




***December 1, 2025***

**To:** Executive Committee

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

**Subject:** Measure M2 Quarterly Progress Report for the Period of July 2025 through September 2025

### ***Overview***

Staff has prepared the Measure M2 Quarterly Progress Report for the first quarter of fiscal year 2025-26 as information for the Orange County Transportation Authority Board of Directors. This progress report highlights the delivery of Measure M2 projects and programs as promised to voters and the monitoring of external challenges. The full report 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 nearly 70 percent, approved the Renewed Measure M (M2) Transportation Investment Plan (Plan), a one half-cent sales tax for transportation improvements. Effective in 2011, the Plan provides a 30-year program of investments across a broad range of transportation and environmental initiatives and a governing ordinance, Ordinance No. 3 (M2 Ordinance), that defines the requirements for implementing the Plan. The M2 Ordinance designates the Orange County Transportation Authority (OCTA) as responsible for administering the Plan and ensuring that OCTA's contract with the voters is followed. The M2 Ordinance also charges OCTA to provide for a number of transparency measures and safeguards to uphold and reciprocate the public's trust in OCTA.

OCTA is committed to fulfilling the promises made to secure voter approval of the M2 initiative. This means completing the projects described in the Plan and adhering to numerous specific requirements, safeguards, and transparency provisions identified in the M2 Ordinance. One such requirement is the publication of quarterly status reports on the projects detailed in the Plan and its presentation to the OCTA Board of Directors (Board).

This report is built on individual project and program-level staff reports that are regularly presented to the Board, covering the status of various activities in the Plan.

### ***Discussion***

This quarterly report (Attachment A) reflects activities and progress across all M2 programs for the period of July 1, 2025, through September 30, 2025. The quarterly report also includes project budget and schedule information as provided in the Capital Action Plan reports to the Board. Additionally, information on the Local Fair Share and Senior Mobility Program payments made to cities during the quarter is also included.

OCTA has established the M2 Program Management Office (PMO), charged with providing unified oversight to ensure compliance, fiscal responsibility, transparency, and accountability as laid out in the M2 Ordinance and Plan. Attachment A also includes a summary of PMO activities.

The following provides highlights of M2 accomplishments during the quarter by mode, notable items under the PMO activities, and key challenges that OCTA is monitoring and working to address.

#### **Freeway Program**

The M2 Freeway Program consists of 30 project segments to be delivered by 2041. To date, 17 project segments are complete, and another ten are underway and expected to be completed by 2030. The ten project segments that are underway include three projects that are in construction, six that are in final design, and a joint project with the Riverside County Transportation Commission that is in environmental revalidation. The joint project will improve State Route 91 (SR-91) between State Route 241 and State Route 71. Completing these ten projects would bring the total number of completed projects to 27 by 2030, equating to approximately 90 percent of the M2 Freeway Program. The remaining three project segments are in various stages of project development. Notable freeway program highlights that occurred during the quarter are below.

- Interstate 5 (I-5) between Interstate 405 (I-405) and State Route 55 (SR-55) – This project is comprised of two segments. Both segments were advertised for construction in August 2025, with bids anticipated to be opened this fall. In addition, the Board approved a consultant to provide construction management support services for the southerly segment between I-405 and Yale Avenue on September 8, 2025. Construction on both segments is anticipated to begin in January 2026. (Project B)

- I-5 between State Route 73 (SR-73) and El Toro Road – This project is comprised of three segments and includes two interchange improvements at Avery Parkway and La Paz Road. All segments opened to traffic in March 2025. During the quarter, the southerly segment between SR-73 and Oso Parkway and the northerly segment between Alicia Parkway and El Toro Road received California Department of Transportation relief of maintenance in July 2025. (Projects C and D)
- State Route 57 (SR-57) northbound between Orangewood Avenue to Katella Avenue – The project was advertised for construction on July 7, 2025, bids were opened on September 4, 2025, and the contract was awarded on September 25, 2025. The selected bid was seven percent below the engineer's estimate. In addition, on September 22, 2025, the Board approved a consultant to perform public outreach services for the project. Construction is anticipated to begin in November 2025. (Project G)
- SR-91 between SR-57 to SR-55 – This project is comprised of three segments. On July 14, 2025, the Board approved the release of a request for proposals for construction management support services for the westerly segment between La Palma Avenue and SR-55. Construction on this segment is anticipated to begin in January 2026. (Project I)

### Streets and Roads

Since 2011, more than \$1.3 billion<sup>1,2</sup> has been allocated to local jurisdictions for transportation improvements through M2 streets and roads programs, which include two competitive and one formula-based funding programs. In addition, OCTA was able to leverage nearly \$53.9 million in external funding to support these programs. To date, 509 project phases have been allocated through M2 competitive streets and roads funding programs, of which 360 phases, or nearly 71 percent, have been completed. Notable streets and roads highlights that occurred during the quarter are listed below.

