



**December 5, 2022**

**To:** Regional Planning and Highways Committee

**From:** Darrell E. Johnson, Chief Executive Officer

A handwritten signature in blue ink, appearing to read "Darrell E. Johnson", is written over the "From:" line.

**Subject:** Securing State and Federal Formula Funds for Highway, Transit, and Complete Streets Priority Projects

**Overview**

The Orange County Transportation Authority is responsible for programming state and federal formula funds to transportation projects based on state and federal guidance. Funding recommendations are presented to ensure state and federal funds are committed by the Orange County Transportation Authority for priority projects.

**Recommendations**

- A. Authorize the use of up to \$128.800 million for five highway projects from the following fund sources:
  - Surface Transportation Block Grant (\$54.711 million),
  - Measure M2 (\$57.589 million), and
  - Congestion Mitigation and Air Quality Improvement Program (\$16.5 million).
  
- B. Authorize the use of up to \$173.14 million for five transit programs/projects from the following formula fund sources:
  - Congestion Mitigation and Air Quality Improvement Program (\$116.971 million),
  - Carbon Reduction Program (\$35.344 million),
  - Surface Transportation Block Grant (\$9 million),
  - SB 1 (Chapter 5, Statutes of 2017) Local Partnership Program – Formula (\$7.825 million), and
  - SB 1 State of Good Repair (\$4 million).
  
- C. Authorize the use of up to \$55 million for a future Complete Streets call for projects from the following formula fund sources:
  - Surface Transportation Block Grant (\$43 million), and
  - Congestion Mitigation and Air Quality Improvement Program (\$12 million).

- D. 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***

On April 16, 2021, the Federal Highway Administration (FHWA) and the Federal Transit Administration (FTA) concluded their 2021 Federal Statewide Transportation Improvement program review. Based on the review, FHWA and FTA have advised that the Southern California Association of Governments (SCAG) should play a more active role in the selection of projects to be funded with the Surface Transportation Block Grant (STBG) and Congestion Mitigation and Air Quality Improvement (CMAQ) Program that are destined to Orange County. Currently, the Orange County Transportation Authority (OCTA) selects the projects to be funded by CMAQ and STBG funds and provides the decision for review and affirmation by SCAG.

This new direction requires SCAG to establish a project selection process for STBG and CMAQ funding that could reduce the influence of the County Transportation Commissions on how federal funds are prioritized locally and transfers potentially greater influence to SCAG. The new process, which SCAG is currently developing, includes the involvement of a subcommittee process with participants from each of the County Transportation Commissions. This new process is expected to take effect in June 2023. Programming actions for STBG and CMAQ that occur before the June 2023 deadline will be grandfathered in, and the funding will be secured for those projects. OCTA can commit the estimated funding through federal fiscal year (FFY) 2026 to projects through this advance programming effort. Given the potential uncertainty of how the new process might be exercised, staff believes it is prudent to earmark future federal funds in advance.

In addition to CMAQ and STBG, the Carbon Reduction Program (CRP) is a new formula funding program that was established as part of the Infrastructure Investment and Jobs Act. The program provides funds for projects that support the reduction of transportation emissions, including the construction, planning, and design of trail facilities for pedestrians, bicyclists, and other non-motorized forms of transportation, public transportation projects, and congestion management technologies. Currently, OCTA expects to receive approximately \$6 million in funding per year. While this program is not currently part of the above federal direction, the requirements are very similar to STBG and CMAQ, and in the future, it may be incorporated into the new process.

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Additional state and federal funding programs that are recommended to complement the proposed commitment of the above funds include SB 1 Local Partnership Program – Formula (LPP-F) funds, and SB 1 State of Good Repair (SGR) funds. In addition, this effort consists of the use of Federal National Highway Performance Program (NHPP) funds, which have been provided to OCTA by the California Department of Transportation (Caltrans) in a funding exchange for STBG funds. Additional information about these funding programs can be found in Attachment A.

***Discussion***

To help ensure a smooth transition to a new process to access federal STBG and CMAQ funding for Orange County priority projects, recommendations are presented to program future such funding under current guidelines. This approach will minimize potential uncertainties in OCTA’s ability to access the funding, given that the new process is still under development.

**Advance Programming**

Total funding of \$356.940 million is recommended for highway projects, transit projects/programs, and a future Complete Streets call for projects (call), consisting of:

- \$145.471 million in CMAQ,
- \$106.711 million in STBG,
- \$57.589 million in Measure M2 (M2),
- \$35.344 million in CRP,
- \$7.825 million in SB-1 LPP-F, and
- \$4 million in SB 1 SGR.

Details by the modal programs are further described below.

**Highway Projects**

Project (\$000)	CMAQ	STBG	M2	Total
SR-57 Orangewood to Katella (ROW and CON)		\$9,000	\$53,500	\$62,500
SR-74 Gap Closure (CON)		\$35,000		\$35,000
I-5 HOV Pico to SD Line (PS&E)	\$16,500			\$16,500
I-5/I-405 to Yale (ROW and CON)		\$5,711	\$4,089	\$9,800
SR-91 SR-55 to Lakeview (CON)		\$5,000		\$5,000
<b>Highways Subtotal</b>	<b>\$16,500</b>	<b>\$54,711</b>	<b>\$57,589</b>	<b>\$128,800</b>

SR-57 – State Route 57

I-405 – Interstate 405

HOV – High-Occupancy Vehicle

ROW – Right-of-Way

SR-74 – State Route 74

SR-91 – State Route 91

SD – San Diego

PS&E – Plans, Specifications, and Estimates

I-5 – Interstate 5

SR-55 – State Route 55

CON – Construction

The SR-57 Improvement Project from Orangewood Avenue to Katella Avenue is currently funded through the environmental phase and the project will provide an additional lane on the SR-57 northbound to help reduce congestion. Staff is proposing \$9 million in STBG funds and \$53.5 million in M2 funds to fully fund the ROW and construction phases. However, it should be noted that this project is only at 35 percent design completion so final costs may differ from what is recommended as part of this item.

