



BOARD COMMITTEE TRANSMITTAL

July 26, 2010

To: Members of the Board of Directors
WK
From: Wendy Knowles, Clerk of the Board
Subject: Measure M2 Early Action Plan Update

Transportation 2020 Committee Meeting of July 19, 2010

Present: Directors Amante, Buffa, Campbell, Cavecche, and Pringle
Absent: Directors Brown, Dixon, and Pulido

Committee Vote

This item was passed by all Committee Members present.

Committee Recommendations

- A. Direct staff to initiate design work for the San Diego Freeway (Interstate 5) project, from Avenida Pico to Pacific Coast Highway.
- B. Add the Costa Mesa Freeway (State Route 55) project, from the San Diego Freeway (Interstate 405) to the Santa Ana Freeway (Interstate 5), to the Early Action Plan and initiate an environmental document for the project.
- C. *Add the San Diego Freeway (Interstate 5) project, from the San Joaquin Transportation Corridor (State Route 73) to the vicinity of the El Toro Y, to the Early Action Plan and initiate an environmental document for the project.*
- D. Add the Santa Ana Freeway (Interstate 5) project, from the Costa Mesa Freeway (State Route 55) to the Orange Freeway (State Route 57), to the Early Action Plan and initiate an environmental document for the project.



- E. Add the Riverside Freeway (State Route 91) westbound project, from the Costa Mesa Freeway (State Route 55) to Tustin Avenue, to the Early Action Plan for construction.
- F. Amend the fiscal year 2010-11 budget, Account 0017-7519, to include \$35 million of Measure M2 funding for professional services to support projects being added to the Early Action Plan.
- G. Add the Orangethorpe Corridor and Sand Canyon Avenue grade separation projects to the Early Action Plan.
- H. Direct staff to return by October 20, 2010, to the Finance and Administration Committee with state, federal, and local funding assumptions necessary to implement the revised Early Action Plan projects.
- I. Direct staff to broaden the range of projects included in future Early Action Plan updates and return to the Board of Directors with a listing of projects to be included and a format to be used for regular progress reports.

Note: A correction was made in the title of Attachment A, Page 3, of the staff report. The original title read "Measure M2 Work Program Summary (With Projected Construction Start Dates)" and should read "Measure M2 Work Program Summary." See Revised Attachment A, Page 3.

Measure M2 Early Action Plan Update
July 2010

Measure M2 Work Program Summary

Freeway	Advertise for Construction	(\$ x millions)
Riverside Freeway (State Route 91), Foothill Transportation Corridor (State Route 241) to Corona Expressway (State Route 71)	June 2009	65
San Diego Freeway (Interstate 405)/Garden Grove Freeway (State Route 22) WCC	February 2010	131
Interstate 405 (I-405)/San Gabriel Freeway (Interstate 605) WCC*	May 2010	177
Orange Freeway (State Route 57), Orangethorpe Avenue to Yorba Linda Boulevard	May 2010	76
State Route 57 (SR-57), Yorba Linda Boulevard to Lambert Road	May 2010	79
State Route 91 (SR-91), Costa Mesa Freeway (State Route 55) to State Route 241 (SR-241)	June 2011	128
SR-91, SR-241 to County Line (EIR completion date)	May 2011	100
SR-57, Katella Avenue to Lincoln Avenue	May 2011	54
San Diego Freeway (Interstate 5), Ortega Highway (State Route 73) Interchange	June 2012	78
SR-91, Interstate 5 to SR-57	August 2012	78
SR-91, Tustin Avenue/SR-55	February 2013	91
Interstate 5, Avenida Pico to Pacific Coast Highway	August 2015	249
I-405, SR-55 to Interstate 605** (EIR completion date)	March 2013	2,200
Sub-Total		3,506

Streets/Grade Separations		
Signal Synchronization Program	July 2009	8
Placentia Avenue Undercrossing	August 2010	78
Kraemer Boulevard Undercrossing	September 2010	70
Lakeview Avenue Overcrossing	January 2011	70
Orangethorpe Avenue Overcrossing	May 2012	117
Tustin Avenue/Rose Drive Overcrossing	May 2012	103
State College Boulevard Undercrossing	November 2012	74
Raymond Avenue Undercrossing	November 2012	77
Sub-Total		597

Rail		
Metrolink Service Expansion Capital Projects	Underway	95
Metrolink Service Expansion Rolling Stock	Underway	144
Grade Crossing Safety Program	Underway	86
Fullerton Parking	2010	42
Tustin Avenue Parking	June 2010	18
Sand Canyon Avenue Undercrossing	January 2011	56
Anaheim Regional Transportation Intermodal Center	2011	179
Orange Station Parking	June 2013	24
Sub-Total		644

Total		4,747
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WCC – West County Connector EIR – Environmental impact report
 * WCC Project funded with state and federal funds with partial contribution from Measure M
 ** I-405 figure project alternatives cost are in the range of \$1.7 billion to \$2.2 billion



July 19, 2010

To: Transportation 2020 Committee
From: Will Kempton, Chief Executive Officer
Subject: Measure M2 Early Action Plan Update

A handwritten signature in black ink, appearing to read "Will Kempton", is written over the printed name in the "From:" field.

Overview

The Measure M2 Early Action Plan was originally approved by the Board of Directors on August 13, 2007, to jump start projects prior to the sales tax collection beginning in April 2011. The Orange County Transportation Authority is more than halfway through the implementation of this five-year plan. Substantial progress has been made in implementing the plan, and new projects are recommended to be added to prepare for future funding opportunities. A status of each of the Early Action Plan objectives is presented along with recommended plan changes.

Recommendations

- A. Direct staff to initiate design work for the San Diego Freeway (Interstate 5) project, from Avenida Pico to Pacific Coast Highway.
- B. Add the Costa Mesa Freeway (State Route 55) project, from the San Diego Freeway (Interstate 405) to the Santa Ana Freeway (Interstate 5), to the Early Action Plan and initiate an environmental document for the project.
- C. Add the San Diego Freeway (Interstate 5) project, from the San Joaquin Transportation Corridor (State Route 73) to the vicinity of the El Toro Y, to the Early Action Plan and initiate an environmental document for the project.
- D. Add the Santa Ana Freeway (Interstate 5) project, from the Costa Mesa Freeway (State Route 55) to the Orange Freeway (State Route 57), to the Early Action Plan and initiate an environmental document for the project.

