



Project Terms and Conditions, Design-Build Cooperative Agreement, and Next Steps for the Interstate 405 Improvement Project





Background

Action	Time Frame
California Department of Transportation (Caltrans) recommends Alternative 3 as the project preferred alternative	July 25, 2014
Caltrans identifies \$82 million in state funding	January 2015
Orange County Transportation Authority (OCTA) re-engages with Caltrans: <ul style="list-style-type: none"> • Local control • Minimize construction impacts 	February 2015
Interstate 405 (I-405) ad hoc committee formed	February 2015
OCTA-Caltrans discussions underway	February-April 2015
Signed final environmental impact report/environmental impact study published in Federal Register	April 3, 2015
Publish Record of Decision in Federal Register	May 2015

Project Preferred Alternative



* The existing carpool lane is combined with the new express lane to provide a dual lane express lanes facility

Typical cross section is 7 lanes each direction (5 general purpose lanes and 2 express lanes)



Travel Time Benefit Comparison

2040 Travel Time from State Route 73 to Interstate 605

	Add One General Purpose Lane	Add One General Purpose Lane and One Express Lane
General Purpose Lanes	57 min	29 min
High-Occupancy Vehicle/Express Lanes	54 min	13 min



I-405 Ad Hoc Committee

- ❖ Met six times
- ❖ Provided guidance to the Chief Executive Officer for negotiations with Caltrans
- ❖ Explored agreement parameters
- ❖ Discussed:
 - Terms of agreement
 - Project delivery – roles and responsibilities
 - Operations and maintenance (including toll policy)
 - Funding and financing
 - Use of net excess revenues
 - Project risks



Proposed Terms and Conditions:

Key Considerations: Delivery, Funding, Financing

❖ Project Delivery

- OCTA lead agency for design-build (DB) contractor, systems integrator, toll collection services
- Delivery consistent with tolling authorization and AB 401
- Revised cooperative agreement to be used
- Operating toll agreement to follow

❖ Funding and Financing

- OCTA lead on funding/financing; plan to be shared with Caltrans
- Caltrans provides \$82 million
- TIFIA to be considered*
- Financing “tail” is a minimum of five years

* TIFIA = Transportation Financing and Innovation Act



Proposed Terms and Conditions: Key Considerations - Operations

- ❖ OCTA or its contractor operates toll collection facilities
- ❖ OCTA sets toll policy
- ❖ High-occupancy vehicle 2+ free for no less than three years*
- ❖ Continuous access should not be precluded in future
- ❖ Congestion management pricing used:
 - Triggers put in place to adjust tolls
 - Speed optimized for mobility, reliability

* Subject to results of the Investment Grade Traffic and Revenue Study and further additional funding considerations.



Proposed Terms and Conditions: Key Considerations – Net Excess Revenues

- ❖ OCTA and Caltrans, in partnership, develop a multi-year expenditure plan
 - Expenditure plan updated annually
 - OCTA Board of Directors adopts the multi-year expenditure plan and each annual update
 - Net excess revenues used for projects that maintain or improve the safety, operations, or travel reliability of any transportation mode in the corridor, or provide or improve travel options in the corridor
- ❖ OCTA responsible for express lane projects
- ❖ Caltrans responsible for non-express lane projects on State highway system



Recommendations

- ❖ Approve I-405 terms and conditions
- ❖ Direct staff to take actions to implement the I-405 project and return to Board of Directors with:
 - Draft toll policy
 - Financing plan, including TIFIA and other grant opportunities
 - Operating toll agreement
- ❖ Include \$82 million from Caltrans
- ❖ Pursue California Transportation Commission (CTC) project approval



Recommendations (continued)

- ❖ Modify and issue addenda, as necessary, to the DB Request for Qualifications
- ❖ Authorize the Chief Executive Officer to negotiate and execute the DB cooperative agreement with Caltrans including:
 - \$55.4 million for reimbursed direct work (inspection) and enhanced oversight services
- ❖ Replace \$35 million in Measure M2 project funds with Regional Surface Transportation Program funds
- ❖ Pursue Federal Transportation Improvement Program amendment



Next Steps

2015

Finalize environmental process

Obtain authorization to acquire right-of-way

Execute construction management agreement

Amend consultant agreements

Obtain CTC approval

Develop toll policy options

Develop preliminary financial plan, including pursuing TIFIA and other opportunities



Next Steps

2016

Adopt toll policy

Develop investment grade traffic and revenue study

Adopt financial plan and develop financing documents

Approve an operating toll agreement with Caltrans

Award DB contract

2017-2022

Secure financing

Full DB contract notice to proceed

Design and build project