

## **AGENDA**

- 1. Welcome**
- 2. Pledge of Allegiance**
- 3. Approval of Minutes/Attendance Report for December 10, 2024**
- 4. Action Items**
  - A. Measure M2 Triennial Performance Assessment Final Report  
Receive and Review – Francesca Ching, Measure M Program Manager
  - B. M2 Quarterly Revenue & Expenditure Report (December)  
Receive and File – Rima Tan, Department Manager, Accounting and Financial Reporting
- 5. Presentation Items**
  - A. Measure M2 Quarterly Progress Report  
Francesca Ching, Measure M Program Manager
  - B. Measure M2 Ten-Year Review Framework  
Francesca Ching, Measure M Program Manager  
Chris Boucly, Senior Department Manager, Public Outreach
- 6. OCTA Staff Updates (5 Minutes)**
  - A. Measure M2 Bond Refinancing  
Andrew Oftelie, Chief Financial Officer, Finance and Administration
  - B. I-5 South County Improvements Project  
Chris Boucly, Senior Department Manager, Public Outreach
  - C. Public Hearing Overview  
Marissa Espino, Section Manager, Public Outreach
  - D. Staff Liaison Update  
Marissa Espino, Section Manager, Public Outreach
- 7. Environmental Oversight Committee Report**
- 8. Committee Member Reports**
- 9. Public Comments\***
- 10. Adjournment**

*The next meeting will be held June 10, 2025 at 6pm*

Agenda Descriptions: The Agenda descriptions are intended to give notice to members of the public of a general summary of items of business to be transacted or discussed.

Public Comments: At this time, members of the public may address the Taxpayer Oversight Committee (TOC) regarding any items within the subject matter jurisdiction of the TOC, provided that no action may be taken on off-agenda items unless authorized by law. Comments shall be limited to three (3) minutes per person, unless different time limits are set by the Chairman, subject to the approval of the TOC.

Any person with a disability who requires a modification or accommodation in order to participate in this meeting should contact the OCTA at (714) 560 5611, no less than two (2) business days prior to this meeting to enable OCTA to make reasonable arrangements to assure accessibility to this meeting.

*Information  
Items*

**INFORMATION ITEMS**

*Staff Report Title*

*Board Meeting Date*

1. **Environmental Mitigation Program Endowment Fund Investment Report for September 30, 2024** **December 9, 2024**
  2. **Measure M2 Environmental Mitigation Program Update** **December 9, 2024**
  3. **2025 Technical Steering Committee Membership** **December 9, 2024**
  4. **Comprehensive Transportation Funding Programs Semi-Annual Review - September 2024** **December 9, 2024**
  5. **Update on Measure M2 Project I** **January 13, 2025**
  6. **Measure M2 Community-Based Transit Circulators Program Project V Ridership Report** **January 27, 2025**
  7. **OC Streetcar Project Quarterly Update** **January 27, 2025**
  8. **Second Quarter Fiscal Year 2024-25 Capital Action Plan and Performance Metrics** **February 10, 2025**
  9. **Measure M2 Annual Eligibility Review** **February 10, 2025**
  10. **Coastal Rail Stabilization Priority Project Update** **February 10, 2025**
  11. **Update on Measure M2 Project B Interstate 5 Improvement Project Between Interstate 405 and State Route 55** **February 10, 2025**
  12. **OC Streetcar Funding and Schedule Update and Amendments to Supporting Agreements** **February 24, 2025**
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**Measure M2 Taxpayer Oversight Committee**  
**Orange County Transportation Authority**  
**550 S. Main Street, Orange CA, Room 07**  
**December 10, 2024 @ 5:00 p.m.**

## **MEETING MINUTES**

### **Committee Members Present:**

Andrew Hamilton, Chairman  
Clayton D. King, First District Representative  
Jim Evans, Fourth District Representative  
Jim Fuchs, Second District Representative  
Mark W. Eisenberg, Fifth District Representative  
Monica Shin, Second District Representative  
Naresh D. Patel, First District Representative  
Robert Dorneman, Fifth District Representative  
Tim Benson, Fourth District Representative

### **Committee Members Absent:**

Kirk Watilo, Third District Representative  
Michael Neben, Third District Representative

### **Orange County Transportation Authority Staff Present:**

Andrew Oftelie, Chief Financial Officer, Finance and Administration  
Charvalen Alacar, Section Manager, Planning  
Francesca Ching, Measure M Program Manager  
Janet Sutter, Executive Director, Internal Audit  
Kia Mortazavi, Executive Director, Planning  
Rose Casey, Executive Director, Planning

Marissa Espino, Public Outreach Section Manager  
Sean Murdock, Director, Finance and Administration

### **1. Welcome**

Chair Andrew Hamilton called the Orange County Transportation Authority (OCTA) Taxpayer Oversight Committee (TOC) to order.

### **2. Pledge of Allegiance**

Monica Shin led the Pledge of Allegiance.

### **3. Approval of Minutes/Attendance Report for September 10, 2024**



Monica Shin made a motion to approve the September 10, 2024 TOC Minutes/Attendance Report. James Evans seconded motion. Motion passed unanimously.

#### **4. Action Items**

##### **A. M2 Quarterly Revenue and Expenditure Report**

Sean Murdock, Director, Finance and Administration, presented the report.

A committee member requested research of the California Revenue and Tax Code Section 7273 and if it is applicable to and why OCTA is paying the State for collection of it.

Monica Shin made a motion to receive and file the M2 Quarterly Revenue and Expenditure Report. Mark Eisenberg seconded the motion. Motion passed unanimously.

#### **5. Presentation Items**

##### **A. Sales Tax Forecast**

Sean Murdock, Director, Finance and Administration, presented the overview.

No action was taken on this information item.

##### **B. 2024 Update: Next 10 Delivery Plan**

Francesca Ching, Measure M Program Manager, presented the update.

No action was taken on this information item.

##### **C. Comprehensive Transportation Funding Programs Update.**

Charvalen Alacar, Section Manager Planning, presented the update.

No action was taken on this information item.

#### **6. OCTA Staff Updates**

##### **A. M2 Triennial Performance Assessment**

Francesca Ching, Measure M Program Manager, presented the update

**B. Staff Liaison Update**

Marissa Espino, Section Manager, Public Outreach presented the update.

**7. Annual Eligibility Review Subcommittee Report**

Charvalen Alacar, Section Manager Planning, presented the update.

**8. Environmental Oversight Committee Report**

There was no report.

**9. Committee Member Reports**

There were no member reports.

**10. Public Comments**

No public comments were received.

**11. Adjournment**

Chair Andrew Hamilton adjourned the meeting at 6:29 p.m.

The next meeting will be held on March 11, 2025 at 5 p.m.

**Taxpayer Oversight Committee**

Fiscal Year 2024-2025

**Attendance Record**

X = Present		E = Excused Absence		* = Absence Pending Approval		U = Unexcused Absence		-- = Resigned				
Meeting Date	July	Aug.	10 Sept.	Oct.	Nov.	10 Dec	Jan.	Feb.	11 March	Apr.	May	10 Jun.
Naresh D. Patel			E			X						
Clayton D. King			X			X						
Monica Shin			X			X						
Jim Fuchs			X			X						
Michael Neben			X			*						
Kirk Watilo			X			*						
Jim Evans			X			X						
Robert Dorneman			E			X						
Tim Benson			X			X						
Mark W. Eisenberg			E			X						
Andrew Hamilton			X			X						

Absences Pending Approval		
Meeting Date	Name	Reason
December 10, 2024	Kirk Watilo	Out of town
December 10, 2024	Michael Neben	Out of town

# *Action Items*

**ITEM 4A:  
Measure M2 Triennial  
Performance Assessment  
Final Report**



**March 3, 2025**

**To:** Executive Committee  
**From:** Darrell E. Johnson, Chief Executive Officer  
**Subject:** Measure M2 Performance Assessment Report

A handwritten signature in blue ink, appearing to read "Darrell E. Johnson", is positioned in the upper right corner of the page.

**Overview**

On November 7, 2006, Orange County voters approved the Renewed Measure M Transportation Investment Plan. Ordinance No. 3 implements the Renewed Measure M, now referred to as Measure M2, and requires specific safeguards and requirements that are to be followed. Included is a requirement for a performance assessment to be conducted every three years to evaluate the efficiency, effectiveness, economy, and program results of the Orange County Transportation Authority in delivering Measure M2. The sixth performance assessment, covering the period of July 1, 2021 through June 30, 2024, has been completed and a report on the findings is presented.

**Recommendation**

Direct staff to implement the action plan outlined in the response to the findings and report back on the implementation progress to the Board of Directors in the Measure M2 quarterly reports.

**Background**

On November 7, 2006, Orange County voters, by nearly 70 percent, approved the Renewed Measure M (M2) Transportation Investment Plan (Plan), a one-half cent sales tax for transportation improvements. Ordinance No. 3 (M2 Ordinance) implements M2 and requires specific safeguards and requirements that are to be followed.

The M2 Ordinance states: "A performance assessment shall be conducted at least once every three years to evaluate the efficiency, effectiveness, economy, and program results of the Authority in satisfying the provisions and requirements of the investment summary of the Plan, the Plan, and the ordinance. A copy of the performance assessment shall be provided to the [Taxpayer Oversight] Committee."

In 2008, the Orange County Transportation Authority's (OCTA) general counsel opined that the M2 Ordinance became effective the day after the election, November 7, 2006, thus starting the clock on the three-year review period. Five performance assessments have been completed and presented to the OCTA Board of Directors.

<b>Month/Year Completed</b>	<b>Period Covering</b>
1. October 2010	November 8, 2006 through June 30, 2009
2. March 2013	July 1, 2009 through June 30, 2012
3. May 2016	July 1, 2012 through June 30, 2015
4. February 2019	July 1, 2015 through June 30, 2018
5. February 2022	July 1, 2018 through June 30, 2021

All five assessments' conclusions to date were positive overall and included a set of recommendations for enhancements that have been addressed as appropriate.

### ***Discussion***

Consultant services were sought to conduct the sixth performance assessment covering the period from July 1, 2021 through June 30, 2024. Following OCTA's procurement policies, the contract was awarded to Sjoberg Evashenk in May 2024. There are three key objectives of the assessment:

- Evaluate the status of findings from the prior performance assessment and the effectiveness of changes implemented,
- Assess the performance of OCTA on the efficient delivery of M2 projects and programs, and
- Identify and evaluate any potential barriers to success, including opportunities for process improvements.

In addition, five areas of focus were identified for the assessment:

- Project delivery
- Program management/responsiveness
- Compliance
- Fiscal responsibility
- Transparency and accountability

The sixth performance assessment covering fiscal year (FY) 2021-22 through FY 2023-24 has concluded, and the consultant's report is presented for Board direction to staff to implement the action plan in response to findings. The full report is included as Attachment A. The prior assessment for the FY 2018-19 through FY 2020-21 period identified four recommendations for OCTA to address as appropriate. The consultant found that OCTA has implemented two

of the four recommendations and continues to actively address the remaining two as necessary on an ongoing basis.

Overall, the FY 2021-22 through FY 2023-24 performance assessment commends OCTA's commitment to the effective and efficient management and delivery of the Plan. The following areas are highlighted as it relates to OCTA's activities during the three-year period.

#### **Program Goals Have Been Met Thus Far**

The M2 Ordinance specifies six, overarching M2 goals. OCTA's purpose and directive is to complete and deliver the projects and programs as identified in the Plan. The review found that OCTA has continued to make substantial progress towards the M2 goals.

#### **More Than Half the M2 Pledged Program Has Been Delivered Since 2011**

With 13 years of M2 implementation completed, the consultant assessed OCTA's progress and concluded that OCTA has demonstrated significant progress across all M2 program areas. The review also found that OCTA remains financially strong and on track to complete the remaining program commitments.

#### **OCTA Demonstrated Strong Program Management**

The review concludes that OCTA has developed and implemented strong program management practices to ensure the delivery of the program and the safeguarding of sales tax expenditures. In addition, the report commended OCTA's commitment to continuously refining project management practices and addressing prior assessment recommendations, allowing OCTA to maintain a strong foundation for delivering the M2 program.

#### **OCTA Maintains Solid Framework for Ordinance Compliance**

The consultant found OCTA to be in compliance with all areas and that OCTA has a strong commitment to transparency and diligent monitoring of program compliance. The report found that OCTA conducted thorough eligibility assessments for local jurisdictions annually that adheres to the M2 goals.

#### **Fiscal Practices Were Conservative, Yielding a Steady Path for Remaining Program**

Managing M2 funds with sound fiscal practices, including efficiently leveraging state and federal dollars, is critical to successful delivery of M2. Overall, OCTA was found to employ a careful and conservative approach when planning and



programming funds, allowing the agency to maintain financial stability and respond effectively to economic fluctuations.

OCTA is Transparent and Accountable to the Public

The report finds that OCTA is highly focused on transparency in its outreach, actions, decisions, and information communicated to the Board, Taxpayer Oversight Committee (TOC), stakeholders, and the general public as well as accountability with the promises made in the Plan.

As part of the report, the consultant has four recommendations for enhancements related to the execution of the elements outlined in the scope of work. There were no major recommendations that suggest there should be a change in the direction of OCTA's actions. Attachment B outlines the consultant's recommendations along with OCTA staff response/proposed action plan. In summary, the recommendations suggest more clarity when project schedules and costs are updated, improved documentation on how vendors are selected, updates to the Contracts Administration and Materials Management policies regarding the notice-to-proceed process, and addressing the need for more timely payments. OCTA has been working on these areas, and updates on the progress of implementing the action plan will be provided in M2 quarterly reports.

The TOC will be presented with the final report at their March 11, 2024 meeting.

### ***Summary***

The Measure M2 Performance Assessment covering the period July 1, 2021 through June 30, 2024, as required by Ordinance No. 3, has recently been completed. While there were no significant findings, four recommendations for enhancements were made. The report, along with a summary of the recommendations and responses/proposed action plan, is provided to the Board of Directors for review.

**Attachments**

- A. Orange County Transportation Authority, July 1, 2021 to June 30, 2024 M2 Performance Assessment, Final Report
- B. July 2021 – June 2024, M2 Performance Assessment Recommendations and Action Plan

**Prepared by:**



Francesca Ching  
Section Manager,  
Measure M2 Program Management Office  
(714) 560-5625

**Approved by:**



Rose Casey  
Executive Director, Planning  
(714) 560-5729

# **Orange County Transportation Authority**

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July 1, 2021 to June 30, 2024 M2 Performance  
Assessment



**February 2025**



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# At-A-Glance Executive Summary

Sjoberg Evashenk Consulting, Inc. (Sjoberg Evashenk) was contracted by the Orange County Transportation Authority (OCTA) to conduct the sixth Measure M2 (M2) performance assessment for the three-year period covering July 1, 2021 through June 30, 2024 to evaluate efficiency, effectiveness, economy, and program results of OCTA in meeting Ordinance No. 3 (Ordinance) requirements. Key review results are summarized below and review recommendations are highlighted on the next page.



### Program Goals and Delivery

- OCTA continued to make progress towards M2 goals, with delivery commensurate with time lapsed. After 13 years of sales tax collection (43% of the Ordinance timeline), OCTA has demonstrated significant progress across all program areas and has achieved 65% completion of capital construction work.



### Program Management

- OCTA's M2 Project Management Office demonstrated strong program management with well-defined roles and responsibilities across divisions, ensuring effective coordination, fiscal accountability, and adherence to M2 Ordinance requirements.
- While OCTA's construction management was robust, some opportunities exist to build upon existing reporting practices to improve transparency.
- Procurement practices and activities generally complied with policies, though small improvements can be made to consistently and clearly document procurement activity and clarify language in OCTA's policies.



### Cybersecurity

- OCTA strengthened its cybersecurity through updated policies, annual training requirements for staff and contractors, and improved access controls aligned with national standards.
- OCTA made progress addressing key recommendations from a recent cybersecurity audit, and implemented improved asset tracking, vulnerability management, and disaster recovery practices.



### Compliance, Transparency, and Accountability

- OCTA established a robust, organized system to track compliance with the M2 Ordinance.
- Grant evaluation and award process was documented and clear, but the payment process needs improvement with 14 percent of payment requests totaling \$33.4 million between FY 2019 and FY 2024 remaining unpaid as of October 2024.
- OCTA continued to use an extensive array of outreach and communication methods, maintaining high consistency across platforms and demonstrating a commitment to transparency.
- The M2 Taxpayer Oversight Committee continued to fulfill its oversight role as outlined in the Ordinance, contributing to M2's transparent and accountable implementation, though OCTA identified some room for clarification in the Ordinance.



### Finance

- OCTA continued to utilize conservative fiscal practices to ensure financial security in the face of an ever-changing economic environment and shifting transportation funding priorities.

### **Program Management**



1. To enhance transparency, OCTA should consider providing contextual disclosures in its reporting when project cost and schedule status are being reported against an amended plan rather than the original plan.

2. As part of the development of the new E-procurement solution, OCTA should ensure that the scoring and evaluation processes are reviewed to build system functions that capture consistent and accurate data that clearly documents how and why vendors were awarded contracts.

3. To strengthen compliance with OCTA's contracting and procurement policies, OCTA should add clarifying language in the CAMM manual on what CAMM policies are subject to staff discretion.



### **Compliance, Transparency, Accountability**

4. Develop a plan to address backlog and timeliness of payments, which may include implementing the recommendations provided by the payment process consultant, as appropriate; consideration of more frequent and consistent timelines within the process; and assuring appropriate staffing levels and resources are available to better organize and expedite review of payments and payment authorization.

## Introduction and Background

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In November 2006, Orange County voters passed a 30-year extension of the Measure M half-cent sales tax. M2 is governed by the Ordinance and continues local transportation investments from 2011 through 2041. These funds are designated for use towards congestion relief, improved accessibility, and reduced pollution through various freeway, roadway, transit, and environmental projects called for in the Transportation Investment Plan (Plan). OCTA, in its capacity as the Regional Transportation Planning Agency and administrator of the sales tax, is responsible for administering M2 programs and projects in coordination with the California Department of Transportation (Caltrans) and several local partner agencies.

Specifically, the ballot promised to relieve congestion on the Interstate 5 (I-5), Interstate 405 (I-405), State Route 22 (SR-22), State Route 55 (SR-55), State Route 57 (SR-57), and State Route 91 (SR-91) freeways, fix potholes and resurface local streets, expand Metrolink rail service, provide additional transit options and transit services at reduced rates to seniors and persons with disabilities, synchronize traffic lights, reduce air and water pollution, and protect local beaches from oil runoff from roadways.



Official Ballot General Election Orange County,  
November 2006

As shown in Exhibit 1, 24 specific projects and programs were outlined for completion over the 30-year timeframe of M2. These projects and programs were initially estimated to amount \$11.9 billion in 2005 dollars.<sup>1</sup> Except for specific highway capital construction projects identified, many of the M2 projects or programs are scalable to available funds—meaning the M2 Plan can be delivered as promised, based on the available revenue, while still meeting commitments to voters. One other exception is related to Project U-Fare Stabilization Program where M2 is to provide fare discounts for seniors and persons with disabilities “in an amount equal to the percentage of partial funding of fares” as of the effective date of the Ordinance.

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<sup>1</sup> The fiscal year (FY) 2023-2024 sales tax revenue forecast estimate is \$14.8 billion (year of collection dollars) over the life of the program.

## EXHIBIT 1. MEASURE M2 PROJECTS



### Freeway Projects

(A) Santa Ana Freeway (I-5) Improvements between Costa Mesa Freeway (SR-55) and "Orange Crush" Area (SR-57)	(B) Santa Ana Freeway (I-5) Improvements from the Costa Mesa Freeway (SR-55) to El Toro "Y" Area	(C) San Diego Freeway (I-5) Improvements South of the El Toro "Y"	(D) Santa Ana Freeway/San Diego Freeway (I-5) Local Interchange Upgrades	(E) Garden Grove Freeway (SR-22) Access Improvements
(F) Costa Mesa Freeway (SR-55) Improvements	(G) Orange Freeway (SR-57) Improvements	(H) Riverside Freeway (SR-91) Improvements from the Santa Ana Freeway (I-5) to the Orange Freeway (SR-57)	(I) Riverside Freeway (SR-91) Improvements from Orange Freeway (SR-57) to the Costa Mesa Freeway (SR-55) Interchange Area	(J) Riverside Freeway (SR-91) Improvements from Costa Mesa Freeway (SR-55) to the Orange/Riverside County Line
(K) San Diego Freeway (I-405) Improvements between the I-605 Freeway in Los Alamitos Area and Costa Mesa Freeway (SR-55)	(L) San Diego Freeway (I-405) Improvements between Costa Mesa Freeway (SR-55) and Santa Ana Freeway (I-5)	(M) I-605 Freeway Access Improvements	(A-M) Freeway Environmental Mitigation	(N) Freeway Service Patrol



### Streets and Roads Projects

(O) Regional Capacity Program	(P) Regional Traffic Signal Synchronization Program	(Q) Local Fair Share Program
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### Transit Projects

(R) High Frequency Metrolink Service	(S) Transit Extension to Metrolink	(T) Convert Metrolink Station(s) to Regional Gateway that Connect Orange County with High-Speed Rail System
(U) Expand Mobility Choices to Seniors and Persons with Disabilities	(V) Community Based Transit/Circulators	(W) Safe Transit Stops



### Environmental Cleanup Projects

(X) Environmental Cleanup
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Source: M2 Plan

Legend: ■ Freeways ■ Streets & Roads ■ Transit ■ Environmental Cleanup

The Ordinance also included taxpayer safeguards through annual independent audits and taxpayer reports, ongoing monitoring and spending reviews by the Taxpayer Oversight Committee (TOC), regular quarterly project progress reports, triennial performance assessments, and a comprehensive review of M2 every ten years.



## Scope and Methodology

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As a taxpayer safeguard in the Ordinance, OCTA must undergo a performance assessment once every three years to evaluate efficiency, effectiveness, economy, and program results of OCTA in satisfying the provisions and requirements of the Ordinance. Five performance assessments have been completed to date covering program activities since FY 2006-2007. This report provides results of the sixth performance assessment for the three-year period covering July 1, 2021, through June 30, 2024, except where we needed to obtain contextual or underlying support data from periods prior to July 1, 2021, or more recent information to fully analyze program activities or practices.

### Scope

Sjoberg Evashenk was contracted by OCTA to examine OCTA's performance on a range of activities surrounding the planning, management, and delivery of M2 Program components to ensure necessary tools and practices were in place to successfully implement the plan over its remaining life. This included, but was not limited to, a review of OCTA's:

- Effectiveness and efficiency in developing and implementing the M2 projects and programs;
- Approach to program management with regard to addressing prior assessment findings, interdivisional coordination, progress reporting mechanisms, function and functionality of the M2 Program Management Office (PMO), and security over cyber-attacks;
- Practices to ensure compliance with monitoring and reporting on Ordinance provisions;
- Fiscal responsibilities when funding local grants and reporting on expenditures in addition to established practices surrounding long-term financial and investment decisions given anticipated revenue shortfalls; and
- Transparency and accountability in informing the public and decision-makers on M2 matters, public involvement when planning for M2 projects, and functionality of safeguards such as the TOC.

### Objectives

The primary objectives identified for this performance assessment were as follows:

1. Evaluate the status of findings from the fifth performance assessment and the effectiveness of the changes implemented;
2. Assess the performance of the agency on the efficient delivery of M2 projects and programs; and
3. Identify and evaluate any potential barriers to success and opportunities for process improvements.

### Methodology

To fulfill these objectives, we conducted a series of detailed tasks involving data mining and analysis, documentary examinations, peer comparisons, source data verification, and interviews. This included, but was not limited to, a review of OCTA's:

- Effectiveness and efficiency in developing and implementing the M2 projects and programs;

- Approach to program management with regard to addressing prior assessment findings, interdivisional coordination, progress reporting mechanisms, function and functionality of the M2 PMO, and security over cyber-attacks;
- Practices to ensure compliance with monitoring and reporting on Ordinance provisions.
- Fiscal responsibilities when funding local grants, reporting on expenditures, and establishing practices surrounding long-term financial and investment decisions given anticipated revenue shortfalls; and
- Transparency and accountability in informing the public and decision-makers on M2 matters, public involvement when planning for M2 projects, and functioning and functionality of taxpayer safeguards such as the TOC.

To assess OCTA's effectiveness and efficiency in developing and implementing M2 projects and programs, we performed the following:

- Reviewed various delivery plans including the Updated Next 10 Delivery Plan (Next 10 Plan), the Ordinance and M2 Plan, as well as other underlying documents to gain an understanding of the full complement of programs, projects, and promises made.
- Assessed the status of the M2 programs and projects as of June 30, 2024, using M2 progress reports such as the M2 Quarterly Reports, M2 website, capital project documents, PMO tracking files, and other available budget and cost data.
- For a sample of projects, verified scope for completed projects aligned with intent of the Ordinance by reconciling the improvement made to the recommendations from the final Program Environmental Impact Report that served as the guiding document in developing the Ordinance.
- Compiled a universe of M2 programs and capital projects (see Appendix A) to compare budgets to actuals for both costs and schedules, as well as to identify the current status of projects.
- Reviewed available key performance indicators related to congestion, pavement, and transit to compare outcomes against performance goals tied to M2 projects in the Measure.
- Reviewed program and construction management procedures for elements found in leading practices as determined by the Project Management Institute's Construction Extension to the Project Management Body of Knowledge Guide, Construction Management Association's Construction Management Standards of Practice, Federal Highway Administration guidance, and Caltrans Local Assistance Manual.
- Tested a sample of M2 contract files for compliance with OCTA procurement guidelines as established in its Contracts Administration and Materials Management manual.
- Reviewed successes and challenges with the environmental mitigation program.

To understand OCTA's approach to program management, we:

- Reviewed OCTA's M2 PMO charter.

- Reviewed all prior performance assessments reports to determine the current status of prior recommendations, whether findings were adequately addressed, or if there were any carryover items or follow-ups needed.
- Assessed OCTA's processes for calculating and monitoring administrative costs to ensure limits complied with the Ordinance.
- Reviewed OCTA's cyber security policies, procedures, and protocols, and determined whether those aligned with industry standards established by the United States Department of Commerce National Institute of Standards and Technology, United States Department of Transportation Cybersecurity, California Office of Information Security, Information Systems Audit and Control Association, among others.

To evaluate practices in place to ensure compliance with M2 monitoring and reporting provisions, we:

- Identified all compliance areas required by the Ordinance and reviewed OCTA's Ordinance Compliance Tracking Matrix for completeness.
- Assessed compliance with M2 local eligibility guidelines, including testing a sample of eligibility reviews conducted on local city and county jurisdictions to ensure that each required eligibility compliance category was reviewed, and eligibility guidelines were followed.
- Assessed grant practices, including testing a sample of approved grants to determine if selection process was robust and had supporting documentation, such as scoring sheets, technical reviews, and overall adherence to grant purpose and proposed project.
- Verified capital project schedule and cost data presented to the public reconciled with and across internal reports.

To evaluate fiscal responsibilities, we:

- Assessed OCTA's management of sales tax revenues regarding revenue projection methodologies, leveraging of funds, debt financing, investment practices, and cash flow planning.
- Determined whether fiscal practices in place allow for the delivery of the entire program within the M2 prescribed timeframe. This included a review of safeguards put in place to mitigate the impacts of future projected revenue shortfalls.

To review OCTA's public transparency and accountability, involvement of the public when planning for M2 projects, and the functioning of the TOC, we:

- Reviewed outreach tools employed, and content provided to inform the public about M2 programs and projects. Summarized and assessed surveys of public awareness and attitude towards M2 looking for trends and compared OCTA practices to similar entities.
- Determined whether the TOC functions as intended by the Ordinance by reviewing meeting minutes for items discussed or issues raised.

Finally, we also met with OCTA executives, managers, and staff over areas related to planning, finance/administration, internal audits, capital programs, and external affairs on multiple occasions to

understand, assess, and vet practices employed implementing the M2 Program. Additional M2 stakeholders were interviewed to garner views and perspective, including representatives from the Automobile Club of Southern California, Orange County Taxpayers Association, Rancho Mission Viejo, Orange County Business Council, Environmental Oversight Committee (EOC), Environmental Cleanup Allocation Committee, TOC, Technical Advisory Committee, Southern California Association of Governments (SCAG), and Caltrans.

## Chapter 1: Program Goals Have Been Met Thus Far

As of June 2024, OCTA made substantial progress in delivering on the promises outlined in the 30-year measure. Nearly halfway through the timeline, OCTA has completed significant portions of its planned infrastructure projects aimed at reducing traffic congestion, improving local transit, and advancing environmental goals. Work has concluded on 65 percent of the 52 project segments that make up the 17 M2 capital construction projects, and OCTA remains on track to meet its overall delivery goals.<sup>2</sup>

Key achievements include the completion of 81.6 miles of freeway lanes—53 percent of the total goal—and the reduction of commute delays in major corridors like the I-405, which has already seen a 36 to 57 percent reduction in vehicle hours of delay following recent improvements. Despite external influences such as the economic impact of the COVID-19 pandemic and significant material and labor cost escalations, OCTA’s efforts to improve regional mobility and meet voter expectations continue to progress in alignment with the measure’s timeline.

### Project Delivery Is Commensurate With Time Lapsed

Nearly halfway through the 30-year measure, OCTA has made substantial progress on meeting its delivery plans. M2 outlined 24 projects and programs (labeled Projects A to X) aimed at reducing traffic congestion through highway improvements, street resurfacing, traffic light synchronization, transit options, and environmental initiatives. Of which, 17 projects were capital construction projects that aimed to construct improvements such as highways. The 17 projects are further divided into 52 project segments that split out the scope of pledged work into manageable pieces. As shown in Exhibit 2, although only six out of the 17 capital projects have been completed to-date, OCTA completed 65 percent of the scope of work promised for these projects through the completion of 34 of the 52 project segments. For instance, although only 4 of the 13 freeway projects have been completed, to-date, OCTA has delivered 81.6 miles of the total 154.6 miles of freeway lanes promised—or 53 percent—with 43 percent of the measure timeline spent.

Further, at the program level, all the projects have commenced or are already well along in being delivered. As such, OCTA’s delivery of the program is commensurate with the time lapsed in the measure lifespan.

**EXHIBIT 2. STATUS OF M2 PROJECTS, PROGRAMS, AND SEGMENTS AS OF JUNE 30, 2024**

Type	# of M2 Projects	# of Completed Projects	# of Project Segments	Project Segment Status as of June 30, 2024	# Miles	# Inter changes	Percent Complete by Segment	
<b>Capital Projects</b>								
Freeway	13	4	30	In-Progress	16	73	1	53%
				Completed	14	81.6	4	47%
Streets and Roads	1	1	7	Completed	7			100%

<sup>2</sup> The remaining seven out of 24 are not standard capital construction projects, but rather a variety of transportation related projects funded by M2 such as but not limited to providing van service for seniors, passenger amenities at transit stops, and environmental mitigation.

Type	# of M2 Projects	# of Completed Projects	# of Project Segments	Project Segment Status as of June 30, 2024	# Miles	# Inter changes	Percent Complete by Segment
<b>Capital Projects</b>							
Rail/Metrolink	3	1	15	In-Progress	2		13%
				Completed	13		87%
Capital Projects Total	17	6	52	In-Progress	18		35%
				Completed	34		65%
<b>Non-Capital Programs</b>							
Programs	7 <sup>A</sup>	On-going <sup>1</sup>	12 <sup>B</sup>				
<b>Total Projects and Programs</b>	<b>24</b>	<b>6</b>	<b>64</b>				

Source: Auditor-generated based on final project status reports, quarterly reports, and internal project manager spreadsheets

Note: **Green** text highlights completed delivery

Note <sup>1</sup>: The non-capital programs are on-going programs that will remain active for the life of the measure.

Note <sup>A</sup>: Projects N, P, Q, U (Expanded Mobility Choices), V, W, X

Note <sup>B</sup>: Projects N, O, P, Q, S, U (Senior Mobility), U (Senior Non-Emergency Medical Transportation), U (Fare Stabilization), V, W, X (Tier 1), X (Tier 2)

## M2 Goals have Generally Been Met Thus Far

In addition to delivery in terms of projects pledged, progress can also be measured by achievement of specific goals and outcomes tied to projects. M2 promised various performance outcomes tied to project scopes—such as the I-405 reducing congestion. Our review of the goals described in M2 and reported progress to date showed that M2 goals have mostly been met thus far, as summarized in Exhibit 3.

### EXHIBIT 3. CUMULATIVE PROGRESS TOWARD MEETING M2 GOALS THROUGH JUNE 30, 2024

#	M2 Goal	Measure	Results as of June 30, 2024 <sup>A</sup>
1	Relieve Congestion on I-5, I-405, SR-22, SR-55, SR-57, and SR-91	<ul style="list-style-type: none"> <li>Commute Time</li> <li>Hours of Delay</li> </ul>	<ul style="list-style-type: none"> <li>Congestion remained stable over the three-year review period</li> <li>Vehicle hours of delay decreased on the I-405 Corridor Project K after the improvement efforts were complete</li> </ul>
2	Fix Potholes & Resurface Streets	<ul style="list-style-type: none"> <li>Pavement Condition Index</li> </ul>	<ul style="list-style-type: none"> <li>Improvements in Pavement Condition Index (PCI) noted in 2016 have remained at 79 from 2020 to 2022, though no data was available for 2023 and 2024</li> <li>As of 2022, Orange County continued to have one of the best pavement conditions in the State</li> </ul>
3	Expand Metrolink Rail & Connect with Local Communities	<ul style="list-style-type: none"> <li>Projects Completed</li> </ul>	<ul style="list-style-type: none"> <li>12 of 13 identified Metrolink rail expansion capital projects to accommodate future increased service frequency were completed which included approximately 50 at-grade rail crossings safety enhancements</li> <li>As of June 30, 2024, three lines servicing Orange County operate reduced service (by 17 percent from 54 to 45 weekday trains) due to declining ridership</li> <li>OC Streetcar construction began construction in November 2018</li> <li>\$53.8 million awarded to 36 projects and 10 planning studies</li> </ul>

#	M2 Goal	Measure	Results as of June 30, 2024 <sup>A</sup>
4	Provide Reduced Cost Transit Services to Seniors and Persons with Disabilities	<ul style="list-style-type: none"> <li>• Number of Boardings</li> <li>• Funding Provided</li> <li>• Number of Issued Passes</li> </ul>	<ul style="list-style-type: none"> <li>• \$38.5 million has been provided to support nearly 3 million boardings provided under the Senior Mobility Program</li> <li>• \$41.1 million has been allocated to support nearly 1.6 million boardings provided to Orange County to supplement existing Senior Non-Emergency Medical Transportation Program services</li> <li>• \$55 million has been allocated to support more than 152.6 million boardings provided to stabilize fares and provide fare discounts to seniors and persons with disabilities</li> <li>• 5,792,348 Fare Stabilization Program Fixed Route passes and 1,871,815 ACCESS Passes were issued during the review period.</li> </ul>
5	Synchronize Traffic Lights	<ul style="list-style-type: none"> <li>• Number of Lights Synced</li> </ul>	<ul style="list-style-type: none"> <li>• 3,705 intersections synchronized</li> </ul>
6	Reduce Air and Water Pollution and Protect Local Beaches through Cleanup of Roadway Oil Runoff	<ul style="list-style-type: none"> <li>• Better Air Quality and Less Water Pollution</li> </ul>	<ul style="list-style-type: none"> <li>• 69.5 million gallons of trash estimated to have been removed</li> <li>• 1,300 acres approved as open space</li> <li>• 350 acres restored</li> </ul>

Source: Generated from OCTA Quarterly Progress Reports and OC Go Website

Note A: Congestion data is as of 2023; Pavement Performance data is as of 2022 due to limited data available

**A Combination of Internal and External Forces Continue to Impact Goals and Outcomes**

While OCTA made progress in its delivery of the projects and programs promised to voters, over the review period there remained factors outside of OCTA’s sphere of influence that impacted both project and program delivery. External factors include, but are not limited to, economic conditions, natural disasters, population changes, and more. In Exhibit 4, we provide an illustrative list of factors that are both within OCTA’s sphere of influence and external factors that OCTA has no control over.

**EXHIBIT 4. INTERNAL AND EXTERNAL FORCES IMPACTING M2**



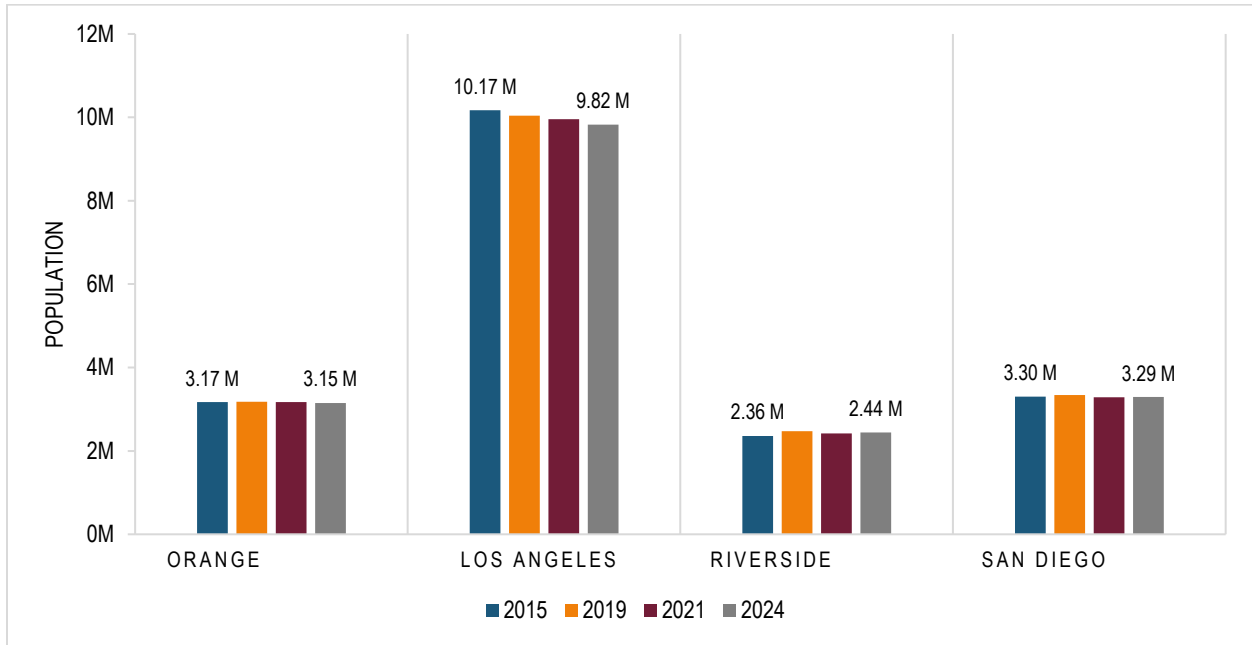
Source: Auditor-generated using prior 2018 and 2021 review.

The review period of July 1, 2021, to June 30, 2024, encompassed the unique period of recovery after the Covid-19 pandemic disrupted the world in 2020 and likely contributed to some of the anomalies notated in trends reported during the review period.

As shown in Exhibit 5, Orange County’s population has remained consistent before and after the onset of the pandemic, but some changes in travel trends have occurred such as increased vehicle miles traveled, and slightly increased commute times and annual commuter delays.



**EXHIBIT 5. ESTIMATED POPULATION CHANGE IN CALIFORNIA COMPARISON COUNTIES,  
CALENDAR YEARS 2015, 2019, 2021, AND 2024**



Source: 2015 and 2019 American Fact Finder Census Data,  
2021 and 2024 California Department of Finance Population Estimates based on 2020 Census Benchmark

Typically, population changes have an impact on traffic patterns—with increases in population correlating to increased delays. But the modest congestion related increases in the review period may be a result of return to pre-pandemic activities and changes to travel patterns resulting from a combination of changes to employment characteristics (in-person, remote, and hybrid workforce) and population migration between nearby counties, rather than population changes in Orange County. Despite these slight congestion related increases, the addition of new lanes on the I-405 significantly reduced vehicle hours of delay particularly in the I-405 Corridor, where delays decreased by up to 57 percent following project completion in December 2023. As such, despite the variety of external factors that may impact M2 delivery, OCTA still made progress on delivery pledges and achieved performance improvements.

**Commute Times Slightly Increased over the Assessment Period but Recently Completed M2 Project Had Positive Impact on Travel Delays and Congestion Has Declined Since 2010**

As stated in M2, one of the measures key goals was to “relieve congestion on the I-5, I-405, SR-22, SR-55, SR-57, and the SR-91.” To determine whether goals have been met thus far, we reviewed a combination of congestion data related to commute times, annual hours of delay, and freeway speeds. Though some congestion indicators trended upward showing increased traffic, the opening of the I-405 between I-605 and SR-55 in December 2023 resulted in improved mobility for travelers in the project area.

