



June 25, 2025

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

For

Subject: Fiscal Year 2024-25 Third Quarter Budget Status Report

Overview

Orange County Transportation Authority staff have implemented the fiscal year 2024-25 budget. This report summarizes the material variances between the budget and actual revenues and expenses through the third 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 two amendments through the third quarter, increasing the expense budget by \$39.9 million. This increased the budget to \$1,796.5 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	New Administrative Headquarters	54,500
1/27/2025	405 Express Lanes Toll Revenue/Designations	(14,627)
	<i>Subtotal Amendments</i>	<i>39,873</i>
	Total Working Budget	\$ 1,796,456

*in thousands

Discussion

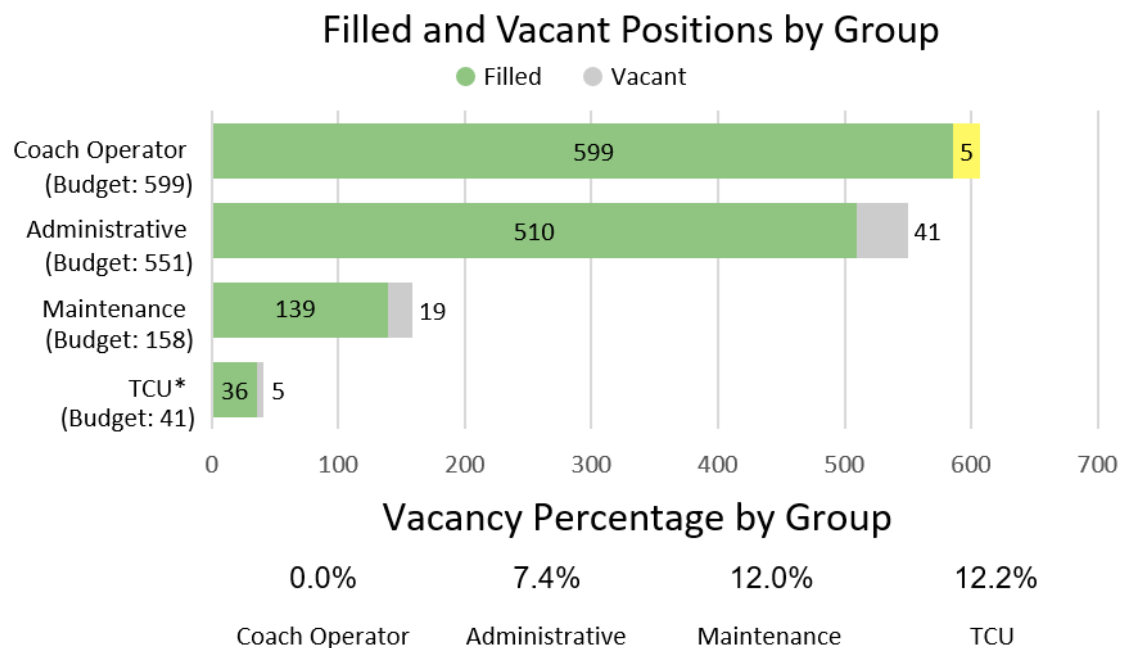
Staff monitors and analyzes revenues and expenditures versus the working budget. This report provides a summary level overview of staffing levels and explanations for material budget to actual variances within each pertinent OCTA program. The OCTA programs include Bus, Regional Rail, Express Lanes, Motorist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

