

Measure M2

2018 UPDATE

NEXT 10 DELIVERY PLAN

M2 Delivery Plan - Goals

- Accelerates projects and programs
- Delivers improvements sooner and realizes savings
- Utilizes debt financing to minimize escalation impacts
- Readies projects to capture external funding



M2 Delivery Plans Timeline

- Early Action Plan - adopted in 2007 (five year plan)
- M2020 - adopted in 2012 (eight year plan – replaced mid stream)
- Next 10 Plan - adopted in 2016 (ten year plan – 2017-2026)
 - ✓ 2017 review and update
 - ✓ 2018 review and update

Next 10 Plan – Next 10 Delivery Plan

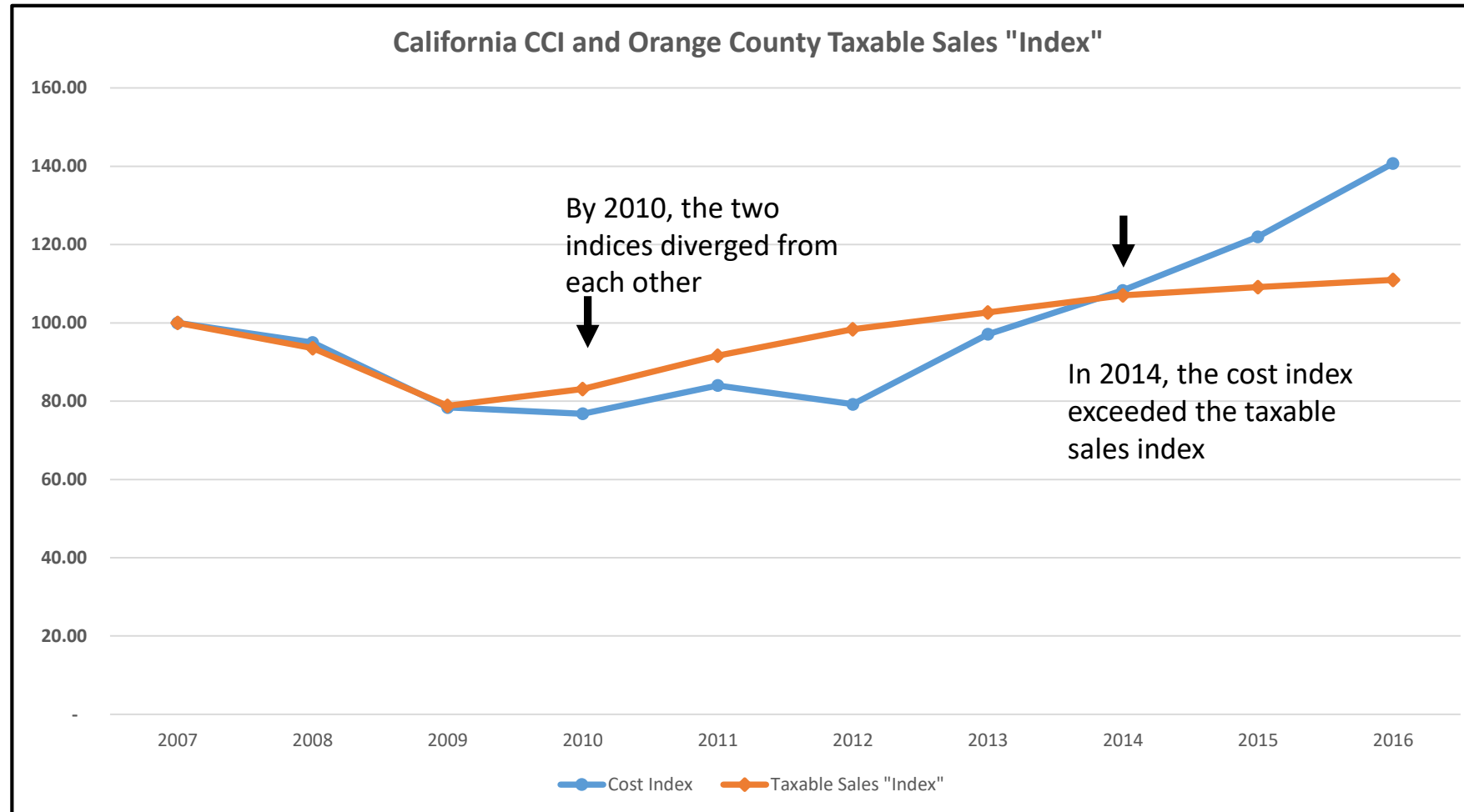


M2 Sales Tax Revenue Forecast

- Updated 2018 forecast is \$13.1 billion
 - \$400 million less than the 2017 forecast
- Most areas of M2 Plan scale to available revenue
- Freeway program doesn't scale due to set scopes
 - Net freeway program sales tax revenue loss - \$127.1 million

MEASURE M M2 Projects and Programs		
Freeway Projects		
I-5	Santa Ana Freeway Interchange Improvements	A
I-5	Santa Ana/San Diego Freeway Improvements	B C D
SR-22	Garden Grove Freeway Access Improvements	E
