



March 26, 2025

To: Finance and Administration Committee
From: Darrell E. Johnson, Chief Executive Officer
Subject: Fiscal Year 2024-25 Second Quarter Budget Status Report

Overview

Orange County Transportation Authority staff has implemented the fiscal year 2024-25 budget. This report summarizes the material variances between the budget and actual revenues and expenses through the second quarter of fiscal year 2024-25.

Recommendation

Receive and file as an information item.

Background

The Board of Directors (Board) approved the Orange County Transportation Authority (OCTA) Fiscal Year (FY) 2024-25 Budget on June 24, 2024. 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 \$1,756.6 million. Sources of funds were comprised of \$1,403.8 million in current FY revenues and \$352.8 million in use of prior year designations. Uses of funds were comprised of \$1,660.1 million of current FY expenditures and \$96.5 million of designations.

The Board has approved one amendment through the second quarter, increasing the expense budget by \$54.5 million. This increased the budget to \$1,811.1 million as summarized in Table 1 on the following page.

Table 1 - Working Budget

Date	Description	Amount*
7/1/2024	Adopted Budget	\$ 1,756,583
8/12/2024	Additional \$54.5 million for the new administrative head quarters	\$ 54,500
	<i>Subtotal Amendments</i>	\$ 54,500
	Total Working Budget	\$ 1,811,083

HQ - Headquarters

*in thousands

Discussion

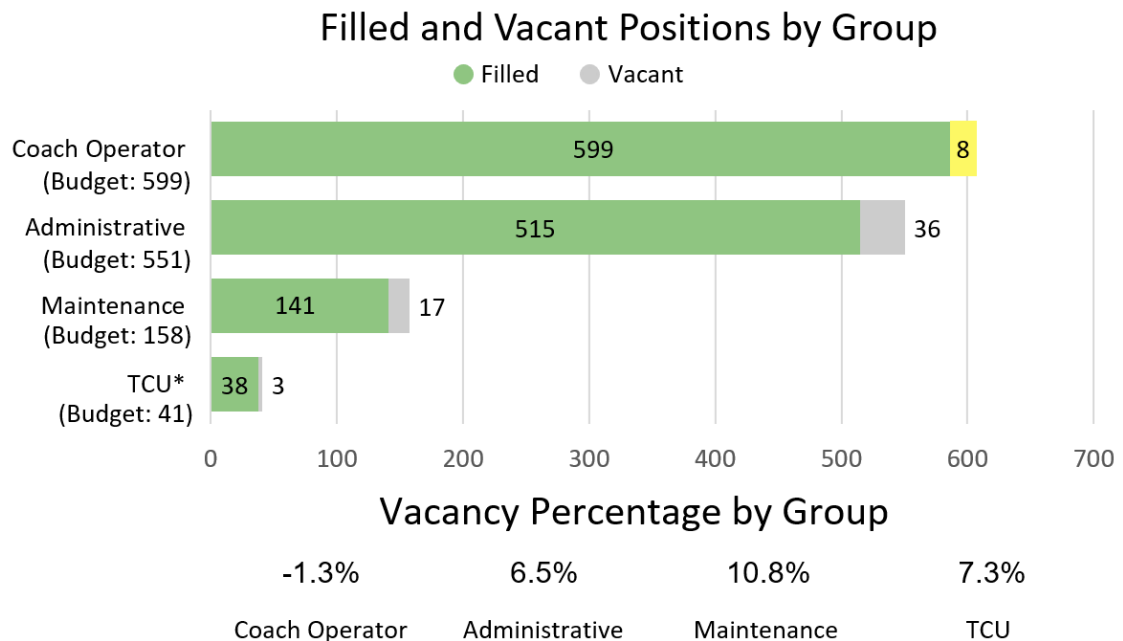
Staff monitors and analyzes revenues and expenditures versus the working budget. This report provides a summary level overview of staffing levels and explanations for material budget to actual variances within each pertinent OCTA program. The OCTA programs include Bus, Regional Rail, Express Lanes, Motorist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