- On September 8, 2025, the Board approved the release of the 2026 Regional Capacity Program and Regional Traffic Signal Synchronization Program (RTSSP) call for projects (call). Applications for the call were due on November 20, 2025. Based on the project selection criteria outlined in

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<sup>1</sup> Only includes disbursed funds. On May 28, 2024, the Board determined the City of Buena Park ineligible to receive net M2 revenues for five years pursuant to Section 10.4 of the M2 Ordinance. Disbursements of net M2 revenues have been suspended until the City of Buena Park reestablishes eligibility.

<sup>2</sup> On May 12, 2025, the Board determined the City of Huntington Beach ineligible to receive net M2 revenues for five years pursuant to Section 10.4 of the M2 Ordinance. Disbursements of net M2 revenues have been suspended until the City of Huntington Beach reestablishes eligibility.

the Comprehensive Transportation Funding Program guidelines, projects will be prioritized for Board consideration in spring 2026. (Projects O and P)

- On September 8, 2025, an update on the RTSSP was provided to the Board, highlighting the successful implementation of 109 traffic signal synchronization projects, with another 30 projects planned or underway. The completed projects have reduced average travel time by 13 percent and the average number of stops by 28 percent, with average speed improving by 14 percent. (Project P)
- Through the Local Fair Share Program, 18 percent of M2 net revenues are allocated by formula to eligible local jurisdictions. During the quarter, approximately \$12.6 million was disbursed, bringing the total provided through September 2025 to nearly \$823 million.<sup>3,4</sup> (Project Q)

## Transit

The M2 transit mode includes several programs designed to provide expanded transportation options. M2 is the primary funding source for the Southern California Regional Rail Authority (Metrolink) commuter rail service in Orange County and includes funding for rail projects to improve operations and transit connections to extend the reach of the service. On October 21, 2024, Metrolink implemented a pilot optimized service schedule that aims to adjust the focus from commuter rail to regional rail by addressing service gaps and making the most efficient use of equipment and crews. As such, the three lines serving Orange County (Orange County, Inland Empire-Orange County, and the 91/Perris Valley lines) now operate 58 weekday trains, a 29 percent increase from the 45 trains previously serving Orange County. Compared to the same quarter last year, ridership levels on all three lines have increased by approximately 1.9 percent. Additional Metrolink challenges are discussed in the challenges section of this report.

Since 2011, M2 has provided competitive multi-year transit funding commitments for bus and station van services connecting to Metrolink (\$483,133 to date), community-based transit circulators (\$78.5 million to date), and bus stop improvements (\$2.9 million to date). In addition, M2 provides a set amount of funding to support three programs (Senior Mobility Program, Senior

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<sup>4</sup> On May 12, 2025, the Board determined the City of Huntington Beach ineligible to receive net M2 revenues for five years pursuant to Section 10.4 of the M2 Ordinance. Disbursements of net M2 revenues have been suspended until the City of Huntington Beach reestablishes eligibility.

Non-Emergency Medical Transportation Program, and Fare Stabilization Program), intended to expand mobility options for seniors and persons with disabilities (\$151.6 million<sup>5,6</sup> to date). Other notable transit program activities from the quarter are highlighted below.

- OC Streetcar – A quarterly update was presented to the Board on August 25, 2025, providing information on the status of construction activities, vehicle delivery, and public outreach. During the quarter, the remaining four of eight cars were delivered to the Maintenance and Storage Facility (MSF). Work continued on wire installation, electrical systems, and interior and exterior work at the MSF. System testing, operations planning, and staff training is underway. (Project S)
- Community-Based Transit Circulators – The Board received a ridership report on August 25, 2025, sharing that all community shuttles in operation met the required ridership and service performance standards. During this report period, these services collectively carried 256,000 total passengers, traveled 250,500 miles, and provided 20,000 hours of service. (Project V)

#### Environmental Programs

The M2 program includes two innovative programs: the Environmental Cleanup Program (ECP) and the Environmental Mitigation Program (EMP). The ECP improves water quality by addressing transportation-related pollutants, while the EMP offsets the biological habitat impacts of M2 freeway projects.

Since 2011, the ECP has allocated approximately \$63.6 million to local jurisdictions for 216 projects for trash removal devices (Tier 1) and 22 projects for large-scale water quality best management practices projects (Tier 2). It is estimated that 81.5 million gallons of trash have been captured since the inception of the program, which equates to over 14,400 trash truck loads of garbage that could have been deposited in Orange County streams and waters. During the quarter, staff reviewed applications for the 15th Tier 1 call; programming recommendations were approved by the Board on October 13, 2025.

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<sup>6</sup> On May 12, 2025, the Board determined the City of Huntington Beach ineligible to receive net M2 revenues for five years pursuant to Section 10.4 of the M2 Ordinance. Disbursements of net M2 revenues have been suspended until the City of Huntington Beach reestablishes eligibility.

Additionally, the Board has authorized \$55 million for the EMP to acquire conservation lands and fund habitat restoration projects. OCTA has acquired more than 1,300 acres and funded 13<sup>7</sup> projects to restore habitat on 350 acres of open space across Orange County to fulfill the necessary M2 Freeway Program mitigation needs.

