



# Public Hearing on Orange County Transportation Authority's Fiscal Year 2026-27 Budget and Personnel and Salary Resolution



## Budget Themes

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### **Strengthening OCTA's long-term financial sustainability**

- Budget is balanced with no unplanned use of reserves
- Growing sales tax revenues to support core programs
- Delivering Measure M2 (M2) as promised
- Maintaining safe, reliable OC Bus service for riders
- Aligning Metrolink service with demand to ensure long-term viability
- Continuing to meet express lanes commitments
- Prioritizing coastal rail resiliency and reliability



# Pathway to Financial Sustainability

## Cost Control & Operational Discipline

- Reduced bus service levels during pandemic; restored service as ridership returned
- Shifted to employee-paid OCERS contributions
- Paused administrative merit increases during early pandemic period

## Revenue Protection & Investment Strategy

- Established a dedicated long-term operating fund for OC Bus
- Leveraged 91 Express Lanes to advance key capital projects
- Secured TIFIA financing for I-405, preserving M2 for other priorities

## Financial Strength & Long-Term Positioning

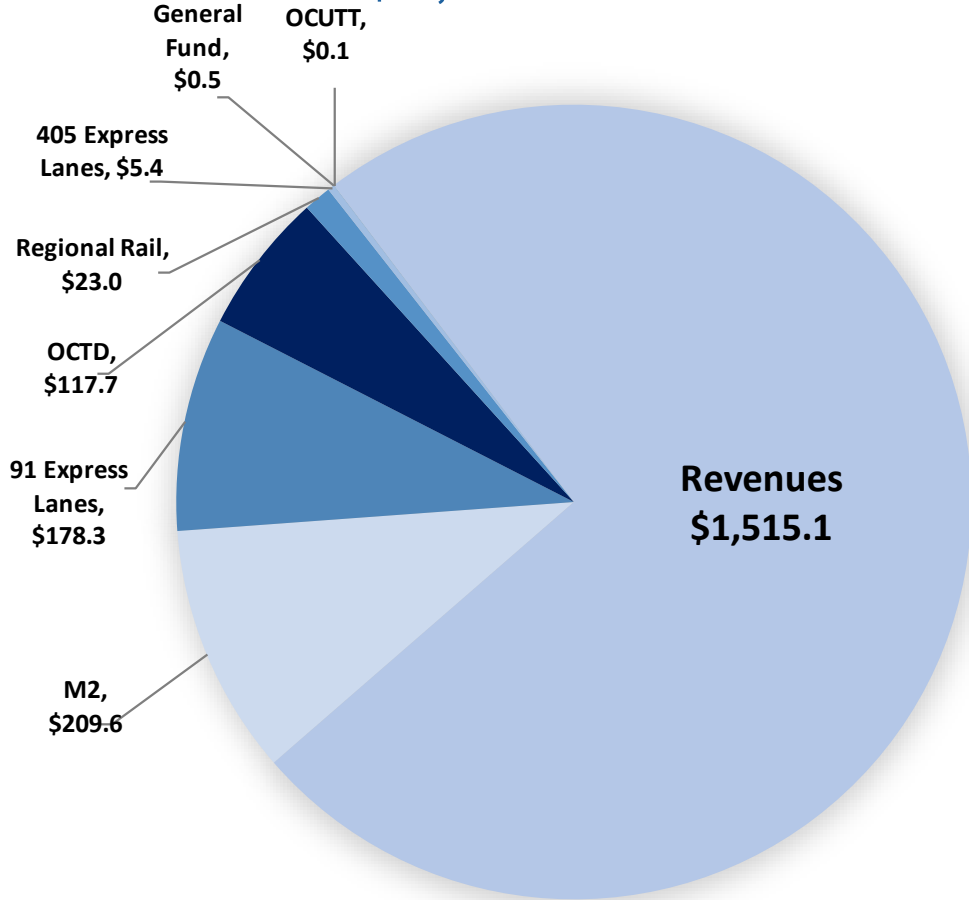
- Restructured outstanding debt to lower ongoing debt service costs
- Acquired headquarters to reduce long-term operating costs
- Utilized Comprehensive Business Plan to ensure 20-year fiscal sustainability



