



February 1, 2021

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 planning efforts, capital projects, and transit operations. Project costs can vary from the programmed amount, which may require funding revisions and Board of Directors' approval to meet funding requirements. Board of Directors' authorization is required to provide funding for new and ongoing projects as further described herein.

Recommendations

- A. Authorize the use of \$10.579 million in Measure M2 funds for the Interstate 5 improvements from Interstate 405 to Yale Avenue (Segment 1).
- B. Authorize the use of \$3.240 million in Highway Infrastructure Program funds for the State Route 57 Improvement Project from Orangewood Avenue to Katella Avenue.
- C. Authorize the use of \$4.766 million in Federal Surface Transportation Block Grant or Congestion Mitigation and Air Quality Improvement funds for the following transit projects:
 - \$4.500 million in Congestion Mitigation and Air Quality Improvement funds for the rideshare and vanpool programs.
 - \$0.266 million in Surface Transportation Block Grant funds for the Orange County Mobility Hub Strategy.
- 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.

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, costs can change, funding 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. Board action to update funding for projects is requested periodically to support costs consistent with the revised funding need for projects and are included in the Capital Funding Program (CFP), Attachment B.

Additionally, OCTA is responsible for programming Orange County's annual apportionment of federal Surface Transportation Block Grant (STBG) funding and Congestion Mitigation and Air Quality Improvement (CMAQ) Program funding. Annually, staff reviews which projects are required to receive federal authorization within each year in order to fully deliver projects and also meet the federal requirements to utilize apportionment and obligation authority each year.

Discussion

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

Based on updates from the latest CAP and also the identified funding need for projects that are planned to be delivered using federal funds, staff is recommending the following funding changes.

Freeway Program

The environmental document for the Interstate 5 (I-5) improvements between Interstate 405 (I-405) and State Route 55 (SR-55) was completed in early 2020. Following the environmental phase, the project was segmented into the I-5 improvements between I-405 and Yale Avenue (Segment 1), and I-5 improvements between Yale Avenue and SR-55 (Segment 2). In July of 2020,

staff provided a report to the Board that the Segment 1 project estimate at completion in the March 2020 CAP differed from the funding documented by the CFP by \$10.597 million. These additional estimated costs were primarily attributed to OCTA internal project risk and legal fees, which are typically supported internally with Measure M2 (M2). However, programming recommendations were delayed pending the California Transportation Commission's decision on SB 1 (Chapter 5, Statutes of 2017) competitive applications as that decision impacted funding for the entire freeway program. On January 11, 2021, the Board approved the acceptance of \$140 million in SB 1 funds for the SR-55 Improvement Program from I-405 to I-5, thereby providing a significant infusion of external funds into the M2 Freeway Program and allowing for flexibility in how M2 and other external funds are programmed. Staff is now returning to the Board for approval to authorize the use of \$10.579 million in M2 funds for the I-5 improvements from I-405 to Yale Avenue (Segment 1), in order to align the programmed funding with the estimate at completion presented through the CAP. This is Project B in the Next 10 Delivery Plan (Next 10 Plan), and the use of M2 funds is consistent with the CPP.

The State Route 57 Improvement Project from Orangewood Avenue to Katella Avenue or Project G is identified in the Next 10 Plan to advance from the environmental phase to the construction phase. The environmental phase was completed in late 2019, and the design phase funding of \$4.777 million in M2 funds was approved by the OCTA Board in January 2020. Additional site exploration and design are required related to soil liquefaction and other seismic issues due to the proximity to the Santa Ana River. In addition, as part of the final environmental report, cost estimates were prepared in early 2019, but the design phase will now begin in late 2021, hence, escalation for design support must also be considered. The updated cost estimate now indicates a total need of \$6.827 million for the design phase. Staff is proposing to use \$3.240 million in available federal Highway Infrastructure Program (HIP) funds for the design cost changes. The HIP funding is intended for the restoration, repair, construction of federal aid eligible roads, bridges, and tunnels. The HIP funds will support the increase in design costs and will also replace the need for \$1.190 million in already programmed M2 funds within this phase, making those funds available for future phases or other freeway program projects. This use of HIP funds is consistent with the CPP to prioritize federal funds towards Next 10 Plan projects.

Annual Recommendations for Use of STBG and CMAQ

The OCTA Rideshare Program includes rideshare services, ride guide database, customer information, and marketing activities, all meant to encourage ridesharing. The Vanpool Program provides capital lease subsidies to vanpools to help offset the cost to the vanpool participants. Staff is recommending approval to program \$4.500 million in CMAQ funds for rideshare and vanpool services throughout Orange County. Although several of these services have been

suspended due to the coronavirus, this proposed funding is necessary to continue the rideshare and vanpool programs once these services can be reestablished and will fund the programs across multiple years. The use of CMAQ funding is consistent with the CPP for vanpool and rideshare services.

The Orange County Mobility Hub Strategy will provide an approach for locating and designing transit mobility hubs with an integrated suite of transportation services, supporting amenities, and technologies that increase multimodal mobility by improving access to transportation choices and regional activity centers. Staff is recommending \$0.266 million in STBG funds to complement the State Transportation Improvement Program planning, programming, and monitoring funds programmed to this study. These STBG funds, if approved, will be obligated this fiscal year, and will allow the study to move forward as planned. The use of STBG funds for countywide planning activities is consistent with the CPP, which notes that five percent of STBG funds may be used for planning purposes. This request is well within that limitation and the project was included in this year's budget.

The CFP includes a summary of how OCTA's capital projects are currently funded along with the proposed changes in this item. The project descriptions and additional information for each of the projects listed in the staff report are included in Attachment C. A list of Board actions, which directed capital funds towards OCTA capital projects over the last six months, is provided in Attachment D. Attachments C and D are provided so that today's actions can be considered in the context of how OCTA generally funds capital projects.

Summary

With the objective of ensuring that OCTA projects are fully funded, external funds are maximized, and funding levels are consistent with the estimate at completion listed in the quarterly CAP, OCTA is seeking Board approval to use and reprogram various funds.

Attachments

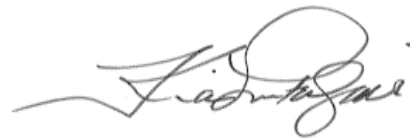
- A. Existing Capital Programming Policies by Fund Source, Approved February 2019
- B. Capital Funding Program Report
- C. Capital Programming Update Project Descriptions
- D. List of Board of Directors Reports with Programming Actions, July 2020 – December 2020

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