



**July 6, 2020**

**To:** Regional Planning and Highways Committee

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

**Subject:** OC Bridges Railroad Grade Separation Program Funding Update and Closeout

### **Overview**

The Orange County Transportation Authority has completed implementation of the OC Bridges Railroad Grade Separation Program, which includes seven railroad grade separation projects along the Orangethorpe railroad corridor in the cities of Anaheim, Fullerton, and Placentia. Program closeout, including final construction, right-of-way, and financial closeout activities and coordination with the City of Fullerton, is nearing completion. The funding for the program, which is a combination of federal, state, and local funds, has been updated and requires approval.

### **Recommendations**

- A. Authorize an overall program adjustment to the OC Bridges Railroad Grade Separation Program budget, from \$666.179 million to \$667.700 million, an increase of \$1.521 million, and approve the following specific funding changes:
- \$6.069 million in additional Measure M2 (Project O – Regional Capacity Program)
  - \$3.966 million in reduced combined federal funds, including Surface Transportation Block Grant and Federal Demonstration Earmarks
  - \$0.428 million in reduced state Proposition 1B Trade Corridors Improvement Fund
  - \$0.154 million in reduced utility relocation reimbursement
- B. 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) initiated the OC Bridges Railroad Grade Separation Program (OC Bridges Program) in 2007, in coordination with the cities of Anaheim, Fullerton, and Placentia. The last grade separation was completed in October 2017, completing the successful implementation of the OC Bridges Program. Undercrossings at Placentia Avenue and Kraemer Boulevard and overcrossings at Orangethorpe Avenue, Tustin Avenue/Rose Drive, and Lakeview Avenue were implemented by OCTA. The City of Fullerton has implemented undercrossings at State College Boulevard and Raymond Avenue. A map showing the locations of these projects is included in Attachment A. These completed grade separations provide much needed benefits to the region, including enhanced safety, reduced delay and improved travel time, reduced emergency response times, air quality benefits, and noise reduction.

Based on the need and importance of these railroad grade separation projects, OCTA and the cities of Fullerton and Placentia successfully secured funding from the state's Proposition 1B Trade Corridors Improvement Fund (TCIF) program in 2008. This provided OCTA the one-time opportunity to fund the OC Bridges Program with TCIF funds and other federal, state, and local sources. A chronological summary of programming and funding actions related to the OC Bridges Program is included in Attachment B.

### ***Discussion***

The seven railroad grade separation projects were successfully completed and opened to public traffic on the following dates:

- Placentia Avenue – March 12, 2014
- Kraemer Boulevard – June 28, 2014
- Tustin Avenue/Rose Drive – December 7, 2015
- Orangethorpe Avenue – June 23, 2016
- Lakeview Avenue – June 6, 2017
- Raymond Avenue – October 2, 2017
- State College Boulevard – November 1, 2017

The OC Bridges Program funding update, in the amount of \$663.963 million, was last presented and approved by the OCTA Board of Directors (Board) on November 14, 2016. Subsequently, the Board approved several funding plan changes in 2018 and 2019.

On June 11, 2018, the Board approved the addition of \$0.400 million to the Raymond Avenue railroad grade separation project as a contingency for potential construction cost increases.

Each federal and state funding source has a specific reimbursement ratio, and for TCIF, it was determined that the limitation on the reimbursement ratio resulted in not being able to utilize \$5.002 million for the OC Bridges Program. However, on November 12, 2018, the Board approved this \$5.002 million of unused TCIF to be reprogrammed to the Interstate 5 (I-5) improvement project from State Route 73 (SR-73) to Oso Parkway (Segment 1), which then reduced the need for Measure M2 (M2) funds for that project by \$5.002 million.

On February 11, 2019 and June 10, 2019, additional funding was provided for the State College Boulevard and Raymond Avenue railroad grade separation projects, respectively. The State College Boulevard railroad grade separation project funding increased by \$1.920 million due to final agreements reached with property owners on property and business impacts. The Raymond Avenue railroad grade separation project funding was increased by \$0.718 million for final additional construction payments.

Previous Board action directed the return of funds from the sale of excess properties to Project O, Regional Capacity Program. On August 8, 2016, staff presented to the Board an estimated return of approximately \$13.1 million in revenue from the rental and sale of excess properties. Proceeds from the sale of these excess properties were kept within the OC Bridges Program for recovery and used to help fund the projects. To date, all properties have been sold with one remaining property at the Raymond Avenue railroad grade separation project. The total sales generated to date is \$17.280 million, which results in a return of an additional \$4.180 million to the OC Bridges Program.

With the above Board-approved funding plan changes and the higher proceeds from the sale of excess properties, the current OC Bridges Program funding is \$666.179 million.

