



**September 7, 2017**

**To:** Executive Committee

**From:** Darrell Johnson, Chief Executive Officer 

**Subject:** Measure M2 Quarterly Progress Report for the Period of April 2017 Through June 2017

### **Overview**

Staff has prepared a Measure M2 quarterly progress report for the period of April 2017 through June 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 April 1, 2017 through June 30, 2017 (Attachment A).

The quarterly report is designed to be easy to navigate and user 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 June 2017.

Additionally, Attachment A includes a summary of the Program Management Office activities that have taken place during the quarter. Two areas in particular are 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. Pages three through six of Attachment A (in every M2 quarterly report) include OCTA's progress on delivering the ten objectives identified in the Next 10 Plan. In summary, all ten objectives are moving forward toward delivery as adopted by the Board.

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. Staff will receive a draft report in August 2017, and results of the analysis will be presented to the Board next quarter.

#### **Next 10 Sales Tax Forecast Update**

OCTA is currently receiving presentations from our contracted agencies who provide an annual Orange County sales tax forecast update. During the quarter, MuniServices and the University of California, Los Angeles presented updates on the annual forecast and economic outlook to the Finance and Administration Committee. To date, sales tax revenues appear to be lower than was forecasted last year when the Next 10 Plan was adopted. Once all presentations are complete and the fourth quarter sales tax actuals are finalized, an updated forecast will be provided to the Board. This will likely require a Next 10 Plan update which will be brought to the Board for consideration in the fall.

Progress Update

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

- Final design plans for Interstate 5 (I-5) between State Route 55 (SR-55) and State Route 57 were completed, and the California Department of Transportation (Caltrans) is preparing the bid package to list. (Project A)
- The 95 percent design plans for I-5 between State Route 73 (SR-73) and Oso Parkway/Avery Parkway interchange were submitted to Caltrans on June 14, 2017. Staff expects to submit funding documents to Caltrans in July 2017. (Project C and Project D)
- Construction activities on I-5 between Avenida Vista Hermosa and Pacific Coast Highway are wrapping up. While construction is scheduled to be complete by the end of July 2017, the added carpool lanes will open in early 2018, after project segments on either side are complete. (Project C and Project D)
- Environmental work began in May 2017 for the I-5, El Toro Road Interchange. (Project D)
- The supplemental draft project report and environmental document for the SR-55 between Interstate 405 (I-405) and I-5 was completed and circulated for public review and comment. A public hearing took place on April 20, 2017. On June 12<sup>th</sup>, the Board executed a cooperative agreement with Caltrans and issued a request for proposals for the design phase. (Project F)
- On June 26, the Board approved the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan agreement between OCTA and the United States Department of Transportation (USDOT) for the I-405 Improvement Project between SR-73 and Interstate 605. On June 29, the USDOT Build America Bureau, Federal Credit Council on Finance recommended the TIFIA loan for approval by the Secretary of Transportation. (Project K)
- On April 10, 2017, the Board approved funding for 13 Regional Capacity projects, in an amount totaling \$32.24 million, and approved funding for five Regional Traffic Signal Synchronization projects, totaling \$2.5 million. (Project P)

- The Lakeview Avenue Grade Separation Project was opened to motorists on June 5, 2017. (Project O)
- The Board awarded the construction contract on June 12, 2017, for the Orange Metrolink Station Parking Structure. (Project R)
- Design plans for the Placentia Station have been completed at 90 percent and are being reviewed. A contract for construction management services is expected to be in place by August 2017, so a required constructability review can occur. (Project R)
- Based on a Risk Workshop, and recommendations by the Federal Transit Administration (FTA) for the OC Streetcar, an updated cost estimate and funding plan were presented to and approved by the Board on May 22, 2017. The funding request, as well as extensive project readiness documents required for the application, were submitted to FTA in late May 2017. (Project S)
- On June 19, 2017, the United States Fish and Wildlife Service and the California Department of Fish and Wildlife finalized the issuance of their respective biological opinion, findings, and associated permits, as well as signed the OCTA M2 Natural Community Conservation Plan/Habitat Conservation Plan Implementing Agreement. This significant milestone was achieved following years of collaboration. (Environmental Mitigation Program)
- The Taxpayer Oversight Committee unanimously found that OCTA is proceeding in accordance with the M2 Transportation Ordinance and Investment Plan, and that Measure M is being delivered as promised to voters for the 26th consecutive year.

Caltrans and OCTA continue to work together to move projects forward. Looking ahead, Caltrans' strategic policy direction now includes a focus on enhancements of high-occupancy vehicle lanes. This policy shift needs to be closely coordinated with the remaining M2 freeway projects. OCTA continues to advise Caltrans that new state policies need to take voter commitments into consideration and be implemented as additive projects to M2 improvements where appropriate.

Another challenge that the program has faced is the delay in previously programmed M2 projects. With the passage of the state transportation funding bill, SB 1 (Chapter 5, Statutes of 2017), staff is working with the California Transportation Commission (CTC) to bring funding for M2 projects back to the original schedule and also to understand how M2 projects and programs may benefit from SB 1.

Staff is currently preparing the 2018 State Transportation Improvement Program (STIP) application to the CTC. First priority of all funding sources is to fulfill commitments to M2/Next 10 projects, and to maintain OCTA's existing assets in a state of good repair. Consideration will also be given to use state and federal funds for projects that are complementary to M2 projects. The 2018 STIP funding application will be brought to the Board in September.

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.

To address this issue, staff worked with our regional partners and gained support from the Director of Caltrans, Malcolm Dougherty, in the creation of a master agreement between regional transportation planning agencies (OCTA) and Caltrans. The master agreement is intended to acknowledge the importance and commitment by both agencies to the delivery of local measure projects focusing on maintaining budget and schedule. Development of the agreement is under way, and staff will report on the progress next quarter.

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.

***Summary***

As required by the M2 Ordinance No. 3, a quarterly report covering activities from April 2017 through June 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***

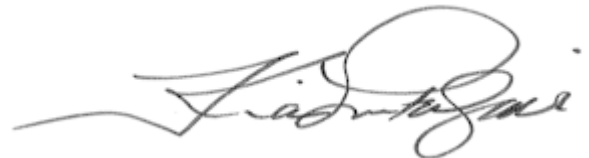
- A. Measure M2 Progress Report – Fourth Quarter of Fiscal Year 2016-17 – April 1, 2017 through June 30, 2017

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