



**March 19, 2026**

**To:** Finance and Administration Committee  
**From:** Darrell E. Johnson, Chief Executive Officer  
**Subject:** Fiscal Year 2025-26 Second Quarter Budget Status Report

A handwritten signature in blue ink, appearing to read "Darrell E. Johnson", is written over the "From:" line of the header.

**Overview**

Orange County Transportation Authority staff have implemented the fiscal year 2025-26 budget. This report summarizes the material variances between the budget and actual revenues and expenses through the second quarter of fiscal year 2025-26.

**Recommendation**

Receive and file as an information item.

**Background**

The Board of Directors (Board) approved the Orange County Transportation Authority (OCTA) Fiscal Year (FY) 2025-26 Budget on June 9, 2025. The approved budget itemized the anticipated revenues and expenses necessary to deliver OCTA's transportation programs and projects.

The balanced budget as approved by the Board in June was \$1,739.2 million. Sources of funds were comprised of \$1,285.7 million in current FY revenues and \$453.5 million in use of prior year designations. Uses of funds were comprised of \$1,645.7 million of current FY expenditures and \$93.5 million of designations.

**Discussion**

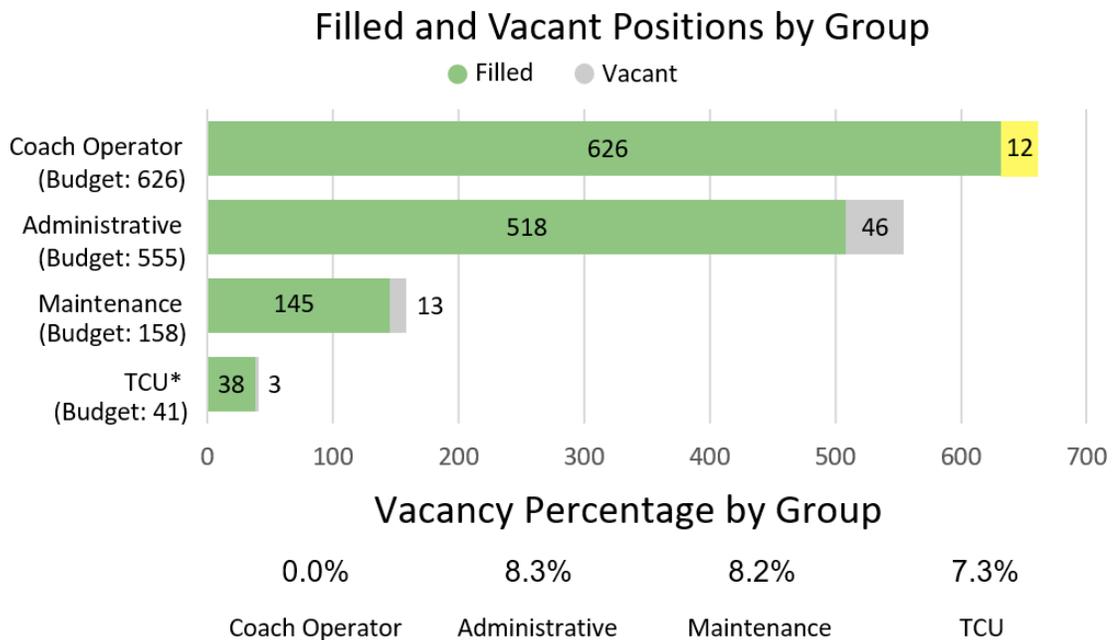
Staff monitors and analyzes revenues and expenditures versus the working budget. This report provides a summary level overview of staffing levels and explanations for material budget to actual variances within each pertinent OCTA program. The OCTA programs include Bus, Regional Rail, Express Lanes, Motorist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