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- F. Amend the fiscal year 2010-11 budget, Account 0017-7519, to include \$35 million of Measure M2 funding for professional services to support projects being added to the Early Action Plan.
- G. Add the Orangethorpe Corridor and Sand Canyon Avenue grade separation projects to the Early Action Plan.
- H. Direct staff to return by October 20, 2010, to the Finance and Administration Committee with state, federal, and local funding assumptions necessary to implement the revised Early Action Plan projects.
- I. Direct staff to broaden the range of projects included in future Early Action Plan updates and return to the Board of Directors with a listing of projects to be included and a format to be used for regular progress reports.

Background

On November 7, 2006, Orange County voters approved the renewal of Measure M, the one-half cent sales tax for transportation improvements. On July 16, 2007, the Board of Directors (Board) approved the Measure M2 (M2) Early Action Plan (EAP), which provided a blueprint for making early progress on the M2 Transportation Investment Plan. The horizon of the EAP is fiscal year 2007-08 to 2011-12.

The EAP included nine key objectives and contained certain assumptions regarding sales tax receipts and available funding. The Orange County Transportation Authority (OCTA) is over the halfway point of this five-year plan horizon, and sales tax forecasts for M2 are now projected at 40 percent less than originally anticipated. Despite this major impact to revenue assumptions, OCTA has made significant progress in implementing the plan through aggressively seeking additional grant funding and a competitive construction market. Accordingly, staff is proposing the acceleration of additional M2 projects.

Discussion

The EAP articulated nine key objectives. These objectives were developed with an anticipated long-term revenue stream that was developed using

forecasts provided by three universities (University of California, Los Angeles, California State University, Fullerton, and Chapman University). Despite the economic downturn, delivery of the objectives remains on track. Course corrections in some areas have occurred through EAP updates and Board actions. An updated M2 EAP update is included as Attachment A.

The EAP has proven to be an effective tool in mobilizing the M2 program before the start of the sales tax revenue collection in April 2011. At the same time, the program underscores OCTA's role in aggressively pursuing transportation projects and keeping that process transparent and accountable.

Work is progressing actively on all four major areas of the M2 program. The implementation of M2 freeway and transit projects is underway and preparatory efforts to provide funding for local streets and environmental programs are being completed.

At the present time, OCTA has an M2 capital program involving freeways, grade separations, and transit projects, with a value of approximately \$4.7 billion. This program would not have been possible without the backing of M2 commercial paper funding and successful leveraging of one-time state funding opportunities such as Proposition 1B as part of the EAP. OCTA has also taken a number of steps to ensure M2 implementation efforts are clearly communicated to the public and affected communities to ensure transparency, such as regular quarterly reports and the creation of an M2 website. Building on these successes and to position OCTA to take continued advantage of a competitive construction market, staff recommends several adjustments to expand the scope of the EAP.

First, staff is recommending expediting freeway program delivery. Specifically, staff is recommending to initiate preparation of final design plans for one EAP project, and to initiate the environmental clearance process for three M2 freeway projects listed on the table below.

In addition, staff recommends that several M2 projects be formally added to the EAP to reflect prior Board action on these projects. The projects include the Orangethorpe Corridor and the Sand Canyon Avenue grade separation projects. OCTA has also been successful in securing State Transportation Improvement Program (STIP) funds for the Riverside Freeway (State Route 91) widening project at the Tustin Avenue/Costa Mesa Freeway (State Route 55) area. This project is an element of M2 improvements in the State Route 91 (SR-91) Corridor (Project I) and should be reflected in the EAP.

Freeway	Limits	Next Project Phase	Proposed EAP Funding (in millions)	Estimated Project Budget (in millions)
San Diego Freeway (Interstate 5)	San Joaquin Transportation Corridor (State Route 73) to San Diego Freeway (Interstate 405)	Environmental	\$13	\$430
Santa Ana Freeway (Interstate 5)	State Route 55 (SR-55) to Orange Freeway (State Route 57)	Environmental	\$2	\$84
SR-55	Interstate 405 (I-405) to Santa Ana Freeway (Interstate 5)	Environmental	\$3*	\$135
San Diego Freeway (Interstate 5)	Avenida Pico to Pacific Coast Highway	Final Design	\$20	\$250
TOTAL			\$ 38*	\$899

* Fiscal year 2010-11 budget includes \$3 million for this effort.

Second, staff is recommending that the scope of the EAP be expanded to include other priority OCTA capital projects. The goal is to build on the success of the EAP approach and apply a similar goal driven approach to other OCTA capital projects. An expanded document is also critical in ensuring coordinated project delivery and decision making with respect to resource management, funding, and procedures.

OCTA is the sponsor for a number of freeway improvements projects that are being funded through the STIP. These projects should be monitored and tracked similar to the M2 projects. The San Diego Freeway (Interstate 5) Oso Parkway interchange project is one example. At the same time, OCTA is advancing a number of transit capital projects such as the Fullerton parking structure that are funded with Measure M or other funds that are critical to the success of the Metrolink Service Expansion Program. OCTA is also the sponsor of rail transit projects that go beyond the M2 rail program to improve rail transit overall. These and other critical capital projects should be captured in a more comprehensive program document.

In addition to expanding the frequency and scope of the updates to the Board, staff is recommending that EAP implications of any changes in the individual projects are highlighted at the time that Board action is being considered for such projects. With Board approval, staff will initiate the process to better define the range of capital projects to be included, as well as the format for the how program status reports will be structured.

Third, staff intends to actively coordinate and integrate the EAP with two key planning documents that are currently under development. The Long-Range Transportation Plan (LRTP) is a vision document that captures the M2 program of projects, other OCTA projects and services, and local land use plans that collectively will form the Sustainable Community Strategy and respond to greenhouse gas reduction statutes. OCTA has also embarked on the preparation of a strategic plan to identify measures for a performance-based management of OCTA activities. The intent of the plan is to improve overall agency performance through a systematic approach to performance assessment and hence, improvement. Given the scope of the OCTA capital activities, it is important that the EAP be a key component in the development of the LRTP and strategic plan.

Next Steps

OCTA is analyzing the latest M2 sales tax revenue forecast, along with federal and state funding opportunities and additional financing options, to develop a plan of finance for the EAP slate of projects. The plan of finance will address the level of funding necessary to support project development costs as well as the capital cost of the construction of the M2 projects and will be presented to the Board by October of 2010. This analysis will also address plans for issuance of calls for projects for arterial capacity projects, regional signal synchronization projects, environmental mitigation property acquisitions, Tier 1 water quality projects, and potentially, preliminary engineering funding for guideway projects.