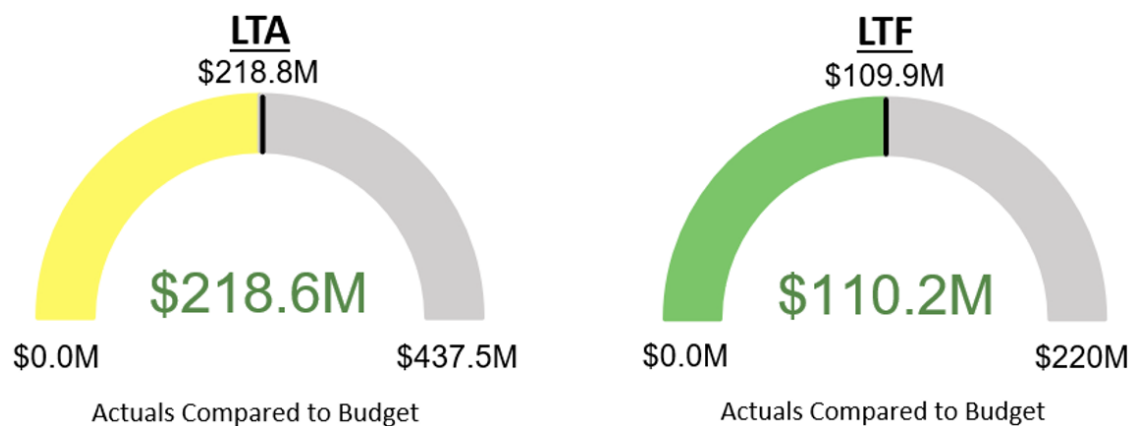
Total salaries and benefits were \$3.7 million under the budget of \$108.1 million. This is primarily due to staffing vacancies agency wide; vacancy details are provided in the graph below. Coach operator positions were slightly over the budgeted amount due to lower attrition than anticipated when the budget was developed.



*TCU - Transportation Communications International 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. Sales tax receipts closely aligned to the budget through the second quarter. LTA sales tax receipts of \$218.6 million were \$0.2 million lower than the budget and LTF sales tax receipts of \$110.2 million were \$0.3 million higher than the budget.

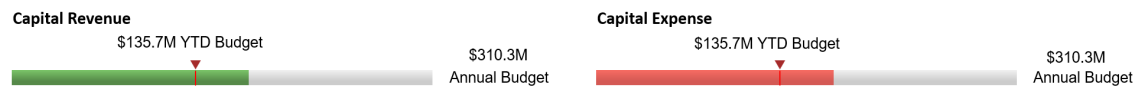


Major Programs

Bus Program

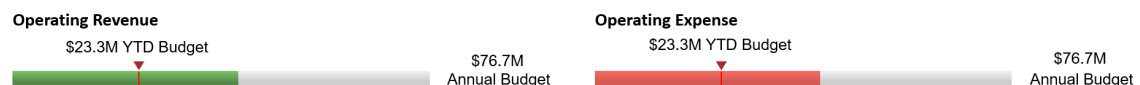


Bus Program operating revenue of \$241.3 million was \$73.5 million above budget. This was due to the timing of federal operating assistance grant revenues anticipated in FY 2023-24 but received in FY 2024-25. Bus Program operating expenses of \$151.5 million were \$8.1 million under the budget. This is primarily due to lower than anticipated expenditures on recurring as-needed services and supplies, such as fuel, maintenance services, and professional services, which can vary based on need.



Bus Program capital revenue and expenses of \$175.1 million were \$39.4 million higher than the budget. This was due to capital revenues that were reimbursed based on current year's capital expenses. Capital expenses were higher than budgeted primarily due to the timing of the purchase of new electric buses that are budgeted for in the third quarter. This overrun was partially offset by lower than anticipated expenses pertaining to the Transit Security and Operations Center, based on lower than anticipated contract award and timing of construction and design costs not yet incurred due to the recent award.

Regional Rail Program



Regional Rail Program operating revenue of \$41.5 million was \$18.2 million higher than the budget. This was due to SB 125 (Chapter 54, Statutes of 2023) funds that were received in the second quarter but anticipated to be received in the fourth quarter. Rail operating expenses were \$18.2 million higher than budgeted. This was due to the timing of invoicing for the operating subsidy. Through the second quarter OCTA paid the first three quarters worth of invoices, expenses are anticipated to align to the budget by the end of the FY.

