




June 5, 2017

To: Executive Committee

From: Darrell Johnson, Chief Executive Officer 

Subject: Measure M2 Quarterly Progress Report for the Period of January 2017 Through March 2017

Overview

Staff has prepared a Measure M2 quarterly progress report for the period of January 2017 through March 2017, for review by the Orange County Transportation Authority Board of Directors. This report highlights progress on Measure M2 projects and programs and will be available to the public via the Orange County Transportation Authority website.

Recommendation

Receive and file as an information item.

Background

On November 7, 2006, Orange County voters, by a margin of 69.7 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 revenue stream for a broad range of transportation and environmental improvements, as well as a governing ordinance which defines all the requirements for implementing the Plan. Ordinance No. 3 designates the Orange County Transportation Authority (OCTA) as responsible for administering the Plan and ensuring that OCTA's contract with the voters is followed.

OCTA is committed to fulfilling the promises made in M2. This means not only completing the projects described in the Plan, but adhering to numerous specific requirements and high standards of quality called for in the measure, as identified in the ordinance. Ordinance No. 3 requires that quarterly status reports regarding the major projects detailed in the Plan be brought to the OCTA Board of Directors (Board). All M2 progress reports are posted online for public review.

Discussion

This quarterly report reflects current activities and progress across all M2 programs for the period of January 1, 2017 through March 31, 2017 (Attachment A).

The quarterly report is designed to be easy to navigate and public friendly, reflecting OCTA's Strategic Plan transparency goals. The report includes budget and schedule information included in the Capital Action Plan, Local Fair Share Program, and Senior Mobility Program payments made to cities this quarter, as well as total distributions from M2 inception through March 2017.

Additionally, Attachment A includes a summary of the Program Management Office activities that have taken place during the quarter. One particular area of significance is highlighted below.

Next 10 Delivery Plan

On November 14, 2016, the Board adopted the Next 10 Delivery Plan, which provides guidance to staff on delivery of M2 projects and programs between 2017 and 2026. During the Next 10 time period, more than \$6 billion in transportation improvements promised to the voters in M2 are to be completed or underway by 2026. To ensure the Next 10 Plan remains deliverable as adopted, staff developed a tracking mechanism to monitor original Next 10 cash flow assumptions against updated project cost estimates and contingency usage. The tracking system is intended to ensure staff is able to cumulatively watch the impact of project cost changes. If a significant impact is identified that would impact OCTA's ability to deliver the Next 10 Plan, this information will be brought to the Board for action.

Also part of the Next 10 Plan adoption, the Board directed staff to conduct a market analysis to analyze current resource demands and provide information on the impact on OCTA's delivery of M2 projects. Consultant selection for this effort has concluded, and the market conditions analysis is underway. Staff anticipates receiving a draft report in late summer.

Progress Update

The following highlights M2 Program accomplishments that occurred during the third quarter:

- On January 31, 2017, the design-build contract for the Interstate 405 (I-405) Improvement Project between State Route 55 (SR-55) and Interstate 605 project was executed with the design builder, OC 405 Partners, and Notice to Proceed No. 1 was issued.

While the winning bid was higher than the engineers estimate, the project contingency was able to cover the increase and the project cost was unchanged (Project K).

- Additionally, negotiations on the Transportation Infrastructure Finance and Innovation Act loan agreement for the I-405 Improvement Project continue to move forward, but are requiring more time due to staffing changes in the federal administration. Staff has been keeping the Board Members apprised through updates on the loan pursuit efforts at the Finance and Administration Committee and the Board meeting, which took place this quarter on February 22 and February 27, 2017 (Project K).
- In January 2017, the OC Streetcar was approved by the Federal Transit Administration (FTA) into the New Starts Engineering phase. This significant milestone was preceded by the completion of 60 percent design in December 2016, as well as submission of project readiness documents. FTA conducted a Risk Assessment Workshop in March, reviewing the project's cost, schedule, and scope as defined by the 60 percent design plans. Results of the Risk Assessment Workshop will be presented to the Board in May 2017 (Project S).
- The Sand Canyon Grade Separation Project completed the one-year warranty period and no repairs were identified. The project was closed out in mid-January 2017 (Project R).
- Preliminary plans for the Anaheim Canyon Metrolink Station were complete, and the California Environmental Quality Act clearance was obtained in January 2017. National Environmental Policy Act clearance and a request for proposal for final design are expected to be forthcoming in April 2017 (Project R).
- On February 13, 2017, the Board approved funding for a new restoration project within the Environmental Mitigation Program (EMP), the United States Forest Service San Juan Creek Restoration Project. This project will help meet the remaining mitigation needs of the Natural Community Conservation Plan/Habitat Conservation Plan (NCCP/HCP).
- The first deposit for the EMP endowment took place this quarter. Additionally, on March 31, 2017, the United States Fish and Wildlife Service (USFWS) issued a 30-day notice of availability that the final environmental document (ED) was completed, and also announced receipt of a final NCCP/HCP from OCTA. The implementing agreement will be executed by the USFWS and California Department of Fish and Wildlife, and the freeway program permit issuance is anticipated in early summer.

