

Measure M2 Performance Assessment Report

MEASURE M2 PERFORMANCE ASSESSMENT REPORT

APRIL 4, 2022

ORANGE COUNTY TRANSPORTATION AUTHORITY

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ASSESSMENT FOCUS

- **Triennial Performance Assessment required by M2 Ordinance — 5th assessment to date.**
- **Main areas of focus included project delivery, program management & responsiveness, compliance, fiscal responsibility, and transparency & accountability.**
- **Additional review of status of prior assessment findings, performance of OCTA's delivery of M2 projects and programs, and opportunities for improvement.**

OVERALL SUMMARY AND PROGRAM RESULTS

Results

- On track with meeting primary goals of M2 Ordinance and fulfilling promises, as significant progress made in all M2 areas.
- Sound program and project management practices continued to be in place.
- As of June 30, 2021, the endowment balance was \$19.2 million; once funded, OCTA plans to transfer the management of the Preserves to third-party land management entities.
- Several improvements to cybersecurity operations were implemented, though additional opportunities for improvement remain.
- OCTA is transparent and accountable to the public. While public perception of OCTA has significantly improved, awareness of OC Go since OCTA's rebranding effort has lagged.

Recommendations

- Identify when to begin efforts to engage with potential external caretakers for long-term management of the seven conservation properties.
- Develop a process for role-based access and ensure program managers and supervisors understand access protocols and provisions.
- Require contractors with OCTA email addresses and network access to take and pass internal OCTA security training.
- Consider rephrasing the triannual Attitudinal and Awareness Survey question, or adding an additional question, concerning Orange County residents' awareness of OC Go, such that the question provides an OC Go frame of reference in the context of transportation and infrastructure improvements made possible by OC Go, rather than basing residents' awareness solely off of awareness of OC Go in the context of the voter-approved, half-cent sales tax.

SUBSTANTIAL PROGRESS ACROSS ALL PROGRAM AREAS

RESULTS

- A third of the way through the M2 life cycle, accomplishments included:
 - 30 freeway project segments, with 13 project segments open to traffic, 13 projects in construction or in or nearing design, and 4 projects planned to be environmentally cleared by 2030.
 - \$851.9 million provided to improve local streets and roads infrastructure.
 - 11 of 13 Metrolink improvements completed.
 - 45 million gallons of trash collected, 350 acres restored, and 1,300 acres preserved as open space.
 - \$91.7 million provided to three programs to expand mobility choices for seniors and persons with disabilities.
- Capital projects show substantial progress although some budget and schedule challenges exist.
- Solid policies and procedures in place over construction management.
- Procurement practices and activities generally comply with OCTA policies.

No recommendations.

SUBSTANTIAL PROGRESS ACROSS ALL PROGRAM AREAS

#	M2 Ordinance Goal	Measure	Results Thus Far
1	Relieve Congestion on I-5, I-405, SR-22, SR-55, SR-57, and SR-91	<ul style="list-style-type: none"> • Commute Time • Hours of Delay 	<ul style="list-style-type: none"> • Congestion increased slightly from 2018 to 2019, and sharply declined in the first half of 2020. • Vehicle miles traveled (VMT) declined from 2019 to 2021. • Delay was less on the I-5 projects reviewed.
2	Fix Potholes & Resurface Streets	<ul style="list-style-type: none"> • Pavement Condition Index 	<ul style="list-style-type: none"> • Improvements in Pavement Index Condition (PCI) noted in 2016 have remained at 79 in 2020. • Orange County continues to have the best pavement condition in the State.
3	Expand Metrolink Rail & Connect with Local Communities	<ul style="list-style-type: none"> • Projects Completed 	<ul style="list-style-type: none"> • 11 of 13 identified Metrolink rail expansion capital projects to accommodate future increased service frequency were completed which include 50 at-grade rail crossing safety enhancements. • In March and November of 2020, three lines servicing Orange County reduce service by 24% from 54 to 41 weekday trains due to pandemic initiated stay-at-home orders and its effect on ridership. • OC Streetcar construction began in November 2018. • \$52 million awarded to 35 projects and 10 planning studies for local community-based transit circulators.
4	Provide Reduced Cost Transit to Seniors and Persons with Disabilities	<ul style="list-style-type: none"> • Number of Issued Passes • Number of Boardings • Funding Provided 	<ul style="list-style-type: none"> • \$26.5 million and 2.5 million boardings provided under the Senior Mobility Program. Due to COVID-19, several jurisdictions modified or suspended service. • \$28.6 million and 1.38 million boardings provided to the County of Orange to supplement existing Senior Non-Emergency Medical Transportation Program services. • \$36 million and 123 million boardings provided to stabilize fares and provide fare discounts to seniors and persons with disabilities.
5	Synchronize Traffic Lights	<ul style="list-style-type: none"> • Number of Lights Synced 	<ul style="list-style-type: none"> • 3,108 traffic lights synchronized.
6	Reduce Air and Water Pollution and Protect Local Beaches through Cleanup of Roadway Oil Runoff	<ul style="list-style-type: none"> • Better Air Quality and Less Water Pollution 	<ul style="list-style-type: none"> • 45 million gallons of trash removed. • 1,300 acres preserved as open space. • 350 acres restored.

OCTA DEMONSTRATED STRONG PROGRAM MANAGEMENT

RESULTS

- Continual employment of strong practices.
- Roles and functions clearly delineated to support coordination of M2 Program.
- Impacts and risks of global pandemic on project delivery were well documented and monitored.
- Continuous improvement valued through implementation of prior assessment recommendations.
- Administrative costs were limited and closely monitored.

