



**November 6, 2023**

**To:** Executive Committee

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

**Subject:** First Quarter Fiscal Year 2023-24 Capital Action Plan Performance Metrics

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

**Overview**

Staff has prepared a quarterly progress report on capital project delivery covering the period of July 2023 through September 2023, for review by the Orange County Transportation Authority Board of Directors. This report highlights the Capital Action Plan for project delivery, which is used as a performance metric to assess delivery progress on highway and transit capital improvement projects.

**Recommendation**

Receive and file as an information item.

**Background**

The Orange County Transportation Authority (OCTA) delivers highway and transit capital improvement projects from the beginning of the environmental approval phase through construction completion. Project delivery milestones are planned carefully with consideration of project scope, costs, schedule, and assessment of risks. The milestones reflected in the Capital Action Plan (CAP) are OCTA's planned and budgeted major project delivery commitments.

This report is a quarterly progress report on the CAP performance metrics, which are a snapshot of the planned CAP project delivery milestones in the budgeted fiscal year (FY).

**Discussion**

OCTA's objective is to deliver projects on schedule and within the approved project budget. Key project cost and schedule commitments are captured in the CAP, which is regularly updated with project status and any new

projects (Attachment A). The CAP is categorized into key project groupings of freeway, grade separation, and transit improvement projects. Transit improvement projects include passenger rail, bus transit and maintenance, and OC Streetcar infrastructure projects. Project schedule milestones are used as performance indicators of progress in project delivery. The CAP performance metrics report provides a FY snapshot of the milestones targeted for delivery in the FY and provides transparency and performance measurement of capital project delivery.

The CAP project costs represent the total cost across all phases of project delivery, including support costs, right-of-way (ROW), and construction capital costs. Baseline costs, if established, are shown in comparison to either the actual or forecast cost. Baseline costs may be shown as to-be-determined (TBD) if project scoping studies and estimates have not been developed or approved and may be updated as delivery progresses, and milestones achieved. Projects identified in the Orange County local transportation sales tax Measure M2 (M2) are identified with the corresponding M2 project logo. The CAP status update is also included in the M2 Quarterly Progress Report.

The CAP summarizes the very complex critical path project delivery schedules into eight key milestones.

Begin Environmental	The date work on the environmental clearance, project report, or preliminary engineering phase begins.
Complete Environmental	The date environmental clearance and project approval is achieved.
Begin Design	The date final design work begins, or the date when a design-build contract begins.
Complete Design	The date when final design work is 100 percent complete and approved.
Construction Ready	The date contract bid documents are ready for advertisement, including certification of ROW, all agreements executed, and contract constraints cleared.
Advertise for Construction	The date a construction contract is advertised for construction bids.
Award Contract	The date the construction contract is awarded.

**Construction Complete**                      The date all construction work is completed, and the project is open to public use.

These delivery milestones reflect progression across typical project delivery phases shown below.



Project schedules reflect planned baseline milestone dates in comparison to forecast or actual milestone dates. Milestone dates may be shown as TBD if project scoping or approval documents have not been finalized and approved, or if the delivery schedule has not been negotiated with a partnering agency or consultant implementing the specific phase of a project. Planned milestone dates can be revised to reflect new dates from approved baseline schedule changes. Project schedules are reviewed monthly, and milestone achievements and updated forecast dates are included to reflect project delivery status.

CAP milestones achieved in the first quarter FY 2023-24 include:

- The complete construction milestone for the emergency railroad track stabilization at Cyprus Shores in San Clemente was achieved. Closeout work on required ROW easements and resource agency emergency permitting continue, and cost updates will be provided to the Board of Directors (Board) when determined.

The following CAP milestone missed the planned delivery through the first quarter of FY 2023-24:

#### Highway Projects

- The complete design milestone was missed on the tolled State Route 241/ 91 Express Lanes Connector (ELC) which is being implemented by the Transportation Corridor Agencies (TCA). The final plans, specifications, and estimates still need to be approved by the California Department of Transportation. In addition, two required environmental revalidations, multiple interagency operating and cooperative agreements, and the California Transportation Commission public hearing approval have not been completed. Final delivery milestones to deliver this project cannot be determined until these activities are completed.

### Recap of FY 2022-23 Performance Metrics Through the First Quarter

The performance metrics snapshot provided at the beginning of FY 2023-24 reflected two planned major project delivery milestones to be accomplished (Attachment B). One of the two planned milestones was delivered.

### Notable CAP Milestone and Cost Updates

The forecast complete environmental milestone for the Interstate 5 (I-5) improvements to add carpool lanes between Avenida Pico and San Diego County was delayed until October 2024. This allows time to refine and gain agreement on vehicle miles traveled (VMT) modeling, determine appropriate VMT mitigations, and assure community input is appropriately received and addressed in the public comment phase.

The forecast complete design milestone for the ELC was moved to March 2024 based on TCA's reported progress.

The forecast construction complete milestone for the OC Streetcar project has been revised from November 2024 to August 2025, to reflect actual contractor progress and full use of schedule risk contingencies on remaining work.

The forecast final delivery milestones for the Transportation Security and Operations Center (TSOC) were added to the CAP.

### FY 2023-24 Cost and Performance Metrics Risks

OC Streetcar project cost and construction schedule risks related to contractor performance and design deficiencies continue to challenge the project. Efforts to mediate the lawsuit filed by the contractor against OCTA are ongoing. Staff will continue making regular reports to the Board on the status of construction and cost.

Construction projects are under severe cost pressure due to continuing escalation of materials and labor pricing. This includes the three segments of I-5 improvements between State Route 73 and El Toro Road, and the State Route 55 (SR-55) improvements between Interstate 405 and I-5. Southern California Edison (SCE) electrical utility relocation delays are impacting the SR-55 construction by up to 18 months. SCE indicates their relocation schedules are burdened by resource availability, changes in priority, and city permitting requirements. Forward priced labor and materials related to contract changes and delays are affecting project costs, and delay claims submitted by contractors are being assessed for merit.

The TSOC final design package is still completing plan check with the City of Anaheim. The final engineer's estimate of cost to construct the project is projecting higher than budgeted. Staff will be assessing the cost estimate and bring any needed programming recommendations to the Board for consideration.

The Orange County Business Council (OCBC) updated OCTA's Infrastructure Cost Index in September 2023, and the update reflects an expected gradual decline in inflation over the next few years. Forecast construction cost escalation will begin to soften to two-to-six percent through 2024, and to one-to-two percent in 2025 and 2026. However, OCBC cautioned that there are many systematic and idiosyncratic risks that may impact this forecast and it should be reassessed in six months. Staff will continue to monitor market pricing trends and material availability along with the impacts on heavy civil construction in the region.

### ***Summary***

Capital project delivery continues to progress and is reflected in the CAP. The planned FY 2023-24 performance metrics created from forecast project schedules will be used as a general project delivery performance indicator throughout the FY. Staff will continue to manage project costs and schedules across all project phases to meet project delivery commitments and report quarterly.

### ***Attachments***

- A. Capital Action Plan, Status Through September 2023
- B. Capital Programs Division, Fiscal Year 2022-23 Performance Metrics Through September 2023

**Prepared by:**



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