



January 4, 2021

To: Regional Planning and Highways Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: State Route 55 Improvement Project from Interstate 405 to Interstate 5 Funding Plan Update and SB 1 (Chapter 5, Statutes of 2017) Grant Acceptance

Overview

In early December 2020, the California Transportation Commission awarded the Orange County Transportation Authority \$140 million in competitive SB 1 (Chapter 5, Statutes of 2017) Trade Corridor Enhancement Program and SB 1 Local Partnership Program-Competitive funding. Board of Directors' approval is requested to formally accept the grant awards and program additional federal funds to support the implementation of the State Route 55 Improvement Project from Interstate 405 to Interstate 5.

Recommendations

- A. Adopt Resolution No. 2021-001, to accept the Trade Corridor Enhancement Program Grant Award from the California Transportation Commission for \$115 million, to commit to the required match of 30 percent for the State Route 55 Improvement Project from Interstate 405 to Interstate 5, and to negotiate and execute any grant required agreements.
- B. Adopt Resolution No. 2021-002, to accept the Local Partnership Program-Competitive Grant Award from the California Transportation Commission for \$25 million, to commit to the required match of 50 percent for the State Route 55 Improvement Project from Interstate 405 to Interstate 5, and to negotiate and execute any grant required agreements.
- C. Authorize the use of up to \$36 million in additional federal Surface Transportation Block Grant Program funds, up to \$22 million in federal Congestion Mitigation and Air Quality Improvement Program funds, and the reduction of Measure M2 Freeway Program funds of \$29.5 million for the State Route 55 Improvement Project from Interstate 405 to Interstate 5.

- D. Authorize staff to process all necessary amendments to the Federal Transportation Improvement Program to facilitate programming of the project.

Background

In March 2020, the California Transportation Commission (CTC) adopted program guidelines and initiated calls for projects for three SB 1 competitive programs: Trade Corridor Enhancement Program (TCEP), Local Partnership Program-Competitive (LPP-C), and the Solutions for Congested Corridors Program (SCCP). Combined, the programs make approximately \$2 billion in funding available for transportation projects. Consistent with the Orange County Transportation Authority (OCTA) Board of Directors (Board)-approved Capital Programming Policies and the OCTA Competitive Grant Policy, OCTA submitted the State Route 55 (SR-55) Improvement Project from Interstate 405 (I-405) to Interstate 5 (I-5) (SR-55 Improvement Project) nomination to the three programs for consideration.

The Board previously approved a funding plan for the project that included state, federal, and Measure M2 (M2) funds but the funding plan also left a funding gap that could potentially be filled through various grant programs. The SB 1 awards provide full funding and also support a cost increase in the construction phase.

Discussion

At the December 2-3, 2020 CTC meeting, the CTC awarded OCTA \$140 million in TCEP (\$115 million) and LPP-C (\$25 million) funds for the SR-55 Improvement Project. The SR-55 Improvement Project is a critical component of the voter-approved M2 Freeway Program and is identified as Project F. The project, which is being delivered in partnership with the California Department of Transportation (Caltrans), will construct an additional general purpose, high-occupancy vehicle and auxiliary lane in both directions between I-405 and I-5.

The 2016 Quarterly Caltrans Mobility Performance Report ranked the SR-55 as the 21st most congested freeway in the State out of 172 freeways, with over 815,000 hours of congestion delay in the first half of 2016. As a result, arterials and the surrounding communities are also heavily congested during peak travel periods. The improvements are expected to significantly improve mobility and increase access to jobs, healthcare facilities, John Wayne Airport, and facilitate goods movement and access to various educational facilities in and around Orange County. The SR-55 Improvement Project will improve throughput, reduce congestion by up to 41 percent, improve mobility and safety, and support the movement of freight and commuters in Orange County.

In June and July 2020, when the project nominations for the SB 1 funds were submitted, the total project cost, not including OCTA internal risk and legal costs, was estimated to be approximately \$349 million. Over the last several months, OCTA and Caltrans have been refining the final estimates for right-of-way (ROW) and construction phases, as well as the project schedule. The most recent estimates indicate that the project components that can be supported through state and federal grants will cost approximately \$473 million. However, OCTA typically programs additional funds internally to support additional internal risk and legal costs, which brings the estimate at completion to approximately \$505 million.