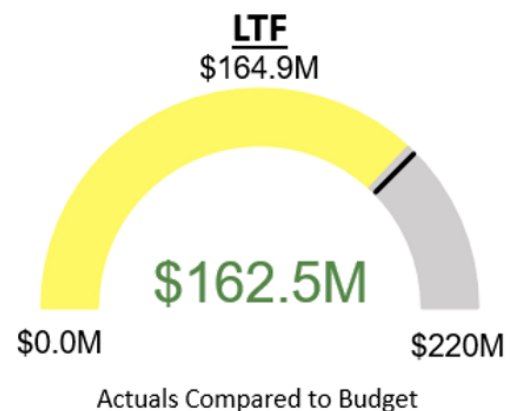
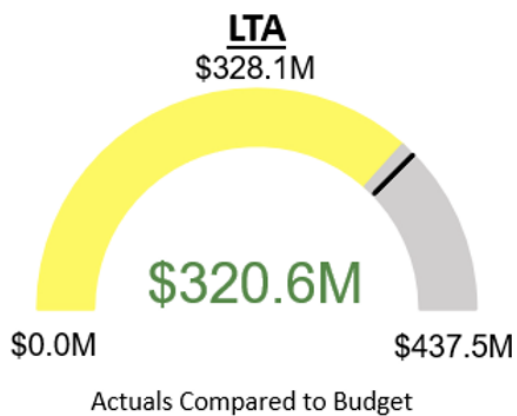
Total salaries and benefits were \$6.5 million under the budget of \$162 million. This is primarily due to staffing vacancies agency wide; vacancy details are provided in the graph below. Coach operator positions were slightly over the budgeted amount due to lower attrition than anticipated when the 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 third quarter. LTA sales tax receipts of \$320.6 million were \$7.5 million lower than the budget and LTF sales tax receipts of \$162.5 million were \$2.4 million lower than the budget.

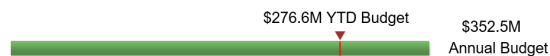


Major Programs

Bus Program



Operating Revenue



Operating Expense



Bus Program operating revenue of \$351.8 million was \$75.2 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 \$230.2 million were \$16.8 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.

Capital Revenue



Capital Expense



Bus Program capital revenue and expenses of \$176.4 million were \$40.6 million lower than the budget. This was due to capital revenues that were anticipated to be reimbursed based on current year capital expenses. Capital expenses were lower than budgeted primarily due to the timing of the purchase of six new 60-foot articulated electric buses that are now anticipated in FY 2025-26. Additionally, expenses for the Transit Security and Operations Center have been less than anticipated due to timing of design and construction costs. Lastly, the fare collection replacement project contract which was originally anticipated to be executed in the third quarter will now take place in the fourth quarter.

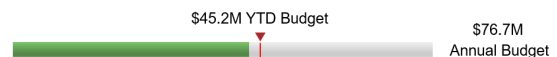
Regional Rail Program



Operating Revenue



Operating Expense



Regional Rail Program operating revenue of \$67.7 million was \$22.5 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 \$2.1 million lower than budgeted. This was due to the timing of invoicing for the operating subsidy; expenses are anticipated to align to the budget by the end of the FY.

Capital Revenue

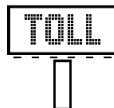


Capital Expense

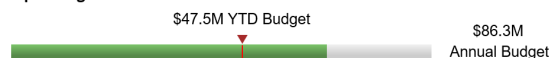


Regional Rail Program capital revenue of \$0.9 million was \$0.1 million under budget. This was due to less than anticipated revenue reimbursements based on lower capital expenses through the third quarter. Rail capital expenses came in \$0.2 million lower than budgeted. This was due to the timing of invoices for the Cyprus Shore Slope Rehabilitation Project; staff anticipates that the underrun will continue through the end of the FY.