- On March 13, 2017, the Board approved the fiscal year (FY) 2017-18 Environmental Cleanup Program Tier 1 call for projects, totaling \$3.1 million (Project X). Applications are due May 17, 2017.
- On March 29, 2017, Governor Brown signed into law AB 28 (Chapter 486, Statutes 2007), reauthorizing the Federal Highway Administration's signing authority delegation to the California Department of Transportation (Caltrans) for environmental decisions and approvals on highway projects, eliminating the risk of project delays.
- The Board received a Regional Traffic Signal Synchronization Program overview on March 13, 2017. OCTA and local agencies have successfully implemented new cooperative traffic signal synchronization timing on 59 corridors. Another 29 projects are planned or underway (Project P).
- Staff updated the Board on the SR-55 Improvement Project, between I-405 and Interstate 5 (I-5) on March 13, 2017. The supplemental draft ED and project report are currently being finalized before public review. Additionally, the cost estimate for Alternative 3 Modified is being finalized. Lastly, staff is discussing project schedule acceleration and work sharing with Caltrans (Project F).
- Two milestones were completed on the State Route 91 post-widening replacement planting project between State Route 57 (SR-57) and I-5 as the contract was both advertised for construction and awarded by Caltrans.

A critical factor in delivering M2 freeway projects is to ensure project scope, schedules, and budgets remain on target. Project scope increases, schedule delays, and resulting cost increases can quickly affect project delivery and have a cascading effect on other activities. In light of the recent reduction in the sales tax revenue forecast, this factor is even more significant.

Project delivery is monitored closely, and progress, as well as challenges, are presented to the Board through these quarterly staff reports, individual project staff reports, as well as through the Capital Action Plan quarterly performance metrics reports from the Capital Programs Division. This quarter, cost pressures occurred on the I-405 Improvement Project as the winning bid for the design build contract was higher than the engineers estimate. Since the possibility of this occurring was anticipated, the total project cost included extra contingency to cover the increase and resulted in no change to the overall project cost.

Caltrans and OCTA continue to work together to move projects forward. Looking ahead, Caltrans' strategic policy direction now includes a focus on construction and/or enhancement of a managed lanes system, including high-occupancy vehicle (HOV) lanes, which is a particular challenge. This policy shift and associated risks will continue to be of concern over how non-M2-focused priorities may delay or impact the remaining M2 freeway projects.

OCTA continues to advise Caltrans that these new state policies need to take voter commitments into consideration and be implemented as additive projects to M2 improvements where appropriate.

Another continued challenge that the program has faced is the reduction in Orange County's share of State Transportation Improvement Program (STIP) funding of \$42.2 million, and delays to previously programmed M2 projects. Although the recent passage of the state transportation funding bill, SB 1 (Chapter 728, Statutes 2008) represents a significant win for transportation, it does not alleviate our funding shortfall. SB 1 centers its funding on "fix-it-first" versus new capacity projects. Staff sent a letter to the California Transportation Commission requesting an amendment to the STIP to restore funding in the correct funding year to keep three critical projects on schedule and eliminate cost escalation impacts. OCTA is requesting a STIP amendment to return I-5 widening (State Route 73 to Oso Parkway, and I-5 HOV lanes (SR-55 to SR-57) to the previously approved programming FY, and the advancement of the SR-57 Lambert Road interchange improvements. Staff will seek the Board's direction next quarter on how to address funding for these projects.


Summary

As required by M2 Ordinance No. 3, a quarterly report covering activities from January 2017 through March 2017 is provided to update progress in implementing the Plan. The above information and the attached details indicate significant progress on the overall M2 Program. To be cost-effective and to facilitate accessibility and transparency of information available to stakeholders and the public, the M2 quarterly progress report is presented on the OCTA website. Hard copies are available by mail upon request.

Attachment


- A. Measure M2 Progress Report – Third Quarter of Fiscal Year 2016-17 – January 1, 2017 through March 31, 2017

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