



**June 18, 2026**

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

**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 third 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**

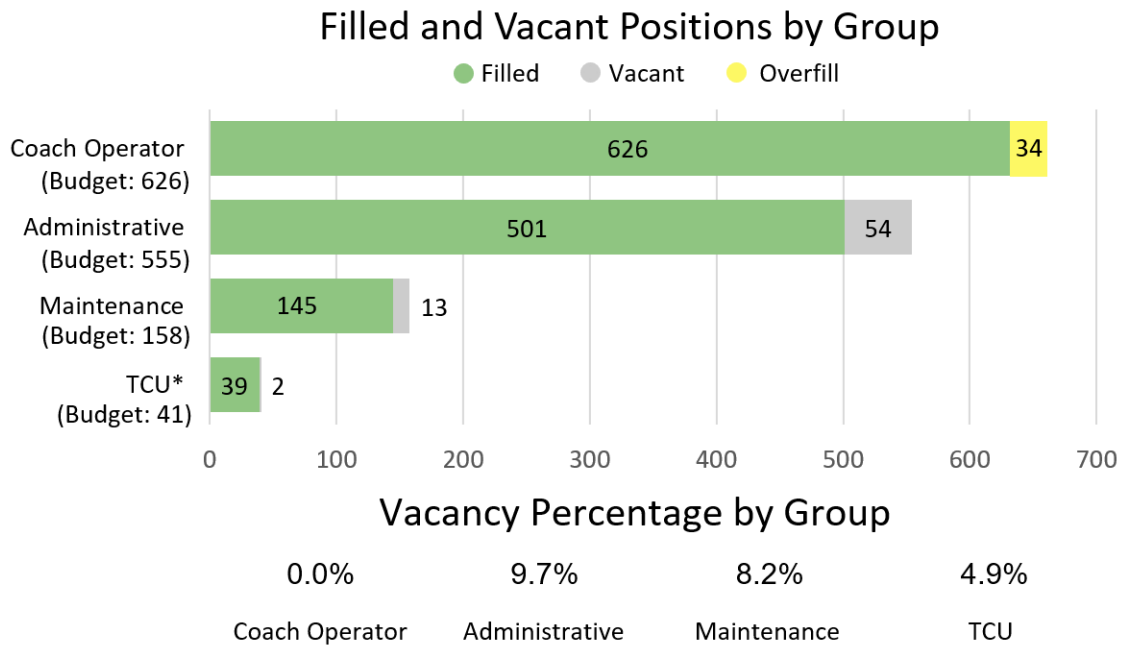
Staff monitors and analyzes revenues and expenditures versus the working budget. This report provides a summary level overview of staffing levels and explanations for material budget to actual variances within each pertinent OCTA program. The OCTA programs include Bus, Regional Rail, Express Lanes, Motorist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

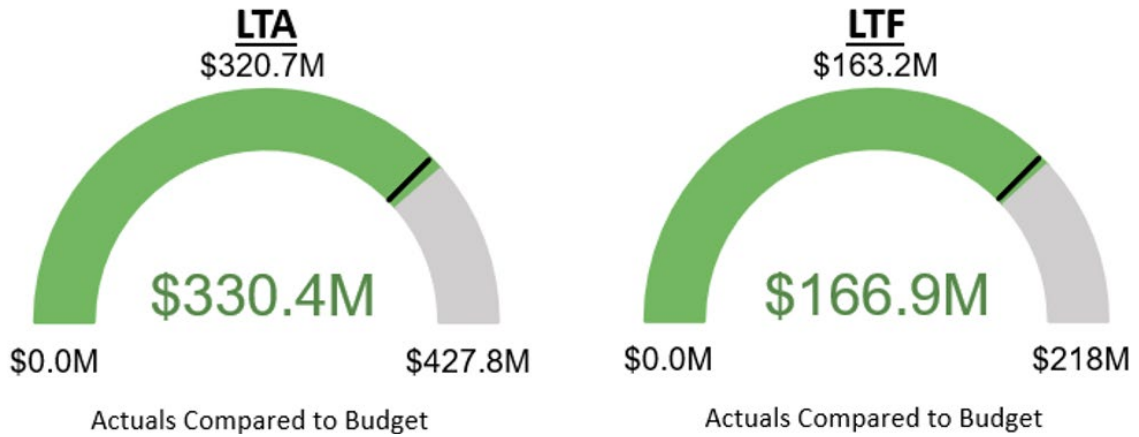
Total salaries and benefits were \$5 million under the budget of \$170.1 million. This is primarily due to staffing vacancies agency wide; vacancy details are provided in the graph below. Coach operator positions were 34 over the budgeted amount due to lower attrition than anticipated.



\*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 \$330.4 million were \$9.7 million higher than the budget and LTF sales tax receipts of \$166.9 million were \$3.7 million higher than the budget.



