



AGENDA

Executive Committee Meeting

Committee Members

Andrew Do, Chairman
Mark A. Murphy, Vice Chairman
Lisa A. Bartlett
Michael Hennessey
Steve Jones
Tim Shaw

Orange County Transportation Authority
Headquarters
Conference Room 07
550 South Main Street
Orange, California
Monday, October 4, 2021 at 9:00 a.m.

Any person with a disability who requires a modification or accommodation in order to participate in this meeting should contact the Orange County Transportation Authority (OCTA) Clerk of the Board, telephone (714) 560-5676, no less than two business days prior to this meeting to enable OCTA to make reasonable arrangements to assure accessibility to this meeting.

Agenda Descriptions

Agenda descriptions are intended to give members of the public a general summary of items of business to be transacted or discussed. The posting of the recommended actions does not indicate what action will be taken. The Committee may take any action which it deems to be appropriate on the agenda item and is not limited in any way by the notice of the recommended action.

Public Availability of Agenda Materials

All documents relative to the items referenced in this agenda are available for public inspection at www.octa.net or through the Clerk of the Board's office at the OCTA Headquarters, 600 South Main Street, Orange, California.

Public Comments on Agenda Items

Members of the public can either attend in-person (subject to OCTA's Coronavirus (COVID-19) safety protocols) or listen to audio live streaming of the Board of Directors and Committee meetings by clicking the below link:

<http://www.octa.net/About-OCTA/Who-We-Are/Board-of-Directors/Live-and-Archived-Audio/>

Members of the public may address the Board of Directors regarding any item two ways:

In-Person Comment

Members of the public may attend in-person (subject to OCTA's COVID-19 safety protocols) and address the Board regarding any item. Members of the public will be strongly encouraged to wear a face covering regardless of vaccine status. Limited (physically-distanced) seating will be available in the Board room. If capacity is reached, members of the public will be asked to wait outside until it is time for them to speak.



AGENDA

Executive Committee Meeting

Please complete a speaker's card and submit it to the Clerk of the Board (or notify the Clerk of the Board the item number on which you wish to speak). Speakers will be recognized by the Chairman at the time the agenda item is to be considered. A speaker's comments shall be limited to three minutes.

Written Comment

Written public comments may also be submitted by emailing them to ClerkOffice@octa.net, and must be sent by **5:00 p.m. the day prior to the meeting**. If you wish to comment on a specific agenda Item, please identify the Item number in your email. All public comments that are timely received will be part of the public record and distributed to the Board. Public comments will be made available to the public upon request.

Call to Order

Pledge of Allegiance

Director Shaw

1. Public Comments

Special Calendar

There are no Special Calendar matters.

Consent Calendar (Item 2)

All items on the Consent Calendar are to be approved in one motion unless a Committee Member or a member of the public requests separate action or discussion on a specific item.

2. Approval of Minutes

Approval of the minutes of the Executive Committee meeting of September 2, 2021.



Regular Calendar

3. **Measure M2 Next 10 Delivery Plan: Market Conditions Key Indicators Analysis Forecast**
Francesca Ching/Kia Mortazavi

Overview

At the direction of the Board of Directors, the Orange County Transportation Authority monitors construction market conditions. Annually, a report on Market Conditions Key Indicators Analysis and Forecast is presented to the Board of Directors to provide insight into potential project delivery cost drivers that could affect the Measure M2 Next 10 Delivery Plan. The last effort was presented to the Board of Directors on November 9, 2020. An updated forecast has been prepared and a presentation on the results of this effort is provided.

Recommendation

Continue to monitor market conditions key indicators and provide updates to the Board of Directors as appropriate.

4. **South Orange County Transportation Projects Update and Cooperative Agreement**
Gregory Nord/Kia Mortazavi

Overview

In April 2020, the Board of Directors directed staff to work with local agencies to advance project development efforts in south Orange County for a non-tolled extension of Los Patrones Parkway, widening a portion of Ortega Highway, and an extension of the Interstate 5 high-occupancy vehicle lane. Through a collaborative transportation planning process, a cooperative agreement supporting these projects has been developed. A status report on these three key projects is provided, as well as an overview of the cooperative agreement.

Recommendation

Authorize the Chief Executive Officer, or his designee, to execute a cooperative agreement with the County of Orange and the City of San Clemente to work cooperatively on south Orange County regional transportation solutions.



Discussion Items

- 5. Chief Executive Officer's Report**
- 6. Committee Members' Reports**
- 7. Closed Session**

There are no Closed Session items scheduled.

- 8. Adjournment**

The next regularly scheduled meeting of this Committee will be held at **9:00 a.m. on Monday, November 1, 2021**, at the Orange County Transportation Authority Headquarters, Conference Room 07, 550 South Main Street, Orange, California.



MINUTES

Executive Committee Meeting

Committee Members Present via Teleconference

Andrew Do, Chairman
Mark A. Murphy, Vice Chairman
Lisa Bartlett
Steve Jones
Tim Shaw

Staff Present

Jennifer L. Bergener, Deputy Chief Executive Officer
Gina Ramirez, Clerk of the Board Specialist, Senior
Allison Cheshire, Clerk of the Board Specialist, Senior

Via Teleconference

Darrell E. Johnson, Chief Executive Officer
James Donich, Assistant General Counsel
OCTA Staff Members

Committee Members Absent

Michael Hennessey

Call to Order

The September 2, 2021, Executive Committee (Committee) regular meeting was called to order by Chairman Do at 9:01 a.m.

Roll Call

Gina Ramirez, Clerk of the Board Specialist, Senior, conducted an attendance roll call and announced a quorum of the Committee.

Pledge of Allegiance

Director Shaw led in the Pledge of Allegiance.

1. Public Comments

There were no Public Comments received.

Special Calendar

There were no Special Calendar matters.

Consent Calendar (Items 2 through 4)

2. Approval of Minutes

A motion was made by Vice Chairman Murphy, seconded by Director Jones, and following a roll call vote, declared passed 5-0, to approve the minutes of the Executive Committee meeting of August 2, 2021.

3. 2021 Title VI Plan Triennial Report

Chairman Do commented on this item and discussed his concerns about the following:

- Page numbers incorrectly numbered.
- The table of contents is incorrect
- Suggested that when this item goes on to the full Board of Directors (Board), staff could insert tabs to identify the attachments within the report.

Christina Perez, Employee Relations Representative responded that the table of contents is based off of the PDF document page numbers and would make the necessary changes to the item before it goes on to the full Board.

A motion was made by Vice Chairman Murphy, seconded by Director Jones, and following a roll call vote, declared passed 5-0, to:

- A. Review, approve, and direct staff to submit the 2021 Title VI Plan Triennial Report to the Federal Transit Administration's Regional Office of Civil Rights on or before October 1, 2021.
- B. Review and approve the results of the Service Standards and Policies monitoring in Section 4 of the 2021 Title VI Plan Triennial Report.

Regular Calendar

4. Measure M2 Quarterly Progress Report for the Period of April 2021 Through June 2021

Kia Mortazavi, Executive Director of Planning, provided a PowerPoint presentation on this item.

Director Shaw stated that despite the challenges of the internet sales tax and coronavirus, the Orange County Transportation Authority (OCTA) has been successful at staying focused, while making good on the promises made to the taxpayers of Orange County.

Chairman Do echoed Director Shaw's comments and stated these challenges did not sway OCTA from their responsibility to the taxpayers of Orange County. He thanked all the staff.

Following the discussion, no action was taken on this receive and file as an information item.



Discussion Items

5. Chief Executive Officer's Report

Darrell E. Johnson, Chief Executive Officer, reported on the following:

Youth Ride Free Pass -

- The Youth Ride Free pilot program starts this month for a six-month promotional period. This program will allow all youth ages 18 and under to ride the OC Bus system for free.
- Staff will continue getting all the passes out to the schools and districts throughout Orange County.
- The program will go such a long way toward introducing new riders to public transit and providing another transportation option for the youth of Orange County.

Labor Day -

- Everyone was wished a safe, happy and healthy Labor Day.
- Thank you to OCTA's coach operators, mechanics, and operations staff who will be working to keep the buses running on Monday and throughout the year.

6. Committee Members' Reports

There were no Committee Members' reports.

7. Closed Session

There were no Closed Session items scheduled.

8. Adjournment

The meeting was adjourned at 9:34 a.m.

The next regularly scheduled meeting of this Committee will be held at **9:00 a.m. on Monday, October 4, 2021** at the Orange County Transportation Authority Headquarters, Conference Room 07, 550 South Main Street, Orange, California.

ATTEST

Mark Murphy
Vice Chairman

Gina Ramirez
Clerk of the Board Specialist, Senior



October 4, 2021

To: Executive Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Measure M2 Next 10 Delivery Plan: Market Conditions Key Indicators Analysis and Forecast

Overview

At the direction of the Board of Directors, the Orange County Transportation Authority monitors construction market conditions. Annually, a report on Market Conditions Key Indicators Analysis and Forecast is presented to the Board of Directors to provide insight into potential project delivery cost drivers that could affect the Measure M2 Next 10 Delivery Plan. The last effort was presented to the Board of Directors on November 9, 2020. An updated forecast has been prepared and a presentation on the results of this effort is provided.

Recommendation

Continue to monitor market conditions key indicators and provide updates to the Board of Directors as appropriate.

