



**July 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 capital projects. As projects are delivered, costs can vary from the programmed amount, which may require funding revisions and Board of Directors' approval to meet funding requirements.

### **Recommendations**

- A. Authorize the use of \$64,633,169 in Coronavirus Aid, Relief, and Economic Security Act funds for Southern California Regional Rail Authority operations.
- B. Authorize Resolution No. 2020-058 to approve the use of \$315,000 in Low Carbon Transit Operations Program funds originally programmed to travel training for the ten battery-electric bus purchase, which increases the total Low Carbon Transit Operations Program funds supporting that project to \$2,909,886.
- C. Authorize the use of an additional \$2,257,000 in local and federal funds for the San Juan Creek Bridge Replacement Project, increasing the total programming for the project from \$40,833,000 to \$43,090,000, as follows:
  - \$1,618,233 in additional Federal Transit Administration Section 5337 State of Good Repair funds,
  - \$434,767 in federal Congestion Mitigation and Air Quality Improvement Program, and
  - \$204,000 in Measure M2.
- 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.

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***Background***

The Orange County Transportation Authority (OCTA) directs the use of 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, opportunities to maximize external funding may arise, savings may be identified, 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. Recommendations for funding changes are recommended periodically to support costs consistent with the revised funding need for projects 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 OCTA's capital projects.

***Discussion***

The CAP lists highway, grade separation, rail and transit facility projects, and includes the funding at completion estimate as well as the schedule for key milestones. In coordination with project managers, programming staff refers to the CAP and quarterly reports from the Operations Division to recommend or 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.

**Programming Updates****Coronavirus Aid, Relief, and Economic Security (CARES) Act**

The CARES Act was signed into law on March 27, 2020, to provide economic support for a variety of industries affected by the novel coronavirus (COVID-19) pandemic, including the transit industry. This act provides \$25 billion in nationwide funding through the Federal Transit Administration (FTA) to support the transit industry. The primary intent of the CARES Act is to support capital, operating, and other expenses used to prepare for and respond to COVID-19. Additionally, beginning on January 20, 2020, operating expenses including maintenance and administrative leave expenses, are eligible for these funds.

The CPP typically directs FTA funds that are generated by rail to be used for rail expenses consistent with the funding program. The amount of CARES Act funding that has been provided to Orange County based on commuter rail operations in Orange County is \$64,633,169. Staff is recommending that these funds are directed to the Southern California Regional Rail Authority (SCRRA) be used for qualifying operating expenses that are typically funded through OCTA's standard share of the SCRRA annual essential operating budget. These funds will also support costs for deep cleaning of the trains and offices. Staff will monitor the use of these funds and ensure that SCRRA assigns these funds in lieu of requesting additional subsidy from OCTA to address the OCTA share of additional subsidies due to loss of fares and other revenues supporting the service. The Board will have the opportunity to further review the specific use of these funds and how they may offset the need for other revenues from OCTA when it considers the SCRRA and Metrolink budget that is expected in the September timeframe.

#### Low Carbon Transit Operations Program (LCTOP)

The California Department of Transportation (Caltrans) LCTOP provides funds to transit agencies on a formula basis to support transit operations or capital projects that reduce greenhouse gas (GHG) emissions and improve mobility, with a priority to provide benefit to disadvantaged communities.

On March 22, 2020, the Board approved the programming of \$315,000 in fiscal year (FY) 2019-20 LCTOP to the Travel Training Expansion Program. This program is intended to assist individuals with functional limitations on how to use OCTA local bus service, a lower cost option to OCTA's paratransit service. On April 17, 2020, OCTA staff submitted an allocation request and supporting documentation, consistent with the Board-approved direction for the LCTOP funds.

On June 2, 2020, Caltrans notified OCTA that after further discussions with the California Air Resources Board regarding the program requirements, the Travel Training Expansion Program for \$315,000 would not be eligible for LCTOP funding due to a concern related to quantifying GHG emission reductions. In order to preserve the funding, staff submitted a substitute request to Caltrans to allocate the \$315,000 to the ten battery-electric buses, increasing the total LCTOP funding for that project from \$2,594,886 to \$2,909,886. This previously approved LCTOP project includes the purchase of five zero-emission buses for the new Bravo! Main Street Rapid Bus service and five zero-emission replacement buses and provides funding for the required bus depot upgrades and charging infrastructure. The LCTOP funds will offset the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP) that were included in the funding plan for the project. However, the bus manufacturer must apply for HVIP directly, which has become competitive and uncertain due to a

decline in funding that supports this program. The use of LCTOP for the bus purchase is consistent with the CPP. While OCTA has already submitted the revised allocation to Caltrans, staff is seeking Board approval for this action and the resolution is provided for Board approval (Attachment C).