91 Express Lanes Program



Operating Revenue

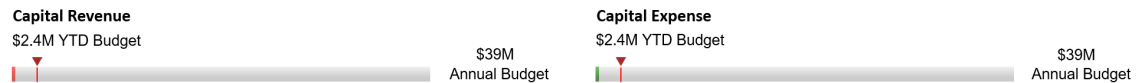


Operating Expense



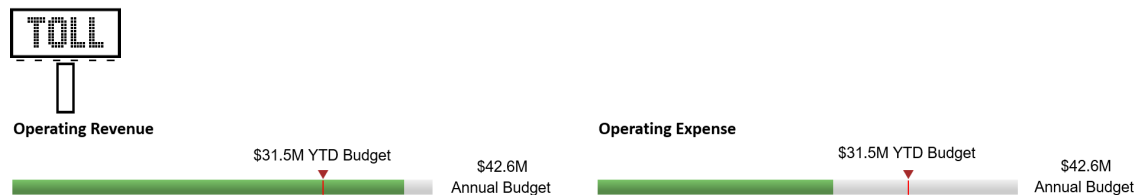
The 91 Express Lanes Program operating revenue of \$64.8 million exceeded the budget by \$17.3 million, primarily due to larger than anticipated revenue from toll violations, interest income, and higher trip volumes than anticipated during budget development. Operating expenses of \$11.4 million were \$3.9 million lower than the budget of \$15.3 million, primarily due to engineering and support services for the Toll Gantries Infrastructure Project, as well as the timing and

utilization of maintenance services and as-needed contracted professional services.



The 91 Express Lanes Program capital revenue and expenses of \$0.4 million came in \$2 million under budget. This was primarily due to the timing of invoicing for the Closed-Circuit Television Upgrade Project, which is anticipated to occur in the fourth quarter. Additionally, the Electronic Toll and Traffic Management System Project's final milestone payment is anticipated to be made at the beginning of FY 2025-26, so the underrun will continue through the end of FY 2024-25.

405 Express Lanes Program



The 405 Express Lanes Program operating revenue of \$39.7 million was \$8.2 million over budget, primarily due to higher than anticipated toll violation revenues. Operating expenses of \$23.9 million were \$7.6 million lower than the budget of \$31.5 million, primarily due to invoice timing differences for work on the back-office system. It is anticipated that expenditures will align with the budget this FY.

Motorist Services Program

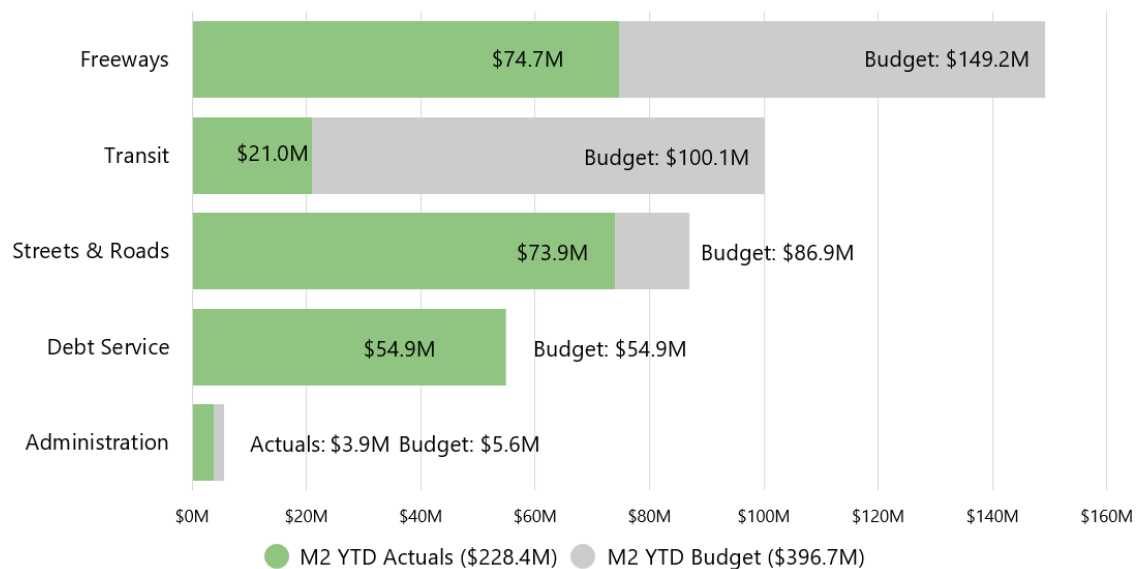


Motorist Services Program operating revenue and expenses of \$6.2 million were \$0.5 million lower than the budget. The underrun in expense is based on lower than budgeted contracted tow service costs for Freeway Service Patrol. The underrun in revenue is directly tied to the amount of revenue needed to fund expenditures.