The development of Measure M projects under the Transit Extensions Program and Community Circulators Program are ongoing. These projects will require external funding to address long-term operations and maintenance funding needs. Funding policies for these projects are under development and will be presented to the Transportation 2020 Committee and the Board in fall of 2010. To be successful, OCTA needs to have a plan to address both the capital and the operating cost of the systems over the long term.

The I-405 widening project, between State Route 73 (SR-73) and the San Gabriel River Freeway (Interstate 605), requires significant external funding to supplement the M2 project funds. An analysis of traffic and revenues for the I-405 express lanes project alternative is planned for Board review in October 2010. OCTA needs to continue active consideration of project funding options concurrent with completion of the environmental work.

Fiscal Impact

Final design for the San Diego Freeway (Interstate 5), Avenida Pico to Pacific Coast Highway, and environmental work for the San Diego Freeway (Interstate 5), SR-73 to I-405, and the Santa Ana Freeway (Interstate 5),

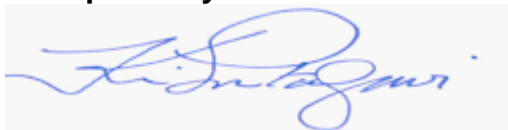
SR-55 to State Route 57 projects, was not included in OCTA's Fiscal Year 2010-11 Budget. A budget amendment, in the amount of \$35 million, to accounts 0017-7519-FC101, 0017-7519-FC102, and 0017-7519-FA101 is required and will be funded through M2.

Summary

The Orange County Transportation Authority is implementing the Measure M2 Early Action Plan as approved by the Board of Directors on July 16, 2007. The Orange County Transportation Authority is past the half-way mark on the Early Action Plan time-period and remains on schedule in delivering all elements of the plan as promised. New projects are recommended to be added to the plan, and funding assumptions will be brought to the Board of Directors at a later date.

Attachment

- A. Measure M2 Early Action Plan – July 2010 Update

Prepared by:

Kia Mortazavi
Executive Director, Planning
(714) 560-5741



Early Action Plan



ORANGE COUNTY TRANSPORTATION AUTHORITY

JULY
2010 **UPDATE**



Measure M2 Early Action Plan Update

July 2010

On November 7, 2006, Orange County voters, by a vote of almost 70 percent, approved the renewal of the Measure M (M1) one-half cent sales tax for transportation improvements. M1 was originally passed in 1990, with a sunset in 2011. With the approval of Measure M2 (M2), the voters agreed to continued investment of local tax dollars in Orange County's transportation infrastructure for another 30 years, to 2041.

After voter approval in 2006, the Orange County Transportation Authority (OCTA) Board of Directors (Board) requested that staff prepare a five-year plan, covering fiscal years 2007-08 to 2011-12, to advance the implementation of M2. A draft plan outlining the projects and programs that could be advanced, along with anticipated schedules and major milestones, was approved by the Board and released in May 2007. Input was actively sought from city officials and key stakeholders, and recommendations on financing and budget needs were added before approval of the final Early Action Plan (EAP) by the Board in August 2007.

The 2010 update to the EAP charts OCTA's progress against the anticipated schedules and major milestones. In addition, new projects are recommended to be added to the EAP to further advance necessary improvements to Orange County's transportation infrastructure.

Measure M2 Early Action Plan Update

July 2010

Measure M2 Work Program Summary (With Projected Construction Start Dates)

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Total

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WCC – West County Connector

EIR – Environmental impact report

* WCC Project funded with state and federal funds with partial contribution from Measure M

** I-405 figure project alternatives cost are in the range of \$1.7 billion to \$2.2 billion

Measure M2 Early Action Plan Update

July 2010

- *Objective 1: Complete the first major milestone – conceptual engineering – for every freeway project in the plan; ensuring that all projects are eligible for matching funds and ready to enter into environmental review, design, and construction.*

OCTA has completed the conceptual engineering for all EAP projects. All nine of the EAP freeway projects plus an additional project, the West County Connectors (WCC) Project are in the environmental, final design, or construction phases as further described in Objective 2 below. In addition, OCTA and the California Department of Transportation (Caltrans) District 12 completed conceptual engineering on several M2 projects. These projects include improvements on the Costa Mesa Freeway (State Route 55) from the San Diego Freeway (Interstate 405) to the San Diego Freeway (Interstate 5), Interstate 5 (I-5) from the San Joaquin Transportation Corridor (State Route 73) to the El Toro Y area¹, and the I-5 from State Route 55 (SR-55) to the Orange Freeway (State Route 57). Overall, OCTA and Caltrans have made significant progress to date and are on track to complete conceptual engineering work for all M2 projects by 2012.

With completion of conceptual engineering work and continued progress on projects in the environmental and design phase, it is proposed OCTA begin further development of three projects; SR-55 improvements between Interstate 405 (I-405) and the I-5, I-5 improvements between State Route 57 (SR-57) and the SR-55, and I-5 improvements from State Route 73 (SR-73) to the El Toro Y. These projects are recommended to be advanced into the environmental phase.

These projects represent the next potential set of freeway projects based on past investment decisions by the Board, current and future congestion levels, and project readiness. For example, the Riverside Freeway (State Route 91) and SR-57 corridors are among the most congested freeways in Orange County, but upcoming construction projects will help manage this congestion. Conversely, the SR-55 (southbound in the morning) is routinely among the most congested freeways Orange County, and getting improvements ready for future construction should be a top priority for this corridor.

Similarly, the I-5 carpool lanes from the SR-55 to the Garden Grove Freeway (State Route 22)/SR-57 are the most congested high-occupancy vehicle lanes in Orange County, and more capacity is needed in this critical section of the I-5 corridor. I-5 in south Orange County, from SR-73 to the El Toro Y, is expected to experience high traffic growth over the next 20 years based on the recently completed South Orange County Major Investment Study. OCTA has the opportunity to prepare for this growth now and address increasing congestion on this key trade and travel corridor.

¹ Technical work is 100 percent complete. Caltrans is expected to sign the document in June 2010.

