



**March 9, 2020**

**To:** Members of the Board of Directors

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

**Subject:** Measure M2 Quarterly Progress Report for the Period of October 2019 Through December 2019

### **Overview**

Staff has prepared a Measure M2 quarterly progress report for the period of October 2019 through December 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). The Board has also approved rebranding M2 externally to OC Go to promote OCTA's Measure M awareness and public perception, as well as to avoid confusion with 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 October 1, 2019 through December 31, 2019 (Attachment A).

The quarterly report is designed to be easy to navigate and public friendly. 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 December 2019.

Additionally, Attachment A includes a summary of the Program Management Office (PMO) activities that have taken place during the quarter. Two areas in particular are highlighted below.

### **Next 10 Delivery Plan**

As part of the annual review of the Next 10 Delivery Plan (Next 10 Plan), staff reviewed the Board-adopted commitments and incorporated changes in revenues and project costs to ensure the plan remains deliverable. The 2019 Next 10 Plan review was completed and 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 information provided through the updated construction cost pressure index (presented to the Board on October 28, 2019). The update also identified five projects to be advanced through construction during the Next 10 Plan timeframe through fiscal year (FY) 2026.

- Interstate 605/Katella Interchange (Project M),
- State Route 57 (SR-57) northbound from Orangewood Avenue to Katella Avenue (Project G),

- Interstate 5 (I-5) between Interstate 405 (I-405) and Yale Avenue (Project B),
- I-5 between Yale Avenue and State Route 55 (SR-55) (Project B), and
- SR-55 between I-5 and State Route 91 (SR-91) (Project F).

The remaining four projects require additional time prior to being advanced and are still planned to be cleared through environmental by 2026.

#### Ordinance Safeguards

The PMO annually reviews and updates the M2 Ordinance Compliance Matrix to ensure that OCTA tracks compliance with all requirements in Ordinance No. 3. During the quarter, the annual review for January 1, 2019 to December 31, 2019, was initiated by the PMO in coordination with the responsible OCTA point of contact. The matrix is being updated and is planned to be shared with the Taxpayers Oversight Committee (TOC) Audit Subcommittee at their next scheduled meeting, and with the full TOC on April 14, 2020.

#### Progress Update

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

##### Freeway Program

The M2 Freeway Program consists of 30 project segments to be delivered by 2041. Currently, while in year nine of the 30-year program, 12 project segments are complete, three are in construction, and another three are readying for construction. The remaining 12 project 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 near complete by 2026.

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

- On November 11, 2019, a presentation was provided to the Board on the M2 I-5 corridor improvements, which highlighted an M2 investment of nearly \$1.5 billion in the I-5 corridor through 11 project segments. Projects' purpose, funding and schedule updates were also provided.

- The construction contract was awarded for the I-5 Project between State Route 73 (SR-73) and Oso Parkway, which includes the Avery Parkway interchange, to the lowest bidder on December 20, 2019. The awarded contract is 3.27 percent below the engineer's estimate, which may be an indicator that current estimates and costs are now more closely aligned with the construction market. This is the southernmost of three segments of the I-5 widening between SR-73 and El Toro Road and the second to enter the construction phase. (Project C and Project D)
- In November 2019, significant construction activities occurred as the La Paz bridge demolition was completed for the I-5 Project between Oso Parkway and Alicia Parkway, which includes the La Paz interchange. This is the middle of three segments of the I-5 widening between SR-73 and El Toro Road. (Project C and Project D)
- An update on the SR-55 between I-405 and I-5 Project was provided to the Regional Planning and Highways (RPH) Committee on December 2, 2019, and to the Board on December 9, 2019, sharing final design, right-of-way (ROW) acquisition, and utility relocation coordination progress. (Project F)

### **Streets and Roads**

Since 2011, approximately \$796 million<sup>1</sup> 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.

- On August 12, 2019, the Board approved the release of the 2020 call for projects (call). Funding applications were due on October 24, 2019, for the 2020 annual call for the Regional Capacity Program and the Regional Traffic Signal Synchronization Program. Staff is reviewing the applications received and will present final programming recommendations in mid-2020. (Project O and Project P)

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<sup>1</sup> 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.

