

Orange County Transportation Authority

Sales Tax Update

Background

- Orange County Transportation Authority (OCTA) staff has provided updates to the Board of Directors (Board) on the impact of the coronavirus pandemic
- Measure M2 (M2) Program sales tax forecast decreased from \$13.4 billion to \$11.6 billion over the life of the program
- Transportation Development Act (TDA) sales tax used to support bus operations forecasted to decrease from \$5.7 billion to \$5 billion over the next 20 years
- OCTA staff promised to provide an update on second quarter sales tax collections upon receipt of the final payment

Timing of Sales Tax Receipts

- Timing of sales tax receipts
 - Sales tax payments are received monthly but are paid two months in arrears
 - Sales tax payments are trued-up on a quarterly basis
 - Advance payments are received each month with a quarterly true-up payment received the second month following the end of a quarter
- Advances have not proven to be a good indicator of actual receipts for the quarter

Comparison of Fiscal Year-to-Date Receipts

<i>Actuals Comparison *</i>	M2	TDA
Fiscal Year 2021 Through Second Quarter (\$)	161.4	84.6
Fiscal Year 2020 Through Second Quarter (\$)	174.0	90.5
Year-Over-Year +/- (\$)	-12.6	-5.9
Year-Over-Year +/- (%)	-7.2%	-6.5%

<i>Budget Comparison *</i>	M2	TDA
Receipts Through Second Quarter (\$)	161.4	84.6
Budget Through Second Quarter (\$)	139.9	72.1
Variance +/- (\$)	21.5	12.5
Variance +/- (%)	15.3%	17.3%

* All dollars in millions

Comparison of Fiscal Year-to-Date Receipts

<i>Forecast Comparison</i> *	M2	TDA
Receipts Through Second Quarter (\$)	161.4	84.6
Forecast Through Second Quarter (\$)	161.6	83.8
Year-Over-Year +/- (\$)	-0.2	0.8
Year-Over-Year +/- (%)	-0.1%	1.0%

* All dollars in millions

Impacts to Forecasts

- Methodology uses MuniServices forecast for the first five years and the three-university average for the remainder
 - MuniServices, LLC, forecasts for fiscal years 2021 – 2025
 - Three universities' forecasts for fiscal years 2026 - 2041
- M2 Program sales tax forecasted to remain unchanged at \$11.6 billion
- TDA sales tax forecasted to remain unchanged at \$5 billion

Implications Going Forward

- Staff has been providing recent updates to the Board on the M2 and bus programs
- Sales tax receipts for the second quarter did not materially impact the short- or long-term sales tax forecasts
- No impact to the direction of either program at this time

Next Steps

- Staff will continue to monitor sales tax and its implications to programs and projects
- Two key items are scheduled to be brought to the Board this spring
 - M2 Next 10 Delivery Plan – March 2021
 - Comprehensive Business Plan – April 2021
- Staff will utilize updated sales tax information as part of the development process for the fiscal year 2022 budget