Measure M2 Early Action Plan Update

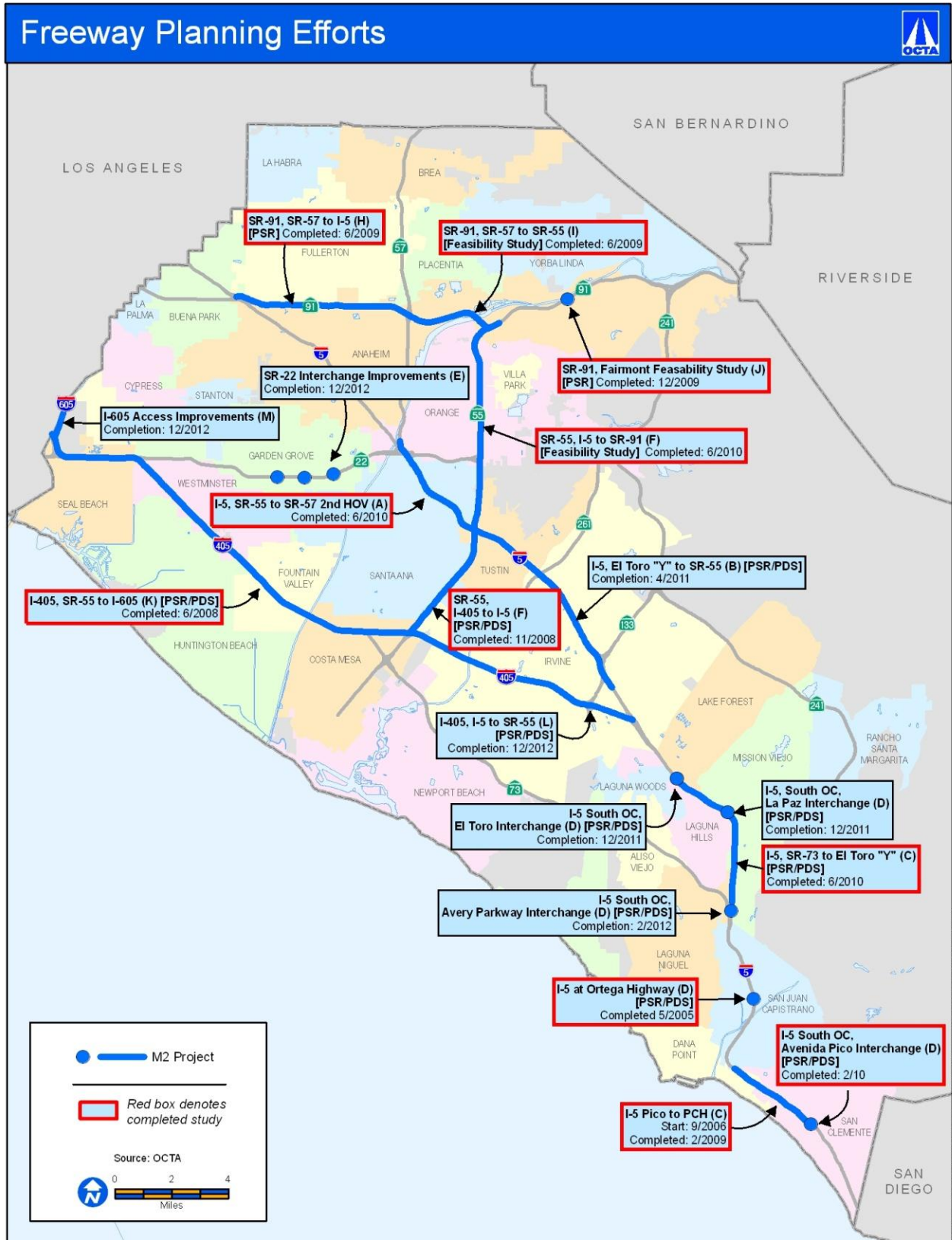
July 2010

Finally, all three projects have completed conceptual engineering and are ready for the next step in project development which is the environmental clearance phase.

Action: Begin work on the environmental documents for the SR-55 project between the I-405 and I-5, I-5 project between the SR-57 and the SR-55, and I-5 improvements between SR-73 and El Toro Y. Assess funding options for the design and construction phases (Estimated overall budget for environmental studies is \$18 million for all three projects).

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July 2010



May 10, 2010

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Measure M2 Early Action Plan Update

July 2010

- ▶ Objective 2: Start construction on five major M2 freeway projects on the SR-91, SR-57, and the I-5, valued at \$445 million.

In addition to the conceptual engineering work noted above, nine freeway projects were included in the EAP for implementation. Despite the drop in sales tax revenue, external funding from the State of California (Proposition 1B) and the federal government (American Recovery and Reinvestment Act) has helped to ensure that all six freeway projects specified in the EAP are, or will be, under construction within the five-year window of the EAP. These projects are:

- SR-57 northbound lane – Orangethorpe Avenue to Lambert Road
- SR-57 northbound lane – Katella Avenue to Lincoln Avenue
- State Route 91 (SR-91) eastbound lane – Eastern Transportation Corridor (State Route 241) to the Corona Expressway (State Route 71)
- SR-91 – SR-55 to State Route 241 (SR-241)
- I-5 interchange at Ortega Highway (State Route 74)
- SR-91 – I-5 to SR-57

Three other freeway projects are in the environmental review phase and OCTA needs to develop a funding plan for the construction phase. These projects include:

- I-5 – Pacific Coast Highway (PCH) to Avenida Pico, and the Avenida Pico interchange reconstruction
- SR-91 – SR-241 to the County line
- I-405 – SR-55 to the San Gabriel River Freeway (Interstate 605)

Staff is currently reviewing the latest M2 sales tax forecasts and will be working with the financing underwriting team to develop a plan of finance for the above M2 projects. However, there are unique circumstances that pertain to the above projects that warrant discussion and consideration.

The I-5 project from Avenida Pico to PCH is currently in the environmental phase. To expedite this project, staff is proposing to begin the design work concurrent with processing of the environmental document. The project has made significant progress and the Board recently directed staff to include reconstruction of the Avenida Pico interchange in the project scope. Mobilization of preliminary design work concurrent with processing of the environmental document can save up to one year of time from the project schedule. In addition, staff will develop funding options for the design and construction phases of the I-5 project, Avenida Pico to PCH.

Addition of one lane in each direction on the SR-91, between the SR-241 and the County line, is one of the other EAP projects. Currently, this project is in the environmental review process that is being prepared for the larger Riverside County Transportation Commission (RCTC) SR-91 Corridor Improvement Project (CIP). RCTC expects to have the final environmental

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document for the project in September 2011. The EAP project needs to be coordinated with the RCTC-CIP, as the continuation of the added lanes are within Riverside County.