- The September 2019 semi-annual review of the Comprehensive Transportation Funding Programs (CTFP) was presented to the RPH Committee on December 2, 2019, and to the Board on December 9, 2019. The review proposed adjustments to timely-use of funds extension, scope changes, and a project transfer. (Project O, Project P, Project Q, Project V, and Project X)

## 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 multi-year funding commitments for bus and station van extension services connecting 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 (\$73.6 million<sup>2</sup> to date). Key transit project activities taking place this quarter are highlighted below.

- A Metrolink FY 2018-19 Performance Report was presented to the Transit Committee on October 10, 2019 and to the Board on October 14, 2019. The report reflected that ridership in Orange County is virtually unchanged at 5.1 million boardings, while weekend ridership has decreased by a slight 1.5 percent, compared to the previous year. (Project R)
- 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 on the OC Line between the cities of Laguna Niguel/Mission Viejo and Fullerton were replaced with two midday round trips from the cities of Laguna Niguel/

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<sup>2</sup> 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.

- Mission Viejo to Los Angeles. These extensions provide later morning trips to Los Angeles and later evening trips from Los Angeles on weekdays.
  - Three intracounty trips on the 91/Perris Valley Line, from Perris-South to Riverside-Downtown, were replaced with one roundtrip from Perris-South to Los Angeles, with stops in the cities of Buena Park and Fullerton. This will give riders another option to get to Los Angeles on weekdays.
  - The next phase of service improvements is planned to be implemented in April 2020. (Project R)
- A quarterly update was provided to the Transit Committee on November 14, 2019, and to the Board on November 25, 2019, for the OC Streetcar Project. The update included information on status of construction activities and vehicle delivery. (Project S)
- As a follow up to Board action on June 25, 2018, the City of Laguna Niguel's (City) application submitted as part of the community-based transit circulators third call to fund trolley service was refined and scored. On October 14, 2019, the Board approved funding, in the amount of \$886,082, to the City. The City is anticipated to start the service in May 2020. (Project V)
- On October 14, 2019, a fourth call for \$9 million was authorized by the Board to develop and implement community-based transit circulators. In addition, the Board approved revisions to the CTFP Guidelines for the program. A total of 18 applications was received by the December 12, 2019 deadline. Using the approved project selection criteria, projects will be prioritized for Board consideration in mid-2020. (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 offsets 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). It is estimated that nearly eight million gallons of trash are captured annually, the equivalent of filling 50 Olympic size swimming pools since inception of the program.

Additionally, the Board has previously 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 to fulfill the necessary freeway program mitigation needs. 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 September 30, 2019, the balance of the endowment was \$12,393,157, and on par with baseline assumptions with respect to interest earnings.

- An update for the M2 EMP was provided to the RPH Committee on December 2, 2019, and to the Board on December 9, 2019, which provided progress on the Conservation Plan, Preserve Management, Fire Management plans, Clean Water Act permits, and projects that were able to benefit from the EMP.

### 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 cities of Santa Ana and Stanton ineligible (first time in the history of Measure M1 and M2), suspended M2 funding allocations and disbursements until confirmation by audit of compliance and subsequent Board action. As of October 22, 2019, both the cities of Santa Ana and Stanton 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 expedited the required audit. The separate audits review each city's FY 2018-19 Expenditure Report and FY 2018-19 maintenance of effort, and completion of the audits is largely dependent on the thoroughness and validity of the submitted reports, as well as timeliness in resolving audit questions. 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 facing challenges as they progress through environmental and design, are detailed below.