Background

On November 7, 2006, Orange County voters approved the renewal of Measure M, the one-half-cent sales tax for transportation improvements. The Orange County Transportation Authority (OCTA) Board of Directors (Board) continues to advance the implementation of Renewed Measure M (M2) commitments by adopting a series of delivery plans. The delivery plans are designed to validate the ability to implement all projects and programs through 2041 as promised to the voters. The delivery plans consider the cost and timing of the transportation improvements, fluctuations in sales tax revenue projections, access to external revenue, and the use of bonding when necessary.

In 2016, the Board directed staff to acquire better insight into the construction market outlook. The intent was to provide insight into near-term construction market conditions in tandem with the revenue outlook to assist with prudent project delivery decisions. OCTA retained the Orange County Business Council (OCBC), led by Dr. Wallace Walrod, Chief Economic Advisor to OCBC,

and Dr. Marlon Boarnet, Professor and Chair of the Department of Urban Planning and Spatial Analysis at the University of Southern California.

The results of the initial analysis were presented to the Board in September 2017. The analysis identified several near-term cost indicators that could influence the construction market and, by extension, M2 project delivery. These included the pace of transportation construction programs in the neighboring counties (resulting in the strained supply of materials and workers), construction wage pressures, sustained low statewide unemployment, and residential construction demand. Overall, OCBC's analysis identified a strong potential that OCTA could experience an increasing cost environment in the near term.

Following the presentation, the Board directed staff to continue to work with OCBC to monitor and track the indicators and provide the Board with updates to cost risk factors for project delivery. In response, OCBC spent early 2018 analyzing trends and creating an Infrastructure Construction Cost Pressure Index (ICCPI) model. On September 10, 2018, OCBC presented its ICCPI model, and its forecast for 2018, 2019, and 2020 cost fluctuation ranges, to the Board.

Discussion

OCBC continues to monitor trends in material costs, labor costs, and general economic conditions and trends. Relevant data for each model component is analyzed to determine a range of potential cost impacts to update the forecast biannually. The fall 2021 update provides a three-year forecast through 2024. Attachment A summarizes the fall 2021 forecast and also includes prior forecasts for reference. The full report on the ICCPI model update is included as Attachment B.

The ICCPI model is designed to be a forecasting tool, with scores indicating public construction forecast cost fluctuation ranges. Index scores of two and three indicate somewhat normal inflationary environments. An index score of one is a low inflation/deflationary environment and, conversely, a score of four is a high inflation environment. Values of zero and five correspond to the extreme conditions observed in Orange County immediately before and during the Great Recession and the high-cost inflation environment that occurred in the building boom years of the early 2000s.

Using the ICCPI model, OCBC forecasts a score of four from 2022 through 2024, which represents a potential range of cost fluctuation of six to 11 percent.

| OCBC Orange County Transportation ICCPI Score, 2022-2024 | | |
|--|-------------|---------------------------|
| Year | Index Score | Range of Cost Fluctuation |
| 2022 | 4 | 6 percent to 11 percent |
| 2023 | 4 | 6 percent to 11 percent |
| 2024 | 4 | 6 percent to 11 percent |

The updated forecast points to more volatile market conditions compared to the spring 2021 forecast as cost pressures have increased in the most recent data available. Major drivers include increases in building permits and, by correlation, the cost of materials. From 2018 through 2020, building permits in the State declined, but that trend has reversed and there was a sharp increase in 2021. Also, in previous updates, the pattern of material prices were mixed. More recent data reflect a more uniform trend of all material prices increasing due partly to market disruptions and those impacts to many industries as well as overall demand. Another factor that contributes to these inflationary pressures is unemployment. The spring 2021 update captured the sharp increase in unemployment due to the coronavirus (COVID-19) pandemic starting in 2020, which has since declined pointing to a potential additional cost pressure in the future. As in prior forecasts and especially with COVID-19, OCBC indicates that OCTA will also need to be aware and ready to respond to cost pressures that cannot be modeled. Examples of such forces include:

- Pent up demand may continue to drive costs higher,
- Shifting regulatory environment due to COVID-19, and
- Future potential economic shutdowns related to the COVID-19 spread and other variants.

Overall, OCBC's analysis identifies a potential that from 2022 through 2024, OCTA may experience a high inflation cost environment. To mitigate potential cost pressures, OCTA's Project Controls department monitors and adjusts project cost escalation assumptions according to market trends. Project Controls' cost estimating process uses historical information, as well as current trends in the market, and follows a consistent and defined process. Looking back at the last 20 years, OCTA's cost estimates have included a three percent escalation, which, on average during this timeframe, provided the appropriate escalation to deliver projects successfully. Currently, using 3.5 percent for construction escalation, as well as incorporating contingency based on the project type and complexity, is staff's best estimate using industry standards on cost estimating. With extreme market fluctuations in the past year, staff recommends continuing this effort to monitor key indicators.


Summary

OCTA has prepared an update on construction market conditions to help with M2 project delivery planning. The update considers fluctuations in material costs, labor costs, and general economic conditions and trends. The Market Conditions Key Indicators Analysis and Forecast concludes that OCTA may experience a high inflation cost environment from 2022 through 2024.

Attachments

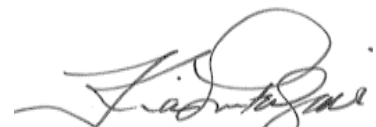
- A. Orange County Business Council, Orange County Transportation ICCI Score, Fall 2018 through Fall 2021 Forecasts
- B. Orange County Business Council, Orange County Transportation Infrastructure Construction Cost Pressure Index, Fall 2021, Prepared for the Orange County Transportation Authority

Prepared by:



Francesca Ching
Section Manager,
Measure M2 Program Management Office
(714) 560-5625

Approved by:



Kia Mortazavi
Executive Director, Planning
(714) 560-5741

**Orange County Business Council
Orange County Transportation ICCI Score
Fall 2018 through Fall 2021 Forecasts**

| Orange County Business Council Orange County Transportation ICCI Score | | | | | | | |
|--|-----------|-------------|-----------|-------------|-----------|-------------|-----------|
| Year | Fall 2018 | Spring 2019 | Fall 2019 | Spring 2020 | Fall 2020 | Spring 2021 | Fall 2021 |
| 2018 | 4 | | | | | | |
| 2019 | 3 | 4 | | | | | |
| 2020 | 3 | 3 | 3 | 3 | 0 | | |
| 2021 | | 3 | 3 | 2 | 1 | 1 | 5 |
| 2022 | | | 3 | 2 | 1 | 2 | 4 |
| 2023 | | | | | 3 | 4 | 4 |
| 2024 | | | | | | | 4 |

| Range of Cost Fluctuations by Index Score | | | |
|---|------|----------|------|
| Index Score | Low | Midpoint | High |
| 0 | -17% | -9.5% | -2% |
| 1 | -2% | -0.5% | 1% |
| 2 | 1% | 1.5% | 2% |
| 3 | 2% | 4% | 6% |
| 4 | 6% | 8.5% | 11% |
| 5 | 11% | 25.5% | 40% |

**Orange County Business Council
Orange County Transportation Infrastructure Construction
Cost Pressure Index
Fall 2021
Prepared for the Orange County Transportation Authority**

OCBC Research Team

Dr. Wallace Walrod – Chief Economic Advisor, Orange County Business Council
Dr. Marlon Boarnet – Professor and Chair, Department of Urban Planning and Spatial Analysis, USC

Background and Purpose

As a supplementary examination to the Next 10 Delivery Plan: Market Conditions Forecast and Risk Analysis study delivered by Orange County Business Council (OCBC) in September 2017, the Orange County Transportation Authority (OCTA) Board of Directors (Board) requested further study and exploration of potential cost fluctuations beyond existing cost analysis from the California Department of Transportation's (Caltrans) Construction Cost Index (CCI) and internal OCTA analysis. The OCTA Board requested an ongoing analysis of construction cost factors, with periodic updates. In response, the OCBC team developed the Orange County Transportation Infrastructure Construction Cost Pressure Index (ICCPI), which is updated every six months.

To develop the cost pressure index, the OCBC team analyzed annual trends in material costs, labor costs and general economic conditions to determine a range of potential cost increases with a time horizon that is typically three years into the future. The index updates begin by collecting relevant market data and indicators and then performing data analytics on to assess current cost pressure and forecast future cost pressure. In doing so, and providing these findings to OCTA's Board, more accurate budgets can be determined reducing the potential risk of cost pressure and project delivery slowdowns due to financial constraints. This September 2021 memo updates the March 2021 forecast of the Orange County Transportation ICCPI and provides annual cost pressure index forecasts for the remainder of 2021 and for 2022, 2023, and 2024.

Findings and Discussion

The most recent available input data were gathered to update the ICCPI. That includes annual 2020 data for the following index components: California's unemployment rate, California building permits, and the Caltrans index data on infrastructure construction materials costs. The 2021 values for building permits and unemployment rates were estimated from changes from second quarter 2020 to second quarter 2021 and construction wages from first quarter 2020 to first quarter 2021 – a period that spans from the coronavirus (COVID-19) recession to the 2021 second quarter recovery.

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While that is an unusual time period, we believe that that period's effects are most important for labor and materials markets that influence construction costs at the present time.

In March 2021, the Construction Cost Pressure Index predicted a low-inflation, close to zero cost-change environment for 2021, with cost pressures rising to six to 11 percent annual cost increases by 2023. The year-ago September of 2020 Construction Cost Pressure Index predicted similar low inflation (index of 1) environments in 2021 to moderate inflation by 2023 (index of 3).

