



June 3, 2019

To: Executive Committee

From: Darrell E. Johnson, Chief Executive Officer 

Subject: Measure M2 Quarterly Progress Report for the Period of January 2019 Through March 2019

Overview

Staff has prepared a Measure M2 Quarterly Progress Report for the period of January 2019 through March 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 January 1, 2019 through March 31, 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 March 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.

Ordinance 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 the delivery of M2, as promised to the voters. Three prior performance assessments have been completed covering fiscal year (FY) 2007 through FY 2009, FY 2010 through FY 2012, and FY 2013 through FY 2015.

Sjoberg Evashenk Consulting conducted the fourth performance assessment covering the period between July 1, 2015 and June 30, 2018. During this quarter, the report was finalized and presented to the Board on March 11, 2019. In summary, the report was complimentary, commending OCTA's commitment to the effective and efficient management and delivery of the M2 Program. The report included eight recommendations for enhancements, which staff is committed to implementing as appropriate by the end of the calendar year.

Next 10 Delivery Plan/Sales Tax Revenue Forecast

Through this quarter, the actual growth for the M2 revenues is approximately 4.5 percent, compared to the 3.7 percent assumed for the FY 2019 budget. The PMO will review the cash flow assumptions following the next sales tax forecast in fall 2019 to determine if changes are needed to the Next 10 Delivery Plan.

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 2019.

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 concluding year eight of the 30-year program, 12 segments are complete, with three in construction and another three readying for construction. The remaining nine segments are in various stages of project development, with two 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 commenced on February 20, 2019, for Interstate 5 (I-5) between State Route 55 (SR-55) and the State Route 57 (SR-57) Project. (Project A)
- The construction contract for the I-5 between Oso Parkway and Alicia Parkway/La Paz Road Interchange Project was opened during the quarter and following review was awarded on April 4, 2019, to the lowest bidder, Flatiron West. (Project C and Project D)
- An update was presented to the Regional Planning and Highways Committee on March 4, 2019 and to the Board on March 11, 2019, for the SR-55 between Interstate 405 (I-405) and I-5. (Project F)

- The final environmental document and final project report were approved for the SR-57 between Orangewood Avenue and Katella Avenue Project on March 29, 2019. This project is shelf ready for future advancement. (Project G)
- Partial bridge demolition activities on the I-405 between State Route 73 and Interstate 605 Project began at Fairview Road. (Project K)

Streets and Roads

Since 2011, approximately \$761 million has been provided 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 2019 call for projects (call) for the Regional Capacity Program and the Regional Traffic Signal Synchronization Program was released in August 2018.

- Applications were reviewed during the quarter for new streets and roads projects and signal synchronization projects. Final programming recommendations will be presented to the Board on June 10, 2019 (Project O and Project P).

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 Metrolink station bus and station van extension projects (\$483,133 to date), local community-based transit circulators and planning studies (\$42 million to date), bus stop improvements (\$1 million to date), and funding to support specific programs to meet the needs of seniors and persons with disabilities (\$66.4 million to date). Key transit project activities taking place this quarter are highlighted below.

- The Orange Transportation Center Metrolink Parking Structure was completed on February 15, 2019 and opened to the public on February 19, 2019, after a dedication ceremony. The new shared-use

five-story structure houses 608 parking spaces, electric car charging ports, solar panels, bike racks, and lockers. (Project R)

- The Placentia Metrolink Station Improvements and Parking Structure Project can be advertised for construction by early 2020. Moving forward; however, is subject to having a construction and maintenance agreement in place between Burlington Northern Santa Fe and Metrolink. Legal counsel from both agencies have committed to working through the terms within the next 180 days. (Project R)
- On March 4, 2019, possession of all property rights required to construct the OC Streetcar was achieved and the notice to proceed for construction was issued to Walsh Construction Company. (Project S)
- On March 21, 2019, OCTA sent a letter to all eligible M2 local agencies to assess the level of interest for a future round of funding for community-based transit/circulators. (Project V)
- A second Project W allocation process, approved by the Board, providing up to \$3 million to eligible agencies to make bus stop amenity improvements, including installation of bus benches or seating, shelters, lighting, and other passenger related amenities is underway. Funding recommendations are anticipated to go to the Board on June 24, 2019. (Project W)

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 159 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. A third deposit of approximately \$2.8 million was made in August 2018.

