



January 27, 2021

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Fiscal Year 2020-21 Proposed Budget Amendment

Overview

Staff proposes a budget amendment to update the Orange County Transportation Authority's Fiscal Year 2020-21 Approved Budget. This amendment better aligns the budget with anticipated revenue and expenditures through the balance of the fiscal year by reducing bus program revenues and expenditures based on reduced service levels, increasing the Express Lanes Expense budget, and adjusting the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency Deputy Managing Director from salary grade V to salary grade X.

Recommendations

- A. Amend the Orange County Transportation Authority's Fiscal Year 2020-21 approved budget increasing the revenue and expense budget in the amount of approximately \$4.7 million to accommodate updated budget assumptions for both revenue and expense items.
- B. Amend the Orange County Transportation Authority's Fiscal Year 2020-21 Personnel and Salary Resolution and budget to adjust the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency Deputy Managing Director position from a salary grade V to a salary grade X.

Background

The Orange County Transportation Authority (OCTA) Fiscal Year (FY) 2020-21 Budget was approved by the OCTA Board of Directors (Board) on June 8, 2020, in the amount of \$1,427.6 million. At the time the budget was approved by the Board, due to the uncertainty caused by the coronavirus (COVID-19), OCTA budgeted fixed-route service levels of up to 1.6 million revenue hours in order to maintain a state of readiness if ridership returned or social distancing requirements necessitated additional service.

On September 14, 2020, the Board approved a budget amendment that aligned OCTA's budget with ongoing service levels. The amendment reduced the budget from 1.6 million revenue hours to 1.2 million revenue hours through the February 2021 service change. This level of service enabled OCTA to meet ridership demand while meeting social distancing requirements through the February service change. OCTA anticipates continuing to operate this level of service through the June 2021 service change.

Discussion

Staff is requesting the Board authorize amending the FY 2020-21 budget based on updated revenue and expenditure assumptions. Based on the recommended changes, the current OCTA budget would be increased by \$4.7 million. A summary of the recommended changes is provided below.

Bus Program

The FY 2020-21 approved budget assumed pre-COVID-19 service levels of 1.6 million annual revenue hours. The budget was amended on September 14, 2020, based on lower ridership demand and to meet social distancing requirements, to approximately 1.2 million annualized revenue hours through the February 2021 service change. Additionally, paratransit services were amended down by approximately 80 percent through February 2021. This resulted in a \$35.2 million budget savings. Based on current ridership, and stable demand over the last four months, bus service levels are now assumed to remain at the current levels through June 2021. As a result of continuing these current, lower service levels, it is anticipated that bus operating expenditures will decrease by an additional \$5.1 million. This savings is offset by an anticipated decrease in fare revenue (\$3.3 million). Due to lower than anticipated bus expenditures, less Coronavirus Aid, Relief, and Economic Security Act revenue will be needed in the current FY (\$1.8 million) and the funds will be utilized next FY year to support bus service.

91 Express Lanes and 405 Express Lanes

The contract for the back-office system of the 91 Express Lanes was approved by the Board in October 2019, in the amount of approximately \$7.1 million, and a budget amendment in the amount of approximately \$5.4 million is recommended to accommodate this contract.

In addition, the contract for the lane system of the 91 Express Lanes and 405 Express Lanes was approved by the Board in February 2018, in the amount of approximately \$28.7 million, and a budget amendment in the

amount of approximately \$4 million is recommended to accommodate expenditures anticipated to be incurred in this FY on this contract.

In October 2020, the Board authorized staff to move forward with pursuing the Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan interest rate reset for the 405 Express Lanes, which included authorizing the payment of fees and expenses necessary to cover the costs for credit ratings, financial advisory services, bond counsel, and the Bureau's costs for outside legal counsel. OCTA has since submitted a formal loan application to the Bureau, which has been approved, therefore a budget amendment in the amount of approximately \$0.4 million is recommended to cover the costs for credit ratings and the Bureau's outside legal counsel.

Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency (LOSSAN)
Deputy Managing Director

Staff recommends amending the Personnel and Salary Resolution (PSR), as well as the budget to adjust the LOSSAN Deputy Managing Director from salary grade V to salary grade X. This recommendation is based on Human Resources evaluation of responsibilities and tasks assigned to the LOSSAN Deputy Managing Director position. This recommendation poses no fiscal or financial impact and OCTA will be fully reimbursed for the cost of this position.

Summary

The proposed budget amendment increases OCTA's FY 2020-21 Budget by \$4.7 million and better aligns the budget with anticipated revenues and expenditures. This amendment reduces bus service expenditures based on lower levels of service from February through June, increases the 91 and 405 Express Lanes expense budget to support the back-office system, lane system, and the TIFIA interest rate reset, and adjusts the LOSSAN Deputy Managing director grade level in the PSR and the budget. OCTA will continue to evaluate the budget throughout the FY and evolving financial impacts.

Attachment

None.

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