



December 6, 2021

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

Overview

The Orange County Transportation Authority's Capital Programming Policies provide guidance on the use of local, state, and federal funds. Project-specific funding commitments are recommended to the Board of Directors based on these policies. This update captures recent changes in state policies for use of state-directed transportation funds as well as refinements to align existing policies to make the best use of funding opportunities. Updated policies are presented for review and approval based on recent state and federal actions, as well as other changes.

Recommendation

Approve the updated Capital Programming Policies.

Background

The Capital Programming Policies (CPP) include programming policies for Measure M2 (M2) funding programs that fall under the M2 Ordinance and associated guidelines. Major state and federal fund sources are also included in the CPP. Most of these state and federal programs provide funding to Orange County on a formula basis. The funding sources have specific transportation improvement goals as defined by the enabling legislation and additional state and federal rules, which are considered in the development of current programming policies. There are multiple state and federal fund sources included in the CPP. Descriptions of external local, state, and federal funding programs and level of funding available to the Orange County Transportation Authority (OCTA) is provided in Attachment A.

Discussion

The CPP is intended to guide the use of future revenues as they become available. The overall goal is to realize the maximum benefit from each source in relation to OCTA's programs and projects, consistent with OCTA's goals; including stewardship, fiscal sustainability, and mobility. Programming requests are brought forward to the Board of Directors (Board) based on state, federal, and local funding program timelines, the achievement of design or project delivery milestones, project needs, cost savings, and other factors. The Board is requested to approve all initial programming actions for capital projects that require a minimum of \$250,000 in any phase. Staff also requests Board approval for increases or an exchange of funding that is \$250,000 or greater, which is consistent with contracting policies established through the Contracts Administration and Materials Management department. Since the CPP was last approved in 2019, the Board has considered and acted on more than 45 staff reports that included programming decisions for various highway, streets and roads, and transit projects. The list of staff reports with recommended and approved programming actions is provided in Attachment B.

This update to the CPP includes changes based on the new state policies related to climate change and the Climate Action Plan for Transportation Infrastructure (CAPTI), which alters how state funds are prioritized, the addition of equity considerations in making funding decisions, the addition of 91 Express Lanes excess revenues and additional minor changes to various programs. The proposed policy changes are further discussed below and described in track changes in Attachment C.

A future item is planned that will address the changes in federal funding programs that will be implemented due to the Infrastructure Investment and Jobs Act that was signed into law last month. Some of the newer programs will require specific federal guidance that will take at least 12 months to move through the rulemaking process. Staff will return when guidance on the primary programs that impact OCTA are clearly described.

Equity Consideration

OCTA continues to take steps to fulfill its stated vision of delivering: "An integrated and balanced transportation system that supports the diverse travel needs and reflects the character of Orange County." In support of this, and consistent with OCTA's 2021 Board and Chief Executive Officer Initiatives, OCTA will consider both the benefits and impacts of proposed improvements to low-income and disadvantaged communities in addressing the mobility needs of the County. This will ensure that equity is considered throughout the planning and project development process and is consistent with actions OCTA is currently taking to ensure that equity is considered in all processes and activities across the organization.

Local Funding Programs – Changes

For Project S (Transit Extensions to Metrolink), programming actions are always tied to an original competitive award of funding but follow-up Board actions may be required to change or increase funding for projects that were originally awarded funds through the competitive process in this program. This is now clarified in the policy for Project S.

Similarly, for Project V (Community-Based Transit Circulators) and Project W (Safe Transit Stops), most projects are awarded by the Board through a competitive or local jurisdiction project nomination process but there are some actions for OCTA which support the program and are approved independently, such as the next bus (previously Text 4 Next) project that was originally approved to use Project W funds but was subsequently alternatively funded. The Project V and Project W policies have been updated accordingly.

It is recommended that the CPP integrate the existing policy for use of 91 Express Lanes excess revenues as adopted by the Board in 2014 and attached as Attachment D. Including this fund source in the CPP assures that formal programming is required to access the funds for capital projects, which has been the practice. Also, the Mobile Source Reduction Program is updated to confirm OCTA's priority to draw funds back into Orange County and to support bus and zero emission vehicle programs.

