



***April 14, 2021***

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

***Overview***

Orange County Transportation Authority 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 second 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 \$1.004 billion in current FY revenues and \$423.4 million in use of prior year designations. Uses of funds were comprised of \$1.369 billion of current FY expenditures and \$58.8 million of designations.

The Board approved three series of amendments through the second quarter, increasing the expense budget by \$104 million. This increased the budget to \$1.53 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)
11/23/2020	Amendment to Contract for OC ACCESS Service	5,051
12/14/2020	Interstate 405 Improvement Project Construction	127,000
	<i>Subtotal Amendments</i>	<i>104,061</i>
	<b>Total Working Budget</b>	<b>\$ 1,531,681</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

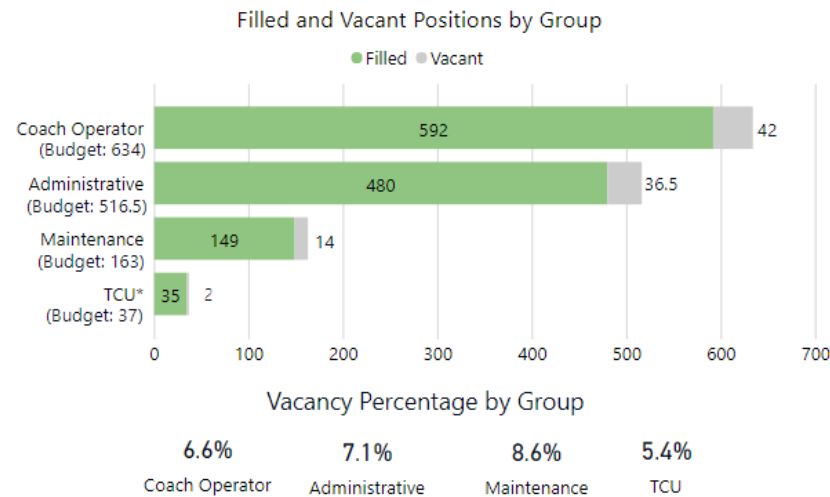
Staff monitors and analyzes revenues and expenditures versus the working budget. This report provides a summary level overview of staffing levels and explanations for material budget-to-actual variances within each pertinent OCTA program. The OCTA programs included are Bus, Commuter Rail, 91 Express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

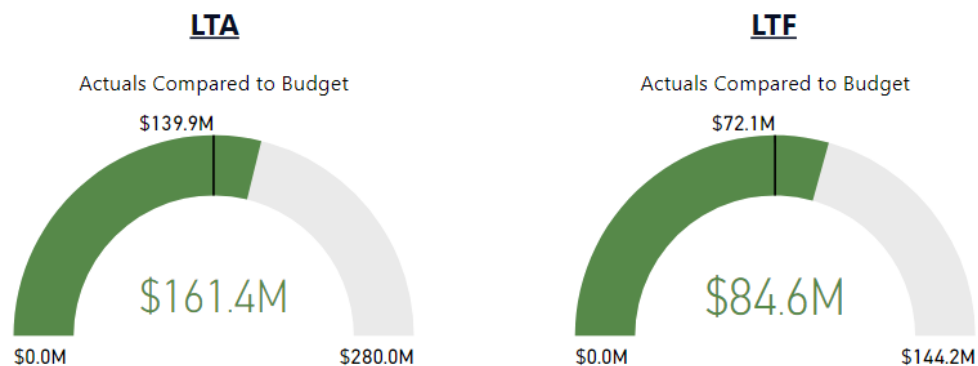
Total salaries and benefits underran the budget by \$3.9 million. This is primarily due to vacancies agency-wide, with the largest vacancy percentages in the maintenance (nine percent), and coach operator and administrative (seven percent) groups at the end of the quarter.



\*TCU - Transportation Communications Union

### 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 \$161.4 million were \$21.5 million higher than the budget and LTF sales tax receipts of \$84.6 million were \$12.5 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 2019-20, which ended in June.

