

## **Meeting of September 11, 2017**

### **OCTA Receives Grant for Pedestrian and Bicycle Safety Program**

The California Office of Traffic Safety awarded OCTA with \$75,000 to develop and implement the Pedestrian and Bicycle Safety Program. The program is intended to raise public awareness of safe bicycle and pedestrian practices and reduce fatalities among bicyclists and pedestrians. In January, OCTA submitted a proposal to the California Office of Traffic Safety, requesting a grant to provide bicycle safety education classes and distribute safety equipment to bicyclists and pedestrians. The program will build upon previous successful efforts by OCTA to improve active transportation safety.

### **Board Sets Plan for Using State Transportation Funds**

Every two years, OCTA is responsible for the development and programming of the State Transportation Improvement Program (STIP), which is submitted to the California Transportation Commission for approval and adoption. The program is a major source of state transportation funding. STIP funds projects during a five-year period.

STIP funds are used for projects which have countywide significance and will supplement the Measure M program. OCTA submitted seven projects totaling \$267.8 million in funding for the program period 2018-19 through 2022-23. Projects include:

- The I-5 widening from SR-73 to Oso Parkway will add one general-purpose lane in each direction and reconstruct the interchange at Avery Parkway. An additional \$12.7 million was requested from the STIP, and the total project cost is \$190.5 million.
- The SR-55 widening from I-405 to I-5 is a new STIP project adding new high-occupancy vehicle, general-purpose and auxiliary lanes to reduce congestion in Santa Ana, Irvine and Tustin. The project requested \$80 million in STIP funds and the total cost of the project is \$410.9 million.
- The I-5 widening from Alicia Parkway to El Toro Road will add one general-purpose lane in each direction, extend the HOV lane in both directions, and add auxiliary lanes where needed. The project requested \$58.9 million from the STIP, with a total project cost of \$166.5 million.
- The I-5 widening from I-405 to SR-55 will add one general-purpose lane in each direction, improvements to various interchanges, and additional auxiliary lanes in some segments. The project is requesting \$20 million in STIP funds.
- The SR-57 truck climbing lane requested STIP funding for the project approval and environmental phase of the Lambert Road undercrossing to improve truck travel. The project requested \$4 million in STIP funds and the total cost is \$4.3 million.

The CTC is expected to consider the program in March.

## **Market Conditions Highlight Challenges in Delivering Projects**

In an effort to ensure that OCTA can continue delivering the transportation improvement projects promised in the Measure M sales tax program, OCTA commissioned a Market Conditions Forecast and Risk Analysis. The information will help shape the Measure M Next 10 Plan, which is accelerating freeway, road, transit and environmental projects through 2026.

The Market Conditions Forecast and Risk Analysis is needed to gain additional insight due to lower than expected sales tax revenues and increased competition for available resources due to capital work in the Southern California Region. The report was presented to the board and developed by the Orange County Business Council and follows a market conditions forecast conducted in 2008.

The analysis identified seven risk factors. Four are near-term cost risks that are expected to be influential: neighboring county transportation construction programs, construction wage pressures, sustained low statewide unemployment, and increases in residential construction.

- Neighboring county transportation construction programs such as those in Los Angeles, Riverside, and San Bernardino have programs which are expected to be larger and produce more than Orange County's Next 10 Program. Therefore, contractors will be less likely to reduce bid prices for OCTA because of more opportunities in other counties, causing a cost risk in the near term for OCTA.
- Construction wage growth in Los Angeles, Orange, Riverside, and San Bernardino counties has accelerated since 2014, which reflects labor demand pressures and indicates stronger wage growth. The analysis notes that if the private sector economy continues to grow, pressure on construction wages and public sector construction costs will likely increase.
- Sustained low unemployment suggests slack in the economy, which may exert more cost pressure for OCTA's capital projects.
- Increases in residential construction, despite the state's economy and building activity at low levels, may increase demand for construction labor and materials.

The consultant's analysis suggests that OCTA further accelerate the Next 10 Program because of the potential increases in project costs. OCTA staff will provide the board an update on the Next 10 plan this fall that takes into account the information provided in the Market Conditions Forecast and Risk Analysis.