- The SR-91 between SR-57 and SR-55 is nearing completion of the environmental phase and facing some difficulties. The finalization of the document has been delayed due to a need for additional information regarding soils testing prior to approval of design exceptions. The design exceptions limit the project ROW needs at a recycling facility located adjacent to the project area.
- Efforts to reach consensus on a I-5/El Toro Road Interchange Project alternative continue. The cities of Laguna Hills, Laguna Woods, and Lake Forest met with the California Department of Transportation (Caltrans) and OCTA on October 2, 2019, October 17, 2019, November 26, 2019, and January 14, 2020. The stakeholder cities have been asked to work jointly with OCTA and Caltrans to determine a mutually acceptable and effective alternative. Built into M2 is a promise that projects would be delivered in cooperation with local jurisdictions. As such, OCTA is focused on a solution that has consensus of local agencies. The environmental phase was originally anticipated to be complete by the end of 2019. However, at this time the parties desire to explore alternative solution ideas. (Project D)
- On November 26, 2019, the National Highway Traffic Safety Administration and the United States Environmental Protection Agency issued Part One of the Safer Affordable Fuel-Efficient Vehicle Rule. This new rule will likely affect the three remaining M2 freeway projects<sup>3</sup> that have not secured air quality conformity determinations as they proceed through the environmental clearance phase. This includes the northbound SR-57 Truck Climbing Lane Project, the El Toro Road Interchange Project (depending on whether a new alternative is selected), and the SR-91 Eastbound 6<sup>th</sup> Lane Project. OCTA will continue to monitor the implications of the new rules and report as new information becomes available. On a positive note, during the quarter OCTA was able to confirm air quality conformance for other M2 freeway projects currently in the final stages of environmental clearance.

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<sup>3</sup> One additional non-M2 freeway project affected is the I-5 Avenida Pico to the San Diego County line project.



- Another M2 freeway project facing challenges is the SR-55 between I-405 and I-5 Project (Project F), with final design and ROW acquisition underway. Caltrans informed OCTA that they will not prepare the required Design Standard Decision Document, as agreed to 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 has since taken over this effort. Caltrans approval is still required. In addition to risks with final design, ROW acquisition and utilities are on the critical path to keep the project on schedule.

Lastly, M2 projects in construction are also facing cost and schedule challenges related to a variety of reasons detailed below.

- 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 BNSF Railway successfully negotiate a memorandum of understanding (MOU) for the Shared Use Agreement terms and conditions. The Shared Use Agreement will provide the required BNSF Railway approvals for construction of the station. A non-binding MOU between Metrolink and BNSF Railway was executed in November 2019, defining general terms to advance the Shared Use Agreement. This external agency dependency is a challenge for forecasting project cost estimates, funding, and schedule.
- With the magnitude of scope of the I-405 between SR-73 and I-605 Project (Project K), challenges are to be expected. Navigating issues related to oversight and approvals from many different agencies and third parties; cost and availability of construction resources; dispute resolution and change management; minimizing disruptions to the public; has an impact on project schedule. Additionally, in September 2019, a discovery of archeological resources was made within the project limits. OCTA is working with the appropriate parties in a respectful manner following established state procedures. This discovery has impacted construction progress at a specific location. Mitigations have been implemented to increase the productivity of the contractor to minimize the effect on the original completion date while balancing impacts to traffic.
- New Metrolink safety requirements rolled out in early February 2020 call for additional paperwork to be filled out prior to commencing any activity in the Metrolink ROW. This added requirement has increased contractors'

levels of efforts, which will likely affect project cost. This directly affects the Laguna Niguel-San Juan Capistrano Passing Siding Project (Project R), which is currently under construction. All other pending projects within Metrolink ROW will need to take into account this new requirement.

- The OC Streetcar Project (Project S) has been facing challenges with subsurface conditions, such as contaminated materials found within the Orange County Transit District-Owned Pacific Electric ROW. A contract change order was necessary to segregate the contaminated soil and non-contaminated soil, prepare documentation for the contaminated soil and haul it to the nearest disposal facilities able to accept that particular hazardous waste. Additionally, challenges were faced when installing storm drains and sewers due to the discovery of utilities that were either not shown on any of the record drawing or shown at different locations or elevations than on the plans. The current construction schedule status indicates the revenue service date could extend to July 2022. The construction management team continues to track progress and manage risks to actively identify opportunities to reduce construction timeframes on future activities.

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 October 2019 through December 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 despite facing challenges. 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, Second Quarter Fiscal Year 2019-20,  
October 1, 2019 through December 31, 2019

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