# Budget Overview

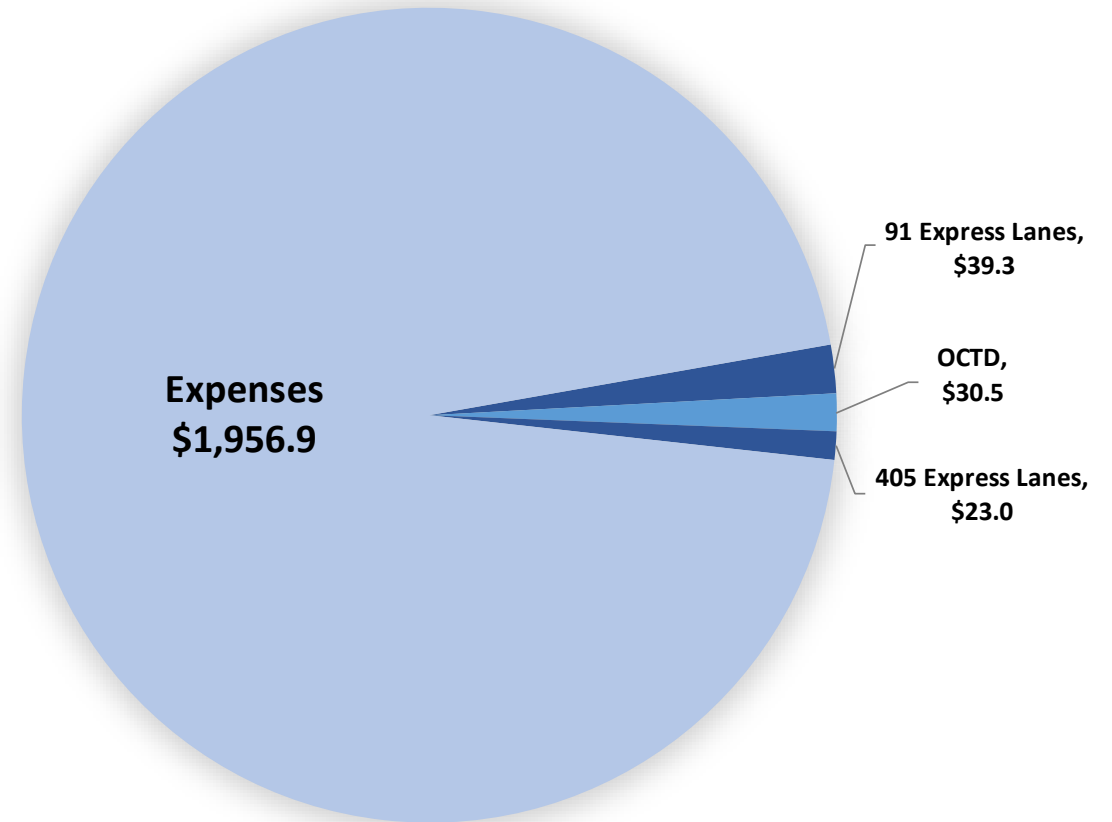
Use of Prior Year Designations  
\$534.6 million

