



March 1, 2021

To: Executive Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Measure M2 Quarterly Progress Report for the Period of October 2020 Through December 2020

Overview

Staff has prepared the Measure M2 quarterly progress report for the second quarter of fiscal year 2020-21, covering October 2020 through December 2020, for consideration 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 also 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). The Board also is provided with individual project staff reports and overall reports on the status of the capital projects by the Capital Programs Division.

Discussion

This quarterly report reflects current activities and progress across all M2 programs for the period of October 1, 2020 through December 31, 2020 (Attachment A). The report includes project budget and schedule information as provided and reported in the Capital Action Plan. Information on the Local Fair Share and Senior Mobility Program payments made to cities during the quarter is also included.

Additionally, Attachment A includes a summary of the Program Management Office (PMO) activities that have taken place during the quarter. One area is highlighted below.

Next 10 Delivery Plan (Next 10 Plan)/M2 Sales Tax Revenue Forecast

Annually, staff reviews the Board-adopted commitments in the Next 10 Plan to ensure it remains deliverable with updated revenues and project costs. On October 26, 2020, the final 2020 M2 sales tax revenue forecast of \$11.6 billion was presented to the Board. This year-over-year decline of \$1.8 billion is attributed to the economic impacts of the coronavirus (COVID-19) pandemic and represents the lowest forecast since M2 inception.

An update to the Next 10 Plan is warranted to confirm that OCTA has the capacity to deliver M2 as promised to the voters. To manage the impacts of the decreased M2 sales tax revenue forecast and updated project cost estimates, staff explored three options. On December 14, 2020, the options were presented for Board discussion and feedback. With variations in schedule, cost, and bonding assumptions, each option had its advantages and challenges. The Board discussed the options and provided feedback to pursue a financially prudent course of action with a proactive stance on project delivery while remaining flexible. Given the fluidity of current events, staff offered to review fiscal year (FY) 2020-21 second quarter sales tax revenue actuals in March 2021 to provide an additional financial data point prior to updating Next 10 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 second quarter of FY 2020-21.

Freeway Program

The M2 Freeway Program consists of 30 project segments to be delivered by 2041. Currently, while in year ten of the 30-year program, 12 project segments are complete, five are in construction, and another five are readying for construction. The remaining eight project segments are in various stages of project development.

Key freeway project highlights taking place this quarter are highlighted below.

- Interstate 5 (I-5) between Interstate 405 (I-405) and Yale Avenue - This is the southerly segment of the I-5 between I-405 and State Route (SR-55) project. On December 14, 2020, the Board approved the release of request for proposals for the preparation of plans, specifications, and estimates. (Project B)
- I-5 between Yale Avenue and SR-55 - This is the northerly segment of the I-5 between I-405 and SR-55 project. On November 9, 2020, the Board approved the selection of a consultant to prepare plans, specifications, and estimates. (Project B)
- I-405 between State Route 73 and Interstate 605 (I-605) – This project, which includes concurrent design and construction, is over 50 percent complete despite numerous challenges. At the onset, some project costs consumed a share of the project contingencies: bids received for the project were higher than the engineer's estimate and there were legal settlements with the cities of Long Beach and Seal Beach related to the environmental document. Subsequent to the award of the project contract, the California Department of Transportation and Federal Highway Administration issued new safety-related directives such as guard rail and concrete paving requirements. These unexpected mandates could not have been foreseen in the development of the project cost estimate. More recently, discovery of archaeological resources within the construction zone also impacted the project budget and schedule. As a result of these and other challenges, OCTA performed a comprehensive analysis of actual and estimated remaining costs. The analysis indicated the cost to complete the M2 portion of the project is \$1,560 million, which is a 9.5 percent increase over the current available funding of \$1,425 million. On December 14, 2020, the Board approved the changes to the project budget. (Project K)
- I-605/Katella Avenue interchange - The design contract with the Board-approved consultant was executed on December 28, 2020.

Streets and Roads

Since 2011, approximately \$892.9 million has been allocated to local jurisdictions for transportation improvements through the streets and roads competitive and formula funding programs. Additionally, M2 provided \$149 million, a portion of the \$667 million total project cost, to grade-separate seven streets and rail crossings, leveraging the majority of the funds (\$518 million) from local, state, and federal sources.