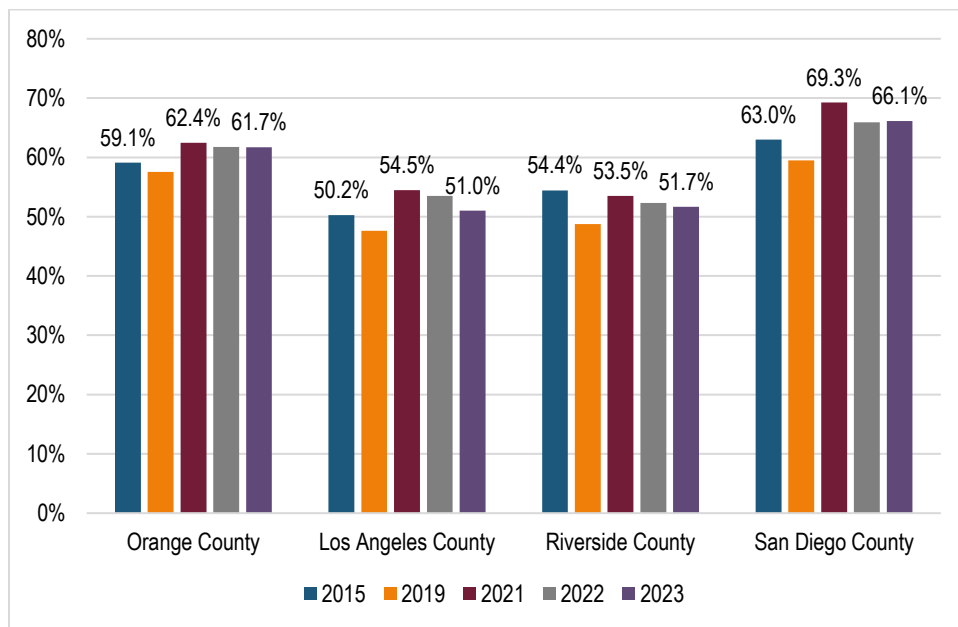
**Commute Times Slightly Increased over Assessment Period**

OCTA does not publish targets or goals for commute times. But SCAG, the Metropolitan Planning Organization for Orange County that provides regional direction on transportation planning, publishes its

own goals measured by performance metrics in its Regional Transportation Plan. In absence of OCTA having targets, SCAG’s methods for measuring performance from its Regional Transportation Plan can be reasonably used as a comparable method for OCTA. SCAG indicated that the American Community Survey would be used to monitor the commute to work time performance measure with a target of improvement (decrease) over base year. Data produced by the American Community Survey provides an estimate of the commute time to work for all commuters in each of the comparison counties across all modes—driving alone, carpools, motorcycles, trucks, public transportation, bikes, and walking.

In Orange County, the percentage of commutes that took less than 30 minutes minimally decreased by 0.7 percent between calendar years 2021 and 2023—meaning that commute times took longer. But at around 62 percent of commutes lasting less than 30 minutes, Orange County commuters spend less time in traffic than neighboring Los Angeles or Riverside counties as shown in Exhibit 6. While San Diego County still had the highest share of shorter commutes in calendar year 2023, Orange County’s decline in shorter commutes was the smallest amongst comparison areas.

**EXHIBIT 6. CHANGE IN PERCENT OF COMMUTES THAT TOOK LESS THAN 30 MINUTES, CALENDAR YEARS 2021 TO 2023**



Source: American Community Survey estimates calendar years 2015, 2019, 2021, 2022, 2023  
 Note: Data was only available through 2023

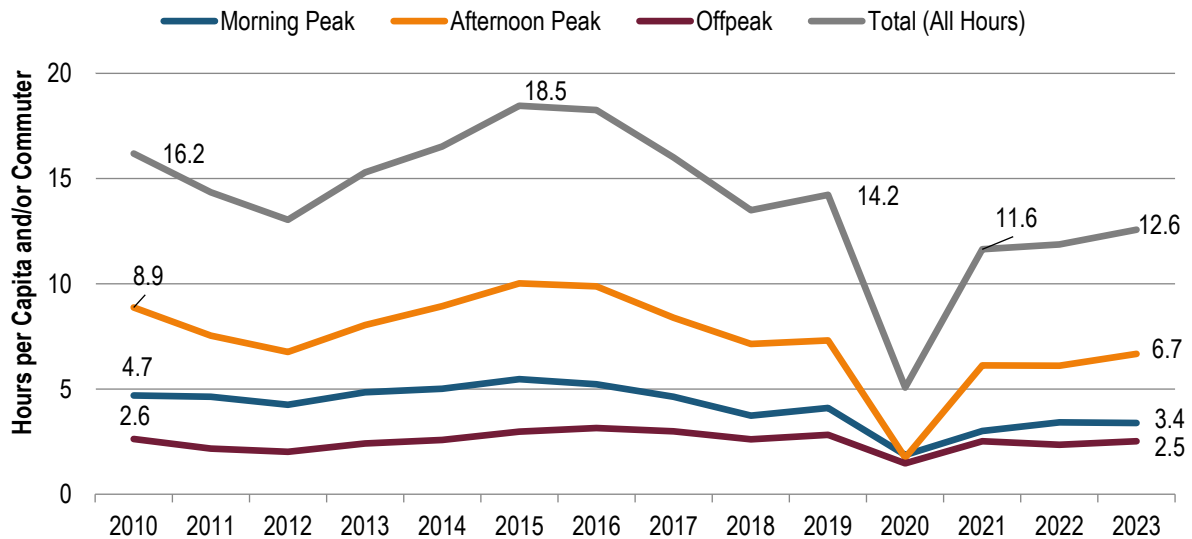
**Hours of Delay Slightly Increased since the End of the COVID-19 Pandemic, but Overall Improvement Noted Since 2010**

Annual delay per auto commuter is defined in OCTA’s Mobility Indicators Report as “a measure of the extra travel time endured throughout the year by auto commuters who make trips during peak period.” As such, annual delay per auto commuter can reasonably be interpreted as one indicator of congestion, in addition to average monthly urban freeway speeds and vehicle flow.

As shown in Exhibit 7, annual hours of delay at speeds of less than 60 miles per hour on freeways in Orange County have increased since the end of the COVID-19 pandemic in calendar year 2021, although

still trending at levels lower than ten years ago. Total annual hours of delay were at 12.6 hours in calendar year 2023 compared to its peak of 18.5 hours of delay in 2015. Following a similar trend, afternoon peak hours were at 6.7 hours of delay in calendar year 2023, and morning commutes remained relatively stable at 3.4 hours of delay.

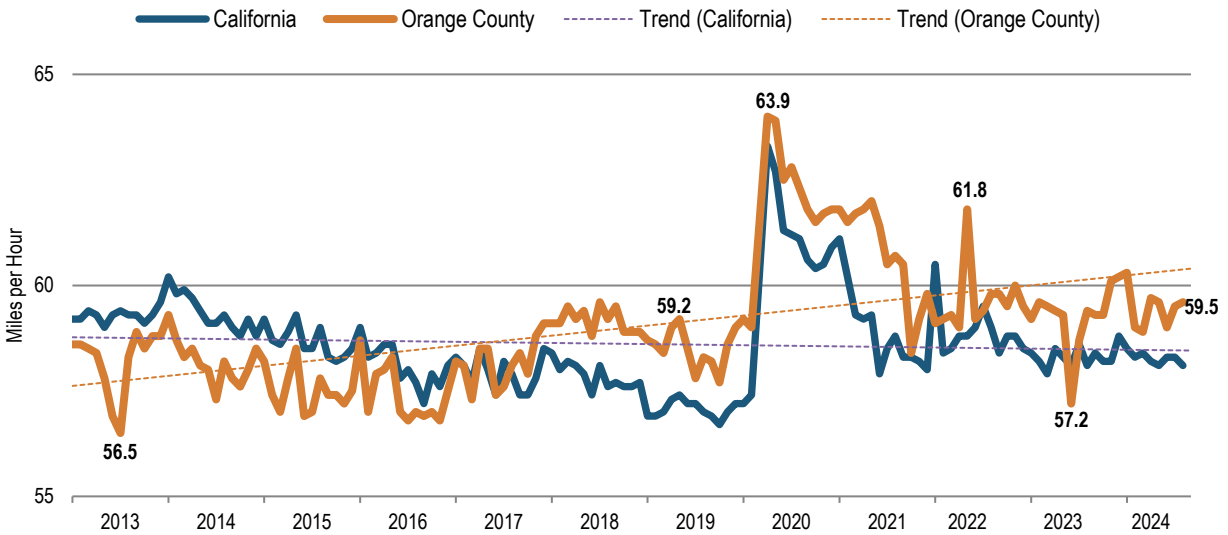
**EXHIBIT 7. ANNUAL HOURS OF DELAY PER CAPITA AND/OR PER COMMUTER  
AT SPEEDS LESS THAN 60 MILES PER HOUR ON FREEWAYS IN ORANGE COUNTY: CALENDAR YEARS 2010-2023**



Source: 2023 OCTA Mobility Indicator Report data, unaudited

As shown in Exhibit 8, prior to calendar year 2020, the average freeway speeds in Orange County were generally trending between 55 to 60 miles per hour (mph) but peaked in calendar year 2020 at nearly 64 mph, likely due to fewer vehicles on roadways during the COVID-19 pandemic. Despite some fluctuations in calendar year 2022 and mid-2023, speeds have generally returned to pre-pandemic levels at up to 60 mph during the first half of calendar year 2024. Speed patterns for Orange County have also been generally aligned with statewide trends—although Orange County noted an overall improvement in speeds from 2010 to the first half of 2024.

**EXHIBIT 8. AVERAGE MONTHLY URBAN FREEWAY SPEEDS, ORANGE COUNTY & CALIFORNIA, CALENDAR YEARS 2013-2024**



Source: 2023 OCTA Mobility Indicator Report data, unaudited

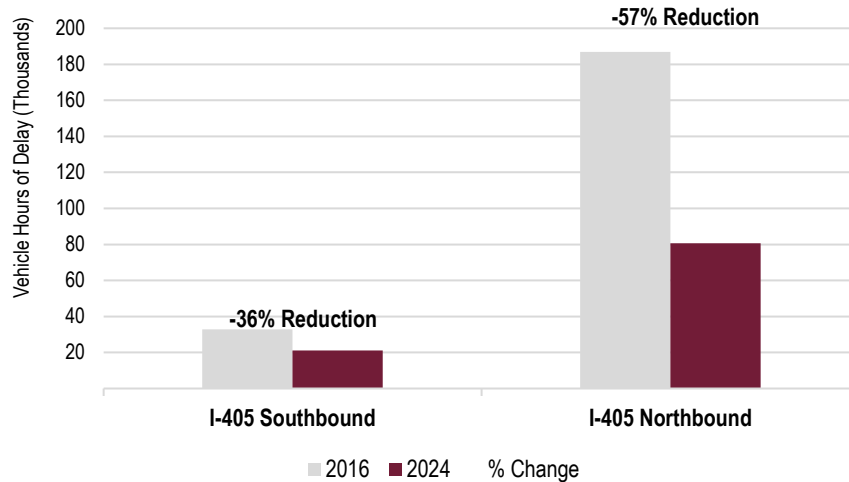
**Vehicle Hours of Delay Decreased on I-405 Corridor K Project after Improvement**

While countywide statistics can give context to factors impacting a region, measuring outcomes of transportation projects generally need to be at a more focused level. For example, according to the M2 Early Action Plan, the proposed benefits of Project "K"—San Diego Freeway (I-405), SR-55 to I-605 Design Build—were to increase freeway capacity and reduce congestion. The project opened to traffic in December 2023 and included new general purpose and express lanes.



We compared delay data from Caltrans Performance Measurement System for the full 2016 calendar year before construction started in January 2017 to the congestion data from the year after the new general purpose and new express lanes opened to traffic in December 2023. Although only eight months into the opening of the new lanes, as shown in Exhibit 9, there was a substantial decrease in vehicle hours of delay from calendar years 2016 to 2024—a 36 percent reduction on southbound lanes and 57 percent reduction on northbound lanes, suggesting that the M2 improvement had a positive impact on traffic for the project area.

**EXHIBIT 9. CHANGE IN VEHICLE HOURS OF DELAY ON PROJECT K CORRIDOR  
SOUTH AND NORTHBOUND I-405 BETWEEN SR-55 AND I-605, DURING PEAK PM HOURS (3PM–8PM)  
CALENDAR YEARS 2016 AND 2024**



Source: Caltrans Performance Measurement System

Note: Data from Caltrans Performance Measurement System is available on the corridor level, specifically, travel time delay. Travel time delay is a measure of additional time driven on a roadway due to relative to the amount of time it would have taken at “free-flow” speeds (non-congested conditions). Caltrans allows the user to set the free-flow” for the system to perform the delay calculations. In the Exhibit comparisons, 60mph was used as the free-speed.

### Countywide Pavement Condition Generally Maintained Over the Assessment Period

The M2 ballot proposed that funding would fix potholes and resurface streets, but did not define performance metrics to measure progress. Based on best available limited data, we found that the pavement condition of local roads stayed the same during the review period.

Pavement condition can be assessed by a variety of methods. Two standardized methods include the International Roughness Index (IRI) and the Pavement Condition Index (PCI). The IRI is measured by a modified vehicle that is equipped with sensors and computers to automatically collect and analyze the road condition as the driver travels the roadway. The IRI is a measure of the “roughness” of ride quality, or in simpler terms, a measure of how bumpy the road is.

Another method of assessing pavement condition is with the PCI. The PCI was initially developed by the United States Army Corps of Engineers and, like IRI, was also standardized by the American Society for Testing Materials. The PCI is calculated from a visual survey—which may be aided by video capture from a modified vehicle—of pavement distress with score ranges from 0 (failed) to 100 (perfect). Points are deducted from 100 for distress such as cracking, rutting, and other distortions.

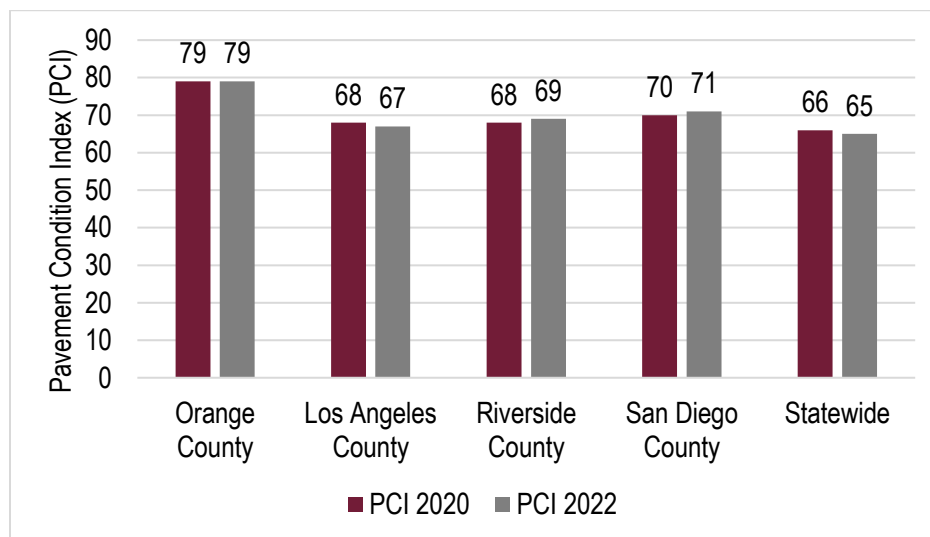
While auditors intended to review data for both measurement methods, only the PCI was available for our review period due to limited availability of data sources.

## Local Streets and Roads Pavement Conditions Have Remained Constant in Review Period

Pavement condition for local streets and roads has been reported semi-annually jointly by the League of California Cities, California State Association of Counties, County Engineers Association of California, California Regional Transportation Planning Agencies, California Rural Counties Task Force, and Metropolitan Transportation Commission through the California Local Streets & Roads Needs Assessment.

The assessment collected data on California local streets and roads through a survey to California's counties, cities, and Regional Transportation Planning Agencies. The survey data demonstrated that in comparing data from calendar years 2020 to 2022, Orange County's PCI was higher at 79 than the statewide average of 65 in 2022 and other nearby counties (Los Angeles, Riverside, and San Diego) which ranged from 67 to 71 in 2022. OCTA's higher PCI indicates that pavement condition was better than others. This is shown in Exhibit 10.

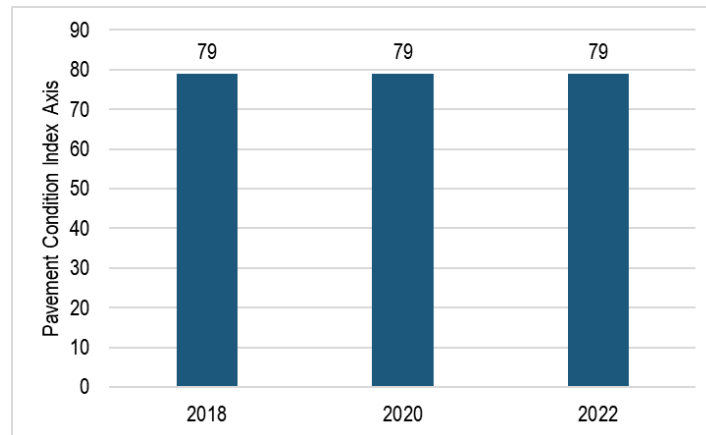
**EXHIBIT 10. CHANGE IN PAVEMENT CONDITION INDEX BY COMPARISON COUNTIES, CALENDAR YEARS 2020 AND 2022**



Source: Calendar years 2018, 2020, 2022 California Statewide Local Streets and Roads Needs Assessment  
Note: Data through 2024 was not available

Further, as shown in Exhibit 11, overall pavement condition improvements for Orange County have remained steady since calendar year 2018.

## EXHIBIT 11. ORANGE COUNTY CHANGE IN PAVEMENT CONDITION INDEX, CALENDAR YEARS 2018, 2020, 2022



Source: California Statewide Local Streets and Roads Needs Assessment  
Note: Data through calendar year 2024 was not available

### OCTA Surpasses its Traffic Signal Synchronization Goal and Reported Reduced Delay

Of the M2 funds set aside for street and road improvements, an estimated \$453 million was originally projected to be allocated to coordinate traffic signals across local jurisdictional boundaries and through freeway interchanges. This is possible through Project P, the Regional Traffic Signal Synchronization Program, with a goal to synchronize more than 2,000 signals to improve travel time, average speed, and stops. To date, OCTA has met and significantly surpassed this goal. Specifically:

- OCTA reported it has optimized signal timing throughout OC on 3,705 signalized intersections along 954 miles of roadway—an increase of 702 signalized intersections, or more than 19 percent from the 3,003 reported in the prior assessment and more than 85 percent higher than its original M2 goal.
- OCTA reports awarding \$184.8 million (including \$40.1 million in leveraged external funding) to 137 projects.
- In terms of addressing goals to reduce delay, OCTA reports travel time savings of 13 percent, a 14 percent improvement on average speed, and a 29 percent stop reduction since calendar year 2011. These results meet stated goals to reduce delay and stops by 10-25 percent through the Regional Traffic Signal Synchronization Program.

### Study Identified Additional Opportunities to Build Upon Traffic Signal Synchronization Success

As part of a countywide study completed in calendar year 2022, OCTA has worked with local cities, Orange County, and Caltrans to review the Regional Traffic Signal Synchronization Program and identify successes, lessons learned, and enhanced opportunities. In fact, OCTA reported to its Board of Directors that the Regional Traffic Signal Synchronization Program projects have improved travel times, reduced delays and congestion, and increased the number of successive green lights drivers experience in daily commutes.

Staff also identified recommendations to continue to have annual call for projects that balance funds between synchronization efforts and signal improvements. This is partially based on communication from local cities that other crossing corridor projects put in place over the years are beginning to experience conflicting timing demands at certain intersections and competing local priorities. Finally, the study recommended several enhancements to the signal synchronization program such as setting a countywide signal synchronization baseline by retiming 2,500 signals along regionally significant corridors to avoid coordination conflicts and ensure timing is based on updated current traffic volumes—and retiming signals on a regular basis moving forward to minimize conflicts with crossing corridors. As of September 2024, the Board approved selection of a consultant to deliver this work, with the estimated goal of deploying synchronization timing plans throughout 2026 and completing the monitoring phase of the project by 2029

## **Transit Performance Showed Progress Towards Goals**

According to M2, one goal of the half-cent sales tax was to “expand Metrolink rail and connect it to local communities” and “provide transit services, at reduced rates, for seniors and disabled persons.” M2 also supports “building a visionary rail transportation system that is safe, clean and convenient, uses and preserves existing rights-of-way, and, over time, provides high-speed connections both inside and outside” of Orange County.

Six projects (R-W) address these goals through OCTA’s investment of 25 percent of the M2 revenues for countywide transit program. Further, approximately 5 percent of these funds were dedicated to enhancing senior transportation programs and providing targeted, safe localized bus service. During our review period, the Anaheim Canyon Metrolink Station was completed in January 2023 under Project R, bringing the total number of completed Metrolink station improvement projects to 12 out of 13. Additionally, the Senior Mobility Program, funded through Project U, saw an increase in boardings and total spending, which is further discussed in Chapter 2. Significant increases were also recorded for ridership and passes issued through the Farebox Stabilization Program, as detailed below.

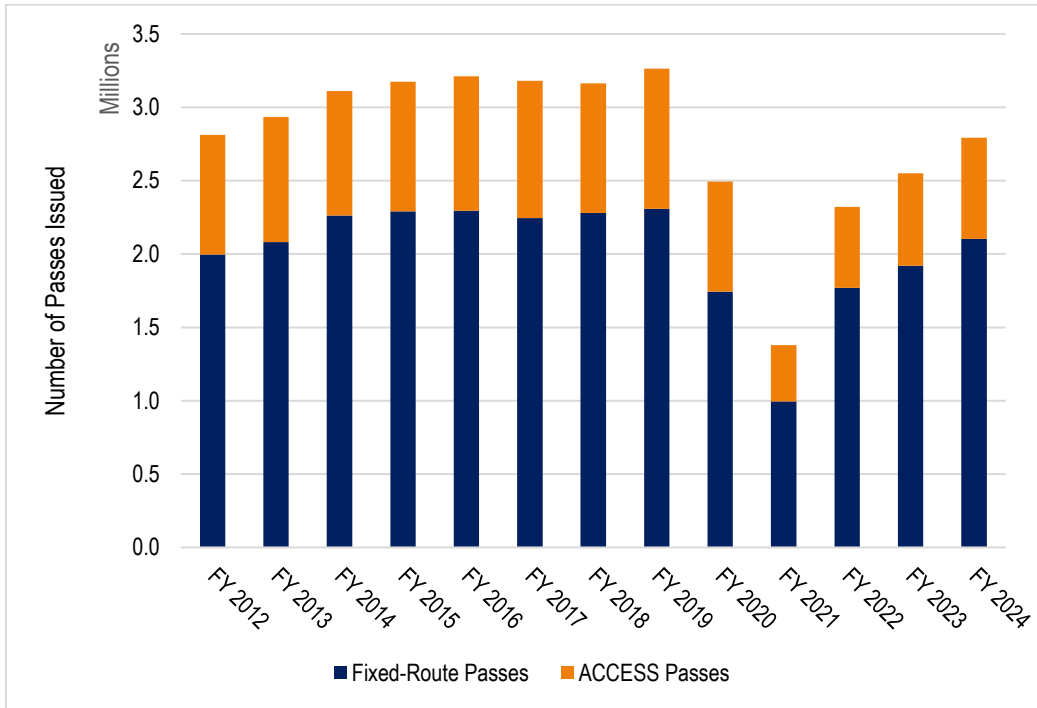
### **Expand Mobility Choices for Seniors and Persons with Disabilities**

Among the three programs within Project U, the Farebox Stabilization Program showed the most significant progress in increasing ridership and passes issued during our review. The Fare Stabilization Program uses M2 revenue to lower the cost of transit for seniors and persons with disabilities by discounting fares. As of June 2024, OCTA has allocated over \$55 million and more than 152.6 million program-related boardings have been provided. This represents an increase of \$20 million to support an increase of approximately 30.6 million boardings during our review period.

Though the Fare Stabilization Program experienced a significant decline in issued passes during the COVID-19 pandemic, the number of passes issued is steadily increasing since FY 2021. Our review found that from FY 2021 to FY 2024 the number of Fixed Route passes issued increased by 53 percent from nearly 1 million to more than 2.1 million, and the number of ACCESS passes issued increased by 44 percent from roughly 0.4 million to 0.7 million. Overall, the number of Fare Stabilization Program passes issued is steadily increasing towards pre-pandemic levels, implying an increase in the number of riders.



**EXHIBIT 12. FARE STABILIZATION PROGRAM FIXED ROUTE AND ACCESS PASSES ISSUED,  
FY 2012 THROUGH FY 2024**



Source: Auditor-generated from OCTA Summary of Fare Stabilization Data Q4 FY 2024

**Environmental Mitigation Program Endowment Is On Track to Reach Its Funding Goal**

In calendar year 2016, the Board approved a roughly 12-year plan to set aside approximately \$2.9 million annually until 2028 or until the fund reaches its \$46.2 million endowment goal. The endowment fund is the financial mechanism that was established to support the long-term management and conservation efforts of OCTA’s environmental mitigation. As of June 30, 2024, the endowment balance was \$28.4 million—over \$9 million funds added since June 2021, or a 48 percent increase. The total consists of \$23 million from eight principal deposits plus \$5.4 million in investment earnings. If funds continue this growth pattern, OCTA will be on track to fulfill its goal, ensuring that funding remains for conversation and land management activities even after transportation projects are completed.

After the endowment is funded, OCTA plans to transfer the management of the Preserves to third-party land management entities and has begun researching organizations that are both interested and capable of taking on this responsibility.

**Recommendations**

None

## Chapter 2: More Than Half the M2 Pledged Program Has Been Delivered Since 2011

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Since the passage of M2 in 2006, OCTA delivered more than half of the program's pledged scopes, with 65.4 percent of planned capital project segments completed as of mid-2024. Key accomplishments include major freeway expansions, the completion of critical transit projects, and substantial environmental mitigation efforts. Notably, the largest M2 freeway project, the I-405 improvement, has been completed, significantly reducing risks for delivering the remaining projects. Despite delays and cost increases on some projects due to factors such as utility relocations, archaeological findings, and pandemic-related challenges, OCTA remains financially strong and on track to complete the remaining program commitments. Transit projects, including Metrolink improvements and the OC Streetcar, have faced budgetary and scheduling setbacks but continue to progress. Meanwhile, OCTA continued its commitment to environmental improvements, removing millions of gallons of trash and advancing water quality initiatives.

OCTA's strong project management controls and transparent reporting have further ensured steady progress, although opportunities remain to enhance reporting consistency for greater public transparency. Similarly, while OCTA generally complied with its procurement policies, small improvements can be made to provide better assurance of its competitive solicitation practices and clarify its guiding criteria.

### **Pledged Scopes Continued to Progress and be Delivered**

After the passage of M2, OCTA immediately embarked on a mission to deliver the programs and projects promised to the voters. Overall, 13 years, or 43 percent of the 30-year duration of the M2 program has passed, and 65.4 percent of the planned project segments have been completed.

While the Ordinance itself did not include exact scope of work promises for its slated M2 projects, OCTA provided more detailed scope plans for M2 projects in its 2006 Long-Range Transportation Plan Environmental Impact Report, which was published ahead of the November 2006 passage of M2. Our review of OCTA's reported accomplishments, published reports, and internal project tracking spreadsheets showed that the program is largely being delivered in line with those preliminarily developed scopes.<sup>3</sup>

Exhibit 13 highlights new progress on pledged scopes that occurred during the review period—project scopes that were delivered or progressed significantly during this review period are highlighted in green.

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<sup>3</sup> Minor scope changes occurred on several projects, but program wide there were not many changes when comparing planned scope as of 2024 to the 2006 Long-Range Transportation Plan Environmental Impact Report. For instance, Project I reduced 0.3 miles for each of its three segments. In another example, Project G has a tentative scope reduction from 2.5 miles to 1.3 miles, but this scope is not yet finalized.

**EXHIBIT 13. NEW ACCOMPLISHMENTS DURING THE REVIEW PERIOD ACROSS ALL PROGRAM AREAS AS OF JUNE 30, 2024**

Project Letter	Project Name	Planned Improvement per the M2 Transportation Investment Plan	Results <sup>1</sup>
<b>Freeway Projects</b>			
C	San Diego Freeway (I-5) Improvements South of the El Toro "Y"	Add new lanes Improve interchanges	<ul style="list-style-type: none"> <li>Construction on these 3 segments adding new GPL is currently between 93-95 percent complete</li> </ul>
F	Costa Mesa Freeway (SR-55) Improvements	Add new lanes Improve interchanges	<ul style="list-style-type: none"> <li>1 segment adding new GPL/HOVL, 4 miles in both directions <b>In Construction</b></li> <li>1 segment adding new GPL and improving interchanges, 7.5 miles in both directions. <b>In Design</b></li> </ul>
J	Riverside Freeway (SR-91) Improvements from Costa Mesa Freeway (SR-55) to the Orange/Riverside County Line	Add new lanes	<ul style="list-style-type: none"> <li>1 New GPL segment <b>Environmental Phase Underway</b></li> </ul>
K	San Diego Freeway (I-405) Improvements between the I-605 Freeway in Los Alamitos Area and Costa Mesa Freeway (SR-55)	Add new lanes Update interchanges Widen local overcrossings	<ul style="list-style-type: none"> <li>GPL/HOV Express Lanes, both directions; 16 miles <b>Project open to traffic and in closeout</b></li> <li>18 bridge replacements complete</li> </ul>
N	Freeway Service Patrol	Continuing service through 2041	<ul style="list-style-type: none"> <li>182,526 services to stranded motorists provided in review period</li> </ul>
<b>Streets &amp; Roads Projects</b>			
O	Regional Capacity Program	Complete the Orange County Master Plan for Arterial Highways (MPAH), add roughly 1,000 miles of new street lanes Construct BNSF railroad over or underpasses in Northern Orange County	<ul style="list-style-type: none"> <li>\$67 million awarded in review period under the MPAH local match program</li> </ul>
P	Regional Traffic Signal Synchronization Program	Synchronize over 2,000 Signals	<ul style="list-style-type: none"> <li>702 intersections synchronized in review period</li> </ul>
Q	Local Fair Share Program	Provide flexible funding to cities to address local transportation needs (e.g. residential streets, safety near schools, etc.)	<ul style="list-style-type: none"> <li>\$223.4 million in payments provided to local jurisdictions in review period</li> </ul>
<b>Transit Projects</b>			
R	High Frequency Metrolink Service	Increase rail service, upgrade stations, add parking capacity, improve safety, and add quiet zones Improve grade crossings and construct over or underpasses at high volume arterial streets that cross Metrolink tracks	<ul style="list-style-type: none"> <li>1 Metrolink grade crossing, safety, and station project completed in the review period</li> </ul>

Project Letter	Project Name	Planned Improvement per the M2 Transportation Investment Plan	Results <sup>1</sup>
U	Expand Mobility Choices for Seniors and Persons with Disabilities	3 programs to accomplish mobility goals for seniors and persons with disabilities	<ul style="list-style-type: none"> <li>• \$43.5 million provided during the review period to three programs to expand mobility choices for seniors and persons with disabilities</li> <li>• \$12 million provided to support boardings provided under the Senior Mobility Program</li> <li>• \$12.5 million allocated to Senior Non-Emergency Medical Transportation Program to support boardings</li> <li>• \$19 million allocated to stabilize fares and provide fare discounts to seniors and persons with disabilities</li> </ul>
<b>Environmental Cleanup</b>			
X	Clean Up Highway and Street Runoff that Pollutes Beaches	Implement street and highway related water quality improvement programs and projects to meet federal Clean Water Act standards for urban runoff	<ul style="list-style-type: none"> <li>• 24.5 million gallons of trash estimated to have been removed</li> <li>• \$500k in grants disbursed</li> </ul>

Source: Generated from M2 Quarterly Report 4<sup>th</sup> Quarter FY 2024, OC Go website, and OCTA tracking documents.

Note 1: Improvements completed prior to the review period were excluded from this exhibit.

Green text flags key project scopes that were delivered or progressed significantly during this review period.

## M2’s Biggest Freeway Project was Completed, Significantly Reducing Risk for Delivering the Remaining Program

M2 included 13 freeway projects, which are being built as 30 project segments. To date, 14 segments, or 47 percent, have been completed with the pledged scopes of work and are open to the public.<sup>4</sup> Of the remaining 16 segments, four freeway segments are planned to be environmentally cleared by 2032 and 12 are in-progress and estimated to be complete by 2030.

Of the 14 project freeway segments already open to traffic, one was completed during this assessment period. The I-405: SR-73 to I-605 design-build project has been opened to traffic as of December 2023 and closeout activities are underway as of spring 2024. The I-405 project was the largest project in the M2 program—comprising approximately 19 percent of the program budget. With this project being the highest cost and risk for OCTA, its completion significantly reduced the overall program-wide risk for the remaining M2 program.

The project did face notable cost increases and schedule delays. Since calendar year 2016, the various project delays impacted not only the project delivery schedule, but total project cost. Although OCTA reported that the project would be completed by April of 2023 and cost \$1.9 billion in calendar year 2016;

<sup>4</sup> Although the Transportation Investment Plan contained only general direction on improvements to be made such as “adding new lanes or adding capacity”, the underlying guiding document, the Final Program Environmental Impact Report developed for OCTA’s Long-Range Transportation Plan in July 2006, that was used as the underlying guiding document to identify improvement options, had specific recommendations on the types of capacity increasing projects.

as of June 30, 2024, OCTA reported total project cost of nearly \$2.2 billion, an increase of approximately \$260 million from its initial estimate in calendar year 2020, and delivery was pushed to February 28, 2024—nearly a year later. These delays and costs increases were attributed to:

- Archaeological discoveries, first identified in September 2019 and impacted critical construction areas further in late 2021
- Utility relocation challenges, including the discovery of unknown utilities, caused additional delays during the construction phase, particularly in calendar year 2021
- Safety related design changes requested by Caltrans
- Legal disputes with the cities of Long Beach and Seal Beach also contributed to delays in calendar year 2020
- The COVID-19 pandemic, starting in early 2020, exacerbated labor and material shortages, delaying project timelines
- Electronic tolling and traffic management changes

While these delays have substantially affected the overall delivery of this project, most of the delays and cost increases are outside of OCTA's control. However, OCTA may have saved time on the project by opting for the design-build delivery method which allowed for concurrent design and construction, potentially reducing the overall project schedule by up to two years.

Despite these increases, in total, the 14 completed freeway segments were completed at a total cost of nearly \$2.9 billion, \$252 million less than their combined current budget of nearly \$3.2 billion. Additionally, as will be described in later sections, OCTA's financial outlook is strong to deliver the remaining program. As such, no remarkable risk exists because of the challenges I-405 faced.

### **Transit Projects Made Progress, But Continued to Experience Challenges**

All but one pledged transit project have already been open to traffic. Of the 13 projects related to increasing Metrolink rail service (Project R), 12 are complete—with one completed during the review period. The Anaheim Canyon Metrolink Station Improvements project was completed in January 2023. Though overbudget and delayed, the project successfully added a second main track and passenger platform, extended the existing platform and enhanced at-grade crossings for pedestrian access, and installed new station amenities such as benches, shade structures, and ticket vending machines.

But despite the progress in completing transit capital projects, pandemic impacts to Metrolink services have continued to impact ridership recovery, which impacts farebox revenues and cost recovery. Without additional funding, service changes, or ridership growth, Metrolink's current operations may not be sustainable beyond FY 2038 prompting continued oversight from OCTA and other member agencies. According to OCTA, to address the decrease in revenue and usage of Metrolink they are in the process of rolling out a rail optimization program by the end of fall 2024 that seeks to help balance the cost of operations versus the decreased revenue.

Finally, the OC Streetcar (Project S) is the largest transit capital project in the M2 program. OC Streetcar has made progress during the review period, with the production of eight vehicles completed. But it has encountered ongoing schedule and budget challenges. It is anticipated to be done with construction and

operational by August 2025, a five-year delay from the original estimated construction completion date. In addition to past delays that were attributed to challenges such as unforeseen utility conflicts and conditions, removal of contaminated materials, construction quality control, and an extensive number of change requests, the project was further delayed in April of 2023 due to the discovery of archeological resources and utility and design challenges. At this time, the project is currently expected to cost \$595.8 million when completed, an increase of nearly \$287 million, or 93 percent, from cost estimates prepared at design completion. This project's goal was to provide traffic congestion relief, a key objective of M2, while connecting parts of Orange County to central population hubs, providing a new transit route currently unserved by Metrolink. In March 2023, OCTA executed an agreement with the State of California for an award of nearly \$150 million in Transit and Intercity Rail Capital Program funds which alleviates some of the additional expenses incurred on the project. However, prolonged delays may require increased funding from M2 and other local jurisdictions or partners. Moreover, the continued delays hinder the project's primary purpose of reducing congestion, as it is currently unable to provide the intended benefits while incomplete.

### **Environmental Stewardship Continues Under M2**

The Ordinance sets aside a minimum of five percent of the freeway program M2 revenues to fund the Environmental Mitigation Program (EMP) to mitigate the biological resource impacts of construction activities. Specific EMP activities include land acquisition and management of the OCTA Preserves and the funding of multiple habitat restoration projects throughout the County. When the measure was passed in 2006, the EMP was estimated to receive approximately \$243.5 million over the life of M2. This estimation is revised periodically based on fluctuations in sales tax revenue projections, economic conditions, and updates to OCTA's financial forecasts. Most recently, in FY 2023, the estimate was revised to \$291.9 million.<sup>5</sup>

Between July 2021 to June 2024, \$2.9 million was allocated annually to the EMP for ongoing costs associated with interim land management of the OCTA Preserves and the OCTA habitat restoration projects that are in progress.<sup>6</sup> These land management tasks include the maintenance, biological monitoring and patrol of the Preserves. From program inception through the same period, a total of \$51.3 million has been expended.

Two percent of the gross M2 revenue is allocated to the Environmental Cleanup Fund (ECP) for activities that improve water quality of urban runoff associated with transportation-generated pollution. Between July 2021 and June 2024, \$9.2 million was allocated to the ECP to award competitive grants to local agency partners in Orange County. These grants are designed to mitigate more visible forms of pollutants, such as litter and debris on roadways and in catch basins.<sup>7,8</sup> In one example of the program at work, funds spent

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<sup>5</sup> The program is overseen by OCTA's Environmental Oversight Committee (EOC) that meets quarterly and is comprised of 12 members, including two OCTA Board representatives, Caltrans, state and federal resource agencies, United States Army Corps of Engineers, non-governmental environmental organizations, the public and a Taxpayer Oversight Committee representative.

<sup>6</sup> According to OCTA, during this period the 2022 Coastal Fire impacted one of the OCTA Preserves. Costs related to the fire were accounted for in the \$2.9 million allocation.

<sup>7</sup> Though the review period is July 1, 2021 through June 30, 2024, available payment data spanned from January 1, 2021 through June 30, 2024.

<sup>8</sup> No Tier 2 funds were awarded during this review period.

equated to 24.5 million gallons of trash collected during the review period. Other funds were available previously to address more regional, capital-intensive projects, such as constructing wetlands or creating detention basins to mitigate non-visible pollutants (referred to as Tier 2), but OCTA has expressed that the inventory of shovel ready Tier 2-type projects is limited. Although OCTA released a third Tier 2 call in February 2024 with program recommendations expected in fall 2024, OCTA stated that only four applications were received.

With these funds spent on water quality improvements and land conservation efforts, OCTA continues to meet commitments, as promised in M2.

## **OCTA Continued to Demonstrate Solid Controls Over Construction Management**

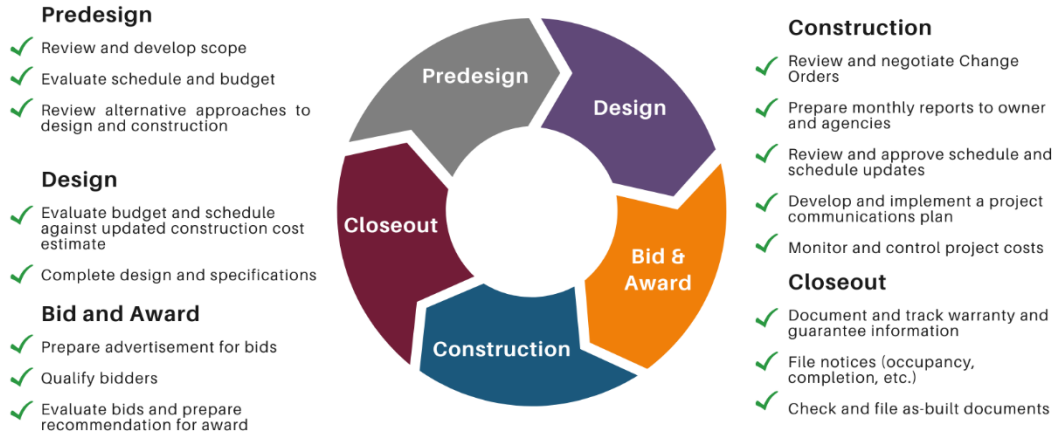
Similar to prior reviews, we found that OCTA continued to have a strong framework to monitor and report on capital projects and is following typical project management practices.<sup>9</sup> OCTA uses the same Program Management Procedures (PMP) manual that was in place in past assessments. Through discussions with staff, we found that OCTA continues to use this manual to guide its capital project management practices and processes described aligned with the PMP. We found OCTA's existing policies and procedures include many leading practices, such as cost risk assessments, progress payment reviews, change order negotiations, use of Primavera for scheduling, on-going project cost analysis, lessons learned assessments, and more. To further assess OCTA's practices, we compared OCTA's current practices to those implemented by other California Agencies and reported in the California Multi-Agency Capital Improvement Program (CIP) Benchmarking Study.