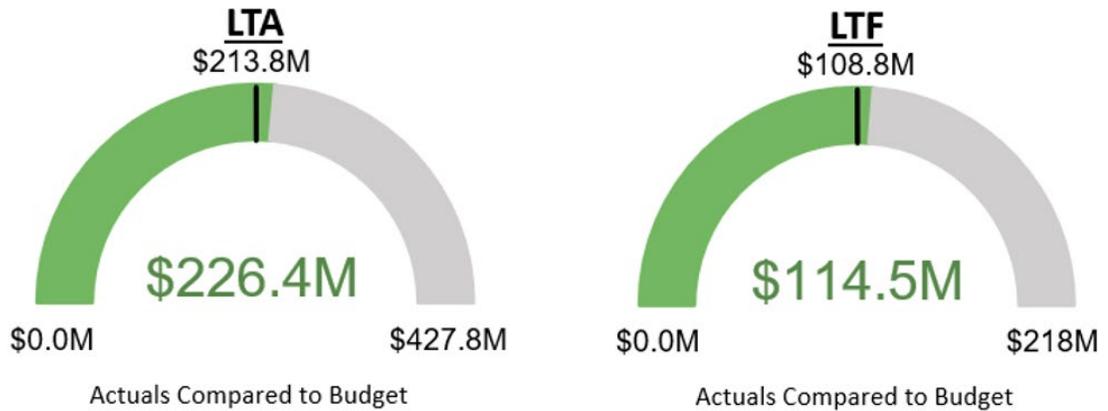
Total salaries and benefits were \$3.3 million under the budget of \$114.3 million. This is primarily due to staffing vacancies agency wide; vacancy details are provided in the graph below. Coach operator positions were 12 over the budgeted amount due to lower attrition than anticipated.



\*TCU - Transportation Communications Union

Sales Tax Receipts

The charts on the next page 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 \$226.4 million were \$12.6 million higher than the budget and LTF sales tax receipts of \$114.5 million were \$5.7 million higher than the budget.



Major Programs

Bus Program



Bus Program operating revenues of \$201.9 million came in \$20 million over budget. This was due to the timing of federal operating assistance grant revenues anticipated in prior years but received in FY 2025-26. Bus Program operating expenses of \$176.5 million were \$5.4 million under the budget. This is primarily due to lower than anticipated expenditures on recurring as-needed services and supplies, such as professional services, maintenance services, and fuel. All these expenditures can vary at any given time based on need.



Bus Program capital revenues and expenses of \$6.6 million were \$1.3 million lower than the budget. This was due to lower than anticipated revenue reimbursements based on lower capital expenses throughout the second quarter. Capital expenses were lower than budgeted primarily due to as-needed building improvements for the new headquarters that had lower utilization throughout the second quarter and the timing of the contract execution for project

management services for construction at the new headquarters. The contract work is now anticipated to occur in the third quarter.

Regional Rail Program

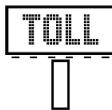


Regional Rail Program operating revenues and expenses totaled \$44.1 million, which was \$8.4 million above budget. The increase was attributed to higher reimbursement revenue tied to operating expenses in the second quarter. Rail operating expenses were over budget due to the timing of operating subsidy invoicing. Through the second quarter, OCTA paid three quarters' worth of invoices. Expenses are expected to realign with the budget by FY-end.



Regional Rail Program capital revenues and expenses of \$1.1 million underran the budget by \$10.1 million. This was due to less than anticipated revenue reimbursements based on lower capital expenses through the second quarter. Rail capital expenses came in \$10.1 million lower than budgeted. This was due to work associated with the Coastal Rail Rehabilitation Project. Work could not begin as anticipated due to additional regulatory and permitting requirements. Staff anticipates expenses for this project will be incurred in the second half of the FY.

