



January 6, 2020

To: Regional Planning and Highways Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Capital Programming Update

Overview

The Orange County Transportation Authority uses various funding sources to implement projects. As projects are delivered, the costs can vary from the programmed amount, which may require funding revisions and Board of Directors' approval to meet the state funding requirements. Recommended adjustments are presented for approval.

Recommendations

- A. Authorize the use of up to \$46.592 million in State Route 91 Express Lane Excess Revenue funding for the following projects:
 - State Route 91 Improvement Project from State Route 57 to State Route 55 - design phase of segments 1, 2, and 3 (\$31.592 million),
 - State Route 91 between State Route 241 and Interstate 15 (Orange County portion {\$15 million}).
- B. Authorize the use of up to \$11.500 million in Surface Transportation Block Grant and \$16.096 million in Measure M2 for the design phase of the following projects:
 - Interstate 5 Improvement Project from Yale Avenue to State Route 55 (Segment 2 {\$11.500 million in Surface Transportation Block Grant and \$2.398 million in Measure M2}),
 - State Route 55 Improvement Project from Interstate 5 to State Route 91 (\$8.921 million in Measure M2),
 - State Route 57 Improvement Project from Orangewood Avenue to Katella Avenue (\$4.777 million in Measure M2).
- C. Authorize the use of \$2.448 million in additional Congestion Mitigation and Air Quality Improvement funds for the Interstate 5, State Route 55 to State Route 57 Project.

- D. Authorize staff to process all necessary amendments to the Federal Transportation Improvement Program and execute or amend all necessary agreements to facilitate the above actions.

Background

The Orange County Transportation Authority (OCTA) programs federal, state, and local funds based on the Board of Directors (Board)-approved Capital Programming Policies (CPP {Attachment A}).

As projects progress through development, project costs change, external agency requirements may limit the anticipated use of funds, savings may result, or additional funding may be required. OCTA regularly reports on specific project costs through the quarterly Capital Action Plan (CAP), which highlights project costs, schedules, and status. Programming and revenue changes are updated periodically to match these costs and are included in the Capital Funding Program (CFP {Attachment B}). The attachment includes all proposed changes in this staff report, along with a summary of funding for all of OCTA's capital projects.

The Measure M2 (M2) Next 10 Delivery Plan was approved by the OCTA Board on November 14, 2016, and incorporated the 2016 revenue forecast with a plan for continued acceleration of the delivery of M2 freeway, streets and roads, transit, and environmental projects through the year 2026. Included in the M2 Next 10 Delivery Plan was Board approval to allocate net excess 91 Express Lanes revenue to the M2 Freeway Program, in an amount not to exceed the project costs of the State Route 91 (SR-91), Project I and Project J. On October 23, 2017, the Board approved the establishment of a 91 Express Lanes Capital Reserve that will fund future SR-91, Project I and Project J expenditures, estimated to total \$748.73 million. On November 11, 2019, an update to the M2 sales tax revenue forecasts and Next 10 Delivery Plan was presented and approved by the OCTA Board. The plan designated Project M and Project G, both segments of B, and Project F for advancement through construction.

OCTA and the Riverside County Transportation Commission (RCTC) annually prepare an implementation plan for potential improvements along the SR-91 corridor between State Route 57 (SR-57) in Orange County and Interstate 15 (I-15) in Riverside County. The implementation plan establishes a program of potential improvements to relieve congestion and improve operations in the SR-91 corridor.

Discussion

The CAP lists highway, grade separation, rail and facility projects, and includes the funding at completion estimate and the schedule for key milestones. In coordination with project managers, programming staff refer to the CAP and quarterly reports for the Operations Division to make funding adjustments for projects that have met key milestones, such as the completion of final environmental approval, 65 percent design, 95 percent design, contract award, and close out. Recommendations may also be suggested to ensure the funds are being utilized efficiently for projects and that OCTA is able to maximize the use of any funding programs, which may have limitations or deadlines that put the funds at risk.

Based on updates from the Next 10 Delivery Plan, the SR-91 Implementation Plan, and the CAP, staff is recommending the following changes.