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<sup>9</sup> Best Practices considered include Project Management Institute's Construction Extension to the Project Management Body of Knowledge Guide, Construction Management Association's Construction Management Standards of Practice, Federal Highway Administration guidance, Caltrans Local Assistance Manual, and the California Multi-Agency CIP Benchmarking Study.



## EXHIBIT 14. OCTA'S IMPLEMENTATION OF LEADING PRACTICES



Source: Various OCTA Policies and Procedures Manuals as documented in: CAMM Policy Manual, Rails Programs Department –Program Management Procedures Manual, Program Management Procedures Manual, and the most updated 2023 California Multi-Agency CIP Benchmarking Study

## Opportunities Exist to Enhance Transparency of Reporting Capital Project Delivery Performance

While OCTA's construction management was robust, some opportunities exist to build upon existing reporting practices to improve transparency. Delivering the M2 capital projects is a major feat, as many roles and responsibilities exist to ensure the project is delivered as promised, within schedule and cost boundaries, and well-coordinated and communicated among stakeholders. OCTA demonstrated great effort in these matters by holding regular project team meetings with both internal and external stakeholders, managing and tracking project schedules, change orders, and status reports, and closely documenting project activity through a variety of project management systems. OCTA kept detailed records of these activities and provided information publicly on its website and through quarterly progress reports.

The main tool used by OCTA to report progress publicly, the M2 Quarterly Progress Report, provided a critical look at program status in an easy-to-understand format.<sup>10</sup> In particular, the report not only highlighted successes, but also pointed out challenges and clearly identified risks and reported issues during the quarter in which the issue occurred. For instance, the Capital Action Plan (CAP) section of the report provided a quick snapshot of cost and schedule baselines to actuals and flagged those projects where schedule milestones were missed and/or projected final costs were expected to exceed the baseline. The reasons for the delays or cost increases for each project were then discussed in the report. If certain criteria were met, budgets and schedules were adjusted to account for such changes.

However, we found that while the M2 Quarterly Progress Reports were transparent in disclosing issues and changes that affected the project during the quarter in which the issue was identified, the subsequent reports after the initial report did not always clearly communicate that a revision had been made to a baseline budget or schedule. This meant that if a reader only saw the latest progress status that had an


<sup>10</sup> M2 Quarterly Progress Reports are reported to OCTA's Board of Directors and are available on OCTA's website.



adjusted budget or schedule, they would not be able to know that those had been changed unless they had been tracking status on the specific project quarter to quarter.

In looking at a specific example, the I-5 SR-55 to SR-57 project (Project A) had an original project completion date of February 2020 that was reported to the public in FY 2016. Changes in scope, funding sources, and re-advertising construction bids caused delays on the project. As a result of these delays, following allowable internal procedures, OCTA revised the scheduled completion date to April 2021. The project was completed in January of 2021. As shown in Exhibit 15, in 2021 OCTA reported that the project was completed 3-months ahead of schedule in January 2021 and made no mention of the delays that caused the schedule completion date to be changed from February 2020 to January 2021. While the project was completed earlier than the amended schedule, it was completed later than what was initially reported. Without a clear disclosure that the completion schedule had been amended, the status report may unintentionally misrepresent the project outcome.

### EXHIBIT 15. COMPARISON OF PROJECT SCHEDULE REPORTING

M2 Quarterly Report, FY 2019 Q3	
<p><b>INTERSTATE 5 (I-5) PROJECTS</b> ▼</p> <p><b>Segment:</b> I-5, Between SR-55 and SR-57 <span style="float: right;">PROJECT A</span></p> <p><b>Status:</b> Construction Underway – 6% complete</p> <p><b>Contact:</b> Rose Casey, Capital Projects • (714) 560-5729</p> <p><b>Summary:</b> This project will increase high occupancy vehicle (HOV) capacity by adding a second HOV lane in both directions along I-5 between SR-55 and SR-57 in Santa Ana. The project was re-advertised on August 27, 2018 and bids were opened on October 18, 2018. <b>The construction contract was approved on December 28, 2018. Due to changes in scope, the replacement of State Transportation Improvement Program (STIP) funds with Congestion Mitigation and Air Quality (CMAQ) funds, and the need to re-advertise for construction bids, this project was delayed 11 months beyond the original schedule.</b> Construction began on February 20, 2019 and is expected to be completed early 2021.</p>	
M2 Quarterly Report, FY 2024 Q4 (Most Recent)	
<p style="text-align: right;"><b>PROJECT A</b></p> <p><b>INTERSTATE 5 (I-5) PROJECTS</b></p> <p><b>Segment:</b> I-5, SR-55 to SR-57 <span style="float: right;"></span></p> <p><b>Status:</b> PROJECT COMPLETE</p> <p><b>Contact:</b> Rose Casey, Capital Projects • (714) 560-5729</p> <p><b>Summary:</b> This project added a second high-occupancy vehicle (HOV) lane (approximately three miles) in both directions along I-5 between SR-55 and SR-57 in the City of Santa Ana. The final Environmental Document (ED) and Project Report (PR) were approved on April 27, 2015. Construction began on December 27, 2019, <b>and the improvements opened to traffic on August 24, 2020. The project was officially completed three months ahead of schedule on January 6, 2021,</b> and plant establishment was completed on May 24, 2021.</p>	

Source: OCTA Quarterly Progress Reports for Project A (I-5, Between SR-55 and SR-57) for FY 2016 Quarter 1 Report, FY 2019 Quarter 3 Report, and FY 2024 Quarter 4 Report.

It is not uncommon for project budgets and schedules to change, and such changes are permissible. But to improve transparency, it is important that reported project status clearly reflects an accurate picture with context as needed and be presented in an accessible way without requiring the public to do historical research. With the current reporting method, the public would need to individually trace the history of

projects in quarterly updates to see how results compare to original plans. To further enhance transparency, OCTA should consider providing contextual disclosures in its reporting when project cost and schedule status are being reported against an amended plan rather than the original plan. This disclosure can include a note to point readers to where they can understand details on when and why plans were amended in past reporting iterations. This would provide a clearer, more comprehensive picture of project performance and provide a trail for the public to follow to understand reasoning for changes that have occurred.

## Procurement Practices and Activities Generally Comply With OCTA Policies, Though Small Improvements Can be Made

With 143 M2 related contracts totaling more than \$185.7 million awarded during the three-year assessment period, strong contract administration is critical to ensure that M2 monies are awarded appropriately. We found that OCTA maintained a Contracts Administration and Materials Management (CAMM) Policy Manual to guide its methods for initiating, developing, executing and administering third-party contracts, and generally complied with its policies.

We reviewed three sampled M2 contracts against CAMM rules and found that each procurement generally complied with most of the critical policies and procedures, though some exceptions of noncompliance were identified. Results are shown in Exhibit 16.

**EXHIBIT 16. RESULTS OF PROCUREMENT FILE TESTING FOR COMPLIANCE WITH PROCUREMENT POLICIES**

P&P Requirement	Contract Number		
	C02582 Request for Proposals	C32208 Invitation for Bids	C02637 Request for Proposals
Scope of Work Defined	✓	✓	✓
Independent Cost Estimates Performed	✓	✓	✓
Sole Source Justified	N/A	N/A	N/A
Conflict of Interest Forms Signed by Selection Panel	✓	N/A	✓
Consistent, accurate, and complete scoring documentation	X	N/A	X
Final documented score supports awarded contractor	✓	N/A	✓
Evidence of Negotiated Price, where applicable	✓	N/A	✓
Evidence of Sealed Bid, where applicable	N/A	✓	N/A
Properly Approved	✓	✓	✓
Notice to Proceed Issued and Retained	X	✓	X

Key: ✓ = Documentation retained demonstrating procedure was followed

X = Documentation retained does not demonstrate procedure was followed

N/A = Not a requirement for the specific type of procurement tested

For two out of three tested procurements, there were minor inconsistencies in how scoring results were documented. For Contract C02637, the selection panel's scoring summary sheets did not fully reflect the individual panelists' scoring documentation. Specifically, six panelists were responsible for evaluating

proposals from three different contractors. While the scores for two of the contractors were consistent between the individual panelist documentation and the scoring summary sheet, discrepancies were found in the scores for one of the contractors.

For four out of the six panelists, the scores recorded on the summary sheet were lower than those documented in the individual panelists' scoring sheets. The differences are summarized below:

**EXHIBIT 17. EVALUATION SCORING DISCREPANCY FOR CONTRACT C02637**

Evaluator Number	Scoring Summary Sheet	Individual Panelist Scoring Documentation	Point Difference
2	76	80	4
3	80	82	2
4	78	82	4
5	82	86	4

Source: Auditor-generated based on procurement documentation provided by OCTA

Although these discrepancies did not affect the contractor's overall ranking or the outcome of the selection process, it is important for OCTA to strictly enforce procedural practices in panelist scoring to ensure transparency and accuracy in its procurement practices. All panelist scoring should be accurately recorded, and any changes to scores should be clearly documented and maintained to demonstrate proof of thorough evaluation.

In another example, Contract C02582 had one evaluator that did not complete every section on the evaluation form, and only entered the total score on the final page. CAMM does not describe the nuances of what scoring sections need to be filled out, but individual sections on an evaluation form that exist but remain blank do not provide full assurance that scores were accurately and fairly captured at the time of review. While minor, OCTA should strengthen its scoring procedures to eliminate any room for doubt.

OCTA agreed that human errors and omissions can occur during the evaluation process and has already taken steps to improve these types of challenges. In October 2024, OCTA issued a Request for Proposals (RFP) for a full suite E-Procurement solution that will modernize its procurement process. The system will streamline OCTA's existing processes which currently require multiple in-house applications and manual steps. The goal will be to manage and implement procurement processes electronically in one system including vendor registration, bidding and proposal submission, solicitation postings, evaluation, awards, reporting, and more. One of the RFP tasks requires the vendor to gather and document OCTA requirements to ensure that the system is configured in a way that meets the needs of OCTA processes and policies by describing problems, business cases, and other key information to provide business solutions. As part of this process, OCTA should ensure that the scoring and evaluation is reviewed to build system functions that better capture consistent and accurate data that clearly documents how and why certain vendors were awarded contracts.

Finally, the other instance of noncompliance with CAMM relates to when Notice to Proceed (NTP) documents are required to be issued. In two of the three sampled procurements, OCTA did not issue an NTP to contractors as required by the CAMM manual which states, "CAMM shall have responsibility for

issuing the Notice to Proceed after contract execution” for all contracts that require Board approval. All three sampled procurements did require and receive Board approval, but an NTP was only issued for one contract.

Issuing an NTP is an important standard practice because it formally authorizes the contractor to begin work, ensuring that contractors follow a determined schedule and do not incur and attempt to charge unallowable costs before a designated timeframe. The absence of this notice creates the risk of disputes about schedule and cost. According to OCTA, the intent of the CAMM policy was not to mandate NTPs for all contracts but rather give discretion to project managers to determine if NTPs are needed on a project-specific basis because some contracts use the contract execution date as the allowable notice to start work. For example, long contracts that have phases may need an NTP to curb spending until the most efficient time to start the work. While the rationale provided appears reasonable, the CAMM manual does not state that NTPs are optional, and at the discretion of project managers. To ensure that correct contract initiation procedures are consistently applied and when risk-mitigating requirements like NTPs should be issued, OCTA should add clarifying language in the CAMM manual on what CAMM policies are subject to project manager discretion.

## **Recommendation**

1. To enhance transparency, OCTA should consider providing contextual disclosures in its reporting when project cost and schedule status are being reported against an amended plan rather than the original plan.
2. As part of the development of the new E-procurement solution, OCTA should ensure that the scoring and evaluation processes are reviewed to build system functions that capture consistent and accurate data that clearly documents how and why vendors were awarded contracts.
3. To strengthen compliance with OCTA’s contracting and procurement policies, OCTA should add clarifying language in the CAMM manual on what CAMM policies are subject to staff discretion.

## Chapter 3: OCTA Demonstrated Strong Program Management

During the period of review, OCTA demonstrated strong program management in overseeing the program, which is critical to ensuring the successful delivery of promised projects. The Project Management Office (PMO) plays a central role, coordinating project delivery, monitoring progress, and maintaining fiscal responsibility. Through close collaboration across divisions, the PMO ensures transparency, effective management, and adherence to the taxpayer safeguards outlined in the Ordinance. OCTA continues to refine its project management practices, ensuring that roles, responsibilities, and reporting systems remain clearly defined and well-coordinated. Additionally, OCTA has made notable improvements based on prior performance assessments, addressing recommendations related to cybersecurity and administrative cost controls. The agency’s commitment to continuous improvement, particularly in areas like cybersecurity and financial oversight, ensures it maintains a strong foundation for delivering the M2 program.

### The Project Management Office Employs Solid Practices to Oversee M2 Program

After the passage of M2, the OCTA Board created the PMO to oversee the implementation and delivery of the program. While other units in OCTA deliver the individual capital projects outlined in M2, the PMO serves as the central point of advocacy and leads efforts to monitor both project and program level progress, coordinate between units, provide reports, and other duties as needed.

The PMO’s goals are to ensure compliance and consistency with the Ordinance, provide sound, effective management of the program, ensure fiscal responsibility and transparency, and implement taxpayer safeguards as outlined in the Ordinance. To further these goals, the PMO Charter details functional responsibilities related to management of the program and importance of public trust as shown in Exhibit 18.

Based on our review of key documents, interviews, and assessment of PMO’s knowledge and involvement in the various scope areas of this performance assessment, we found that the PMO has a clear understanding of their roles and responsibilities and continued efforts to enhance and improve its processes to oversee the implementation of the program.

**EXHIBIT 18. FUNCTIONAL RESPONSIBILITIES FROM THE PMO CHARTER**

PMO Goal	Functional Responsibilities
<b>Compliance &amp; Consistency</b>	1. Ensure projects, programs, and taxpayer safeguards are developed and delivered according to processes and procedures included in the Ordinance.
	2. Coordinate development of delivery plans to ensure delivery of all projects and programs included in M2.
	3. Monitor completion of activities related to implementation of M2.
<b>Management</b>	4. Ensure projects, programs, and taxpayer safeguards are developed and delivered according to processes and procedures included in the Ordinance.
	5. Coordinate M2 program and project management policies and procedures for use by all OCTA divisions.

PMO Goal	Functional Responsibilities
	6. Serve as a clearinghouse for ensuring critical interdivisional Ensure projects, programs, and taxpayer safeguards are developed and delivered according to processes and procedures included in the Ordinance.
Fiscal Responsibility	7. Ensure proper reporting and review of M2 receipts, expenditures, and accounting of M2 proceeds to meet business and agency standards.
	8. Ensure uses of M2 and related external funding follow Ordinance provisions.
Transparency	9. Coordinate and oversee reporting of M2 Program status/information to the Board, general public, and stakeholders.
	10. Ensure consistent and appropriate reporting of information related to M2 project activities.
	11. Provide access to relevant M2-related policy and procedures.
Safeguards	12. Ensure implementation of safeguard measures called for in the Ordinance, including the Taxpayers Oversight Committee, quarterly reports to the Board, annual expenditure reports, Triennial Performance Assessments, Ten-Year Review, annual Local Transportation Authority audit, and reporting from the local jurisdictions.

Source: PMO Charter 2019 Revision

## Effective Program Coordination Continued Across OCTA Divisions and Management

With PMO leading as the central and unifying office to oversee implementation of the program, it coordinates with many other divisions within OCTA that are involved with different aspects of project and program delivery. These other divisions also had clearly defined roles and responsibilities, with key functions generally assigned to the same division as prior reviews.<sup>11</sup> Moreover, OCTA also maintained its M2 Program Management Committee, which provided an avenue for executives and managers to collaborate cross-functionally on M2 matters.

During interviews, the PMO and divisions each had a clear understanding of respective roles and responsibilities, such as program oversight, public reporting and outreach, schedule and cost controls, and grants to locals. In Exhibit 19, we provide a table of key functions and responsibilities and the responsible area.

**EXHIBIT 19. ASSIGNMENT OF KEY M2 FUNCTIONS AND RESPONSIBILITIES**

Key Function and Responsibility	PMO	Planning/ Programming	Capital Programs	Project Controls	Local Programs	Finance	Transit Ops	External Affairs
Program Delivery	✓		✓		✓		✓	✓
Compliance with Ordinance	✓	✓	✓		✓	✓		✓
Program Oversight	✓							
Project Oversight & Management			✓		✓			✓

<sup>11</sup> Minor organizational changes occurred during the review period, but there was no notable impact to coordination of the M2 program.

Key Function and Responsibility	PMO	Planning/ Programming	Capital Programs	Project Controls	Local Programs	Finance	Transit Ops	External Affairs
Schedule & Cost Control	✓	✓	✓	✓	✓			
Schedule & Budget Adherence	✓	✓	✓	✓	✓			
Change Order Management			✓	✓	✓			
Determining Local Jurisdiction Eligibility					✓			
Grants to Local Jurisdictions					✓	✓		
Monitoring Local Projects & Expenditures					✓	✓		
Senior Passes							✓	
Forecasting & Cash Flows	✓	✓				✓		
Revenue Projections	✓	✓				✓		
Revenue Monitoring	✓	✓				✓		
Reporting to Decision Makers	✓	✓	✓		✓	✓		
Reporting to Public	✓	✓	✓		✓	✓		✓

Source: OCTA Organizational Chart and results of assessment interviews.

In addition to this coordination and collaboration between divisions, OCTA also continued to have its M2 Program Management Committee in place with regular formal biweekly meetings to ensure strong communication occurred among key management members. During these meetings, executives and managers openly discussed ideas, challenges, action steps, and other key topics to ensure leaders of different teams could provide subject matter expertise and input on M2 matters.

Moreover, the formal bi-weekly format ensured a regular communication structure was in place to discuss topics such as revenue assumptions, expenditure reports, individual project cost details, project delivery, competitive project applications, and outreach. Formal written agendas and meeting notes were prepared to summarize items discussed, updates provided, action items, and action owners.

## Continuous Improvement Was Valued Through Implementation of Prior Assessment Recommendations

With the Ordinance requiring a performance assessment every three years to evaluate the efficiency, effectiveness, and economy of OCTA organization in delivering M2, we found that the OCTA continues to actively address recommendations as necessary on an ongoing basis. Specific to the 2021 performance assessment, OCTA has either completed or efforts are ongoing to address all recommendations, as reflected in Exhibit 20.<sup>12</sup>

<sup>12</sup> Recommendations from triennial assessments prior to 2021 have all been addressed in past cycles.



**EXHIBIT 20. 2021 PERFORMANCE ASSESSMENT RECOMMENDATION STATUS AS OF 2024**

No.	Category	Prior Recommendation	Addressed
1.	Program Goals and Delivery	Consider identifying when to begin efforts to engage with potential external caretakers for long-term management of the seven conservation properties in conjunction with the 2015 framework.	<b>In Progress</b>
2.	Cyber Security	Consider developing a process for role-based access changes and ensure that program managers and supervisors understand access protocols and expectations. The Information Services (IS) team should continue to work with Human Resources to develop a better notification system for determining when staff access should be altered due to staff role changes.	<p align="center">✓</p> <b>Implemented</b>
3.	Cyber Security	Require contractors with OCTA email addresses and network access to take and pass internal OCTA security training as a contract condition.	<p align="center">✓</p> <b>Implemented</b>
4.	Transparency & Accountability	Consider rephrasing the 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.	<b>In Progress</b>

Source: Auditor-generated from the July 1, 2018 to June 30, 2021 M2 Performance Assessment.

The two recommendations that have been completed relate to cyber security improvements. To address the recommendation related to a process for improvements to cyber security user access, in February 2023, OCTA implemented a new process (effective March 1, 2023) for all hiring managers to require contracted staff to complete cybersecurity training. This new process included an instructional guide which required hiring managers to complete Role Based Access for active directory groups when onboarding a non-OCTA employee (i.e. consultant, contractor, temp, vendor). To ensure that Human Resources is notified of altered staff role changes, OCTA also now monitors role-based access by producing a list of OCTA.net users within each access role and reviews the list for changes. Based on the efforts described, OCTA has completed this recommendation.<sup>13</sup>

The second recommendation related to contractual conditions for external vendors to take and pass cyber security training. Rather than add cybersecurity training as a contractual condition, OCTA opted to require cybersecurity training attestation at the point of onboarding new external staff and annually thereafter to gain access to OCTA resources. Starting March 1, 2023, this requirement was rolled out in conjunction with the role-based access initiatives discussed above. OCTA staff review each attestation for appropriateness. The intent of the recommendation was to implement cybersecurity safeguards of OCTA systems for users external to OCTA. By requiring cybersecurity training prior to granting access, and then reaffirming cybersecurity training each year, OCTA has met the intent behind this recommendation.

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<sup>13</sup> In May 2023, a cybersecurity internal audit that also addressed this issue and recommended that OCTA's annual access reviews of internal users be done more frequently and be expanded to include third-party users. In July 2023, staff responded to the audit findings and agreed to increase the frequency of user access reviews to at least quarterly and address third-party user reviews as part of placing the same requirements on external users as internal users. Because the audit was issued in May 2023, just a few months after the onboarding improvements described above were implemented, it is reasonable that similar themed issues had still been flagged as part of the internal audit fieldwork.



The remaining two recommendations related to program goals and delivery and transparency and accountability are still in progress at the time of this review. In response to the recommendation to engage with potential external caretakers for long-term management of the conservation properties, OCTA reported that it has begun to engage with potential caretakers and estimates to fully address the recommendation by 2028. Additionally, OCTA is still in progress of addressing the recommendation related to revisiting the survey question concerning Orange County residents' awareness of OC Go. OCTA is in the process of planning and developing its 2025 Attitudinal Awareness survey and plans to complete this recommendation with the issuance of the survey.

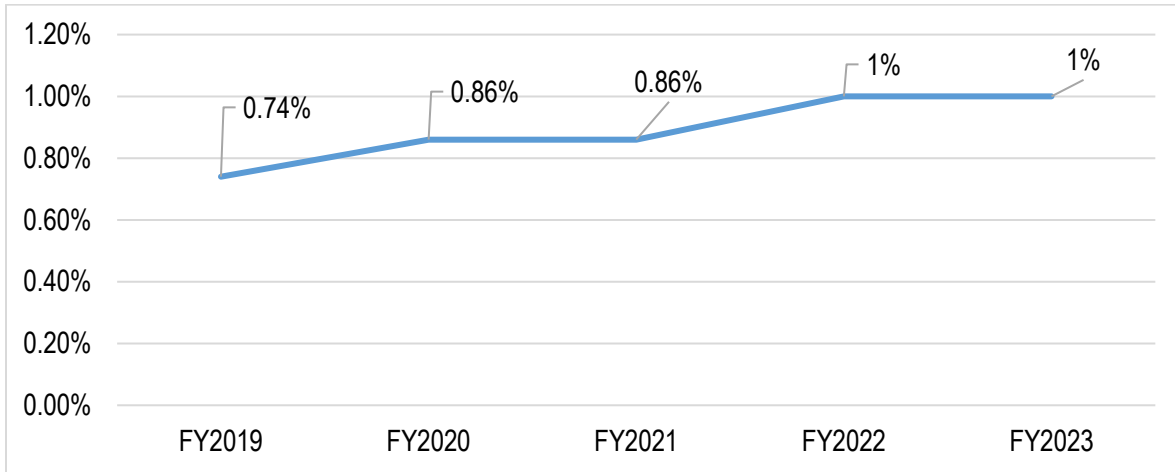
### **Administrative Costs Increased But Were Limited to Comply With Ordinance and Closely Monitored**

The Ordinance has a one percent cap for administrative costs, which provides salaries and benefits to OCTA administrative staff. Should the cap be exceeded, the additional funds can be borrowed from non-M2 sources. In years past, OCTA exceeded the one percent cap and borrowed approximately \$5.3 million from the Orange County Unified Transportation Trust. As of March 31, 2024, all funds borrowed, and their associated interest have been repaid in full.

OCTA monitors administrative costs by reviewing the timesheets of administrative staff. Additionally, administrative costs are reviewed each quarter by department heads, and if needed, a process exists to reverse charges if errors are found. Further safeguards include a requirement for Board approval for costs that would exceed the one percent cap.

A review of the annual administrative costs in comparison with the sales tax revenue and interest earned, showed that the one percent cap was maintained for the review period. As shown in Exhibit 21, the five-year trend showed an increase in administrative cost percentage from 0.74 percent in FY 2019, to 0.86 percent in FY 2020 and FY 2021, and rising to one percent for both FY 2022 and FY 2023—still within the one percent cap. OCTA described the increase resulted from two primary factors—the addition of a full-time employee and the need for the Executive Director to spend additional time on M2 due to complicated situations regarding local eligibility determinations.

**EXHIBIT 21. ADMINISTRATIVE COST AS PERCENTAGE OF SALES TAX REVENUE,  
FY 2019 – FY 2023**



Source: Summary of M2 Administrative Costs from Inception through June 30, 2023 provided by OCTA

We found that OCTA closely monitored administrative costs to ensure compliance with Ordinance requirements and has appropriate safeguards in place to ensure variances are subject to review and approval by the Board.

**OCTA Implemented Several Improvements to Its Cybersecurity Operations, Though Opportunities to Strengthen Efforts Continually Exist**

Cybersecurity risks continue to grow and evolve continuously as technology advances. In this regard, organizations are never fully protected from all risks. But, to best safeguard its resources, agencies like OCTA should have a cyber security framework that has periodic and continuous monitoring in place, as well as routine assessments of each area of control to ensure that the organization has implemented the necessary controls to safeguard against cybersecurity threats. Our high-level review of OCTA’s cybersecurity policies and practices found that OCTA has established an information security framework with many of the necessary controls in place to protect the M2 program from cyber threats.

Based on guidance from cyber security best practices, Exhibit 22 reflects seven key cyber security controls commonly used across the industry.<sup>14</sup> We found that, generally, OCTA has established many of the controls necessary to secure its operations.

**EXHIBIT 22. KEY AREAS OF CYBER SECURITY CONTROLS**

Seven Key Areas of Cyber Security Controls	OCTA Implementation	Description of Controls in Place
Regular Security Awareness Training for Staff	✓	OCTA has successfully implemented annual cybersecurity training for all staff, including training modules that can be tailored to individual staff needs.

<sup>14</sup> Cybersecurity best practices are drawn from US Department of Commerce National Institute of Standards and Technology (NIST), US Department of Transportation Cybersecurity Policy, California Office of Information Security (OIS), Information Systems Audit and Control Association (ISACA), and American Institute of Certified Public Accountants (AICPA).

Seven Key Areas of Cyber Security Controls	OCTA Implementation	Description of Controls in Place
Disaster Recovery and Continuity Planning	✓	After the breach in 2016, IS team updated practices and response time. IS staff state that future recovery would only take minutes rather than days due to comprehensive planning.
Utilizing Strong Authentication Practices	✓	OCTA has implemented an Access Control Security Policy that includes strong authorization practices such as conditional access and multi-factor authentication for remote logins.
Configuring and Monitoring Access to Information Systems	✓	In response to recommendations, OCTA implemented a formal system in place to monitor role-based access changes in March 2023.
Implementing Incident Response and Reporting Policy	✓	OCTA's Incident Response Policy provides employees and third parties with effective means to identify, respond, and resolve incidents.
Applying Remote and Wireless Network Access Restrictions	✓	OCTA's control policy specifies that remote access is only allowed with approval from the IS team.
External Partner Management and Oversight	✓	In response to recommendations OCTA implemented an annual cybersecurity training requirement for third-party users to gain access to OCTA systems and a regular review of users' access levels in March 2023.

Source: Auditor-generated based on review of policies, procedures, memos, and other files provided by OCTA

### OCTA's Internal Cybersecurity Audit Had Findings Which Have Been Addressed or Are In-Progress

In Spring 2023, OCTA conducted an internal audit of the Information Services Cybersecurity Program using the National Institute of Standards and Technology Cybersecurity Framework (NIST CSF) as criteria. This audit provided additional assessment and assurance over OCTA's processes, program, and related cybersecurity risks during our review period. While some findings identified are not fully resolved, OCTA has made progress in addressing the recommendations for each finding.

Exhibit 23 shows the status of the recommendations at the time of this review.

**EXHIBIT 23. STATUS OF RECOMMENDATIONS FROM OCTA'S INTERNAL AUDIT AS OF 2024**

Finding Summarized	Status	Status Details
Current asset management processes do not fully enable the Cybersecurity Office to identify, track, and protect all hardware, software, and data assets against cybersecurity threats.	In progress	Drafted asset management program requirements and plans to use asset management module of its help desk system. Estimated to be complete 2025.
Newly discovered vulnerabilities are often not mitigated or documented as "accepted risks" in a timely manner.	In progress	Began developing a reporting system to monitor assets and remediate vulnerabilities. Identified need for a comprehensive vulnerability management program to fully address recommendation. Estimated to be complete in late 2024.

Finding Summarized	Status	Status Details
The Protect and Recover functions of the Cybersecurity program relating to business continuity and disaster recovery can be strengthened.	In progress	Began updating the Continuity of Operations Plan and planned to conduct an exercise to test response plan. Estimated to be complete in late 2024.
The Data Protection and Privacy Program can be strengthened.	In progress	Plans in place to develop data security policies. Estimated to be complete in 2025.
Third-Party Security Management can be strengthened.	Completed	Implemented an annual cybersecurity training requirement for third-party users to gain access to OCTA systems and a regular review of users' access levels. Completed in March 2023.

Source: Auditor-generated based on interviews with staff and review of the 2023 audit

### OCTA Continues to Improve Existing Cyber Security Policies and Practices:

In pursuit of continuous improvement and keeping up with best practices, OCTA made several improvements related to its existing Cyber Security control during the current assessment period, including:

- **Ongoing Changes to Existing Security Training and Processes.** OCTA’s Security Policy specifies that regular physical and cyber security training and awareness are provided to all OCTA employees. More user-friendly and approachable quarterly trainings were added, along with posting “Inside Man” episodes weekly to OCTA’s intranet. Between July 1, 2021 and June 30, 2024, all staff successfully completed the General User Annual Refresher Training.
- **Successes in Disaster Recovery Process.** In addition to an annual review of OCTA’s Incident Response Plan, the policy requires yearly testing. For the exercise conducted in calendar year 2023, OCTA reported that it was able to restore services well ahead of their goal.
- **Remote Work Protocols Remained in Effect.** The COVID-19 pandemic presented new challenges for OCTA in terms of access control management. Per OCTA’s access control policies, remote access to OCTA computing resources is only permitted by methods that have been approved by the Information Services Department. All users have unique IDs and are granted least privileges – access to only what is necessary for their job functions. Staff also have remote cloud access to Office 365, and both conditional access and multi-factor authentication are utilized for all remote login requests.
- **Ongoing Challenges and Solutions.** OCTA cited phishing campaigns as the greatest threat to cyber security at OCTA. Sophisticated protections can mitigate, but not eliminate human error, or a user allowing access. Advancements in artificial intelligence have led to more convincing schemes as the old hallmarks of fraudulent actors, such as poor grammar and misspellings, were less frequent. OCTA conducted quarterly phishing testing.

These improvements to OCTA's cybersecurity framework are indicative to OCTA's proactive approach to managing its cyber security controls and practices.

## **Recommendations**

None

## Chapter 4: OCTA Maintains Solid Framework for Ordinance Compliance

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OCTA maintained a solid framework to ensure compliance with the Ordinance, using a comprehensive tracking system to monitor all program areas. The PMO developed a detailed compliance matrix that tracks more than 220 requirements from the Ordinance, ensuring that OCTA meets its obligations related to funding, project oversight, and taxpayer safeguards. Local jurisdictions are subject to rigorous eligibility reviews before receiving M2 funds, and OCTA conducts thorough audits and assessments to verify compliance. During the review period, most jurisdictions were found to be compliant, with a few exceptions that resulted in temporary suspensions of funding. OCTA's commitment to transparency and diligent monitoring of program compliance has allowed the agency to allocate over \$104 million over the 3-year period in competitive grant funding to local agencies. As the M2 program continues, OCTA's robust compliance framework will play a critical role in ensuring ongoing accountability and the successful delivery of projects.

### **Robust System Used to Track Compliance with Ordinance**

The Ordinance and Transportation Investment Plan detailed provisions for funding, maintenance of effort (MOE), and a TOC among several other requirements. To track compliance with the Ordinance provisions, the PMO developed a comprehensive and detailed matrix involving many owners and experts throughout the organization as coordinated by the PMO.

### **Matrix Used Was Comprehensive and Effectively Tracked Compliance**

To track compliance with the Ordinance and Transportation Investment Plan, OCTA implemented a comprehensive tracking tool entitled M2 Ordinance Tracking Matrix. The Tracking Matrix is utilized to ensure compliance with the Ordinance in all program areas, specifically in compliance categories where Ordinance language specifies "shall" or "must." At the end of each calendar year beginning in October, multiple OCTA divisions update the Tracking Matrix as part of a collaborative effort. Although there are different divisions responsible for tracking compliance with the Ordinance and updating the Tracking Matrix both solely and jointly with other divisions, the Planning Division is responsible for tracking compliance for the majority of the requirements.

Each division has an assigned expert or owner in charge of annually updating the Ordinance requirements compliance status in the Tracking Matrix and providing supporting documentation that is verified by the PMO. OCTA utilizes a SharePoint "Document Center" to house all final M2 material, staff reports, accounting documents, etc. In addition to increased data findability, the document center added additional historical data storage to preserve archived project material. Exhibit 24 shows the type and count of categories of Ordinance requirements. As part of our assessment, we verified that all 222 requirements from the Ordinance were reflected in the Tracking Matrix.

**EXHIBIT 24. ORDINANCE MAJOR REQUIREMENT CATEGORIES**

	Requirement Categories	Number of Requirements (2021)	Number of Requirements (2024)
1	Administrative and General	24	25
2	Allocation of Net Revenues	9	9
3	All Freeway Projects	17	17
4	Specific Freeway Projects	43	43
5	Eligible Jurisdictions	20	20
6	Specific Streets and Roads Projects	17	17
7	All Transit Projects	3	3
8	Specific Transit Projects	28	28
9	Project X	15	15
10	Safeguards and Audits	14	45
	<b>Total</b>	<b>190</b>	<b>222</b>

Source: Auditor-generated based on the Ordinance Tracking Matrix for period ending December 31, 2023

As of the period ending December 31, 2023, OCTA indicated that the necessary activities were taken to comply with 175 of the Ordinance’s 222 requirements, as shown in Exhibit 25. The remaining 47 requirements are recurring actions that will not close until the end of the measure, are underway, or not yet applicable as they are dependent on events to trigger further action.

**EXHIBIT 25. OCTA’S COMPLIANCE STATUS WITH ORDINANCE REQUIREMENTS AS OF 12/31/2023**

Compliance Status	Status Description <sup>15</sup>	Total Count
Compliant	“Completed” - Actions taken to establish Ordinance maintenance or monitoring components, such as the establishment of a TOC, or the specific project associated with the item has been completed	45 (Includes 1 “Modified; Completed”)
	“Completed to Date” - Actions that must be taken quarterly, annually, or during a set yearly cycle, such as ensuring that MOE levels are adjusted every three years using the Caltrans Construction Cost Index.	130
Compliance Not Yet Required	“Action Plan in Place” - Activities associated with reoccurring items, such as ensuring that M2 revenues utilized for salaries and benefits of Authority administrative staff remain within a one percent per year limit.	6
	“Underway” - These refer to Ordinance Requirements largely linked to construction project completion, such as Item 83: “Have new lanes been added to the San Diego Freeway (I-405) between the SR-55 and the I-5?”	31 (Includes 1 “Modified; Underway”)
	“Modified” - Specifically, this refers to Items 48.01 and 48.02, which originally included an interchange area between 4 <sup>th</sup> Street and Newport Blvd on I-5. Due to conflicts between Caltrans and local jurisdictions, this plan needed to be altered to adhere to	2

<sup>15</sup> The language within the matrix changed since the 2021 assessment where 1) “Done” and “Completed” were merged into “Completed”, 2) “Done to date” changed to “Completed to date”, and 3) “N/A” became “None to date”.

Compliance Status	Status Description <sup>15</sup>	Total Count
	Ordinance requirements regarding collaboration with local jurisdictions.	
	“None to date” - No actions needed as no occurrence of the requirement’s trigger, such as jurisdictions misusing M2 revenues.	7 <sup>A</sup>
	“Awaiting Funding Availability” - Item 123 evaluates whether funding was included for improving grade crossings and constructing over underpasses at high volume Metrolink stations.	1
	<b>Total</b>	<b>222</b>

Source: Auditor-generated from 2023 Ordinance Compliance Matrix.

Note A: This includes Item 18, which details if any local jurisdiction used net revenues for unallowable purposes and were deemed ineligible for five years. This matrix was updated in December 2023, prior to the May 2024 decision that Buena Park be deemed ineligible for five years as will be described in the following sections.

### Tested Requirements were Supported and Aligned with Reported Status

We selected nine, or four percent, of the 222 Ordinance requirements to verify the accuracy and completeness of OCTA’s Ordinance tracking process. We located each of the sampled requirements on the Ordinance Tracking Matrix, ensured the corresponding narrative updates were supported with sufficient documentation, and verified OCTA complied with each requirement. Our review concluded that the narrative updates in the Tracking Matrix for all nine Ordinance requirements reviewed accurately conveyed the compliance status and were supported with adequate documentation, including supporting information hyperlinked to the M2 Document Center.

### Local Eligibility Requirements Were Rigorous

The Ordinance allocates a certain amount of revenues to local jurisdictions for environmental cleanup, transit, and street and road projects. These revenues are allocated through competitive grant programs, including:

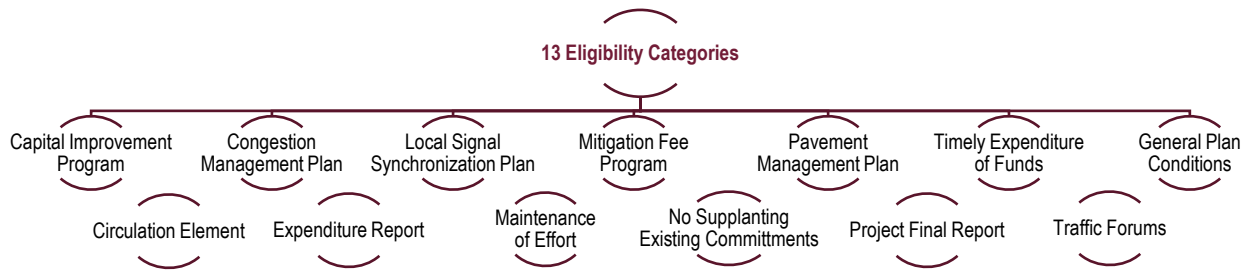
- Environmental Cleanup
- Transit Extensions to Metrolink
- Community Based Transit/Circulators
- Safe Transit Stops
- Regional Capacity Program
- Regional Traffic Signal Synchronization Program

Revenues are also allocated through the Local Fair Share Program, which is a formula-based allocation provided to eligible jurisdictions for use on allowable transportation planning and implementation activities. To receive M2 net revenues through either formula-driven or competitive grant programs, local agencies must annually satisfy eligibility requirements.



According to the Ordinance, the 35 local city and county jurisdictions must satisfy requirements within 13 eligibility categories before receiving M2 funds.

**EXHIBIT 26. 13 ELIGIBILITY CATEGORIES**



Source: Annual Eligibility Review Checklist

To meet these requirements, local jurisdictions were required to report and provide supporting documentation to demonstrate compliance with nearly 100 pages of Measure M2 Eligibility Guidelines updated each fiscal year—although not all 13 eligibility components require verification each year. Some reporting methods leveraged tools routinely used by local jurisdictions in their public planning processes, while others required specialized OCTA-developed tools. Using a proprietary internal system called OC Fundtracker, local jurisdictions used a series of templates, forms, and report formats to submit required plans, certifications, and checklists to OCTA. Documents were submitted on annual, biennial, or other timeframe as dictated by OCTA policies and feasibility.