91 Express Lanes Program



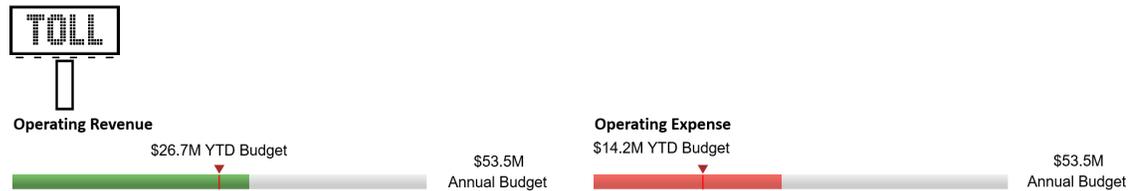
The 91 Express Lanes Program operating revenues of \$47.5 million exceeded the budget by \$9.1 million, primarily due to larger than anticipated revenues from interest income, toll violations, and higher trip volumes. Operating expenses of

\$6.3 million were \$1 million lower than the budget of \$7.3 million, primarily due to the timing of invoicing for the toll road operating contract. The remaining variance is due to lower usage of professional services such as collection services and consultants.



The 91 Express Lanes Program capital revenues and expenses were in line through the second quarter.

### 405 Express Lanes Program



The 405 Express Lanes Program operating revenues of \$30.6 million were \$3.9 million over budget, primarily due to higher than anticipated trip volumes and toll violation revenues. Operating expenses of \$24.3 million were \$10.1 million higher than the budget, primarily due to the timing of interest expenses that were anticipated in the fourth quarter and will align by the end of the FY. Additionally, the remaining variances were due to the timing of work and invoicing on the back-office system.

### Motorist Services Program

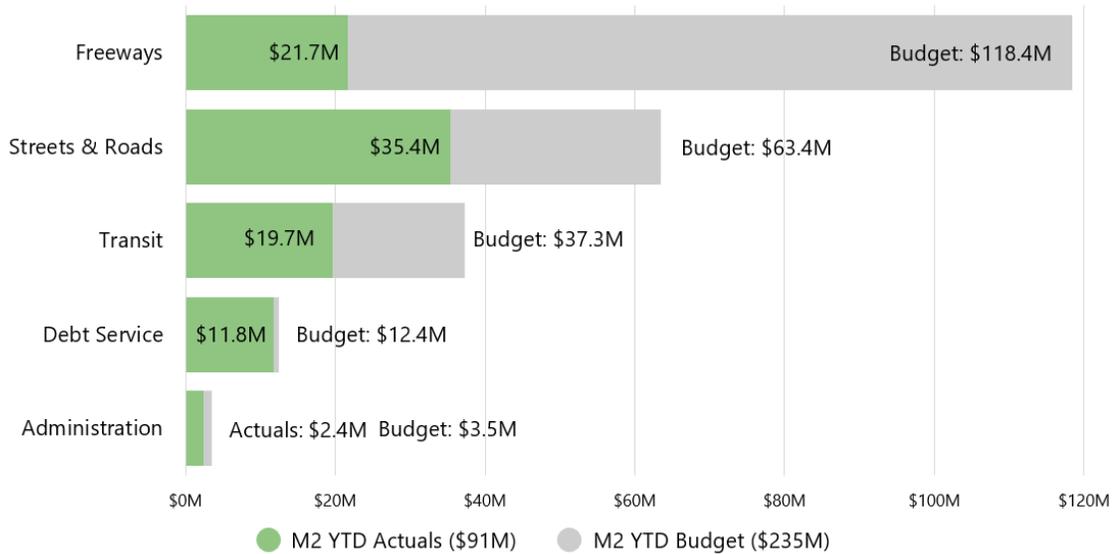


Motorist Services Program operating revenue and expenses of \$4.1 million were \$1.3 million lower than the budget. The expense underrun is due to the timing of invoices for Freeway Service Patrol contracted tow services. Receipt of revenue is tied to the timing of expenses and underruns in revenue and expenditures are anticipated to align by FY-end.

