



December 2, 2019

To: Regional Planning and Highways Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Measure M2 Quarterly Progress Report for the Period of July 2019 Through September 2019

Overview

Staff has prepared a Measure M2 quarterly progress report for the period of July 2019 through September 2019, 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 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). 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 County 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 July 1, 2019 through September 30, 2019 (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 September 2019.

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.

Future Outlook

At the Boards' direction, OCTA contracts with two local economists to monitor and analyze key early warning indicators affecting the construction market. The information is incorporated in a cost pressure index model to provide insight on OCTA's delivery of the Next 10 Delivery Plan. The results of the analysis were presented to the Board on October 28, 2019, and identified a potential that OCTA will experience a moderate cost environment of two to six percent inflation during 2020 through 2022. The consultant's analysis on measurable cost pressures has tempered compared to the 2018 analysis. Staff will continue to monitor market conditions and effects on the advancement of the Next 10 Delivery Plan and provide updates to the Board as appropriate.

Next 10 Delivery Plan

As part of the annual review, staff reviewed the Board-adopted commitments included in the Next 10 Delivery Plan, and incorporated changes in revenues and project costs to ensure the plan remains deliverable. The 2019 review was completed in November and the updated Next 10 Delivery Plan was presented

to the Board on November 11, 2019. The review incorporates the revised 2019 sales tax revenue forecast of \$13.4 billion (presented to the Board on October 28, 2019), updated project and program cash flows, and incorporated information provided through the updated construction cost pressure index (presented to the Board on October 28, 2019).

Progress Update

The following provides an overview of M2 accomplishments to date by mode, as well as highlights of activities that occurred during the first quarter of fiscal year (FY) 2020.

Freeway Program

The M2 Freeway Program consists of 30 projects or project segments to be delivered by 2041. Currently, while in year nine of the 30-year program, 12 segments are complete, three are in construction, and another three are readying for construction. The remaining 12 segments are in various stages of project development, with eight (included in the 2019 updated Next 10 Delivery Plan) of those slated to go into construction and be complete or nearing completion by 2026.

Key freeway project activities taking place this quarter, along with updates, are highlighted below.

- Construction activities continued on Interstate 5 (I-5) between State Route 55 (SR-55) and State Route 57 (SR-57) Project. The I-5/Main Street carpool bridge was demolished on August 2 and August 3, 2019. The demolished bridge will make room for a second carpool lane on the I-5. (Project A)
- The I-5 Project between State Route 73 (SR-73) and Oso Parkway, which includes the Avery Parkway interchange, was advertised for construction bids in late August 2019. This is the southernmost of three segments of the I-5 widening between SR-73 and El Toro Road. The California Department of Transportation (Caltrans) opened bids on October 15, 2019, with the apparent low bid at 3.27 percent below the engineer's estimate. Caltrans is currently reviewing the bid for responsiveness and determination to award the contract. (Project C and Project D)

- An update was provided to the Regional Planning and Highways Committee on September 5, 2019, and to the Board on September 9, 2019, for the SR-55 between I-5 and State Route 91 (SR-91) Project, sharing proposed project improvements and that the draft environmental document was circulated for public input. (Project F)
- A consultant was selected by the Board to prepare the plans, specifications, and estimates for the SR-91 Project between SR-55 and Lakeview Avenue on September 9, 2019. This is the easternmost of three segments of the SR-91 Project between SR-57 and SR-55. Contract negotiations are underway and design is expected to begin in early 2020. (Project I)
- The Board approved the release of request for proposals for consultant services for the preparation of plans, specifications, and estimates for the SR-91 between La Palma Avenue and SR-55 Project on September 23, 2019. This is the middle of three segments of the SR-91 between SR-57 and SR-55 Project. Design work is anticipated to begin in mid-2020. (Project I)
- An update was provided to the Board on September 9, 2019, for the Interstate 405 (I-405) between SR-73 and Interstate 605 Project, sharing the August 30, 2019, completion date of the Slater Avenue bridge. With a total of 11 bridges currently under construction, the completion of the Slater Avenue bridge marks the first of 18 bridges to be replaced as part of this project. (Project K)

Streets and Roads

Since 2011, approximately \$787 million¹ has been allocated to local jurisdictions for transportation improvements through the streets and roads competitive and formula funding programs. Additionally, M2 provided a portion of the \$664 million to grade separate seven street and rail crossings, leveraging the majority of the funds (\$520 million) from local, state, and federal sources.

