



April 7, 2025

To: Regional Transportation Planning Committee
From: Darrell E. Johnson, Chief Executive Officer
Subject: Capital Programming Update

Overview

The Orange County Transportation Authority uses a combination of federal, state, and local funding sources to plan and deliver Board of Directors-approved capital improvement and transit projects, including those promised in the voter-approved sales tax program, Measure M2. As projects advance through the various stages of development, funding sources and amounts are updated and adjusted to reflect the most current cost estimates and to maximize the benefit of local sales tax dollars. Board of Directors' authorization is requested to commit funding for current and planned projects as further described herein.

Recommendations

- A. Authorize the use of up to \$180.584 million to fund the construction phase and adjust costs associated with prior phases for the State Route 55 Improvement Project from Interstate 5 to State Route 91 (Project F) using Measure M2 funding.
- B. Authorize the use of up to \$334.367 million to fund the construction phase and adjust costs associated with prior phases for the State Route 91 Improvement Project from La Palma Avenue to State Route 55 (Segment 2) (Project I), using the following funding sources:
 - 91 Express Lanes Excess Revenue (\$323.726 million)
 - Local Partnership Program – Formulaic (\$6.641 million)
 - Community Project Funding / Congressionally Directed Spending (\$4.000 million)
- C. Authorize the use of up to an additional \$132.149 million to supplement the construction funding and prior phase funding for the Interstate 5 Improvement Project from Interstate 405 to Yale Avenue (Segment 1) (Project B) using Measure M2 funding.

- D. Authorize the use of up to an additional \$80.172 million to supplement the construction funding and prior phase funding for the State Route 91 (Segments 1 and 3) (Project I) using 91 Express Lanes Excess Revenue.
- E. Authorize the use of up to an additional \$14.699 million to supplement the construction funding and prior phase funding for the Interstate 605/Katella Avenue Interchange Project (Project M) using Measure M2 funding.
- F. Authorize the inclusion of \$39.251 million in committed State Highway Operations and Protection Program funds and an additional \$22.769 million in uncommitted future state funds to integrate the California Department of Transportation Multi-Asset Project into the Capital Funding Program report for:
- Interstate 5 Improvement Project between Interstate 405 and Yale Avenue (Segment 1) (Project B) (\$36.400 million in committed State Highway Operations and Protection Program funds and \$13.744 million in uncommitted future state funds)
 - State Route 91 Improvement Project from Acacia Street to La Palma Avenue (Segment 3) (Project I) (\$2.851 million in committed State Highway Operations and Protection Program funds and \$9.025 million in uncommitted future state funds)
- G. Authorize the use of up to \$8.000 million for the Inland Slope Rehabilitation Phase II Project from the following fund sources:
- Measure M2 (\$5.600 million)
 - Local Partnership Program – Formulaic (\$2.400 million)
- H. Authorize the use of up to \$12.830 million in Congestion Mitigation and Air Quality Improvement funds for the Future Zero-Emission Bus Project.
- I. Authorize staff to process all necessary amendments to the Federal Transportation Improvement Program and execute or amend all necessary agreements to facilitate the above actions.

Background

The Orange County Transportation Authority (OCTA) is underway with a robust program of Board of Directors (Board)-approved capital projects that support OCTA's mission to develop and deliver transportation solutions to enhance the quality of life and keep Orange County moving, and to continue delivering on promises made to voters through the Measure M2 (M2) half-cent sales tax program.

As projects advance through development, several different factors may influence cost and funding including cost changes as the project is further developed, funding requirements may limit the anticipated use of funds, opportunities to maximize external funding may arise, savings may be identified, and additional or different funding may be required. Staff regularly provides project updates for specific freeway and transit project costs individually and through the quarterly Capital Action Plan (CAP), which highlights project costs, schedules, and status.

Board action to update funding amounts and sources for projects is periodically requested, consistent with revised project needs as the project advances to the next phase of delivery. This item recommends adjustments to individual project funding by project phase to match actual and updated project costs and seeks approval to program the funds necessary for Board-approved freeway and transit improvements promised to the public throughout Orange County.

The Board has approved a set of policies, referred to as the Capital Programming Policies (CPP), that guide how OCTA uses federal, state, and local formula funds, such as Congestion Mitigation and Air Quality Improvement Program (CMAQ), Local Partnership Program – Formula (LPP-F), and 91 Express Lane (91 EL) Excess Revenues funds (Attachment A). The Board also previously took action to approve the policy regarding the use of 91 EL funds for M2 Freeway Project I on State Route 91 (SR-91).