Circumstances have changed substantially since the March 2021 update, as reflected in the new September 2021 index values in Table 1. Currently, with updated data, the new estimate for 2021 is an index value of 5, the highest inflation environment observed during the benchmark 1994-2017 time period, dropping to an index of 4 in 2022, 2023, and 2024.

Table 1: September 2021 Update to Three-Year Orange County Transportation ICCPI, with comparison to March 2021 and September 2020 index estimates

| Year | Index (September 2021) with annual cost increase range | Index (March 2021) with annual cost increase range | Index (September 2020) with annual cost increase range |
|------|--|--|--|
| 2020 | not estimated | not estimated | 0 (-17% to -2%) |
| 2021 | 5 (11% to 40%) | 1 (-2% to 1%) | 1 (-2% to 1%) |
| 2022 | 4 (6% to 11%) | 2 (1% to 2%) | 1 (-2% to 1%) |
| 2023 | 4 (6% to 11%) | 4 (6% to 11%) | 3 (2% to 6%) |
| 2024 | 4 (6% to 11%) | not estimated | not estimated |

The index values correspond to ranges of forecast annual infrastructure construction cost increases, as shown in Table 2.

Forecasting Method

OCBC used a series of regression analyses and forward-looking projections to create the ICCPI. The ICCPI provides a ranking from 0 to 5, with each rank corresponding to a range of percent changes in overall construction costs. Table 2 below highlights each ICCPI ranking and the proposed range of cost fluctuations which have been provided on a low, midpoint, and high scale.

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Table 2: OCBC Orange County Transportation ICCPI Scores

| Implied Infrastructure Construction Cost Change, Orange County | | | |
|--|-------------------------------------|--|--------------------------------------|
| Index Value | Projected Annual Cost Increase, Low | Projected Annual Cost Increase, Midpoint | Projected Annual Cost Increase, High |
| 0 | -17% | -9.5% | -2% |
| 1 | -2% | -0.5% | 1% |
| 2 | 1% | 1.5% | 2% |
| 3 | 2% | 4% | 6% |
| 4 | 6% | 8.5% | 11% |
| 5 | 11% | 25.5% | 40% |

The ICCPI can range from 0 to 5, with values and the range of annual construction cost changes corresponding to each index value shown in Table 2. These ranges are built to be forecasting tools, with scores indicating public construction forecast cost increase. Values of 2 and 3 indicate somewhat normal inflationary environments. A value of 4 is a high inflation environment. A value of 1 is a low inflation/deflationary environment. Values of 0 and 5 correspond to the most extreme conditions observed in Orange County over the past three decades, and hence the ranges for those values are wide due to the unusual nature of the highly deflationary environment that occurred immediately prior to and during the Great Recession and the high-cost inflation environment that occurred in the building boom years of the early 2000s.

Methodology

To determine the Transportation ICCPI, the OCBC team started by aggregating several datasets, measures, and indicators on an annual basis as far back as 1972.

The index was built with the following key data inputs:

- California's unemployment rate;
- Building permits in California;
- Selected construction materials costs for California, from Caltrans; and
- Orange County construction labor costs.

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Cost Pressure Index
Fall 2021
Prepared for the Orange County Transportation Authority

The OCBC team examined how the various measures and indicators of construction costs varied with changes and recent past trends in construction inflation. Using statistical analyses, the research team has built a forecasting model that projects forward cost increases and predicted cost increases are grouped into the categorical ranges shown in Table 2.

Recent Data Trends

Table 3 shows the recent data trends for three key components of the construction cost pressure index. From 2018 through 2020, building permits in the state declined. That has reversed sharply in the 2021 data. The estimated increase in building permits, 45.2 percent, is based on the change in permits from second quarter 2020 to second quarter 2021. This is a “trough” to “peak” comparison and so that increase based on quarterly changes likely exaggerates the annual growth. Still, building permits, which have been positively correlated with infrastructure construction costs, have shifted into a growth mode that will create inflationary pressures. The unemployment rate increased sharply in the first half of 2020 but has since declined. That drop in unemployment has also contributed to inflationary pressures. The change in Orange County construction salaries for 2021 is based in the change from first quarter 2020 to first quarter 2021 – again a “trough to peak” measure that will exaggerate annual changes. But the increase, less than one percent, is the lowest increase observed since we began forecasting the cost pressure index. In 2021, building permit and unemployment rate trends will contribute towards inflationary pressures. Construction salaries while currently estimated to see little growth in 2021, may see additional growth in the latter part of the year.

Table 3: Infrastructure Cost Correlates, Annual Percentage Changes, 2016-2021

| Year | California Building Permits | % Change Year-on-Year | California Unemployment Rate | % Change Year-on-Year | OC Construction Labor Costs (avg. annual wage) | % Change Year-on-Year |
|------|-----------------------------|-----------------------|------------------------------|-----------------------|--|-----------------------|
| 2016 | 102,350 | 4.2% | 5.5% | -11.6% | \$67,179 | 3.8% |
| 2017 | 114,780 | 12.1% | 4.8% | -12.9% | \$71,474 | 6.4% |
| 2018 | 113,502 | -1.1% | 4.2% | -12.0% | \$74,669 | 4.5% |
| 2019 | 109,904 | -3.2% | 4.1% | -3.4% | \$77,288 | 3.5% |
| 2020 | 104,544 | -4.9% | 10.3% | 153% | \$81,460 | 5.4% |
| 2021 | 151,850* | 45.2% | 5.1%* | -50.2% | \$81,656** | <1% |

* Estimated from Q2 change, 2020 to 2021, converted to annualized estimate

**Estimated from Q1 change, 2020 to 2021, converted to annualized estimate

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Cost Pressure Index
Fall 2021
Prepared for the Orange County Transportation Authority

The appendix shows annual changes in materials costs in recent years. Nearly all construction materials saw their price increase, with the most significant jump in structural steel (75.1 percent) and bar steel (62.1 percent). Only Portland Concrete Cement (PCC) pavement saw a decline in pricing of 5.3 percent. This is also a shift. In previous updates, the pattern of input costs was mixed, with some increases and some decreases. The pattern now trends more uniformly toward price increases for inputs and, in some cases (e.g., steel), large price increases. All price changes for 2021 in the appendix are also second quarter 2020 to second quarter 2021, and again while those are “trough to peak”, that reflects the current price pressure in the economy. These price increases and large swings in costs from quarter-to-quarter reflect the recent market disruptions which have been impacting many industries throughout the nation. We suggest continued modeling at sixth month intervals to keep up to date on these evolving trends.

The Caltrans CCI has experienced fluctuations in the past year largely related to the supply chain disruptions caused by the pandemic. While these fluctuations remain within past thresholds of growth and contraction experienced by the CCI, with quarter-over-quarter (measured from first quarter 2021 to second quarter 2021) at 21.4 percent and year-over-year (second quarter 2020 to second quarter 2021) growth at 12.4 percent, they are still indicative of a turbulent market and significant cost shifts.

Appendix: Changes in Infrastructure Materials Costs 2016-2020 (all values are percent year-on-year changes)

| Year | Aggregate | PPC Pavement | PCC Structure | Steel Structure | Steel Bar |
|-------|-----------|-----------------|------------------|--------------------|-----------|
| 2016 | 9.4% | 8.6% | 7.7% | 35.0% | 26.3% |
| 2017 | 24.2% | 106.8% | 26.8% | -21.0% | -51.0% |
| 2018 | 18.9% | 25.9% | 17.2% | 9.4% | -58.8% |
| 2019 | 4.6% | -11.1% | -4.2% | 53.6% | 0.8% |
| 2020 | 14.9% | -20.5% | 10.0% | -9.3% | -36.2% |
| 2021* | 16.3% | -5.3% | 62.6% | 75.1% | 9.0% |

*The annual 2021 change in value represents the change between Quarter 2 2020 and Quarter 2 2021.

