



June 1, 2026

To: Executive Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Measure M2 Quarterly Progress Report for the Period of January 2026 through March 2026

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Overview

Staff has prepared the Measure M2 Quarterly Progress Report for the third quarter of fiscal year 2025-26 as information for the Orange County Transportation Authority Board of Directors. This progress report highlights the delivery of Measure M2 projects and programs as promised to voters and the monitoring of external challenges. The full report 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 nearly 70 percent, approved the Renewed Measure M (M2) Transportation Investment Plan (Plan), a one-half-cent sales tax for transportation improvements. Effective in 2011, the Plan provides a 30-year program of investments across a broad range of transportation and environmental initiatives and a governing ordinance, Ordinance No. 3 (M2 Ordinance), that defines the requirements for implementing the Plan. The M2 Ordinance designates the Orange County Transportation Authority (OCTA) as responsible for administering the Plan and ensuring that OCTA's contract with the voters is followed. The M2 Ordinance also charges OCTA to provide for a number of transparency measures and safeguards to uphold and reciprocate the public's trust in OCTA.

OCTA is committed to fulfilling the promises made to secure voter approval of the M2 initiative. This means completing the projects described in the Plan and adhering to numerous specific requirements, safeguards, and transparency provisions identified in the M2 Ordinance. One such requirement is the publication of quarterly status reports on the projects detailed in the Plan and its presentation to the OCTA Board of Directors (Board).

This report is built on individual project- and program-level staff reports that are regularly presented to the Board, covering the status of various activities in the Plan.

Discussion

This quarterly report (Attachment A) reflects activities and progress across all M2 programs for the period of January 1, 2026, through March 31, 2026. The quarterly report also includes project budget and schedule information as provided in the Capital Action Plan reports to the Board. Additionally, information on the Local Fair Share (LFS) and Senior Mobility Program (SMP) payments made to cities during the quarter is also included.

OCTA has established the M2 Program Management Office (PMO), charged with providing unified oversight to ensure compliance, fiscal responsibility, transparency, and accountability as laid out in the M2 Ordinance and Plan. Attachment A also includes a summary of PMO activities.

The following provides highlights of M2 accomplishments during the quarter by mode, notable items under the PMO activities, and key challenges that OCTA is monitoring and working to address.

Freeway Program

The M2 Freeway Program consists of 30 project segments to be delivered by 2041. To date, 17 project segments are completed, and another ten are underway and expected to be completed by 2030. The ten project segments that are underway include seven projects that are in construction, two that are in final design, and a joint project with the Riverside County Transportation Commission that will be delivered via progressive design-build. The joint project – the 91 Eastbound Corridor Operations Project – will improve State Route 91 (SR-91) eastbound between State Route 241 and State Route 71. Completing these ten projects would bring the total number of completed projects to 27 by 2030, equating to approximately 90 percent of the M2 Freeway Program. The remaining three project segments are in various stages of project development. One notable freeway program highlight that occurred during the quarter is below.

- Interstate 5 (I-5) between Interstate 405 (I-405) and State Route 55 (SR-55) – This project is comprised of two segments. The southerly segment, from I-405 to Yale Avenue, was advertised for construction on August 18, 2025, and bids were opened on November 18, 2025. The contract was awarded on January 29, 2026, with a bid approximately 18.5 percent below the engineer’s estimate. On January 23, 2026, a groundbreaking event was held, marking the start of construction in the corridor. On February 9, 2026, an update was presented to the Board

providing information on project background, improvements, along with schedule and costs for both segments (Project B).

Streets and Roads

Since 2011, more than \$1.3 billion¹ has been allocated to local jurisdictions for transportation improvements through M2 streets and roads programs, which include two competitive and one formula-based funding programs. In addition, OCTA was able to leverage nearly \$53.9 million in external funding to support these programs. To date, 509 project phases have been allocated through M2 competitive streets and roads funding programs, of which 363 phases, or approximately 71 percent, have been completed.

- Through the LFS Program, 18 percent of M2 net revenues are allocated by formula to eligible local jurisdictions. During the quarter, more than \$25.7 million was disbursed, bringing the total provided through March 2026 to approximately \$861 million.¹ (Project Q)

Transit

The M2 transit mode includes several programs designed to provide expanded transportation options. M2 is the primary funding source for Metrolink commuter rail service in Orange County and includes funding for rail projects to improve operations and transit connections to extend the reach of the service. On October 21, 2024, Metrolink implemented Metrolink Reimagined, a service change that increased weekday train frequency and expanded midday and evening service to better accommodate evolving travel patterns, including alternative work schedules. Compared to the same quarter last year, ridership levels on all three lines serving Orange County (Orange County, Inland Empire-Orange County, and the 91/Perris Valley lines) increased by approximately seven percent but remain 35 percent lower compared to the same quarter in fiscal year (FY) 2018-19 (used as a pre-pandemic data set).

More recently, Metrolink has experienced operational challenges related to mechanical issues. On March 23, 2026, Metrolink implemented a temporary seven-week service reduction, resulting in a 14 percent reduction in Orange County service levels. On April 27, 2026, Metrolink announced that the reduced service levels would remain in place indefinitely. The three Metrolink lines serving Orange County currently operate 50 weekday trains, down from 58 prior to March 23, 2026. Additional Metrolink challenges are discussed in the challenges section of this report.

