Measure M2







M2 Delivery Plans



Timeline

- ✓ Early Action Plan adopted in 2007 (five year plan)
- ✓ M2020 adopted in 2012 (20 year plan replaced mid stream)
- ✓ Next 10 Plan adopted in 2016 (ten year plan)
- Accelerates projects and programs
 - ✓ Delivers improvements sooner
 - Realizes savings through lower debt / reduced escalation
 - Capitalizes on low bid environment
 - Readies projects to capture external funding
 - ✓ Utilizes local funding 91 Express Lanes excess revenue



M2 Sales Tax Revenue Forecast



- Updated 2017 forecast is \$13.5 billion
 - > \$700 million less than the 2016 forecast
- Most areas of M2 Plan scale to available revenue
- Freeway program doesn't scale due to set scopes
 - > Net freeway program revenue loss \$272 million
 - > Net freeway project cost increase \$90 million



M2 Next 10 Plan



- Next 10 Plan Approved November 2016
 - ✓ Board approved use of net excess 91 Express Lanes revenue up to the full cost of two eligible 91 projects
 - Cash flow included \$463 million (partial cost only)

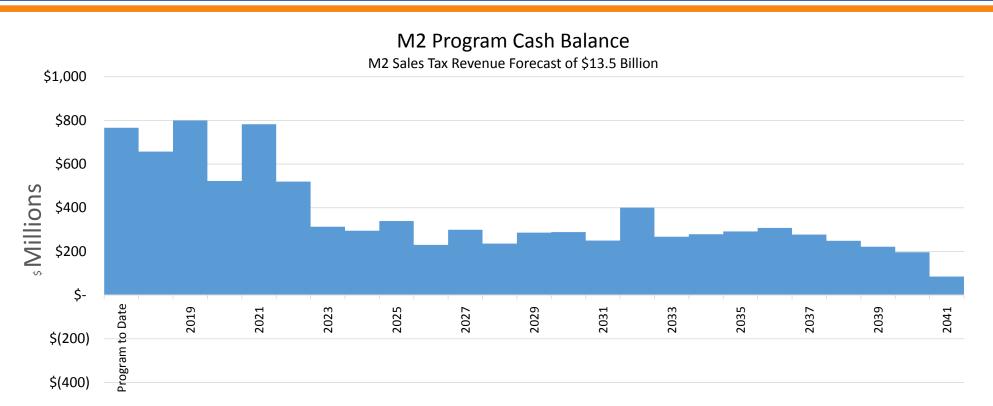


- Next 10 Plan Update November 2017
 - ✓ Revised cash flow assumes \$748.7 million* in net excess revenues
 - Retains priority schedule for Project I State Route 91 between State Route 57 and State Route 55

^{* 91} Express Lanes excess revenue is brought into the cash flow as costs are incurred up to full amount of the two eligible 91 projects.

M2 Program Cash Balance





^{*}Based on June 2017 M2 Sales Tax Revenue Forecast of \$13.5 Billion and use of \$748 million of 91 Express Lanes revenues

Next 10 Deliverables Summary



- Freeway Program Deliverables:
 - 1. Deliver \$3.1 billion of freeway improvements scheduled through construction
 - 2. Invest approximately \$1.2 billion more in revenues bringing the completed freeway program improvements to \$4.3 billion. Project I is a priority.
- Allocate nearly \$1 billion of funding for streets and roads
- Invest approximately \$1 billion to enhance access to rail and transit including delivery of the OC Streetcar
- Ensure ongoing preservation of open space Preserves and provide \$40 million in water quality grants



Focused Risk Factors



- Increase in interest rates
- Neighboring County transportation programs
- State transportation projects
- Construction wage pressure
- Future recession



Cost Mitigation Recommendations



- Monitor early warning indicators
 - √ Building permits
 - ✓ Construction employment and wages
 - ✓ Executive opinion of local economy
 - √ Construction commodity costs
- Look for acceleration opportunities for Next 10 Delivery Plan



Next Steps



- Work with our transportation partners to seek cost saving measures on delivery of the Next 10 Plan of projects and programs
- Monitor the risk associated with the changing environment and return to the Board with updates as appropriate