Consistent with M2 and the CPP, staff recommends the use of external funds whenever possible to maximize the benefit of local funds. One fund source recommended in this item is LPP-F, which funds transportation improvements in jurisdictions that have voter-approved taxes dedicated to transportation such as the M2 program. On August 15, 2024, the California Transportation Commission (CTC) adopted LPP guidelines for the fifth round of LPP-F. OCTA's share is approximately \$18.821 million. The Board previously approved the use of approximately \$9.780 million of this funding for a separate project. This item will address the use of the remaining unprogrammed funds.

The State Highways Operation and Protection Program (SHOPP) funds are prioritized by the state to maintain and operate the state highways. Use of these funds is not governed by OCTA policies. However, OCTA and the California Department of Transportation (Caltrans) are integrating planned M2 freeway improvements and state highway maintenance projects, referred to as multi-asset projects (MAP). When OCTA M2 freeway projects and Caltrans MAP are combined into one construction package, the Caltrans SHOPP funds are included in the OCTA CAP project funding plans.

Discussion

Programming staff refers to the CAP and works directly with OCTA project managers to develop funding plans for Board-approved planned and ongoing projects that have met key milestones or require other adjustments. Other projects that may be developed outside of the CAP are also reviewed and may be recommended for funding adjustments through a similar process as appropriate.

Freeway Projects

Two M2 freeway improvement projects have progressed to final design and are recommended for construction funding:

- The State Route 55 (SR-55) Improvement Project from Interstate 5 (I-5) to SR-91 (Project F)
- The SR-91 Improvement Project from La Palma Avenue to SR-55 (Segment 2) (Project I)

Both projects, currently funded through the right-of-way (ROW) phase, are targeted for construction completion by 2030 in the updated Next 10 Delivery Plan, adopted by the Board on November 12, 2024.

Staff recommends the use of 91 EL, M2, LPP-F, and Community Project Funding/ Congressionally Directed Spending (CPF/CDS) as outlined in the table below. The recommended funding will support the construction phase. Additional changes to prior phases are also included to match actual costs. The combined funding need to meet the estimated cost is \$514.951 million. Project descriptions, funding justifications, and the funding breakdown for all phases of work are provided in Attachment B.

| Existing Funding through ROW (000s) | 91 EL | M2 | STBG | HIP | Total |
|---|------------------|------------------|------------------|-----------------|------------------|
| SR-55, I-5 to SR-91 | \$ - | \$ 11,045 | \$ 8,359 | \$ 2,641 | \$ 22,045 |
| SR-91, La Palma Avenue to SR-55 (Segment 2) | \$ 42,814 | \$ 40 | \$ 3,460 | \$ - | \$ 46,314 |
| Total | \$ 42,814 | \$ 11,085 | \$ 11,819 | \$ 2,641 | \$ 68,359 |

STBG – Surface Transportation Block Grant
HIP – Highway Infrastructure Program

| Recommended Funding (000s) | 91 EL | M2 | LPP-F | CPF/CDS | Total |
|---|------------------|------------------|-----------------|-----------------|------------------|
| SR-55, I-5 to SR-91 | \$ - | \$180,584 | \$ - | \$ - | \$180,584 |
| SR-91, La Palma Avenue to SR-55 (Segment 2) | \$323,726 | \$ - | \$ 6,641 | \$ 4,000 | \$334,367 |
| Total | \$323,726 | \$180,584 | \$ 6,641 | \$ 4,000 | \$514,951 |

Four additional M2 freeway improvement projects are recommended for supplemental funding due to revised cost estimates and adjustments to prior phases:

- The I-5 Improvement Project from Interstate 405 (I-405) to Yale Avenue (Segment 1) (Project B)
- The SR-91 Improvement Project from SR-55 to Lakeview Avenue (Segment 1) (Project I)
- The SR-91 Improvement Project from Acacia Street to La Palma Avenue (Segment 3) (Project I)
- The Interstate 605 (I-605) and Katella Avenue Interchange (Project M)

The I-5 Improvement Project from I-405 to Yale Avenue (Segment 1) and the SR-91 Improvement Project from Acacia Street to La Palma Avenue (Segment 3) have both reached 100 percent design, and the project cost estimates have been updated. The updated costs include escalated material costs, additional items that were not included in the environmental phase estimate, and design updates based on revised Caltrans standards and requirements. These projects were previously approved by the Board for construction funding.

