

Measure M2

M2020 Update and Next 10 Plan



Post-2008 Great Recession

- Measure M2 (M2) revenue forecast reduction required review of M2 Plan
- M2020 Plan developed to ensure delivery through:
 - ✓ Accelerating projects
 - ✓ Issuance of revenue bonds capturing low debt cost benefits
 - ✓ Capitalizing on low bid environment
 - ✓ Commitment of external funding to fill the funding gap
- M2020 Plan approved on September 10, 2012
 - ✓ Included 14 objectives covering all modes

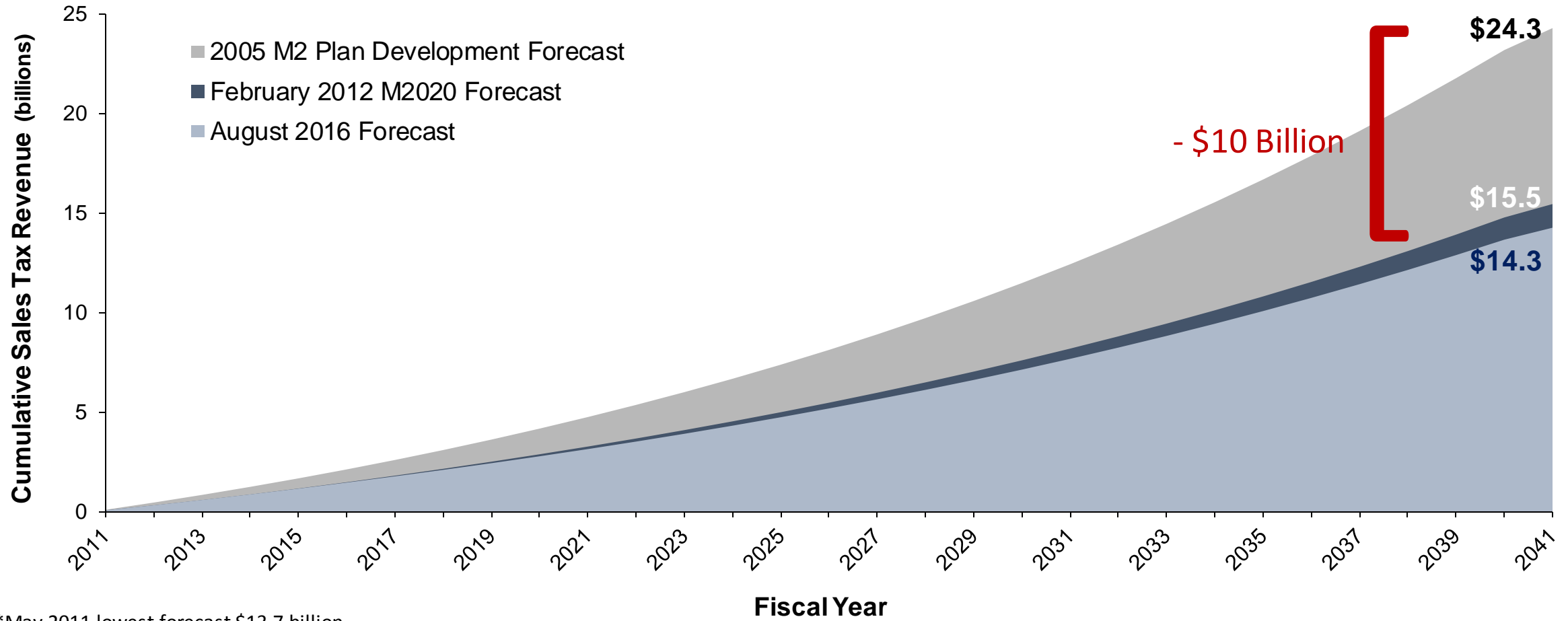


M2020 Objectives Summary

- Complete two-thirds of the freeway program and environmentally clear remaining projects
- Invest nearly \$1.2 billion of funding for streets and roads improvements
- Expand rail options and fund fixed-guideways
- Implement environmental programs



