



October 3, 2022

To: Executive Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Measure M2 Streets and Roads Program Milestone

Overview

Approximately one-third (32 percent) of the voter-approved Measure M2 local transportation sales tax revenue is dedicated to maintaining streets, synchronizing traffic signals, and improving local streets and roads to deliver a safer, more efficient roadway network. In September 2022, the Measure M2 Streets and Roads program surpassed \$1 billion in funding allocations and distributions. This report commemorates this achievement and highlights the related accomplishments and benefits.

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 Transportation Investment Plan (Plan) for the Measure M2 (M2) one half-cent sales tax for transportation improvements. The Plan provides a 30-year local revenue stream for a broad range of transportation and environmental initiatives. In accordance with Ordinance No. 3 (M2 Ordinance), the Orange County Transportation Authority (OCTA) directs approximately one-third (32 percent) of net local transportation sales tax proceeds to enable local jurisdictions to maintain streets, synchronize traffic signals, and improve the local streets and roads system to make it safer and more efficient. Orange County's network of local streets and roads is a critical component of connecting our communities to employment, social and health services, educational opportunities, and recreational activities; it is essential to maintain, enhance, and improve this system to sustain present and future quality of life.

Since 2011, OCTA has administered M2 funds through three streets and roads programs.

Local Fair Share (LFS)

The LFS is a formula-based program that provides flexible funding directly to local jurisdictions as gap funding needed for maintaining and repairing the aging street system as well as supporting local transportation priorities. The program is intended to augment, rather than replace, existing transportation expenditures. The M2 Ordinance specifies that 18 percent of net M2 revenues be allocated for this purpose. Funds are distributed via formula on a bimonthly basis based on population, street mileage, and the amount of sales tax collected in each jurisdiction.

Regional Capacity Program (RCP)

The RCP provides funding opportunities for improvements to the Master Plan of Arterial Highways, which is the backbone of Orange County's arterial street network. The program consists of three individual program categories: arterial capacity enhancements (ACE), intersection capacity enhancements (ICE), and freeway arterial/streets transitions (FAST). The M2 Ordinance specifies that ten percent of net M2 revenues are to be allocated for the RCP, through a competitive process to ensure critical project needs are addressed.

Regional Traffic Signal Synchronization Program (RTSSP)

The RTSSP provides funding opportunities and assistance to implement multi-agency synchronization projects that improve traffic flow by coordinating traffic lights across jurisdictional boundaries and maintaining coordination through freeway interchanges, where possible. The M2 Ordinance set the target of the program to regularly coordinate 2,000 signals along 750 miles of roadway. It also specifies that four percent of net M2 revenues to be allocated for RTSSP, under a competitive program which OCTA makes available through annual calls for projects (call).

In September 2022, these programs collectively surpassed \$1 billion of M2 funding investments and commitments through annual competitive grants and flexible formula funding to local jurisdictions. This funding helped improve the Orange County's streets and roads network, as well as support local transportation priorities.

Discussion

The Plan was developed in anticipation of Orange County's needs over 30 years. Continued investments in the transportation system are necessary to manage traffic congestion, strengthen the local economy, and improve quality of life. Regardless of the mode of transportation (by foot, bicycle, bus, rail, truck, automobile, etc.), nearly every trip is connected to the street network, emphasizing the need to maintain Orange County's local streets and roads network.

Since 2011, Orange County's population has grown by over four percent to nearly 3.2 million residents; jobs have increased by 14 percent; housing has increased by approximately six percent; and travel on arterials and local roads has seen an increase of over six percent, yet the performance of the transportation system has remained at or above normal service levels. The M2 Streets and Roads program has provided a reliable source of funding to sustain Orange County's streets and roads through LFS, RCP, and RTSSP. Status of the three programs is provided below. Details on the \$1 billion breakdown of allocations and distributions for each program are included in Attachment A.

LFS

As of September 2022, OCTA has provided \$598 million of M2 funds directly to local jurisdictions through LFS. Staff's analysis of local jurisdictions' annual expenditure reports submitted to OCTA from fiscal year (FY) 2010-11 through FY 2020-21 reflects that over 85 percent of funds have been expended on maintenance of streets and roads. The remainder is comprised of new construction, right-of-way, administration, and other transportation priorities.

RCP

Through 12 calls to date, OCTA has allocated \$283.4 million of M2 revenues for 191 RCP project phases (includes planning, environmental and engineering, right-of-way, and construction) for the ACE, ICE, and FAST categories. In the three most recent calls, 92 percent of project applications submitted received funding. RCP funding guidelines are regularly revisited in coordination with local jurisdiction representatives to align with current project needs. In addition, the project selection process relies on an open evaluation process based on objective criteria such as traffic and congestion levels, cost effectiveness, and project readiness, to ensure transparency and effectiveness. More importantly, 140 of the 191 project phases allocated are open to traffic, demonstrating the strong partnership between OCTA and local jurisdictions to ensure timely implementation for the public's benefit.