M2 Program

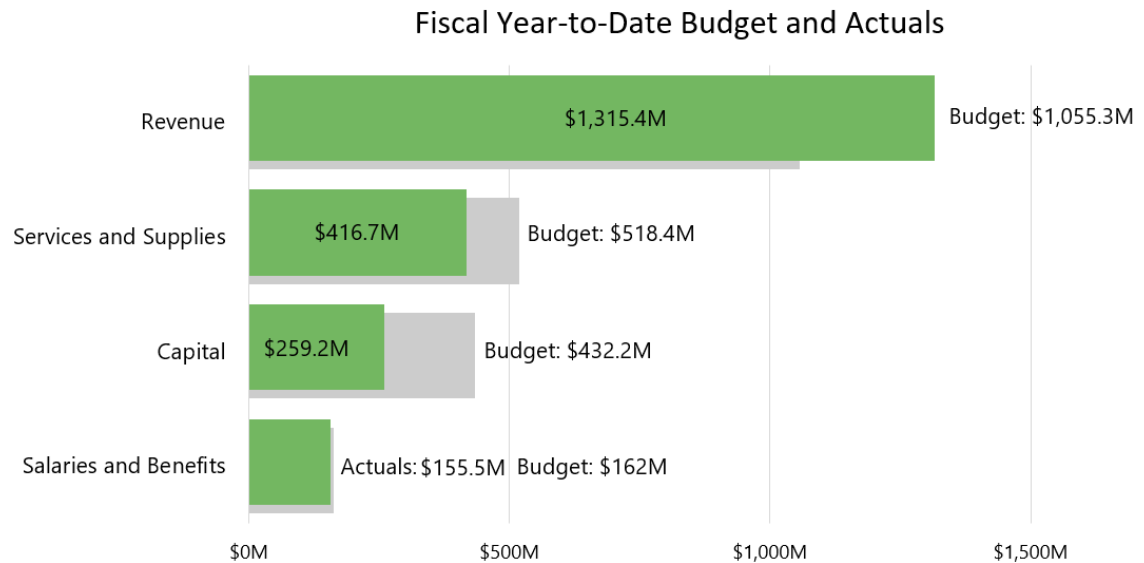


M2 Program Budget and Actuals by Mode



Total actual expenses of \$228.4 million for the M2 Program were \$168.3 million lower than the budget, primarily due to the timing of OC Streetcar construction expenses (\$73.1 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 (\$61.4 million), State Route 57 (SR-57) Project (\$1.9 million), and Interstate 605 (I-605) to Katella Avenue (\$1.7M) contributed to the underrun. Also contributing to the variance are lower than anticipated expenses for the Local Fair Share programs (\$8.1 million).

Summary



Overall, revenue of \$1,315.4 million was \$260.1 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. Additionally, federal operating assistance grant revenues anticipated in FY 2023-24 but received in FY 2024-25 and higher than anticipated toll revenues contributed to the variance.

Operating expenses of \$416.7 million were \$101.7 million under budget, primarily due to the timing of expenses for freeway services, contributions to Orange County, cities, and local agencies for the Local Fair Share programs. Additionally, as-needed services and supplies as well as professional services contributed to the underrun.

Total OCTA capital expenses of \$259.2 million were \$173 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, State Route 91 freeway improvements, and SR-57 Project.

Salaries and benefits of \$155.5 million underran the budget by \$6.5 million. This was primarily due to staffing vacancies in the administrative group.

Attachment

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

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