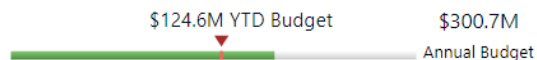


## Major Programs

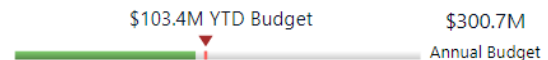
## Bus Program



## Operating Revenue

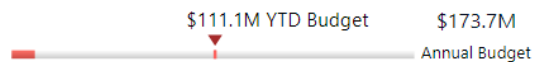


## Operating Expense

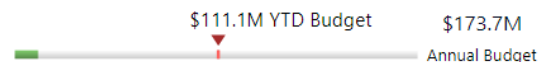


Bus Program operating revenue of \$159.1 million exceeded the budget by \$34.5 million, primarily due to the timing of CARES Act funds received to support operations in the amount of \$21.5 million. Additionally, higher than anticipated LTF sales tax revenue contributed \$12.5 million to the variance. Bus Program operating expenses of \$97.9 million underran the budget by \$5.5 million, primarily due to vacancies for coach operators, maintenance workers, and bus operations administrative employees totaling \$3.2 million. The remainder of the underrun (\$2.3 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



Capital revenue is often sought on a reimbursement basis after capital expenditures have occurred therefore underruns in capital revenue are often due to timing of capital expenditures. Bus Program capital revenue of \$12.6 million underran the budget by \$98.5 million due to less than anticipated revenue reimbursements based on lower capital expenses through the second quarter. Capital expenses of \$12.6 million underran the budget by \$98.5 due to the timing of contract execution for the purchase of 40-foot compressed natural gas buses. The purchase agreement was anticipated to be executed in the first half of the FY but was not executed until January 2021, after the end of the second quarter.

## Rail Program



### Operating Revenue



### Operating Expense



Rail Program operating revenue of \$16.8 million exceeded the budget by \$4.2 million, primarily due to higher than anticipated earnings on investments (\$1.2 million) and a credit of \$1.2 million for prior FY operating surplus from the Southern California Regional Rail Authority (SCRRA). The surplus represents excess contribution by OCTA to SCRRA for operating Metrolink rail service. Operating expenses of \$12.1 million underran by \$0.6 million due to lower as-needed expenses for legal support, on-call engineering services, and right-of-way (ROW) maintenance.

### Capital Revenue



### Capital Expense



Rail Program capital revenue of \$2.7 million exceeded the budget by \$0.5 million due to prior FY grant revenue received in the current FY for construction of the Laguna Niguel to San Juan Capistrano Passing Siding project. Capital expenses of \$2.4 million overran by \$0.2 million due to the timing of a construction contract for the rehabilitation of six Orange County Metrolink stations, which occurred earlier in the FY than anticipated. The variance will be resolved as the FY continues.

## 91 Express Lanes Program



### Operating Revenue



### Operating Expense



The 91 Express Lanes Program operating revenue of \$25.6 million exceeded the budget by \$7.8 million, primarily due to higher than anticipated traffic volumes (\$6.3 million). After budgeting conservatively due to the coronavirus

pandemic, volumes have rebounded faster than anticipated. The remainder is due to larger than anticipated earnings on investments which has benefitted from higher than anticipated performance. Operating expenses of \$6.5 million underran by \$4.8 million, primarily due to as-needed expenses associated with toll road account servicing and legal services (\$3.6 million). Additionally, equipment maintenance underran due to the timing of expenses for the Toll Gantry Infrastructure project (\$1.2 million). The project, led by the California Department of Transportation, was anticipated to be expensed throughout the FY. However, it is now anticipated to begin in the fourth quarter of the FY.

