are dependent upon the cities progress/completion of their individual projects, making billing cycles difficult to forecast. This program will continue to be monitored throughout the fiscal year.

The primary drivers behind the $5.3 million variance relating to the I-405 Improvement Project are project development and Right-of-Way (ROW) acquisition. The variance ($4.3 million) associated with project development is primarily due to invoices running one to two months in arrears. The variance within ROW acquisition ($0.6 million) is due to the long lead time required to extend offers to land owners, and the difficulty of predicting the acceptance rate among property owners.

The $4.7 million underrun pertaining to OC Bridges can primarily be attributed to the Raymond Grade Separation project. Invoices related to this project are currently running two to three months in arrears. The remaining portion of the underrun is related to ROW land acquisition. Negotiations with property owners are still underway. Staff will continue to monitor these projects through completion.

The Regional Traffic Signal Synchronization program underran by $3.3 million through the first quarter. This is due to the collaboration process with consultants, local agencies, and Caltrans. A large collaborative effort is required due to the massive scope of the projects, as such, the projects are taking longer than originally anticipated. Progress will accelerate as the projects advance in development.

Transit Program							
		Budget		Actual		$ Variance	% Variance
Revenues	$	61,948	$	66,184	$	4,236	6.8%
Expenses	$	54,776	$	52,677	$	2,099	3.8%

Revenues: Transit revenues have overrun by $4.2 million. The variance is primarily related to the receipt of federal grant funds for the purchase of buses from the prior year. ($11.1 million). However, this overrun was partially offset by an underrun in other federal revenues ($5.3 million), fare revenues ($0.8 million), and sales tax revenues ($0.7 million).

An overrun of $11.1 million within revenue was related to bus procurement. Federal funds received in the first quarter were a partial reimbursement from a prior year bus procurement. Additional funds are likely to be received as the fiscal year continues.

Other federal reimbursement revenues had underruns of $5.3 million for the quarter. The underrun is primarily due to timing of the receipt of revenue associated with preventative maintenance. OCTA incurs preventative maintenance costs throughout the year, but will not seek reimbursement for the funds until the expenses have been paid. The timing of payment and reimbursement generally falls into subsequent quarters due to this process.

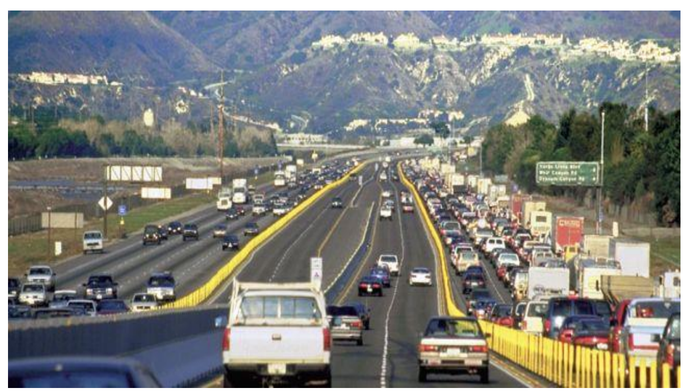
Fare revenues underran by $0.8 million. This is primarily due to lower than anticipated utilization of fixed-route bus services. Year-over-year fixed-route boardings have decreased by 9 percent. Staff will continue to monitor this variance and provide regular updates.

TDA sales tax revenues are currently $0.7 million under budget. Through the first quarter, TDA sales tax revenue advances grew by 2.18 percent year-over-year. Sales tax growth for the first quarter is below the budgeted growth rate of 2.80 percent.

Expenses: The $2.1 million underrun in Transit expenditures is primarily attributed to fuels ($0.7 million), salaries and benefits ($0.7 million), and equipment maintenance ($0.5 million).

The underruns in fuel and equipment maintenance can be attributed to the timing of invoicing from the vendors. Several accounts within these categories are billing two to three months in arrears. These underruns should diminish as the fiscal year continues.

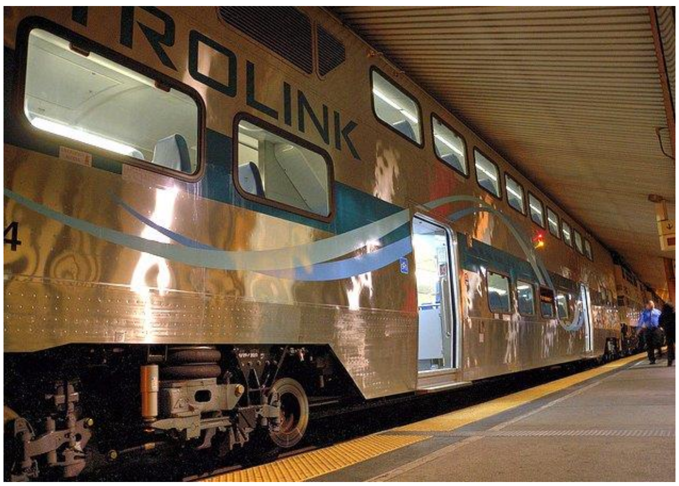
Labor costs underran by approximately $0.7 million primarily due to vacant positions. The current administrative vacancy rate is 7.4 percent and the union vacancy rate is 3.4 percent.



91 Express Lanes Program							
		Budget		Actual		$ Variance	% Variance
Revenues	$	10,540	$	13,130	$	2,590	24.6%
Expenses	$	13,591	$	7,191	$	6,400	47.1%

Revenues: The 91 Express Lanes revenues are overrunning by $2.6 million. This is primarily related to more actual trips than originally anticipated during the first quarter. The number of trips anticipated in the first quarter were tied to the timing of the paving rehabilitation project and included the planned number of weekend closures of the express lanes. However due to scheduling requirements and unforeseen weather conditions, the project spanned into the second quarter as did weekend closures. This shift in the timing of the project contributed $1.4 million of toll revenues to the overrun. The remaining $1.1 million of the overrun is related to more than anticipated non-toll revenues. These revenues are due to a higher number of toll violations been processed in the first quarter and a larger number of account minimum fees been collected than originally anticipated.

Expenses: The 91 Express Lanes expenses are underrunning by $6.4 million primarily due to the pavement rehabilitation project. This project began later than expected due to scheduling requirements and weather conditions. The paving project should be completed in the second quarter.



Commuter and Urban Rail Endowment Fund (CURE)				
	Budget	Actual	$ Variance	% Variance
Revenues	$ 769	$ 2,396	$ 1,628	211.8%
Expenses	$ 17,258	$ 16,817	$ 442	2.6%

Revenues: CURE revenues overran by $1.6 million. The overrun is primarily due to revenues associated with the Positive Train Control project, which are reimbursed by the Federal Transit Administration (FTA) once invoices that are submitted by the Southern California Regional Rail Authority (SCRRA) are recognized to have been paid by OCTA. This project is funded by over 50 different funding sources system-wide. SCRRA notified OCTA that they will be drawing down funding from the various sources based upon the expiration date of the respective agencies funding source. Due to this drawdown method, SCRRA provided OCTA with the invoices related to the project towards the end of the project's completion. Revenue received is related to expenses incurred during the previous fiscal year.

Expenses: CURE expenses are underrunning by $0.4 million. The underrun is primarily due to many small underruns including: On-call Planning, Engineering and Modeling services, a project to upgrade lighting at the San Clemente Station, and construction management services for the Laguna Niguel-San Juan Capistrano Passing Siding project. Many of the projects are currently underway and will continue to be closely monitored by staff.