Measure M2 Next 10 Delivery Plan: Market Conditions Key Indicators Analysis and Forecast

Orange County Transportation Infrastructure Construction Cost Pressure Index, Fall 2021

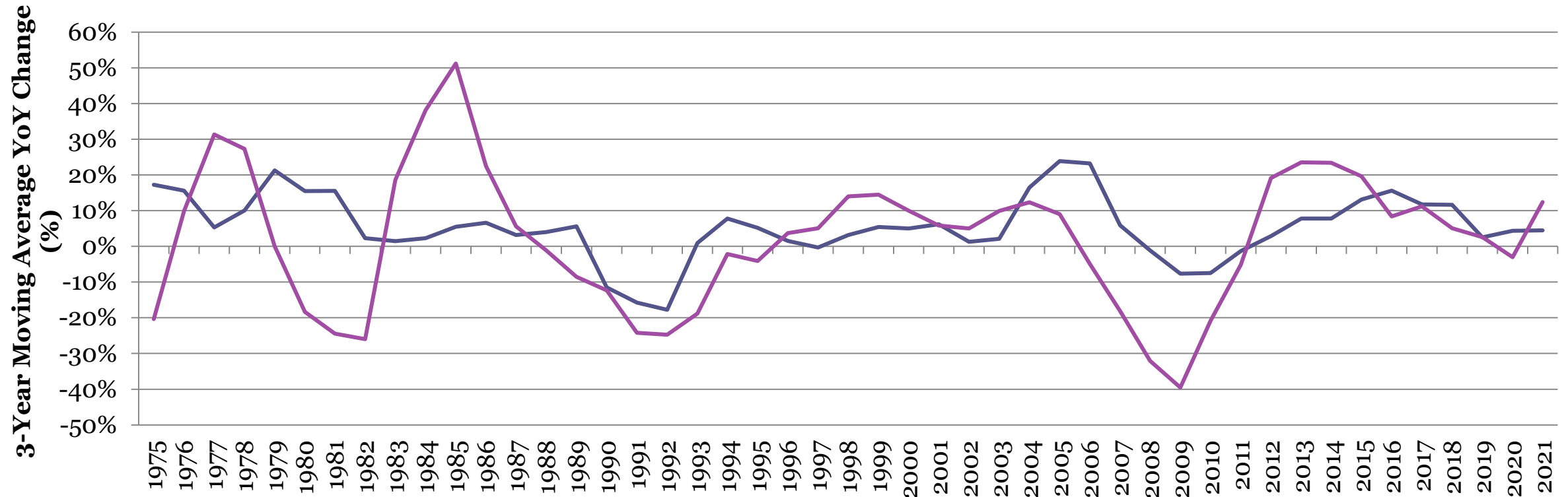
Orange County Business Council (OCBC)

September 2021

Orange County Transportation Infrastructure Construction Cost Pressure Index Model Components

- Economic Trends - State-level building permits and unemployment rate (Census and California Employment Development Department {EDD}).
- Material Costs - Construction aggregate, PCC pavement, PCC structural concrete, structural steel and bar steel (Caltrans).
- Labor Costs - Localized construction wages of NAICS defined sectors provided by Bureau of Labor Statistics (BLS).
- Economic Conditions - Tight economy in 2002-2005 and slack economy in 2007-2011.

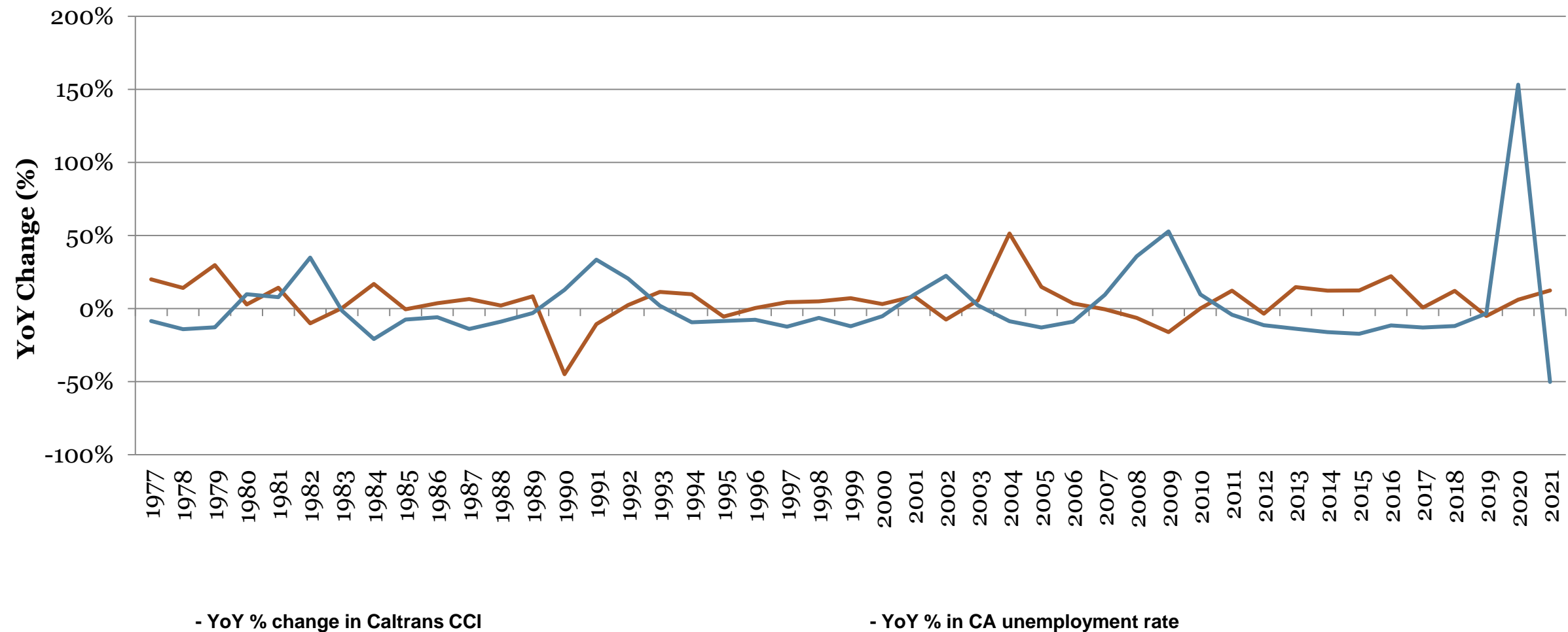
3-Year Moving Average of Year-Over-Year Percent Change in Caltrans CCI and Building Permits



- 3-year moving average of % of change in Caltrans CCI

- 3-year moving average of % of change in CA building permits

Year-Over-Year Percent Change in Caltrans CCI and CA Unemployment Rates



Forecast and Range of Orange County Transportation Infrastructure Cost Increases by Index Value

- 2021 - Forecasted Index Value: 5
- 2022 - Forecasted Index Value: 4
- 2023 - Forecasted Index Value: 4
- 2024 - Forecasted Index Value: 4

| Range of Cost Fluctuations by Index Score | | | |
|---|------|--------|------|
| Index | Low | Medium | High |
| 0 | -17% | -9.5% | -2% |
| 1 | -2% | -0.5% | 1% |
| 2 | 1% | 1.5% | 2% |
| 3 | 2% | 4% | 6% |
| 4 | 6% | 8.5% | 11% |
| 5 | 11% | 25.5% | 40% |

Impacts of the Pandemic Become Apparent

- Significant building permit issuance in Q1 2021 causes spike in estimate full-year building permits;
- California unemployment rates expected to continue to decline, sees slight jump in Q1 2021;
- Labor shortages push annual wages higher at the end of 2020; and
- Building materials (PCC structure and steel structure) see price jumps in 2021.

Year-over-Year Changes in California Building Permits, California Unemployment Rate and Orange County Construction Labor Costs, 2016-2021

| Year | California Building Permits | % change year-on-year | California Unemployment Rate | % change year-on-year | OC Construction Labor Costs (avg. annual wage) | % change year-on-year |
|-------|-----------------------------|-----------------------|------------------------------|-----------------------|--|-----------------------|
| 2016 | 102,350 | 4.2% | 5.5% | -11.6% | \$67,179 | 3.8% |
| 2017 | 114,780 | 12.1% | 4.8% | -12.9% | \$71,474 | 6.4% |
| 2018 | 113,502 | -1.1% | 4.2% | -12.0% | \$74,669 | 4.5% |
| 2019 | 109,904 | -3.2% | 4.1% | -3.4% | \$77,289 | 3.5% |
| 2020 | 104,554 | -4.9% | 10.3% | +153% | \$81,460 | 5.4% |
| 2021* | 151,850 | 45.2% | 5.1% | -50.2% | \$81,656** | <1% |

*2021 values projected from year-on-year changes in quarterly data, 2nd quarter 2020 to 2nd quarter 2021

** 2021 values projected from year-on-year changes in quarterly data, 1st quarter 2020 to 1st quarter 2021

Q1 – Quarter 1

OCBC Infrastructure Construction Cost Forecast

- Systematic Risks - currently experiencing large fluctuations due to COVID-19
 - Supply chain constraints
 - Direct measures of labor and materials cost continuing to fluctuate

OCBC OC Transportation Infrastructure Construction Cost Index Score, 2020-2024

| Year | Index Score | Range of Cost Fluctuation |
|------|-------------|---------------------------|
| 2021 | 5 | 11% to 40% |
| 2022 | 4 | 6% to 11% |
| 2023 | 4 | 6% to 11% |
| 2024 | 4 | 6% to 11% |

- Idiosyncratic Risks - not predictable and therefore not in model
 - Pent up demand may continue to drive costs higher
 - Shifting regulatory environment due to COVID-19
 - Future potential economic shutdowns related to COVID-19 spread/delta variant

Questions



October 4, 2021

To: Executive Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: South Orange County Transportation Projects Update and Cooperative Agreement

Overview

In April 2020, the Board of Directors directed staff to work with local agencies to advance project development efforts in south Orange County for a non-tolled extension of Los Patrones Parkway, widening a portion of Ortega Highway, and an extension of the Interstate 5 high-occupancy vehicle lane. Through a collaborative transportation planning process, a cooperative agreement supporting these projects has been developed. A status report on these three key projects is provided, as well as an overview of the cooperative agreement.

Recommendation

Authorize the Chief Executive Officer, or his designee, to execute a cooperative agreement with the County of Orange and the City of San Clemente to work cooperatively on south Orange County regional transportation solutions.

