August 7, 2017

To: Regional Planning and Highways Committee

From: Darrell Johnson, Chief Executive Officer

Subject: Approval of Use of Federal Funds for Orange County Transportation Authority Projects Related to the Federal Fiscal Year 2017-18 Obligation Authority Plan

Overview

The federal government requires states to obligate federal transportation funds by September 30 of each year. To ensure the timely commitment of all available federal funding by September 2018, the Orange County Transportation Authority prepares an annual obligation plan, and requests corresponding Board of Directors' authorization for use of the federal funds.

Recommendations

A. Approve the use of up to $28.949 million in Congestion Mitigation and Air Quality Improvement Program funds for the Interstate 5 High-Occupancy Vehicle Lane Project from State Route 55 to State Route 57 in place of an equal amount in State Transportation Improvement Program funds.

B. Approve the use of $4.5 million in Congestion Mitigation and Air Quality Improvement Program funds for the Rideshare Program.

C. Authorize staff to process all necessary amendments to the Federal Transportation Improvement Program and execute any necessary agreements to facilitate associated programming actions.

Background

The state annually receives Congestion Mitigation and Air Quality Program Improvement Program (CMAQ) and Surface Transportation Block Grant (STBG) Program apportionments from the Federal Highway Administration (FHWA). The Orange County Transportation Authority (OCTA) receives a share of the apportioned funds, approximately $44.95 million in CMAQ funds and $40.39 million in STBG for regional projects. However, the federal government typically only provides Obligation Authority (OA) to use approximately 91 percent ($77.65 million total) of the apportioned funds annually. Fortunately, state law allows agencies to use available statewide OA, up to 100 percent of its available apportionment of funds, after May 1 of each year on a first-come first-served basis. This allows OCTA to maximize federal funding for Orange County transportation projects, and reduces the need for Measure M2 (M2) funds. Furthermore, state policy allows agencies to advance OA from future years using expenditure authority from other states that fall behind in federal project delivery.

OCTA's OA Plan consists of federalized projects previously approved by the Board of Directors (Board). Projects included in one year's OA Plan that do not get obligated in that year may roll forward to next year's plan. The OA Plan brings together prior year and current funding candidates into a single plan that describes how OCTA will meet the OA target for a specific fiscal year (FY). This report focuses on the federal fiscal year (FFY) 2017-18 OA Plan that is further described below.

Discussion

In August 2016, the OCTA Board approved projects for the FFY 2016-17 OA Plan, which supported OCTA's goal to obligate 100 percent of the OA target. As of May 31, 2017, OCTA has obligated $15.413 million, or 22.8 percent, of FFY 2016-17 OA funds. The following pending projects will allow OCTA to achieve 100 percent obligation when obligated by the FHWA or transferred to the Federal Transit Administration:

- Anaheim Canyon Station – Construction ($23.163 million);
- State Route 55 (SR-55) Interstate 405 to Interstate 5 (I-5) – Design ($13.8 million);
- I-5 State Route 73 to Oso Parkway Segment 1 – Right-of-way (ROW) support and capital ($13.415 million);
- I-5 Alicia Parkway to El Toro Road Segment 3 – ROW support and capital ($9.419 million);
- OC Streetcar – Construction ($1.431 million);
- Three Local Agency Bicycle Corridor Improvement Program projects ($0.86 million):
    - Huntington Beach - Utica Avenue Bicycle Boulevard – Construction ($0.682 million);
    - San Clemente – Pacific Coast Bicycle Route Signage and Parking Expansion Improvement Project – Construction ($0.144 million);
    - Costa Mesa – Bicycle Racks at City Facilities – Construction ($0.034 million).

If these projects are not delivered in FFY 2016-17, they will roll forward into the FFY 2017-18 plan.

In order to maximize FFY 2017-18 federal funding, OCTA has developed the FFY 2017-18 federal OA Plan (Attachment A). Through this plan, OCTA will be prepared to use all of its FFY 2017-18 OA, and may also advance up to $26.322 million in federal OA from future years. The plan, as designed, may position OCTA to use OA that is not used by other states through a process known as August redistribution. This occurs when the federal government redistributes OA not used by other states to those which have, or will achieve, 100 percent delivery of OA. OCTA will be able to deliver 100 percent of its FFY 2016-17 federal funds if all the projects above are delivered. However, a number of obstacles may prevent 100 percent delivery. Should 100 percent delivery be achieved, OCTA will be eligible to receive a share of the August redistribution.

The California Department of Transportation (Caltrans) notifies agencies how much August redistribution was provided to each county in December. Based on OCTA's FFY 2015-16 OA Plan and delivery, OCTA received $3.256 million in the August 2016 redistribution.

Previous Board actions have approved the use of federal funds for most of the projects in the FFY 2017-18 OA Plan. In order to complete the FFY 2017-18 OA Plan, Board approval is required to use federal funds for the following projects, which are also included in the Next 10 M2 Delivery Plan:

- $28.949 million in CMAQ funds for the I-5 High-Occupancy Vehicle (HOV) Lane Project from SR-55 to State Route 57 (SR-57) Project;
- $4.5 million in CMAQ funds for the Rideshare Program.

Using CMAQ in place of State Transportation Improvement Program (STIP) increases external funding that can support potential freeway project cost increases and helps offset the reduction in M2 due to the recent downturn in forecasted sales tax revenue. The use of CMAQ funds is consistent with OCTA's Capital Programming Policies (CPP) regarding the use of CMAQ for eligible M2 freeway projects. Additionally, using CMAQ funds for the I-5 HOV Lane Project will make $28.949 million in STIP funds available in FFY 2018-19, two years earlier than the programmed STIP funding.

STIP funds can be used for a variety of projects, but is one of the few remaining fund sources that can be programmed for general purpose lane freeway widening projects. The $28.949 million in STIP funds will be returned to OCTA's county share and would be available to support future Next 10 M2 freeway projects. These funds will be reprogrammed to another Measure M project as part of the 2018 STIP cycle. Meanwhile this action makes STIP capacity available in FY 2018-19, which is when OCTA anticipates it would advance the I-5 widening from State Route 73 to Oso Parkway Project, which is currently STIP-funded.

CMAQ funds directed to the Rideshare Program will be used to support regional rideshare-vanpool services in Orange County, including ride guides, customer information, and marketing activities. This use of CMAQ is also consistent with the CPP.

Summary

OCTA Board approval is sought to use federal funds for OCTA projects in order to preserve M2 funds, maximize the use of OCTA's federal funding in FFY 2017-18, and position OCTA to receive August redistribution funding.

Attachment

A. Proposed OCTA's FFY 2017-18 (FY 2018) OA Plan, ($000s)

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