- The 2020 annual call for projects (call) for the Regional Capacity Program and the Regional Traffic Signal Synchronization Program were authorized by the Board and issued on August 12, 2019, providing up to \$40 million.

¹ Excludes suspended funds. On May 13, 2019, the Board determined the City of Santa Ana and City of Stanton ineligible to receive all net M2 revenues.

Funding applications were due on October 24, 2019. Staff is reviewing applications and will present final programming recommendations in mid-2020.

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 provides funding for rail station improvements and transit connections to extend the reach of the services.

Since 2011, M2 has provided competitive funding commitments for bus and station van extension projects to Metrolink (\$483,133 to date), local community-based transit circulators and planning studies (\$31 million to date), bus stop improvements (\$1.8 million to date), and funding to support specific programs to meet the needs of seniors and persons with disabilities (\$71.7 million² to date). Key transit project activities taking place this quarter are highlighted below.

- On October 14, 2019, OCTA, along with other Southern California Regional Rail Authority member agencies, implemented service improvements to provide new weekday service between Orange County and the City of Los Angeles (Los Angeles) on the Orange County (OC) and 91/Perris Valley lines. Three midday intracounty roundtrips between the cities of Laguna Niguel/Mission Viejo and Fullerton were replaced with two midday round trips from the cities of Laguna Niguel/Mission Viejo to Los Angeles on the OC Line. These extensions are for later morning trips to Los Angeles and later evening trips from Los Angeles and will only affect weekday service. In addition, on the 91/Perris Valley Line, three intracounty trips from Perris-South to Riverside-Downtown were replaced with one roundtrip from Perris-South to Los Angeles Union Station, with stops in the cities of Buena Park and Fullerton. This will give riders another option to get to Los Angeles and will only affect weekday service. The next phase of service improvements is planned to be implemented in April 2020. (Project R)

² Excludes suspended funds. On May 13, 2019, the Board determined the City of Santa Ana and the City of Stanton ineligible to receive all net M2 revenues. Disbursement of M2 funds have been suspended until the cities achieve compliance and the Board reconsiders the matter by May 2020.

- A quarterly update was provided to the Transit Committee on July 11, 2019, and to the Board on July 22, 2019, for the OC Streetcar Project. (Project S)
- A ridership report for transit community circulators was provided to the Board on August 12, 2019. At the same meeting, staff provided a report on local agencies' interest to the Board, along with consideration of issuing a fourth call. On October 14, 2019, the fourth call, for \$9 million, was authorized by the Board. (Project V)

Environmental Programs

The M2 Program includes two innovative programs, the Environmental Cleanup Program (ECP) with specific activity, and the Environmental Mitigation Program (EMP) with funding from the freeway program. 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 awarded \$48.1 million to local jurisdictions through a competitive process, which funded 170 projects for trash removal devices (Tier 1), and 20 projects for large scale water quality best management practices projects (Tier 2). More than 6.2 million cubic feet of trash (or over 2,600 40-foot shipping containers) have been captured so far.

Additionally, 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. The wildlife and habitat on the acquired lands are protected in perpetuity, and long-term management of the properties will be funded by an established endowment. It is estimated that it will take 12 years to fully fund the endowment with annual deposits, or until the fund totals approximately \$46.2 million. As of June 30, 2019, the balance of the endowment was \$9,534,374. The fourth deposit, of approximately \$2.9 million, took place on July 3, 2019.

