



**January 13, 2021**

**To:** Finance and Administration Committee  
**From:** Darrell E. Johnson, Chief Executive Officer  
**Subject:** Fiscal Year 2020-21 First Quarter Budget Status Report

**Overview**

The Orange County Transportation Authority's staff has implemented the fiscal year 2020-21 budget. This report summarizes the material variances between the budget and actual revenues and expenses through the first quarter of fiscal year 2020-21.

**Recommendation**

Receive and file as an information item.

**Background**

The Board of Directors (Board) approved the Orange County Transportation Authority (OCTA) Fiscal Year (FY) 2020-21 Budget on June 8, 2020. 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 \$1.428 billion. Sources of funds were comprised of \$1 billion in current FY revenues and \$423.4 million in use of prior year designations. Uses of funds were comprised of \$1.37 billion of current FY expenditures and \$58.8 million of designations.

The Board approved one series of amendments through the first quarter, reducing the expense budget by \$28 million. This decreased the budget to \$1.4 billion as summarized in Table 1 on the following page.

Table 1 - Working Budget

Date	Description	Amount*
7/1/2020	Adopted Budget	\$ 1,427,620
9/14/2020	Anaheim Transit Network - CARES Act <sup>1</sup>	2,355
9/14/2020	Bus Service	(34,120)
9/14/2020	Healthcare	(931)
9/14/2020	LOSSAN Staffing - New Positions <sup>2</sup>	533
9/14/2020	Metrolink Service - Operating Subsidy	12,999
9/14/2020	OC Flex Service	(388)
9/14/2020	Designations	(8,438)
	<i>Subtotal Amendments</i>	<i>(27,989)</i>
	<b>Total Working Budget</b>	<b>\$ 1,399,631</b>

<sup>1</sup>CARES - Coronavirus Aid, Relief, and Economic Security

\*in thousands

<sup>2</sup>LOSSAN - Los Angeles - San Diego - San Luis Obispo Rail Corridor

### Discussion

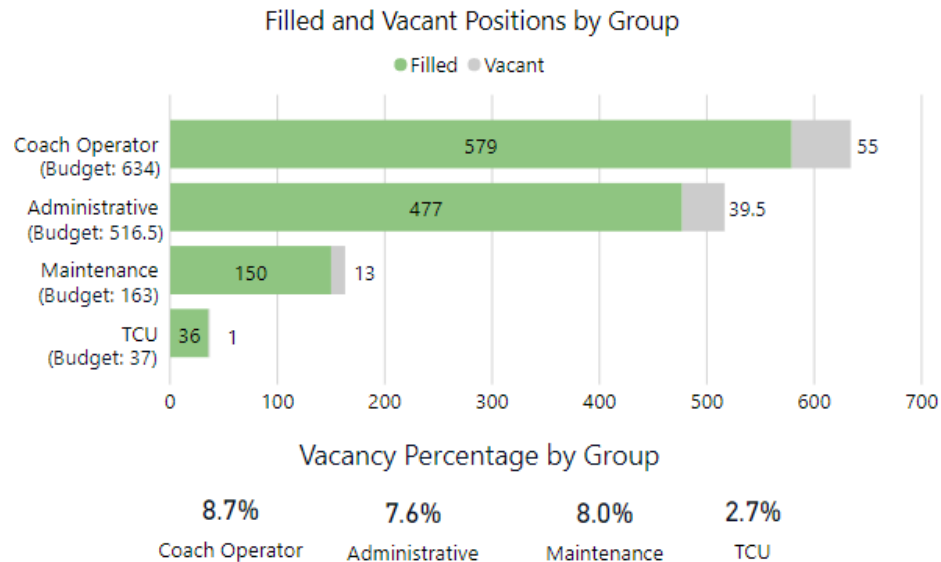
Staff monitors and analyzes revenues and expenditures versus the working budget. This report provides a summary level overview of staffing levels and explanations for material budget-to-actual variances within each pertinent OCTA program. The OCTA programs included are Bus, Commuter Rail, 91 Express Lanes, Motorist and Taxi 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