The standard due date for each submission is June 30, except for the expenditure report requirement that is due December 31 and project final reports that must be submitted within six months of project completion. Exhibit 27 reflects the FY 2024 submission frequencies and the submittals due date.

**EXHIBIT 27. M2 ELIGIBILITY REQUIREMENTS AND SUBMITTAL SCHEDULE SUMMARY, FY 2024**

Compliance Category	Frequency	Submittals Due in FY 2023
Capital Improvement Program	Annual	June 30, 2023
Circulation Element/Master Plan of Arterial Highways Consistency	Biennial	June 30, 2023
Congestion Management Program	Biennial	June 30, 2023
Expenditure Report	Annual	December 29, 2023 <sup>A</sup>
Maintenance of Effort	Annual	June 30, 2023
Local Signal Synchronization Plan	Every Three Years	June 30, 2023
Mitigation Fee Program	Biennial	June 30, 2023
No Supplanting of Developer Fees	Annual	June 30, 2023
Pavement Management Plan	Biennial	June 30, 2023
Timely Submittal of Project Final Reports	Within Six Months of Project Completion	Within Six Months of Project Completion
Timely Use of Net Revenues	Annual	June 30, 2023
Traffic Forum Participation	Annual	June 30, 2023
Transit and Non-Motorized Transportation Land-Use Planning Strategies	Annual	June 30, 2023

Source: FY 2024 M2 Eligibility Guidelines  
 Note A: Last business day before December 31<sup>st</sup>

## **Eligibility Reviews were Extensive; Three Cities Deemed Ineligible, with One Barred for 5 Years from Receiving Revenues for the First Time**

Overall, we found OCTA conducted extensive formal eligibility determinations of local jurisdictions with technical due diligence protocols performed on an annual basis that questioned, discussed, collaborated, and documented reasonableness and adherence to M2 goals.

Using the M2 Eligibility Guidelines and the Comprehensive Transportation Funding Program Guidelines that specify the verification methods to be utilized, OCTA staff conducts extensive reviews of data submitted by the 35 local city and county jurisdictions to verify eligibility with all M2 eligibility requirements. Additionally, the TOC, as required by the Ordinance, reviews five eligibility requirements: Congestion Management Program, Mitigation Fee Programs, Local Signal Synchronization Plans, Pavement Management Plans, and Expenditure Reports. OCTA also routinely conducts an audit of financial records and eligibility materials. If a jurisdiction fails to meet eligibility compliance requirements the Board may take action to suspend M2 funds.

In FY 2022, all local jurisdictions were deemed eligible to receive M2 funds. In the two following years, several jurisdictions were deemed ineligible. In FY 2023, the City of Cypress failed to meet Maintenance of Effort (MOE) requirements. In May 2023, the Board instructed OCTA to suspend M2 revenues until Cypress demonstrated compliance with eligibility requirements. Subsequently, in May 2024, the Board determined that Cypress took appropriate steps to regain eligibility and instructed OCTA to reinstate payments.

In addition, in May 2024, the cities of Buena Park and Orange were deemed to be ineligible. Orange did not meet the MOE requirement, and Buena Park was found to have unsupportable charges. As a result, the Board directed OCTA staff to suspend payments until the cities could demonstrate compliance with M2 eligibility requirements.

Further, Buena Park was deemed ineligible to receive revenues for 5 years and required to reimburse OCTA for revenues pursuant to Section 10.4 of the Ordinance, which states “No Net Revenues shall be used by a jurisdiction for other than transportation purposes authorized by the Ordinance. Any jurisdiction which violates this provision must fully reimburse the Authority for the Net Revenues misspent and shall be deemed ineligible to receive Net Revenues for a period of five (5) years.” In a May 2024 memo to the Executive Committee, the OCTA Chief Executive Officer reported that for FY 2023, OCTA’s independent auditors found that Buena Park could not sufficiently support its indirect M2 Local Fair Share expenditures in the amount of \$387,576. While there have been cases in the past of jurisdictions lacking reasonable methodology for indirect costs, those were related to the MOE requirement rather than M2 revenues like Local Fair Share. This was the first time when actual M2 revenues provided to a local jurisdiction were disallowed.<sup>16</sup> OCTA stated that there was no precedent to address this. OCTA staff stated that all past incidents of ineligibility were discovered through audits like this—which demonstrates a working control. As of October 2024, OCTA staff reported that the OCTA has received reimbursement from Buena Park for the ineligible expenditures.

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<sup>16</sup> According to OCTA staff, generally ineligibility findings are not common, with only a few incidents in the last six years.

To assess the eligibility review processes undertaken by OCTA for FY 2023, we selected two of the 35 local city and county jurisdictions reviewed—the cities of La Habra and Seal Beach. As reflected in Exhibit 28, our review of underlying documentation found that each required eligibility compliance category was reviewed, eligibility guidelines were followed, and focused questions were asked and resolved by the local jurisdictions. Specifically, we found that the reviews conducted were well-documented and OCTA staff developed verification checklists to streamline the review processes and ensure consistency of review.

**EXHIBIT 28. ELIGIBILITY SUBMITTALS REVIEWED FOR LA HABRA AND SEAL BEACH, FY 2023**

Compliance Category	La Habra	Seal Beach
Capital Improvement Program	✓	✓
Circulation Element/Master Plan of Arterial Highways Consistency	NA <sup>17</sup>	NA
Congestion Management Program	NA	NA
Expenditure Report	✓	✓
Local Signal Synchronization Plan	NA	NA
Maintenance of Effort	✓	✓
Mitigation Fee Program (MFP)	NA	NA
No Supplanting of Developer Fees	✓	✓
Pavement Management Plan (PMP)	N/A <sup>18</sup>	✓
Timely Submittal of Project Final Reports	✓	✓
Timely Use of Net Revenues	✓	✓
Traffic Forum Participation	✓	✓
Transit and Non-Motorized Transportation Land-Use Planning Strategies	✓	✓

Source: Auditor-generated based on the FY 2023 M2 Annual Eligibility Review documents

### **Amendments to Eligibility Requirements Due to COVID-19 Pandemic Are No Longer In Effect**

During the review period, OCTA had two Ordinance Amendments in effect related to MOE requirements in response to the pandemic: 1) a June 2020 amendment to temporarily change the MOE requirements for FY 2020 and FY 2021 to assist local jurisdictions, and 2) a May 2021 amendment to extend the temporary changes through FY 2022.

The FY 2024 Measure M2 Eligibility Guidelines (Effective April 10, 2023) stated that the COVID-19 modification is no longer available and that local jurisdictions are required to meet the pre-pandemic MOE requirements.

### **Total Grant Award Amounts Increased During Assessment Period**

Once deemed eligible, local jurisdictions can apply to receive M2 funds through OCTA’s Comprehensive Transportation Funding Programs, which is a collection of competitive grant programs offered to local agencies for streets and roads, transit, and environmental activities through Projects O, P, S, T, V, W, and X. Exhibit 29 reflects the grant amounts awarded July 1, 2021 through June 30, 2024 for 83 grant awards totaling more than \$104.3 million.

<sup>17</sup> Circulation Element/ MPAH Consistency, Congestion Management Plan, Local Signal Synchronization Plan, and Mitigation Fee Program were not required during this eligibility cycle for FY 2023.

<sup>18</sup> 14 local jurisdictions update their PMP on odd-numbered fiscal years

**EXHIBIT 29. COMPETITIVE GRANT FUNDING AWARDED JULY 1, 2021 THROUGH JUNE 30, 2024**

<b>M2 Project</b>	<b>Description</b>	<b>Amounts Awarded 7/1/18 through 6/30/21</b>	<b>Amounts Awarded 7/1/21 through 6/30/24</b>
<b>O</b>	Regional Capacity Program	\$44,403,521	\$62,420,980
<b>P</b>	Reginal Traffic Signal Synchronization	\$28,221,429	\$32,716,405
<b>S</b>	Transit Connections to Metrolink	\$0	\$0
<b>T</b>	Transit Metrolink Stations/High-Speed Rail	\$0	\$0
<b>V</b>	Transit Circulators (Community-Based)	\$10,107,596	\$0
<b>W</b>	Safe Transit Stops	\$1,902,300	\$0
<b>X</b>	Environmental Cleanup Tier 1	\$7,305,597	\$9,191,724
<b>X</b>	Environmental Cleanup Tier 2	\$0	\$0
<b>Total Awarded</b>		<b>\$91,940,443</b>	<b>\$104,329,109</b>

Source: Ordinance and OCTA M2 Allocation spreadsheet

During the current assessment period, awarded grants were isolated to the Regional Capacity Program (Project O), Regional Traffic Signal Synchronization (Project P), and Tier 1 Environmental Cleanup (Project X)—with the award amount for Project O increasing over 40 percent since the last three-year period.

**Grant Evaluation and Award Process Was Well-Documented**

We found that OCTA’s process for evaluating grant applications, awarding grants, and monitoring use was well-documented and clear to facilitate a fair project selection process and subsequent grant monitoring.

Local jurisdictions must submit application packages that require a variety of documents that demonstrate that the project seeking funds meets OCTA’s requirements, depending on the project call. For instance, the 2023 CTFP call for Project P (Regional Traffic Signal Synchronization) required applicants to submit packages by October 20, 2022, with a completed online application and supporting documents such as funding needs by phase and year, environmental clearances and permits, supporting technical information, and other applicable information needed to evaluate whether the project is in line with M2 goals. The instructions to applicants include checklists that explain what documents are needed, what activities and expenditures are eligible and not eligible, and how applicants will specifically be scored during the competitive process.

OCTA also has a process to evaluate those applications for consistency, accuracy, and concurrence, and scores applications for funding recommendations to the Board. Finally, the CTFP application guidelines also explain what jurisdictions must comply with as a condition of receiving grants—including a set time period in which funds must be used, and agreeing to semi-annual reviews in which agencies must be prepared to give project updates, disclose changes, and other pertinent news that may impact whether grant funds will be provided to agencies.

These processes and guidelines appeared clear and well-documented to facilitate a fair project selection process and subsequent grant monitoring. To test the processes at work, we selected six grant award packages across the review period totaling \$22.9 million or 22 percent of the total grant award allocation to see if grant packages had key required documentation needed for OCTA to effectively screen, award grants, monitor grants, and pay reimbursements to grantees. We found that all six sampled grant awards had required documentation needed. However, we were unable to test whether the payment process for grant funding disbursement was appropriate and efficient because the sampled grants did not have any payments submitted during the review period.

Exhibit 30 shows the dollar amount of grant awards tested out of total grant awards for the review period.

**EXHIBIT 30. AMOUNTS TESTED OUT OF TOTAL GRANT AMOUNTS AWARDED**

M2 Project	Description	Amounts Awarded 7/1/21 through 6/30/24	Amounts Tested
O	Regional Capacity Program (RCP)	\$62,420,980	\$18,191,159
P	Reginal Traffic Signal Synchronization	\$32,716,405	\$4,171,643
S	Transit Connections to Metrolink	\$0	\$0
T	Transit Metrolink Stations/High-Speed Rail	\$0	\$0
V	Transit Circulators (Community-Based)	\$0	\$0
W	Safe Transit Stops	\$0	\$0
X	Environmental Cleanup Tier 1	\$9,191,724	\$500,000
X	Environmental Cleanup Tier 2	\$0	\$0
<b>Total Awarded</b>		<b>\$104,329,109</b>	<b>\$22,862,802</b>

Source: M2 Grant Allocations for July 1, 2021 to June 30, 2024

**Grant Payments Process Needs Improvement, and OCTA Is Taking Steps to Make Changes**

Despite being unable to test the timeliness of sampled payments, through interviews and process walk-throughs with OCTA staff, we found that OCTA has had challenges in paying grantees timely though it had a well-established process for awarding and monitoring grant administration.

In fact, review of grant payment requests and payout information provided by OCTA showed that out of 353 payment requests submitted over a six-year period<sup>19</sup> from FY 2019 to FY 2024, 51 requests remain unpaid as of October 2024, or 14 percent of requests made.<sup>20</sup> We were unable to review data to determine how long specific payment requests were pending payment due to the limited time available for this review. Staff indicated that it has often taken greater than 60 days to pay an invoice due to a variety of reasons.

<sup>19</sup> The period extends beyond the 3-year review period because invoices may be paid outside the same FY that payment requests were submitted. As such, payments made in each FY may relate to payment requests initiated in other years

<sup>20</sup> According to OCTA, 33 requests totaling \$16.6 million were submitted during the first half of 2024.

As shown in Exhibit 31, 51 outstanding requests related to \$33.4 million—or 24 percent of the total dollar amount of payment requests in that period. When narrowing it down to activity during the three-year review period between FY 2022 to FY 2024, the variance between payments requested and paid out was even greater. Because payment requests submitted before FY 2022 could have been paid during this window, the number and amounts of paid requests should be greater than those submitted if all payment requests were paid out timely.

**EXHIBIT 31. GRANT PAYMENT REQUESTS SUBMITTED AND PAID, FY 2019 – FY 2024**

	Submitted	Paid	Unpaid as of October 2024	% Unpaid
Payment Requests	353	302	51	14%
Payment request dollar amount	\$140,892,974	\$107,471,368 <sup>A</sup>	\$33,421,606	24%

Source: Grant payment data provided by OCTA (unaudited)  
 Note A: Payment requests paid are from FY 2019 to FY 2025 to reflect requests made in FY 2019 to FY 2024 that were eventually paid by FY 2025.

**EXHIBIT 32. GRANT PAYMENT REQUESTS SUBMITTED AND PAID DURING REVIEW PERIOD, FY 2022 – FY 2024**

	Submitted	Paid	Unpaid as of October 2024	% Unpaid
Payment Requests	164	104	60	37%
Payment request dollar amount	\$61,299,828	\$28,572,330	\$32,727,498	53%

Source: Grant payment data provided by OCTA (unaudited)  
 Note: Percentages are not provided because payments made include requests made before FY 2022

For the grants awarded during the review period (Projects O, P, X), agencies could request up to 75 to 90 percent of funds paid be paid up front <sup>21</sup>, and the remaining 10 to 25 percent would be paid out when the project is completed, the agency has submitted the required back-up documentation, and final report is accepted by OCTA. According to OCTA, the late payments were related to the remaining 10 to 25 percent of the grant which may be due to cities. Because the majority of the grant funding is provided up front, these final payments did not impede delivery of actual work. Rather, lack of timely payment may impact local agencies' finances as they wait for final payment.

According to OCTA and interviewed stakeholders, there are several reported causes for the delayed payments.

- 1) Staff Turnover at OCTA:** As a control, OCTA segregated duties so that the staff member scoring, evaluating, and recommending projects is not the same staff member issuing and approving payment. But when both temporary and permanent staffing vacancies occurred in both roles while payment requests came in on a rolling basis, OCTA began falling behind on issuing payments timely. Challenges were exacerbated as grant programs, awards, and payment requests increased, and projects grew in complexity. In addition, OCTA questioned whether staffing levels were sufficient to meet workload demands.

<sup>21</sup> The first payment of up to 75 percent of the contract award or programmed amount is released when the grantee provides documentation showing that the project funds have been encumbered.

- 2) **Insufficient Support from Grantees:** Local jurisdictions may not provide accurate or sufficient documentation supporting reimbursement requests, requiring time consuming back-and-forth between OCTA and cities. According to OCTA, out of the 164 payment requests submitted between FY 2022 through FY 2024 as shown in Exhibit 32, 46 requests totaling \$32.9 million lacked adequate supporting documentation such as incomplete project scopes of work or erroneous data that needed correction. OCTA, as the steward of M2 funds, needs adequate backup to any reimbursement requests and cannot issue payment until that occurs. Conversely, some cities have anecdotally reported that it was not always clear how to comply and additional tools were needed to help, despite the existing CTFP guidelines, forms, offers to meet 1:1, and annual workshops provided by OCTA.
- 3) **Staff Turnover in Cities:** Both OCTA staff and stakeholders described turnover also commonly occurring on the cities' side which may in part explain grantees' struggles to provide adequate payment support, or not being able to respond to OCTA's inquiries to resolve questions.
- 4) **No Reimbursement Submission Time Boundaries:** The CTFP guidelines do not detail when cities are required to submit reimbursement requests. The effect is that OCTA does not know when those requests will come, such that workloads for processing those payments are unpredictable.

To remedy this issue, OCTA hired a consultant in February 2024 to conduct an invoice and payment process review for CTFP and map out current processes, identify bottlenecks, and develop recommendations for improvement by June 2025. As of June 2024 (the end of this review period), the consultant was still in the process of mapping the process.

To ensure underlying bottlenecks in the process are identified and corrected to provide timely grant payments, OCTA should move forward with the consultant to develop a plan to identify process improvements and ensure implementation of forthcoming consultant recommendations. As part of this plan, OCTA can consider revising its CTFP guidelines to incorporate timelines for payment submissions to help OCTA plan its workload and cashflow, and developing a plan to address the backlog of payments with specific timelines and targets.

## Recommendations

4. Develop a plan to address backlog and timeliness of payments, which may include implementing the recommendations provided by the payment process consultant, as appropriate; consideration of more frequent and consistent timelines within the process; and assuring appropriate staffing levels and resources are available to better organize and expedite review of payments and payment authorization.



## Chapter 5: Fiscal Practices Were Conservative, Yielding a Steady Path for Remaining Program

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OCTA has taken a strategic and conservative approach to managing M2 funds to support its long-term transportation commitments for Orange County. Despite economic uncertainties, including the Great Recession of 2008-2009 and the COVID-19 pandemic, sales tax revenue forecasts have generally aligned with actual collections, reflecting OCTA's responsiveness to economic fluctuations. In addition, OCTA's effective use of external funding sources has also amplified M2's impact, leveraging an additional 53 cents in state, federal, and local funds for every M2 dollar. Through careful investment practices that prioritize safety and liquidity, OCTA has achieved returns above market averages, maximizing its resources while adhering to Board policy limits. The agency's prudent debt management has allowed it to rely minimally on bond financing, maintaining high debt coverage ratios that exceed requirements and positioning OCTA to fund projects without issuing additional bonds. OCTA's conservative budgeting and forecasting practices have enabled it to consistently maintain a substantial reserve to mitigate risks. With a projected ending balance of over \$711 million and a robust reserve for economic uncertainties, OCTA is well-prepared to fulfill its M2 commitments through 2041, delivering on its promises to the public even amidst a shifting economic landscape.

### Sales Tax Revenues were Generally Aligned with Forecasts, with Noted Variances

Over the five-year period from FY 2019 to FY 2023, OCTA demonstrated a high level of accuracy in its sales tax revenue forecasts, despite significant economic disruptions. As shown in Exhibit 33, OCTA's Board-approved forecasts overestimated revenues by an average of only four percent across this period, meaning that actual revenue exceeded projections by a modest margin. This alignment underscores OCTA's ability to adapt its forecasting approach in response to economic conditions.

Each year within the review period shows specific variances that highlight OCTA's responsiveness to changing economic conditions, particularly during the COVID-19 pandemic:

- **FY 2020:** The pandemic's onset led to a revenue shortfall, with actual revenues falling six percent below forecasts. Given the unprecedented nature of the crisis, this moderate variance was within a reasonable range and reflected the unpredictability of early pandemic impacts.
- **FY 2021 and FY 2022:** During the early stages of economic recovery, OCTA adjusted its forecasts conservatively, resulting in actual revenues exceeding forecasts by approximately 13 percent in FY 2021 and FY 2022. These adjustments reflect OCTA's cautious approach during a period of economic rebound, allowing for a margin of safety in its budgeting.
- **FY 2023:** As the economic environment stabilized, OCTA's forecast slightly overestimated revenue by 3 percent. This small variance indicates that OCTA's projections were largely aligned with actuals, capturing the continued recovery with a high degree of accuracy.



**EXHIBIT 33. BOARD APPROVED SALES TAX FORECAST TO ACTUALS, FY 2019 – FY 2023 (\$ IN MILLIONS)**

<b>Fiscal Year</b>	<b>Board Forecast <sup>1</sup></b>	<b>Actuals</b>	<b>% Variance</b>
<b>2019 <sup>A</sup></b>	\$330.80	\$332.36	0.5%
<b>2020 <sup>A</sup></b>	\$339.07	\$317.96	-6.2%
<b>2021</b>	\$304.89	\$345.35	13.3%
<b>2022</b>	\$376.43	\$424.90	12.9%
<b>2023</b>	\$453.36	\$439.12	-3.1%
<b>Grand Total</b>	<b>\$1804.56</b>	<b>\$1859.69</b>	<b>3.1%</b>
		<b>5-Year Average</b>	<b>3.4%</b>

Source: Source: Annual OCTA Sales Tax Forecast presented to the Board of Directors from 2018 to 2023

Note 1: The Board Forecasts represent the prior year's forecast against the actuals received in the following fiscal year.

For instance, for 2022, the Board Approved Forecast was made in FY 2021. The actuals were reported in FY 2022.

Note A: Though outside our review period, these years are reported to show trends before and after the pandemic.

2024 data was not yet available at the time of this review.

Overall, OCTA's Board-approved sales tax forecasts were closely aligned with actual revenues received, with slight variations that reflect prudent adjustments in response to market conditions. By taking a conservative approach to forecasting during uncertain times, OCTA effectively managed its revenue expectations, ensuring it could continue supporting M2 commitments without over-relying on optimistic revenue projections. This conservative, data-driven approach has positioned OCTA to maintain financial stability and respond effectively to economic fluctuations.

### **OCTA's Strategic Use of External Funding Amplifies the Impact of Every M2 Dollar**

Since the passage of M2 in 2006, OCTA has faced several economic challenges, including the Great Recession and the COVID-19 pandemic. These events impacted sales tax revenues, which are a primary funding source for M2 projects. Despite these obstacles, OCTA's conservative financial planning—including cautious revenue forecasts and setting aside funds for economic uncertainties—has allowed it to maintain steady progress on M2 commitments. OCTA's strategy has also resulted in a projected ending balance of over \$711 million by FY 2041, providing a strong financial buffer for future needs.

### **OCTA Leveraged Over Half of Every Dollar in M2 Funds to Maximize Project Funding**

From FY 2011 and FY 2023, OCTA collected approximately \$3.9 billion in M2 sales tax revenue and an additional approximately \$2.1 billion from federal, state, and other local sources as shown in Exhibit 34.<sup>22</sup> This external funding resulted in a leverage ratio of 1:0.53, meaning that for every dollar raised through M2, OCTA secured an additional 53 cents in external funding. This effective leveraging helps OCTA stretch each dollar further, maximizing the impact of M2 for Orange County residents.

<sup>22</sup> Cashflow data provided by OCTA was completed through June 2023 with data through 2024 provided as estimates.

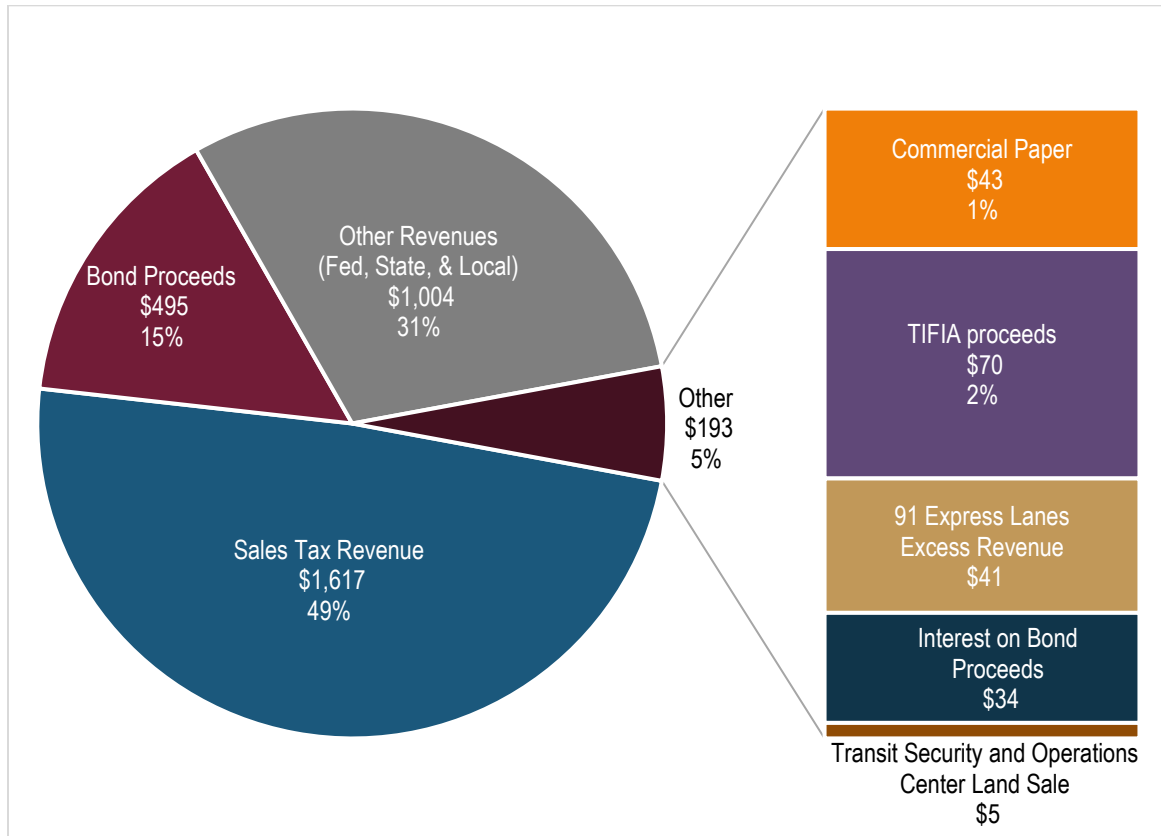
**EXHIBIT 34. M2 PROGRAM TOTAL ACTUAL REVENUES BY FUNDING SOURCE,  
FY 2011 – FY 2023 (\$ IN MILLIONS)**

Funding Source	Revenues	Percent of Total
Gross Sales Tax Revenue	\$ 3,941.1	56%
Bond Proceeds	\$ 669.8	10%
Other Revenues (Fed, State, & Local)	\$ 2,105.7	30%
Commercial Paper	\$ 100.0	2%
Interest on Bond Proceeds	\$ 95.2	1%
Operating Interest	\$ 77.5	1%
<b>Total</b>	<b>\$ 6,989.3</b>	<b>100%</b>

Source: FY 2022 to FY 2024 M2 Comprehensive Business Plan Cashflow Summaries

For the freeway program specifically—the largest component of M2—OCTA achieved an even higher leverage ratio of 1:0.62, securing an additional 62 cents for every M2 dollar. This strong external funding support for freeway projects has helped OCTA make significant progress on capital improvements while keeping its reliance on sales tax revenue manageable.

**EXHIBIT 35. M2 FREEWAY PROGRAM ACTUAL REVENUES COLLECTED BY SOURCE  
FOR FY 2011 -FY 2023 (\$ IN MILLIONS)**



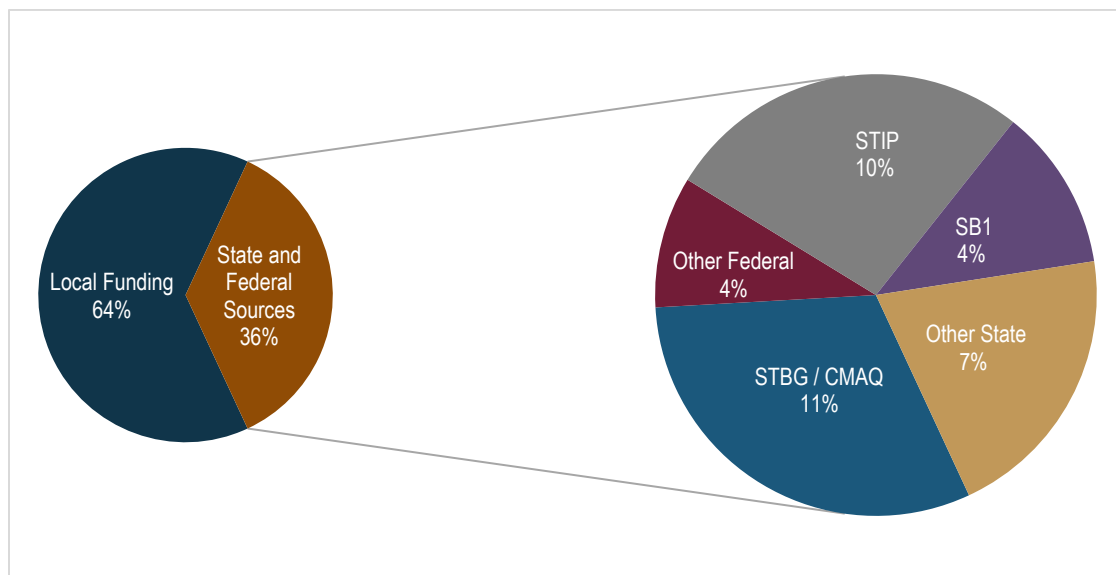
Source: FY 2022 to FY 2024 M2 Comprehensive Business Plan Cashflow Summaries

## Key Sources of External Funding

Most of the future external funding expected was anticipated from the following state and federal formula funds, block grants, and project-specific awards—all historically stable funding sources with amounts that can reasonably be estimated and programmed for projects in the near term:

- **State Transportation Improvement Program (STIP):** A biennial five-year plan for state transportation funds, managed by the California Transportation Commission. These funds can be used for state highway improvements, intercity rail, and regional highway and transit improvements.
- **Surface Transportation Block Grant Program (STBG):** Provides flexible federal funding for projects to preserve and improve highways, bridge and tunnel projects on any public road, pedestrian and bicycle infrastructure, and transit capital projects, including intercity bus terminals. Program funding is made available through the State transportation agencies.
- **Congestion Mitigation and Air Quality Improvement Program (CMAQ):** Flexible federal funding source for transportation projects and programs to help reduce congestion and improve air quality in compliance with the Clean Air Act.
- **Senate Bill 1, The Road Repair and Accountability Act of 2017 (SB-1):** A California legislative package that invests \$5.4 billion annually in California's transportation infrastructure, with funds allocated to both state and local projects.

**EXHIBIT 36. PROJECTED FUNDING SOURCES FOR FREEWAY PROJECTS A-M, FY 2011 – FY 2041 (AS OF JULY 2024)**



Source: July 2024 Capital Funding Program Report.

As shown in Exhibit 36, over the life of the M2, OCTA expects about one-third of freeway project funding to come from state and federal programs, with STBG, CMAQ, and STIP being the largest contributors.

## Adjusted Revenue Projections Reflect Reduced Need for External Funding

OCTA's FY 2024 revenue projections for the remainder of M2 estimated \$10.8 billion in sales tax revenue and \$1.6 billion in additional external funding, resulting in a lower leverage ratio of 1:0.14 for future years, or 14 cents for every M2 dollar. This shift reflects both the increased sales tax projections and a reduced need for external funds as many capital projects near completion. Additionally, recent changes in state and federal funding priorities, which now favor projects that reduce road congestion and greenhouse gas emissions, have also impacted OCTA's assumptions about future funding availability for freeway projects.

These adjusted projections allow OCTA to plan for the future more conservatively while still ending each fiscal year from FY 2024 to FY 2041 with a positive balance of at least \$650 million. OCTA's financial forecasts indicate that the M2 program remains well-positioned to fulfill its commitments through 2041, even with anticipated reductions in external funding.

OCTA's ability to leverage external funds has amplified the impact of M2 revenues, allowing OCTA to deliver on its promises to taxpayers despite economic challenges and shifting funding priorities. By strategically aligning M2 funds with external sources and maintaining a conservative approach to forecasting and spending, OCTA remains on track to complete the M2 program successfully and maintain a healthy financial position.

## OCTA Maintains Robust Reserves to Guard Against Economic Uncertainty in the Freeway Program

To safeguard the Freeway Program against potential financial challenges, OCTA built a dedicated reserve for economic uncertainties into its cash flow projections. This reserve, known as the "Freeway Program Economic Uncertainties" (FPEU) line item, was added in 2018 as part of the Next 10 Plan update. The purpose of this contingency fund is to cover unforeseen increases in construction or other program costs, ensuring that OCTA can continue delivering M2 projects without disruption.

As shown in Exhibit 37, OCTA's approach to this reserve involves using projected revenue surpluses to create a stable ending cash balance for the Freeway Program. This reserve has allowed OCTA to maintain a relatively steady ending balance, even as revenue projections have fluctuated over time.

**EXHIBIT 37. PROJECTED FREEWAY PROGRAM ECONOMIC UNCERTAINTY AND FREEWAY ENDING BALANCES, FY 2019 TO FY 2024**

Freeway Program (\$ in millions)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Projected Total FPEU	\$1,130.6	\$1,860.0	\$969.0	\$1,650.7	\$2,553.1	\$2,400.0
2041 Projected Ending Cash Balance	\$100.6	\$92.0	\$40	\$126.9	\$128.9	\$136.5

Source: Generated from OCTA Finance's Annual Cashflow data.

Before the COVID-19 pandemic, in FY 2019 and FY 2020, the Freeway Program's ending balances ranged from between \$92 million and \$100 million, as shown in Exhibit 37. However, in FY 2021, the pandemic caused significant economic uncertainty, leading OCTA to reduce the FPEU reserve and ending balances

by about half. As the economy rebounded, M2 sales tax revenue collections increased allowing OCTA to restore the FPEU reserve, bringing the projected ending balance to over \$136 million by FY 2024.

Looking forward, based on OCTA projections, the Freeway Program could face unforeseen cost increases of up to \$2 billion by the end of the M2 program in 2041 and still retain a positive balance. This resilience is particularly important given OCTA's experience weathering two major economic disruptions—the Great Recession and the COVID-19 pandemic—since the program's inception. Given the possibility of further economic challenges in the remaining 17 years of the program, OCTA's conservative financial planning and robust reserve position OCTA well to manage future uncertainties.

Overall, OCTA's proactive strategy for maintaining a reserve line item for economic uncertainties provides a strong financial foundation, helping to ensure that the Freeway Program can continue without interruption, even in the face of potential financial risks.

**OCTA’s Conservative Debt Management Policy Supports Long-Term Financial Stability**

OCTA has a conservative approach to debt management that supports the organization’s ability to fund major transportation projects for Orange County while minimizing financial risk. The OCTA Board of Directors adopted a comprehensive debt management policy in 2010, which was updated in 2019, establishing guidelines for when and how OCTA can issue debt. The policy’s main objectives are to keep borrowing costs low, maintain high credit ratings, minimize exposure to financial risk, and ensure transparency with investors. In addition, the policy details the process for appointing professional service contractors who help OCTA facilitate bond issuance and management of bond sales, and for disclosing material information after the sale of debt.

The Board's policy emphasizes a "pay-as-you-go" approach to financing, meaning that OCTA prefers to fund projects directly with available funds whenever possible. However, the policy allows OCTA to issue bonds if project costs are too high to cover with current funds alone. For instance, in recent years, OCTA issued bonds to support capital projects such as the addition of general purpose lanes on the I-405 freeway.

**Bond Issuance Plans Shifted During Recent Years, But Debt Financing Approach Remained Sound**

As shown in Exhibit 38, bond proceeds accounted for \$669.8 million, or nearly 10 percent, of the total M2 funding from 2011 to mid-2023—a decrease from the previous two-year period as no new bonds were issued.<sup>23</sup>

**EXHIBIT 38. BOND PROCEEDS AS A PERCENTAGE OF TOTAL M2 FUNDING (\$ IN MILLIONS)**

Funding Source	2011 to June 30, 2021	2011 to June 30, 2023
Gross Sales Tax Revenue	\$3,077.1	\$3,941.1
Local, State, & Federal Funding	\$1,752.2	\$2,105.7
Bond Proceeds	\$669.8	\$669.8

<sup>23</sup> Cashflow data provided by OCTA was completed through June 2023 with data through 2024 provided as estimates.

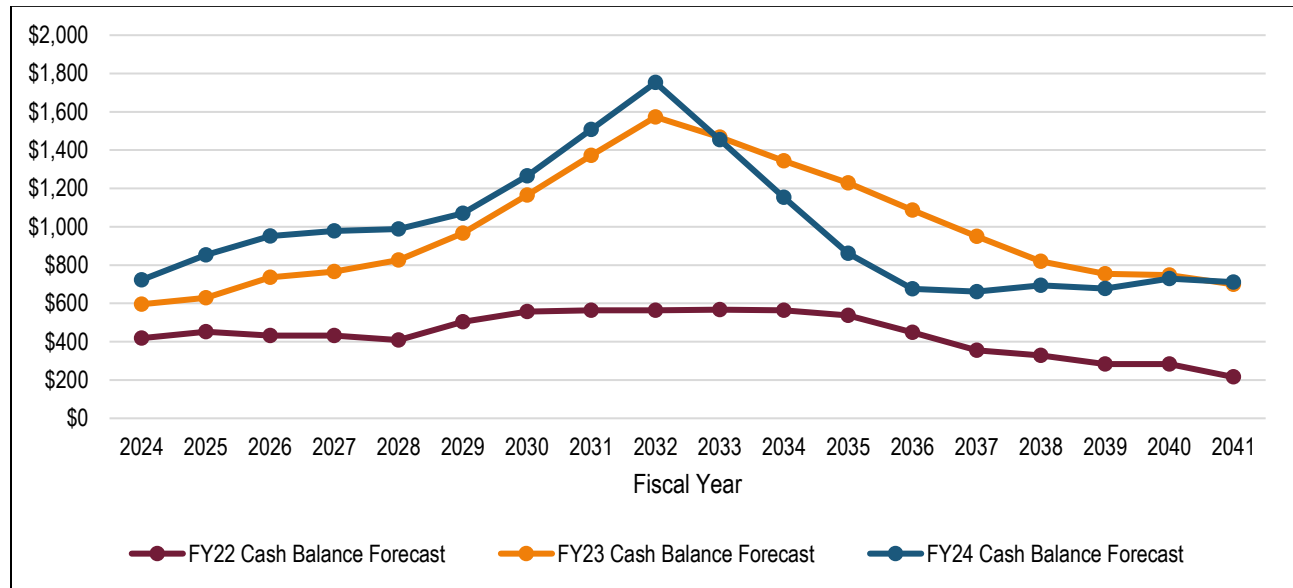
Funding Source	2011 to June 30, 2021	2011 to June 30, 2023
Interest on Bonds Proceeds	\$83.6	\$95.2
Operating Interest	\$89.9	\$77.5
<b>Total</b>	<b>\$5,671.6</b>	<b>\$6,889.4</b>
<b>Bond Proceeds as a percent of Total Funding</b>	<b>11.8 percent</b>	<b>9.7 percent</b>

Source: FY 2022 to FY 2024 OCTA M2 Cashflow Projections

OCTA’s current financial plan, the Next 10 Plan, was first adopted in 2016 and is reviewed and updated annually to reflect changes in sales tax revenue projections and funding needs. Despite early concerns due to the COVID-19 pandemic, which temporarily reduced sales tax revenue, strong post-pandemic revenue growth allowed OCTA to eliminate plans for additional bond issuances through 2041.

Exhibit 39 illustrates that cash balances are projected to remain healthy. For example, OCTA anticipates ending FY 2024 with over \$595 million in cash, with further growth expected in subsequent years. This cash reserve provides a buffer against future uncertainties and reduces the need for additional debt.

**EXHIBIT 39. ENDING CASH BALANCE FORECASTS FOR 2024 – 2041 FROM FY 2022, FY 2023, AND FY 2024 PROJECTIONS (\$ IN MILLIONS)**



Source: OCTA Cashflow Forecasts

### Projected Debt Service Coverage Met Board Requirements and Appeared Sufficient to Meet Future Repayment Obligations

OCTA’s debt management policy requires a minimum debt coverage ratio of 1.3x, meaning that sales tax revenue should be at least 1.3 times the annual debt payment. In recent years, OCTA has maintained debt coverage ratios well above this minimum, with ratios of 5.98x in FY 2021, 7.53x in FY 2022, and 6.37x in FY 2023. These high ratios reflect OCTA’s conservative debt levels relative to its revenue base, providing ample capacity for debt service.

Between 2024 and 2041, OCTA’s projected debt service payments are expected to remain stable, averaging around \$49.6 million annually. The debt coverage ratio is projected to grow significantly, reaching a peak of 15.7x near the end of the M2 program. Most debt service costs are related to the freeway program, with a forecasted coverage ratio starting at 4.9x in 2024 and increasing to 10x by 2041.

**OCTA’s Use of Debt is Conservative and Inline with Peers**

As shown in Exhibit 40, OCTA’s use of debt is relatively conservative compared to neighboring transportation agencies in Riverside, Los Angeles, and San Bernardino counties. OCTA’s debt coverage ratios are in line with or higher than those of most neighboring agencies, indicating a strong financial position and conservative debt use.