M2 Program

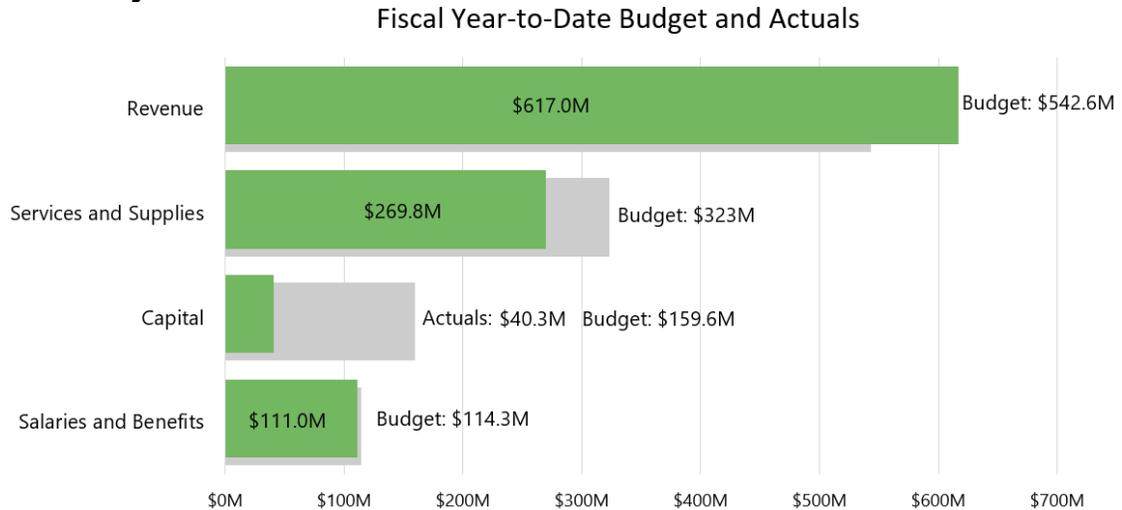


M2 Program Budget and Actuals by Mode



Total actual expenses of \$91 million for the M2 Program were \$144 million lower than the budget, primarily due to the timing of construction and right-of-way (ROW) payments for freeway projects including the State Route 91 (SR-91) to State Route 57 (SR-57) Project (\$30.4 million), Interstate 5 (I-5) to El Toro Road Freeway Project (\$23.5 million), Interstate 405 (I-405) Freeway Project (\$13 million), SR-57 to Katella Avenue Project (\$12.3 million), and State Route 55 (SR-55) to SR-91 Project (\$7.3 million). Also contributing to the variance are lower than anticipated expenses for the Local Fair Share Program (\$12.5 million), Regional Capacity Program (\$7.9 million), and Regional Traffic Signal Synchronization Program (\$7.7 million). Additionally, the timing of OC Streetcar Project construction expenses (\$15.2 million) contributed to the underrun.

**Summary**



Overall, revenues of \$617 million were \$74.4 million over budget. This was primarily due to higher than anticipated interest income and sales tax revenue. In addition, the SR-55 to SR-91 Project received a prior year grant reimbursement in the current FY.

Operating expenses of \$269.8 million were \$53.2 million under budget, primarily due to lower than anticipated expenses and contributions to Orange County, cities, and local agencies for the Local Fair Share Program, Regional Capacity Program, and Regional Traffic Signal Synchronization Program. Additionally, as-needed professional services as well as outside services contributed to the underrun.

Total OCTA capital expenses of \$40.3 million were \$119.3 million under budget, primarily due to the timing of construction and ROW expenses for the SR-91 to SR-57 Project, I-5 to El Toro Road Freeway Project, I-405 Freeway Project, SR-57 to Katella Avenue Project, and SR-55 to SR-91 Project.

Salaries and benefits of \$111 million were \$3.3 million lower than budgeted. This was primarily due to staffing vacancies in the administrative and maintenance groups.

***Attachment***

- A. Fiscal Year 2025-26 Second Quarter Budget Status Summary

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