



September 5, 2019

To: Executive Committee

From: Darrell E. Johnson, Chief Executive Officer

A handwritten signature in black ink, appearing to read "Darrell E. Johnson", is written over the printed name.

Subject: Measure M2 Quarterly Progress Report for the Period of April 2019 Through June 2019

Overview

Staff has prepared a Measure M2 quarterly progress report for the period of April 2019 through June 2019, for review by the Orange County Transportation Authority Board of Directors. This report highlights progress on Measure M2 projects and programs, and will be available to the public via the Orange County Transportation Authority website.

Recommendation

Receive and file as an information item.

Background

On November 7, 2006, Orange County voters, by a margin of 69.7 percent, approved the Renewed Measure M Transportation Investment Plan (Plan) for the Measure M2 (M2) one half-cent sales tax for transportation improvements. The Plan provides a 30-year revenue stream for a broad range of transportation and environmental improvements, as well as a governing ordinance, which defines the requirements for implementing the Plan. Ordinance No. 3 designates the Orange County Transportation Authority (OCTA) as responsible for administering the Plan and ensuring that OCTA's contract with the voters is followed.

OCTA is committed to fulfilling the promises made in M2. This means not only completing the projects described in the Plan, but adhering to numerous specific requirements and high standards of quality called for in the measure, as identified in the ordinance. Ordinance No. 3 requires that quarterly status reports regarding the major projects detailed in the Plan be brought to the

OCTA Board of Directors (Board). On September 25, 2017, the Board approved rebranding M2 externally to OC Go to promote OCTA's Measure M awareness and public perception, as well as to avoid confusion with the recently approved, similarly named, Los Angeles County Metropolitan Transportation Authority's "Measure M." M2 progress is summarized in these quarterly progress reports, which are posted online for public review.

Discussion

This quarterly report reflects current activities and progress across all M2 programs for the period of April 1, 2019 through June 30, 2019 (Attachment A).

The quarterly report is designed to be easy to navigate and public friendly, reflecting OCTA's Strategic Plan transparency goals. The report includes budget and schedule information provided from the Capital Action Plan, and Local Fair Share and Senior Mobility Program payments made to cities during the quarter, as well as total distributions from M2 inception through June 2019.

Additionally, Attachment A includes a summary of the Program Management Office (PMO) activities that have taken place during the quarter. Two areas in particular are highlighted below.

Ordinance Safeguards

To track compliance with the numerous requirements in Ordinance No. 3, the PMO created and annually updates an M2 Ordinance Compliance Matrix. The matrix details the status of each requirement and references documents verifying each response. The annual update is shared with the Taxpayers Oversight Committee (TOC) as a resource for committee members. This quarter, the TOC met on June 11, 2019, to conduct the required annual M2 hearing and determined that M2 is being delivered as promised to Orange County voters for the 28th consecutive year.

Part of the M2 Ordinance includes a requirement for a performance assessment at least once every three years to evaluate OCTA's efficiency and effectiveness in the delivery of M2 as promised to the voters. The fourth performance assessment covering the period between July 1, 2015 and June 30, 2018, was presented to the Board on March 11, 2019. The report found OCTA to be adept in the delivery of the M2 program and projects, and made recommendations for enhancements. The PMO continues to monitor implementation of the eight recommendations as appropriate from the assessment and intends to conclude the implementation with a final report to the Board by the end of the calendar year.

Next 10 Delivery Plan

Annually staff reviews the Board-adopted commitments included in the Next 10 Delivery Plan incorporating changes in revenues and project costs to ensure the plan remains deliverable. The 2019 review is underway, and a Next 10 Delivery Plan update will be presented to the Board in November 2019. The review will incorporate the revised 2019 sales tax revenue forecast (planned to be presented to the Board in October), updated project and program cash flows, and will take into consideration information provided through the updated construction cost pressure index (also planned to be presented to the Board in October) to update the Next 10 Plan.

Progress Update

The following provides an overview of M2 accomplishments to date by mode, as well as highlights of activities that occurred during the fourth quarter of fiscal year (FY) 2019.

Freeway Program

The M2 Freeway Program, which previously consisted of 27 projects or project segments, now has 30 projects or project segments to be delivered by 2041. Two projects, the Interstate 5 (I-5) between Interstate 405 (I-405) and State Route 55 (SR-55) (Project B) has now been broken into two segments, and State Route 91 (SR-91) between State Route 57 (SR-57) and SR-55 (Project I) has been broken into three segments. Segmenting takes place to provide more opportunity for bidders and to increase competition. While the new segment count will be tracked at 30, the increase does not change the overall commitment detailed in the plan.

Currently, while commencing year nine of the 30-year program, 12 segments are complete, three are in construction, and another three are readying for construction. The remaining 12 segments are in various stages of project development, with three of those slated to go into construction and be complete or nearing completion, by 2026.

Key freeway project activities taking place this quarter, along with updates, are highlighted below.