## Source of Funds \$2,049.7 million



## Use of Funds \$2,049.7 million

Designations  
\$92.8 million





# Budget Sources & Uses

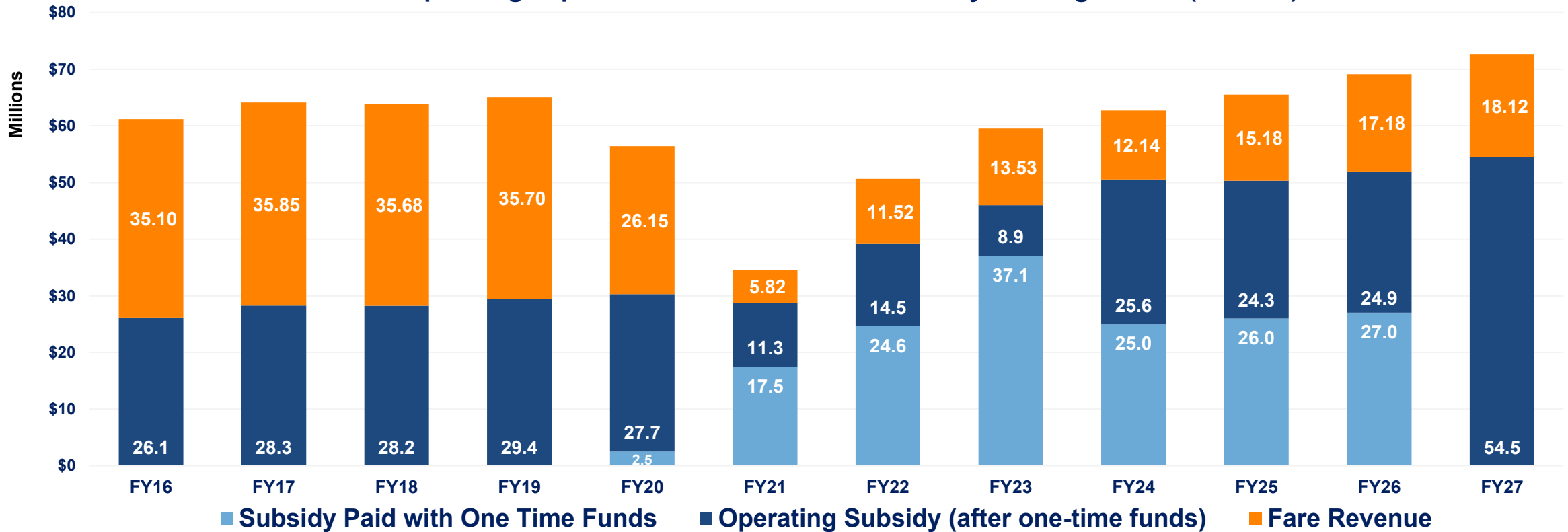
In Millions	FY 2025-26	FY 2026-27	Change
Sources	Approved Budget	Proposed Budget	\$
Revenues	\$ 1,285.7	\$ 1,515.1	\$ 229.4
Use of Prior Year Designations	453.5	534.6	81.1
<b>Total Revenue / Use of Designations</b>	<b>\$ 1,739.2</b>	<b>\$ 2,049.7</b>	<b>\$ 310.5</b>
Uses			
Salaries and Benefits	\$ 221.2	\$ 235.7	\$ 14.5
LOSSAN Funded Salaries and Benefits	4.7	4.8	0.1
Services and Supplies	475.8	507.8	32.0
Contributions to Other Agencies	227.9	269.0	41.1
Interest/Debt Service	65.9	69.7	3.8
Capital	650.2	869.9	219.7
Designations	93.5	92.8	(0.7)
<b>Total Expenditures / Designations</b>	<b>\$ 1,739.2</b>	<b>\$ 2,049.7</b>	<b>\$ 310.5</b>



# OCTA Operating Expenses

Increasing operating expenses and declining ridership has increased member agency subsidies. OCTA utilized one time COVID-19 relief funds to sustain elevated subsidy support.

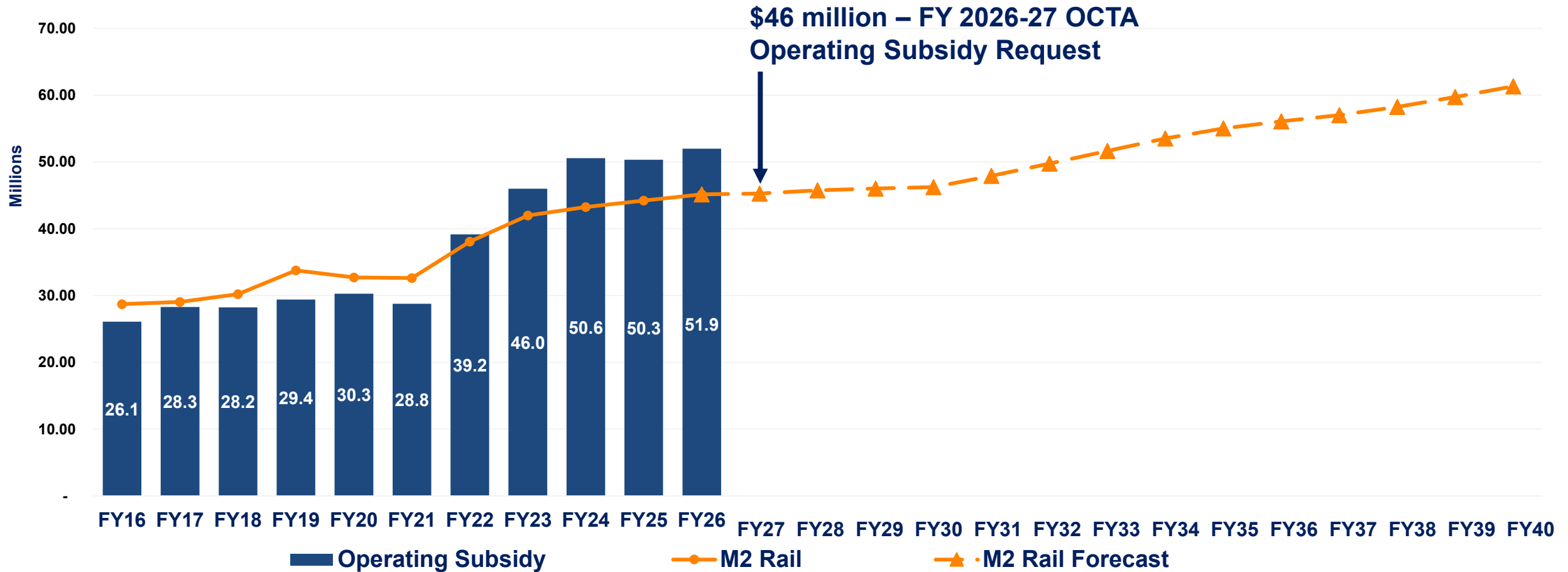
Total Operating Expenses for OC Metrolink Service by Funding Source (Millions)