The I-405 widening between SR-55 and Interstate 605 (I-605) presents OCTA with a significant challenge because the estimated cost of the alternatives (\$1.7 billion to \$2.2 billion) is significantly greater than the approximately \$600 million in M2 revenues that will be available for this projects over the life of M2. OCTA is exploring the possibility of an express-lane project alternative that adds a general-purpose lane as well as an express lane. The express lane, when combined with the existing carpool lane, provides a two-lane express toll facility, similar to the 91 Express Lanes, to generate revenues to offset a portion or the entire funding shortfall. OCTA is continuing to study project alternatives at this time.

OCTA is currently preparing a more detailed traffic and revenue analysis of the express-lane alternative, which is expected to be complete in fall of 2010. Upon completion of this work, staff will present more detailed information on the express-lane concept to the Board. If the OCTA Board approves further development of the express-lane concept, staff can begin work on next steps, such as a public-private partnership approach.

By starting work on the delivery options concurrent with the environmental process, OCTA could save a minimum of one year of time in the delivery of the project. Staff intends to present the Phase II Traffic and Revenue Study for the I-405, SR-55 to the I-605, to the Board in fall 2010.

Staff is also proposing to amend the EAP to add improvements on the SR-91, in the vicinity of the SR-55, to reflect a SR-91 congestion relief project. This project provides additional westbound transition capacity on the SR-91, between the SR-55 and Tustin Avenue. OCTA was able to secure state funding for this project, and the project is expected to be ready for construction in February 2013.

Lastly, OCTA has successfully advanced the development of the WCC projects. The construction contracts for State Route 22/I-405 and the I-405/I-605 connectors have come in at considerable savings due to the competitive bidding market. The WCC projects are not part of the M2 program; however, given the magnitude of the improvements, relation to future I-405 M2 project and congestion relief benefits, the Board has included these projects in the EAP.

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May 7, 2010

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Measure M2 Early Action Plan Update

July 2010

- ▶ *Objective 3: Enable Orange County local agencies to meet eligibility requirements for M2 funds, including new pavement management and signal synchronization programs.*

Thirty-two percent of net revenues from M2 are dedicated to maintaining streets, fixing potholes, improving intersections, and widening city streets and County roads. OCTA is currently working to assist each Orange County local agency to ensure they are eligible to receive M2 funds starting in fiscal year 2010-11, which coincides with the start of M2 revenues.

In January 2010, the M2 Local Agency Eligibility Procedures Manual was approved by the Board. This M2 eligibility procedure builds on past M1 requirements with a few enhancements. Two significant changes relate to pavement management and signal synchronization. The pavement management requirements call for use of a common pavement management system to assess street conditions and plan the necessary improvements, as well as be used to track improvements. The specific requirements of this program element were finalized and adopted by the Board in May 2010.

The goal of the signal synchronization program is to develop a countywide approach to signal coordination and ensure continuity of traffic flow across city boundaries. Program development has been underway with input from local agencies and guidance of the Transportation 2020 Committee (T2020). The program guidelines are planned for review and action by the T2020 in July 2010.

Fiscal year 2010-11 spans both the M1 and M2 periods and the programs transition on March 31, 2011. As such, the cities submitted an initial eligibility package for M1 requirements in June 2010, and will provide the supplemental information required by M2 by March 2011.

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- ▶ *Objective 4: Award up to \$165 million to cities and the County for signal synchronization and road upgrades.*

In April 2008, \$4 million Proposition 1B funds were awarded to OCTA for signal synchronization projects. These funds, combined with \$4 million of matching funds from M1, provided the necessary resources to synchronize signals along ten significant street corridors over the next three years. These corridors cover nearly 160 miles of roadway and include 533 signalized intersections.

M2 provides grant funding for improvements to the streets that are part of the countywide Master Plan of Arterial Highways (MPAH). The improvements could include intersection and other capacity projects. Guidelines for the M2 – Regional Capacity Program have been developed and were approved by the Board in March 2010. M2 also includes competitive grant funding for regional signal synchronization projects. Guidelines for this program are under development and planned for adoption by the Board in fall 2010.

Lastly, as a precursor to award of M2 grant funding to cities, OCTA is assessing similar grants provided to cities under M1. Currently, approximately \$84 million of M1 allocations to local jurisdictions through the Combined Transportation Funding Program (CTFP) remain unobligated, resulting in a potential fund balance. Staff has been working with local agencies to ensure timely delivery of the M1 CTFP projects and reduce the balance. Staff recommends that evaluation of this balance occur prior to the allocation of competitive streets and roads funds to local jurisdictions under M2. This issue will be presented to the Board in July 2010, as part of the March 2010 semi-annual review process.