Major Programs

Bus Program



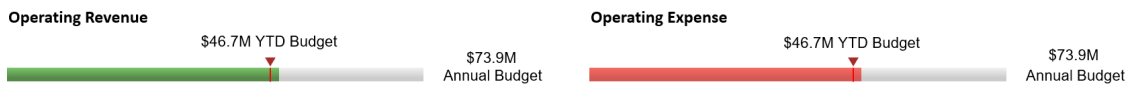
Bus Program operating revenues of \$310.1 million came in \$33.9 million over budget. This was due to the timing of federal operating assistance grant revenues anticipated in prior years but received in FY 2025-26. Bus Program operating expenses of \$262.3 million were \$13.9 million under the budget. 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 \$8.4 million were \$26 million lower than the budget. This was due to lower than anticipated revenue reimbursements based on lower capital expenses throughout the third quarter. Capital expenses were lower than budgeted due to timing changes of capital equipment projects such as the Automatic Passenger Count Project and County-wide Coordinated Communications System Project, which are now anticipated in FY 2026-27. Additionally, vehicle expenses underran due to the fuel cell replacement, high voltage battery replacement, and bus fuel tank

replacement procurements, which are now anticipated to be completed in early FY 2026-27.

Regional Rail Program

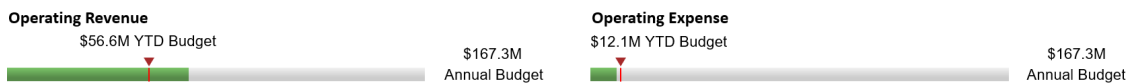
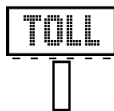


Regional Rail Program operating revenues and expenses totaled \$48.2 million, which was \$1.5 million above budget. The increase was attributed to higher reimbursement revenue tied to operating expenses in the third quarter. Rail operating expenses were over budget due to the timing of operating subsidy invoicing. Expenses are expected to align with the budget by FY-end.



Regional Rail Program capital revenues and expenses of \$6.1 million underran the budget by \$65.6 million. This was due to less than anticipated revenue reimbursements based on lower capital expenses through the third quarter. Rail capital expenses were \$65.6 million lower than budgeted. This was due to work associated with the Coastal Rail Rehabilitation Project. A construction contract that was budgeted for in FY 2025-26 was able to be executed at the end of FY 2024-25. As a result, the underrun in rail capital is anticipated to continue through the remainder of the FY.

91 Express Lanes Program



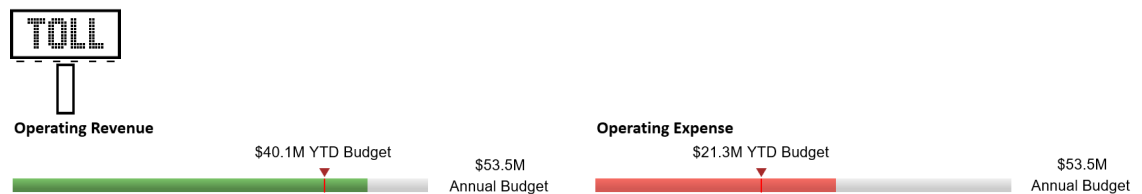
The 91 Express Lanes Program operating revenues of \$72.6 million exceeded the budget by \$16 million, primarily due to larger than anticipated revenues from interest income, toll violations, and higher trip volumes. Operating expenses of

\$10.5 million were \$1.6 million lower than the budget of \$12.1 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 engineering support services, traffic and revenue analysis, and collection services.



The 91 Express Lanes Program capital revenue and expenses came in \$1.1 million under budget. This was primarily due to the timing of the Express Lanes Toll Management System invoice, which is milestone based and now anticipated to be paid in the second quarter of FY 2026-27.

405 Express Lanes Program



The 405 Express Lanes Program operating revenues of \$45.7 million were \$5.6 million over budget, primarily due to higher than anticipated trip volumes and toll violation revenues. Operating expenses of \$30.9 million were \$9.6 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