OCTA DEMONSTRATED STRONG PROGRAM MANAGEMENT (CONT'D)

RESULTS

- Several improvements to cybersecurity operations were implemented, though additional opportunities for improvement remain.
- No formal process in place to review or remove access rights in response to staff role changes.
- Most OCTA contractors with OCTA email addresses did not complete internal cyber security training.

RECOMMENDATIONS

- ✓ Develop a process for role-based access changes and ensure program managers and supervisors understand access protocols and expectations. Work with Human Resources to develop a notification system to identify when staff access should be altered.
- ✓ Require that contractors with OCTA email addresses and network access take and pass internal OCTA security training as a contract condition.

APPROACHES ENSURED COMPLIANCE WITH M2

RESULTS

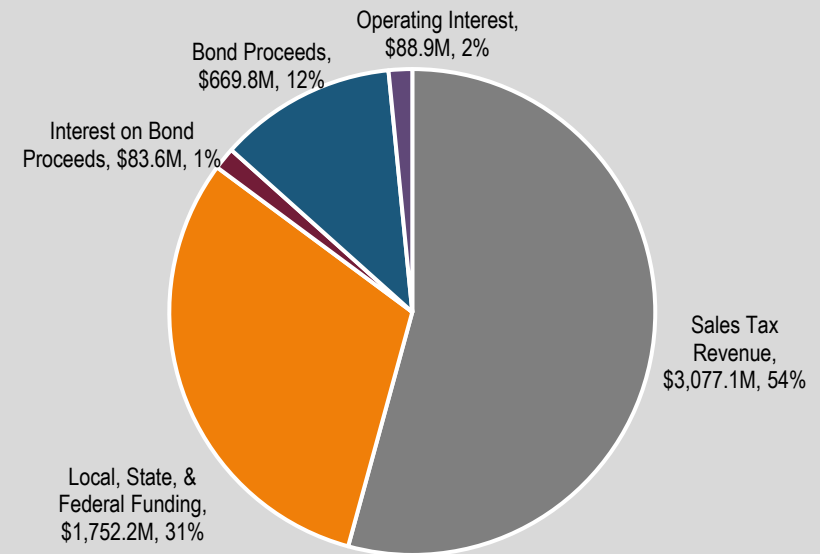
- Robust system used to track compliance.
- Local eligibility requirements were robust and thoroughly reviewed by OCTA.
- Although grant award amounts declined during assessment period, practices remained solid.

No recommendations.

SOUND FISCAL PRACTICES ALLOWED MITIGATION OF COVID-19 IMPACTS BUT RISK REMAINS

RESULTS

- Use of external forecasting continues to be a sound practice.
- Though sales tax revenues outpaced external funds received, nearly half of every dollar in M2 funding was leveraged.
- Forecasted sales tax funding and leveraged funds appropriately considered impact of changing federal and state priorities.
- Board of Directors adopted a comprehensive debt management policy.
- Leveraged approximately \$1.8 Billion in external revenue sources program-wide.



SOUND FISCAL PRACTICES ALLOWED MITIGATION OF COVID-19 IMPACTS BUT RISK REMAINS (CONT'D)

RESULTS

- Bond issuance plan shifted during recent years, but debt financing approach was sound.
- Project debt service coverage met Board requirements and appeared sufficient.
- Use of debt more conservative than peers.
- Investment practices achieved rates of return greater than the market average.

	Logan Circle Partners	MetLife Investment Management	Chandler Asset Management	Public Financial Management	Payden & Rygel
As of June 30, 2019					
12 Month Return	3.45%		4.10%	4.27%	4.17%
TSY Benchmark	3.96%		3.96%	3.96%	3.96%
Gov/Corp Benchmark	4.16%		4.16%	4.16%	4.16%
As of June 30, 2020					
12 Month Return		4.18%	4.18%	4.22%	4.21%
TSY Benchmark		4.07%	4.07%	4.07%	4.07%
Gov/Corp Benchmark		4.18%	4.18%	4.18%	4.18%
As of June 30, 2021					
12 Month Return		0.81%	0.30%	0.43%	0.50%
TSY Benchmark		0.07%	0.07%	0.07%	0.07%
Gov/Corp Benchmark		0.27%	0.27%	0.27%	0.27%

SOUND FISCAL PRACTICES ALLOWED MITIGATION OF COVID-19 IMPACTS BUT RISK REMAINS (CONT'D)

RESULTS

- Forecasted high cost pressures pose a risk to capital project delivery.
- Consistent with Agency's conservative approach, projections over-estimated expenditures incurred during specific periods.
- Conservative approach involves reserving balance to guard against economic uncertainties.

No recommendations.

OCTA IS TRANSPARENT & ACCOUNTABLE

RESULTS

- Highly focused on accountability with great transparency of actions, decisions, and data communicated to Board and public stakeholders.
- Outreach efforts aligned with peers reviewed and, in many cases, are ahead of peers.
- Public perception has significantly improved, though awareness of OC Go since OCTA's rebranding effort has lagged.
- TOC continued to function as envisioned in the ordinance.

RECOMMENDATIONS

- ✓ Improve the quality and depth of information captured by the triannual Attitudinal and Awareness Survey, rephrase the survey question or add an additional question concerning Orange County residents' awareness of OC Go.

QUESTIONS

Sjoberg Evashenk appreciates the cooperation and assistance from OCTA and stakeholders.

Questions?