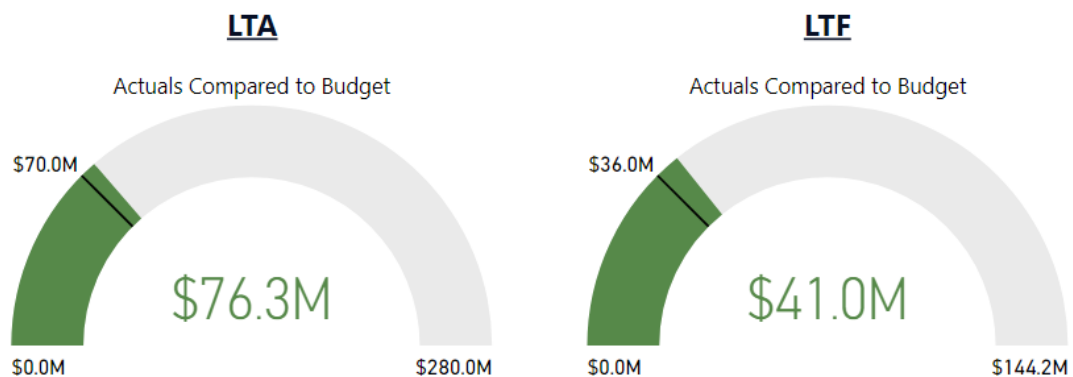
### Staffing

Total salaries and benefits underran the budget by \$2.7 million. This is primarily due to vacancies agency-wide, with the largest vacancy percentages in the coach operator (nine percent), and maintenance and administrative (eight percent) groups at the end of the quarter.



### 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 \$76.3 million were \$6.3 million higher than the budget and LTF sales tax receipts of \$41 million were \$5 million higher than the budget. Sales tax figures are outperforming the budget primarily because receipts finished stronger than anticipated in the final quarter of FY 2020 which ended in June.

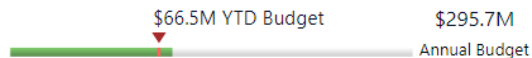


## Major Programs

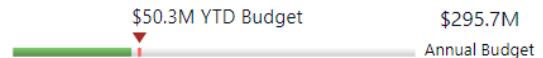
## Bus Program



## Operating Revenue



## Operating Expense



Bus Program operating revenue of \$72.5 million exceeded the budget by \$6 million, primarily due to higher than anticipated LTF sales tax revenue (\$5 million). Bus Program operating expenses of \$47.1 million underran the budget by \$3.2 million, primarily due to vacancies for coach operators, maintenance workers, and bus operations administrative employees totaling \$2.1 million. The remainder of the underrun (\$1.1 million) is the result of as needed items such as shop supplies, maintenance parts, marketing efforts, and on-call consultant services which vary based on the needs at any time during the FY.

## Capital Revenue



## Capital Expense



Bus Program capital revenue was in line with the budget for the first quarter. Capital expenses of \$2 million exceeded the budget by \$1.8 million, primarily due the timing of the purchase of coach operator relief vehicles. The purchase agreement was executed earlier than anticipated in the FY to take advantage of expiring incentives.

## Rail Program



## Operating Revenue



## Operating Expense



Rail Program operating revenue of \$12.2 million exceeded the budget by \$1.1 million, primarily due to higher than anticipated earnings on investments. Operating expenses of \$10.9 million slightly underran the budget due to lower

as-needed expenses for legal support, on-call engineering services, and right-of-way maintenance.

**Capital Revenue**

\$0.3M YTD Budget

\$23.6M  
Annual Budget**Capital Expense**

\$0.3M YTD Budget

\$23.6M  
Annual Budget

Rail Program capital revenue of \$0.3 million was in line with the budget through the first quarter. Capital expenses of \$0.4 million overran the budget due to the timing of a construction contract amendment for the Laguna Niguel to San Juan Capistrano Passing Siding project, which occurred earlier in the FY than anticipated. The variance will be resolved as the FY continues.

## 91 Express Lanes Program

**Operating Revenue**

\$8.8M YTD Budget

\$74.3M  
Annual Budget**Operating Expense**

\$5.1M YTD Budget

\$74.3M  
Annual Budget

The 91 Express Lanes Program operating revenue of \$12 million exceeded the budget by \$3.2 million, primarily due to higher than anticipated traffic volumes (\$2.6 million). After budgeting conservatively due to the coronavirus, volumes have rebounded faster than anticipated. The remainder is due to larger than anticipated earnings on investments which benefitted from higher than anticipated performance. Operating expenses of \$3.5 million underran by \$1.6 million, primarily due to as-needed expenses associated with toll road account servicing, legal services, and equipment maintenance.

**Capital Revenue**

\$0.2M YTD Budget

\$7.7M  
Annual Budget**Capital Expense**

\$0.2M YTD Budget

\$7.7M  
Annual Budget

Capital revenue for the 91 Express Lanes of \$0.2 million was in line with the budget. Capital expenses slightly underran the budget due to the lack of need for transponders. During the quarter, the 91 Express Lanes Program had enough transponders on hand. The switchable transponder is still available to customers until the transition to new 6C technology sticker transponders is complete, which is anticipated later in the FY.