RTSSP

Through 12 calls to date, OCTA has allocated \$119.6 million of M2 revenues for 109 synchronization projects. In the three most recent calls, 79 percent of project applications submitted received funding. RTSSP funding guidelines are also updated on a periodic basis in coordination with local jurisdictions. Modifications to the project selection criteria considers transportation significance, cost effectiveness, number of participating jurisdictions, and project readiness. Of the 109 projects funded under this program, 81 have been completed. This has resulted in traffic lights being synchronized at over 2,300 intersections along more than 621 miles of streets. The completed projects have improved travel times by 12 percent, reduced delays and congestion by 13 percent in increased average speed and increased the number of successive green lights drivers experience in their daily commutes with a reduction of 27 percent in stops.

Through LFS, RCP, and RTSSP, local jurisdictions have also been able to use M2 funds to repair sidewalks, enhance crosswalks, and add bicycle lanes as part of their awarded streets and roads projects. In addition, as appropriate, the local agencies have been able to upgrade pedestrian amenities with Americans with Disabilities Act features such as curb ramps and audible or visual signals, and other signage and flashing beacons to better connect the community and make every trip, regardless of mode, safer and more accessible.

Safeguards

M2 funds are intended to augment, rather than replace, existing transportation expenditures. The M2 Ordinance includes many taxpayer safeguards to ensure that revenues are spent accordingly, and programs are carried out as promised to voters. One of the most important safeguards is the M2 Taxpayer Oversight Committee (TOC), an 11-member independent body formed to monitor OCTA's use of M2 funds, approve changes to the Plan, and hold annual public hearings on expenditures. In addition, with the support of the TOC Annual Eligibility Review Subcommittee, the OCTA Board of Directors determines annually whether local jurisdictions remain eligible to receive M2 net revenue. Details about these requirements are included in Attachment B.

Additional Investments

The \$1 billion of M2 investment does not include supplemental and leveraged external funding, the OC Bridges program (Attachment C), or local jurisdictions' matching funds. OCTA remains diligent in tracking and applying for external funding opportunities to expedite local improvements and ensure the availability of M2 funds for future projects. Since 2011, OCTA has also leveraged over \$103.2 million in state and federal funding to expedite and extend the reach of improvements on the local streets and roads network.

OCTA also successfully leveraged significant funding for the OC Bridges program. Included in the M2 Ordinance for the RCP is an element for construction of railroad over- or underpass grade separations where high-volume streets are impacted by freight trains along the BNSF Railway in northern Orange County. The OC Bridges program grade separated seven streets and rail crossings in the cities of Anaheim, Fullerton, and Placentia. The new crossings have all been opened to traffic since 2017. M2 provided \$152.6 million, a portion of the \$666.5 million total program, leveraging the majority of the funds (\$513.9 million) from local, state, and federal sources.

A table summarizing local streets and roads investments is shown below.

Local Streets and Roads Investments	Funding (in millions)
LFS	\$ 598.0
RCP	\$ 283.4
RTSSP	\$ 119.6
Subtotal for M2 Streets and Roads Programs	\$1,001.0
OC Bridges Program – M2 Funds	\$ 152.6
External Funding	
Streets and Roads Projects	\$ 103.2
OC Bridges Program	\$ 513.9
Total Investments	\$1,770.7

Summary

M2 dedicates approximately one-third (32 percent) of net local transportation sales tax proceeds to enable Orange County cities and the County of Orange to maintain streets, synchronize traffic signals, and improve the local streets and roads system to make it safer and more efficient. This element of M2 provides a balanced approach to streets and roads improvements by encouraging cooperative and collaborative regional planning while also allowing flexibility. As Orange County has grown over the years, local streets and roads have been able to accommodate more throughput, generally improve level of service, and also maintain the standing of having best pavement conditions in the state with an average weighted pavement condition index score of 79; where the average for the state is 66. Additionally, OCTA's diligence in seeking and leveraging external funding has helped extend the reach of these investments.

In partnership with the 35 local jurisdictions, a significant milestone in the M2 Streets and Roads program was reached as funding allocation and distributions surpassed \$1 billion. M2 will continue to be a reliable revenue source through 2041 that maintains funding control at the local level. This allows for investments to be tailored to reflect the varied interests and priorities inherent in the diverse communities of Orange County – maintaining quality of life and keeping us moving.

Attachments

- A. Breakdown of \$1 Billion Streets and Roads Program Milestone
- B. Measure M2 Eligibility Requirements Excerpt
- C. External Funding for Streets and Roads Improvements

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