The SR-74 Ortega Highway gap closure and multimodal improvements project is currently partially funded with State Transportation Improvement Program (STIP) funds for construction. As part of the 2022 STIP, the project has an unfunded need, and staff proposes \$35 million in STBG to fully fund the ROW and construction phases. The project will provide a gap closure, with bicycle lanes and sidewalk, on SR-74/Ortega Highway from Calle Entradero and Reata Road and will eliminate a problematic chokepoint.

The I-5 HOV Project from Avenida Pico to the Orange County/San Diego County Line is currently funded through the environmental phase. The project aims to reduce congestion by expanding the HOV lanes' operational capacity, reestablish existing auxiliary lanes, widen existing undercrossings, and replace existing overcrossings. Staff is proposing \$16.5 million in CMAQ funding for the design phase.

The I-5 Improvement Project from I-405 to Yale Avenue is currently in the design phase and will add one general purpose lane in each direction. Staff is proposing the use of an additional \$5.711 million in STBG and \$4.089 million in M2 funds. These funds will offset a like amount of previously approved LPP-F funds that needed to be moved from the construction phase to the ROW phase. Additionally, a portion of these LPP-F funds are now recommended for the Transit Security and Operations Center (TSOC) project. Also, it should be noted that there is another funding change for this project. OCTA was able to secure an exchange with Caltrans of already programmed STBG for \$5.421 million in NHPP funds, which helped preserve Orange County's FFY 2022 federal apportionment by allowing Caltrans to use expiring STBG. That exchange has made it possible for OCTA to use the NHPP funds for this project in FFY 2023, which is when the funds are needed.

The SR-91 operational and multimodal improvement project from SR-55 to Lakeview Avenue (Segment 1) is funded through ROW and is one of OCTA's top priorities for competitive state and federal funds for the construction phase.

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The project will improve operations and weaving issues by realigning the westbound on-ramp, adding a new on-ramp, replacing a bridge, including new bicycle and pedestrian facilities, and adding separation safety barriers. Staff is proposing \$5 million in STBG funds for construction support activities that are planned to be carried out by Caltrans. The rest of the construction funding needs will be revisited once the competitive state funding decisions have been released, which is expected in early June 2023.

Additional project details and funding information for these highway projects are included in Attachment B.

**Transit Projects**

Project (\$000)	CMAQ	STBG	CRP	LPP-F	SGR	Total
Zero-emission bus and bus facility	\$80,250		\$35,344			\$115,594
OC Streetcar operations and potential future capital needs	\$22,000					\$22,000
Bus operations and rideshare/vanpool	\$14,721					\$14,721
Transit service expansion planning		\$9,000				\$9,000
TSOC				\$7,825	\$4,000	\$11,825
<b>Transit Subtotal</b>	<b>\$116,971</b>	<b>\$9,000</b>	<b>\$35,344</b>	<b>\$7,825</b>	<b>\$4,000</b>	<b>\$173,140</b>

Staff is proposing funding for several priority transit projects in order to modernize the current bus fleet, including the next round of replacement of aging buses expected in the 2030 timeframe, a new hydrogen fueling station at the Garden Grove Bus Base to provide fueling redundancy for our zero-emission buses and charging facilities, additional funding for OC Streetcar, five years of operating costs for Bravo! 553 Rapid Bus, support for six to eight years of vanpool, rideshare program subsidies, potential future micro-transit or mobility hub type programs, planning studies for future transit service improvements, and additional funding needed for the TSOC. Additional project details for these transit projects are included in Attachment B.

Complete Streets Call

Project (\$000)	CMAQ	STBG	Total
Future Complete Streets - Call	\$12,000	\$43,000	\$55,000
Subtotal Complete Streets	\$12,000	\$43,000	\$55,000

Finally, staff is proposing \$12 million in CMAQ and \$43 million in STBG for a future Complete Streets call. This call would be a multiyear program for Orange County local jurisdictions that, if approved, would fund projects between fiscal year (FY) 2023-24 through FY 2025-26, and could include funding for bicycle, pedestrian, street rehabilitation, or signal improvement projects. Complete Streets is an approach to planning, designing, building, operating, and maintaining streets that enable safe access for all people who need to use them, including pedestrians, bicyclists, motorists, and transit riders of all ages and abilities. This call is planned to be presented to the Board of Directors (Board) for consideration of release in summer 2023. Staff would work with SCAG to secure the funding now, so it's available once the Board has authorized the program and when the project applicants need the funding.

Information regarding these funding sources and OCTA's programming policies for each fund source is detailed in the Board-approved Capital Programming Policies (CPP Attachment A). In most cases, the recommendations for the use of funding is consistent with the CPP. The federal CRP is a new funding program and has not yet been added to the CPP but has similar goals and eligible uses as CMAQ. The Capital Funding Program includes a summary of how OCTA's capital projects are currently funded along with the recommended changes in this item and is provided as Attachment C.

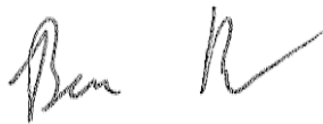
**Summary**

Funding recommendations are presented to ensure that state and federal funds are committed by OCTA and ensure their availability to key Orange County highway, transit, and Complete Streets priority projects.

***Attachments***

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

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