SR-55	Costa Mesa Freeway Improvements	F
SR-57	Orange Freeway Improvements	G
SR-91	Riverside Freeway Improvements	H I J
I-405	San Diego Freeway Improvements	K L
I-605	Freeway Access Improvements	M
All	Freeway Service Patrol	N
Streets & Roads Projects		
	Regional Capacity Program	O
	Regional Traffic Signal Synchronization Program	P
	Local Fair Share Program	Q
Transit Projects		
	High Frequency Metrolink Service	R
	Transit Extensions to Metrolink	S
	Metrolink Gateways	T
	Expand Mobility Choices for Seniors and Persons with Disabilities	U
	Community Based Transit/Circulators	V
	Safe Transit Stops	W
Environmental Cleanup		
	Clean Up Highway and Street Runoff that Pollutes Beaches	X
Taxpayer Safeguards and Audits		
	Collect Sales Taxes (State charges required by law)	
	Oversight and Annual Audits	

Comparison of CCI and Taxable Sales



CCI 40% increase between 2007 -2016











Taxable sales 11% increase between 2007 -2016

- Revenue
 - Lower sales tax revenues
 - Repeal of SB 1 (Chapter 5, Statutes of 2017)
- Cost
 - Market pressures
 - Project estimates
 - Interest rates
- Regulatory
 - State and federal