**EXHIBIT 40. OCTA DEBT SECURED BY SALES TAX REVENUE COMPARED TO NEIGHBORING COUNTIES**

Agency	Measures / Propositions	Program Duration	July 1, 2022 – June 30, 2023			Outstanding Debt as of June 30, 2023
			Sales Tax Revenue	Debt Service	Debt Coverage Ratio	
Riverside County Transportation Commission	Measure A	14th year of 30-year program	\$287 million	\$70 million	4.1x	\$716 million
Los Angeles County Metropolitan Transportation Authority	Proposition A	41st year	\$833 million	\$131 million	6.4x	\$5,162 million
	Proposition C	33rd year	\$889 million	\$234 million	3.8x	
	Measure R	14th year of 30-year program	\$944 million	\$228 million	4.1x	
San Bernardino County Transportation Authority	Measure I	14th year of 30-year program	\$257 million	\$13 million	19.4x	\$172 million
Orange County Transportation Authority	Measure M2	13th year of 30-year program	\$349 million	\$55 million	6.4x	\$590 million

Source: Annual Comprehensive Financial Reports for FY 2023

OCTA’s conservative debt policy and prudent financial planning have positioned the agency to manage its long-term financial obligations while maintaining flexibility. High debt coverage ratios, robust cash reserves, and sound financial policies ensure OCTA can meet its commitments without over-relying on debt. While no additional bond issuances are anticipated, OCTA has the capacity to issue debt in the future if needed to support the completion of M2 projects.

**Investment Practices Provide Strong Returns While Prioritizing Safety and Liquidity**

To ensure it has the funds needed to complete M2 projects as planned, OCTA invests available funds with a focus on both safety and earning returns. These investments are guided by a Board-adopted policy, which is reviewed annually and aims to achieve returns at or above the market average while managing risk.

The investment policy prioritizes four main objectives:

1. Safety of Principal – to avoid or minimize losses
2. Liquidity – to have simple and timely access to funds
3. Total Return – investment gains equivalent to the market average



4. Diversification – reduce risk from economic impacts affecting any one sector

OCTA's investment portfolio includes a range of instruments, such as U.S. Treasury obligations, federal agency bonds, municipal debt, and corporate securities. As shown in Exhibit 41, the allocation of funds across these instruments is consistent with policy limits, which cap the percentage of funds that can be invested in each type of security. For example, as of June 30, 2024, U.S. Treasury obligations represented the largest share of the portfolio at 40 percent, with other assets like corporate securities and municipal debt making up smaller portions.

**EXHIBIT 41. OCTA INVESTMENT PORTFOLIO, AS OF JUNE 30, 2024**

Investment Instruments	Dollar Amount Invested	Percent of Portfolio	Investment Policy Maximum
U.S Treasury Obligations	\$891,434,724	40.0 percent	100 percent
Federal Agencies & U.S. Government Sponsored-Entities	\$300,819,155	13.5 percent	100 percent
Municipal Debt	\$26,777,996	1.2 percent	30 percent
Commercial Paper	\$48,959,979	2.2 percent	40 percent
Negotiable Certificates of Deposit	\$45,250,000	2.0 percent	30 percent
Medium Term Maturity Corporate Securities	\$468,625,197	21.0 percent	30 percent
Money Market & Mutual Funds	\$136,077,656	6.1 percent	20 percent
Mortgage and Asset-backed Securities	\$283,732,891	12.7 percent	20 percent
Supranationals	\$16,773,390	0.8 percent	20 percent
Local Agency Investment Fund	\$6,955,075	0.3 percent	\$75 Million
Orange County Investment Pool	\$756,206	0.0 percent	10 percent
Bank Deposits	\$250,000	0.0 percent	5 percent
<b>Total (including instruments not shown)</b>	<b>\$2,226,412,270</b>	<b>99.80%</b>	

Source: Values derived from OCTA's Investment and Debt Programs Report – June 2024

OCTA's portfolio is divided into three main areas to meet various cash flow needs:

1. Liquid Portfolio - for immediate cash needs
2. Short-term Portfolio – for project funding
3. Bond Proceeds Portfolio – holds a 2021 Bond Anticipation Note

The short-term portfolio is managed by four external investment firms—MetLife Investment Management, Chandler Asset Management, Payden and Rygel Investment, and Public Financial Management—who aim to achieve returns that match or exceed four nationally-recognized performance benchmarks. As shown in Exhibit 42, OCTA's external managers consistently achieved rates of return above these benchmarks over the review period, demonstrating the portfolio's strong performance.

**EXHIBIT 42. OCTA SHORT-TERM INVESTMENT PORTFOLIO PERFORMANCE AGAINST 12 MONTH BENCHMARKS**

	MetLife	PFM	Chandler	Payden & Rygel
Benchmark	Assets Under Mgmt. 12 Months Return	Assets Under Mgmt. 12 Months Return	Assets Under Mgmt. 12 Months Return	Assets Under Mgmt. 12 Months Return
June 2023				
TSY 0.13 percent	\$493.3 Million 1.01 percent	\$495.1 Million 1.02 percent	\$497.9 Million 1.06 percent	\$495.0 Million 1.36 percent



	MetLife	PFM	Chandler	Payden & Rygel
Benchmark	Assets Under Mgmt. 12 Months Return	Assets Under Mgmt. 12 Months Return	Assets Under Mgmt. 12 Months Return	Assets Under Mgmt. 12 Months Return
Gov/Corp 0.32 percent				
June 2022				
TSY -3.30 percent Gov/Corp -3.36 percent	\$492.8 Million -2.99 percent	\$495.2 Million -3.27 percent	\$491.9 Million -3.19 percent	\$496.3 Million -2.52 percent
June 2021				
TSY 0.07 percent Gov/Corp 0.27 percent	\$408.0 Million 0.81 percent	\$409.7 Million 0.43 percent	\$404.1 Million 0.30 percent	\$413.1 Million 0.50 percent

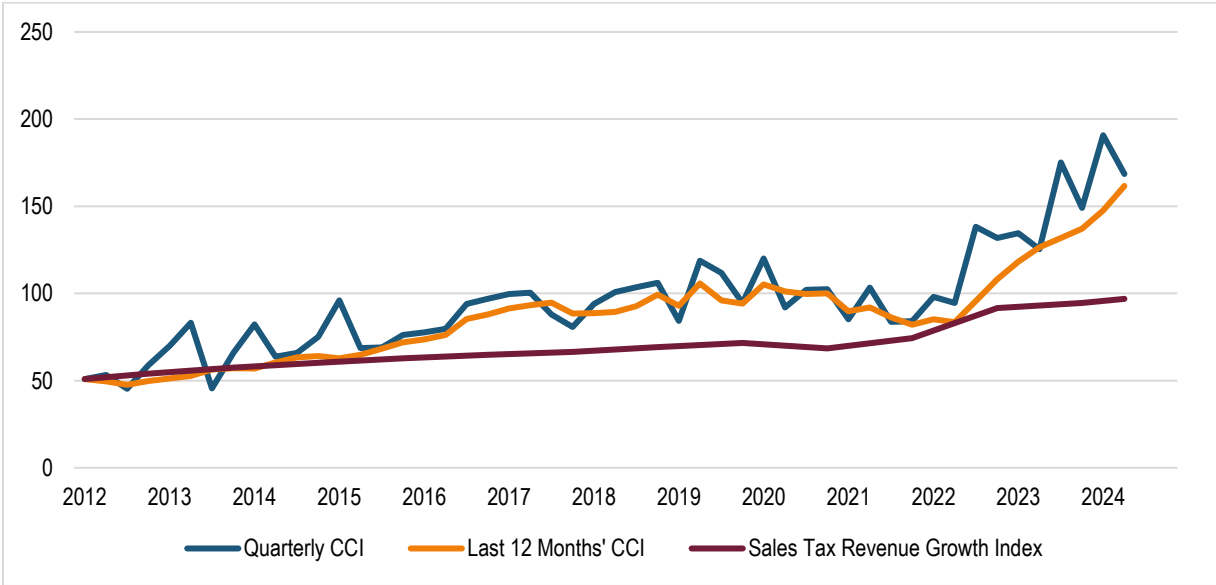
Source: Orange County Transportation Authority Investment and Debt Programs Report; June 2021, June 2022, and June 2023.

OCTA also prepares monthly reports for the Finance and Administration Committee, outlining the portfolio’s current holdings, performance relative to benchmarks, and compliance with policy limits. Overall, OCTA’s investment strategy remains aligned with Board policy, balancing the need for safety, liquidity, and returns to support its long-term project goals.

**Sales Tax Revenue Growth Has Not Kept Pace with Construction Cost Increases**

Since 2013, the cost of construction, as measured by Caltrans’ Construction Cost Index (CCI), has grown faster than OCTA’s sales tax revenues, creating a potential for funding challenges for the M2 program. When construction costs rise faster than revenue, OCTA faces potential obstacles in meeting its commitment to deliver M2 projects by fiscal year 2041. Although CCI continues to increase at pace far greater than sales tax revenue growth, as shown in Exhibit 43, as discussed earlier, OCTA’s strategic and conservative approach to fiscal management of M2 funds has enabled it to continuing its progress towards fulfilling M2 promises.

**EXHIBIT 43. SALES TAX AND CONSTRUCTION COST GROWTH RATES, CALENDAR YEARS 2012-2022**



Source: Caltrans Price Index for Selected Highway Construction Items June 30, 2024 and OCTA M2 Sales Tax Revenue Forecast 2023

To help manage these financial uncertainties, OCTA worked with the Orange County Business Council to conduct a market forecast and risk analysis focused on potential cost drivers affecting the M2 program. The initial report was presented to OCTA's Executive Committee in September 2017, and OCTA has since incorporated this analysis and annual updates into its annual cash flow projections.

As part of the analysis, the Orange County Business Council developed an Infrastructure Construction Cost Pressure (ICCP) Index which tracks short-term cost pressures based on trends in building permits, unemployment rates, material costs, labor costs, and broader economic conditions. This index, updated every six months, provides a range of possible cost fluctuations to help OCTA plan for various financial scenarios.

According to Orange County Business Council's updates in September 2021 and 2022, OCTA was expected to face high inflation in construction costs during those years, with the ICCP Index indicating a potential cost increase of 11 to 40 percent. However, the September 2023 update projected a slower rate of cost growth—estimated at 2 to 6 percent for 2023 and 2024, and further slowing to 1 to 2 percent in 2025 and 2026. These projections suggest that by 2024, inflation in construction costs may stabilize, with only minor increases expected in the following years.

Despite the inflationary risks, OCTA's sales tax revenue forecasts indicate that sufficient funding should be available to complete the remaining M2 projects.

### **Actual Costs Are Consistently Less Than Projected**

OCTA typically overestimates its annual spending projections across its primary programs—Freeway, Streets & Roads, and Transit—as part of a conservative financial management approach to ensure funding is available if all projects progress as planned. This strategy helps OCTA ensure it has sufficient funds available to cover unexpected costs, if they arise. Each year, OCTA's Financial Planning and Analysis team gathers estimated spending data from project managers in these programs to create cash flow projections. When comparing projected costs at the beginning of each fiscal year with actual expenditures at the end, projections often exceed the actual amounts spent.

As shown in Exhibit 44, across all three program areas, annual projected expenditure consistently exceeds actual expenditures each year. For example, in FY 2023, OCTA anticipated spending \$569 million in Freeway program expenses. However, actual spending for the year was only \$434 million—\$135 million less than budgeted, or 24 percent less. As part of our review, we assessed whether the underspending impacted the delivery of projects and found that a variety of factors impacted project spending and delivery. For instance, as discussed in Chapter 4 of this report, OCTA has been delayed in processing \$33.4 million in grant payments for invoices submitted between FY 2019 and FY 2024. According to OCTA, the variances identified are in part a result of their intentional conservative approach to budget up to the maximum amount possible to spend, knowing that the budgeted amount may not be fully expended. The other reason is due to project delays that impacted project spending. As discussed in Chapter 2 of this report, there were unforeseen conditions that impacted both transit and freeway projects. For instance, the OC Streetcar project, which is the largest transit capital project, experienced significant delays due to

unforeseen utility conflicts and conditions, contaminated materials, discovery of archeological resources, and utility relocation—all of which impacted project spending and progress.

**EXHIBIT 44. PROJECTED V. ACTUAL ANNUAL EXPENSES, BY PROGRAM AND FISCAL YEAR (IN MILLIONS) <sup>1</sup>**

		Program			All Programs
		Freeway	Streets & Roads	Transit	
FY 2019	Projected	\$292.0	\$167.4	\$151.6	\$611.1
	Actual	\$216.0	\$63.9	\$94.4	\$374.3
	Variance	\$76.0	\$103.5	\$57.2	\$236.7
	% Variance	26%	62%	38%	39%
FY 2020	Projected	\$442.3	\$157.7	\$159.2	\$759.3
	Actual	\$327.6	\$100.4	\$126.0	\$554.1
	Variance	\$114.6	\$57.3	\$33.2	\$205.2
	% Variance	26%	36%	21%	27%
FY 2021	Projected	\$461.2	\$126.1	\$230.8	\$818.1
	Actual	\$423.2	\$138.7	-\$19.5 <sup>A</sup>	\$542.5
	Variance	\$37.9	-\$12.6	\$250.3	\$275.6
	% Variance	8%	-10%	108%	34%
FY 2022	Projected	\$533.7	\$112.3	\$166.2	\$812.2
	Actual	\$384.9	\$92.9	\$103.0	\$580.7
	Variance	\$148.8	\$19.4	\$63.2	\$231.4
	% Variance	28%	17%	38%	28%
FY 2023	Projected	\$569.1	\$121.1	\$230.8	\$921.0
	Actual	\$433.8	\$94.9	\$87.8	\$616.6
	Variance	\$135.3	\$26.2	\$142.9	\$304.4
	% Variance	24%	22%	62%	33%

Source: Generated from OCTA Finance's Annual Cashflow data

Note 1: This exhibit does not include the "Freeway Program Economic Uncertainties" (FPEU) contingency expense

Note A: According to OCTA, this negative figure reflects an adjustment made to split out revenues and expenses for Project R that did not impact the beginning balance for the subsequent fiscal year.

In addition to annual projections, OCTA also makes long-term forecasts for the M2 program, which spans from 2011 to 2041. Recent projections for total M2 program costs have increased. In FY 2021, OCTA projected \$6.7 billion in Freeway program expenses over the life of M2; by FY 2024, this estimate had risen to over \$8.2 billion. Similarly, the projection for total M2 program costs rose from \$14.7 billion in FY 2021 to \$18.1 billion in FY 2024. Projected revenue increases of \$3.2 billion over the same period (FY 2021 to FY 2024) are expected to help offset these higher cost estimates.

This cautious budgeting approach allows OCTA to maintain flexibility and ensure financial stability, even as costs and revenue estimates fluctuate over time.

## Chapter 6: OCTA is Transparent and Accountable to the Public

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OCTA has demonstrated a strong commitment to transparency and accountability through various public engagement initiatives. Within OCTA, the People and Community Engagement (PACE) Division plays a central role in promoting these values, ensuring that the public is well-informed about OCTA's projects and services. Through outreach campaigns, social media engagement, and multilingual marketing, OCTA provides accessible information to Orange County's diverse communities. The agency also leads public awareness efforts on major capital projects, such as the OC Streetcar, and consistently gathers feedback to improve public relations. While public perception of OCTA has slightly improved, awareness of M2 has remained steady despite extensive outreach. Furthermore, the TOC continues to fulfill its responsibilities, ensuring that M2 revenues are spent in compliance with the Ordinance, further reinforcing OCTA's dedication to accountability.

### OCTA Uses Various Initiatives to Promote Transparency and Accountability

OCTA has implemented several initiatives to ensure compliance with the Ordinance. Multiple divisions, particularly the PACE Division, collaborate to promote transparency and keep the public informed and involved. The PACE Division manages and directs OCTA's external affairs, including promotion, outreach, marketing, and customer engagement for all projects, programs, and services. It also oversees all customer-facing public outreach efforts. Within the division there are two departments, Public Outreach, and Marketing and Customer Engagement, that are primarily focused on ensuring public engagement and transparency:

- **Public Outreach** handles public communications in support of all phases of capital project development, planning, and construction for OCTA's projects, programs, and services. It implements public involvement programs to inform stakeholders and advance transportation projects. Public Outreach works with stakeholders to ensure that the planning and environmental review process reflects a wide range of positions, opinions, and concerns. Staff in the department also assist other departments and divisions to communicate effectively to the diverse stakeholder audiences and customers of OCTA's projects, programs, and services.
- **Marketing and Customer Engagement** is responsible for OCTA's promotion and customer relations activities. It gathers feedback for OCTA bus, local rail, and ACCESS paratransit services, and oversees the customer information center, which assists with trip planning and general transit information. The department collects feedback through customer roundtables and the Accessible Transit Advisory Committee.

In addition, the Director of Marketing and Public Outreach is responsible for overseeing public outreach, diverse communities' outreach, and marketing activities in support of all phases of capital project

development, planning, and construction to support OCTA’s projects, programs, and services. The Director also oversees the coordination of OCTA’s public committees.<sup>24</sup>

Collectively, the various roles and responsibilities of the PACE Division work together, and with other OCTA divisions, to advance transparency and accountability of OCTA’s operations and capital projects.

**OCTA Continues to Use a Variety of Communication and Outreach Methods to Advance Transparency, and in Many Cases, is Ahead of Peers**

When compared against other transportation and transit agencies, OCTA employed the most communication and outreach methods.<sup>25</sup> In addition, when comparing the various methods used by comparable agencies, OCTA’s communication and outreach methods were generally more consistent across mediums, with OCTA frequently utilizing social media, consistent logos, hashtags, and themes. Though not comprehensive of all of OCTA’s communication and outreach methods, Exhibit 45 highlights many of OCTA’s outreach practices and compares them against other transportation and transit agencies.

**EXHIBIT 45. COMPARISON OF OCTA’S VARIOUS COMMUNICATION AND OUTREACH METHODS AGAINST COMPARABLE ENTITIES**

Types of Communication and Outreach Methods	OCTA	SANDAG	SFCTA	MAG	RTA	PAG
Consistent Logo	✓	✓	✓	✓	X	✓
Website	✓	✓	✓	✓	✓	✓
Mobile Friendly Website	✓	X	✓	✓	✓	✓
Website—Interactive for real-time detours	✓	✓	✓	✓	X	X
Website- Projects Map	✓	✓	✓	✓	X	X
Website links to Social Media	✓	✓	✓	✓	✓	✓
Social Media—General	✓	✓	✓	✓	✓	✓
Facebook	✓	✓	✓	✓	✓	✓
Twitter	✓	✓	✓	✓	✓	✓
Instagram	✓	✓	✓	✓	✓	✓
LinkedIn	✓	✓	✓	✓	✓	✓
YouTube	✓	✓	✓	✓	✓	✓
Social Media—Project Specific	✓	✓	X	X	X	X
Email blasts/Newsletter to subscribers	✓	✓	✓	✓	✓	✓
Mobile Apps for real time traffic and detours	✓	X	✓	X	✓	X
Press Release	✓	✓	✓	✓	✓	✓
Newsletter	✓	✓	✓	✓	✓	✓
Direct Mail	✓	X	X	X	X	X

<sup>24</sup> According to OCTA, after the review period, the position no longer is in place. The departments are now overseen by department directors who report directly to the PACE Executive Director.

<sup>25</sup> Entities include San Diego Association Of Governments, San Francisco County Transportation Authority, Maricopa Association of Governments, Riverside Transit Agency, and Pima Association of Governments

Types of Communication and Outreach Methods	OCTA	SANDAG	SFCTA	MAG	RTA	PAG
Neighborhood Door Hangers	✓	✗	✗	✗	✗	✗
Open Meetings	✓	✓	✓	✓	✓	✓
Meetings Audio/Video Posted Online	✓	✓	✓	✓	✓	✓

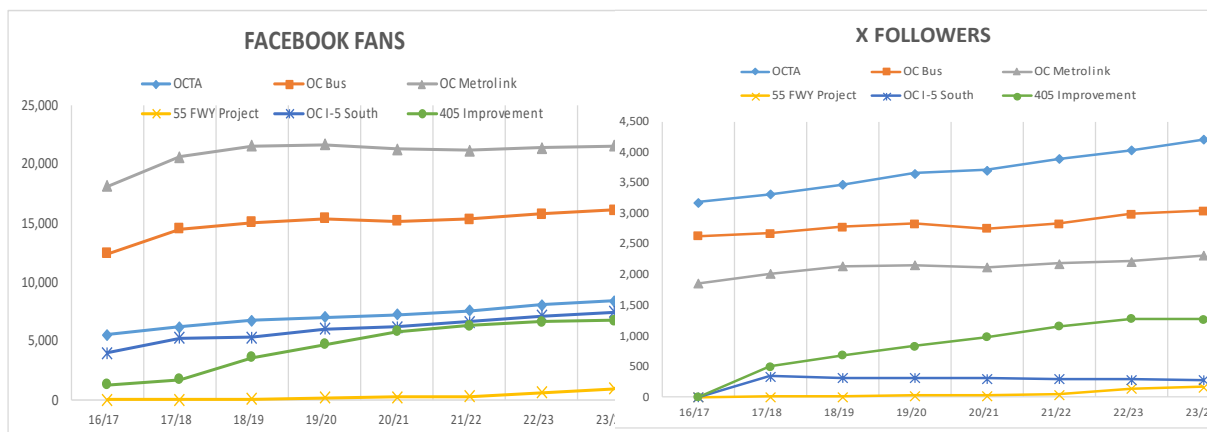
Source: Auditor-generated table based on visits to each transportation and transit agency website, social media pages and internet searches done in September 2024.

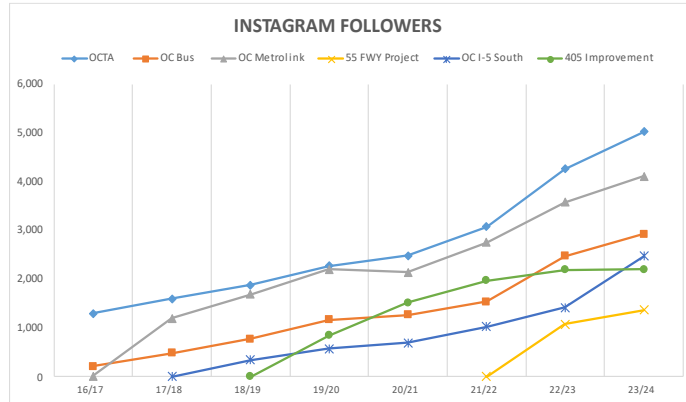
Among the many practices utilized by OCTA during our period of review, a few stood out due to their successful implementation:

- ✓ **Multilingual Marketing and Outreach:** OCTA has advanced its efforts to reach stakeholders and make information more accessible to the public, including non-English speakers. As of 2023, roughly 45 percent of the Orange County population spoke a language other than English, primarily Spanish. To reach a wider audience, OCTA offers multilingual marketing and outreach materials in English, Spanish, and Vietnamese. In addition, OCTA has a contract with an outreach consultant that provides translation services via text and phone.
- ✓ **OCTA Geofencing for Capital Projects.** OCTA continued its outreach efforts through the use of geofencing. Geofencing is a service that triggers an action when a device enters a pre-set geographic location.

**Public Outreach and Use of Social Media Networks.** OCTA continued its virtual engagement practices with website updates, social media posts, and a combination of in-person and virtual meetings. Further, over the years, OCTA has grown its social media followers and provides regular updates on both OCTA initiatives and project-specific updates. As shown in Exhibit 46, across social media platforms and accounts, OCTA’s followers have continually grown over the years.

**EXHIBIT 46. OCTA SOCIAL MEDIA FOLLOWERS**





Source: OCTA Social Media Follower Data provide by OCTA as of July 29, 2024

- ✓ **OCTA Has Employed Various Methods to Ensure Information Regarding OCTA Projects Is Distributed Throughout the Community.** OCTA has employed various methods to ensure resources and information are equitably distributed throughout the community and project information is accessible to the community. As shown in Exhibits 47 and 48, OCTA provides the public with information through a variety of mechanisms, such as construction alerts, project status updates, city council presentations, door-to-door outreach, ads, geofencing, etc. In addition, to help ensure the public was aware of its capital projects, OCTA issued 10 professional service contracts totaling more than \$12 million for M2 capital project public outreach.

### EXHIBIT 47. EXAMPLES OF OCTA PUBLIC OUTREACH FOR M2 PROJECTS

**EAT SHOP PLAY**  
DOWNTOWN SANTA ANA

**OC STREETCAR**  
Business Support Features  
As of 02/15/2024

January - December 2023  
OCTA's **EAT SHOP PLAY** (ESP) program supports local businesses located along the future OC Streetcar route. Benefits to businesses included social media, e-newsletter features, web profiles, and more! Here are some highlights for 2023.

- 480 social media ads in English and Spanish with 4,523,029+ impressions
- 106 participating businesses and web profiles (Eat: 29, Shop: 37, Play: 8, Service: 32)
- 24 e-newsletters featuring Business Spotlights, Local Services, Community Corners, Shop Local, Dining Options
- 1,180 impressions from texting campaigns
- Business listings in 1,500 walking maps and 7,000 bus handouts
- Engaged with 1,300+ individuals at community events
- 40 digital marquees and billboard ads with 408,240,000+ impressions
- 36 bus interior ads with 38,500+ impressions every month
- 54 exterior bus ads with 7,805,580+ impressions

An 'impression' is the number of times an ad was displayed on screen.

**CONSTRUCTION ALERT**  
GARDEN GROVE BOULEVARD 55 HR CLOSURES

**WHAT**  
Crews will close the eastbound SR-22 off-ramp to Valley View Street/Garden Grove Boulevard as well as a segment of Garden Grove Boulevard over two weekends to perform roadway improvements. Eastbound Garden Grove Boulevard will be closed and westbound Garden Grove Boulevard will be reduced to one lane each weekend.  
**Please be advised that this work may be loud.**

**WHERE**  
Garden Grove Boulevard between Valley View Street and the I-405 and SR-22 on- and off-ramps.

**WHEN**  
Closures are anticipated as early as:  

- 10 p.m., Friday, Aug. 11 to 5 a.m., Monday, Aug. 14
- 10 p.m., Friday, Aug. 18 to 5 a.m., Monday, Aug. 21

**Note:** Dates and times may change due to unforeseen operational factors or inclement weather.  
Access to businesses and residential areas will be maintained.

**FOR MORE INFORMATION**  

- PROJECT HELP LINE: 949-400-0994
- PROJECT EMAIL: 405@ocstreetcar.net
- WEBSITE: 405.m2ocstreetcar.net
- FACEBOOK: 405m2ocstreetcar
- TWITTER: 405m2ocstreetcar
- INSTAGRAM: 405m2ocstreetcar

Para obtener más información sobre el Proyecto de Ampliación en el I-405, llame al 888-400-8994.  
Để biết thêm thông tin về Dự Án Cải Thiện Xa Lộ I-405, vui lòng liên hệ với Gia Ly Thao số 888-462-8590.

OCTA, eSolutions, OC GO (Join the Quality of Ride)





Source: Example documents provided by OCTA

**EXHIBIT 48. EXAMPLES OF OCTA PUBLIC OUTREACH EFFORTS FOR OC STREETCAR**

## OC Streetcar Public Outreach Program

- Fourth Street Business Outreach
- Santa Ana City Council
- Field Meetings
- Door-to-Door Outreach
- Downtown Business Associations
- Eat Shop Play Program
- Construction Alerts

- Crowd Fence Covers
- Parking Structure Banners
- Eat Shop Play Banners
- Wayfinding Banners
- Newspaper, Radio and Spotify Ads
- Radio Remotes
- E-toolkits
- Movie Theater ads
- Electronic Billboards
- Bus Ads
- Geo-fencing
- Go-Pro Videos
- Tours
- Eat Shop Play Walking Map
- Lunch Meet-Ups

Source: Example documents provided by OCTA

## Public Perception of OCTA Slightly Improved, Though Awareness of M2 Has Not Materially Changed

OCTA contracted with True North Research to conduct a survey “to provide OCTA with an objective, statistically reliable assessment of Orange County voters’ awareness, perceptions, opinions, and priorities as they pertain to OCTA and the many projects, programs, and services provided by the Authority under

the M2 investment Plan. More specifically, the study was designed to measure and track perceptions of OCTA and the agency’s role in implementing safe, equitable, and efficient transportation solutions, explore how the public prioritizes among key transportation projects, programs, and capital investments that are part of the Investment Plan, and gather feedback on important issues and policy decisions that OCTA faces in an environment characterized by declining revenues, increasing costs, shifting demand, and emerging technologies.”

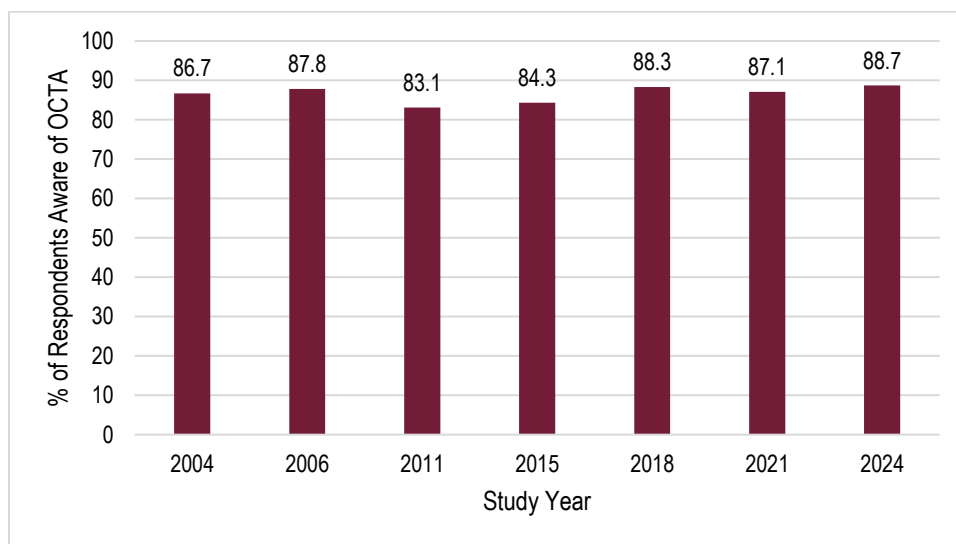
### Public Perception of OCTA Has Slightly Improved

Since 2011, OCTA has conducted surveys roughly every three years intended to gauge overall public awareness and perceptions of OCTA, as well as understand Orange County residents’ travel behavior, use of transportation systems, primary source of information, and demographic factors. The survey, conducted by True North Research, was developed with a slightly different focus than prior attitudinal awareness surveys, with a focus on a representative sample of Orange County likely voters rather than adults as the Investment Plan was driven by the priorities and preferences of likely voters at the time. Overall, the survey found that OCTA continued to garner a generally positive public perception with survey participants familiar with OCTA. However, as discussed in the following sections, the percentage of survey respondents that had heard of Measure M— Orange County’s voter-approved half cent transportation sales tax— remained relatively consistent between the 2018 and 2024 surveys, despite OCTA’s public outreach efforts.

*Public Awareness and Opinion Survey Results Continued to be Notably Positive, with More than Half of All Respondents Having a Favorable Opinion of OCTA*

Public awareness and opinion of OCTA has continued to be notably positive for OCTA, with roughly nine out of every ten respondents aware of OCTA, as shown by Exhibit 49. Overall, there has been a slight increase in residents’ awareness of OCTA since 2004, with the highest level of awareness reported in 2024 at 88.7 percent of respondents reporting they were aware of OCTA prior to the survey.

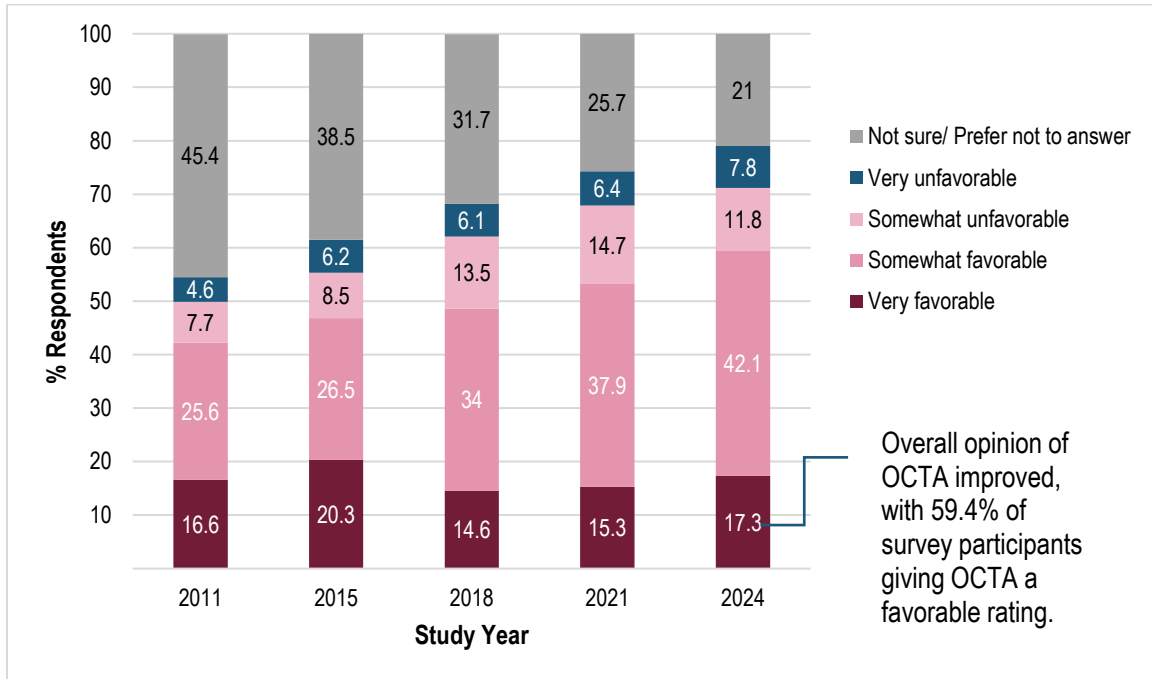
**EXHIBIT 49. NUMBER OF SURVEY RESPONDENTS AWARE OF OCTA, BY STUDY YEAR**



Source: M2 Comprehensive Review – Quantitative Survey – Summary Report July 2024, Figure 14

Further, residents' overall opinion of OCTA improved, with 59.4 percent of survey participants giving OCTA a favorable rating—a 6.2 percent point increase from 2021—with another 21 percent of respondents preferring not to answer. When looking only at the percentage of respondents that had an opinion of OCTA, positive opinions were more than three times greater than negative opinions as illustrated below in Exhibit 50.

**EXHIBIT 50. OPINION OF OCTA, BY STUDY YEAR**

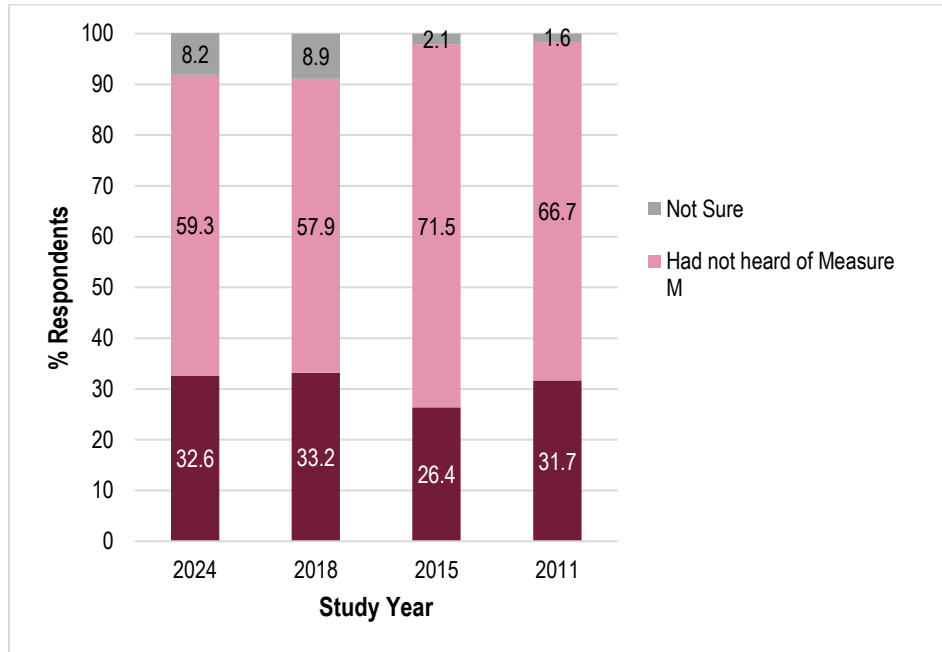


Source: M2 Comprehensive Review – Quantitative Survey – Summary Report July 2024, Figure 19

*Public Awareness of Measure M Remained Relatively Consistent, Despite OCTA Public Outreach Efforts*

As part of OCTA's survey efforts, OCTA assessed the public's awareness of M2, among other items. The 2024 survey revealed that there was a slight increase in the percentage of respondents reporting they were aware of the measure from 2011 to 2024, with 32.6 percent of respondents reporting they aware of M2 prior to taking the survey, compared to 31.7 percent reporting awareness in 2011, little change despite increased social media outreach and OCTA's public outreach efforts.

**EXHIBIT 51. SURVEY RESPONDENTS' AWARENESS OF MEASURE M, BY STUDY YEAR**

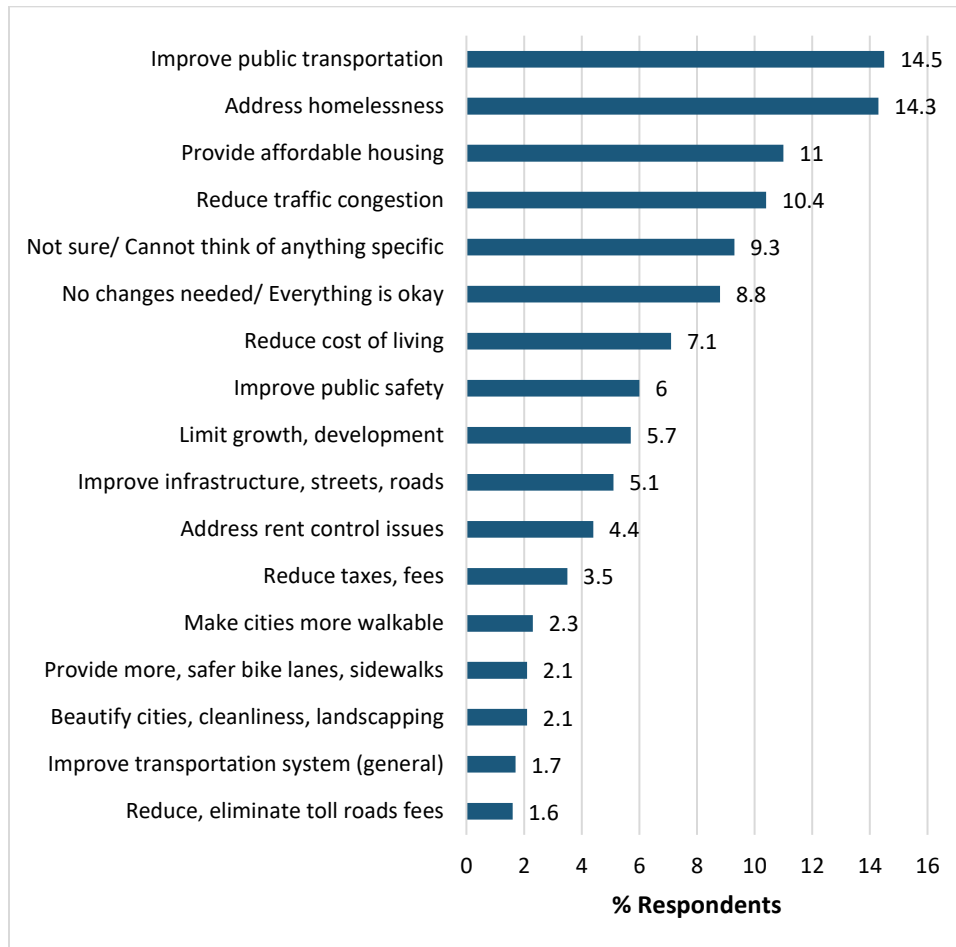


Source: M2 Comprehensive Review – Quantitative Survey – Summary Report July 2024, Figure 25

*Improving Public Transportation and Reducing Traffic Congestion Were Two of the Pressing Issues Facing Orange County Among One out of Every Ten Residents*

Among Orange County residents' rankings of top changes to improve Orange County, the M2 Comprehensive Review – Quantitative Survey – Summary Report July 2024 identified improved public transportation and traffic congestion as residents' first and fourth areas to improve, along with addressing homelessness and providing affordable housing. As discussed in prior assessments, traffic has continued to be one of residents' highest priority issues since 2011.