Background

In March 2020, consensus was reached by the Orange County Transportation Authority (OCTA), the Transportation Corridor Agencies (TCA), and the California Department of Transportation (Caltrans) on project development efforts for three key south Orange County transportation improvements. These improvements include extending Los Patrones Parkway as a non-tolled arterial from Cow Camp Road to Avenida La Pata, widening Ortega Highway between Calle Entradero and Reata Road, and extending the Interstate 5 (I-5) high-occupancy vehicle (HOV) lanes from Avenida Pico to the Orange/San Diego County line area (Attachment A).

Consistent with the consensus reached in March 2020, direction was given to staff in April 2020 by the OCTA Board of Directors (Board) to collaborate with partner agencies and stakeholders on advancing development and implementation of the three projects noted above. These projects focus on meeting near-term travel demand and fulfilling the intent of the now concluded South County Traffic Relief Effort (SCTRE). Additionally, longer-term multimodal solutions will be defined through OCTA's South Orange County Multimodal Transportation Study (SOCMTS), which is being developed in coordination with partner agencies in the study area. A proposed cooperative agreement supporting the three projects and SOCMTS is discussed below, along with updates for each project.

Discussion

The County initiated discussions between local agencies focused on finding a local solution to facilitate implementation of the agreed-upon projects. These discussions resulted in drafting a cooperative agreement between the City of San Clemente (San Clemente), OCTA, and the County (Attachment B). On September 28, 2021, to reaffirm their commitments to these projects, the County Board of Supervisors and the San Clemente City Council each approved execution of the proposed cooperative agreement. The agreement is intended to show consensus between the three agencies by committing to work cooperatively on south Orange County regional transportation solutions. The agreement also commits to protect the local conservation or protected open space areas in San Clemente from future roadway development.

This approach supports protection of conservation and protected lands within San Clemente, is consistent with OCTA's commitment to follow a continuing, cooperative, and comprehensive planning process that provides all partner agencies and stakeholders opportunities to engage and provide input. This is currently demonstrated in the ongoing development of the SOCMTS. OCTA is working collaboratively with 17 local jurisdictions, eight regional planning partners, several stakeholder groups, and the public to develop consensus on mobility challenges and solutions in south Orange County through 2045 and beyond (Attachment C).

The County and San Clemente are working together to advance the Los Patrones Parkway extension, which supports the April 2020 Board action. This has been shown through coordinated general plan amendments and by working collaboratively with OCTA to amend the Master Plan of Arterial Highways (MPAH). Should the Board approve the recommended action, staff will proceed with executing the cooperative agreement between the three parties.

The remainder of this discussion provides brief updates on each of the three projects that were identified to fulfill the intent of the SCTRE.

Los Patrones Parkway Non-Tolled Extension: Preliminary Engineering Underway

The proposed non-tolled Los Patrones Parkway extension was added to the County's general plan, San Clemente's general plan, and OCTA's MPAH in early 2021. The MPAH and the general plans show the non-tolled Los Patrones Parkway extension will be built as a four-lane, divided arterial between Cow Camp Road and Avenida La Pata. In May 2021, the Board awarded funding to the County for preliminary engineering of the new facility through the competitive Measure M2 (M2) Regional Capacity Program. Specific alignments and cost details will be developed in the preliminary engineering phase that is anticipated to be complete in 2023. Construction is anticipated to begin in 2027 and to be complete in 2031.

Ortega Highway Widening: Final Design Starting

This project will widen a 1.1-mile section of Ortega Highway between Calle Entradero in the City of San Juan Capistrano (San Juan Capistrano) and Reata Road (near the boundary between San Juan Capistrano and unincorporated county line) from one lane in each direction to two lanes in each direction. The project is environmentally cleared under the California Environmental Quality Act (CEQA) and the National Environmental Protection Act (NEPA). In May 2020, the Board awarded funding to San Juan Capistrano for the plans, specifications, and estimates (PS&E) phase. In June 2021, San Juan Capistrano, Caltrans, OCTA, and the County executed agreements to fund and initiate the PS&E phase that will be led by Caltrans.

Excluding prior work, the project cost is estimated at \$67.6 million for final design, right-of-way (ROW), and construction. OCTA is working with San Juan Capistrano, Caltrans, and the County to secure full funding for the project. Design and ROW acquisition is scheduled to be complete by 2025, with construction anticipated to be complete by 2028, assuming full project funding is secured.

I-5 Widening from San Diego County Line Area to Avenida Pico: Environmental Clearance Starting

This I-5 Improvement Project, from the San Diego County Line area to Avenida Pico, proposes to add one HOV lane in each direction, re-establish existing auxiliary lanes, modify ramps at select locations, and widen bridge

structures, where applicable. This 3.5-mile project will extend the HOV improvements that were completed as part of Project C in the M2 Freeway Program, and complete most of the remaining HOV lane network in Orange County.

OCTA is now developing a project report and environmental document, which are anticipated to be completed by 2024. As outlined in the OCTA/Caltrans cooperative agreement approved by the Board on June 8, 2020, OCTA is leading the environmental work, and Caltrans will have final approval authority under NEPA and CEQA. OCTA will also lead the stakeholder involvement process with various agencies including local cities, SANDAG, and other stakeholders. Detailed cost estimates and schedules will be worked out in the preliminary engineering phase, which is part of the environmental process.

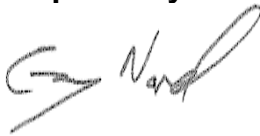
Summary

Three major projects to address south Orange County transportation needs are advancing through the project development process. This includes a non-tolled extension of Los Patrones Parkway, widening a portion of Ortega Highway, and extension of the I-5 HOV lane. With direction from the Board, staff will execute a cooperative agreement to support implementation of these projects and emphasize cooperative planning efforts on south Orange County regional transportation solutions.

Attachments

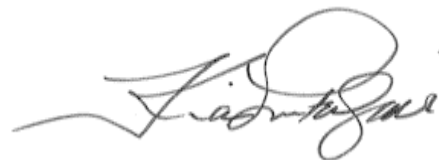
- A. Key South Orange County Transportation Projects
- B. Draft Cooperative Agreement
- C. South Orange County Multimodal Transportation Study, Key Partner Stakeholder Groups

Prepared by:



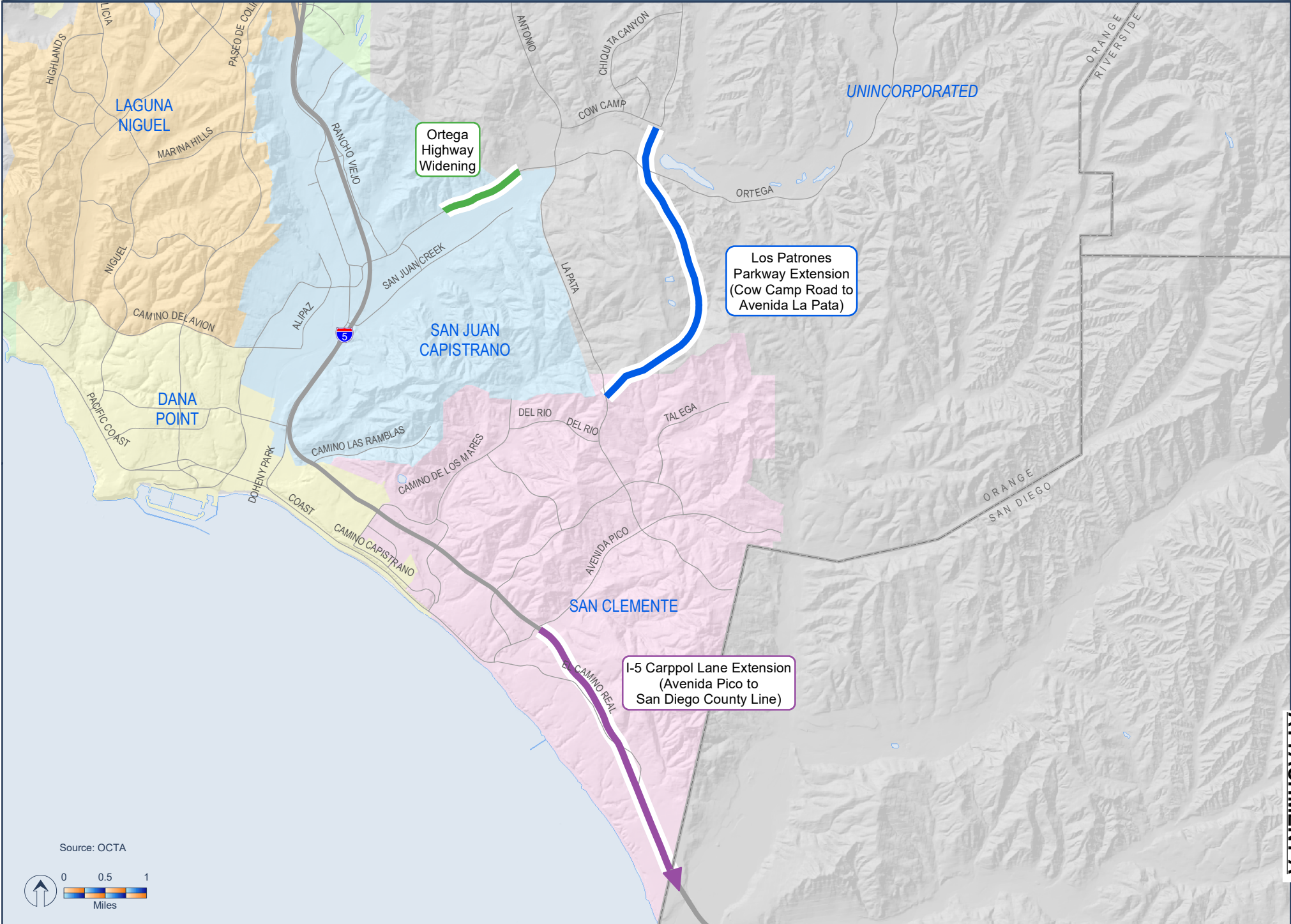
Greg Nord
Section Manager III
(714) 560-5885

Approved by:



Kia Mortazavi
Executive Director, Planning
(714) 560-5741

Key South Orange County Transportation Projects



DRAFT

COOPERATIVE AGREEMENT

THIS COOPERATIVE AGREEMENT (“Agreement”), ENTERED INTO EFFECTIVE ON _____ 2021 (“Effective Date”), is by and among the County of Orange, a political subdivision of the State of California (referred to herein as “County”), the Orange County Transportation Authority (“OCTA”), and the City of San Clemente, a municipal corporation (referred to herein as “City”), collectively known as the “Parties.”