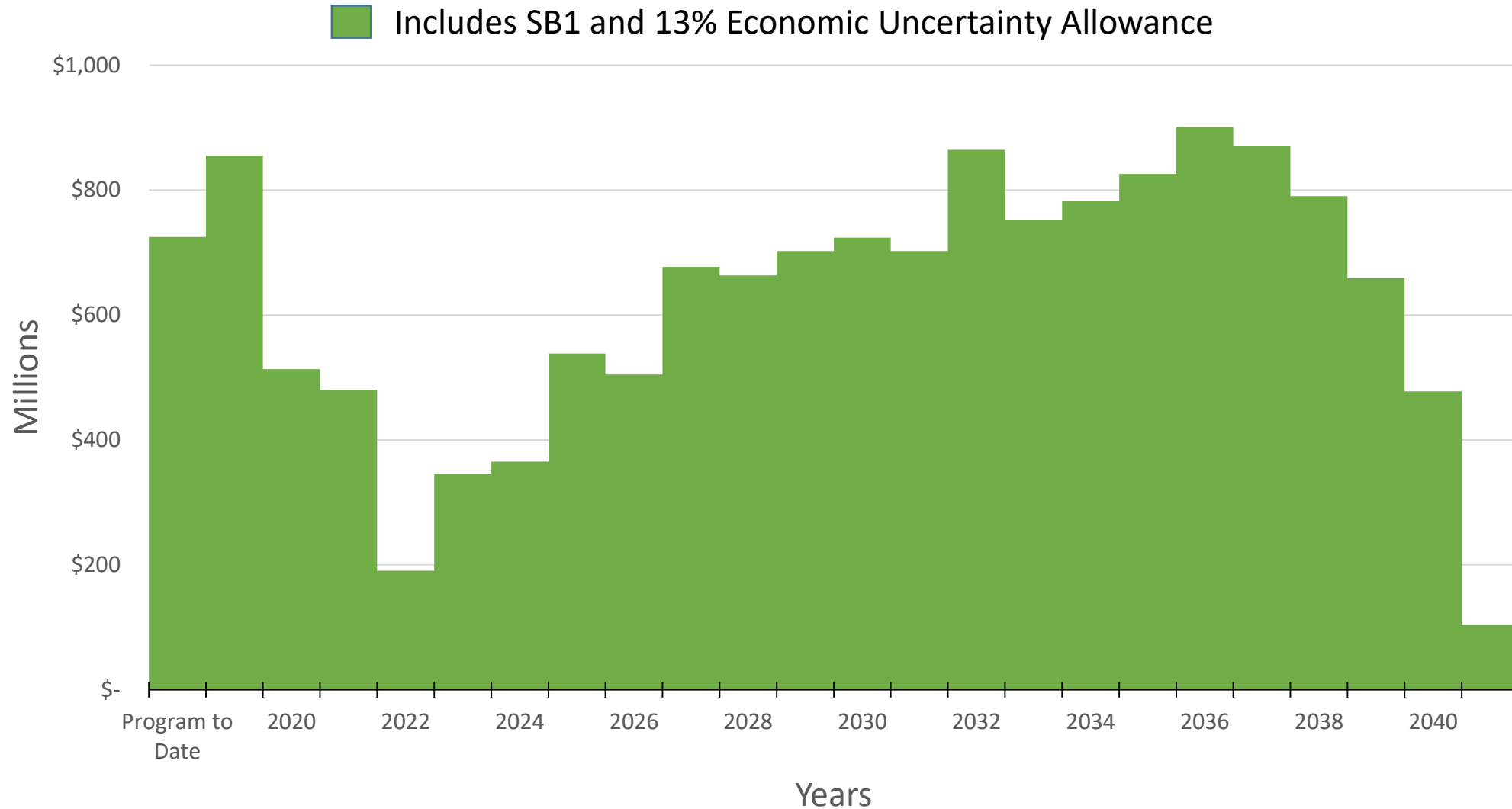


Freeway Cash Flow 2017 to 2018

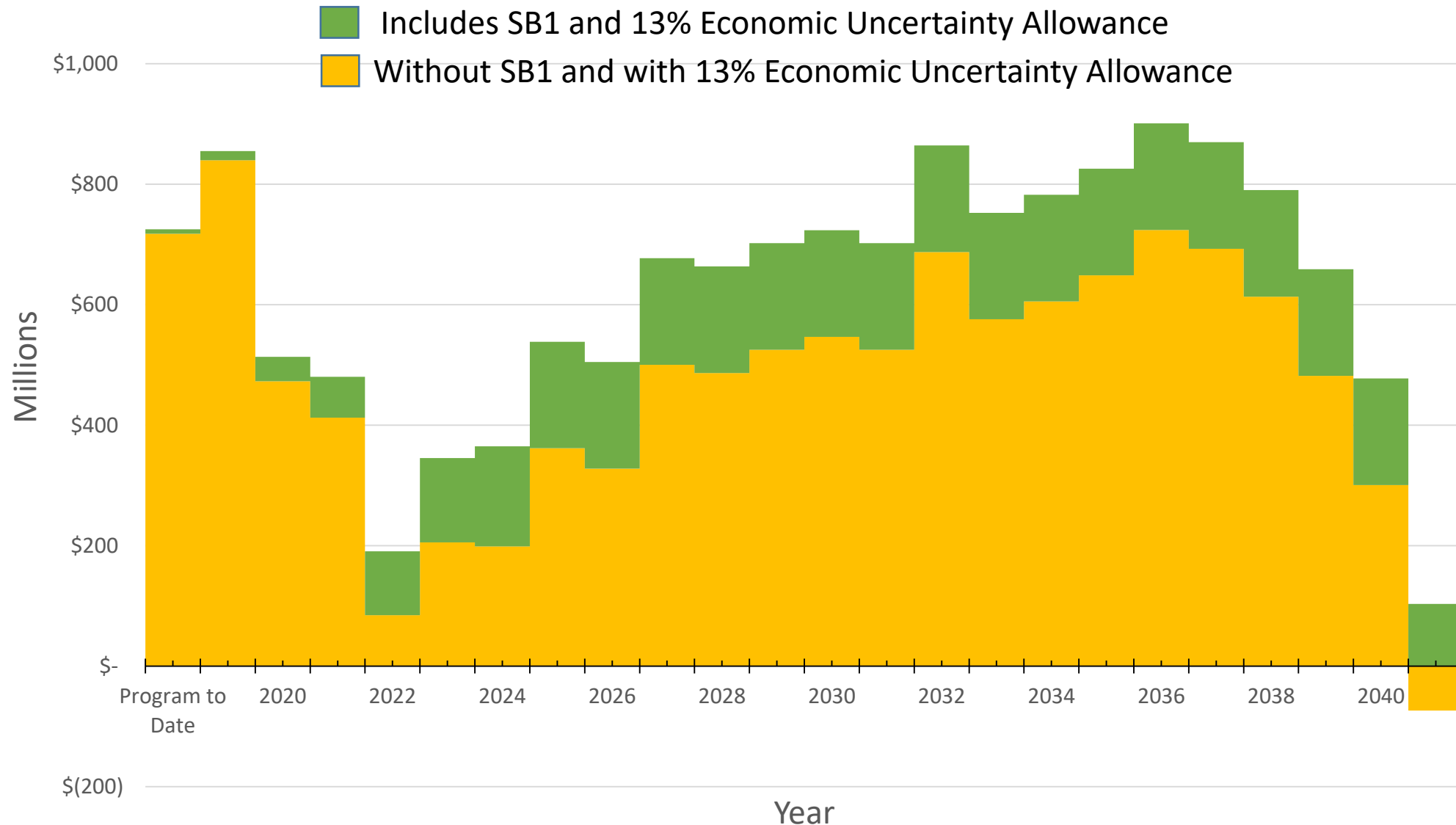
- Net sales tax revenue  \$127.1 million
- Net external revenue  \$291.7 million
- Project cost  \$278.8 million
- Net benefit required less bonding 
- Allows for 13% economic uncertainties 

-
- Maintains a minimum \$100 million ending balance 
 - Ensures 1.3x debt coverage ratio minimum 
 - Funds complete program of projects 

