



July 6, 2017

To: Regional Planning and Highways Committee

From: Darrell Johnson, Chief Executive Officer

Subject: Capital Programming Update

Overview

The Orange County Transportation Authority uses various state, federal, and local fund sources to fund freeway, grade separation, and transit projects. Several projects have accomplished project milestones and funding revisions for specific highway and transit projects are presented for the Board of Directors' approval.

Recommendations

- A. Consistent with current Capital Action Plan cost estimates, authorize the use of \$15.479 million in Measure M2 for Interstate 5 widening from State Route 73 to Oso Parkway.
- B. Authorize the following adjustments to replace \$14.374 million in Federal Transit Administration Section 5307, and to fund an increase in the project cost by \$4.133 million for the San Juan Creek Bridge Replacement Project.
 - Increase of \$12.645 million in Proposition 1B Trade Corridor Improvement Fund project cost savings (contingent on actual savings accrued from the OC Bridges projects),
 - Increase of \$3.364 million in Federal Transit Administration Section 5337 State of Good Repair funds,
 - Increase of \$2.376 million in Proposition 116 funds, and
 - Increase of \$0.122 million in Measure M2 funds.
- C. Authorize the use of up to \$7.363 million in Congestion Mitigation and Air Quality Improvement Program funds for the Anaheim Canyon Station Project.
- D. Replace \$2 million in Federal Transit Administration Section 5337 with Measure M2 to support right-of-way activities for the Anaheim Canyon Station Project.

- E. Authorize the use of up to \$6 million in Federal Transit Administration Section 5307 funds for Metrolink preventive maintenance capitalized operations.
- F. Authorize staff to process all necessary amendments to the Federal Transportation Improvement Program, and execute or amend all necessary agreements to facilitate the above actions.

Background

The Orange County Transportation Authority (OCTA) programs federal, state, and local funds in order to deliver OCTA projects. As projects progress in the developmental process, project costs change and savings may result based on construction bids or project completion. Conversely, costs may increase and further funding may be required as project details are refined. OCTA reports progress on specific project costs through the quarterly Capital Action Plan (CAP). The CAP highlights project costs, schedules, and status, and is regularly updated. Programming and revenue changes are updated periodically to match these costs and are included in the Capital Funding Program (CFP), which is provided as Attachment A, and includes all of the proposed changes in this item, along with a summary of funding for all of OCTA's capital projects. A project description and funding information for the projects addressed in this report are provided in Attachment B.

Discussion

The CAP lists highway, grade separation, rail, and facility projects, and includes a funding at completion estimate, as well as key milestones. Programming staff, in coordination with the Capital Programs Division, may recommend funding adjustments for projects that have met key milestones, such as completion of final environmental approval, 65 percent design, 95 percent design, and construction contract award.

Several projects need funding adjustments based on increases in estimates in the CAP.

Highway Project Updates

As part of the 2016 State Transportation Improvement Program, OCTA programmed \$136 million in total funds for the Interstate 5 Widening Project from State Route 73 to Oso Parkway. However, the CAP includes additional costs such as project management, overall project contingency, public awareness/outreach, and estimated legal fees. These amounts are typically not included in state programming documents but need to be recognized in

internal OCTA programming to reflect the actual project cost. The total project cost is \$151.9 million, which requires OCTA to increase the programmed Measure M2 (M2) by \$15.47 million. With Board of Directors' (Board) approval, the CFP will include these additional funds to be consistent with the CAP. The requested actions are consistent with the Board-approved Capital Programming Policies (CPP) regarding the usage of M2 funds.

Transit Projects Updates

San Juan Creek Bridge

Consistent with the San Juan Creek Bridge Replacement (Bridge) Project item that was presented to the Board on June 26, 2017, the estimate for the Bridge Project has increased by \$4.133 million, bringing the new total project cost to \$38.333 million. The primary reasons for the project cost increase include a different type of underpass bridge structure, deeper piles for the bridge structure, an updated estimate for relocation of the existing fiber optic line, and an increase in the associated project support costs and contingencies. Details on the project are provided in Attachment B.