## Motorist Services Program



## Operating Revenue



## Operating Expense

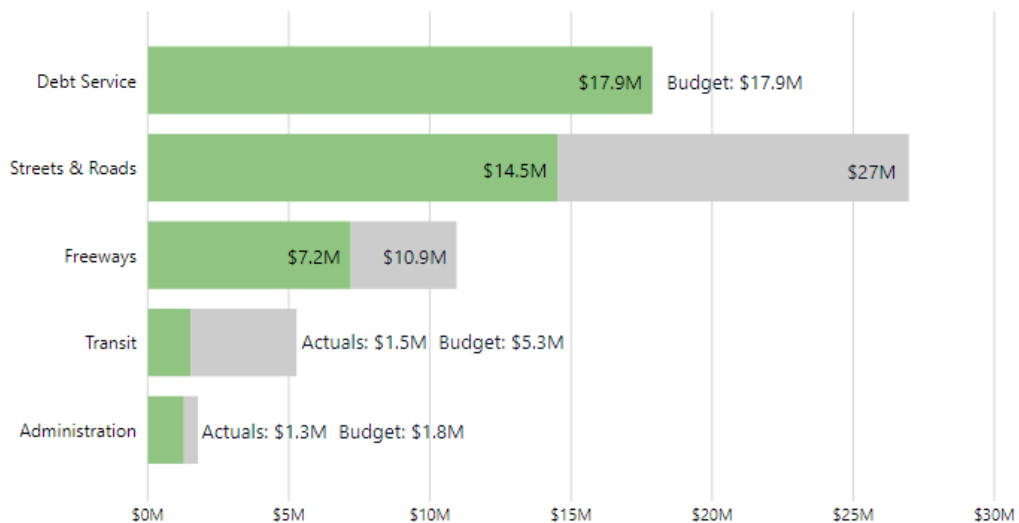


Motorist Services Program revenue slightly underran the budget but is anticipated to be in line with the budget by the end of the FY. Expenses for the program of \$1 million underran the budget by \$0.4 million due to lower fuel cost for contracted tow service for the Freeway Service Patrol Program. Fuel cost for this program is variable, and due to lower fuel costs, invoices received were lower than anticipated.

## Measure M2 Program



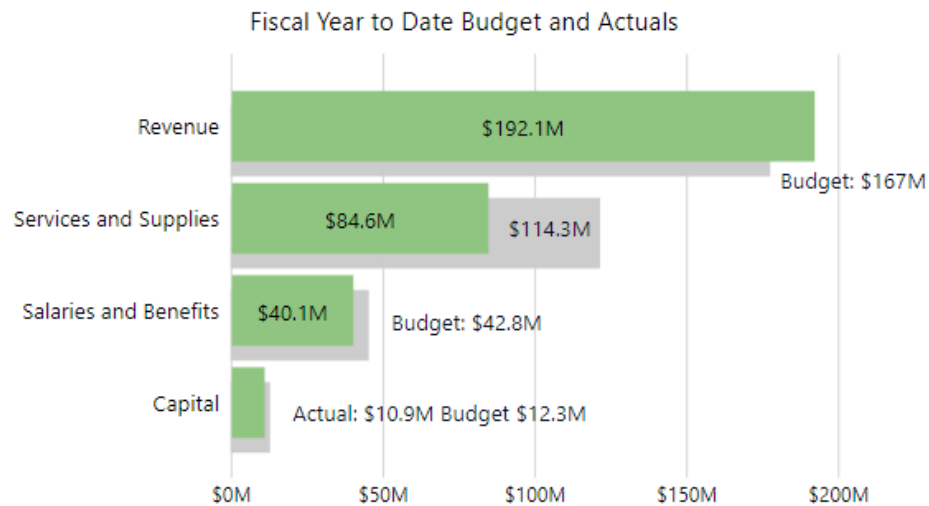
## Budget and Actuals by Mode



Total expenses for the M2 Program of \$42.4 million underran the budget by \$20.4 million, primarily due to lower than anticipated project payment requests from the cities for the Regional Capacity Program (\$10.7 million), Community Based Transit/Circulator Program (\$3 million), and Environmental Cleanup Program (\$1.5 million). Additionally, there were less right-of-way expenditures

through the first quarter for the Interstate 405 (I-405) Improvement Project (\$2.5 million).

### Summary



Overall, revenue of \$192.1 million exceeded the budget by \$22.1 million, primarily due to interest on investments (\$8 million), LTA sales tax receipts (\$6.3 million), and LTF sales tax receipts (\$5 million).

Services and supplies expenses of \$84.5 million underran the budget by \$29.7 million, primarily due to an underrun in contributions to local agencies based on less project payment requests for competitive M2 programs.

Capital expenses of \$10.9 million underran the budget by \$1.4 million, primarily due to less right-of-way expenses in the first quarter for the I-405 Improvement Project under the M2 Program.

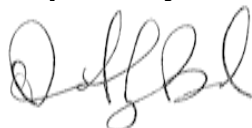
Salaries and benefits of \$40.1 million underran the budget by \$2.7 million, due to vacancies, primarily in the coach operator and administrative groups.

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***Attachment***

A. FY 2020-21 First Quarter Budget Status Summary

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