

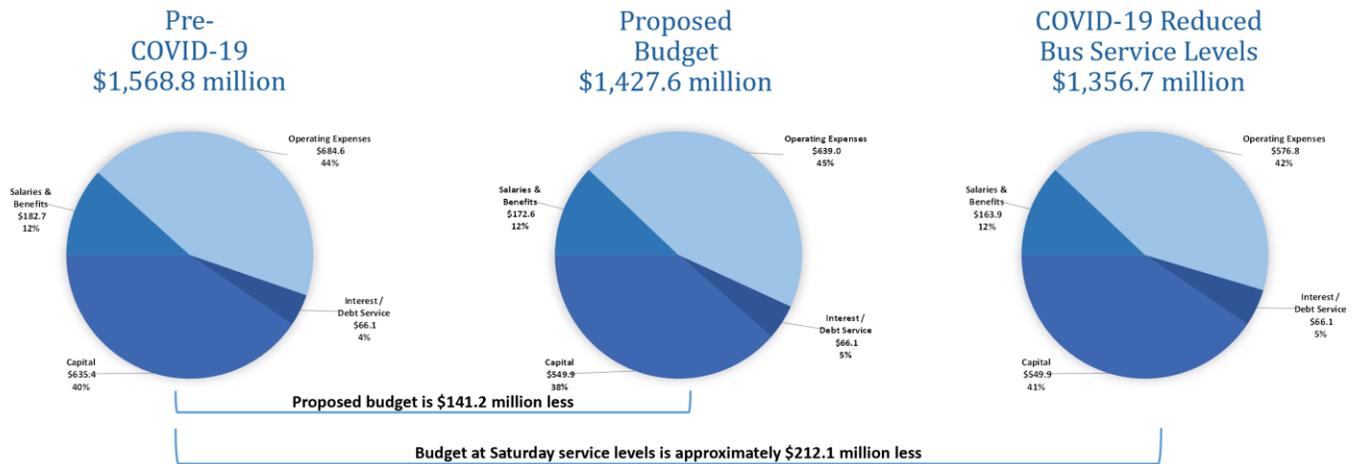


Orange County Transportation Authority

Fiscal Year 2020-21 Budget Workshop Questions & Answers

1. What measures has Orange County Transportation Authority (OCTA) taken to address the impact of novel coronavirus (COVID-19) on the proposed fiscal year (FY) 2020-21 budget?

Answer: Pre-COVID-19 expenditures for FY 2020-21 were anticipated to be \$1,568.8 million. However, due to the impacts of the COVID-19 pandemic, OCTA proposed a more conservative expenditure budget totaling \$1,427.6 million. A list of the items removed from the proposed budget is provided below. The proposed expenditure plan does not include new positions or new initiatives. The proposed budget does have the necessary resources to accommodate up to 1.6 million revenue hours of bus service, which is equivalent to the amount of service operated pre-COVID-19 pandemic. This level of service can be accommodated in the budget due to funds made available through the Coronavirus Aid, Relief, and Economic Security (CARES) Act. However, given the reduced demand for services during the pandemic, OCTA is currently operating Sunday service levels with a plan to increase to Saturday service levels in June 2020. If demand for bus service does not increase and OCTA continued to operate Saturday service levels for the entire fiscal year, estimated FY 2020-21 expenditures would decrease to approximately \$1,356.7 million as depicted on the pie chart on the far right below. A comparison of the pre-Covid-19 budget, the proposed budget and the budget at Saturday service levels can be seen below.





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Budget Reductions	Amount
40-Foot buses	\$ (82,747,979)
Metrolink operating subsidy	(15,776,203)
Local Fair Share, SNEMT, SMP*	(14,116,410)
Salaries & benefits	(5,322,854)
Designations	(4,800,000)
New positions	(4,489,470)
Facility modifications	(3,007,000)
Planning studies	(2,900,000)
Systems and software	(2,000,000)
SR-91 collection services	(1,900,000)
Miscellaneous	(1,315,755)
Sales tax administration fees	(800,000)
OC Flex expansion	(780,737)
Marketing	(650,000)
Travel and training	(400,000)
Tools and equipment	(194,430)
Total	\$ (141,200,838)

*Senior Non-Emergency Medical Transportation (SNEMT) and Senior Mobility Program (SMP)

2. Question: When can we expect to have a better idea of where we currently stand on sales tax revenue?

Answer: OCTA will not have a clear picture of sales tax collections until this fall at the earliest. Under normal circumstances OCTA receives estimates of sales tax collections from the California Department of Tax and Fee Administration (CDTFA) two months in arrears and final quarterly figures are not provided until two to three months after the end of the quarter.

However, given the current situation, the CDTFA has allowed businesses to delay payments on sales tax for a period of 60 days to one year, which will further delay final figures. OCTA staff has been working closely with Muniservices, OCTA's sales tax consultant, to develop an estimate for sales tax collections and the potential amount of deferred payments.

Muniservices has completed their 2020 sales tax forecast which incorporates the impact of COVID-19. On May 27, 2020, Muniservices presented their updated sales tax forecast to the Finance and Administration Committee. Muniservices presented a larger decrease in estimated sales tax for FY 2020-21, which OCTA staff has incorporated into the FY 2020-21 proposed budget.

3. Due to the uncertainty of the current COVID-19 crisis and the overall economy, what information can you provide to help prepare Board Members to discuss proposed merit and bonus pools?

Answer: The proposed merit and bonus pools are outlined in the Personnel and Salary Resolution that covers OCTA's professional staff including planning, construction, engineering, financial services, informational technology, government affairs, human resources, marketing, and communications personnel. The Personnel and Salary Resolution is approved each year by the Board of Directors. Due to worsening revenue projections received since the budget workshop held at the May 11th Board of Directors' meeting, staff is not recommending merit or bonus pools be included in the budget.