- On October 26, 2020, a Regional Traffic Signal Synchronization Program (RTSSP) update was provided to the Board. The update shared that OCTA and local agencies have successfully implemented new cooperative traffic signal synchronization timing on 84 corridors, with another 28 projects planned or underway. (Project P)
- Applications for the 2020 annual call for projects for the Regional Capacity Program and the RTSSP were due on October 22, 2020. Staff review is underway and programming recommendations are anticipated to be presented to the Board in spring 2021. (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 multi-year transit funding commitments for bus and station van extension services connecting to Metrolink (\$483,133 to date), local community-based transit circulators and planning studies (\$41.9 million to date), and bus stop improvements (\$2.9 million to date). In parallel, M2 provides a set amount of annual funding to support three programs intended to meet the needs of seniors and persons with disabilities (\$84.6 million¹ to date). Key transit project activities taking place this quarter, along with updates, are highlighted below.

- A Metrolink Performance Report was presented to the Transit Committee on October 8, 2020, and to the Board on October 12, 2020. Total ridership was 3.9 million boardings in FY 2019-20 for OC Metrolink, a 23.6 percent

¹ Only includes disbursed funds. On October 12, 2020, the Board approved a temporary exception to the Senior Mobility Program Guidelines, which allows for OCTA to hold allocations in reserve for agencies with suspended services due to the COVID-19 pandemic. The funds will be held until the State lifts the State of Emergency or transportation services resume, whichever occurs first.

decrease over FY 2018-19, with the COVID-19 pandemic impacting both weekday and weekend ridership. (Project R)

- Anaheim Canyon Metrolink Station Improvements – On October 12, 2020, the Board approved the release of invitation for bids for construction of the project. The bid opening was held on January 21, 2021, with construction anticipated to begin in spring 2021. (Project R)
- Laguna Niguel to San Juan Capistrano Passing Siding Project - Construction of the project was completed on November 17, 2020. This project added approximately 1.8 miles of new passing siding railroad track adjacent to the existing mainline track, which enhances the operational efficiency of passenger services within the Los Angeles - San Diego - San Luis Obispo rail corridor. (Project R)
- OC Streetcar - Significant construction activities continued, with a major milestone reached in December 2020, as the first rail was set into the street at the intersection of Santa Ana Boulevard and Bristol Street. (Project S)

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 M2 Freeway Program. The ECP improves water quality by addressing transportation-related pollutants, while the EMP offsets biological impacts of freeway projects.

On October 12, 2020, the Board approved programming recommendations for 12 ECP Tier 1 projects, totaling \$2.8 million. Since 2011, the ECP has allocated approximately \$51.4 million to local jurisdictions for 178 projects for trash removal devices (Tier 1), and 18 projects for large scale water quality best management practices projects (Tier 2). It is estimated that nearly 33 million gallons of trash have been captured since inception of the program, which is the equivalent of filling nearly 78 football fields with one-foot deep of trash.

Additionally, the Board previously 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 to restore habitat on 350 acres of open space across Orange County to fulfill the necessary freeway program mitigation needs.

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. Prior to COVID-19, it was estimated that it would take approximately 12 years to fully fund the endowment with annual deposits, or until the fund totals \$46.2 million. The level of annual deposits will be reassessed based on availability of M2 funds. Any changes may affect the timeframe for the full funding of the endowment. As of December 31, 2020, the balance of the endowment was just over \$17.6 million.

Challenges

COVID-19 Pandemic

On February 27, 2020, OCTA activated its Emergency Operations Center and implemented its Emergency Operations Plan in response to COVID-19. On March 19, 2020, the State issued a stay-at-home order to protect the health and well-being of all residents of California and slow the spread of COVID-19.

As stay-at-home orders were gradually lifted, cases started to increase, which resulted in the State issuing new stay-at-home orders on November 21, 2020 (limited) and again on December 3, 2020 (regional). Public transportation and infrastructure projects are designated by the state and federal governments as essential. OCTA has continued operations while following best practices and health guidance from local, state, and federal officials to help ensure the health of the public and OCTA employees. The PMO continues to monitor COVID-19 impacts to M2 to ensure projects and programs remain deliverable as promised to voters. Pandemic impacts on the individual M2 Program areas are discussed further below.