On October 16, 2024, bids were opened by Caltrans for the SR-91 Improvement Project from SR-55 to Lakeview Avenue (Segment 1). A total of five bidders submitted bids for the project. The low bid came in 14.11 percent higher than the project engineer's estimate. Caltrans, as the lead agency for the construction phase, completed the bid review and awarded the contract to the lowest bidder. Additional construction capital funds are required to address the funding shortfall for the awarded construction contract value.

On January 23, 2025, the project bids were opened by Caltrans for the I-605 Katella Avenue Interchange, and the apparent low bidder came in 6.4 percent higher than the project engineer's estimate. Caltrans and OCTA have analyzed the bid results, and staff is recommending additional funding for construction capital and construction support activities.

The above four projects combined funding need is \$227.020 million as outlined in the table below and are recommended to use up to \$80.172 million in 91 EL for the SR-91 projects and \$146.848 million in M2 for the I-5 and I-605 projects. OCTA will continue to assess competitive grant opportunities for the SR-91 project and the use of 91 EL revenues will be adjusted if OCTA receives a grant. Project descriptions, funding justifications, and a funding breakdown are provided below and in additional detail provided in Attachment B.

| Existing Funding (000s) | Federal ¹ | State ² | Local ³ | Total |
|---|----------------------|--------------------|--------------------|-------------------|
| I-5, I-405 to Yale Avenue (Segment 1) | \$ 52,894 | \$ 106,712 | \$ 46,188 | \$ 205,794 |
| SR-91, SR-55 to Lakeview Avenue (Segment 1)* | \$ 6,770 | \$ 42,566 | \$ 61,181 | \$ 110,517 |
| SR-91, Acacia Street to La Palma Avenue (Segment 3) | \$ 4,770 | \$ - | \$ 159,722 | \$ 164,492 |
| I-605/Katella Avenue Interchange | \$ 17,800 | \$ - | \$ 20,515 | \$ 38,315 |
| Total | \$ 82,234 | \$ 149,278 | \$ 287,606 | \$ 519,118 |

1. Federal funding includes CPF/CDS, National Highway Performance Program, and STBG.

2. State funding includes LPP-F, State Transportation Improvement Program, and Trade Corridor Enhancement Program.

3. Local funding includes 91 EL and M2.

*The SR-91 Improvement Project from SR-55 to Lakeview Avenue (Segment 1) funding table does not include the associated Caltrans MAP which is currently programmed with \$7.968 million in SHOPP and is being implemented with this project.

| Funding Need (000s) | 91 EL | M2 | Total |
|---|------------------|-------------------|-------------------|
| I-5, I-405 to Yale Avenue (Segment 1) | \$ - | \$ 132,149 | \$ 132,149 |
| SR-91, SR-55 to Lakeview Avenue (Segment 1) | \$ 22,260 | \$ - | \$ 22,260 |
| SR-91, Acacia Street to La Palma Avenue (Segment 3) | \$ 57,912 | \$ - | \$ 57,912 |
| I-605/Katella Avenue Interchange | \$ - | \$ 14,699 | \$ 14,699 |
| Total | \$ 80,172 | \$ 146,848 | \$ 227,020 |

The Caltrans MAP within the limits of the I-5 Improvement Project from I-405 to Yale Avenue is recommended to be added into the Capital Funding Program (CFP) report (Attachment C). This project is being supported and administered by Caltrans as part of the overall freeway improvement project. The I-5 from I-405 to Yale Avenue MAP components include grinding and overlaying hot mix asphalt along the freeway mainline and the introduction of new weigh-in-motion facilities. Integrating the I-5 from I-405 to Yale Avenue MAP components allows for concurrent construction rather than sequential construction in the interest of efficiency and minimizing public impacts.