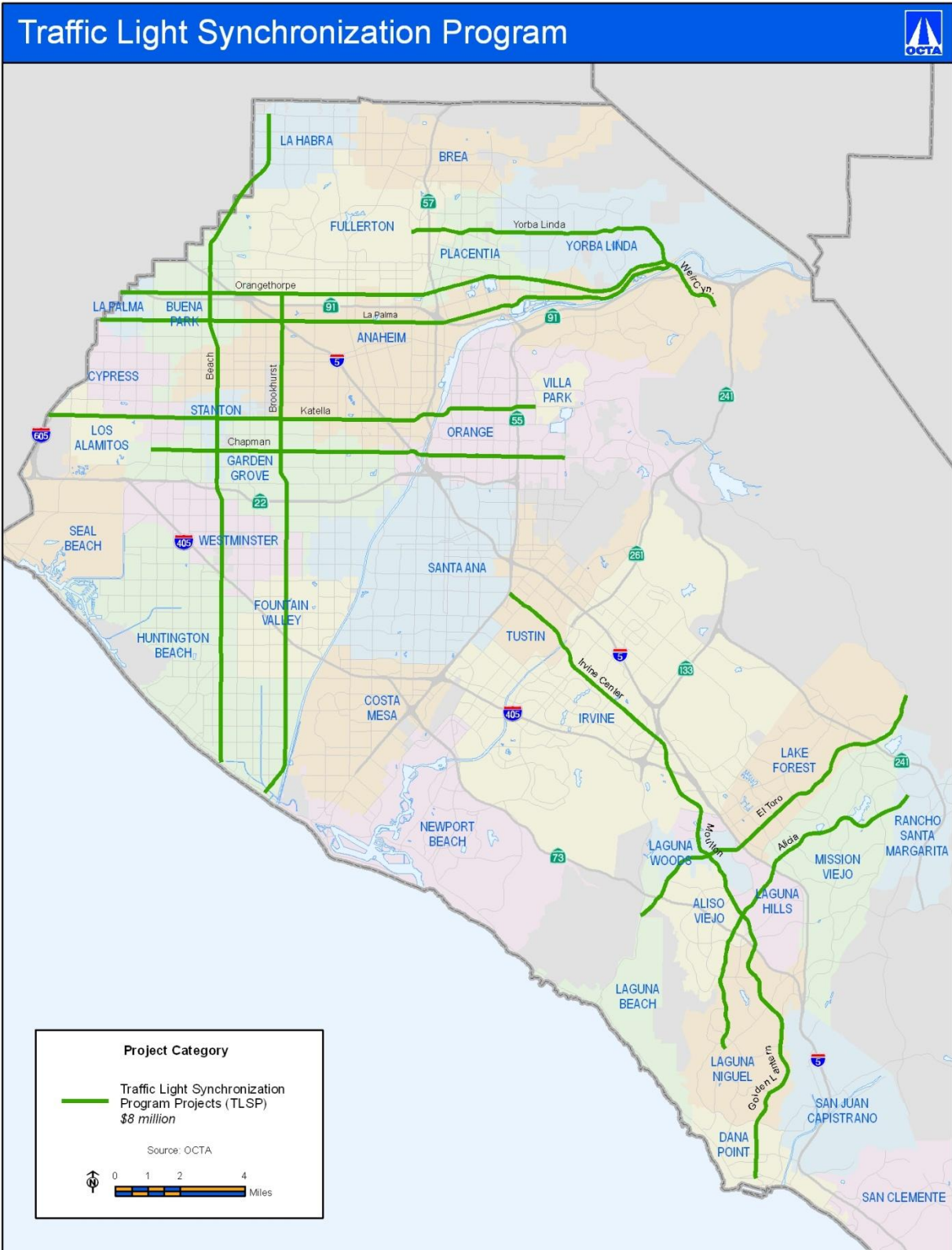
On April 10, 2008, the California Transportation Commission approved programming \$183 million to Orange County under the Trade Corridors Improvement Program for seven railroad grade separation projects in Fullerton and Placentia. This amount is matched with \$74 million of federal funding and \$160 million of local funding. The local funding will come primarily from the Regional Capacity Program within M2, with \$101 million of commercial paper being utilized to advance projects to meet the timelines required under the state program. The Board has directed OCTA to lead the effort for implement five of the seven grade separation projects. The environmental documents for the projects are complete and final design work is progressing. The program cost estimates and funding have been updated to account for latest right-of-way, construction, and railroad cost information. Approval of the program budget is pending Board review on July 26, 2010.

It should be noted that the development and advancement of the grade separation projects is supported through an existing program management consultant contract. The work is consuming contract resources at a faster pace than assumed. Staff is monitoring the contract closely.

Action: Add seven grade separation projects to the EAP to account for Board action to date.

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Measure M2 Early Action Plan Update

July 2010

- *Objective 5: Implement high-frequency Metrolink service within the County with associated railroad crossing safety and quiet zone improvements completed or under construction. Begin project development for at least five major grade separation projects.*

Originally approved in November 2005, the Metrolink Service Expansion Program (MSEP) increases weekday rail service from 44 weekday trains per day to 76 weekday trains per day beginning in fiscal year 2009-10. Accommodating this level of service requires a significant capital investment in new rolling stock, station improvements, and track improvements. With M1 providing the primary source of revenue, the Board has authorized a \$420 million capital investment to provide the necessary improvements to increase service. Although sharp declines in sales tax receipts have reduced the anticipated revenues to fund this program, the infusion of Proposition 1B funds, Proposition 116 funds, and State Transportation Improvement Program funds have kept the MSEP capital program funded.

However, the only ongoing source of funding for Metrolink operations is M2. Due to the projected 40 percent decline in sales tax projections, planned initial service levels were adjusted to match available revenues. The Board approved a revised operating plan in early 2010 for the reduced planned service levels, from 76 weekday trains per day to 56 trains per day, to match projected revenues. The expansion to 76 trains would occur as a later phase at such time as revenues are sufficient to support the higher level of service.

In a related but separate effort, in August 2007, the Board approved an implementation strategy for the grade crossing safety enhancement program and quiet zone improvements at 51 grade crossings in Orange County. In partnership with the Southern California Regional Rail Authority (SCRRA), construction began in August 2009, and is expected to take slightly more than two years to complete.

Improvements to railroad crossings can cover a wide spectrum; from basic safety improvements (improving crossing surfaces, reapplying pavement markings, and enhancing signage), to the installation of supplemental safety measures that allow for quiet zones where locomotives are no longer required to sound horns.

Construction continues on railroad crossing safety enhancements in Orange and Anaheim. Signal crews are working at night and on weekends installing conduits and foundations in preparation for pedestrian safety treatments at the crossings and synchronizing traffic signals with railroad signals. Civil construction crews also are working during the week installing new medians and sidewalks, resurfacing pavement, re-striping lines, and installing new signage.

Construction for all 51 railroad crossings in the eight participating cities is anticipated to be completed by the end 2011. OCTA staff and SCRRA construction teams continue to meet weekly with partner cities to coordinate construction activities and to ensure that any issues are resolved early to avoid possible delays. Once construction is completed, cities will be eligible to establish a quiet zone through the Federal Railroad Administration (FRA)

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should the cities choose. A quiet zone is an area along the train tracks where trains are not required to sound horns. Many of the cities have already completed the first step of this process by submitting a Notice of Intent to implement a quiet zone to the FRA, California Public Utilities Commission, and appropriate railroad agencies.

Installation of pedestrian gate foundations, sidewalk improvements, raised medians, handrails, and pedestrian swing gates have been completed for most of the crossings in Orange. In Anaheim, signal foundations and conduits have been installed at several specific crossings, and civil construction of medians and sidewalk improvements began in October 2009.

OCTA has also agreed to implement the Sand Canyon Grade Separation Project along the Metrolink corridor in the City of Irvine. This project is funded with a mix of City of Irvine, M1, M2, Proposition 1B, and Proposition 116 funds. The M2 program, which provides funding for more frequent Metrolink service between Fullerton and Laguna Niguel (Project R), also includes provision for grade separations.