Capital Revenue
\$0.6M YTD Budget



\$17.1M
Annual Budget

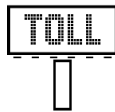
Capital Expense
\$0.6M YTD Budget



\$17.1M
Annual Budget

Regional Rail Program capital revenue of \$0.8 million was \$0.2 million over budget. This was due to capital revenue reimbursements received in the current FY that were budgeted in the previous FY. Capital expenses were aligned with the budget through the second quarter.

91 Express Lanes Program



Operating Revenue

\$32.7M YTD Budget



\$86.3M
Annual Budget

Operating Expense

\$9.6M YTD Budget



\$86.3M
Annual Budget

The 91 Express Lanes Program operating revenue of \$41.5 million exceeded the budget by \$8.8 million, primarily due to larger than anticipated revenue from toll violations, interest income, and 200,000 additional trips. Operating expenses of \$7.3 million were \$2.3 million lower than the budget of \$9.6 million, primarily due to lower usage of as-needed contracted and professional services.

Capital Revenue
\$0.4M YTD Budget



\$39M
Annual Budget

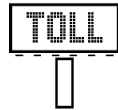
Capital Expense
\$0.4M YTD Budget



\$39M
Annual Budget

The 91 Express Lanes Program capital revenue and expenses were in line with the budget.

405 Express Lanes Program



Operating Revenue



Operating Expense



The 405 Express Lanes Program operating revenue of \$26.4 million was \$4 million over budget, primarily due to higher than anticipated toll violation revenues. Operating expenses of \$7.4 million were \$11.8 million lower than the budget of \$19.2 million, primarily due to invoice timing differences for work on the back-office system and adjustments to the amortization of the Transportation Infrastructure Finance and Innovation Act loan. It is anticipated that expenditures will align with the budget this FY.

Motorist Services Program



Operating Revenue



Operating Expense

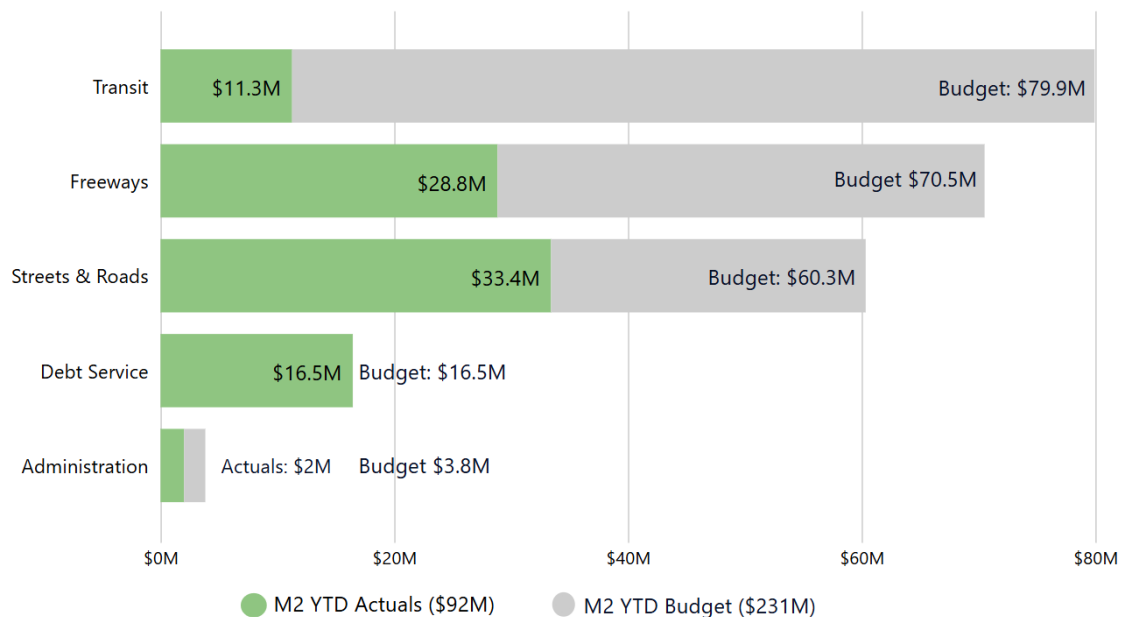


Motorist Services Program operating revenue and expenses of \$4 million were \$0.2 million lower than the budget. The underrun in expense is based on the timing of invoices and lower than budgeted contracted tow service costs for Freeway Service Patrol. The underrun in revenue is directly tied to the amount of revenue needed to fund expenditures.