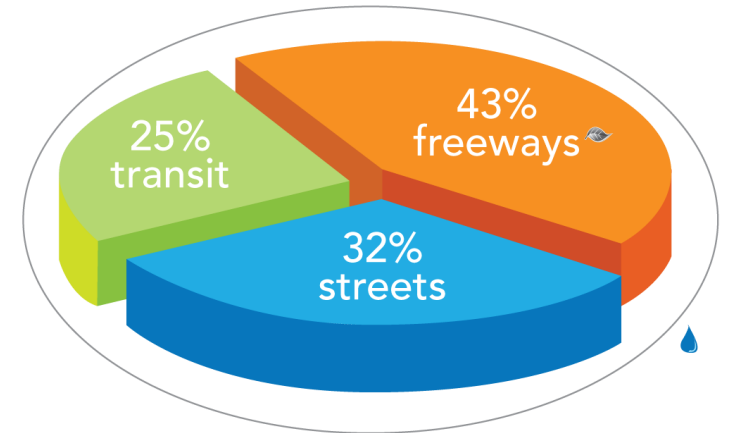
Impact on Sales Tax Revenue



*May 2011 lowest forecast \$13.7 billion

M2 Program Cash Flow Assumptions

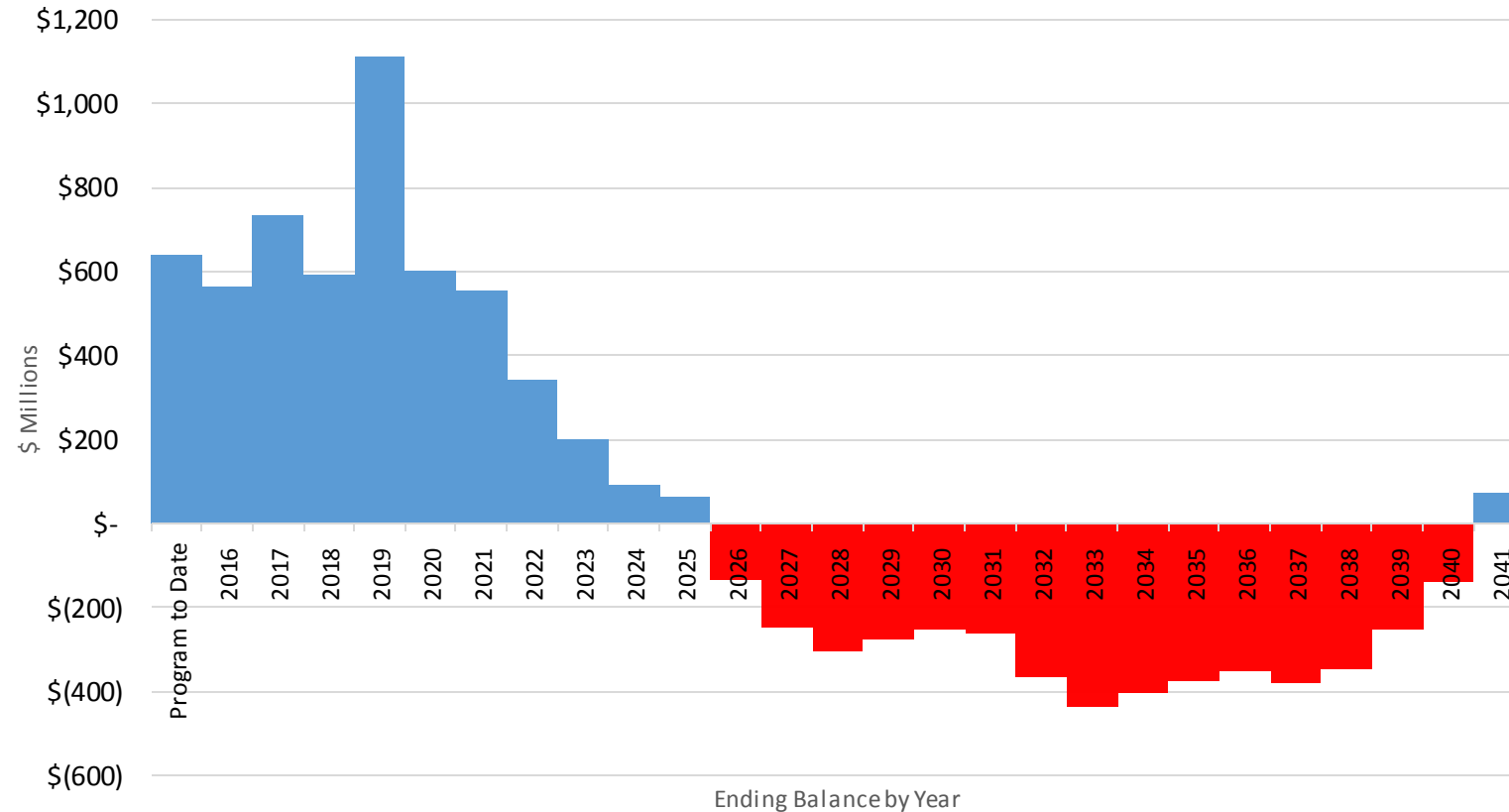
- Latest sales tax revenue forecast assumptions
- Realistic estimate of external funding
- Updated cost estimates
- Programs scaled to available revenues
- Ideal project delivery schedule incorporated