The SB 1 awards, totaling \$140 million and combined with additional federal funds, will allow OCTA to fully fund the project. Staff is requesting Board approval of up to approximately \$36 million in additional federal Surface Transportation Block Grant (STBG) Program funds and approximately \$22 million in additional federal Congestion Mitigation and Air Quality Improvement (CMAQ) Program funds to support ROW. A table depicting the previous funding plan and the proposed funding plan with the SB 1 awards and the additional federal funds is provided below.

SR-55 Improvement Project Proposed Funding

Funding Programs	Previous Funding Plan (in 000's)	Proposed Funding Plan (in 000's)	Difference: (in 000's)
LPP-C	0	\$25,000	\$25,000
SHOPP	\$46,800	\$42,700	(\$4,100)
STIP	\$80,000	\$80,000	\$0
TCEP	0	\$115,000	\$115,000
CMAQ	\$23,355	\$44,900	\$21,545
STBG	\$80,450	\$116,500	\$36,050
M2 committed	\$48,607	\$48,700	\$93
Grant proposals	\$70,000		(\$70,000)
Total:	\$349,212	\$472,800	\$123,588

M2 Internal Risk/ Legal \$32,200
Total Proposed Funding: \$505,000

STIP – State Transportation Improvement Program / SHOPP – State Highway Operation and Protection Program

Under previous Board action, the total M2 funding held in the project for OCTA legal costs and internal risk was \$61.7 million. As the project proceeds toward construction, OCTA reviews the internal risk values, and as the risks are resolved or addressed, the project plans and cost estimates are updated. The current project budget allowance for risks is now estimated to be \$32.2 million as is noted in the above table. This means some of the risks are resolved or explicitly included in the project cost estimate, hence a higher project cost, but also an opportunity to lower the allowance for unforeseen risks in the project budget. The revised cost estimate allows OCTA to reduce the M2 commitment by \$29.5 million.

SHOPP funding is also being adjusted downward consistent with the CTC requirement that SHOPP funds only support one-third of the cost of construction for the portion of the project limited to where the auxiliary lane is being added.

Ultimately, state and federal funds are supporting 84 percent of the total project cost with M2 funding 16 percent of the project cost. It should be noted that there may be costs in the ROW phase that cannot be funded through federal funds and may require M2 funds to be made available in the future for the project. As a result, a rebalancing of funding may be needed as the project progresses. And if this is required, OCTA will return to the Board in the future with a revised funding plan.

The use of federal STBG and CMAQ for this project is consistent with the Board-approved Capital Programming Policies regarding the use of federal funds for M2 Freeway Program projects. More detail on benefits of the SR-55 Improvement Project and these funding changes is provided in the SR-55 Improvement Project fact sheet (Attachment A).

As required by the grant program guidelines, OCTA Board Resolution No. 2021-001 (Attachment B) and No. 2021-002 (Attachment C) are presented for consideration authorizing the Chief Executive Officer, or his designee, to accept the grants totaling \$140 million and enter into grant agreements with CTC and Caltrans. Additionally, SB 1 requires a baseline agreement as part of the project delivery and will require approval from CTC and Caltrans. A summary outlining the terms of the baseline agreement is provided in Attachment D.

The revised Capital Program Funding Report is pending Board approval and is provided in Attachment E.

Summary

The CTC awarded OCTA \$140 million to support the SR-55 Improvement Project. Board authorization is requested to receive the grants and to program additional CMAQ and STBG funds.

Attachments

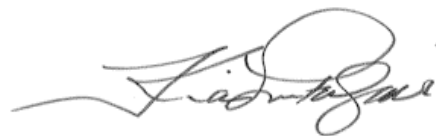
- A. State Route 55 Improvement Project from Interstate 405 to Interstate 5 Fact Sheet and Estimated Cost
- B. Resolution No. 2021-001 of the Orange County Transportation Authority Trade Corridor Enhancement Program Grant Authorization
- C. Resolution No. 2021-002 of the Orange County Transportation Authority Local Partnership Program-Competitive Grant Authorization
- D. Trade Corridor Enhancement Program and Local Partnership Program-Competitive, Term Sheet - Project Baseline Agreement
- E. Capital Funding Program Report

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