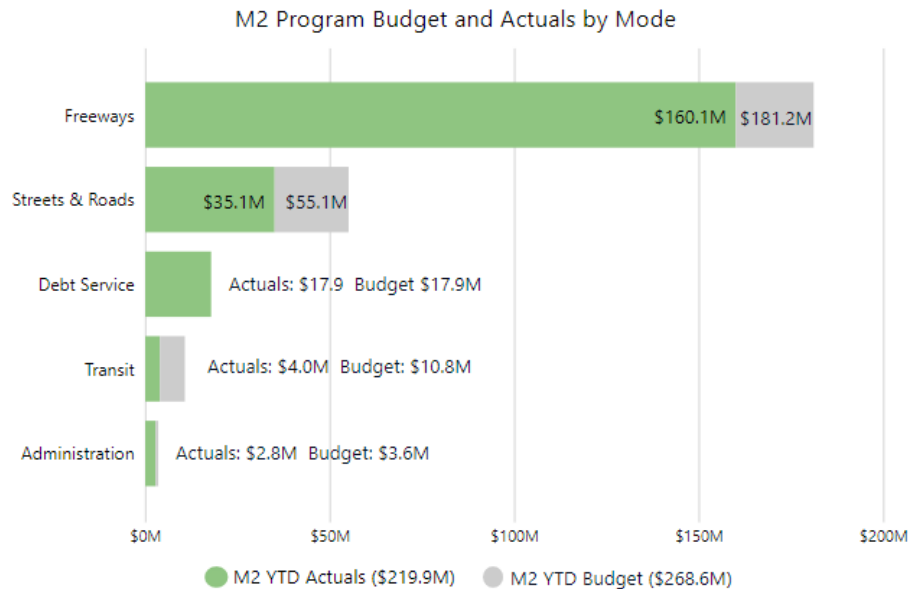
**Capital Revenue****Capital Expense**

Capital revenue for the 91 Express Lanes of \$0.2 million underran by \$0.1 million, due to less than anticipated capital expenses. Capital expenses slightly underran the budget due to the lack of need for transponders. During the first half of the FY, the 91 Express Lanes Program had enough transponders on hand.

**Motorist Services Program****Operating Revenue****Operating Expense**

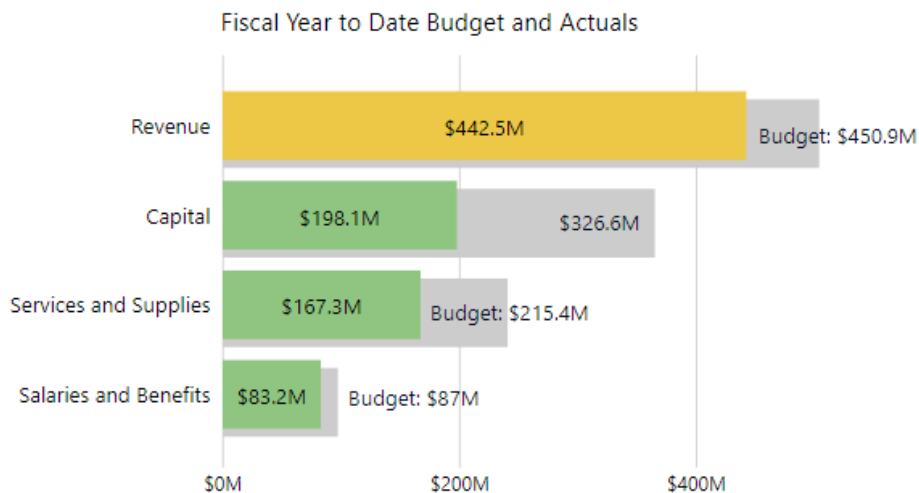
Motorist Services Program revenue of \$5.2 million exceeded the budget by \$1.6 million, which is the result of prior year operating revenue received in the current FY from the State for the Freeway Service Patrol (FSP) Program. Expenses for the program of \$2.5 million underran the budget by \$1.1 million primarily due to lower fuel cost for contracted tow service for the FSP Program. Fuel cost for this program is variable, and due to lower fuel costs, invoices received were lower than anticipated.

## Measure M2 Program



Total expenses for the M2 Program of \$219.9 million underran the budget by \$48.7 million, primarily due to lower than anticipated project payment requests from local jurisdictions for the Regional Capacity Program (\$18.1 million), Community Based Transit/Circulator Program (\$4.9 million), and Regional Traffic Signal Synchronization Program (\$3.3 million). Additionally, there were less construction and ROW expenditures compared to the budget through the quarter for the I-405 Improvement Project (\$18.3 million).

### Summary



Overall, revenue of \$442.5 million underran the budget by \$8.4 million, primarily due to less than anticipated expenses for the Bus Program and 91 Express Lanes Program (\$98.6 million). Offsetting these underruns, some revenues exceeded the budget due to sales tax receipts (\$34 million), the timing of grant revenue including CARES Act funds received (\$26 million), and interest on investments (\$14.4 million).

Capital expenses of \$198.1 million underran the budget by \$128.5 million, primarily due to the timing of an encumbered contract for the purchase of 40-foot compressed natural gas buses which did not occur until after the second quarter closed, and less construction and ROW expenses compared to the budget for the I-405 Improvement Project.

Services and supplies expenses of \$167.3 million underran the budget by \$48.1 million, primarily due to an underrun in contributions to local agencies based on less project payment requests for competitive M2 programs.

Salaries and benefits of \$83.2 million underran the budget by \$3.8 million, due to vacancies, primarily in the coach operator and administrative groups.



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***Attachment***

A. FY 2020-21 Second Quarter Budget Status Summary

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