Action: Add the Sand Canyon grade separation to the EAP to reflect prior Board action.

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► *Objective 6: Award up to \$200 million in competitive funding for transit projects.*

In April 2009, the Board approved the use of \$82.3 million in M2 Project T funds (Convert Metrolink Stations to Regional Gateways) towards completion of Phase 1 of the Anaheim Regional Transportation Intermodal Center (ARTIC). Phase 1 is the initial phase of the project and consists of the relocation of the existing Anaheim station to the ARTIC site, including the necessary infrastructure improvements to the tracks, platforms, roadway, parking, and utilities to accommodate the new facility. The total Phase 1 project cost is \$178.9 million and is fully funded via Project T funds, combined with a mix of other local, state, and federal funds. An environmental review of the project is currently underway and is estimated to be completed in October 2010, with the station operational in 2013.

Development work is also underway for two fixed-guideway projects, as well as several mixed-flow bus/shuttle projects as part of the Go Local Program. The detailed planning efforts associated with these projects are funded through M1, in preparation for the implementation phase which will be competitively awarded through M2 - Project S (Transit Extensions to Metrolink) and Project V (Community Based Transit). In May 2008, the Board approved \$11.8 million of M1 funds, \$5.9 million for the City of Anaheim and \$5.9 million for the City of Santa Ana (in partnership with the City of Garden Grove), to undergo an alternative analysis and environmental clearance of each city's respective fixed-guideway projects. Both cities are expected to complete these activities in 2011.

The bus/shuttle projects are currently undergoing detailed service planning; however, the Board approved a systemwide bus transit study. This study needs to recognize the Go Local bus/shuttle services. As a result, the schedule for Step Two service planning has been extended through December 2010, to allow coordination with the systemwide study and to ensure there is an adequate evaluation of both regional and community transit needs.

Development of policy guidelines for a call for projects and award of Project S and V funds are underway and will be presented to the Board for consideration by summer 2010. The call for projects itself is anticipated to occur in late 2010, with the initial award of funds occurring in 2011.

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- ▶ *Objective 7: Complete development work and allocate funds for transit fare discounts and improved services for seniors and persons with disabilities.*

Development work has begun on these transit programs under M2. This development work, including the establishment of a policy framework and funding guidelines, as well as the development and execution of cooperative agreements with participating agencies, is anticipated to be complete prior to the receipt of revenue in April 2011.

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- ▶ *Objective 8: Complete an agreement between OCTA and resource agencies detailing environmental mitigation of freeway improvements and commitments for project permitting. Begin allocation of funds for mitigation.*

The M2 Freeway Environmental Mitigation Program (Mitigation Program) is designed to streamline the permit process through partnerships with Caltrans, the California Department of Fish and Game, and the United States Fish and Wildlife Service. The Mitigation Program Environmental Oversight Committee (EOC) makes recommendations to the Board on the allocation of environmental freeway mitigation funds and monitors the implementation of a master agreement between OCTA and state and federal resource agencies.

The master agreement will provide higher-value environmental benefits such as habitat protection, wildlife corridors, and resource preservation, in exchange for streamlined project approvals and greater certainty in the delivery of the 13 M2 freeway projects. To support the master agreement, a Natural Community Conservation Plan/Habitat Conservation Plan/Master Streambed Alteration Agreement along with a Joint Programmatic Environmental Impact Report/Environmental Impact Statement needs to be prepared. In March 2010, OCTA retained consultant support to prepare these documents.

Concurrent with work on the master agreement, OCTA has been developing the framework for acquisition and restoration of properties. Since winter 2008-09, property owners, local government agencies, and environmental groups have had the opportunity to make presentations to committees and provide information regarding potential conservation properties and restoration projects that could be funded through the freeway mitigation program. During the first quarter of 2010, the Board approved the acquisition property evaluation results and authorized OCTA staff to proceed with the appraisal process with a subset of the acquisition proposals which generally possess higher value biological resources.

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- ▶ *Objective 9: Complete program development for road runoff/water quality improvements. Begin allocation of funds to water quality projects.*

Development of program guidelines for the water quality program is currently underway and on schedule. The M2 Environmental Cleanup Allocation Committee (Allocation Committee) makes recommendations to the Board on the allocation of funds for water quality improvements. These funds will be allocated on a countywide competitive basis to assist jurisdictions in meeting the Clean Water Act standards for controlling transportation-generated pollution.

During the first quarter of 2010, the Allocation Committee recommended approval of the draft funding guidelines to the T2020 and the Board. The recommended program includes a two-tier funding approach to projects that have a transportation pollution nexus. The development of the funding guidelines for the Tier 1 Grant Program, a localized capital program for best management practices (BMPs) for catch basins, has been completed. The Tier 1 Grant Program's initial funding call is anticipated in fall 2010, with the onset of funding in summer 2011.

The Tier 2 Grant Program, a regional capital intensive program for larger BMPs, will require additional planning and research. This will include modeling by a study to help determine the most strategically effective areas and types of investments necessary to reduce transportation-related runoff impacts within Orange County. It is anticipated the guidelines for the Tier 2 Grant Program will be recommended in winter 2010, with the onset of funding in summer 2011.