RECITALS

WHEREAS, in relation to transportation planning, the County General Plan Transportation Element sets forth policies on the development of transportation facilities necessary to accommodate the County’s orderly growth. The Transportation Element identifies goals, objectives, policies, and implementation programs that affect the transportation system and provide guidance for future transportation planning efforts within the unincorporated areas; and

WHEREAS, the County provides engineering services for roadways in unincorporated areas and regional flood control programs throughout Orange County. This includes programming, design, legislation tracking, project management, traffic safety, and development support services for roadways within unincorporated areas; and

WHEREAS, OCTA is responsible for the continuing, comprehensive, and collaborative transportation planning process in Orange County; and

WHEREAS, OCTA is the designated County of Orange Transportation Commission (CTC) and is charged with approval of all projects utilizing federal and state highway and transit funds and is responsible for transportation programming and the development and update of the OCTA Long-Range Transportation Plan (“LRTP”); and

WHEREAS, OCTA selects projects for the LRTP that have been studied and publicly vetted through system plans such as major investment studies, corridor studies, interjurisdictional multimodal plans, transit system studies, the Master Plan of Arterial Highways (“MPAH”), active transportation strategic plans, and the like; and

WHEREAS, OCTA is responsible for determining if sufficient regional planning has occurred to justify adding Orange County projects to the financially constrained Federal Transportation Improvement Program, Regional Transportation Plan, and regional travel demand model; and

WHEREAS, the Federal Transportation Improvement Program and Regional Transportation Plan reflects the projects and overall vision defined in OCTA’s LRTP; and

WHEREAS, the Foothill Eastern Transportation Corridor Agency (“F/ETCA”), is a joint Powers Authority organized under state law and Joint Exercise of Powers Agreements (“JPAs”); and

WHEREAS, over decades, Rancho Mission Viejo, LLC, a Delaware limited liability company (referred to herein as “the Ranch”), and the County have entitled and developed (and are continuing to develop) a master planned community in South Orange County called the “Ranch Plan Planned Community” (the “Ranch Plan”), originally approved by the County in 2004; and

WHEREAS, the approved Ranch Plan was not conditioned on the extension of SR-241; and

WHEREAS, F/ETCA failed to obtain necessary approvals for the southern extension of SR-241 from Oso Parkway to I-5. This route would have directly or indirectly impacted the San Mateo State Park and San Onofre State Beach (the “Green Alignment”). Additionally, a coalition of environmental interests and State agencies brought litigation to stop the Green Alignment. In 2016, TCA and those plaintiffs entered into a settlement under which TCA abandoned the Green Alignment and initiated evaluation of alternative alignments; and

WHEREAS, in 2017, F/ETCA commenced a South County Traffic Relief Effort (“SCTRE”), wherein it explored 23 alternatives to the SR-241 extension that would have gone through the San Mateo State Park and in close proximity to San Onofre State Beach (the “Green Alignment”). Alternatives encompassed within the SCTRE included two possible alignments (Alternatives 14 and 17 in the March 2020 SCTRE Project Scoping Summary and Alternatives Screening Report (“SCTRE Report”)), which alternatives (if implemented) would allow roadway encroachment through certain open space areas in San Clemente protected by Measure V, a 2007 City voter initiative, and developing areas set aside under habitat protection agreements and conservation easements.

WHEREAS, the City commissioned a traffic study using OCTA and County traffic models. The traffic study concluded that extension of the SR-241 could be addressed by other means; and

WHEREAS, in 2017, the City, The Reserve Maintenance Corporation and Capistrano Unified School District, brought a lawsuit, *City of San Clemente, et al. v. Foothill/Eastern Transportation Corridor Agency, et al.* Riverside Superior Court Case No. RIC1800232 (the “2017 Lawsuit”), challenging the implementation of Alternatives 14 and 17 as violating the Streets & Highways Code section 541, challenging the Protective Agreement between Caltrans and F/ETCA, which documented that no new major thoroughfare would be constructed through an area identified as the “Avoidance Area” in Exhibit C to the Protective Agreement (including the San Mateo watershed and the San Onofre State Beach), and challenging the F/ETCA’s actions under the Mitigation Fee Act (Cal. Gov’t Code, § 66000, et seq.). The County was also initially named in this lawsuit. The lawsuit also initially alleged causes of action against the County for violation of the California Environmental Quality Act when the County entered into certain Freeway and other agreements with Caltrans. The City’s lawsuit against the F/ETCA continues as of the Effective Date; and

WHEREAS, on June 14, 2017, RMV terminated F/ETCA’s option on the right-of-way for “F” Street, which became Los Patrones Parkway; and

WHEREAS, on December 17, 2017, the County and City agreed to settle the 2017 Lawsuit as between themselves (“2017 Settlement”). In the 2017 Settlement, the County made clear that certain agreements between the County and Caltrans and the County and F/ETCA did not permit the utilization of Los Patrones Parkway as a toll road. In addition, the County agreed to revise the General Plan Circulation Plan to show Los Patrones Parkway as Secondary Arterial. The County performed the actions required by the 2017 Settlement, including the addition of Los Patrones Parkway from Oso Parkway to Cow Camp Road to the Master Plan of Arterial Highways (“MPAH”). The City subsequently dismissed the County from the litigation; and

WHEREAS, the County completed improvements for Los Patrones Parkway from Oso Parkway to its current terminus at Cow Camp in October 2019, which was opened as a non-tolled County arterial; and

WHEREAS, in March 2020, F/ETCA ended the SCTRE, recommending that the County advance a non-tolled extension of Los Patrones Parkway as a County arterial from its current terminus to Avenida La Pata (i.e., the “LPPE”), and expressing support of (i) Caltrans’ and OCTA’s efforts to complete high occupancy vehicle (“HOV”) lane improvements on I-5 between Avenida Pico and the San Diego County Line and (ii) the Ortega Highway (State Route 74) widening in San Juan Capistrano from two (2) lanes to four (4) lanes; and

WHEREAS, F/ETCA confirmed its decision not to exercise the option conveyed to F/ETCA by the Ranch to acquire the right-of-way to develop the remainder of SR-241 as a tolled freeway; instead the Ranch dedicated, and the County accepted, the right-of-way necessary to develop the LPPE as a free (non-tolled) County arterial; and

WHEREAS, in 2020, the Ranch submitted an application to the County (“2020 Application”) for (1) an amendment to the Circulation Plan component of the County’s General Plan, Transportation Element (“Transportation Element”), and (2) that the amendment be submitted to OCTA to amend the MPAH; and

WHEREAS, the 2020 Application included addition of the “LPPE” - a proposed southern extension of Los Patrones Parkway from its current terminus at Cow Camp Road to Avenida La Pata. The Ranch also requested deletion of future Cristianitos Road, which was to extend from Cow Camp Road to the Green Alignment); and

WHEREAS, the majority of LPPE is proposed to be constructed on unincorporated land owned by the Ranch (through its affiliated entities) and the County; however, the southernmost segment (approximately 1,000 feet) of the LPPE would be developed on County land located within the City’s jurisdiction. That segment would connect to Avenida La Pata, requiring (1) an amendment to the Mobility and Complete Streets Element (i.e., the Centennial General Plan Mobility Element) of the City’s General Plan to reflect the LPPE, and (2) possible encroachment permits issued by the City; and

WHEREAS, in April 2020, the OCTA Board of Directors directed OCTA staff to 1) work with F/ETCA, the County, and all stakeholders to develop a plan for a non-tolled LPPE; 2) work with Caltrans and the City of San Juan Capistrano to advance funding for the final design for the

widening of Ortega Highway; and 3) work with Caltrans and the San Diego Association of Governments to advance the environmental process for I-5 HOV improvements; and

WHEREAS, on November 10, 2020, OCTA initiated the South County Multimodal Transportation Study to develop a comprehensive multimodal approach that can effectively address traffic growth and provide more travel choices for residents, commuters, and visitors while preserving the local sense of community. OCTA committed to providing South Orange County a consensus-driven, systemwide approach to all travel modes to maintain the quality of life and enhance the way people move; and

