

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

MEASURE M M2 Projects and Programs		
Freeway Projects		
I-5	Santa Ana Freeway Interchange Improvements	A
I-5	Santa Ana/San Diego Freeway Improvements	B C D
SR-22	Garden Grove Freeway Access Improvements	E
SR-55	Costa Mesa Freeway Improvements	F
SR-57	Orange Freeway Improvements	G
SR-91	Riverside Freeway Improvements	H I J
I-405	San Diego Freeway Improvements	K L
I-605	Freeway Access Improvements	M
All	Freeway Service Patrol	N
Streets & Roads Projects		
	Regional Capacity Program	O
	Regional Traffic Signal Synchronization Program	P
	Local Fair Share Program	Q
Transit Projects		
	High Frequency Metrolink Service	R
	Transit Extensions to Metrolink	S
	Metrolink Gateways	T
	Expand Mobility Choices for Seniors and Persons with Disabilities	U
	Community Based Transit/Circulators	V
	Safe Transit Stops	W
Environmental Cleanup		
	Clean Up Highway and Street Runoff that Pollutes Beaches	X
Taxpayer Safeguards and Audits		
	Collect Sales Taxes (State charges required by law)	
	Oversight and Annual Audits	

- 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

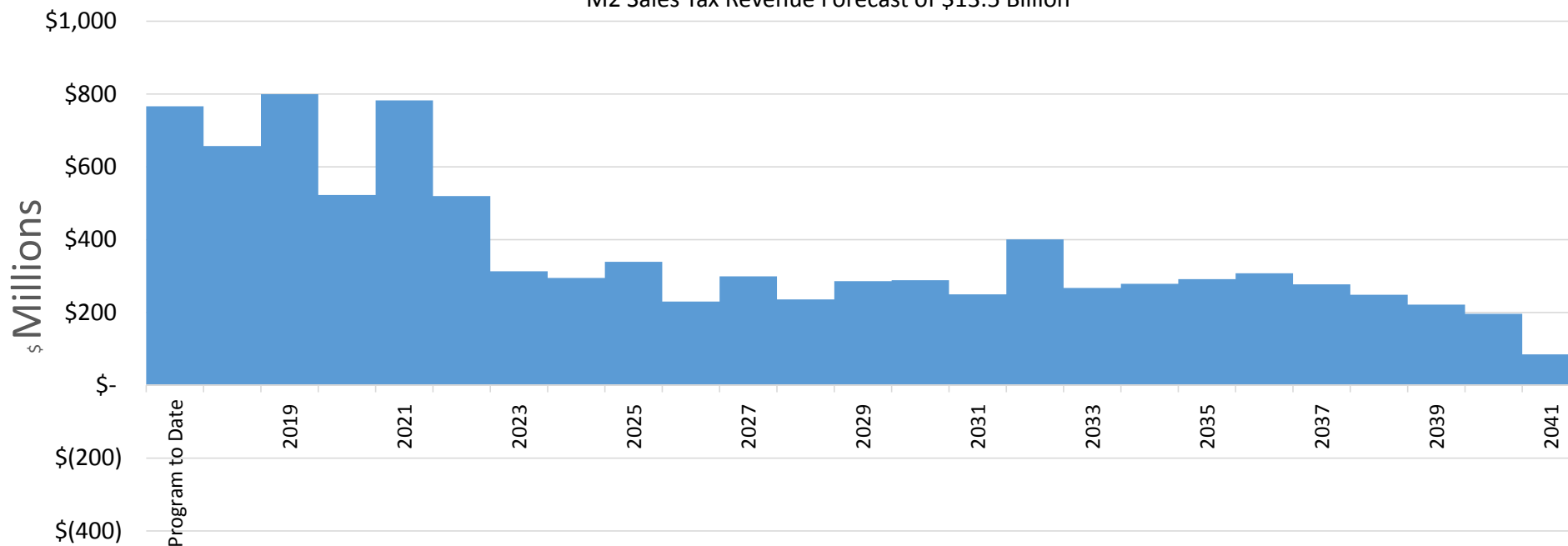


* 91 Express Lanes excess revenue is brought into the cash flow as costs are incurred up to full amount of the two eligible 91 projects.

M2 Program Cash Balance



M2 Program Cash Balance
M2 Sales Tax Revenue Forecast of \$13.5 Billion



*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



- 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