The OC Bridges Program is completed with minor funding closeout activities remaining on the Raymond Avenue and State College Boulevard railroad grade separation projects. OCTA staff recently performed a comprehensive analysis of actual and estimated costs for remaining closeout activities and has developed updated estimated costs to close out the program. Results of this analysis indicate that the estimated closeout cost is \$667.700 million, which is \$1.521 million more than the current available funding of \$666.179 million. The increased cost is primarily due to construction change orders, additional railroad-related expenses, and services to close out all phases of each project. Cost by project is provided in the table below and a detailed summary of estimated costs for each project, by phase, is included in Attachment C. A Capital Funding Program Report reflecting the recommended changes is included as Attachment D.

OC Bridges Program – Project Funding and Cost Summary			
Project	OCTA Board Approved Funding (\$000s)	Closeout Cost Estimate (\$000s)	(Reduction)/Increase (\$000s)
Placentia Avenue	64,444	64,539	95
Kraemer Boulevard	63,462	63,830	368
Orangethorpe Avenue	104,404	106,043	1,639
Tustin Avenue/Rose Drive	95,743	96,638	895
Lakeview Avenue	107,998	110,702	2,704
State College Boulevard	99,631	99,631	0
Raymond Avenue	126,317	126,317	0
Excess Property Revenue	4,180	0	(4,180)
<b>TOTAL</b>	<b>666,179</b>	<b>667,700</b>	<b>1,521</b>

The table below provides a summary of how the OC Bridges Program is currently funded and proposed to be funded.

Fund Source	OCTA M2 (000s)	Surplus Property (000s)	Other Local and Utility (000s)	TCIF (000s)	Other State (000s)	Federal (000s)	TOTAL (000s)
Current Funding	143,349	17,305	33,678	149,067	104,734	218,046	666,179
Proposed Funding	149,418	17,305	33,524	148,639	104,734	214,080	667,700
Change in Funding Increase/(Decrease)	6,069	0	(154)	(428)	0	(3,966)	1,521

Overall, the OC Bridges Program cost increased from \$666.179 million to \$667.700 million. The key changes in funding are summarized below.

- \$6.069 million increase in M2 funds from Project O, Regional Capacity Program
- \$3.966 million reduction in combined federal funds, including Surface Transportation Block Grant (STBG) and Federal Demonstration Earmarks (Federal Demo)
- \$0.428 million reduction in TCIF
- \$0.154 million reduction in utility relocation reimbursement

The additional \$6.069 million in M2 funds is needed for the OC Bridges Program cost increase and the reductions in local, state, and federal funds.

There were right-of-way costs, including legal expenses and unforeseeable post-construction property damage claims, that were not eligible for federal reimbursement, resulting in \$3.966 million of federal funding that could not be used. Of this amount, \$2.053 million of STBG funds became available for OCTA to use on other M2 projects, including the I-5 from SR-73 to El Toro Road project. The remaining amount of \$1.913 million of Federal Demo cannot be redirected since the funds are project specific.

The \$0.428 million in TCIF was deallocated by the California Transportation Commission on June 26, 2019, to reflect construction completion savings. This amount was reprogrammed to the I-5 Segment 1 project which further reduced the need for M2 funds for that project by \$0.428 million.

Costs for construction management services for the relocation of the Metropolitan Water District (MWD) waterline at the Raymond Avenue railroad grade separation project were determined by MWD to not be eligible for reimbursement, which resulted in a reduction of utility reimbursement funds.

For the remaining excess property at the Raymond Avenue railroad grade separation project, staff estimates a return of approximately \$1.0 million in revenue from the sale of the property this year. The proceeds from the sale will be kept within the OC Bridges Program to reduce the M2 funds for the program. Upon completion of the few remaining closeout activities for the OC Bridges Program, and if it is determined that there are unused M2 funds, then the M2 funds will be directed back to Project O, Regional Capacity Program.

#### **Fiscal Impact**

Funds are included in OCTA's Fiscal Year 2020-21 Budget, Capital Programs Division, from various accounts to accommodate the current OC Bridges Program budget, and are funded with a combination of federal, state, and local funds.

#### ***Summary***

Overall, the OC Bridges Program cost increased by \$1.521 million, from \$666.179 million to \$667.700 million. The current funding plan for the OC Bridges Program is being updated to provide additional M2 funds, primarily due to a reduction in TCIF and federal funds.

***Attachments***

- A. OC Bridges Railroad Grade Separation Program Project Map
- B. OC Bridges Railroad Grade Separation Program Budget Update  
Summary of Programming and Funding Actions
- C. OC Bridges Railroad Grade Separation Program Summary of Project  
Funding Detail
- D. Capital Funding Program Report

**Prepared by:**



Ross Lew, P.E.  
Program Manager, Highway Programs  
(714) 560-5775

**Approved by:**



James G. Beil, P.E.  
Executive Director, Capital Programs  
(714) 560-5646