




**June 4, 2018**

**To:** Executive Committee

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

**Subject:** Measure M2 Quarterly Progress Report for the Period of January 2018 Through March 2018

### **Overview**

Staff has prepared a Measure M2 quarterly progress report for the period of January 2018 through March 2018 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 M2'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). On September 25, 2017, the Board approved rebranding M2 externally to OC Go to promote OCTA's Measure M awareness and public perception, as well as to avoid confusion with the recently approved,

similarly named, Los Angeles Metropolitan Transportation Authority's "Measure M." M2 progress is summarized in these quarterly progress reports, which 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, 2018 through March 31, 2018 (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 provided from the Capital Action Plan, and Local Fair Share and Senior Mobility Program payments made to cities during the quarter, as well as total distributions from M2 inception through March 2018.

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

### **Safeguards**

The M2 ordinance includes a requirement for a performance assessment to be conducted at least once every three years to evaluate OCTA's efficiency and effectiveness in delivery of M2 as promised to the voters. Three prior performance assessments have been completed covering fiscal year (FY) 2006-07 through FY 2008-09, FY 2009-10 through FY 2011-12, and FY 2012-13 through FY 2014-15. Findings and recommendations from assessments are presented to the Board, and recommendations are implemented as appropriate. A fourth assessment will begin in July 2018 and cover the period between July 1, 2015 and June 30, 2018. Procurement for a consultant to conduct this effort is underway.

### **Progress Update**

The following provides an overview of M2 accomplishments to date by mode, as well as highlights of activities that occurred during the third quarter of FY 2018.

#### **Freeway Program**

The M2 Freeway Program currently consists of 27 projects or project segments identified in the Plan and approved by the voters to be delivered by 2041. Currently, while in year seven of the 30-year program, 12 are complete, with one in construction and another five readying to begin construction. The remaining nine are in various stages of project development, with two of those slated to go to construction and also be complete or nearing completion by 2026.

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Key freeway project activities taking place this quarter are highlighted below.

- Interstate 5 between State Route 55 and State Route 57 project was advertised for construction bids on March 19th. Bid opening was scheduled for May 8th. (Project A)
- The revised draft environmental document and draft project report for Interstate 5 between Interstate 405 and State Route 55 has been submitted to the California Department of Transportation (Caltrans) for review. The draft environmental document is expected to be circulated in mid-May, and open house format public hearings are scheduled in late May. (Project B)
- All three segments of Interstate 5 between Avenida Pico and San Juan Creek Road widening project were opened to traffic on March 13, 2018, providing motorists with additional capacity and congestion relief. (Project C and Project D)
- Construction activities on Interstate 405 between State Route 73 and Interstate 605 began on March 6, 2018. The project is scheduled to be completed in 2023. (Project K)

#### Streets and Roads

Since 2011, \$670 million has been allocated to local jurisdictions for transportation improvements through the streets and roads competitive and formula funding programs. To date, 235 projects totaling more than \$345 million have received funding through seven programming cycles. Additionally, M2 provided a portion of the \$664 million to grade separate seven rail crossings. M2 successfully leveraged the majority of the funds (\$520 million) from state and federal sources.

The eighth call for projects (call) is currently underway for both the Regional Capacity Program (RCP {Project O}) and the Regional Traffic Signal Synchronization Program (RTSSP {Project P}). Key streets and roads project activities taking place this quarter are highlighted below.

- Staff completed the review of applications received for the RCP and RTSSP call and presented funding recommendations to the Technical Steering Committee (TSC) on March 14, 2018. The TSC supported the recommendations and forwarded them to the Technical Advisory Committee meeting on April 25, 2018. Recommendations will be brought to the Board in June 2018. (Project O and Project P)

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## Transit

The M2 transit mode includes a number of programs designed to provide additional transportation options. M2 is the main funding source for Metrolink commuter rail service in Orange County and also provides funding for rail station improvements and transit connections to extend the reach of the services. Since 2011, Metrolink ridership in Orange County has increased 16 percent. Additionally, M2 provides competitive funding for local bus community circulators (\$37 million to date), bus stop improvements (\$1.5 million to date), and funding to support specific programs to help meet the needs of seniors and persons with disabilities (\$56 million to date). Key transit project activities taking place this quarter are highlighted below.