WHEREAS, in December 2020, the County, City and the Ranch, entered into a cooperative agreement to facilitate the County and City's reviews and approvals of the 2020 Request ("2020 Request Cooperative Agreement"), wherein the City agreed to advance a General Plan amendment and agreed not to challenge the County's addendum to Environmental Impact Report ("EIR") 584 and 589 supporting the LPPE ("LPPE Addendum") as approved by the Orange County Board of Supervisors on January 12, 2021, to meet expedited timelines to submit the LPPE for inclusion on the MPAH and to allow the County to apply for funding to advance the design and environmental review of LPPE; and

WHEREAS, the Parties have determined that design and development of the LPPE and will benefit the residents of the City and neighboring jurisdictions through continued cooperative efforts in lieu of SR-241 to develop a high quality, less costly, less damaging, and equally effective public transportation infrastructure to the region in the form of LPPE; and

WHEREAS, on January 12, 2021, the County Board of Supervisors amended the Orange County General Plan to add the LPPE to the transportation network, consistent with the recommendation the F/ETCA made in March 2020, and as a non-tolled County arterial from Cow Camp Road to Avenida La Pata; and

WHEREAS, on February 16, 2021, the City Council approved an amendment to the City General Plan to remove references to the Green Alignment and add LPPE to its roadway classifications to be consistent with the County's General Plan and the conditionally approved amendment to the OCTA MPAH; and

WHEREAS, on March 16, 2021, OCTA finalized the amendment to the MPAH to add LPPE as a primary arterial roadway, consistent with the County and City General Plans; and

WHEREAS, on February 19, 2021, Senator Patricia Bates introduced Senate Bill 760 ("SB 760") to amend California Streets and Highways Code section 541 to define the route for SR-241 as being from Oso Parkway east of the City of Mission Viejo to Route 91 in the City of Anaheim. SB 760 is supported by the City; and

WHEREAS, on February 19, 2021, Senator Bates also introduced Senate Bill 761 ("SB 761") to add Government Code section 65569, which in its current draft reads: "(a) Notwithstanding any other law, a joint powers agency acting pursuant to Section 66484.3, state agency, transportation joint powers authority, or regional transportation agency, or a successor

agency to any of those entities, shall not construct, fund, or operate, nor take property to construct, fund, or operate, a new major thoroughfare in the City of San Clemente in an area that is subject to a conservation easement or is protected as open space under a local initiative. (b) This section does not apply to State Route 5 and lands immediately adjacent to State Route 5 or the extension of Los Patrones Parkway as a non-tolled county arterial highway.” As of the Effective Date, SB 761 has been designated as a two-year bill and may be considered again in the 2022 State legislative session. SB 761 is supported by the City; and

WHEREAS, on April 6, 2021, the Parties convened to discuss solutions that would accomplish what proposed SB 760 and 761 set out to do without State intervention and to discuss solutions that would enable the Parties to work cooperatively moving forward to achieve south county mobility with the least cost and greatest benefit to public transportation while assuring the preservation of City open spaces; and

WHEREAS, to resolve disputes over SB 760 and SB 761 and to provide a roadmap for south county traffic relief moving forward, the Parties now wish to enter into a Cooperative Agreement.

NOW, THEREFORE, it is mutually understood and agreed by the Parties as follows:

AGREEMENT

1. COMPLETE AGREEMENT

This Agreement, including any attachments incorporated herein and made applicable by reference and the recitals above, constitutes the complete and exclusive statement of the term(s) and conditions(s) approved by the Parties with respect to the subject matter hereof. The invalidity in whole or in part of any term or condition of this Agreement shall not affect the validity of other term(s) or conditions(s) of this Agreement. The above referenced Recitals are true and correct and are incorporated by reference herein.

2. SCOPE OF AGREEMENT

This Agreement specifies the intentions, duties, limitations, roles, and responsibilities of the Parties as they pertain to working cooperatively in the future on south county regional transportation solutions. The Parties agree that each will cooperate and coordinate with the others in all activities covered by this Agreement and any other supplemental agreements that may be required to facilitate the purposes thereof.

3. COUNTY OBLIGATIONS

- a. Agrees that the conclusion of the SCTRE resulted in three projects to be implemented to relieve south county traffic: (1) construction of LPPE as a non-tolled county primary arterial highway; (2) Caltrans’ and OCTA’s efforts to complete high occupancy vehicle (HOV) lane improvements on Interstate 5 between Avenida Pico and the San Diego County Line; and (3) the Ortega

Highway (State Route 74) widening in San Juan Capistrano from two (2) lanes four (4) lanes, subject to appropriate environmental review.

- b. Agrees that the County will not build, support, or authorize a new major thoroughfare in the City in an area that is subject to an approved conservation easement or is protected as open space under a local initiative. (See Exhibit A for an illustrative but not definitive depiction of conservation easement areas in the City.)
- c. Agree to participate in OCTA led system planning studies regarding future transportation solutions that are developed with consultation with stakeholders and public input.
- d. Continue to support, conduct design and environmental review of, and provide funding, if available, for the completion of the LPPE as a non-tolled county arterial to provide the necessary transportation connectivity and options consistent with the recommendations of SCTRE. County shall work cooperatively with the other parties to identify and establish County's financial commitments with respect to the LPPE.
- e. Reiterate its commitment, as set forth in the 2020 Request Cooperative Agreement, that because the LPPE will extend into the City, subject to the terms of the LPPE Addendum, the Project may require additional City approvals to construct LPPE-related improvements within the City's boundaries (e.g., at the intersection at Avenida La Pata).
- f. Monitor the performance of LPPE for consistency with County standards. If County standards are not met, advance consideration of potential remedies in collaboration with affected jurisdictions and OCTA.
- g. Agree to support the efforts of OCTA to complete the ongoing South Orange County Multimodal Transportation Study through a cooperative process which includes the Parties and use the results to guide future decisions related to south Orange County transportation solutions.
- h. If F/ETCA reinitiates planning efforts and/or studies relating to a southerly extension of the SR-241 and/or F/ETCA takes steps to design or construct a southerly extension of the SR-241, the parties, including the County Board member from the Fifth District, relevant OC Public Works staff, and County Counsel, will meet and confer in good faith to discuss whether F/ETCA's actions are in accord with this agreement and South County Mobility goals.

4. OCTA OBLIGATIONS

- a. Agrees that the conclusion of the SCTRE resulted in three projects to be implemented to relieve south county traffic: (1) construction of LPPE as a non-

tolled county primary arterial highway; (2) Caltrans' and OCTA's efforts to complete high occupancy vehicle (HOV) lane improvements on Interstate 5 between Avenida Pico and the San Diego County Line; and (3) the Ortega Highway (State Route 74) widening in San Juan Capistrano from two (2) lanes four (4) lanes, subject to appropriate environmental review.

- b. Agrees that OCTA will not build, support, or authorize a new major thoroughfare in the City in an area that is subject to a conservation easement or is protected as open space under a local initiative.
- c. Agrees that no new major thoroughfare in the City in an area that is subject to a conservation easement or protected as open space under a local initiative will be included in the OCTA LRTP or submitted for inclusion in the Southern California Association of Governments Regional Transportation Plan.
- d. Agrees to lead transportation system planning studies, as needed, regarding future transportation needs and solutions in south county that are developed with stakeholder consultation and public input.
- e. Agrees to support the efforts of the other parties to identify and establish a funding plan for LPPE.
- f. Agrees to complete the ongoing South Orange County Multimodal Transportation Study through a cooperative process which includes the Parties and use the results to guide future decisions related to south Orange County transportation solutions.
- g. If F/ETCA reinitiates planning efforts and/or studies relating to a southerly extension of the SR-241 and/or F/ETCA takes steps to design or construct a southerly extension of the SR-241, the parties, including the appropriate OCTA representatives, will meet and confer in good faith to discuss whether F/ETCA's actions are in accord with this agreement and South County Mobility goals.

5. CITY OBLIGATIONS

- a.A gree that the conclusion of the SCTRE resulted in three projects to be implemented to relieve south county traffic: (1) construction of LPPE as a non-tolled County primary arterial highway; (2) Caltrans' and OCTA's efforts to complete high occupancy vehicle (HOV) lane improvements on Interstate 5 between Avenida Pico and the San Diego County Line; and (3) the Ortega Highway (State Route 74) widening in San Juan Capistrano from two (2) lanes to four (4) lanes.
- b. Agree to request that Senator Bates withdraw SB 760 and SB 761, reserving its right to propose and support legislation in the future should F/ETA or Caltrans re-initiate studies, advancement, or development of a freeway in and/or through San Clemente.

- c. Continue to support LPPE, work with County and Ranch pursuant to the 2020 Request Cooperative Agreement between the County, Ranch, and City, and work cooperatively with County for funding and construction phases of LPPE so long as LPPE during all phases of the process remains a non-tolled county arterial that substantially conforms to the project described in the LPPE Addendum approved by the Board of Supervisors on January 12, 2021.
- d. Agree to support the efforts of OCTA to complete the ongoing South Orange County Multimodal Transportation Study through a cooperative process which includes the Parties and use the results to guide future decisions related to south Orange County transportation solutions.
- e. If F/ETCA reinitiates planning efforts and/or studies relating to a southerly extension of the SR-241 and/or F/ETCA takes steps to design or construct a southerly extension of the SR-241, the parties, including the City Manager and Public Works Director and other appropriate representatives, will meet and confer in good faith to discuss whether F/ETCA's actions are in accord with this agreement and South County Mobility goals.
- f.T he City reaffirms its commitment as contained in the 2020 Request Cooperative Agreement (as defined herein) to advance a General Plan amendment and not challenge the LPPE Addendum as approved by the Board January 12, 2021. In furtherance of that commitment, the City agrees to meet and confer with the Fifth District Supervisor, relevant OC Public Works personnel, and County Counsel prior to voting to remove the LPPE from the City's General Plan.