- Construction activities continued on the I-5 between SR-55 and SR-57 Project. A project update was presented to the Regional Planning and Highway (RPH) Committee on April 1, 2019, and to the Board on April 8, 2019. (Project A)

- An update was presented to the RPH Committee on May 6, 2019, and to the Board on May 24, 2019, for the I-5 between State Route 73 (SR-73) and El Toro Road Project. A groundbreaking ceremony took place on June 6, 2019, marking the start of the segment between Oso Parkway and Alicia Parkway, which includes reconstruction of the La Paz Road interchange. (Project C and Project D)
- Final design was completed for the I-5 between Alicia Parkway and El Toro Road Project. This is the northernmost of three segments that are part of the I-5 between SR-73 and El Toro Road Project. As design was refined and finalized for this segment, the consultant identified cost increases for construction. This cost increase is pending bid package preparation and the California Department of Transportation (Caltrans) review. Staff will provide updates to the Board as appropriate. (Project C)
- An update was provided to the RPH Committee on April 1, 2019, and to the Board on April 8, 2019, for the I-405 between SR-73 and Interstate 605 (I-605) Project. (Project K)

Streets and Roads

Since 2011, approximately \$777 million¹ has been allocated to local jurisdictions for transportation improvements through the streets and roads competitive and formula funding programs. Additionally, M2 provided a portion of the \$664 million to grade separate seven street and rail crossings, leveraging the majority of the funds (\$520 million) from local, state, and federal sources.

- On May 13, 2019, the Board found that the City of Santa Ana and the City of Stanton did not meet the M2 maintenance of effort (MOE) requirement and, therefore, found them ineligible to receive M2 revenues.

Disbursement of all net M2 funds to these cities has been suspended until the cities achieve compliance with their M2 MOE benchmark and the Board reconsiders the matter by May 2020.

- Final programming recommendations for the 2019 Regional Capacity Program (RCP) and the Regional Traffic Signal Synchronization Program (RTSSP) were approved by the Board on June 10, 2019, totaling \$8.35 million. The 2020 call for projects (call) for the RCP and the RTSSP was presented to the Board on August 12, 2019. (Project O and Project P)

¹ Excludes suspended funds. On May 13, 2019, the Board determined the City of Stanton and City of Santa Ana ineligible to receive all net M2 revenues.

- The semi-annual review of the Comprehensive Transportation Funding Program projects was approved by the Board on June 10, 2019. Since the last review in September 2018, 26 project phases are now underway, and 29 project phases were completed. Nearly 90 percent of the funded projects are either underway or complete. (Project O, Project P, Project V, and Project X)
- FY 2019-20 M2 Eligibility Guidelines were approved at the April 8, 2019, Board meeting. In addition to the approval, staff was to return in summer 2019 with updates to the procedures related to finding a local agency ineligible to receive M2 funds. Staff has drafted revisions to the eligibility guidelines and intends to formalize the revisions as part of the annual guidelines Board approval process planned for early 2020.

Transit

The M2 transit mode includes a number of programs designed to provide additional transportation options. M2 is the main funding source for Metrolink commuter rail service in Orange County and provides funding for rail station improvements and transit connections to extend the reach of the services.

Since 2011, M2 has provided competitive funding commitments for bus and station van extension projects to Metrolink (\$483,133 to date), local community-based transit circulators and planning studies (\$36 million to date), bus stop improvements (\$2 million to date), and funding to support specific programs to meet the needs of seniors and persons with disabilities (\$69.7 million² to date). Key transit project activities taking place this quarter are highlighted below.

- Construction of the Fullerton Transportation Center Elevator Upgrades Project was completed on May 1, 2019. The project modified the existing pedestrian bridge to add two new traction elevators, one on each side. (Project R)
- The Placentia Metrolink Station Improvements and Parking Structure Project has been ready to advertise and is planned for early 2020.

² Excludes suspended funds. On May 13, 2019, the Board determined the City of Stanton and City of Santa Ana ineligible to receive all net M2 revenues. Disbursement of M2 funds have been suspended until the cities achieve compliance and the Board reconsiders the matter by May 2020.

Metrolink and BNSF Railway are cooperatively working together negotiating an updated Shared Use Agreement, which will provide the required BNSF Railway approvals for construction of the station. The final Shared Use Agreement is targeted to be ready for Metrolink member agency approval at the end of October 2019. (Project R)

- OC Streetcar construction has commenced on the western half of the alignment. Preliminary design review for the vehicles was completed and transitioned into final design review in July 2019. (Project S)
- A ridership report for transit community circulators was provided to the Board on April 8, 2019. In addition, staff reviewed letters of interest received as a response to a letter OCTA sent out to all eligible local jurisdictions on March 21, 2019, to assess the level of interest for a future round of funding. On August 12, 2019, staff provided a report on local agencies' interest to the Board, along with consideration of issuing a fourth call. (Project V)
- Final programming recommendations were approved by the Board for \$.987 million for Safe Transit Stops on June 24, 2019. (Project W)

Environmental Programs

The M2 Program includes two innovative programs, the Environmental Cleanup Program (ECP) with specific activity, and the Environmental Mitigation Program (EMP) with funding from the freeway program. The ECP improves water quality by addressing transportation related pollutants while the EMP off-sets biological impacts of freeway projects.

