




March 6, 2017

To: Executive Committee

From: Darrell Johnson, Chief Executive Officer 

Subject: Measure M2 Quarterly Progress Report for the Period of October 2016 Through December 2016

Overview

Staff has prepared a Measure M2 quarterly progress report for the period of October 2016 through December 2016, 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 October 1, 2016 through December 31, 2016 (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 December 2016.

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. The Plan's ten key deliverables take into account the revised sales tax revenue forecast of \$14.2 billion (supplemented with external revenues) and updated project costs and schedules generated by the Board-approved October 2016 M2 cash flow.

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 is underway.

Progress Update

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

- October 24, 2016, the Board approved conceptual designs for the OC Streetcar stops, and directed staff to make revisions to the canopy size, seating accommodations, and colors, and to conduct additional public outreach. On November 28, 2016, the Board approved revised conceptual designs. On December 12, 2016, the Board approved a request for proposals (RFP) for Public Awareness Services, and an RFP for manufacturing and delivery of streetcar vehicles (Project S).

- Construction acceptance was obtained on October 25, 2016, for the Tustin Avenue/Rose Drive and Orangethorpe Avenue grade separation projects in the cities of Anaheim and Placentia (Project O).
- Construction acceptance was obtained on October 31, 2016, for the State Route 91 Improvement Project from State Route 55 (SR-55) to the Tustin Avenue interchange (Project I).
- Community-Based Transit Circulator services in the cities of Mission Viejo, San Clemente, and Westminster began in October (Project V).
- On November 14, 2016, the Board approved an increase to the OC Bridges Railroad Grade Separation Program budget by \$32.73 million, increasing the total amount to \$663.96 million (Project O).
- An agreement with the California Department of Transportation (Caltrans) was approved by the Board on November 14, 2016, to address all toll operation matters related to the 405 Express Lanes (Project K).
- The design-build contract for the Interstate 405 (I-405) Improvement Project was approved by the Board, in the amount of \$1.217 billion, on November 14, 2016 (Project K).
- On November 28, 2016, the Final Environmental Impact Report and Final Natural Community Conservation Plan/Habitat Conservation Plan (Conservation Plan) was approved by the Board. An agreement between OCTA, United States Fish and Wildlife Service, and the California Department of Fish and Wildlife was also approved for implementation of the Conservation Plan.
- On December 12, 2016, a consultant was selected for construction management services for the Placentia Metrolink Commuter Rail Station Project, and an amendment was approved for adding additional construction management services for the Laguna Niguel/Mission Viejo Metrolink Station Improvements Project (Project R).
- On December 12, 2016, the Board approved adjustments for Combined Transportation Funding Program projects and Local Fair Share funds, as part of the September 2016 Semi-Annual Review (projects O, P, Q, S, V, W, and X).
- On December 12, 2016, the Board approved an agreement to purchase seven cut-away buses for Project V services (Project V).

- Caltrans presented the Draft Managed Lanes Network Study to the Board on December 12, 2016. This Caltrans-prepared study intends to address slow travel speeds in high-occupancy vehicle (HOV)/carpool lane systems in Orange County by recommending changes to the system through pricing or new capacity (where possible) to manage demand and improve overall performance (projects A-M).

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.

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 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.

During the quarter, a statewide environmental issue came to light related to the National Environmental Policy Act (NEPA) Assignment Program. Under this program, the Federal Highway Administration has delegated "signing authority" to Caltrans for making environmental decisions and approvals for highway projects in California. Time savings provided with NEPA delegation has helped expedite project delivery. This program expired on January 1, 2017, suspending Caltrans' NEPA delegation authority. An extended lapse in signing authority could potentially affect numerous locally-funded OCTA projects, putting them at risk for delay if they are subject to the traditional NEPA review process. The projects currently at risk for delay due to this lapse are the SR-55 Widening Project between I-405 and Interstate 5 (Project F), and the I-405 Improvement Project between SR-55 and Interstate 605. New legislation, AB 28 (Frazier, D-Oakley), was introduced on December 5, 2016, which proposes to delegate NEPA assignment authority to Caltrans indefinitely. OCTA has taken a support position on AB 28 and to date the legislation appears to be moving well through the legislative process. Staff believes the legislation will be approved by the legislature and enacted by the Governor prior to projects being negatively impacted.

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.

The impacts related to the STIP reduction include a one-year delay on Project A, \$39 million project, and a two-year delay on Project C, a \$482 million project, which, if not addressed, will result in cost increases for both projects due to escalation. OCTA is closely monitoring the transportation funding proposals at the state and federal levels that could potentially provide a funding solution for these two projects and possibly provide an opportunity to expedite projects as a result of additional funding becoming available. Near term implications persist, and staff will seek the Board's direction next quarter on how to address the impacts.

Summary

As required by M2 Ordinance No. 3, a quarterly report covering activities from October 2016 through December 2016 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

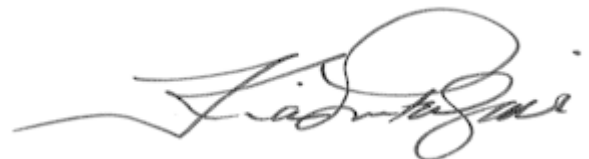
- A. Measure M2 Progress Report – Second Quarter of Fiscal Year 2016-17 – October 1, 2016 through December 31, 2016

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