- 👁️ A total of 5% of M2 Freeway Program funds is allocated to the Freeway Environmental Mitigation Program
- 💧 A total of 2% of the overall M2 Program funds is allocated to the Environmental Cleanup Program

M2 Program Cash Flow

M2 Program Cash Balance



*Based on August 2016 M2 Sales Tax Revenue Forecast of \$14.3 Billion

Planned Shelf-Ready Projects at Risk

Project	Cost
B I-5 Widening (SR-55 to I-405)	\$720.9 million
D I-5 / El Toro Road Interchange Improvements	\$113.0 million
F SR-55 Improvements (I-5 to SR-91)	\$227.4 million
G SR-57 NB Widening (Orangewood Avenue to Katella Avenue)	\$47.8 million
G SR-57 NB Widening (Lambert Road to County Line)	\$167.7 million
I SR-91 Widening (SR-57 to SR-55)	\$456.2 million
J SR-91 Widening (SR-241 to I-15)	\$292.5 million
L I-405 Widening (SR-55 to I-5)	\$323.6 million
M I-605 / Katella Avenue Interchange Improvements	\$29.6 million

*Priority based on congestion, readiness, and project cost

I-5 – Interstate 5 / SR-55 – State Route 55 / I-405 – Interstate 405 / SR-91 – State Route 91 / SR-57 – State Route 57 / NB – Northbound /
SR-241 – State Route 241 / I-15 – Interstate 15 / I-605 – Interstate 605

Financial Criteria

- Cash Balance in Year 2041 positive
- No single year ending balance below \$0
- Debt-coverage ratio within bonding authority

Freeway Funding Gap Options

Options		Pros	Cons
1.	Reduce project scopes, deliver some improvements within funding limitations	While not keeping the complete promise, some relief can be delivered	Impacts promise; requires environmental restart (time/cost), leads to delay and cost escalation
2.	Extend delivery deadlines, reassess in the future if new revenue stream becomes available	Postpones decision to act on reductions until more information is available	Delayed decision reduces options to manage the problem and cost escalation a major risk
3.	Utilize local revenue via 91 and/or 405 Express Lanes excess revenue (ER) to fund eligible projects*	Mitigates the impact of reduced revenue and keeps the promise by using locally-controlled funding source	Gives M2 projects in the corridor priority over others
4.	Eliminate projects, reserving as first priority for future funding	Continue to deliver majority of promise	Impacts promise and poses difficult elimination decision

* Eligibility limited to M2 Project I and Project J for the 91 ER and Project L for 405 net excess revenues

Next Steps

- Incorporate direction provided by the Board of Directors
- Share Next 10 discussion with stakeholders for input
- Return in November with the Next 10 Plan