- Final design for the Anaheim Canyon Metrolink Station Improvements began in March 2018. (Project R)
- Excavations for the Orange Transportation Center Metrolink Parking Structure were completed, and concrete pouring began in January 2018. The project is expected to be complete in February 2019. (Project R)
- On March 26, 2018, the OCTA Board authorized the Chief Executive Officer to negotiate and execute an agreement with Siemens Industries, Inc., in the amount of \$51.5 million, for the purchase of streetcar vehicles. (Project S)
- Applications for the second round of the Community-Based Transit/Circulators Program were due on March 23, 2018. A total of seven applications were received. OCTA is currently reviewing applications, and funding recommendations are planned to be presented to the Transit Committee and the Board in June 2018. (Project V)

## Environmental Programs

The M2 Program includes two innovative programs, the Environmental Cleanup Program (ECP) and the Environmental Mitigation Program (EMP). The ECP improves water quality by addressing transportation related pollutants while the EMP off-sets biological impacts of freeway projects.

Since 2011, the ECP has provided \$48 million to local jurisdictions through a competitive process which funded 154 projects for trash removal devices and 22 projects for comprehensive capital improvements to improve water quality. This has resulted in more than 6.2 million cubic feet of trash (or over 2,600 forty-foot shipping containers) captured so far and it is estimated that once fully functional, the capital projects will have an annual groundwater recharge potential of approximately 157 million gallons of water.

The Board has authorized \$55 million for the EMP to acquire conservation lands, fund habitat restoration projects, and to develop the Conservation Plan. OCTA has acquired more than 1,300 acres and funded 12 restoration projects across Orange County. With the established endowment, the wildlife and habitat on the acquired lands are protected in perpetuity. Key program activities during this quarter are highlighted below.

- The Board approved the release of the ECP eighth Tier 1 call on March 12, 2018, in the amount of approximately \$2.8 million. (Project X)
- In January 2018, OCTA was able to maximize existing EMP investments by obtaining a programmatic permit from the United States Army Corps of Engineers to off-set impacts to waterways affected by the freeway projects.

### Challenges

A critical factor in delivering M2 projects successfully 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 past reductions in the sales tax revenue forecast and the potential for a cost increasing environment, this factor is even more significant. As such, ability to secure external funding while managing projects tightly is critical.

OCTA continues to be successful in capturing external funding. However, during the State Transportation Improvement Program (STIP) funding cycle, in some cases projects were programmed later than OCTA's requested timeframe.

OCTA staff will work with the California Transportation Commission and Caltrans staff to seek methods to maintain the existing schedules and avoid delay in planned delivery.

Also, an area of focus is Interstate 5 between State Route 73 and El Toro Road, which is made up of three project segments. Given that the project is cleared as a single project, and the combined cost is greater than \$500 million, according to Federal Highway Administration rules the project falls under the major project designation. Major projects require a formal cost estimate review (CER) process. The cost and schedule for the combined projects will be updated after finalizing information resulting from the CER. Staff anticipates the process will require added contingency to deal with perceived risk and increased escalation requirements resulting in a higher overall project cost.

Another external funding issue is pending receipt of the full funding grant agreement for the OC Streetcar. The Federal Transit Administration and the Orange County Congressional Delegation continue to show strong support for the project, and with the federal funding package in place, finalized grant approval should be forthcoming.

Finally, staff is monitoring repeal efforts underway of SB 1 (Chapter 5, Statutes of 2017). Due to revenue reductions, M2 relies on external funding, including state and federal dollars for delivery of the freeway program. If the SB 1 repeal is successful, there is a likelihood that funding commitments programmed in the STIP for M2 projects would be impacted and could delay M2 delivery schedules.

M2 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.

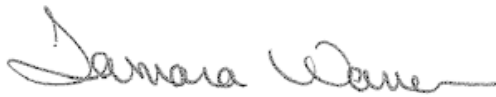
***Summary***

As required by M2 Ordinance No. 3, a quarterly report covering activities from January 2018 through March 2018 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 Fiscal Year 2017-18, January 1, 2018 through March 31, 2018

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