OCTA staff is proposing that the \$14.374 million in Federal Transit Administration Section 5307 (FTA 5307) funds be redirected from this project and made available to support Metrolink preventive maintenance, which is a form of Metrolink operations. Metrolink operations are currently funded entirely through the Commuter Urban Rail Endowment and M2. The use of FTA 5307 for Metrolink operations will assist OCTA with future cash flow needs for the commuter rail system, and have the potential of allowing OCTA local dollars to fund Metrolink operations further into the future.

The Bridge Project cost increase, combined with the removal of FTA 5307 funds, results in a total funding need of \$18.507 million. Staff is recommending the use of the following additional funds:

- \$12.645 million in Proposition 1B Trade Corridor Improvement Funds (TCIF),
- \$3.364 million in Federal Transit Administration Section 5337 (FTA 5337) funds,
- \$2.376 million in Proposition 116, and
- \$0.122 million in M2 funds.

These changes are consistent with the Board-approved CPP regarding the use of M2, state, and federal funds. It should be noted that this funding plan includes the proposed use of future TCIF cost savings from the OC Bridges Program. The use of these funds will be contingent on the actual savings being realized from within the program of projects.

Anaheim Canyon Station

Consistent with the Anaheim Canyon Metrolink Station item that was presented to the Board on June 12, 2017, the Anaheim Canyon Station Project is now estimated to need an additional \$7.362 million, increasing the project funding need from \$20.544 million to \$27.906 million. The primary reasons for the project cost increase include higher estimated costs for signal and communication work, right-of-way (ROW) costs associated with the closure and relocation of two driveways, and the inclusion of positive train control costs, a bus stop, and a new bike lane. Staff is proposing to use additional Congestion Mitigation and Air Quality Improvement (CMAQ) funds for these costs, which will increase the CMAQ contribution for this project from \$15.800 million to \$23.162 million. The increase in CMAQ is consistent with the Board-approved CPP which allows for the use of CMAQ funds for rail transit capital projects.

In addition, there is a need for \$2 million in non-federal funds to support ROW costs related to the closing or relocation of two private driveways that was not included in the original cost estimate. OCTA staff is proposing to replace \$2.001 million in FTA 5337 funds with M2 funds in order to avoid future federal requirements related to ROW. The use of M2 for the Anaheim Canyon Station Project is consistent with the Next 10 Delivery Plan as part of Project R (High Frequency Metrolink Service).

Metrolink Preventive Maintenance Capitalized Operations

The \$14.374 million in FTA 5307 funds which are being redirected from the Bridge Project will be used in fiscal year (FY) 2017-18 and FY 2018-19 for Metrolink operations. The May 2017 CPP allowed the use of FTA 5307 funds towards Metrolink operations. In order to preserve local M2 Project R funding, staff is recommending the use of \$6 million in FTA 5307 for Metrolink preventive maintenance capitalized operations in FY 2017-18. This action was considered as part of OCTA's approval of the Metrolink budget, but approval is required to program these funds to Metrolink as they will draw the funds directly from the Federal Transit Administration (FTA). The remaining \$8.374 million in FTA 5307 made available from the Bridge Project will be proposed for use later in the year as part of the FTA program of projects item scheduled for the fall.

A list of Board actions which directed capital funds towards OCTA capital projects is provided in Attachment C.

Summary

With the objective of ensuring that OCTA projects are fully funded and consistent with the Board-approved CAP, OCTA is seeking Board approval to use and reprogram various state, federal, and local fund sources to fund freeway, grade separation, and transit projects.

Attachments

- A. Capital Funding Program Report
- B. Capital Programming Update Project Descriptions
- C. Capital Programming Actions from January 2017 to June 2017

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