M2 Program

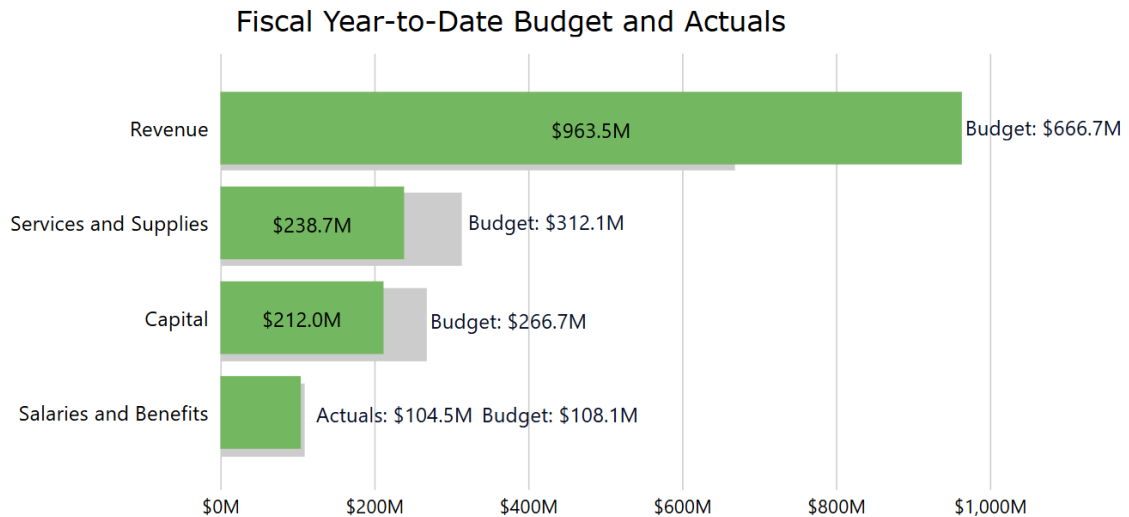


M2 Program Budget and Actuals by Mode



Total actual expenses of \$92 million for the M2 Program were \$139 million lower than the budget, primarily due to the timing of OC Streetcar construction expenses (\$65.5 million). Additionally, the timing of construction and right-of-way (ROW) payments for freeway projects including the Interstate 5 (I-5) to El Toro Road Freeway Project (\$33.7 million), State Route 91 (SR-91) freeway improvements (\$4 million), and State Route 57 (SR-57) Project (\$1.3 million) contributed to the underrun. Also contributing to the variance are lower than anticipated expenses for the Local Fair Share programs (\$14.9 million), and Regional Traffic Signal Synchronization (\$11.9 million).

Summary



Overall, revenue of \$963.5 million was \$296.8 million over budget. This was primarily due to reimbursement of Transit and Intercity Rail Capital Program funding related to construction expenses incurred in prior years for the OC Streetcar Project. The timing of federal operating assistance grant revenues for the bus program and SB 125 funds for the rail program are also contributing to the overrun.

Operating expenses of \$238.7 million were \$73.4 million under budget, primarily due to the timing of expenses for freeway services, contributions to Orange County, cities, and local agencies for the Regional Traffic Signal Synchronization and Local Fair Share programs. Additionally, as-needed services and supplies as well as professional services contributed to the underrun.

Total OCTA capital expenses of \$212 million were \$54.7 million under budget, primarily due to the timing of OC Streetcar construction expenses and the timing of construction and ROW expenses for the I-5 to El Toro Road Freeway Project, SR-91 freeway improvements, and SR-57 Project.

Salaries and benefits of \$104.5 million underran the budget by \$3.6 million. This was primarily due to staffing vacancies in the administrative groups.

Attachment

A. Fiscal Year 2024-25 Second Quarter Budget Status Summary

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