¹ Only includes disbursed funds. Pursuant to Section 10.4 of the M2 Ordinance, the Board determined the City of Buena Park (on May 28, 2024) and the City of Huntington Beach (on May 12, 2025) ineligible to receive net M2 revenues for five years. Disbursements have been suspended until each city reestablishes eligibility.

Since 2011, M2 has provided competitive multi-year transit funding commitments for bus and station van services connecting to Metrolink (\$298,333 to date), community-based transit circulators (\$81.1 million to date), and transit stop improvements (\$2.9 million to date). In addition, M2 provides a set amount of funding to support three programs (SMP, Senior Non-Emergency Medical Transportation Program, and Fare Stabilization Program), intended to expand mobility options for seniors and persons with disabilities (\$159.3 million² to date). Other notable transit program activities from the quarter are highlighted below.

- Community-Based Transit Circulators – A ridership report covering April 2025 through September 2025 was provided to the Board on February 12, 2026. The report noted that nearly all 21 services in operation successfully met the cost per boarding, on-time performance, and customer satisfaction standards. (Project V)

Environmental Programs

The M2 program includes two innovative programs: the Environmental Cleanup Program (ECP) and the Environmental Mitigation Program (EMP). The ECP improves water quality by addressing transportation-related pollutants, while the EMP offsets the biological habitat impacts of M2 freeway projects.

Since 2011, the ECP has allocated approximately \$66.6 million to local jurisdictions for 224 projects for trash removal devices (Tier 1) and 22 projects for large-scale water quality best management practices projects (Tier 2). It is estimated that 91.7 million gallons of trash have been captured since the inception of the program, which equates to over 16,200 trash truck loads of garbage that could have been deposited in Orange County streams and waters. On March 9, 2026, the Board released the 2026 call for projects. Programming recommendations are anticipated in fall 2026. (Project X)

Additionally, the Board has authorized \$55 million for the EMP to acquire conservation lands and fund habitat restoration projects. OCTA has acquired more than 1,300 acres and funded 13 projects to restore habitat on 350 acres of open space across Orange County to fulfill the necessary M2 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 endowment that is being established. OCTA has made ten deposits of approximately \$2.9 million

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into the endowment. As of March 2026, the balance of the endowment was \$38,797,315. Current projections indicate that OCTA remains on track to meet the endowment target of \$46.2 million in FY 2027-28; however, the performance of the fund may affect the timeframe for full funding of the endowment.

PMO

Ten-Year Review

The M2 Ordinance includes a provision to conduct a ten-year comprehensive review of all projects and programs. While the Next 10 Delivery Plan (Next 10 Plan) is focused on Plan delivery, the Ten-Year Review focuses on Plan performance. The first Ten-Year Review was completed in 2015, and the second report and accompanying Action Plan were approved by the Board on April 27, 2026. Staff is working to implement the Action Plan, and progress will be reported through regular M2 Quarterly Reports and at key milestones.

Challenges

As with all major programs, challenges arise and need to be monitored and addressed. A few key challenges are highlighted below.

- Active management of Metrolink operations and capital rehabilitation projects is necessary to ensure sustainability through 2041. Due to ongoing mechanical issues and equipment availability, service reductions were implemented on March 23, 2026, resulting in a 14 percent reduction in Orange County and 20 percent systemwide. These reductions have resulted in ridership declines of approximately five percent in Orange County and eight percent systemwide, further impacting farebox revenues and cost recovery. Metrolink ridership recovery continues to struggle, compounding broader financial challenges amid rising operating and rehabilitation costs. Without improvements in ridership growth, cost containment, or additional external funding, the 2025 Next 10 Plan projects that current service levels cannot be sustained beyond FY 2033-34. To address this shortfall, the Board directed staff to work with Metrolink to develop a financially sustainable service plan with a targeted funding level as part of the FY 2026-27 budget development process. OCTA will continue to actively engage with Metrolink and the other member agencies, assess impacts to Orange County riders, and keep the Board informed as conditions evolve.
- Over the past several years, coastal storm surges, combined with several other environmental factors, have damaged the Los Angeles – San Diego – San Luis Obispo Rail Corridor. These events have required increased maintenance and emergency repairs to stabilize the rail infrastructure.

The emergency repairs have also led to intermittent service loss and delays. Although the affected portion of the railroad tracks in the City of San Clemente is located within Orange County, this rail corridor is vital for Metrolink and state-supported intercity rail (Pacific Surfliner), freight connection to the Port of San Diego, and is part of the Strategic Rail Corridor Network that supports national defense operations. In partnership with key stakeholders, a comprehensive plan to integrate engineering and sand nourishment solutions was developed to protect the coastal segment of the rail corridor in south Orange County in the immediate timeframe. To address the ongoing threats to a critical link in Southern California's rail network, emergency riprap repair activities in two of the four reinforcement areas were completed in June 2025. During the quarter, work continued to construct a catchment structure to protect the rail infrastructure from potential slope failure. Additional work to protect the rail line on the remaining segment continues with parallel efforts underway for sand nourishment. Updates will be provided to the Board as appropriate.

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

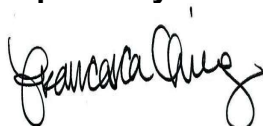
Summary

A quarterly report covering activities from January 2026 through March 2026, 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.

Attachment

- A. Measure M2 Quarterly Progress Report, Third Quarter of Fiscal Year 2025 - 26, January 1, 2026 through March 31, 2026

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