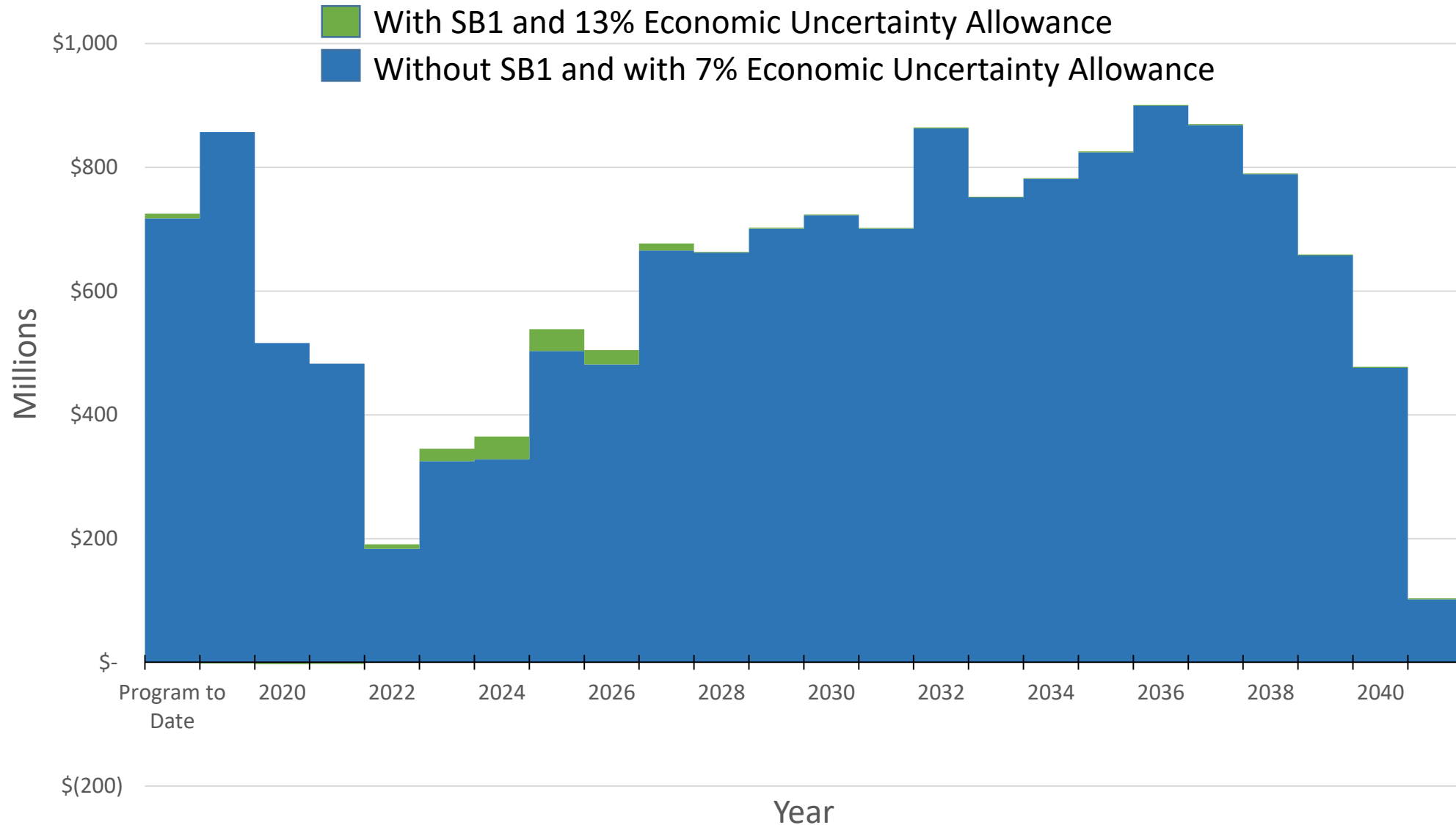
M2 Program Cash Balance with SB 1



M2 Program Cash Balance Layered



M2 Program Cash Balance Layered



Next 10 Deliverables 2017-2026

- Deliver up to \$4.3 billion in freeway projects
- Allocate nearly \$1 billion of funding for streets and roads improvements
- Invest approximately \$1 billion to enhance access to rail and transit including delivery of the OC Streetcar
- Ensure ongoing preservation of open space Preserves and provide \$40 million in water quality grants



- Distribute the 2018 updated Next 10 Plan to local jurisdictions and stakeholders
- Work with our transportation partners to seek cost saving measures on delivery of the Next 10 Plan of projects and programs
 - ✓ Continue to identify cost-effective alternates that meet the intent of the M2 scope as projects advance through project development for Board of Directors (Board) consideration
- Monitor the risk associated with the changing environment and return to the Board with updates as appropriate