## EXHIBIT 52. SURVEY RESPONDENTS' CHANGES TO IMPROVE ORANGE COUNTY



Source: M2 Comprehensive Review – Quantitative Survey – Summary Report July 2024, Figure 5

### **The Taxpayer Oversight Committee Continues to Generally Function as Envisioned in the Ordinance, Though OCTA Identified Some Room for Clarification in the Ordinance**

According to the Ordinance, the TOC was formed as a safeguard to ensure taxpayer revenues were spent in accordance with the Ordinance and Transportation Investment Plan. The TOC was charged with annually reviewing and certifying whether expenditures complied with the Ordinance and independently and discretionarily performed ongoing monitoring and reviews to ensure M2 was implemented as approved by voters. Our assessment found that the TOC has continued to fulfill its responsibilities.

The Ordinance stipulates several key responsibilities for the TOC:

1. Vote on M2 Transportation Investment Plan amendments;
2. Hold annual public meeting to determine whether OCTA is proceeding in accordance with the Plan;
3. Update procedural, rules, regulations to operate, as necessary;
4. Annually certify whether M2 revenues have been spent in compliance with the Plan;

5. Determine local agency eligibility by reviewing Congestion Management Program, Mitigation Fee Program, Expenditure Reports, Local Signal Synchronization Plans, and Pavement Management Plans;
6. Receive and review the triennial performance assessment.

Based on our review of TOC meeting minutes, the TOC generally met on a quarterly basis and fulfilled their responsibilities as established in its procedures and as required by the Ordinance, as summarized in Exhibit 53. Moreover, the TOC formed two subcommittees to help fulfill responsibilities—an Audit Subcommittee and an Annual Eligibility Review Subcommittee. Meeting minutes demonstrated a general commitment from both TOC and OCTA to follow set procedures and operate in an open and transparent environment where issues were brought to light and discussed as necessary.

**EXHIBIT 53. COMPARISON OF OCTA WEBSITE ACCESSIBILITY AGAINST COMPARABLE ENTITIES**

	TOC List of Responsibilities	Frequency of TOC Responsibility	Responsibility Fulfilled for Review Period
1	Approve by 2/3 vote any funding changes to plan	Ongoing as needed	✓
2	Hold annual public hearings	Annually	✓
3	Update procedural, rules, regulations necessary to operate	Initial and ongoing as needed	✓
4	Review five (5) of the twelve local eligibility requirements	As determined by each category	✓
5	Chair shall certify annually that revenues are spent in compliance to the plan	Annually	✓
6	Receive and review triennial performance assessments	Every three (3) years	✓

Source: OCTA TOC Meeting Agendas and Minutes, and other publicly available documents on OCTA's website

### **The Taxpayer Oversight Committee Requested an Annual Compliance Audit, Prompting an Opportunity to Clarify Ordinance Language**

As discussed earlier, the TOC is charged with annually reviewing and certifying whether expenditures complied with the Ordinance and the TOC Chair is required to certify annually that revenues are spent in compliance with the plan. For the first time, the current TOC Chair requested, through the TOC, for OCTA to hire an external audit firm to conduct an independent audit of OCTA's compliance with the Ordinance and assess the internal control over compliance, prior to the Chair certifying that revenues were spent in compliance with the plan. The TOC voted to request that OCTA provide for a "Limited M2 Compliance Audit" for FY 2022-23, which would consist of an audit of OCTA's compliance with the Ordinance, excluding testing at the local jurisdiction level. The TOC also voted to request OCTA provide a "Measure M2 Compliance Audit" for FY 2023-24 and annually thereafter, which would include testing at the local jurisdiction level.

While the Ordinance language is unclear and does not explicitly state such an audit is required, OCTA requested Board approval to fulfill the TOC request. The Board approved the audit for FY 2022-23 and FY 2023-24. The Board did not want to commit to annual audits at the time and requested that future audits be reevaluated after the FY 2023-24 audit to evaluate any unintended consequences and impacts to local

jurisdictions with the additional work. The FY 2022-23 compliance audit report was issued in March 2024 in order for the Chair to certify whether M2 revenues have been spent in compliance with the plan by June 2024. The contracted auditor did not identify any deficiencies in internal control over compliance that it considered to be material weaknesses and found that OCTA complied, in all material respects, with the Ordinance requirements for the year ended June 30, 2023.

In November 2023, OCTA prepared a staff report to the Executive Committee to propose an amendment to the Ordinance to address inconsistencies in interpretation of TOC responsibilities. Namely, the amendment sought to clarify that the intent of the Ordinance language was to empower the TOC as an entire body rather than leave compliance determinations to a single member. With consultation from OCTA's legal counsel, staff recommended that the language in the Ordinance be modified to eliminate ambiguity. This amendment was intended to be considered by the Executive Committee and voted on in January 2024 but has been indefinitely deferred.

## **Recommendation**

None

## Appendix A: Universe of M2 Projects

Definitions		
Budget	Revised Budget	The most up to date budget for the project. OCTA refers to this as the "Current Baseline Cost".
	Estimated/Actual Costs	The most up to date estimate of what the project will cost at completion. If the project is complete, this reflects the actual final cost of the project. OCTA refers to this as the "Forecast at Completion Cost".
Schedule	Scheduled Completion	The most up to date planned schedule for when project construction will be completed. OCTA refers to this as the "Completion Date Current Baseline".  An Asterisk (*) indicates that the completion schedule was revised.
	Completion Status	For completed projects, this reflects the actual final completion date. For projects that are in progress, this reflects the latest estimate of when the project will be completed.  OCTA refers to this as the "Actual/Forecast Schedule".

Legend	
Red text	<p>In the Cost Percent Variance Column, this indicates that project <b>costs</b> exceeded the revised budget by more than 20%.</p> <p>In the Completion Status column, this indicates that the project <b>schedule</b> completion is estimated to be delayed 1 year or more.</p> <p>In the Project Scope column, this indicates a <b>scope</b> change occurred, comparing the 2006 Long-Range Transportation Plan and Program Environmental Impact Report to the current scope of the projects. This report was developed at the time M2 was passed and the scope identified for each of these projects is more defined in this document.</p>
Orange text	In the Completion Status Column, this indicates that the project <b>schedule</b> completion is estimated to be delayed 6-12 months.



**EXHIBIT 54. STATUS OF M2 PROJECTS, AS OF JUNE 30, 2024 (IN MILLIONS)**

Project Letters	Project Title	M2 Budget (2005 \$)	Segments	Revised Budget	Estimated/ Actual Costs	Cost % Variance	Scheduled Completion	Completion Status	Project Scope
A	Santa Ana Freeway (I-5) Improvements between Costa Mesa Freeway (SR-55) and "Orange Crush" Area (SR-57)	\$470.0	I-5: SR-55 to SR-57	\$38.1	\$38.9	2%	Apr-21*	Jan-21	Add HOVL; 3 miles; both directions
B	Santa Ana Freeway (I-5) Improvements from the Costa Mesa Freeway (SR-55) to El Toro "Y" Area	\$300.2	I-405 to SR-55	\$9.6	\$8.4	-12%	Not applicable	Jan-20	Environmental review only, broken into following 2 project segments.
			I-405 to Yale Avenue	\$230.5	\$230.5	0%	Sep-29*	Sep-29	Add General Purpose Lane both directions; 4.5 miles
			Yale Avenue to SR-55	\$200.4	\$258.2	29%	Sep-29*	May-29	Add General Purpose Lane both directions; 4.5 miles
C	San Diego Freeway (I-5) Improvements South of the El Toro "Y"	\$627.0	I-5: SR-73 to Oso Pkwy	\$151.9	\$229.4	51%	Apr-25*	Jan-25	Add General Purpose Lane, both directions; reconstruction Avery Parkway Interchange, 2.2 miles
			I-5: Oso Pkwy to Alicia Pkwy	\$196.2	\$230.3	17%	Nov-23*	Sep-24	Add General Purpose Lane; both directions; reconstruction La Paz Road Interchange. 2.6 miles
			I-5: Alicia Pkwy to El Toro Rd	\$133.6	\$203.6	52%	Oct-24*	Dec-24	Add General Purpose Lane, extend HOVL; both directions; 1.7 miles
			I-5: SR-73 to El Toro Rd Landscape	Project not yet started	\$12.4	To be determined	To be determined	Mar-27	Replace landscape, both directions; 6.5 miles
			I-5: Pico to Vista Hermosa	\$113.0	\$83.6	-26%	Aug-18*	Aug-18	Add HOVL, both directions; 0.7 miles
			I-5: Vista Hermoso to PCH	\$75.6	\$75.3	0%	Mar-17*	Jul-17	Add HOVL, both directions; 2.5 miles

Project Letters	Project Title	M2 Budget (2005 \$)	Segments	Revised Budget	Estimated/ Actual Costs	Cost % Variance	Scheduled Completion	Completion Status	Project Scope
			I-5: PCH to San Juan Creek Rd	\$70.7	\$74.3	5%	Sep-16*	Jul-18	Add HOVL, both directions; 2.5 miles
D	Santa Ana Freeway/San Diego Freeway (I-5) Local Interchange Upgrades	\$258.0	I-5/El Toro Road Interchange	\$11.5	\$11.5	0%	Apr-26	Apr-26	Reconstruct interchange. Overall Project length approximately 1 mile.
			I-5/Ortega Highway Interchange	\$91.0	\$79.8	-12%	Sep-15*	Jan-16	Reconstruct interchange
E	Garden Grove Freeway (SR-22) Access Improvements	\$120.0	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Improvements at 3 interchanges along SR-22 completed in 2008 as "bonus project" paid for by M1
F	Costa Mesa Freeway (SR-55) Improvements	\$366.0	SR-55: I-405 to I-5	\$410.9	\$505.7	23%	Feb-27*	Feb-27	Add General Purpose Lane, HOVL, both directions; 4 miles
			SR-55: I-5 to SR-91	\$131.3	\$131.3	0%	Oct-29*	Oct-29	Add lanes, both directions; 7.5 miles
G	Orange Freeway (SR-57) Improvements	\$258.7	SR-57: Northbound Orangewood to Katella	\$71.8	\$114.9	60%	Jun-28*	Jun-28	Add General Purpose Lane, Northbound; Approx. 1 mile
			SR-57: Katella to Lincoln	\$78.7	\$38.0	-52%	Sep-14*	Apr-15	Add General Purpose Lane, Northbound; 2.8 miles
			SR-57: Orangethorpe to Yorba Linda	\$80.3	\$52.3	-35%	May-14*	Nov-14	Add General Purpose Lane, Northbound, widen existing lanes to standard widths; 2.4 miles
			SR-57: Yorba Linda to Lambert	\$79.3	\$54.1	-32%	Sep-14	May-14	Add General Purpose Lane, Northbound, widen existing lanes to standard widths; 2.5 miles

Project Letters	Project Title	M2 Budget (2005 \$)	Segments	Revised Budget	Estimated/ Actual Costs	Cost % Variance	Scheduled Completion	Completion Status	Project Scope
			SR-57: Lambert to Tonner Canyon	\$0.0	To be determined	To be determined	To be determined	To be determined	Add General Purpose Lane; Northbound, Approx. 2 miles
H	Riverside Freeway (SR-91) Improvements from the Santa Ana Freeway (I-5) to the Orange Freeway (SR-57)	\$140.0	SR-91: WB I-5 to SR-57	\$78.1	\$59.2	-24%	Apr-16*	Jun-16	Add General Purpose Lane, Westbound; 4.5 miles
I	Riverside Freeway (SR-91) Improvements from Orange Freeway (SR-57) to the Costa Mesa Freeway (SR-55) Interchange Area	\$416.5	SR-91: Tustin Avenue to SR-55 Interchange	\$49.9	\$42.5	-15%	Jul-16*	Jul-16	Add AUXL, Westbound; 2 miles
			SR-91, SR-55 to Lakeview Avenue (Segment 1)	\$108.6	\$134.0	23%	Sep-27	Jul-28	Westbound operational improvements (approximately 2.2 miles)
			SR-91, La Palma Avenue to SR-55 (Segment 2)	\$208.4	\$208.4	0%	Mar-28*	Jan-30	Additional eastbound General Purpose Lane (approximately 2.7 miles)
			SR-91, Acacia Street to La Palma Ave (Segment 3)	\$116.2	\$207.0	78%	Sep-28*	Jun-29	Westbound operational improvements (approximately 1.8 miles)
J	Riverside Freeway (SR-91) Improvements from Costa Mesa Freeway (SR-55) to the Orange/Riverside County Line	\$352.0	SR-91: SR-241 to SR-71	\$104.5	\$57.8	-45%	Nov-10*	Jan-11	Add General Purpose Lane, Eastbound, widen existing lanes to standard widths; 6 miles
			SR-91: SR-55 to SR-241/East of Weir Canyon	\$128.4	\$79.7	-38%	Dec-12*	Mar-13	Add General Purpose Lane, both directions, widen existing lanes to standard widths; 6 miles
			SR-91: SR-241 to Riverside County Line	To be determined	To be determined	To be determined	To be determined	To be determined	Add General Purpose Lane

Project Letters	Project Title	M2 Budget (2005 \$)	Segments	Revised Budget	Estimated/ Actual Costs	Cost % Variance	Scheduled Completion	Completion Status	Project Scope
K	San Diego Freeway (I-405) Improvements between the I-605 Freeway in Los Alamitos Area and Costa Mesa Freeway (SR-55)	\$1,072.8	I-405: SR-73 to I-605 Design-Build	\$1,620.0	\$1,620.0	0%	Feb-24*	Feb-24	Add General Purpose Lane, both directions; Approximately 16 miles
L	San Diego Freeway (I-405) Improvements between Costa Mesa Freeway (SR-55) and Santa Ana Freeway (I-5)	\$319.7	I-405: I-5 to SR-55	To be determined	To be determined	To be determined	To be determined	To be determined	Widen freeway both directions; Alternative proposal: General Purpose Lane, one direction. Approximately 8.5 miles
M	I-605 Freeway Access Improvements	\$20.0	I-605/Katella Ave. IC	\$29.0	\$49.7	71%	Nov-25*	Oct-26	Modify interchange ramps and lane configurations; Approximately 0.5 miles
N	Freeway Service Patrol	\$150.0	not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	M2 funded program to assist stranded motorists on the freeway network.
<b>Sub-Total Freeway</b>		<b>\$4,870.9</b>		<b>\$5,157.5</b>	<b>\$5,430.8</b>	<b>5%</b>			
O	Regional Capacity Program	\$1,132.8	Raymond Ave. Undercrossing	\$77.2	\$126.2	64%	Aug-18*	May-18	Add rail undercrossing
			State College Blvd. Undercrossing	\$73.7	\$99.6	35%	May-18*	Mar-18	Add rail undercrossing
			Placentia Ave. Undercrossing	\$78.2	\$64.5	-17%	Nov-14*	Dec-14	Add rail undercrossing
			Kraemer Blvd. Undercrossing	\$70.4	\$63.8	-9%	Oct-14*	Dec-14	Add rail undercrossing
			Orangethorpe Ave. Overcrossing	\$117.4	\$105.9	-10%	Sep-16*	Oct-16	Add rail overcrossing
			Tustin Ave./Rose Dr. Overcrossing	\$103.0	\$96.7	-6%	May-16*	Oct-16	Add rail overcrossing
			Lakeview Ave. Overcrossing	\$70.2	\$110.7	58%	Mar-17*	Jun-17	Add rail overcrossing and connector road.

Project Letters	Project Title	M2 Budget (2005 \$)	Segments	Revised Budget	Estimated/ Actual Costs	Cost % Variance	Scheduled Completion	Completion Status	Project Scope
			Orange County Master Plan for Arterial Highways (MPAH)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Awarded to local jurisdictions via competitive grants; requires local match.
P	Regional Traffic Signal Synchronization Program	\$453.1	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Provides funding and assistance to implement multi-agency signal synchronization. Been funded.
Q	Local Fair Share Program	\$2,039.1	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Awarded on a formula basis to all locals on a bi-monthly basis.
	<b>Sub-Total Streets &amp; Roads</b>	<b>\$3,625.0</b>		<b>\$590.1</b>	<b>\$667.4</b>	<b>13%</b>			
R	High Frequency Metrolink Service	\$1,129.8	Sand Canyon Grade Separation	\$55.6	\$61.9	11%	May-14*	Jan-16	Creating a grade separated crossing.
			Rail-Highway Grade Crossing Safety Enhancement	\$94.4	\$90.4	-4%	Dec-11*	Dec-11	50 at-grade rail-highway crossings with focus on safety improvements (new medians, new gate arms, upgrading traffic signals, new pedestrian swing gates, etc.)
			17 <sup>th</sup> Street Grade Separation – LOSSAN (Environmental Only)	\$3.2	\$2.5	-23%	Jun-16*	Nov-17	Construct highway-rail grade separation in City of Santa Ana
			Laguna Niguel/San Juan Capistrano Passing Siding	\$25.3	\$33.2	31%	Feb-21*	Nov-20	Construct 1.8 miles of new passing siding track adjacent to existing main track
			Laguna Niguel/Mission Viejo Station Surface Parking Lot	\$4.3	\$4.1	-5%	Oct-13*	Oct-13	Construct parking lot
			Laguna Niguel/Mission Viejo Station ADA Ramps	\$3.6	\$5.2	45%	Apr-17*	Sep-17	Upgrade station facilities to be ADA compliant

Project Letters	Project Title	M2 Budget (2005 \$)	Segments	Revised Budget	Estimated/ Actual Costs	Cost % Variance	Scheduled Completion	Completion Status	Project Scope
			Placentia Metrolink Station & Parking Structure	\$34.8	\$40.1	15%	Aug-27	Aug-27	Construct additional station including parking structure, bus stop, and passenger loading zone
			Anaheim Canyon Station	\$27.9	\$34.3	23%	Jan-23*	Jan-23	Construct 3400 linear ft of second station tracks, new second platform and upgrade parking lot to be ADA compliant.
			Orange Station Parking Improvements	\$33.2	\$30.9	-7%	Feb-19*	Feb-19	Construct additional parking structure
			Tustin Station Parking Expansion	\$17.6	\$15.4	-13%	Sep-11	Sep-11	Construct additional parking structure
			Fullerton Station Parking Expansion	\$42.0	\$29.8	-29%	Apr-12*	Jun-12	Construct additional parking structure
			Fullerton Transportation Center Elevator Upgrades	\$3.5	\$4.2	21%	Mar-17*	May-19	Modify pedestrian bridge, add elevators
			San Clemente Beach Trail Safety Enhancements	\$6.0	\$5.0	-17%	Jan-14*	Mar-14	Enhancing safety features at pedestrian crossings.
S	Transit Extension to Metrolink	\$1,000.0	OC Streetcar	\$595.8	\$595.8	0%	Aug-25*	Aug-25	Construct 4.15-mile streetcar line connecting the SRTC to Downtown Santa Ana
			Bus and Station Van Extension Projects	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Projects intended to increase frequency of service to connect to Metrolink.
T	Convert Metrolink Station(s) to Regional Gateway that Connect Orange County with High-Speed Rail System	\$57.9	Anaheim Regional Transportation Center (ARTIC)	\$227.4	\$232.2	2%	Nov-14*	Dec-14	Construct multi-modal transit center serving existing rail and bus and future CA high-speed train
U	Expand Mobility Choices to Seniors and	\$392.8	Senior Mobility Program	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Projects intended to expand transportation services for seniors.

Project Letters	Project Title	M2 Budget (2005 \$)	Segments	Revised Budget	Estimated/ Actual Costs	Cost % Variance	Scheduled Completion	Completion Status	Project Scope
	Persons with Disabilities		Senior Non-Emergency Medical Transportation Program	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Projects intended to supplement existing non-emergency medical transportation to seniors.
			Fare Stabilization Program	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Program intended to stabilize fares and provide fare discounts to seniors and persons with disabilities.
V	Community Based Transit/Circulators	\$226.5	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	This program provides funding for local jurisdictions to develop local bus transit services that complement regional bus and rail services to meet needs in areas not adequately served by regional transit.
W	Safe Transit Stops	\$25.0	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Provides funding for passenger amenities at the 100 busiest transit stops across Orange County.
<b>Sub-Total Transit</b>		<b>\$2,832.0</b>		<b>\$1,174.6</b>	<b>\$1,185.0</b>	<b>1%</b>			
X	Environmental Cleanup	\$237.2	Tier 1	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Implements street and highway-related water quality improvement programs and projects that assist agencies countywide with federal Clean Water Act standards for urban runoff.
			Tier 2	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	
<b>Total</b>		<b>\$11,565.1</b>		<b>\$6,922.2</b>	<b>\$7,283.2</b>	<b>5%</b>			

**July 2021 - June 2024  
M2 Performance Assessment Recommendations and Action Plan**

<b>Consultant Recommendation</b>		<b>OCTA Action</b>
<b>Chapter 1: Program Goals Have Been Met Thus Far – No Recommendation</b>		
<b>Chapter 2: More Than Half of the M2 Pledged Program Has Been Delivered Since 2011</b>		
1.	To enhance transparency, OCTA should consider providing contextual disclosures in its reporting when project cost and schedule status are being reported against an amended plan rather than the original plan.	OCTA will enhance transparency in reporting project cost and schedule in the M2 quarterly progress reports and Capital Action Plan updates as appropriate.
2.	As part of the development of the new E-procurement solution, OCTA should ensure that the scoring and evaluation processes are reviewed to build system functions that capture consistent and accurate data that clearly documents how and why vendors were awarded contracts.	OCTA’s implementation project team has confirmed with the E-Procurement solution consultant, OpenGov, that the solution includes system functions designed to capture consistent and accurate data for scoring proposals. The system can be configured to require evaluators to submit comments for each evaluation criterion of each proposal. The contract administrator can review scores and comments for completeness before proceeding to reporting and awarding.
3.	To strengthen compliance with OCTA’s contracting and procurement policies, OCTA should add clarifying language in the CAMM manual on what CAMM policies are subject to staff discretion.	On January 15, 2025, OCTA’s Chief Executive Officer approved and incorporated the addition of clarifying language to the CAMM policy manual regarding the project manager’s discretion in issuing a Notice to Proceed.
<b>Chapter 3: OCTA Demonstrated Strong Program Management – No Recommendation</b>		
<b>Chapter 4: OCTA Maintains Solid Framework for Ordinance Compliance</b>		
4.	Develop a plan to address backlog and timeliness of grant payments, which may include implementing the recommendations provided by the payment process consultant, as appropriate, consideration of more frequent and consistent timelines within the process, and assuring appropriate staffing levels and resources are available to better organize and expedite review of payments and payment authorization.	Over the last year, OCTA has implemented several actions to alleviate this issue including hiring one additional staff member and hiring additional engineering resources to help review payment requests, hiring a payment process consultant, and amending the guidelines to simplify some processes. OCTA anticipates receiving recommendations from the payment process consultant in early 2025 and will review and implement the most appropriate as soon as possible. Updates on OCTA’s efforts to address the M2 performance assessment recommendation will be included in future M2 quarterly progress reports.
<b>Chapter 5: Fiscal Practices Were Conservative, Yielding a Steady Path for Remaining Program – No Recommendation</b>		
<b>Chapter 6: OCTA is Transparent and Accountable to The Public – No Recommendation</b>		

**Acronyms**

CAMM – Contract Administration and Material Management

M2 – Measure M2

OCTA – Orange County Transportation Authority



# MEASURE M2 PERFORMANCE ASSESSMENT REPORT

MARCH 3, 2025

ORANGE COUNTY TRANSPORTATION AUTHORITY

Presented by:  
Nicole Dyer  
Grace Arias

# ASSESSMENT FOCUS

- **Triennial Performance Assessment required by M2 Ordinance — 6<sup>th</sup> 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

- OCTA continued to make progress toward M2 goals; with 65% of capital construction completed.
- Reporting of capital project delivery was transparent, but opportunities exist to clarify performance and provide comprehensive context.
- Procurement activities were generally compliant, but small improvements can be made to strengthen processes.
- Program management of M2 continued to be effective, with OCTA continuously refining its practices.
- OCTA strengthened its cybersecurity practices, addressing prior recommendations, and conducts regular tests to mitigate risks.
- OCTA established a robust, well-organized system to track compliance with the M2 Ordinance.
- Grant evaluation and award practices were well-documented and clear, but OCTA is working on improving grant payment processes.
- Fiscal practices were conservative, yielding a steady path for remaining program.
- OCTA continued to use extensive communication methods in pursuit of transparency.
- The Taxpayer Oversight Committee continued to fulfill its oversight role, though OCTA identified some room for clarification in the Ordinance.

# RECOMMENDATIONS

1. Consider providing contextual disclosures in its reporting when project cost and schedule status are being reported against an amended plan rather than the original plan.
2. As part of the development of the new E-procurement solution ensure that scoring and evaluation processes are reviewed to build system functions that capture consistent and accurate data that clearly documents how and why vendors were awarded contracts.
3. Add clarifying language in the CAMM manual on what CAMM policies are subject to staff discretion.
4. Develop a plan to address backlog and timeliness of payments, which may include implementing the recommendations provided by the payment process consultant, as appropriate; consideration of more frequent and consistent timelines within the process; and assuring appropriate staffing levels and resources are available to better organize and expedite review of payments and payment authorization.

# PROGRAM GOALS HAVE BEEN MET THUS FAR, AND MORE THAN HALF OF PROGRAM HAS BEEN DELIVERED

## RESULTS

- Nearly halfway through 30-year measure, project delivery is commensurate with time lapsed:
  - 65% of capital project segments completed
  - 81.6 miles of freeway + 4 interchanges completed
  - Performance goals made progress in transit, traffic signal synchronization, and pavement conditions remaining stable
- Pledged scopes continued to progress and be delivered
- Solid controls continued over construction management
- Reporting of capital project delivery was transparent, but opportunities exist to clarify performance and provide comprehensive context
- Procurement activities were generally compliant, but small improvements can be made to strengthen processes

# PROGRAM GOALS HAVE BEEN MET THUS FAR, AND MORE THAN HALF OF PROGRAM HAS BEEN DELIVERED

## Recommendations

1. To enhance transparency, OCTA should consider providing contextual disclosures in its reporting when project cost and schedule status are being reported against an amended plan rather than the original plan.
2. As part of the development of the new E-procurement solution, OCTA should ensure that the scoring and evaluation processes are reviewed to build system functions that capture consistent and accurate data that clearly documents how and why vendors were awarded contracts.
3. To strengthen compliance with OCTA's contracting and procurement policies, OCTA should add clarifying language in the CAMM manual on what CAMM policies are subject to staff discretion.

# OCTA DEMONSTRATED STRONG PROGRAM MANAGEMENT

## RESULTS

- Continual employment of strong practices.
- Roles and functions clearly delineated to support coordination of M2 Program.
- Continuous improvement valued through implementation of prior assessment recommendations.
- Administrative costs were limited and closely monitored.
- OCTA implemented improvements to cybersecurity operations, though opportunities to strengthen efforts continually exist.

**No recommendations.**

# OCTA MAINTAINS SOLID FRAMEWORK FOR ORDINANCE COMPLIANCE

## RESULTS

- Robust system used to track compliance.
- Local eligibility requirements were robust and thoroughly reviewed by OCTA.
- Eligibility reviews were extensive and 3 cities were deemed ineligible.
- Grant payments process needs improvement, and OCTA is taking steps to make changes.

## RECOMMENDATION

- Develop a plan to address backlog and timeliness of payments, which may include:
  - Implementing the recommendations provided by the payment process consultant, as appropriate.
  - Consideration of more frequent and consistent timelines within the process.
  - Assuring appropriate staffing levels and resources are available to better organize and expedite review of payments and payment authorization.



# FISCAL PRACTICES WERE CONSERVATIVE, YIELDING A STEADY PATH FOR REMAINING PROGRAM

## RESULTS

- Sales tax revenues generally aligned with forecasts
- Strategic use of external funding amplifies the impact of every M2 dollar
- OCTA maintains robust reserves to guard against economic uncertainty
- Conservative debt management policy supports long term financial stability
- Investment practices provided strong returns
- Sales tax revenue growth has not kept pace with construction cost increases
- Actual costs are consistently less than projected
- OCTA leveraged over half of every dollar in M2 funds to maximize project funding

Funding Source	Revenues	Percent of Total
Gross Sales Tax Revenue	\$ 3,941.1	56%
Bond Proceeds	\$ 669.8	10%
Other Revenues (Fed, State, & Local)	\$ 2,105.7	30%
Commercial Paper	\$ 100.0	2%
Interest on Bond Proceeds	\$ 95.2	1%
Operating Interest	\$ 77.5	1%
<b>Total</b>	<b>\$ 6,989.3</b>	<b>100%</b>

**No recommendations.**

# OCTA IS TRANSPARENT & ACCOUNTABLE

## RESULTS

- OCTA continues to use various initiatives to promote transparency and accountability
- Outreach efforts aligned with peers reviewed and, in many cases, are ahead of peers
- Public perception has slightly improved, though awareness of M2 has not materially changed
- TOC continued to function as envisioned in the Ordinance

**No recommendations.**

# QUESTIONS

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

Questions?

**ITEM 4B:**  
**M2 Quarterly Revenue and  
Expenditure Report**

**Measure M2**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**as of December 31, 2024**  
**(Unaudited) Quarterly Report**

<i>(\$ in thousands)</i>	Quarter Ended Dec 31, 2024	Year to Date Dec 31, 2024	Period from Inception to Dec 31, 2024
		(A)	(B)
<b>Revenues:</b>			
Sales taxes	\$ 101,960	\$ 210,744	\$ 4,583,214
Other agencies' share of Measure M2 costs:			
Project related	20,084	21,732	882,156
Non-project related	-	-	454
Interest:			
Operating:			
Project related	917	1,989	9,092
Non-project related	7,282	16,072	129,339
Bond proceeds	-	754	101,700
Debt service	343	535	3,604
Commercial paper	-	-	393
Right-of-way leases			
Project related	100	233	1,950
Non-project related	-	-	17
Proceeds on sale of assets held for resale	-	-	13,428
Donated assets held for resale			
Project related	-	-	2,071
Miscellaneous:			
Project related	-	-	331
Non-project related	-	-	129
Total revenues	<u>130,686</u>	<u>252,059</u>	<u>5,727,878</u>
<b>Expenditures:</b>			
Supplies and services:			
Sales tax administration fees	770	1,540	43,772
Professional services:			
Project related	9,273	11,268	590,843
Non-project related	431	467	40,331
Administration costs:			
Project related	3,349	6,698	137,308
Non-project related:			
Salaries and Benefits	1,093	2,269	47,126
Other	2,195	4,391	80,628
Other:			
Project related	169	207	6,994
Non-project related	15	39	5,500
Payments to local agencies:			
Project related	20,747	38,615	1,466,965
Capital outlay:			
Project related	16,236	20,350	2,421,746
Non-project related	-	-	31
Debt service:			
Principal payments on long-term debt	-	-	116,405
Interest on long-term debt and commercial paper	-	16,453	369,981
Total expenditures	<u>54,278</u>	<u>102,297</u>	<u>5,327,630</u>
Excess (deficiency) of revenues over (under) expenditures	<u>76,408</u>	<u>149,762</u>	<u>400,248</u>
<b>Other financing sources (uses):</b>			
Transfers out:			
Project related	(2,371)	47,924	(687,981)
Transfers in:			
Project related	2,302	2,877	367,265
Bond proceeds	-	-	804,625
Payment to refunded bond escrow agent	-	-	(45,062)
Total other financing sources (uses)	<u>(69)</u>	<u>50,801</u>	<u>438,847</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	<u>\$ 76,339</u>	<u>\$ 200,563</u>	<u>\$ 839,095</u>

**Measure M2**  
**Schedule of Calculations of Net Revenues and Net Financing Expenditures**  
**as of December 31, 2024**  
**(Unaudited) Quarterly Report**

<i>(\$ in thousands)</i>	Quarter Ended Dec 31, 2024 (actual)	Year to Date Dec 31, 2024 (actual) (C.1)	Period from Inception through Dec 31, 2024 (actual) (D.1)	Period from January 1, 2025 through March 31, 2025 (forecast) (E.1)	Total (F.1)
<b>Revenues:</b>					
Sales taxes	\$ 101,960	\$ 210,744	\$ 4,583,214	\$ 9,360,268	\$ 13,943,482
Operating interest	7,282	16,072	129,339	656,118	785,457
Subtotal	<u>109,242</u>	<u>226,816</u>	<u>4,712,553</u>	<u>10,016,386</u>	<u>14,728,939</u>
Other agencies share of M2 costs	-	-	454	-	454
Right-of-way leases	-	-	17	-	17
Miscellaneous	-	-	129	-	129
Total revenues	<u>109,242</u>	<u>226,816</u>	<u>4,713,153</u>	<u>10,016,386</u>	<u>14,729,539</u>
<b>Administrative expenditures:</b>					
Sales tax administration fees	770	1,540	43,772	72,348	116,120
Professional services	431	467	36,556	75,456	112,012
<b>Administration costs:</b>					
Salaries and Benefits	1,093	2,269	47,126	96,152	143,278
Other	2,195	4,391	80,628	163,828	244,456
Other	15	39	2,480	5,149	7,629
<b>Payments to local agencies:</b>					
Capital outlay	-	-	31	-	31
Environmental cleanup	1,276	1,347	53,416	187,175	240,591
Total expenditures	<u>5,780</u>	<u>10,053</u>	<u>264,009</u>	<u>600,108</u>	<u>864,117</u>
Net revenues	<u>\$ 103,462</u>	<u>\$ 216,763</u>	<u>\$ 4,449,144</u>	<u>\$ 9,416,278</u>	<u>\$ 13,865,422</u>
<hr/>					
<b>Financing expenditures:</b>					
Debt interest expense	-	16,453	369,981	315,698	685,679
Professional services	-	-	3,775	-	3,775
Other	-	-	3,020	-	3,020
Total financing expenditures	<u>-</u>	<u>16,453</u>	<u>376,776</u>	<u>315,698</u>	<u>692,474</u>
<b>Interest revenue:</b>					
Interest revenue from bond proceeds	-	754	101,700	55,086	156,786
Interest revenue from debt service funds	343	535	3,604	13,039	16,643
Interest revenue from commercial paper	-	-	393	-	393
Total bond revenues	<u>343</u>	<u>1,289</u>	<u>105,697</u>	<u>68,125</u>	<u>173,822</u>
Net financing expenditures:	<u>(343)</u>	<u>\$ 15,164</u>	<u>\$ 271,079</u>	<u>\$ 247,573</u>	<u>\$ 518,652</u>

**Measure M2**  
**Schedule of Revenues and Expenditures Summary**  
**as of December 31, 2024**  
**(Unaudited) Quarterly Report**

Project Description	Total Net Revenues	Net Revenues	Expenditures	Reimbursements	(J) - (K) = (L)	
	Inception to March 31, 2041 (actual) + (forecast)	Inception to Dec 31, 2024 (actual)	Inception to Dec 31, 2024 (actual)	Inception to Dec 31, 2024 (actual)	Net M2 Cost Inception to Dec 31, 2024 (actual)	
(G)	(H)	(I)	(J)	(K)	(L)	
(\$ in thousands)						
<b>Freeways (43% of Net Revenues)</b>						
A	I-5 Santa Ana Freeway Interchange Improvements	\$ 546,507	\$ 175,364	\$ 10,908	\$ 8,786	\$ 2,122
B	I-5 Santa Ana/SR-55 to El Toro	349,067	112,009	38,906	22,554	16,352
C	I-5 San Diego/South of El Toro	729,064	233,942	425,800	53,042	372,758
D	I-5 Santa Ana/San Diego Interchange Upgrades	299,998	96,263	3,218	527	2,691
E	SR-22 Garden Grove Freeway Access Improvements	139,534	44,774	5	-	5
F	SR-55 Costa Mesa Freeway Improvements	425,578	136,560	136,082	67,262	68,820
G	SR-57 Orange Freeway Improvements	300,812	96,525	59,571	15,073	44,498
H	SR-91 Improvements from I-5 to SR-57	162,789	52,236	34,956	824	34,132
I	SR-91 Improvements from SR-57 to SR-55	484,298	155,402	75,092	72,221	2,871
J	SR-91 Improvements from SR-55 to County Line	409,532	131,411	18,624	17,133	1,491
K	I-405 Improvements between I-605 to SR-55	1,247,432	400,275	1,692,356	303,524	1,388,832
L	I-405 Improvements between SR-55 to I-5	371,741	119,285	9,250	6,954	2,296
M	I-605 Freeway Access Improvements	23,256	7,462	8,914	16	8,898
N	All Freeway Service Patrol	174,417	55,967	12,648	-	12,648
	Freeway Mitigation	298,107	95,657	63,001	9,939	53,062
	Subtotal Projects	5,962,132	1,913,132	2,589,331	577,855	2,011,476
	Net Finance Expenditures	-	-	186,070	-	186,070
	<b>Total Freeways</b>	<b>\$ 5,962,132</b>	<b>\$ 1,913,132</b>	<b>\$ 2,775,401</b>	<b>\$ 577,855</b>	<b>\$ 2,197,546</b>
	<b>%</b>					<b>51.7%</b>
<b>Street and Roads Projects (32% of Net Revenues)</b>						
O	Regional Capacity Program	\$ 1,386,560	\$ 444,920	\$ 825,929	\$ 507,884	\$ 318,045
P	Regional Traffic Signal Synchronization Program	554,599	177,960	124,342	25,244	99,098
Q	Local Fair Share Program	2,495,776	800,846	767,543	77	767,466
	Subtotal Projects	4,436,935	1,423,726	1,717,814	533,205	1,184,609
	Net Finance Expenditures	-	-	54,519	-	54,519
	<b>Total Street and Roads Projects</b>	<b>\$ 4,436,935</b>	<b>\$ 1,423,726</b>	<b>\$ 1,772,333</b>	<b>\$ 533,205</b>	<b>\$ 1,239,128</b>
	<b>%</b>					<b>29.1%</b>

**Measure M2**  
**Schedule of Revenues and Expenditures Summary**  
**as of December 31, 2024**  
**(Unaudited) Quarterly Report**

Project Description	Total Net Revenues		Net Revenues		Expenditures		Reimbursements		(J) - (K) = (L)
	Inception to March 31, 2041 (actual) + (forecast)		Inception to Dec 31, 2024 (actual)		Inception to Dec 31, 2024 (actual)		Inception to Dec 31, 2024 (actual)		Net M2 Cost Inception to Dec 31, 2024 (actual)
(G)	(H)	(I)	(J)	(K)	(L)				
(\$ in thousands)									
<b>Transit Projects (25% of Net Revenues)</b>									
R	High Frequency Metrolink Service	\$ 1,382,870	\$ 431,148	\$ 464,630	\$ 99,721	\$ 364,909			
S	Transit Extensions to Metrolink	1,223,996	392,756	222,333	2,133	220,200			
T	Metrolink Gateways	70,869	41,096	98,220	60,956	37,264			
U	Expand Mobility Choices for Seniors and Persons with Disabilities	480,785	148,508	142,261	88	142,173			
V	Community Based Transit/Circulators	277,235	88,959	22,291	1,998	20,293			
W	Safe Transit Stops	30,600	9,819	1,541	26	1,515			
	Subtotal Projects	3,466,355	1,112,286	951,276	164,922	786,354			
	Net Finance Expenditures	-	-	30,490	-	30,490			
	<b>Total Transit Projects</b>	<b>\$ 3,466,355</b>	<b>\$ 1,112,286</b>	<b>\$ 981,766</b>	<b>\$ 164,922</b>	<b>\$ 816,844</b>			
	<b>%</b>						<b>19.2%</b>		
	<b>Measure M2 Program</b>	<b>\$ 13,865,422</b>	<b>\$ 4,449,144</b>	<b>\$ 5,529,500</b>	<b>\$ 1,275,982</b>	<b>\$ 4,253,518</b>			

Project Description	Total Revenues		Revenues		Expenditures		Reimbursements		Net M2 Cost	
	Inception to March 31, 2041 (actual) + (forecast)		Inception to Dec 31, 2024 (actual)		Inception to Dec 31, 2024 (actual)		Inception to Dec 31, 2024 (actual)		Inception to Dec 31, 2024 (actual)	
(G)	(H.1)	(I.1)	(J)	(K)	(L)					
(\$ in thousands)										
<b>Environmental Cleanup (2% of Revenues)</b>										
X	Clean Up Highway and Street Runoff that Pollutes Beaches	\$ 294,579	\$ 94,251	\$ 53,416	\$ 311	\$ 53,105				
	Net Finance Expenditures	-	-	-	-	-				
	<b>Total Environmental Cleanup</b>	<b>\$ 294,579</b>	<b>\$ 94,251</b>	<b>\$ 53,416</b>	<b>\$ 311</b>	<b>\$ 53,105</b>				
	<b>%</b>						<b>1.1%</b>			

<b>Taxpayer Safeguards and Audits</b>										
	Collect Sales Taxes (1.5% of Sales Taxes)	\$ 209,152	\$ 68,748	\$ 43,772	\$ -	\$ 43,772				
	<b>%</b>						<b>1.0%</b>			
	Oversight and Annual Audits (1% of Revenues)	\$ 147,289	\$ 47,126	\$ 47,126	\$ 0	\$ 47,126				
	<b>%</b>						<b>1.0%</b>			



# *Presentation Items*

**ITEM 5A:  
Measure M2 Quarterly  
Progress Report**



**March 3, 2025**

**To:** Executive Committee

**From:** Darrell E. Johnson, Chief Executive Officer

**Subject:** Measure M2 Quarterly Progress Report for the Period of October 2024 through December 2024

A handwritten signature in blue ink, appearing to read "Darrell E. Johnson", is written over the "From:" field of the memo.