- The ninth Tier 1 call was released on March 11, 2019, in the amount of \$2.8 million.

Challenges

Given current market trends pointing to higher construction costs in project delivery, it is imperative that OCTA continue to closely monitor construction bid activity and update project cost estimates as appropriate.

During this quarter, higher project delivery costs were realized on Segment 2, I-5 between Oso Parkway to Alicia Parkway (Project C and Project D). The I-5 widening from Oso Parkway to Alicia Parkway is the first large design-bid-build contract bid since competition for labor and resources has impacted construction costs. On April 4, 2019, the contract was awarded to the lowest bidder, Flatiron West. The contract amount was 11.68 percent above the engineer's estimate; however, in anticipation of the possibility of this occurring, the Board had previously approved additional funding.

Another recent challenge affects the funding signs for M2 freeway construction projects. In December 2017, OCTA sought and received approval from the California Department of Transportation (Caltrans) Headquarters for a special OC Go freeway funding sign for use in Orange County on all M2 freeway construction projects. This was part of a larger effort to ensure transparency and awareness with the public on multimodal improvements included in the voter approved local transportation sales tax measure. Following state approval of the design, OCTA incorporated the same signage approach for all other M2 projects and programs. The signs are in use on all three of our M2 freeway construction projects underway and on streets and roads, transit, and environmental projects throughout Orange County.

Recently, staff was notified by Caltrans that sign requirements have changed, which negates the prior approval received, and will require OCTA to use the standard state funding sign for all future M2 projects. Additionally, we have been informed that when a project has any amount of SB 1 (Chapter 5, Statutes of 2017) funds allocated, the SB 1 funding sign must be used alone. Staff is working with Caltrans to seek an exception to these changes.

This quarter, staff worked to ascertain issues with M2 eligibility for the City of Stanton and City of Santa Ana. The report was presented to the Board which took action to find both cities ineligible to receive M2 funding until corrected. The M2 Ordinance outlines eligibility requirements that each local agency must continually satisfy to receive net revenues from the M2 Program. One of the requirements is that each local agency maintain a minimum level of local streets and roads discretionary expenditures, which is referred to as the maintenance of effort (MOE). Both the City of Stanton and City of Santa Ana failed to meet the minimum MOE requirement, deeming them ineligible for M2 funds. Staff is working closely with each city and with legal counsel to resolve these issues.

Another continued challenge is availability of professional staff to handle specialty work such as right-of-way (ROW). Staff is working with Caltrans to determine if they have sufficient resources to provide oversight and support for OCTA Measure M project demands and schedules. OCTA has several Measure M projects moving forward and due to Caltrans' staff attrition and increasing SB 1 project delivery direct workload demands, Caltrans may not be able to meet the rigorous schedule demands. This is a particular concern in the areas of ROW acquisition, utilities, and oversight approvals needed for project delivery. OCTA is exploring options for OCTA to assume lead agency responsibility for ROW acquisition in order to keep Measure M projects moving forward on schedule.

On all Measure M projects, staff is working to develop and implement the most cost-effective design that provides the highest congestion relief with the least impact to businesses and communities. This includes efforts to document and present design variations to Caltrans for approvals to achieve project scope while limiting ROW needs. Additionally, staff will continue to urge Caltrans to coordinate Caltrans-initiated safety, operational, and maintenance projects with planned Measure M projects to avoid multiple impacts to the traveling public and inefficient use of funding and resources.

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

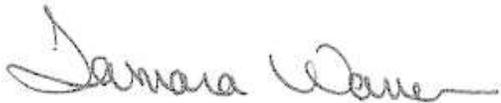
As required by M2 Ordinance No. 3, a quarterly report covering activities from January 2019 through March 2019 is provided to update progress in implementing the Plan. The above information and the attached details indicate significant progress on the overall M2 Program. To be cost-effective and to

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, Third Quarter Fiscal Year 2018-19, January 1, 2019 through March 31, 2019

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