The wildlife and habitat on the acquired lands are protected in perpetuity, and long-term management of the properties will be funded by an endowment that is being established. OCTA has made ten deposits of approximately \$2.9 million into the endowment. As of September 2025, the balance of the endowment was \$38,595,652. Current projections indicate that OCTA remains on track to meet the endowment target of \$46.2 million in fiscal year (FY) 2027-28; however, the performance of the fund may affect the timeframe for full funding of the endowment.

#### PMO

#### Market Conditions Forecast and Risk Analysis

At the Board's direction, OCTA contracts with two local economists to monitor and analyze key early warning indicators affecting the construction market. The information is incorporated in a cost pressure index model to identify potential cost risk factors on M2 project delivery. The fall 2025 update was presented to the Board on October 13, 2025, which indicated that OCTA may experience moderate inflationary pressures in 2026, 2027, and 2028. This is due to a rise in building permits, California unemployment rates, construction wages, and infrastructure material costs. Staff will continue to monitor market conditions and provide updates to the Board as appropriate.

#### Sales Tax Revenue Forecast/Next 10 Delivery Plan (Next 10 Plan)

The 2025 M2 sales tax revenue forecast of \$13.2 billion was presented to the Board on October 27, 2025. This represents a -5.7 percent or \$800 million decrease from the 2024 forecast. The latest sales tax revenue forecast, current programmed external revenues, and refined project information was incorporated into the annual review and update of the Next 10 Plan. The 2025 update of the Next 10 Plan was presented to the Board on December 8, 2025. The report confirmed that M2 remains deliverable as promised to the voters, with the exception of Metrolink operations, which will be discussed further in the challenges section of this report.

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<sup>7</sup> The project count was updated from 12 to 13 to reflect that one project covers two distinct areas with different criteria.

## M2 Ten-Year Review

The M2 Ordinance includes a provision to conduct a ten-year comprehensive review of all projects and programs under the Plan to evaluate the performance of the overall program. Due to the early initiation of project development activities prior to the start-up of revenue collection in 2011, the first review was completed in 2015. The second effort is underway and is anticipated to be completed in early 2026. During the quarter, a ten-year review update and lookahead was presented to the Executive Committee on August 28, 2025. Outreach efforts continued with a second roundtable discussion with elected officials, stakeholder briefings, and participation at various community events. Feedback from these activities will help guide the development of key findings and recommendations. Another update along with an accompanying draft action plan is anticipated to be presented to the Board in December 2025, with a final report slated to be presented in spring 2026.

## Challenges

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

- Close monitoring of Metrolink operations and capital rehabilitation projects is necessary to ensure sustainability through 2041. Metrolink ridership recovery continues to struggle, which impacts farebox revenues and cost recovery. The program's funding shortfall is further compounded by a rise in operating costs. While Metrolink has implemented an optimized service schedule to better accommodate new travel patterns, without changes in ridership growth, operations and rehabilitation costs, or additional external funds, the 2025 Next 10 Plan reports that the current service cannot be sustained beyond FY 2033-34. OCTA will continue to engage with Metrolink and the other member agencies to monitor ridership levels and the corresponding financial impacts to M2.
- Over the past several years, coastal storm surges, combined with several other environmental factors, have damaged the Los Angeles – San Diego – San Luis Obispo rail corridor. These events have required increased maintenance and emergency repairs to stabilize the rail infrastructure. The emergency repairs have also led to intermittent service loss and delays. Although the affected portion of the railroad tracks in the City of San Clemente is located within Orange County, this rail corridor is vital for Metrolink and state-supported intercity rail (Pacific Surfliner), freight connection to the Port of San Diego, and is part of the Strategic Rail Corridor Network that supports national defense operations. In partnership with key stakeholders, a comprehensive plan to integrate engineering and sand nourishment solutions was developed to protect the

coastal segment of the rail corridor in south Orange County in the immediate timeframe. To address the ongoing threats to a critical link in Southern California's rail network, emergency riprap repair activities in two of the four reinforcement areas were completed in June 2025. During the quarter, work was initiated in September 2025 to construct a catchment structure to protect the rail infrastructure from potential slope failure. Additional work to protect the rail line on the remaining segment continues with sand nourishment to follow. Updates will be provided to the Board as appropriate.

- The Coastal Rail Resiliency Study is underway to identify and evaluate potential near- and mid-term solutions to protect the rail line in place for approximately the next 30 years, while long-term solutions, which may include relocation, are developed to adapt the rail line to the changing environment. OCTA is leading the effort on the near- and mid-term resiliency measures. The State will lead the long-term study, but the lead state agency has not yet been identified; OCTA will be an active participant in the study. As these studies progress, future updates to the Next 10 Plan will incorporate more current information.

Staff will continue to monitor these challenges to ensure M2 remains deliverable as promised to voters and provide updates to the Board as appropriate.



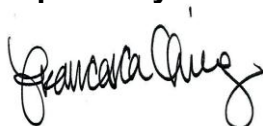
***Summary***

A quarterly report covering activities from July 2025 through September 2025, is provided to update progress in implementing the Plan. The above information and the attached details indicate significant progress on the overall M2 Program despite facing challenges. 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.

***Attachment***

- A. Measure M2 Quarterly Progress Report, First Quarter of Fiscal Year 2025 - 26, July 1, 2025 through September 30, 2025

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