Note – FY25, FY26, and FY27 values are from the Metrolink budget. All others are actuals.



# Looking Forward – OCTA Subsidy and M2 Funding



Note – FY 25 and FY 26 values are from the Metrolink budget. All others are actuals.



# Staffing Levels

OCTA Staffing	FY 2025-26 Full-time Equivalent	FY 2026-27 Full-time Equivalent	FY 2026-27 New Hires	FY 2026-27 Reductions	Difference
<b>Administrative</b>	<b>536.5</b>	<b>549.0</b>	<b>13.0</b>	<b>(0.5)</b>	<b>12.5</b>
<b>Union</b>	<b>825.0</b>	<b>840.0</b>	<b>15.0</b>	<b>-</b>	<b>15.0</b>
Coach Operators	626.0	641.0	15.0	-	15.0
Maintenance	158.0	158.0	-	-	-
Facility Technicians and Parts Clerks	41.0	41.0	-	-	-
<b>OCTA Positions</b>	<b>1,361.5</b>	<b>1,389.0</b>	<b>28.0</b>	<b>(0.5)</b>	<b>27.5</b>
<b>LOSSAN Funded OCTA Positions</b>	<b>18.0</b>	<b>18.0</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Authority Positions</b>	<b>1,379.5</b>	<b>1,407.0</b>	<b>28.0</b>	<b>(0.5)</b>	<b>27.5</b>



# Employee Compensation Assumptions

- Employees Subject to Collective Bargaining Agreement
  - Coach Operators (641 employees)
    - Collective bargaining agreement effective through April 30, 2027
  - Maintenance (158 employees)
    - Collective bargaining agreement effective through June 30, 2029
  - Facilities technicians and parts clerks (41 employees)
    - Collective bargaining agreement effective through March 31, 2027
- Administrative Employees (549 + 18 LOSSAN employees)
  - Employees are not represented by a union
  - Compensation governed by the Personnel and Salary Resolution, which is approved annually as part of the budget
  - Salary grade ranges are developed based upon scope, level of work performed, and external market data



# Personnel and Salary Resolution

- Pertaining to Administrative Employees
  - Employees are at-will and not represented by a union
  - Administrative employees do not receive cost-of-living adjustments, step increases, or automatic increases of any type
- Merit Pool of 4 Percent
  - Salary increases are based on a pay-for-performance program
  - Every employee has a performance plan and receives an annual performance review
  - Base-building adjustment to annual salary
- Bonus Pool of 4 Percent
  - Non-base building – does not increase annual salary
  - Bonuses are given throughout the year for specific, exceptional performance in a defined goal area
  - Part of employee rewards and recognition strategy
- Defined Contribution Enhancements
  - Increase defined contributions to employees to improve recruitment and retention



# Recommendations

- Approve by Resolution the Orange County Transportation Authority FY 2026-27 Budget
- Approve the Personnel and Salary Resolution for FY 2026-27
- Approve the Update to the Policy for Compensation, Benefits, Reimbursement of Expenses and Mandatory Training for Members of the Board of Directors
- Authorize the Chief Executive Officer, or his designee, to negotiate and execute the software and hardware licensing, maintenance, and emergency support purchase orders, and/or agreements
- Approve up to \$14.5 million for the FY 2026-27 OCTA contribution to the Southern California Regional Rail Authority operating subsidy to support Metrolink service through the first quarter of the FY. Funding for operations, as well as capital and rehabilitation expenditures for the remainder of the FY, is contingent upon a formal budget request from Metrolink and approval by the OCTA Board, and concurrence from all member agencies



## Next Steps

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Back-up Public Hearing – Board (Public Hearing and Approval)

June 22