6. **MISCELLANEOUS**

- a.T he Parties will cooperate on a joint statement prior to the first Party taking this Agreement to their governing body. The Parties shall publicly distribute the joint statement, to the media and the public following approval by the last Party's governing body. No Party, without the prior written consent of the other Parties, may submit, issue, or make any statement, posting or comment (whether written, oral, or electronic), including but not limited to in any administrative or judicial tribunal or proceeding, to any person, organization, or agency, or on the internet, regarding this Agreement, that is inconsistent with or contradicts statements within the joint statement.
- b. Any amendments to this Agreement must be approved in writing by all Parties to this Agreement.
- c.A ny notices, requests and demands made between the Parties pursuant to this Agreement shall be in writing and (i) delivered personally, or (ii) sent by certified mail, return receipt requested, or (iii) sent by a recognized overnight mail or courier service, with delivery receipt requested, or (iv) sent by e-mail followed by a mailed copy or with receipt confirmed by telephone, to the below addresses (or

to such other address as may from time to time be specified in writing by such Party) and shall be deemed delivered when actually received or when delivery is refused:

If to City: City of San Clemente
910 Calle Negocio,
San Clemente, California 92673
Attention: City Manager
Telephone: (949) 361-8341
Email: sundE@san-clemente.org

If to County: County of Orange, OC Public Works
601 N. Ross Street
Santa Ana, CA 92701
Attention: James Treadaway
Title: OC Public Works Director
Telephone: (714) 667-9700
Email: james.treadaway@ocpw.ocgov.com

AND

County of Orange, Office of County Counsel
333 W. Santa Ana Blvd. Ste. 407
Santa Ana, CA 92701
Attention: Nicole Walsh
Title: Senior Assistant County Counsel
Telephone: (714) 834-6257
Email: nicole.walsh@coco.ocgov.com

If to OCTA: Kia Mortazavi
Executive Director, Planning
Orange County Transportation Authority
550 South Main Street
Orange, CA 92863
Telephone: (714) 560-5741
Email: kmortazavi@octa.net

AND

James Donich
OCTA General Counsel
555 Anton Blvd, Suite 1200
Costa Mesa, CA 92626
714-415-1015
jdonich@wss-law.com

- d. No Party shall have the right to assign this Agreement without the express written approval of the other Party. This Agreement shall be binding upon and inure to the benefit of the Parties and their permitted successors, assigns and legal representatives. A Party's failure to perform under any provision of this Agreement shall constitute a breach of contract subject to available remedies at law. Any waiver by any Party of a breach of any provision of this Agreement shall not be deemed a continuing waiver or a waiver of any subsequent breach whether of the same or of another provision of this Agreement.
- e. It is not intended by any of the provisions of this Agreement to create any third-party beneficiary hereunder. The duties, obligations, and responsibilities of the Parties with respect to such third parties shall remain as imposed by law. This Agreement shall not be construed to create a contractual relationship of any kind between a Party and the employees, contractors, or consultants of any other Party.
- f. The invalidity or unenforceability of any portion or provision hereof shall not affect the validity or enforceability of any other portion or provision. Any invalid or unenforceable portion or provision shall be deemed severed from this Agreement and the balance hereof shall be construed and enforced as if this Agreement did not contain such invalid or unenforceable portion or provision.
- g. Each Party represents and warrants that the execution, delivery, and performance of this Agreement have been duly authorized by all necessary action of such Party's governing board, and the person executing this Agreement on behalf of such Party has been duly authorized and empowered to do so on behalf of such Party.
- h. The laws of the State of California and applicable local and federal laws, regulations and guidelines shall govern this Agreement.
- i. This Agreement may be executed and delivered in any number of counterparts, each of which, when executed and delivered shall be deemed an original and all of which together shall constitute the same Agreement. Electronic signatures (e.g., DocuSign) will be permitted.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be entered into as of the Effective Date set forth above.

COUNTY OF ORANGE, a political subdivision of the State of California

By:
Title:

ORANGE COUNTY TRANSPORTATION AUTHORITY

By:
Title:

CITY OF SAN CLEMENTE, a municipal corporation

By:
Title:

[SIGNATURE PAGE CONTINUES NEXT PAGE]

Approved as to Form and Content
Leon J. Page, County Counsel

Nicole Walsh Digitally signed by Nicole Walsh
DN: cn=Nicole Walsh, o=Office of County Counsel,
ou, email=nicole.walsh@coco.ocgov.com, c=US
Date: 2021.09.08 11:42:51 -07'00'

By: Nicole Walsh, Senior Assistant County Counsel

Approved as to Form and Content

By: Scott Smith, City Attorney

Approved as to Form and Content

By: James Donich, Esq.

South Orange County Multimodal Transportation Study Key Partner and Stakeholder Groups

The study is being informed by the technical analysis of the transportation system in the study area, and refined through stakeholder, partner agency, and public input, including:

- Six meetings (to date) of the Technical Working Group comprised of technical planning and public works staff from cities within the study area, which includes:
 - Aliso Viejo
 - Costa Mesa
 - Dana Point
 - Irvine
 - Laguna Beach
 - Laguna Hills
 - Laguna Niguel
 - Laguna Woods
 - Lake Forest
 - Mission Viejo
 - Newport Beach
 - Rancho Santa Margarita
 - San Clemente
 - San Juan Capistrano
 - Santa Ana
 - Tustin
 - County of Orange
- Six meetings (to date) of the Transportation Agency Working Group comprised of staff from the California Department of Transportation (Caltrans), the Transportation Corridor Agencies (TCA), the Southern California Association of Governments, the San Diego Association of Governments, the Southern California Regional Rail Authority (Metrolink), the North County Transit District, the Federal Transit Administration, and the Federal Highway Administration.
- Individual agency meetings offered by the Orange County Transportation Authority and, to date, requested by and held with Caltrans, Metrolink, TCA, and the cities of Dana Point, Irvine, Laguna Beach, Laguna Hills, Laguna Niguel, Laguna Woods, and Newport Beach.
- Two city council presentations (to date) to the cities of Lake Forest and San Clemente.
- Two key stakeholder roundtables, two elected official roundtables, one public webinar, one virtual meeting room, one telephone town hall, and two online surveys.
- The online surveys, public webinar, and telephone town hall were promoted through a social media campaign, e-blasts, communications toolkit sent to cities and stakeholders, news release, and to members of the Citizens Advisory Committee, Special Needs Advisory Committee, and Diverse Community Leaders group. Postcards printed in English and Spanish were mailed to low-income and disadvantaged communities with Mandarin, Korean, and Vietnamese interpretation offered.

South Orange County Multimodal Transportation Study Key Partner and Stakeholder Groups

- The telephone town hall included up to 350 callers, which also included a Spanish simulcast.
- The two online surveys were available in English, Spanish, Mandarin, Korean, Vietnamese, and through a project information telephone helpline, also available in multiple languages. A total of 360 surveys were collected from the first online survey. The second online survey received more than 1,700 responses and the results.
- In early 2022, a final outreach campaign to seek public feedback on the draft multimodal alternative strategies will be conducted. Similar to the outreach campaigns for earlier study phases, the third phase campaign will include a public webinar and a final online survey available in multiple languages, both of which will be promoted via social media, blogs and eblasts. The telephone helpline, which allows people to call in if they are unable or prefer not to comment online will continue and postcards will be mailed to identified disadvantaged and low-income communities in the south Orange County area. Additionally, a third set of key stakeholders and elected official roundtables will be held this fall.

South Orange County Transportation Projects Update and Cooperative Agreement

Background

March 2020

Transportation Corridor Agencies

- Conclude the South County Traffic Relief Effort (SCTRE)
- Coordinate with partners on three projects that fulfill the intent of the SCTRE

April 2020

Orange County Transportation Authority

- Board direction to advance development of the three projects in collaboration with partner agencies and stakeholders

2021

Recent Milestones

- Los Patrones Parkway Extension: Added to general plans and MPAH; M2 funding awarded for preliminary engineering
- Ortega Highway Widening: Funding agreements executed to support PS&E
- I-5 Carpool Lane Extension: Contract executed to develop a project report and environmental document

Board – Board of Directors / MPAH – Master Plan of Arterial Highways / M2 – Measure M2 / PS&E – Plans, Specifications, and Estimates / I-5 – Interstate 5



South OC Multimodal Transportation Study

- Update to the prior South County Study
- Reflect progress and latest planning assumptions
- Identify longer-term mobility needs and challenges through 2045 and beyond
- Develop consensus among the 17 cities, the County, and other stakeholders on a multimodal transportation system vision



Cooperative Agreement

Purpose

- Local solution to resolve outstanding concerns

Parties

- County of Orange
- City of San Clemente
- Orange County Transportation Authority

Key Points

- Work cooperatively on south county regional transportation solutions
- Advance Los Patrones Parkway extension
- Preserve conservation and protected areas within San Clemente

Next Steps

South Orange County Transportation Projects

- Continue working with all partners towards implementation

Recommendation

- Authorize the Chief Executive Officer, or his designee, to negotiate and execute an agreement with the County of Orange and the to work cooperatively in the future on south Orange County regional transportation solutions