Since 2011, the ECP has awarded \$48.1 million to local jurisdictions through a competitive process, which funded 159 projects for trash removal devices (Tier 1), and 20 projects for large scale water quality best management practices projects (Tier 2). More than 6.2 million cubic feet of trash (or over 2,600 40-foot shipping containers) have been captured so far.

Additionally, the Board has authorized \$55 million for the EMP to acquire conservation lands, fund habitat restoration projects, and to develop the Conservation Plan. OCTA has acquired more than 1,300 acres and funded 12 restoration projects across Orange County. The wildlife and habitat on the acquired lands are protected in perpetuity, and long-term management of the properties will be funded by an established endowment. It is estimated that it will take 12 years to fully fund the endowment with annual deposits, or until the fund

totals approximately \$46.2 million. As of June 30, 2019, the balance of the endowment was \$9,534,374. The fourth deposit, of approximately \$2.9 million, took place on July 3, 2019.

- Applications for the ninth Tier 1 call are being reviewed, and final programming recommendations are planned to be presented to the Board on September 9, 2019.

Challenges

As with all major programs, challenges arise and need to be monitored and addressed. A few key challenges are highlighted below.

On May 13, 2019, for the first time during the life of Measure M or M2, the Board found two cities ineligible to receive M2 revenues. Both the City of Stanton and the City of Santa Ana failed to satisfy the eligibility requirement of meeting the minimum MOE, a level of local streets and roads discretionary expenditures. OCTA has suspended allocation of M2 funds for the City of Santa Ana and the City of Stanton until the Board revisits the status of their compliance by May 2020. Staff continues to work closely with each city and with internal audit to resolve these issues. In addition, staff will remind all cities of the importance of following M2 Ordinance No.3 requirements to maintain their eligibility to receive M2 funding.

The OC Streetcar Project has faced some challenges which have impacted the construction schedule as a result of excess contaminated materials found during excavation work at the Maintenance and Storage Facility, as well as on the OCTA-owned Pacific Electric right-of-way (ROW). Staff continues to monitor this work and provides regular progress reports to the Board.

Significant construction activity continues to take place on the I-405, SR-73 to I-605 Project with extensive work accomplished to date. The project is approximately 33 percent of the way through the construction period, and substantial completion of the project is projected to be approximately six months behind schedule. The factors for this delay include above-average rainfall this past winter, issues related to utility relocations, and the contractor's inability to complete design and begin construction. OCTA is closely monitoring the contractor's activities to identify opportunities to overcome the delay and anticipates schedule recovery with alternative lane closure work windows and restaging of bridge work through agreements to reconstruct some of the remaining bridges using a one-stage process instead of the planned two-stage bridge process.

A challenge that may impact the public's ability to access draft and final environmental documentation is the Americans with Disabilities Act Compliance requirement for documents posted on State of California agencies' and entities' websites (Assembly Bill No. 434, Government Code 11546.7). The requirement became effective July 1, 2019. This resulted in amendments to consultants' contracts to modify the environmental documents, and projects' costs and schedules were slightly impacted due to this effort.

On all Measure M projects, staff is working to develop and implement the most cost-effective design that provides the highest congestion relief with the least impact to businesses and communities. This includes efforts to document and present design variations to Caltrans for approvals to achieve project scope while limiting ROW impacts. Three M2 freeway projects in particular are facing these issues as they are working through the environmental clearance process. These include the I-5 between I-405 and SR-55, SR-91 between SR-55 and SR-57 and El Toro Road interchange. Each of these projects is facing specific, but similar issues related to the need for design variations to avoid excessive ROW impacts. Additionally, staff will continue to urge Caltrans to coordinate Caltrans-initiated safety, operational, and maintenance projects with planned Measure M projects to avoid multiple impacts to the traveling public and inefficient use of funding and resources.

Based on the draft fund estimate for the 2020 State Transportation Improvement Program (STIP), Orange County is targeted to obtain \$6.96 million in new capacity. Over the past four STIP cycles, Orange County has averaged approximately \$62.6 million per cycle in new capacity. This significant decrease affects the availability of external funding from this source. Instead, local funds will need to be used to advance M2 freeway projects. The M2 Freeway Program has a budgeted line item for economic uncertainties, which will be analyzed and modified as needed.

M2 project delivery is monitored closely, and progress, as well as challenges, are presented to the Board through these quarterly staff reports, individual project staff reports, as well as through the Capital Action Plan quarterly performance metrics reports from the Capital Programs Division.

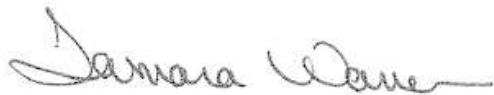
Summary

As required by M2 Ordinance No. 3, a quarterly report covering activities from April 2019 through June 2019 is provided to update progress in implementing the Plan. The above information and the attached details indicate significant progress on the overall M2 Program. To be cost-effective and to facilitate accessibility and transparency of information available to stakeholders and the public, the M2 Quarterly Progress Report is made available through the OCTA website. Hard copies are available by mail upon request.

Attachment

- A. Measure M2 Progress Report, Fourth Quarter Fiscal Year 2018-19, April 1, 2019 through June 30, 2019

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