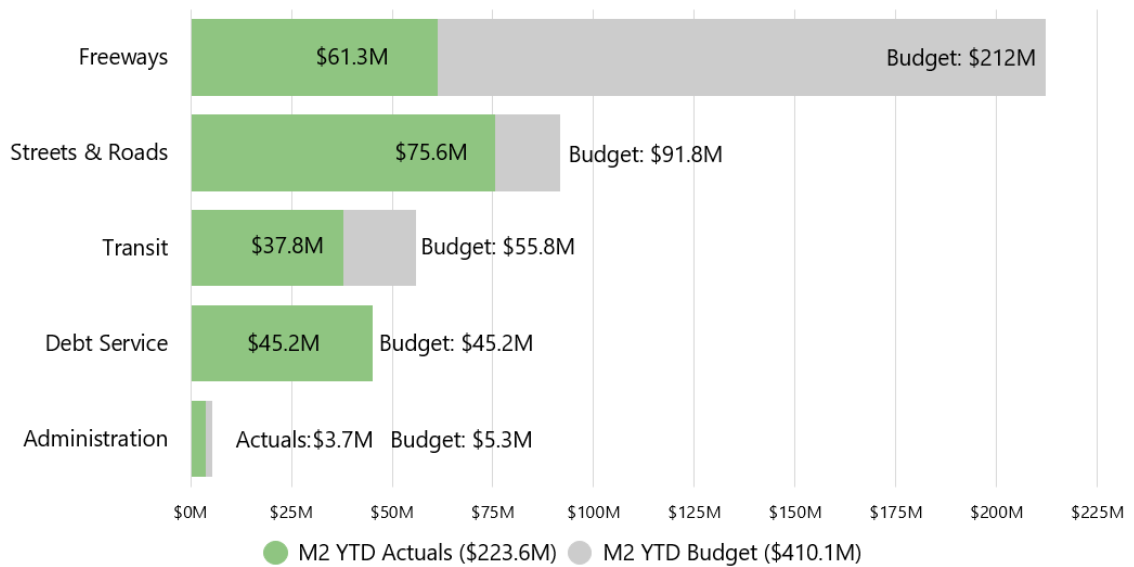


Motorist Services Program operating revenue and expenses of \$6.5 million were \$2.1 million lower than the budget. The expense underrun is due to the timing of invoices for Freeway Service Patrol contracted tow services and LA SAFE Program. Receipt of revenue is tied to the timing of expenses, and underruns in revenue and expenditures are anticipated to align by FY-end.

M2 Program

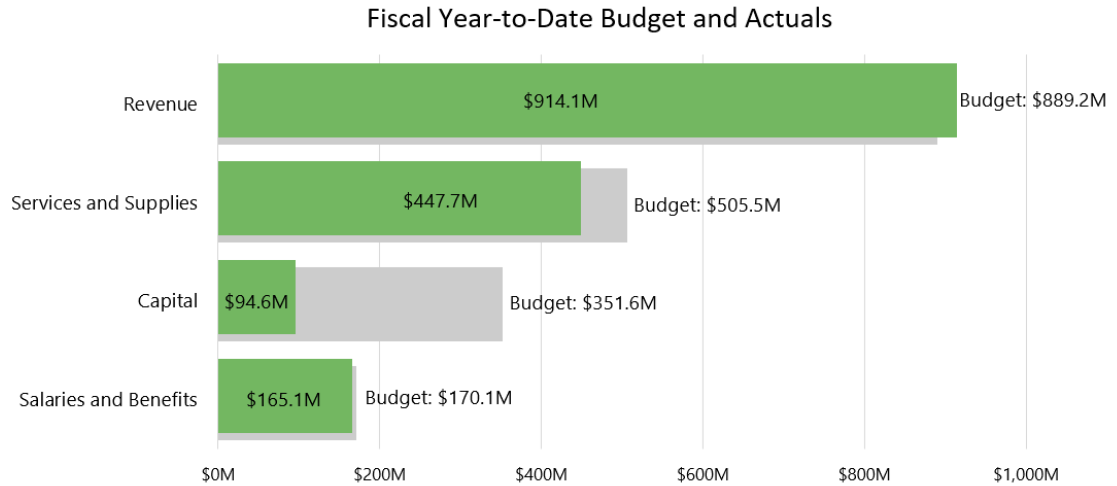


M2 Program Budget and Actuals by Mode



Total actual expenses of \$223.6 million for the M2 Program were \$186.5 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 (\$62.4 million), Interstate 5 (I-5) to El Toro Road Freeway Project (\$27.8 million), Interstate 405 (I-405) Freeway Project (\$20.3 million), State Route 55 (SR-55) to SR-91 Project (\$13.2 million), and SR-57 to Katella Avenue Project (\$12.1 million). Also contributing to the variance are lower than anticipated expenses for the Regional Traffic Signal Synchronization Program (\$6.9 million), Regional Capacity Program (\$5.3 million), and Local Fair Share Program (\$4 million). Additionally, the timing of OC Streetcar Project construction expenses (\$20.7 million) contributed to the underrun.

**Summary**



Overall, revenues of \$914.1 million were \$24.9 million over budget. This was primarily due to higher than anticipated interest income and sales tax revenue.

Operating expenses of \$447.7 million were \$57.8 million under budget, primarily due to lower than anticipated as-needed professional services as well as outside services. Additionally, lower 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 contributed to the underrun. Lastly, there was less of a need for maintenance services though the third quarter.

Total OCTA capital expenses of \$94.6 million were \$257 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-55 to SR-91 Project, and SR-57 to Katella Avenue Project. Pending work for the Coastal Rail Rehabilitation Project also contributed to the variance. Additionally, the timing of OC Streetcar Project construction expenses contributed as well.

Salaries and benefits of \$165.1 million were \$5 million lower than budgeted. This was primarily due to staffing vacancies in the administrative and maintenance groups.

***Attachment***

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

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