The SHOPP funding that Caltrans has committed for the I-5 from I-405 to Yale Avenue MAP is \$36.400 million. OCTA has identified additional contingency and other costs, which are typical for OCTA projects, that yield a total estimated construction cost for the MAP to be \$50.144 million. Caltrans is responsible for all costs associated with the I-5 from I-405 to Yale Avenue MAP, and staff is recommending that the total estimated cost be included in the CFP, which results in the inclusion of \$13.744 million in unidentified, uncommitted future state funds, assuming Caltrans will provide the funding, when needed and as specified in the executed cooperative agreement with Caltrans.

Similarly, the project costs for the MAP which will be delivered in conjunction with the SR-91 Improvement Project from Acacia Street to La Palma Avenue (Segment 3) have increased by \$11.876 million from what is currently listed in the CFP to \$35.046 million. The SR-91 from Acacia Street to La Palma Avenue MAP

will include pavement rehabilitation, safety device upgrades, traffic census stations, updated smart street lighting, and electrical system upgrades. Like the previous MAP, OCTA has identified additional contingency and other costs which must be shown as funded in the CFP. The increase is partially supported by an additional \$2.851 million in committed SHOPP funds. The difference of \$9.025 million is recommended to be included in the CFP as future uncommitted state funds. Caltrans is responsible for all costs associated with the MAP. The inclusion of the additional committed SHOPP and future state funds will allow the project cost and potential funding to match the CAP quarterly report that was presented to the Board on February 10, 2025.

Transit Projects

There are two transit projects which are recommended for a total of \$20.830 million in federal, state, and local funds:

- Inland Slope Rehabilitation Phase II – Along the OCTA-owned railroad ROW, several locations are experiencing significant soil instability and slope erosion in the cities of Laguna Niguel, Lake Forest, and Mission Viejo. The slope rehabilitation project will stabilize the slopes through different techniques including spraying concrete on the exposed slope faces, compacting slopes, and introducing new vegetation where appropriate to ensure long-term stability.
- Future Zero-Emission Bus (ZEB Project) – The project will help OCTA to achieve compliance with the California Air Resources Board's (CARB) Innovative Clean Transit (ICT) regulation and meet the ZEB deployment and transition goals.

The recommended fund sources include LPP-F, CMAQ, and M2 funds. Project descriptions, funding justifications, and a funding breakdown are provided in Attachment B.

| Funding Need (000s) | CMAQ | M2 | LPP-F | Total |
|--------------------------------------|------------------|-----------------|-----------------|------------------|
| Inland Slope Rehabilitation Phase II | \$ - | \$ 5,600 | \$ 2,400 | \$ 8,000 |
| Future ZEB | \$ 12,830 | \$ - | \$ - | \$ 12,830 |
| Total | \$ 12,830 | \$ 5,600 | \$ 2,400 | \$ 20,830 |

Staff is recommending \$2.4 million in LPP-F and \$5.6 million in M2 to fully fund the Inland Slope Rehabilitation Phase II Project.

On December 12, 2022, the Board approved \$16.5 million in CMAQ for the design phase of the I-5 High-Occupancy Vehicle Project (HOV Project) from Avenida Pico to the Orange County/San Diego County Line. This funding must be obligated to a project by September 30, 2026. However, the design phase has been delayed due to recently enacted vehicle miles traveled mitigation

requirements as part of the current environmental process. That delay and new requirements have resulted in a significant cost increase to the design phase. To ensure the timely use of funds, staff proposes redirecting and using up to \$12.830 million of this CMAQ funding for the future ZEB Project. The remaining \$3.67 million in CMAQ funding was previously approved by the Board on February 10, 2025, to be allocated to a 2023 Orange County Complete Streets Program (OCCSP) Project as part of the Competitive Grant Programs – Update and Recommendations item. Funding recommendations for the design of the I-5 HOV Project will be presented at a later date, when issues around the required environmental mitigations have been resolved.

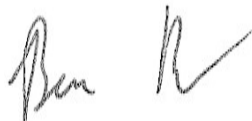
The CFP is included as Attachment C. It is a report that provides a summary of how OCTA's capital projects are currently funded and is updated with every funding action for capital projects, including the proposed changes in this item.

Summary

To ensure that OCTA projects are fully funded, external funds are maximized, and funding levels are consistent with the estimate at completion listed in the quarterly CAP, staff is seeking Board approval to use federal, state, and local funds for six freeway projects and two transit projects.

Attachments

- A. Capital Programming Policies by Fund Source, December 2021
- B. Capital Programming Update Project Descriptions
- C. Capital Funding Program Report

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