**Overview**

Staff has prepared the Measure M2 Quarterly Progress Report for the second quarter of fiscal year 2024-25 as information for the Orange County Transportation Authority Board of Directors. This progress report highlights the delivery of Measure M2 projects and programs as promised to voters and the monitoring of external challenges. The full report will be available to the public via the Orange County Transportation Authority website.

**Recommendation**

Receive and file as an information item.

**Background**

On November 7, 2006, Orange County voters, by nearly 70 percent, approved the Renewed Measure M (M2) Transportation Investment Plan (Plan), a one half-cent sales tax for transportation improvements. Effective in 2011, the Plan provides a 30-year program of investments across a broad range of transportation and environmental initiatives and a governing ordinance, Ordinance No. 3 (M2 Ordinance), that defines the requirements for implementing the Plan. The M2 Ordinance designates the Orange County Transportation Authority (OCTA) as responsible for administering the Plan and ensuring that OCTA's contract with the voters is followed. The M2 Ordinance also charges OCTA to provide for a number of transparency measures and safeguards to uphold and reciprocate the public's trust in OCTA.

OCTA is committed to fulfilling the promises made to secure voter approval of the M2 initiative. This means completing the projects described in the Plan and adhering to numerous specific requirements, safeguards, and transparency provisions identified in the M2 Ordinance. One such requirement is the publication of quarterly status reports on the projects detailed in the Plan and its presentation to the Board of Directors (Board). This report is built on individual

project and program-level staff reports that are regularly presented to the Board, covering the status of various activities in the Plan.

### ***Discussion***

This quarterly report, provided as Attachment A, reflects activities and progress across all M2 programs for the period of October 1, 2024, through December 31, 2024. The quarterly report also includes project budget and schedule information as provided in the Capital Action Plan reports to the Board. Additionally, information on the Local Fair Share and Senior Mobility Program payments made to cities during the quarter is also included.

OCTA has established the Program Management Office, charged with providing unified oversight to ensure compliance, fiscal responsibility, transparency, and accountability as laid out in the M2 Ordinance and Plan. Attachment A also includes a summary of the Program Management Office (PMO) activities.

The following provides highlights of M2 accomplishments during the quarter by mode, notable items under the PMO activities, and key challenges that OCTA is monitoring and working to address.

#### **Freeway Program**

The M2 Freeway Program consists of 30 project segments to be delivered by 2041. To date, 15 project segments are complete, and another 12 are underway and expected to be completed by 2030. The 12 project segments that are underway include three projects that are in construction, eight that are in final design, and a joint project with the Riverside County Transportation Commission, that is in environmental revalidation. The joint project will improve State Route 91 (SR-91) between State Route 241 and State Route 71. Completing these 12 projects would bring the total number of completed projects to 27 by 2030, equating to approximately 90 percent of the M2 Freeway Program. The remaining three project segments are in various stages of project development. Notable freeway program highlights that occurred during the quarter are below.

- Interstate 5 (I-5) between Interstate 405 and State Route 55 (SR-55) – This project is comprised of two segments. On October 14, 2024, the Board approved the release of a request for proposals (RFP) for public outreach services for the pre-construction and construction phases for both segments. In addition, the Board approved the release of an RFP for construction management services for the northerly segment between Yale Avenue and SR-55 on December 9, 2024. Both segments are anticipated to be advertised for construction in mid-2025. (Project B)

- I-5 between State Route 73 and El Toro Road – This project is comprised of three segments and includes two interchange improvements at Avery Parkway and La Paz Road. On December 19, 2024, construction on the middle segment (between Oso Parkway and Alicia Parkway) was completed. The remaining two segments are anticipated to complete construction by mid-2025. (Projects C and D)
- State Route 57 northbound from Orangewood Avenue to Katella Avenue – On November 12, 2024, the Board selected a consultant to provide construction management support services. The project is anticipated to be advertised for construction in mid-2025. (Project G)
- Interstate 605/ Katella Avenue Interchange – On November 12, 2024, a project update on the latest progress and upcoming milestones was presented to the Board. The project was advertised for construction on November 18, 2024, and bids were received on January 23, 2025. Construction is anticipated to begin in mid-2025. (Project M)

#### Streets and Roads

Since 2011, more than \$1.2 billion<sup>1,2</sup> has been allocated to local jurisdictions for transportation improvements through M2 streets and roads programs, which include two competitive and one formula-based funding program. In addition, OCTA was able to leverage nearly \$53.9 million in external funding to support these programs. To date, 486 project phases have been allocated through M2 competitive streets and roads funding programs, of which 353 phases, or approximately 72 percent, have been completed. Notable streets and roads highlights that occurred during the quarter are below.

- On December 9, 2024, the Board approved the construction agreement for three OCTA-led Regional Traffic Signal Synchronization Program (RTSSP) projects: Bake Parkway and Rockfield Boulevard (cities of Irvine, Lake Forest, and Laguna Hills), Crown Valley Parkway (cities of Dana Point, Laguna Niguel, Mission Viejo, and the County of Orange), and Moulton Parkway (cities of Dana Point, Laguna Hills, and Laguna Niguel). These projects were previously approved as part of the 2022 RTSSP call for projects (call). (Project P)

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<sup>1</sup> Only includes disbursed funds. On May 28, 2024, the Board determined the City of Buena Park ineligible to receive net M2 revenues for five years pursuant to Section 10.4 of the M2 Ordinance. Disbursements of net M2 revenues have been suspended until the City of Buena Park reestablishes eligibility.

<sup>2</sup> On May 28, 2024, the Board determined the City of Orange ineligible to receive net M2 revenues. Disbursements of net M2 revenues have been suspended until the City of Orange achieves compliance and the Board reconsiders the matter at a future meeting.

- Through the Local Fair Share Program, 18 percent of M2 net revenues are allocated by formula to eligible local jurisdictions. During the quarter, approximately \$11.9 million was disbursed, bringing the total provided through December 2024 to more than \$759.8 million<sup>3,4</sup>. (Project Q)

### Transit

The M2 transit mode includes several programs designed to provide expanded transportation options. M2 is the primary funding source for Southern California Regional Rail Authority (Metrolink) commuter rail service in Orange County and includes funding for rail projects to improve operations and transit connections to extend the reach of the service. On October 21, 2024, Metrolink implemented a pilot optimized service schedule that aims to adjust the focus from commuter rail to regional rail by addressing service gaps and making the most efficient use of equipment and crews. As such, the three lines serving Orange County (Orange County, Inland Empire-Orange County, and the 91/Perris Valley lines) now operate 58 weekday trains, a 29 percent increase from the 45 trains previously serving Orange County. Compared to the same quarter last year, ridership levels on all three lines have increased by 23 percent. Additional Metrolink challenges are discussed in the Challenges section of this report.

Since 2011, M2 has provided competitive multi-year transit funding commitments for bus and station van services connecting to Metrolink (\$483,133 to date), community-based transit circulators (\$81.5 million to date), and bus stop improvements (\$2.9 million to date). In addition, M2 provides a set amount of funding to support three programs (Senior Mobility Program, Senior Non-Emergency Medical Transportation Program, and Fare Stabilization Program), intended to expand mobility options for seniors and persons with disabilities (\$139.4 million<sup>3,4</sup> to date). Other notable transit program activities from the quarter are below.

- OC Streetcar – A quarterly update was presented to the Board on October 28, 2024, providing information on the status of construction activities, vehicle manufacturing, and public outreach. During the quarter, the contractor continued installation of wires on overhead contact system poles in the Pacific Electric Right-of-Way, street repairs at various locations, and continued platform and electrical systems work at several stations. (Project S)

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<sup>3</sup> Only includes disbursed funds. On May 28, 2024, the Board determined the City of Buena Park ineligible to receive net M2 revenues for five years pursuant to Section 10.4 of the M2 Ordinance. Disbursements of net M2 revenues have been suspended until the City of Buena Park reestablishes eligibility.

<sup>4</sup> On May 28, 2024, the Board determined the City of Orange ineligible to receive net M2 revenues. Disbursements of net M2 revenues have been suspended until the City of Orange achieves compliance and the Board reconsiders the matter at a future meeting.

## Environmental Programs

The M2 program includes two innovative programs: the Environmental Cleanup Program (ECP) and the Environmental Mitigation Program (EMP). The ECP improves water quality by addressing transportation-related pollutants, while the EMP offsets the biological habitat impacts of M2 freeway projects.

On October 14, 2024, the Board approved programming recommendations for 11 ECP Tier 1 projects and four ECP Tier 2 projects totaling nearly \$10.7 million. Since 2011, the ECP has allocated nearly \$70.4 million to local jurisdictions for 219 projects for trash removal devices (Tier 1) and 22 projects for large-scale water quality best management practices projects (Tier 2). It is estimated that 69.5 million gallons of trash have been captured since the inception of the program, which equates to over 12,000 trash truck loads of garbage that could have been deposited in Orange County streams and waters.

Additionally, the Board has authorized \$55 million for the EMP to acquire conservation lands and fund habitat restoration projects. OCTA has acquired more than 1,300 acres and funded 12 projects to restore habitat on 350 acres of open space across Orange County to fulfill the necessary M2 Freeway Program mitigation needs.

The wildlife and habitat on the acquired lands are protected in perpetuity, and long-term management of the properties will be funded by an endowment that is being established. To date, OCTA has made nine deposits of approximately \$2.9 million. As of December 2024, the balance of the endowment was \$32,674,489. Current projections indicate that OCTA remains on track to meet the endowment target of \$46.2 million in fiscal year (FY) 2027-28; however, the performance of the fund may affect the timeframe for full funding of the endowment.

A biannual update for the EMP was presented to the Board on December 9, 2024. The update highlighted completion of the 2023 Conservation Plan Annual Report, progress on restoration projects, and coordination with Southern California Edison. Preparation of the 2024 Conservation Plan Annual Report, which highlights the implementation process for calendar year 2024, is underway and is anticipated to be shared with the Environmental Oversight Committee and Board in late 2025.

## Next 10 Delivery Plan (Next 10 Plan)

To ensure and reconfirm the ability to deliver M2 through 2041, staff annually reviews the Board-adopted commitments in the Next 10 Plan. On November 12, 2024, the Board adopted the 2024 update of the Next 10 Plan, which outlines a near-term work plan spanning FY 2024-25 through

FY 2033-34. The update incorporated the latest data available: the 2024 M2 sales tax revenue forecast of \$14 billion, external programmed funds, market conditions forecast and risk analysis, as well as project schedules and estimates. The 2024 Next 10 Plan confirms that the Plan remains deliverable; however, this update continues to emphasize that Metrolink operations requires close monitoring.

### Ten-Year Review

The M2 Ordinance includes a provision to conduct a ten-year comprehensive program review of all projects and programs under the Plan to evaluate the performance of the overall program. Due to the early initiation of project development activities prior to the start-up of revenue collection in 2011, the first review was completed in 2015. The second effort is underway and is anticipated to be complete in late 2025. On October 14, 2024, the Ten-Year Review Framework was presented to the Board for approval. The PMO continues to facilitate coordination with various OCTA divisions to fulfill the five objectives developed:

1. Research and identify external policy and/or regulatory changes at the local, state, and federal level, as well as changes in land use, travel, and growth projections that require consideration.
2. Evaluate current project and program cost estimates and the financial capacity of the sales tax revenue through 2041 to confirm Plan delivery.
3. Review M2 program and project elements to determine if there are performance issues or constraints to attain the promised delivery.
4. Assess public and stakeholder support for the Plan.
5. Identify OCTA's and local jurisdictions' progress in implementing the Plan.

In December 2024, the public outreach consultant contract was executed to assist with extensive outreach efforts.

### Challenges

As with all major programs, challenges arise and need to be monitored and addressed. A few key challenges are highlighted below.

- At the direction of the Board, OCTA receives biannual updates of market conditions, key indicators analysis, and a forecast that provides insight into potential project delivery cost drivers. On October 28, 2024, the fall 2024 analysis and forecast report was presented to the Board. While the report anticipates potential tempering of inflationary pressures in 2025, 2026, and 2027 due to a softening macroeconomy, the construction market continues to experience escalation of materials and labor pricing. The California Department of Transportation opened construction bids on



October 16, 2024, for the SR-91 from SR-55 to Lakeview Avenue (Project I). The low bid came in 14.11 percent higher than the engineer's estimate. Additionally, recent wildfires devastated communities in Los Angeles County, which may further impact construction cost pressures. With multiple M2 Freeway Projects anticipated to be advertised for construction in 2025, staff will continue to monitor construction bids in the region and update the Board as appropriate.

- On January 27, 2025, the White House Office of Management and Budget (OMB) issued Memorandum-25-13, which acknowledged the new Executive Orders and directives signed by the President of the United States and directed federal agencies to temporarily pause obligation or disbursement of all federal financial assistance, effective January 28, 2025. While the OMB rescinded the Memorandum on January 29, 2025, effectively removing the pause on federal funding, the potential impacts of the Executive Orders on transportation programs is still unknown. Staff will continue to update the Board as additional guidance is available.
- Close monitoring of Metrolink operations is necessary to ensure sustainability through 2041. The coronavirus pandemic significantly affected Metrolink's ridership, impacting farebox revenues and cost recovery. The program's funding shortfall is further compounded by a rise in operating costs. The 2024 Next 10 Plan cashflow includes the assumption of one-time, state Transit and Intercity Rail Capital Program formula funds to help sustain Metrolink operations. While Metrolink has implemented an optimized service schedule, without changes in ridership growth, operations and rehabilitation costs, or additional external funds, the current service cannot be sustained beyond FY 2037-38. OCTA will continue to engage with Metrolink and the other member agencies to monitor ridership levels and the corresponding financial impacts to M2.
- Over the past several years, coastal storm surges, combined with several other environmental factors, have damaged the Los Angeles – San Diego – San Luis Obispo (LOSSAN) rail corridor. These events have required increased maintenance and emergency repairs to stabilize the rail infrastructure. The emergency repairs have also led to intermittent service loss and delays. Although the affected portion of the railroad tracks in the City of San Clemente is located in Orange County, this rail corridor is vital for Metrolink and state-supported intercity rail (Pacific Surfliner), freight connection to the Port of San Diego, and plays a strategic role in the operations of Marine Corps Base Camp Pendleton. In partnership with key stakeholders, a comprehensive plan to integrate engineering and sand nourishment solutions is underway to protect the coastal segment of the rail corridor in south Orange County in the immediate timeframe.

On December 9, 2024, the Board approved the acceptance of \$305 million from the California Transportation Commission, California State Transportation Agency, and the Federal Railroad Administration, for the design and construction phases of this effort. In parallel, separate studies are also underway to identify and evaluate potential near- and medium-term solutions to protect the rail line in place while long-term solutions, which may include relocation, to adapt the rail line to the changing environment are developed. OCTA is leading the effort on the near-term resiliency measures. The State will lead the long-term study, but the lead state agency has not been identified; OCTA will remain an active participant in the study. As these studies progress, future updates to the Next 10 Plan will incorporate more current information.

Staff will continue to monitor these challenges to ensure M2 remains deliverable as promised to voters and provide updates to the Board as appropriate.


**Summary**

A quarterly report covering activities from October 2024 through December 2024, is provided to update progress in implementing the Plan. The above information and the attached details indicate significant progress on the overall M2 Program despite facing challenges. To be cost-effective and to facilitate accessibility and transparency of information available to stakeholders and the public, the M2 Quarterly Progress Report is made available through the OCTA website.

**Attachment**

- A. Measure M2 Quarterly Progress Report, Second Quarter of Fiscal Year 2024 - 25, October 1, 2024 through December 31, 2024

**Prepared by:**



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**Approved by:**



Rose Casey  
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OCTA



Local Tax Dollars at Work

# MEASURE M2 QUARTERLY PROGRESS REPORT

Second Quarter of Fiscal Year 2024 – 25  
October 1, 2024 through December 31, 2024

## Second Quarter Highlights:

- Freeway Projects
- Streets and Roads
- Environmental Cleanup & Water Quality
- Freeway Mitigation Program
- Finance Matters
- Program Management Office
- Summary







## MEASURE M2 PROGRESS REPORT

### **SUMMARY**

On November 7, 2006, Orange County voters, by a margin of nearly 70 percent, approved the Renewed Measure M (M2) Transportation Investment Plan (Plan), a one-half cent sales tax for transportation improvements. Voters originally endorsed Measure M (M1) in 1990 with a sunset in 2011. The renewal of Measure M continues the investment of local tax dollars in Orange County's transportation infrastructure for another 30 years to 2041.

As required by Ordinance No. 3 (M2 Ordinance), a quarterly report covering activities from October 1, 2024, through December 31, 2024, is provided to update progress in implementing the Plan. On September 25, 2017, the Board of Directors (Board) approved externally rebranding M2 as OC Go to promote Orange County Transportation Authority's (OCTA) Measure M awareness and to avoid confusion with Measure M in Los Angeles County.

To be cost-effective and to facilitate accessibility and transparency of information to stakeholders and the public, M2 progress reports are available on the OCTA website.



The cover photo shows the opening of the La Paz Road Interchange. The interchange was reconstructed as part of the Interstate 5 (I-5), Oso Parkway to Alicia Parkway project, which was completed in December 2024.



## MEASURE M2 PROGRESS REPORT

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## MEASURE M2 PROJECT SCHEDULES



Conceptual



Environmental



Design, Advertise, & Award



Design-Build



Construction



Complete

### OC Go Projects and Programs

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>A</b> I-5, SR-55 to SR-57	[Green]															
<b>B</b> I-5, I-405 to Yale Avenue	[Green]			[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]				
<b>B</b> I-5, Yale Avenue to SR-55	[Green]		[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]				
<b>C,D</b> I-5, Avenida Pico to Avenida Vista Hermosa/ Avenida Pico Interchange	Completed in 2018															
<b>C</b> I-5, Avenida Vista Hermosa to Pacific Coast Highway	Completed in 2017															
<b>C</b> I-5, Pacific Coast Highway to San Juan Creek Road	Completed in 2018															
<b>C,D</b> I-5, SR-73 to Oso Parkway/ Avery Parkway Interchange	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]				
<b>C,D</b> I-5, Oso Parkway to Alicia Parkway/ La Paz Road Interchange	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]				
<b>C</b> I-5, Alicia Parkway to El Toro Road	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]				
<b>D</b> I-5, El Toro Road Interchange (Further Schedule TBD)	[Green]	[Green]	[Green]	[Green]	[Green]	[Green]	[Green]	[Green]	[Green]	[Green]	[Green]	[Green]				
<b>D</b> I-5, Ortega Highway Interchange	Completed in 2016															
<b>E</b> SR-22, Access Improvements	Completed in 2008															
<b>F</b> SR-55, I-405 to I-5	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]			
<b>F</b> SR-55, I-5 to SR-91	[Green]			[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]
<b>G</b> SR-57 NB, Orangewood Avenue to Katella Avenue	[Green]			[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]				
<b>G</b> SR-57 NB, Katella Avenue to Lincoln Avenue	Completed in 2015															
<b>G</b> SR-57 NB, Orangethorpe Avenue to Yorba Linda Boulevard	Completed in 2014															
<b>G</b> SR-57 NB, Yorba Linda Boulevard to Lambert Road	Completed in 2014															
<b>G</b> SR-57 NB, Lambert Road to Orange/Los Angeles County Line (Further Schedule TBD)									[Green]	[Green]	[Green]	[Green]				
<b>H</b> SR-91 WB, I-5 to SR-57	Completed in 2016															
<b>I</b> SR-91 WB, SR-55 to Tustin Avenue Interchange	Completed in 2016															
<b>I</b> SR-91, SR-55 to Lakeview Avenue	[Green]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]
<b>I</b> SR-91, La Palma Avenue to SR-55	[Green]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]
<b>I</b> SR-91, Acacia Street to La Palma Avenue	[Green]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]	[Blue]

Project schedules are based on phase start dates. Shown schedules are subject to change.

<sup>1</sup> Projects managed by local agencies

For full project schedules, see <https://octa.net/programs-projects/programs/oc-go-measure-m/oc-go-projects-#/schedule>



## MEASURE M2 PROJECT SCHEDULES

### OC Go Projects and Programs

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
J	SR-91, SR-55 to SR-241 <i>Completed in 2013</i>															
J	SR-91 EB, SR-241 to SR-71 <i>Completed in 2011</i>															
J	SR-91, SR-241 to Orange/Riverside County Line (Led by RCTC) 															
K	I-405, SR-73 to I-605 															
L	I-405, I-5 to SR-55 (Further Schedule TBD) <i>Environmental Completed in 2018</i>															
M	I-605, Katella Avenue Interchange 															
O	Kraemer Boulevard Grade Separation (Placentia) <i>Completed in 2014</i>															
O	Lakeview Avenue Grade Separation (Anaheim/Placentia) <i>Completed in 2017</i>															
O	Orangethorpe Avenue Grade Separation (Anaheim/Placentia) <i>Completed in 2016</i>															
O	Placentia Avenue Grade Separation (Placentia) <i>Completed in 2014</i>															
O	Raymond Avenue Grade Separation (Fullerton) <sup>1</sup> <i>Completed in 2018</i>															
O	State College Boulevard Grade Separation (Fullerton) <sup>1</sup> <i>Completed in 2018</i>															
O	Tustin Avenue/Rose Drive Grade Separation (Anaheim/Placentia) <i>Completed in 2016</i>															
R	Sand Canyon Grade Separation (Irvine) <i>Completed in 2016</i>															
R	Rail-Highway Grade Crossing Safety Enhancement <i>Completed in 2011</i>															
R	San Clemente Beach Trail Safety Enhancements <i>Completed in 2014</i>															
R	Anaheim Canyon Metrolink Station Improvements 															
R	Fullerton Transportation Center Improvements 															
R	Laguna Niguel/Mission Viejo Metrolink Station Americans with Disabilities Act (ADA) Ramps <i>Completed in 2017</i>															
R	Orange Transportation Center Metrolink Parking Structure 															
R	Placentia Metrolink Station Improvements and Parking Structure (Further Schedule TBD) <i>Design, Advertise, &amp; Award Completed in 2017</i>															
R	San Clemente Pier Station Lighting <i>Completed in 2017</i>															
R	Laguna Niguel to San Juan Capistrano Metrolink Station Passing Siding Project 															
R	Tustin Metrolink Station Parking Structure <i>Completed in 2011</i>															
R,T	Anaheim Regional Transportation Intermodal Center (ARTIC) <sup>1</sup> <i>Completed in 2014</i>															
S	OC Streetcar 															

Project schedules are based on phase start dates. Shown schedules are subject to change.  
<sup>1</sup> Projects managed by local agencies  
 For full project schedules, see <https://octa.net/programs-projects/programs/oc-go-measure-m/oc-go-projects/#/schedule>

## MEASURE M2 PROGRESS REPORT

### M2 DELIVERY RISK UPDATE ▼

This section discusses the risks and challenges related to Measure M2 and the updated Next 10 Delivery Plan (Next 10 Plan) that the M2 Program Management Office (PMO) is monitoring with associated explanations and proposed actions.

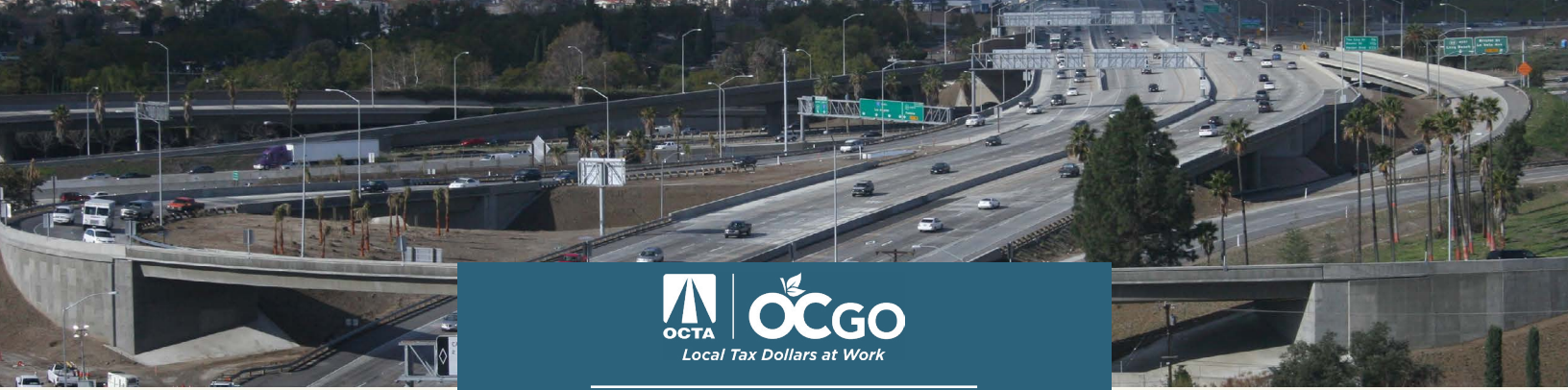
Delivery Risk	Explanation	Proposed Action	
<b>Financial</b>			
1	Sales tax revenues are driven by economic conditions. The 2024 M2 revenue forecast is \$14 billion, which is a \$800 million (-5.4 percent) year-over-year decrease from the 2023 forecast.	While the 2024 M2 sales tax revenue forecast is lower, in most areas of the M2 Plan, programs can be scaled to available revenues. Additionally, 17 years of M2 delivery remain and fluctuations in economic conditions may affect future revenue projections.	Staff will continue to monitor sales tax revenue receipts to ensure that M2 is delivered as promised to voters.
2	Reduced external funding opportunities for the M2 freeway program.	State and federal priorities continue to shift and favor projects that reduce automobile travel, which could affect access to currently programmed as well as future external funding opportunities for the M2 freeway projects.	Current external funding commitments are assumed in the M2 cash flow for the 2024 Next 10 Plan, but prospects of future revenues for highway projects are low.
3	Potential for an environment of increasing cost for M2 capital projects.	The fall 2024 update of the Next 10 Plan Market Conditions Forecast and Risk Analysis anticipates a tempering of inflationary pressures in 2025, 2026, and 2027, and a softening macroeconomy. This is due to a decline in building permits and an increase in California unemployment rates. Additionally, construction material and labor costs have increased.	The Next 10 Plan Market Conditions Forecast and Risk Analysis report is updated biannually and provides a three-year look ahead. OCTA will continue to monitor bid results and market conditions affecting project costs. The fall update was incorporated into the 2024 Next 10 Plan.





## MEASURE M2 PROGRESS REPORT

Delivery Risk			
4	Explanation	Proposed Action	
4	Schedule and scope changes on capital projects that impact delivery and project costs.	Changes as a result of updated highway standards, new regulatory requirements, or issues identified in the field may impact scope, schedule, and costs substantially.	OCTA will work closely with project partners and project contractors to limit changes in scope and schedules.
5	Increase Southern California Regional Rail Authority (Metrolink) train service as an alternative to driving within the limits of available revenue.	The coronavirus (COVID-19) altered travel behavior, which has affected ridership and farebox revenues. The cost of Metrolink service continues to grow as contracted rates increase, the system ages, track-sharing arrangements with BNSF Railway Company (BNSF) are revised, and new air quality requirements are implemented.	External funding (one-time federal funds through the Coronavirus Aid, Relief and Economic Security Act, Coronavirus Response and Relief Supplemental Appropriations Act, and Infrastructure Investment and Jobs Act) has helped alleviate some near-term financial concerns, but increasing operational costs and slow ridership recovery affect long-term sustainability. OCTA will continue to work closely with Metrolink and member agencies to ensure cost increases are minimized, while continuing to seek external revenue.
Resource			
6	Substantial work underway in the region has resulted in significant demand for professional and skilled labor which may impact delivery given the volume of the M2 capital program.	The fall 2024 update of the Next 10 Plan Market Conditions Forecast and Risk Analysis reflects an increase in unemployment rates. This may temper costs and reduce delivery risk.	OCTA will monitor resources for professional and skilled labor needed for project delivery. Expert and timely coordination between OCTA and project partners is imperative to manage this risk.
7	New operational responsibilities with the OC Streetcar.	With the implementation of the OC Streetcar service, OCTA will be increasing its overall role in operations.	To ensure the success of the OC Streetcar, OCTA hired a streetcar operations manager with proven start-up experience to oversee start-up and daily operations. A contractor with extensive experience in operations of rail systems was selected to handle the startup and revenue operation phases.



**MEASURE M2 PROGRESS REPORT**

Delivery Risk	Explanation	Proposed Action
<b>Climate</b>		
<p>8 Climate-related hazards could affect M2 investments.</p>	<p>OCTA has experienced hazards affecting M2 investments. Wildfires present a continual risk to the M2 Environmental Mitigation Program (EMP) Preserves and resoration projects that have not been completed and approved by the Wildlife Agencies. In addition, tidal events, ocean currents and waves, storm surges, and slope movement affect OCTA's railroad track in the south Orange County.</p>	<p>OCTA has developed Fire Management Plans (FMP) for the seven properties purchased as part of the M2 Freeway EMP. Additionally, OCTA has initiated a planning study to identify immediate as well as short- and medium-term solutions to address rail infrastructure protection in south Orange County.</p>
<b>Regulatory</b>		
<p>9 Changing federal and state directives could affect M2 freeway project approvals.</p>	<p>Current state planning and project approval policies place great emphasis on reducing travel by automobile and encourage project alternatives that promote short trips where possible, travel by transit, bicycling or walking, and use of zero-emission vehicles. These requirements will affect the project environmental review process.</p>	<p>The majority of M2 freeway projects, where this risk would manifest itself, have obtained the necessary approvals. If the approvals require a review or revision, these new requirements could impact delivery.</p>



## MEASURE M2 PROGRESS REPORT

### NEXT 10 DELIVERY PLAN

**Contact:** Francesca Ching, PMO Manager • (714) 560-5625

The Next 10 Plan sets priorities and funding commitments over a ten-year period, providing guidance to staff on the delivery of M2 projects and programs. Annually, staff reviews the Board-adopted commitments in the Next 10 Plan to ensure it remains deliverable with updated revenues and project costs.

On November 12, 2024, the Board adopted the 2024 Next 10 Plan, which spans fiscal year (FY) 2024-25 through FY 2033-34. The update incorporated the \$14 billion sales tax revenue forecast, revised project estimates and schedules, as well as the fall market conditions forecast and risk analysis. As a result of OCTA’s strategic planning to date, the 2024 Next 10 Plan continues to demonstrate that the Plan remains deliverable.

#### **Next 10 Plan Deliverables**

Significant progress continues with projects in and advancing towards construction, as well as regular funding allocations to local jurisdictions through local programs.

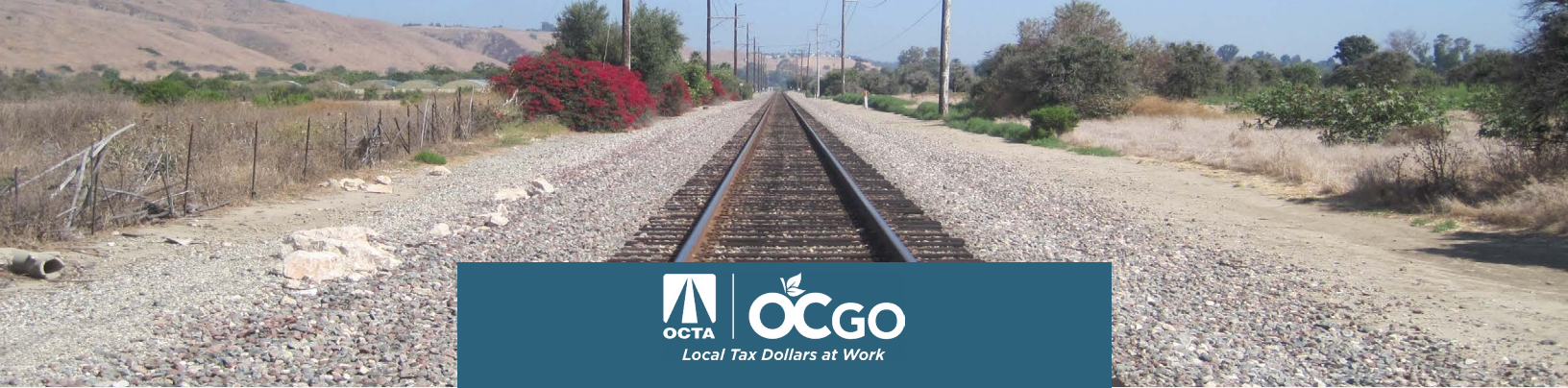
#### **1. Deliver 13 freeway improvement projects through construction (Projects A-M).**

The M2 Freeway Program is currently made up of 30 projects/project segments. This deliverable includes 13 projects to be delivered through construction by FY 2029-30. Of the 13 projects to be delivered, one has been completed, three are in construction, eight are in various stages of design, and a joint project with the Riverside County Transportation Commission (RCTC) is in environmental revalidation. The joint project will improve SR-91 between SR-241 and SR-71. Completion of these projects will bring the total number of completed projects to 27 by 2030, which equates to approximately 90 percent of the M2 Freeway Program. For more details, see [pages i-ii](#) (Project Schedules) and the project updates contained in their respective sections.

#### Upcoming activities:

- SR-91, SR-55 to Lakeview Avenue – Award Construction Contract
- I-605, Katella Avenue Interchange – Award Construction Contract
- I-5, SR-73 to Oso Parkway – Complete Construction
- I-5, Alicia Parkway to El Toro Road – Complete Construction
- I-5, I-405 to Yale Avenue – Advertise for Construction
- I-5, Yale Avenue to SR-55 – Advertise for Construction
- SR-57 Northbound, Orangewood Avenue to Katella Avenue – Advertise for Construction





## MEASURE M2 PROGRESS REPORT

### 2. Prepare remaining freeway improvement projects for delivery (Projects A-M).

The three remaining projects (of the 30 total) are environmentally cleared or on track to be environmentally cleared by 2034, making them shelf-ready for further advancement. The remaining projects include Project D (I-5, El Toro Road Interchange), Project G (SR-57 northbound from Lambert Road to Orange/Los Angeles County Line), and Project L (I-405 between I-5 and SR-55). These projects will continue to be reevaluated for earlier delivery as part of the annual Next 10 Plan review. For more details, see [pages i-ii](#) (Project Schedules) and the project updates contained in their respective sections.

### 3. Provide annual competitive funding opportunities for local jurisdictions to address bottlenecks and gaps in the street system (Project O), synchronize signals (Project P), and continue flexible funding to local jurisdictions to support pavement rehabilitation or other transportation needs as appropriate (Project Q).

As of December 2024, OCTA has awarded more than \$556.6 million in competitive funding through the Regional Capacity Program (Project O) and Regional Traffic Signal Synchronization Program (Project P) annual calls. Additionally, approximately \$759.8 million<sup>1,2</sup> in Local Fair Share (LFS) (Project Q) funds have been distributed to local jurisdictions.

On August 12, 2024, the Board authorized the 15th call to support local streets and roads improvement projects throughout Orange County. Applications were received on October 24, 2024, and are under review. Based upon the project selection criteria in the Comprehensive Transportation Funding Program (CTFP) guidelines, projects will be prioritized for Board consideration in spring 2025. For more details, see the project updates on [page 22](#) and [page 24](#).

<sup>1</sup> Only includes disbursed funds. On May 28, 2024, the Board determined the City of Buena Park ineligible to receive net M2 revenues for five years pursuant to Section 10.4 of the M2 Ordinance. Disbursements of net M2 revenues have been suspended until the City of Buena Park reestablishes eligibility.

<sup>2</sup> On May 28, 2024, the Board determined the City of Orange ineligible to receive net M2 revenues. Disbursements of net M2 revenues have been suspended until the City of Orange achieves compliance and the Board reconsiders the matter at a future meeting.

#### Upcoming activities:

- Project O and P – Programming recommendations for the 15th call

### 4. Maintain Metrolink service (Project R).

Project R provides funding for Metrolink operations and aims to increase rail services within the County and provide additional Metrolink service north of the City of Fullerton to the Los Angeles County Line. The program also provides for track improvements, the addition of trains and parking capacity, upgraded stations, and safety enhancements to allow cities to establish quiet zones along the tracks.



## MEASURE M2 PROGRESS REPORT

Close monitoring of Metrolink operations is necessary to ensure sustainability through 2041. Metrolink ridership recovery continues to struggle, which impacts farebox revenues and cost recovery. To exacerbate this shortfall, operating costs have also increased. On October 21, 2024, Metrolink implemented a service optimization schedule aimed at addressing service gaps and making the most efficient use of equipment and crews as Metrolink adjusts the focus from commuter rail to regional rail. As such, the three lines serving Orange County (Orange County, Inland Empire-Orange County, and the 91/Perris Valley lines) now operate 58 trains, a 29 percent increase from the 45 weekday trains previously serving Orange County. The 2024 Next 10 Plan cashflow includes the assumption that Transit and Intercity Rail Program (TIRCP) formula funds to help sustain Metrolink operations through FY 2037-38. Without this funding or changes in service levels, ridership growth, or operations and rehabilitation costs, the current service cannot be sustained beyond FY 2031-32. OCTA will continue to actively engage with Metrolink and the other member agencies to monitor ridership levels and the financial impacts to M2. For more details, see project updates on [page 27](#).

Railroad track stabilization efforts in south Orange County have become a major focus area given its importance to continued operation of Metrolink in Orange County. While emergency work has been completed and service has resumed, long-term solutions need to be developed to ensure the ability to provide rail service in this portion of the County. In partnership with key stakeholders, a planning study is currently underway to identify and evaluate immediate as well as short- and medium-term solutions with the goal of protecting the rail line in place. A separate study will follow to assess potential long-term solutions, which may include relocation of the rail line. The California State Transportation Agency has committed to lead the long-term study to plan for future investments necessary to ensure a resilient Los Angeles–San Diego–San Luis Obispo (LOSSAN) corridor. As these studies progress, future updates to the Next 10 Plan will incorporate more current information. For more details, see the project updates on [page 29](#).

### **5. Complete construction, secure vehicles, begin operating the OC Streetcar, and work with local jurisdictions to consider recommendations from planning studies to guide development of future high-quality transit connections (Project S).**

The 4.15-mile OC Streetcar will serve the Santa Ana Regional Transportation Center (SARTC) through Downtown Santa Ana and the Civic Center to Harbor Boulevard in the City of Garden Grove. During the quarter, the contractor continued installation of wires on overhead contact system (OCS) poles in the Pacific Electric Right-of-Way (ROW), street repairs at various locations, and continued platform and electrical systems work at several stations. For more details, see the project updates on [page 32](#).

### **6. Support expanded mobility choices for seniors and persons with disabilities (Project U).**

Project U is comprised of three programs: the Senior Mobility Program (SMP), the Senior Non-Emergency Medical Transportation (SNEMT) Program, and the Fare Stabilization Program. Since inception, more than \$139 million<sup>3,4</sup> has been provided to these three programs. The SMP provides funding to participating cities to design and implement transit service that best fits the needs of seniors (60 and above) in their communities. The SNEMT Program provides funding to the County of Orange Office on Aging for senior





## MEASURE M2 PROGRESS REPORT

transportation to and from medical appointments, dentists, therapies, exercise programs, testing, and other health-related trips at a low cost to the rider than would otherwise be available. The Fare Stabilization Program provides stable discounted fares for seniors and persons with disabilities by lowering the cost of riding transit. For more details, see the program updates on [page 34](#).

<sup>3</sup> Only includes disbursed funds. On May 28, 2024, the Board determined the City of Buena Park ineligible to receive net M2 revenues for five years pursuant to Section 10.4 of the M2 Ordinance. Disbursements of net M2 revenues have been suspended until the City of Buena Park reestablishes eligibility.

<sup>4</sup> On May 28, 2024, the Board determined the City of Orange ineligible to receive net M2 revenues. Disbursements of net M2 revenues have been suspended until the City of Orange achieves compliance and the Board reconsiders the matter at a future meeting.

### **7. Work with local agencies to maintain successful community circulator projects and potentially provide grant opportunities for expanded or new local transit services (Project V).**

Since inception, OCTA has approved 49 projects and ten planning studies totaling over \$96.8 million through five calls. OCTA receives ridership reports from local agencies on a regular basis to monitor the success of awarded services against performance measures adopted by the Board. Staff continues to work with local jurisdictions through letters of interest requests, workshops, CTFP Guidelines revisions, calls, and cooperative agreement amendments to fine-tune this program and facilitate successful project implementation. For more details, see the program updates on [page 35](#).