State Funding Programs - Changes

On July 12, 2021, the California State Transportation Agency released the final adopted CAPTI as a response to executive orders (N-19-19 and N-79-20) signed by Governor Newsom and targeted at reducing transportation-related greenhouse gas emissions and vehicle miles traveled (VMT) and increasing the use of zero-emission vehicles. CAPTI outlines a framework for aligning the state's transportation funding investments with the state's climate, public health, and social equity goals.

CAPTI generally aims to prioritize state-directed funding, such as the State Highway Operation and Protection Program and Interregional Improvement Program, as well as competitive funding programs, such as SB 1 (Chapter 5, Statutes of 2017) Solutions for Congested Corridors Program, Trade Corridor Enhancement Program (TCEP), and the Competitive Local Partnership Program (Attachment B). Projects that invest in zero-emission vehicles and multimodal transportation options, such as transit and active transportation projects, will be prioritized for funding while limiting long-term investments in projects that may increase VMT, such as highway capacity projects.

In anticipation of how these policy changes will impact future funding guidelines, staff is proposing changes to the CPP that will allow some flexibility to submit OCTA priority projects for consideration of state funding programs that are consistent with state policies. As an example of the changes that are proposed, staff is expanding the priority for State Transportation Improvement Program (STIP) funding to continue to support eligible freeway, streets and roads, and transit projects but also now include projects that are complementary but not directly included in the M2 Program. This will allow use of STIP funding for OC Bus capital projects, such as the planned Transit Security and Operations Center or real-time electronic messaging signs at high-usage bus stops. Similar changes were made to the policy for the SB 1 Local Partnership Program Formula and the TCEP.

Other changes for state funding programs include clarifying OCTA's role in the Active Transportation Program and removing programs that have exhausted funding sources and are no longer active.

Federal Funding Programs – Changes

To assist local agencies with bicycle, pedestrian and complete street projects, changes are proposed to the Congestion Mitigation and Air Quality Improvement Program (CMAQ) and the Surface Transportation Block Grant Program (STBG). In recent years, local agencies have had difficulty using CMAQ for bicycle projects because the California Department of Transportation (Caltrans) has taken a restrictive interpretation of the use of funds, limiting their use to only those direct elements within the project that strictly reduce pollution elements. For example, Caltrans may support the use of CMAQ funds to restripe a roadway to add a bicycle lane where one did not previously exist but would not support changing a bicycle lane to a separate class four buffered bicycle lane, because they may argue that the change may not provide additional air quality benefits. While some activities may be supported through this funding source, CMAQ alone cannot support an entire project. STBG is added as a possible source for these projects so in the future, OCTA may develop and issue a call for projects that can support these types of projects with a combination of CMAQ and STBG.

As noted above, programming requests will be brought forward based on state, federal, and local funding program timelines, achievement of design or project delivery milestones, project needs, cost savings, and other factors.

The approved state, federal, and M2 capital programming commitments by project are included in the Capital Funding Program provided in Attachment E.

Summary

This CPP update includes changes required to reflect actual programming actions and issues and based on the new state policies related to funding programs.

Attachments

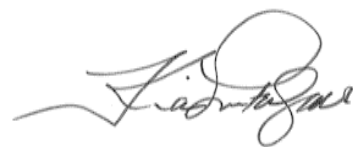
- A. External Funding Sources
- B. List of Board of Directors Reports with Programming Actions for Programs in the Capital Programming Policies, January 2019 – October 2021
- C. Recommended Capital Programming Policies by Fund Source, December 2021 (Changes from February 2019 in Track Changes)
- D. Policy for the Use of Excess 91 Express Lanes Toll Revenues
- E. Capital Funding Program Report

Prepared by:



Adriann Cardoso
Department Manager, Capital
Programming
(714) 560-5915

Approved by:



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