Additionally, Caltrans has expressed similar concerns related to the previously approved FY 2018-19 LCTOP grant, which included \$685,000 towards the Travel Training Expansion Program. Staff will work with Caltrans to use the maximum funding possible for the travel training program. Once the use of fiscal year (FY) 2018-19 funds for this project is resolved and savings are determined, staff will return to the Board to reprogram any unused LCTOP funds.

#### **San Juan Creek Bridge Replacement Project**

The San Juan Creek Bridge Replacement Project will construct a new bridge to replace the 100-year old bridge over San Juan Creek used by Metrolink, the Pacific Surfliner, and freight trains, which will significantly reduce the amount of maintenance that is required and will meet current design standards and rail load capabilities. On March 26, 2020, the San Juan Creek Bridge Replacement Project received approval for federal environmental clearance through the National Environmental Policy Act. Partially as a result of a significant delay in receiving this approval, the cost estimate for the right-of-way (ROW) and construction phase has been updated and escalated. The total project cost increased from \$40,833,000 to \$43,091,000.

In order to address the additional funding need, staff is proposing to use an additional \$1,618,233 in FTA Section 5337 State of Good Repair (SGR) funds, \$434,767 in federal Congestion Mitigation and Air Quality Improvement (CMAQ) Program funds for the construction phase, and an additional \$204,000 in Measure M2 (M2) for the ROW phase. This is consistent with the CPP to program FTA 5337 SGR funds for capital projects that maintain and/or replace equipment or facilities to keep the commuter rail system in a state of good repair. CMAQ funds may be used for rail and bus transit capital projects. M2 Project R funds support high frequency Metrolink service and in general, OCTA, as a regular practice, uses local funds for ROW phase activity for transit projects to avoid future federal restrictions related to ROW.

As part of the request to use CMAQ funds, and in order to simplify the required FTA grant revision, OCTA will redirect cost savings from the Orange Transportation Center Parking Structure Project, which were previously approved for the Anaheim Canyon Station Project to the San Juan Creek Bridge Replacement Project. OCTA was able to fund the Anaheim Canyon Station Project with CMAQ savings from other projects. The San Juan Creek Bridge Replacement Project will use the remaining project savings of \$434,767 from the Orange Transportation Center Parking Structure Project, including \$342,000 that

was previously directed to the Anaheim Canyon Station Project, and \$92,767 in additional savings.

### Project Updates

For the Interstate 5 (I-5) High-Occupancy Vehicle (HOV) Lane Project, an HOV lane was constructed in each direction along three segments: Avenida Pico to Vista Hermosa (Segment 1), Vista Hermosa to Pacific Coast Highway (Segment 2), and Pacific Coast Highway to San Juan Creek Road (Segment 3). The completed cost that is listed in the CAP for this project varies from the programmed funding, which is documented in the CFP. This project is completed, and funding is being adjusted to match final project costs to the CAP. The overall programmed funding of \$233,099,000 between the three segments has not increased; however, the funding was adjusted between the three segments to align with costs and is detailed in Attachment D.

The I-5 improvement from Interstate 405 (I-405) to Yale Avenue Project (Segment 1) will add one general-purpose lane in both directions of the I-5 between I-405 and Yale Avenue. Additional features of the project include improvements to various interchanges and auxiliary lanes. The estimate at completion that was reported in the March 2020 CAP differs from the programmed funding documented in the CFP by \$10,597,000, increasing the total project cost to \$230,500,000. However, adjustments to the programming for this project will be postponed until December, pending the California Transportation Commission's decision on SB 1 (Chapter 5, Statutes of 2017) competitive applications submitted by OCTA. Once the results of these applications have been released, staff will return with a recommended programming action that considers the most effective programming strategy for the project.

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

### ***Summary***

With the objective of ensuring that OCTA projects are fully funded, external funds are maximized, and funding levels are consistent with the Board-approved CAP, OCTA is seeking Board approval to use and reprogram various funds. In this cycle, changes primarily impact funds for bus and commuter rail transit projects.

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**Attachments**

- A. Existing Capital Programming Policies by Fund Source, Approved February 2019
- B. Capital Funding Program Report
- C. Resolution No. 2020-058 of the Board of Directors of the Orange County Transportation Authority, Authorization to Change the Fiscal Year 2019-20 Project Nomination and Allocation for the Low Carbon Transit Operations Program to Direct \$315,000 of the \$7,130,042 in Fiscal Year 2019-20 Funds to Ten Battery-Electric Buses in Place of the Travel Training Expansion Program
- D. Capital Programming Update Project Descriptions
- E. List of Board of Directors Reports with Programming Actions, January 2020 – June 2020

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