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Board of Directors Meeting

July 26, 2010



Navigating through the Recession



- On schedule
- Favorable bid market
- Leveraged \$805 M
- Savings of \$112 M

Positioned to add and accelerate projects

Getting to Construction



— Environmental/Design

Getting to Construction

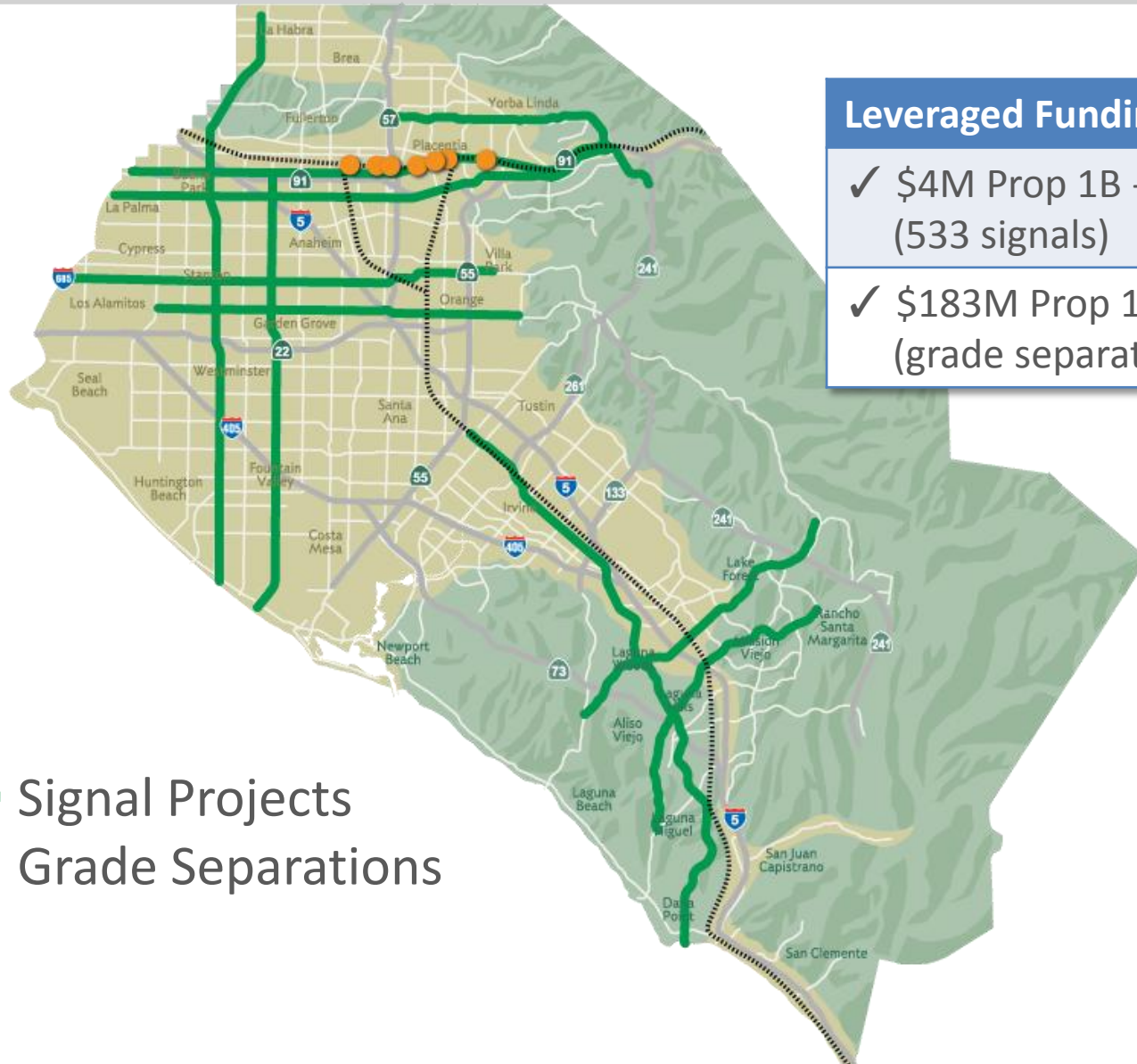


- Environmental/Design
- Construction

Getting to Construction



Streets & Roads



Leveraged Funding

- ✓ \$4M Prop 1B - TLSP (533 signals)
- ✓ \$183M Prop 1B - TCIF (grade separations)

- Signal Projects
- Grade Separations

Ready Metrolink Backbone



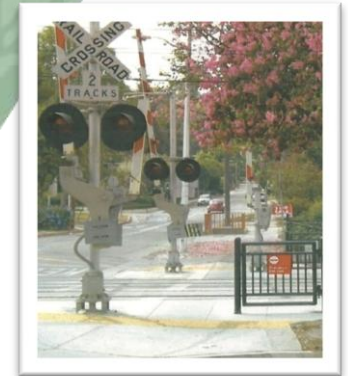
Implementing

Rolling stock procured

Track improvements

50 grade crossings

Station improvements



Next for Transit

- ✓ Preliminary engineering for fixed-guideways
- ✓ System-wide transit study
- ✓ Tighter integration of bus/rail service
 - Expanded Metrolink
 - Go Local, community circulators
 - \$6 intra-county day pass



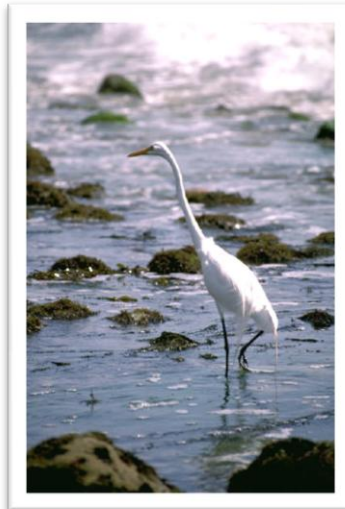
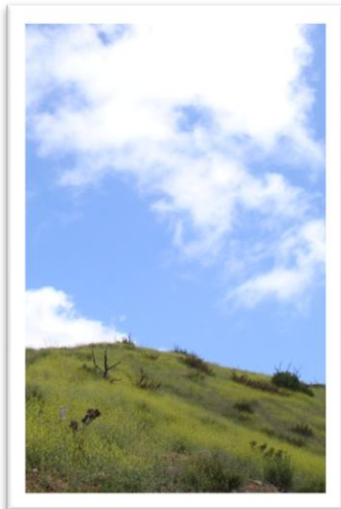
What's Ahead for Environmental Program

Freeway Mitigation Program

- ✓ Board approval of acquisition plan
- ✓ Property appraisals, acquisition

Water Quality Program

- ✓ Call for projects



Summary

- Nearly \$4.7 billion investment
- Fast-tracking freeway projects
- Completing I-405 traffic and revenue study
- Conducting calls for projects:
 - Regional Capacity
 - Signal Synchronization
 - Water Quality
 - Metrolink Extensions
- Finishing transit study

	Investment (in millions)
Freeways	\$3,500
Streets	589
Transit	586
Total EAP	\$4,675

Recommendations

- Add for design: I-5 from Avenida Pico to PCH
- Add for environmental:
 - SR-55 widening – from I-405 to I-5
 - I-5 widening – from SR-73 to El Toro
 - I-5 widening – from SR-55 to SR-57
- Add for construction:
 - SR-91 westbound – SR-55 to Tustin Avenue
 - Orangethorpe Corridor & Sand Canyon grade separations
- Direct staff to return with funding plan
- Direct staff to develop comprehensive capital action plan (CAP)