SR-91 Implementation Plan Projects

SR-91 Improvement Project between SR-57 and State Route 55 (SR-55) is currently funded through the environmental phase, which is expected to be approved mid-2020. Consistent with the SR-91 Implementation Plan and advancement of projects approved through the Next 10 Delivery Plan, staff is seeking approval for the next phase of work, the design or plans, specifications, and estimates (PS&E) phase. Additionally, \$31.592 million in 91 Express Lane (EL) excess revenue funds for the project will be divided into the following three segments:

- Project I – SR-91 from SR-55 to Lakeview Avenue (Segment 1) in fiscal year (FY) 2019-20 for \$8.053 million,
- Project I – SR-91 from La Palma Avenue to SR-55 (Segment 2) in FY 2019-20 for \$14.648 million,
- Project I – SR-91 from Acacia Avenue to La Palma Avenue (Segment 3) in FY 2020-21 for \$8.891 million.

Staff is also recommending the use of up to \$15 million in 91 EL excess revenue funds in FY 2020-21 for the westbound Orange County portion of Project J, SR-91 between State Route 241 (SR-241) and I-15. The Orange County portion is on the SR-91 between Green River Road and the SR-241 toll road. This request is consistent with the SR-91 Implementation Plan and advancement of projects approved through the Next 10 Delivery Plan. The funding is OCTA's contribution towards the RCTC's \$41.8 million-dollar project, and a cooperative agreement detailing additional information will be presented to the OCTA Board at a future meeting.

The 91 EL excess revenue funds for Project I and Project J will come from the Board-approved 91 Express Lanes Capital Reserve fund. Project I and Project J are consistent with the SR-91 Implementation Plan to reinvest net revenues on the SR-91 corridor to improve regional mobility. The CPP currently does not have a policy regarding 91 EL Excess Revenue funds and an update to reflect the usage of these funds will be presented to the Board at a later date. Meanwhile, these projects will be added into the CFP, which is provided as Attachment B.

Next 10 Delivery Plan Updates

On November 11, 2019 the OCTA Board adopted the 2019 M2 Next 10 Delivery Plan. The plan identifies five projects recommended for advancement through construction. Two of those projects, Interstate 605 Katella Avenue Interchange (Project M) and Interstate 5 (I-5) between Interstate 405 and Yale Avenue (Project B) have been proposed for State Transportation Improvement Program funding, which was approved for submittal on September 23, 2019, by the Board. The remaining three projects are proposed for the planning, specifications, and engineering (PS&E) phase funding for the following amounts:

- Project B - I-5 Improvement Project between Yale Avenue and SR-55 (Segment 2) in FY 2020-21 for \$11.500 million in Surface Transportation Block Grant funds (STBG) and \$2.398 million in M2 funds,
- Project F - SR-55 Improvement Project between I-5 and SR-91 in FY 2021-22 for \$8.921 million in M2 funds,
- Project G - SR-57 Improvement Project between Orangewood Avenue to Katella Avenue in FY 2021-22 for \$4.777 million in M2 funds.

The federal STBG funding program provides flexible funding that may be used by states and local agencies for projects to preserve and improve the conditions and performance on any federal-aid highway, public road, bridge, and improve pedestrian and bicycle infrastructure, support transit capital, and under certain conditions, transit operations. The use of federal STBG funds and local M2 funds for the PS&E phase on these projects is consistent with the Board-approved CPP regarding the use of local M2 and STBG funds for M2 Freeway Program projects.

CAP Update

According to the first quarter FY 2019-20 CAP Performance Metrics Report, the forecast for the I-5 (SR-55 to SR-57) varies from the existing funding programmed as noted in the latest approved CFP. Staff is proposing \$2.448 million in CMAQ funds to meet the forecasted need for the project as noted in the CAP. The I-5 (SR-55 to SR-57) programming is being updated to adjust contingency funding based on the contract award. These contingency funds are allocated for risks that may be encountered during the construction phase. The project will add a high-occupancy vehicle (HOV) lane and is currently funded with CMAQ.

The CMAQ Program supports surface transportation projects and other related efforts that contribute air quality improvements and congestion relief consistent with the Clean Air Act. This is consistent with the CPP to program CMAQ funds because it is for an M2 HOV lane improvement.

Project descriptions and additional information for each of the projects listed in the staff report is included in Attachment C. A list of Board actions, which directed capital funds towards OCTA capital projects over the last six months, is provided in Attachment D.

Summary

With the objective of ensuring that OCTA projects are fully funded and consistent with the Board-approved CAP, OCTA is seeking Board approval to utilize various 91 EL excess revenue funds, CMAQ, STBG, and M2 funds for highway projects.

Attachments

- A. Existing Capital Programming Policies by Fund Source, February 2019
- B. Capital Funding Program Report
- C. Capital Programming Update Project Descriptions
- D. List of Board of Directors Reports with Programming Actions, June 2019 – December 2019

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