- Final programming recommendations for the ninth Tier 1 call were approved by the Board on September 9, 2019, which included 11 projects, totaling \$2 million. (Project X)
- An update and annual report for the M2 EMP was provided to the Board on August 12, 2019.

Challenges

As with all major programs, challenges arise and need to be monitored and addressed. A few key challenges are highlighted below.

The May 13, 2019, Board action finding the City of Santa Ana and City of Stanton ineligible (first time in the life of Measure M1 and M2), suspended M2 funding allocations until confirmation by audit of compliance and subsequent Board action. As of October 22, 2019, both the cities of Santa Ana and Stanton have executed settlement agreements with OCTA to correct and remedy the FY 2017-18 audit issues. Upon notification in writing to OCTA of the cities finalized Comprehensive Annual Financial Report, reflecting an unmodified opinion and receipt by OCTA of the FY 2018-19 Expenditure Report, OCTA staff will expedite, as feasible, the required audit. The audit will review each city's FY 2018-19 Expenditure Report and FY 2018-19 maintenance of effort. The Board will revisit the status of compliance by May 2020 or sooner, as appropriate.

On all M2 projects, staff is committed to develop and implement the most cost-effective design that provides the highest congestion relief with the least impact to businesses and communities. Four projects are facing challenges, which are detailed below.

- The I-5 between I-405 and SR-55 Project (Project B) is nearing completion of the environmental phase. OCTA has submitted fact sheets to Caltrans for review and approval of exceptions to mandatory and advisory design standards and is awaiting Caltrans approval in order to complete environmental and proceed into design.
- The SR-91 between SR-57 and SR-55 is also nearing completion of the environmental phase and facing some difficulties. The finalization of the document has been delayed due to a requirement by Caltrans that OCTA provide additional information prior to consideration of approval of design exceptions. The design exceptions will limit right-of-way needs at a recycling facility located adjacent to the project area. This effort includes a site investigation in the landscape area of a former landfill that is currently operating as a metals recycling facility. This requires a lengthy process and presents risk to the project.

- On October 2, 2019, OCTA met with the cities of Laguna Hills, Laguna Woods, and Lake Forest to discuss the lack of consensus on alternatives under consideration in the environmental phase for the I-5/EI Toro Road Interchange Project. As a result of the meeting, the stakeholder cities have been tasked with determining a mutually acceptable and viable alternative. Built into M2 is a promise that projects would be delivered in cooperation with local jurisdictions. As such, OCTA will not support finalization of the environmental document without consensus. The environmental phase was originally anticipated to be complete by the end of 2019, but will extend beyond. (Project D)
- Another M2 freeway project facing challenges is the SR-55 between I-405 and I-5 project (Project F), which is nearing final design. Caltrans recently informed OCTA that they will not prepare the required fact sheets for design variations (design standard decision document) as documented in the executed design phase cooperative agreement. This task was included as a Caltrans responsibility in the work sharing commitments in the cooperative agreement and was to be funded by Caltrans' State Highway Operation and Protection Program contribution. OCTA's design consultant will take over this effort, which poses risks as Caltrans approval is still required.

In addition, the Placentia Metrolink Station and Parking Structure Project (Project R) design has been completed and is construction ready, but the project cannot be advertised until Metrolink and Burlington Northern Santa Fe Railway (BNSF) successfully negotiate a memorandum of understanding for the Shared Use Agreement terms and conditions. The Shared Use Agreement will provide the required BNSF approvals for construction of the station. This external agency dependency is a challenge for forecasting project cost estimates, funding, and schedule.

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.

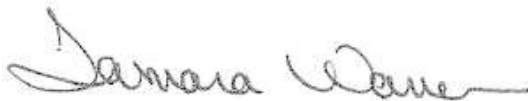
Summary

As required by M2 Ordinance No. 3, a quarterly report covering activities from July 2019 through September 2019 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 made available through the OCTA website. Hard copies are available by mail upon request.

Attachment

- A. Measure M2 Progress Report, First Quarter Fiscal Year 2019-20, July 1, 2019 through September 30, 2019

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