Freeways

Risks for schedule-critical right-of-way (ROW) acquisition processes continue to be impacted by COVID-19. ROW acquisition offers to owners, associated discussions, negotiations, and meetings are being impacted by business closures and availability of owners and attorneys. There are also additional COVID-19-related ROW impacts due to court closures, filing and service delays, potential temporary easement timeline expirations, land and business valuation challenges, and appraisal and site inspection issues.

In addition, the California Department of Industrial Relations Division of Occupational Safety and Health issued new emergency temporary standards, which became effective November 30, 2020. Staff will continue to monitor contractor COVID-19 cases to ensure essential operations are not impacted.

Streets and Roads

OCTA completed the September 2020 semi-annual review of projects funded through the Comprehensive Transportation Funding Programs. This process reviews the status of M2 grant-funded projects and provides an opportunity for local agencies to update project information and to request project modifications. Of the total 64 project adjustment requests, 40 were attributed to COVID-19-related impacts. These adjustments were approved by the Board on December 14, 2020.

Transit

Travel pattern changes due to stay-at-home orders have affected Metrolink ridership. As a result, Metrolink implemented temporary service reductions in March 2020 and again in November 2020; the three lines serving Orange County have reduced service by 24 percent. With the decline in ridership and its compounding effects on the level of revenues from fares, Metrolink's Board adopted new fare policy goals to guide future fare discussions and decisions. The availability of the federal Coronavirus Aid, Relief, and Economic Security Act funding will mitigate this impact in the near-term.

Through the Senior Mobility Program (SMP), M2 provides funding to cities for programs that meet the needs of seniors in their communities. Due to COVID-19, some jurisdictions have suspended operation of their SMP or modified services, such as providing home delivered meals in lieu of transporting the seniors to their nutrition programs. To provide flexibility in serving their senior communities and relief to jurisdictions from timely-use of funds provisions, on October 12, 2020, the Board approved temporary exceptions to the SMP Guidelines. For cities with modified services, the exceptions will allow for meal delivery in lieu of transportation to the senior center until the State lifts the State of Emergency. For cities with suspended services, OCTA will suspend the distribution of SMP funds and hold them in reserve for jurisdictions until the State lifts the State of Emergency, or when the agency notifies OCTA that they have reinitiated SMP services, whichever occurs first.

The Community-Based Transit Circulator Program (Project V) continues to be affected as 23 services have been suspended or not initiated due to COVID-19. On December 14, 2020, the Board approved cooperative agreement amendments for all active Project V services to incorporate proposed COVID-19-related grant term adjustments for up to 24 months.

Staff also held a workshop in October 2020 with local agency project managers to discuss impacts and the future of Project V. Taking their input into consideration, staff proposed Project V revisions to modify the program's minimum performance requirements/service parameters to allow for re-establishment and providing annual escalation of funding within the programmed grant amount. These changes will provide local agencies' flexibility to reinitiate and fund Project V services in a post-COVID-19 environment, while shifting evaluation metrics to be more financially focused, context sensitive, and locally driven. The Board approved these program revisions on January 25, 2021.

Orange County Fires

On October 26, 2020, two wind-driven fires (Silverado and Blue Ridge) started in Orange County. Following that, on December 2, 2020, another fire (Bond) broke out in Silverado Canyon. Since then, all fires have been fully contained. The fires did not impact any OCTA mitigation properties but did affect some OCTA-funded restoration projects. OCTA is working closely with restoration project managers to fully assess the damage and will coordinate with Wildlife Agencies to discuss next steps.

Staff will continue to closely monitor these challenges to ensure M2 remains deliverable as promised to voters and provide updates to the Board as appropriate.

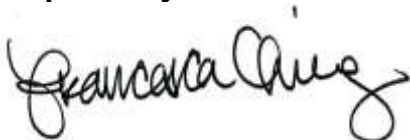
Summary

As required by Ordinance No. 3, a quarterly report covering activities from October 2020 through December 2020, is provided to update progress in implementing the Plan. The above information and the attached details indicate significant progress on the overall M2 Program despite facing challenges. 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

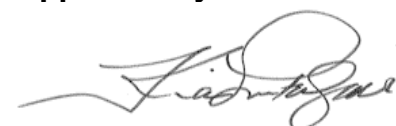
- A. Measure M2 Quarterly Progress Report, Second Quarter of Fiscal Year 2020-21, October 1, 2020 through December 31, 2020

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