### **8. Continue to improve the top 100 busiest transit stops to enhance the customer experience (Project W).**

Through three calls, the Board has approved \$3.1 million to improve 122 city-initiated improvement projects at the busiest OCTA transit stops. The program is designed to ease transfers between bus lines and provide improvements such as the installation of bus benches or seating, shelters, improved lighting, and other passenger-related amenities. For more details, see the program updates on [page 36](#).

### **9. Ensure the ongoing preservation of purchased open space, which provides comprehensive mitigation of the environmental impacts of freeway improvements and higher-value environmental benefits in exchange for streamlined project approvals (Projects A-M).**

The M2 freeway EMP includes seven conservation properties (Preserves) totaling more than 1,300 acres and 12 restoration projects covering nearly 350 acres. In 2017, OCTA received biological resource permits after completing a state and federal Natural Community Conservation Plan/Habitat Conservation Plan (Conservation Plan) for the EMP, allowing streamlined project approvals for the M2 freeway improvement projects. The Conservation Plan also includes a streamlined process for coordination of streambed alteration agreements. In 2018, OCTA secured programmatic permits and assurances for federal and state clean water permitting requirements. Receipt of these permits represents the culmination of years of collaboration and support by the Board, environmental community, and regulatory agencies.



## MEASURE M2 PROGRESS REPORT

To protect the Preserves in perpetuity, a non-wasting endowment was established. In July 2024, OCTA made its ninth annual deposit of approximately \$2.9 million. The latest balance of the endowment through December 31, 2024, was \$32,674,489. While the performance of the endowment fund will affect the timeframe for full funding, current projections indicate that OCTA is still on track to meet the target of \$46.2 million in FY 2027-28. For more details, see the program updates on [page 38](#).

**10. Work with the Environmental Cleanup Allocation Committee (ECAC) to develop the next tiers of water quality programs to prevent the flow of trash, pollutants, and debris into waterways from transportation facilities. In addition, focus on improving water quality on a regional scale that encourages partnerships among the local agencies as part of the Environmental Cleanup Program (ECP {Project X}).**

In May 2010, the Board approved a two-tier approach to funding Project X. Tier 1 consists of funding equipment purchases and upgrades to existing catch basins and related best management practices, such as screens and other low-flow diversion devices. Tier 2 consists of funding regional, potentially multi-jurisdictional, and capital-intensive projects. Since 2011, the Board has awarded more than \$40.2 million in funding for 233 Tier 1 projects through 14 calls and approximately \$34.9 million for 26 Tier 2 projects through three calls. The next Tier 1 call is anticipated for early 2025. For more details, see the program updates on [page 37](#).

### Upcoming activities:

- Project X Tier 1 – Release of the 15th call



## FREWAYS

### PROJECT A

### INTERSTATE 5 (I-5) PROJECTS

**Segment:** I-5, SR-55 to SR-57

**Status:** PROJECT COMPLETE

**Contact:** Jeff Mills, Capital Projects • (714) 560-5925

**Summary:** This project added a second high-occupancy vehicle (HOV) lane (approximately three miles) in both directions along I-5 between SR-55 and SR-57 in the City of Santa Ana. The final Environmental Document (ED) and Project Report (PR) were approved on April 27, 2015. Construction began on December 27, 2019, and the improvements opened to traffic on August 24, 2020. The project was officially completed three months ahead of schedule on January 6, 2021, and plant establishment was completed on May 24, 2021.



### PROJECT B

**I-5, I-405 to SR-55 is one project broken into two segments. The final ED and PR were approved on January 7, 2020.**

**Segment:** I-5, I-405 to Yale Avenue

**Status:** Design Phase Underway – 90 Percent Complete

**Contact:** Jeff Mills, Capital Projects • (714) 560-5925

**Summary:** This project will add an additional general purpose lane (approximately 4.5 miles) in both directions of I-5 between I-405 and Yale Avenue, improve interchanges, and replace and add new auxiliary lanes in the City of Irvine. The design of this project was initiated on October 22, 2021. This quarter, the design team submitted an initial 100 percent design package, which includes features from the California Department of Transportation (Caltrans) multi-asset project, to Caltrans for review, and continued coordination with various agencies on I-5 bridge improvements over the railroad in the City of Irvine. In addition, the design team continued to coordinate with regulatory agencies on construction permit applications, Orange County Flood Control District (OCFCD), and with the various stakeholders on locations of soundwalls, overhead signage, drainage, storm water quality features, staging, and landscaping.

**Segment:** I-5, Yale Avenue to SR-55

**Status:** Design Phase Underway – 99 Percent Complete

**Contact:** Jeff Mills, Capital Projects • (714) 560-5925

**Summary:** This project will add an additional general purpose lane (approximately 4.5 miles) in both directions of I-5 between Yale Avenue and SR-55, improve interchanges, and replace and add new auxiliary lanes in the cities of Irvine and Tustin. The design of this project was initiated on May 6, 2021. This quarter, the design team submitted the 100 percent design package, which combined the Caltrans multi-asset and





# FREEWAYS

M2 projects, to Caltrans for final review. In addition, the design consultant continued to coordinate with Caltrans and various regulatory agencies on construction permit applications and continued to coordinate with the OCFCD and Orange County Parks. This quarter all ROW offers were sent out to property owners along the project corridor. ROW coordination between Caltrans and OCFCD is ongoing.

PROJECT C AND PART OF PROJECT D

**I-5, Avenida Pico to San Juan Creek Road is one project broken into three segments. The final ED and PR were approved on October 26, 2011. All three segments were completed, and the improvements opened to traffic on March 13, 2019.**

**Segment: I-5, Avenida Pico to Avenida Vista Hermosa/Avenida Pico Interchange**

**Status: PROJECT COMPLETE**

**Contact:** Jeff Mills, Capital Projects • (714) 560-5925

**Summary:** This project added a carpool lane (approximately 0.7 miles) in both directions of I-5 between Avenida Pico and Avenida Vista Hermosa in the City of San Clemente, included major improvements through reconstruction of the Avenida Pico Interchange (part of Project D), and added bicycle lanes in both directions on Avenida Pico. Construction began on December 22, 2014, and was officially completed on August 23, 2018. Plant establishment was completed in May 2019.



**Segment: I-5, Avenida Vista Hermosa to Pacific Coast Highway**

**Status: PROJECT COMPLETE**

**Contact:** Jeff Mills, Capital Projects • (714) 560-5925

**Summary:** This project added a carpool lane (approximately 2.5 miles) in both directions of I-5 between Avenida Vista Hermosa and Pacific Coast Highway (PCH) in the City of San Clemente and reconstructed on- and off-ramps at Avenida Vista Hermosa and Camino de Estrella. Construction began on July 3, 2014, and was officially completed on July 31, 2017. Plant establishment was completed in May 2018.



**Segment: I-5, Pacific Coast Highway to San Juan Creek Road**

**Status: PROJECT COMPLETE**

**Contact:** Jeff Mills, Capital Projects • (714) 560-5925

**Summary:** This project added a carpool lane (approximately 2.5 miles) in both directions of I-5 between PCH and San Juan Creek Road in the cities of Dana Point, San Clemente, and San Juan Capistrano and reconstructed the on- and off-ramps at PCH/Camino Las Ramblas. Construction began on December 20, 2013, and was officially completed on July 3, 2018. Plant establishment was completed in March 2019.





## FREWAYS

I-5, SR-73 to El Toro Road is one project broken into three segments. The final ED and PR for all three segments were approved on May 6, 2014.

**Segment:** I-5, SR-73 to Oso Parkway/Avery Parkway Interchange

**Status:** Construction Underway – 98 Percent Complete

**Contact:** Jeff Mills, Capital Projects • (714) 560-5925

**Summary:** This project will add a general purpose lane (approximately 2.2 miles) in both directions of I-5 between Avery Parkway and Oso Parkway and reconstruct the Avery Parkway Interchange (part of Project D) in the cities of Laguna Hills, Laguna Niguel, and Mission Viejo. Construction began on January 15, 2020. This quarter, the contractor completed construction of the northbound Crown Valley Parkway on-ramps, continued work on the I-5 freeway median, and continued to construct drainage, electrical, and irrigation systems throughout the project limits.

**Segment:** I-5, Oso Parkway to Alicia Parkway/La Paz Road Interchange

**Status:** PROJECT COMPLETE

**Contact:** Jeff Mills, Capital Projects • (714) 560-5925

**Summary:** This project added a general purpose lane (approximately 2.6 miles) in both directions along I-5 between Oso Parkway and Alicia Parkway and reconstructed the La Paz Road Interchange (part of Project D) in the cities of Laguna Hills and Mission Viejo. Construction began on April 4, 2019. This quarter, all construction work was completed and the project received Caltrans' construction contract acceptance on December 19, 2024. Administrative work to close out the construction contract is underway and as-built drawings are being submitted for final completion.



**Segment:** I-5, Alicia Parkway to El Toro Road

**Status:** Construction Underway – 93 Percent Complete

**Contact:** Jeff Mills, Capital Projects • (714) 560-5925

**Summary:** This project will add a general purpose lane in the southbound direction (approximately 1.7 miles) and extend the second HOV lane (approximately one mile) in both directions along I-5 between Alicia Parkway to El Toro Road in the cities of Laguna Hills, Laguna Woods, Lake Forest, and Mission Viejo. Construction began on October 13, 2020. This quarter, the contractor completed roadway work on Avenida De La Carlota, continued reconstruction of the roadway on- and off-ramps, and continued to replace pavement and the median barrier on the I-5 freeway. In addition, median electrical, drainage and signage work is ongoing.





# FREWAYS

## PROJECT D

This project will update and improve key I-5 interchanges at Avenida Pico, Ortega Highway, Avery Parkway, La Paz, and El Toro Road. Three interchange improvements at La Paz, Avery Parkway, and Avenida Pico are included and discussed as part of the respective segments in Project C.

**Segment:** I-5, Ortega Highway Interchange

**Status:** PROJECT COMPLETE

**Contact:** Jeff Mills, Capital Projects • (714) 560-5925

**Summary:** This project widened and reconstructed the SR-74 Ortega Highway bridge over I-5 and improved local traffic flow along SR-74 and Del Obispo Street in the City of San Juan Capistrano. The final ED and PR were approved on June 1, 2009. Construction began on September 18, 2012, and all lanes on the new bridge opened to traffic on September 4, 2015. The project was officially completed on January 15, 2016.



**Segment:** I-5, El Toro Road Interchange

**Status:** Environmental Phase Two Underway – 50 Percent Complete

**Contact:** Jeff Mills, Capital Projects • (714) 560-5925

**Summary:** Caltrans is the lead for the environmental phase of this project. The project area includes the cities of Laguna Hills, Laguna Woods, and Lake Forest, which are direct stakeholders of the project improvements. The study began in April 2017 and the draft Initial Study/Environmental Assessment was completed in March 2019. The three stakeholder cities were not in consensus on a preferred alternative, and costs identified for the remaining alternatives were significantly higher than the assumed cost in the Next 10 Plan, which created additional challenges. The environmental phase was anticipated to be completed in late 2019; however, without the cities' consensus, OCTA does not support the finalization of the document. OCTA requested Caltrans put completion of the ED on hold until a consultant, retained by OCTA, provides a further assessment of the alternatives to help facilitate reaching an agreement. The three cities reached a consensus to add two new alternatives from the assessment in addition to the two alternatives previously developed as part of the draft ED into the environmental process. On August 8, 2022, the Board approved an amendment to the cooperative agreement with Caltrans to reinstate the environmental phase incorporating feedback from the cities on the proposed alternatives. This quarter, OCTA and Caltrans continued coordination with the cities of Laguna Hills, Laguna Woods, and Lake Forest on the proposed alternatives, traffic analysis, and environmental phase studies. Caltrans also continued work on the final Traffic Operations Analysis Report.



## FREWAYS

### PROJECT E

### STATE ROUTE 22 (SR-22) PROJECTS

**Segment:** SR-22 Access Improvements

**Status:** PROJECT COMPLETE

**Contact:** Jeff Mills, Capital Projects • (714) 560-5925

**Summary:** Completed in 2008, this project made improvements at three key SR-22 interchanges (Brookhurst Street, Euclid Street, and Harbor Boulevard) in the City of Garden Grove to reduce freeway and street congestion. This M2 project was completed early as a “bonus project” provided by the original M1.



### PROJECT F

### STATE ROUTE 55 (SR-55) PROJECTS

**Segment:** SR-55, I-405 to I-5

**Status:** Construction Underway – 39 Percent Complete

**Contact:** Jeff Mills, Capital Projects • (714) 560-5925

**Summary:** This project will add a general purpose lane (approximately four miles) and a second HOV lane (approximately four miles) in both directions between I-405 and I-5 in the cities of Irvine, Santa Ana, and Tustin. Auxiliary lanes will be added and extended in some segments within the project limits. The final ED and PR were approved on August 31, 2017. Construction began on August 10, 2022. This quarter, work continued with roadway, retaining wall, bridge widening, electrical, and drainage construction activities.

**Segment:** SR-55, I-5 to SR-91

**Status:** Design Phase Underway – 80 Percent Complete

**Contact:** Jeff Mills, Capital Projects • (714) 4560-5925

**Summary:** This project includes the addition of a general purpose lane (approximately two miles) in both directions between I-5 and SR-22 and operational improvements between SR-22 and SR-91 in the cities of Anaheim, Orange, Santa Ana, and Tustin. The project limits span approximately 7.5 miles. The final ED and PR were approved on March 30, 2020. The design of this project was initiated on August 8, 2022. This quarter, the design team addressed and resolved comments on the 95 percent design submittal. The team also identified additional ROW needs and solutions to minimize schedule impacts.



# FREWAYS

## PROJECT G

### STATE ROUTE 57 (SR-57) PROJECTS

**Segment:** SR-57 Northbound, Orangewood Avenue to Katella Avenue

**Status:** Design Phase Underway – 99 Percent Complete

**Contact:** Jeff Mills, Capital Projects • (714) 560-5925

**Summary:** This project will add a new northbound general purpose lane (approximately one mile) on SR-57 from Orangewood Avenue to Katella Avenue in the cities of Anaheim and Orange. The new northbound general purpose lane will join the completed Project G segments between Katella Avenue and Lambert Road, which opened to traffic in 2014. The final ED and PR were approved on March 29, 2019. The design of this project was initiated on March 28, 2022. This quarter, the consultant continued coordination with various public agencies regarding submittals for construction permits, and continued coordination with the cities of Anaheim and Orange on various project related items.

**Segment:** SR-57 Northbound, Katella Avenue to Lincoln Avenue

**Status:** PROJECT COMPLETE

**Contact:** Jeff Mills, Capital Projects • (714) 560-5925

**Summary:** This project increased capacity by adding a new general purpose lane (approximately 2.8 miles) and improved on- and off-ramps and soundwalls on northbound SR-57 between Katella Avenue and Lincoln Avenue in the City of Anaheim. Bridges at Katella Avenue and Douglas Road were also widened in the northbound direction. The final ED was approved on September 30, 2009, and the final PR was approved on November 25, 2009. Construction began on November 17, 2011, and the improvements opened to traffic on November 19, 2014. The project was officially completed on April 21, 2015.



**Segment:** SR-57 Northbound, Orangethorpe Avenue to Yorba Linda Boulevard

**Status:** PROJECT COMPLETE

**Contact:** Jeff Mills, Capital Projects • (714) 560-5925

**Summary:** This project increased capacity by adding a northbound general purpose lane (approximately 2.4 miles) between Orangethorpe Avenue in the City of Placentia to Yorba Linda Boulevard in the City of Fullerton and improved operations with the reconstruction of northbound on- and off-ramps, widening of seven bridges, and the addition of soundwalls. The final ED and PR were approved on November 30, 2007. Construction began on October 26, 2010, and the improvements opened to traffic on April 28, 2014. The project was officially completed on November 6, 2014.





## FREEWAYS

**Segment:** SR-57 Northbound, Yorba Linda Boulevard to Lambert Road

**Status:** PROJECT COMPLETE

**Contact:** Jeff Mills, Capital Projects • (714) 560-5925

**Summary:** This project improved capacity, operations, and traffic flow on SR-57 with the addition of a new northbound general purpose lane (approximately 2.5 miles) between Yorba Linda Boulevard in the City of Fullerton and Lambert Road in the City of Brea. Additional project benefits included on- and off-ramp improvements, the widening and seismic retrofit (as required) of six bridges in the northbound direction, and the addition of soundwalls. Existing lanes and shoulders were also widened to standard widths, enhancing safety for motorists. The final ED and PR were approved on November 30, 2007. Construction began on November 2, 2010, and the improvements opened to traffic on September 23, 2013. The project was officially completed on May 2, 2014.



**Segment:** SR-57 Northbound, Lambert Road to Orange/Los Angeles County Line

**Status:** Project Study Report-Project Development Support (PSR-PDS) Document Preparation Underway – 75 Percent Complete

**Contact:** Jeff Mills, Capital Projects • (714) 560-5925  
Kristin Tso, Planning • (714) 560-5496

**Summary:** Caltrans previously completed a PSR in 2001 to add a northbound truck-climbing lane (approximately 2.5 miles) from Lambert Road in the City of Brea to approximately 0.62 miles north of the Orange County/Los Angeles County line. Following discussions with Caltrans in late 2021, it was decided that a new PSR-PDS should be prepared due to the changing conditions on SR-57 since the previous study was completed. The proposed project included mainline and interchange improvements at Lambert Road. Through the SB 1 (Chapter 5, Statutes of 2017) Trade Corridor Enhancement Program, funds were allocated to construct the interchange improvements at Lambert Road, which complemented and served as the first phase to the improvement project. Construction began in mid-2019, the project opened to traffic in December 2023, and construction was fully completed in early 2024. Preparation of the new PSR-PDS for the second phase began in August 2023, utilizing State Transportation Investment Program funding, to study potential northbound mainline improvements from Lambert Road to Orange/Los Angeles County Line (up to two miles). This quarter, the consultant prepared a second draft PSR-PDS document that addressed comments received from Caltrans during the initial review. The draft PSR-PDS includes geometric design, traffic analysis, preliminary assessment on ROW, drainage, structure, geotechnical and environmental impacts, and cost estimates for each of the three proposed project alternatives.



# FREEWAYS

## PROJECT H

### STATE ROUTE 91 (SR-91) PROJECTS

**Segment:** SR-91 Westbound, I-5 to SR-57  
**Status:** PROJECT COMPLETE  
**Contact:** Jeff Mills, Capital Projects • (714) 560-5925



**Summary:** This project increased capacity by adding a general purpose lane (approximately 4.5 miles) in the westbound direction between the cities of Anaheim and Fullerton and provided operational improvements at on- and off-ramps between Brookhurst Street and State College Boulevard. The final ED was approved on May 20, 2010, and the final PR was approved on June 16, 2010. Construction began on February 6, 2013, and the improvements opened to traffic on March 7, 2016. The project was officially completed on June 23, 2016.

## PROJECT I

**Segment:** SR-91, SR-55 to Tustin Avenue Interchange  
**Status:** PROJECT COMPLETE  
**Contact:** Jeff Mills, Capital Projects • (714) 560-5925



**Summary:** This project improved traffic flow at the SR-55/SR-91 interchange by adding a westbound auxiliary lane (approximately two miles) beginning at northbound SR-55 to the westbound SR-91 connector through the Tustin Avenue interchange in the City of Anaheim. The project reduced weaving congestion in the area and included reconstruction of the westbound side of the Santa Ana River Bridge to accommodate the additional lane. The final ED was approved on May 11, 2011, and the final PR was approved on May 19, 2011. Construction began on November 1, 2013, and the improvements opened to traffic on May 14, 2016. The project was officially completed on July 15, 2016.

**SR-91, between SR-57 and SR-55 is one project broken into three segments. To augment the decrease in projected M2 revenues, on September 12, 2016, the Board approved to use 91 Express Lanes excess revenue to fund this project. The final ED and PR were approved on June 22, 2020.**

**Segment:** SR-91, SR-55 to Lakeview Avenue  
**Status:** Design Phase Underway - 99 Percent Complete  
**Contact:** Jeff Mills, Capital Projects • (714) 560-5925

**Summary:** This project will provide westbound operational improvements (approximately 2.2 miles), which includes the realignment of the existing westbound SR-91 on- and off-ramps, the addition of a new on-ramp from the Lakeview Avenue overcrossing bridge to connect directly to southbound SR-55, and construction of a barrier to separate westbound SR-91 from SR-55. With the proposed improvements, the

## FREWAYS

existing Lakeview Avenue overcrossing bridge is anticipated to be replaced with a new bridge. The design of this project was initiated on March 30, 2020. This project was combined with the Caltrans multi-asset project when the 100 percent design package was developed. The project was advertised for construction on June 24, 2024, and bids were opened on October 16, 2024. The project is anticipated to be awarded in early 2025.

**Segment:** SR-91, La Palma Avenue to SR-55

**Status:** Design Phase Underway - 92 Percent Complete

**Contact:** Jeff Mills, Capital Projects • (714) 560-5925

**Summary:** This project will provide an additional eastbound general purpose lane (approximately 2.7 miles), replace the eastbound shoulder, and restore auxiliary lanes as needed throughout the project limits. With the proposed improvements, the existing Kraemer Boulevard and Tustin Avenue overcrossing bridges are anticipated to be replaced with new bridges and the Santa Ana River bridge will be widened. The design of this project was initiated on June 17, 2020. This project was combined with the Caltrans multi-asset project when the 95 percent design package was developed. However, per Caltrans' request, both projects will be separated and will proceed as independent projects. This quarter, the design team worked to address and resolve comments on the final design submittal.

**Segment:** SR-91, Acacia Street to La Palma Avenue

**Status:** Design Phase Underway - 93 Percent Complete

**Contact:** Jeff Mills, Capital Projects • (714) 560-5925

**Summary:** This project will provide westbound operational improvements (approximately 1.8 miles) by adding a fourth general purpose lane along westbound SR-91 from the northbound SR-57 to the westbound SR-91 connector, extending the southbound SR-57 to westbound SR-91 connector auxiliary lane through the State College Boulevard interchange, tying into the existing westbound SR-91 auxiliary lane west of State College Boulevard, and reconfiguring the westbound SR-91 to SR-57 connector to provide dedicated exits to SR-57. With the proposed improvements, the existing La Palma Avenue overcrossing bridge will be replaced with a new bridge. The design of this project was initiated on November 30, 2020. This project was combined with the Caltrans multi-asset project when the 95 percent design package was developed. This quarter, the design team continued to address comments on the combined 100 percent roadway design submittal, technical reports, and additional design changes. In addition, OCTA continued the ROW acquisition process.





# FREEWAYS

## PROJECT J

**Segment:** SR-91, SR-55 to SR-241

**Status:** PROJECT COMPLETE

**Contact:** Jeff Mills, Capital Projects • (714) 560-5925

**Summary:** This project added a general purpose lane (approximately six miles) in both directions of SR-91 between SR-55 and SR-241 in the cities of Anaheim and Yorba Linda. In addition to adding 12 lane miles to SR-91, the project also delivered a second eastbound exit lane at Lakeview Avenue, Imperial Highway, and Yorba Linda Boulevard/Weir Canyon Road off-ramps. Beyond these capital improvements, crews completed work on safety barriers, lane striping, and soundwalls. The final ED and PR were approved on April 24, 2009. Construction began on May 27, 2011, and opened to traffic in December 2012. The project was officially completed on March 5, 2013.



**Segment:** SR-91 Eastbound, SR-241 to SR-71

**Status:** PROJECT COMPLETE

**Contact:** Jeff Mills, Capital Projects • (714) 560-5925

**Summary:** This project improved mobility and operations by adding an eastbound lane (approximately six miles) through a key stretch of SR-91 between Orange County's SR-241 and Riverside County's SR-71, widened existing eastbound lanes and shoulders, and reduced traffic weaving as a result of traffic exiting at SR-71 and Green River Road. The final ED and PR were approved on December 28, 2007. Construction began on September 16, 2009, and the improvements opened to traffic on December 2, 2010. The project was officially completed on January 31, 2011. Because this project was shovel-ready, OCTA was able to obtain American Recovery and Reinvestment Act funding for this M2 project, saving M2 revenues for future projects.



**Segment:** SR-91, SR-241 to Orange/Riverside County Line

**Status:** RCTC's Westbound Corridor Operation Project – Completed in January 2022; Eastbound Corridor Operation Project Environmental Phase Underway – 50 Percent Complete

**Contact:** Jeff Mills, Capital Projects • (714) 560-5925

**Summary:** Since the SR-91 corridor is one of the busiest in the region, implementation of this project requires coordinating and constructing the improvements in multiple segments and capitalizing on available funding. Freeway improvements that cross county lines require close coordination to maintain seamless travel. This project plans to add a general purpose lane on SR-91 between SR-241 and SR-71. While the portion of this project between SR-241 and the Orange/Riverside County Line is part of OCTA's M2 Project J, the matching segment between the county line and SR-71 is part of RCTC's Measure A. The sixth lane addition requires joint implementation to ensure smooth delivery of the project. With significant SR-91 freeway improvements taking place as a result of both counties' sales tax measures, the construction timing of the additional general purpose lane between SR-241 and SR-71 was anticipated to take place post-2035. However, RCTC requested OCTA's support to accelerate a portion of the ultimate project in the

## FREWAYS

westbound direction (in Orange County) to address a bottleneck issue affecting the City of Corona. With OCTA’s support, RCTC developed the 91 Westbound Corridor Operation Project, which began construction in late 2020 and was completed in January 2022.

In addition, OCTA and RCTC conducted a feasibility study to determine how best to implement the sixth general purpose lane while minimizing environmental and construction impacts in the eastbound direction between SR-241 and SR-71. The final alternatives analysis report was completed in April 2022. RCTC is leading the effort to proceed with the environmental phase of the project, to be referred to as the 91 Eastbound Corridor Operation Project. This effort began in June 2023 and is anticipated to be completed by mid-2025. This quarter, the project team continued to work on preliminary engineering, developing cost estimates, and updating environmental technical studies.

PROJECT K

### INTERSTATE 405 (I-405) PROJECTS

**Segment:** I-405, SR-73 to I-605

**Status:** PROJECT COMPLETE

**Contact:** Jeff Mills, Capital Projects • (714) 560-5925



**Summary:** This project added a general purpose lane (approximately 16 miles) between Euclid Street and I-605 in both directions and a second HOV lane (approximately 14 miles) combined with the existing HOV lane to provide dual express lanes in both directions of I-405 from SR-73 to I-605, otherwise known as the 405 Express Lanes.<sup>5</sup> Additional improvements included reconstruction of local interchanges and enhancements to freeway entrances and exits along the corridor from SR-73 to I-605 through the cities of Costa Mesa, Fountain Valley, Garden Grove, Huntington Beach, Los Alamitos, Seal Beach, and Westminster. The final ED and PR were approved on June 15, 2015. Construction activities began on January 31, 2017, and the project fully opened to traffic on December 1, 2023. Final acceptance and relief of maintenance is expected in mid/late-2025. During the quarter, work continued on remaining miscellaneous construction activities including landscaping, installation of remaining bridge lighting, and punch-list items.

<sup>5</sup> The general purpose lane portion of the project is an M2 project and was funded by a combination of local, state, and federal funds. The express lanes portion of the project was financed and will be paid for by those who choose to pay a toll and use the 405 Express Lanes.



# FREEWAYS

## PROJECT L

**Segment:** I-405, I-5 to SR-55  
**Status:** Environmental Phase Complete  
**Contact:** Jeff Mills, Capital Projects • (714) 560-5925  
**Summary:** This project studied potential improvements along approximately 8.5 miles of I-405 between I-5 and SR-55 in the City of Irvine. The project development team reviewed the alternatives and public comments received during public circulation, and as a result of the effort, recommended adding one general purpose lane in both directions. The final ED and PR were approved on August 31, 2018. The design phase is anticipated to begin in 2030 and will be constructed beyond the Next 10 Plan timeframe.

## PROJECT M

### INTERSTATE 605 (I-605) PROJECTS

**Segment:** I-605, Katella Avenue Interchange Improvements  
**Status:** Design Phase - 99 Percent Complete  
**Contact:** Jeff Mills, Capital Projects • (714) 560-5925  
**Summary:** This project will make enhancements to the on- and off-ramps and operational improvements on Katella Avenue at the I-605 Interchange in the City of Los Alamitos. In addition, pedestrian and bicycle improvements will incorporate complete streets components, including enhanced safety for all modes of travel. The final ED and PR were approved on October 3, 2018. The design of this project was initiated on December 28, 2020. The project was advertised for construction on November 18, 2024. This quarter, the design team prepared and submitted a bid addendum package for review and continued coordination with Caltrans and the construction management team on utility relocations and third-party coordination for the project. In addition, the outreach consultant has updated public outreach materials in advance of construction, which is anticipated to begin in spring 2025.





## FREEWAYS

### PROJECT N

## FREEWAY SERVICE PATROL

**Status:** Service Ongoing

**Contact:** Patrick Sampson, Motorist Services • (714) 560-5435

**Summary:** Freeway Service Patrol (FSP) assists motorists whose vehicles have become disabled along Orange County freeways and removes congestion-causing debris from traffic lanes to reduce freeway congestion and collisions. In June 2012, M2 began supporting FSP with local funds to maintain existing service levels and expand services through 2041. During the quarter, FSP provided 15,592 services.<sup>6</sup> Since June 2012, FSP has provided 827,266 services<sup>6</sup> on the Orange County freeway system.

<sup>6</sup> Service calculations are based on all services provided as FSP is funded by M2 and external sources.



# STREETS AND ROADS

## PROJECT O

### REGIONAL CAPACITY PROGRAM

**Status:** 15th Call Applications Under Review

**Contact:** Charvalen Alacar, Planning • (714) 560-5401

**Summary:** This program, in combination with required local matching funds, provides funding for improvements on Orange County’s Master Plan of Arterial Highways. Since 2011, through 14 calls, the Board has awarded 186 projects (226 project phases) totaling more than \$406 million, including \$24.3 million in external funding. To date, 159 project phases have been completed, 48 are in various stages of implementation, and 27 have been cancelled by the awarded local jurisdictions. On August 12, 2024, the Board approved the release of the 15th call. Applications were received on October 24, 2024, and are under review. Based upon the project selection criteria in the CTFP guidelines, programming recommendations are anticipated to be presented to the Board in spring 2025.

### OC Bridges Railroad Program

This program built seven grade separations (either under or overpasses) where high-volume streets are impacted by freight trains along the BNSF railroad in north Orange County. On September 13, 2021, the Board approved program closeout and budget adjustment to approximately \$666.55 million for all the OC Bridges grade separation projects, of which \$152.6 million was committed M2 and \$513.9 million in leveraged external funding. Funding reimbursement and closeout for all seven grade separation projects have been completed.

**Segment:** Kraemer Boulevard Grade Separation

**Status:** PROJECT COMPLETE

**Contact:** Jeff Mills, Capital Projects • (714) 560-5925

**Summary:** This project grade separated the local street from railroad tracks by building an underpass for vehicular traffic under the railroad crossing in the cities of Anaheim and Placentia. Construction began on November 9, 2012, and the improvements opened to traffic on June 28, 2014. Construction acceptance was obtained in December 2014. OCTA turned over maintenance responsibilities to the cities and completed the one-year warranty in December 2015 with no issues or claims identified. Funding reimbursement and closeout have been completed.



**Segment:** Lakeview Avenue Grade Separation

**Status:** PROJECT COMPLETE

**Contact:** Jeff Mills, Capital Projects • (714) 560-5925

**Summary:** This project grade separated the local street from railroad tracks by building a bridge for vehicular traffic over the railroad crossing and reconfiguring the intersection of Lakeview Avenue and Orangethorpe Avenue in the cities of Anaheim and Placentia. Construction began on March 3, 2014, and the improvements opened to traffic on June 6, 2017. Construction acceptance was obtained in June 2018. OCTA turned over maintenance responsibilities to the cities and extended the one-year warranty





## STREETS AND ROADS

to July 2019 for some minor repair items. The Board approved a final claim resolution in July 2019. Funding reimbursement and closeout have been completed.

**Segment:** Orangethorpe Avenue Grade Separation

**Status:** PROJECT COMPLETE

**Contact:** Jeff Mills, Capital Projects • (714) 560-5925

**Summary:** This project grade separated the local street from railroad tracks by building a bridge for vehicular traffic over the railroad crossing in the cities of Anaheim and Placentia. Construction began on April 25, 2013, and the improvements opened to traffic on June 23, 2016. Construction acceptance was obtained in October 2016. OCTA turned over maintenance responsibilities to the cities and extended the one-year warranty to June 2019 for some minor repair items. No additional issues or repairs were identified. Funding reimbursement and closeout have been completed.



**Segment:** Placentia Avenue Grade Separation

**Status:** PROJECT COMPLETE

**Contact:** Jeff Mills, Capital Projects • (714) 560-5925

**Summary:** This project grade separated the local street from railroad tracks by building an underpass for vehicular traffic under the railroad crossing in the City of Placentia. Construction began on October 5, 2011, and the improvements opened to traffic on March 12, 2014. Construction acceptance was obtained in December 2014. OCTA turned over maintenance responsibilities to the cities and completed the one-year warranty in December 2015 with no issues or repairs identified. Funding reimbursement and closeout have been completed.



**Segment:** Raymond Avenue Grade Separation

**Status:** PROJECT COMPLETE

**Contact:** Jeff Mills, Capital Projects • (714) 560-5925

**Summary:** This project grade separated the local street from railroad tracks by building an underpass for vehicular traffic under the railroad crossing in the City of Fullerton. The City of Fullerton managed construction while OCTA provided construction oversight, public outreach, railroad coordination, and ROW support. Construction began on March 27, 2014, and the improvements opened to traffic on October 2, 2017. Construction acceptance was obtained in May 2018. OCTA turned over maintenance responsibilities to the City of Fullerton and completed the one-year warranty on constructed items. Funding reimbursement and closeout have been completed.



**Segment:** State College Boulevard Grade Separation

**Status:** PROJECT COMPLETE

**Contact:** Jeff Mills, Capital Projects • (714) 560-5925

**Summary:** This project grade separated the local street from railroad tracks by building an underpass for vehicular traffic under the railroad crossing in the City of Fullerton. The City of Fullerton managed construction while OCTA provided construction oversight, public outreach, railroad coordination, and ROW support. Construction began on March 27, 2014, and the improvements opened to traffic on







## STREETS AND ROADS

November 1, 2017. Construction acceptance was obtained in March 2018. OCTA turned over maintenance responsibilities to the City of Fullerton and completed the one-year warranty on constructed items. Funding reimbursement and closeout have been completed.

**Segment:** Tustin Avenue/Rose Drive Grade Separation

**Status:** PROJECT COMPLETE

**Contact:** Jeff Mills, Capital Projects • (714) 560-5925



**Summary:** This project grade separated the local street from railroad tracks by building a bridge over the railroad crossing for vehicular traffic in the cities of Anaheim and Placentia. Construction began on April 22, 2013, and the improvements opened to traffic on December 7, 2015. Construction acceptance was obtained in October 2016. OCTA turned over maintenance responsibilities to the cities and extended the one-year warranty to November 2018 for some minor repair items. No additional issues or repairs were identified. Funding reimbursement and closeout have been completed.

PROJECT P

## REGIONAL TRAFFIC SIGNAL SYNCHRONIZATION PROGRAM

**Status:** 15th Call Applications Under Review

**Contact:** Anup Kulkarni, Planning • (714) 560-5867

**Summary:** This program provides funding and assistance to implement multi-agency signal synchronization. The target of the program is to regularly coordinate a network of over 2,000 signalized intersections along 750 miles of roadway within Orange County. OCTA also leverages external funding to further enhance the efficiency of the street grid and reduce travel delays.

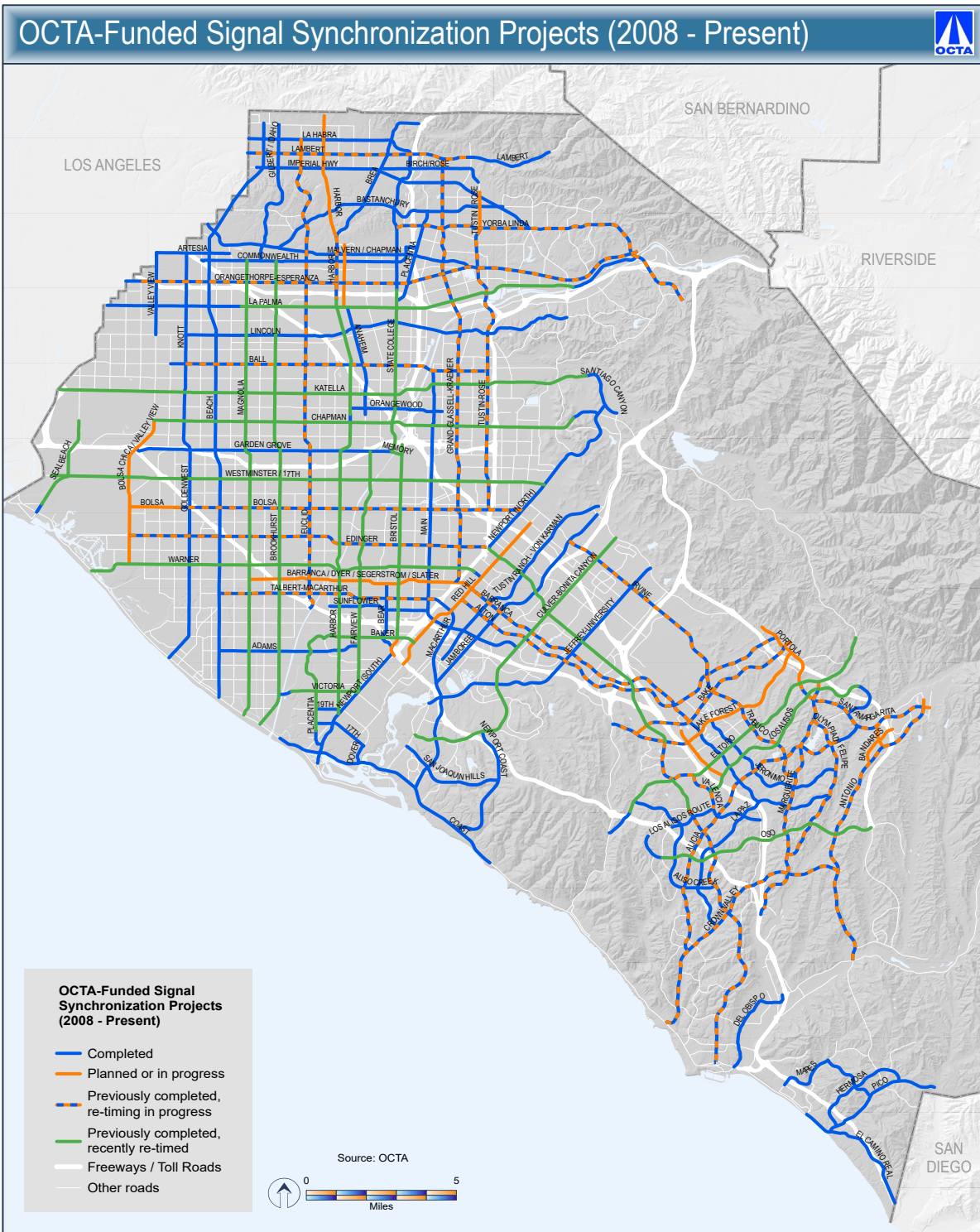
To date, OCTA and local agencies have synchronized 3,705 intersections over 954 miles of streets (107 completed projects). Through 14 calls, 117 projects<sup>7</sup> totaling approximately \$150.3 million have been awarded. Overall, OCTA has funded 137 projects<sup>7</sup> totaling nearly \$184.8 million, including \$40.1 million in leveraged external funding. On August 12, 2024, the Board approved the release of the 15th call. Applications were received on October 24, 2024, and are under review. Based upon the project selection criteria in the CTFP guidelines, projects will be prioritized for Board consideration in spring 2025.

In parallel with the annual call, OCTA is leading the Countywide Signal Synchronization Baseline Project. The project aims to develop and implement a countywide signal synchronization network for Orange County and will consist of approximately 2,500 retimed signals along regionally significant corridors to ensure seamless travel across the County. This effort began in June 2024 with data collection ongoing. An update on the project was presented to the Board in September 2024. While this innovative project is entirely externally funded, the results will benefit and shape the future of the M2 Regional Traffic Signal Synchronization Program.

<sup>7</sup> To date, three projects totaling approximately \$1.6 million have been cancelled by the awarded local jurisdictions.



# STREETS AND ROADS





## STREETS AND ROADS

PROJECT Q

### LOCAL FAIR SHARE

**Status:** Ongoing

**Contact:** Sean Murdock, Finance • (714) 560-5685

**Summary:** To help cities and the County of Orange keep up with the rising cost of repairing the aging street system, this program provides flexible funding intended to augment, not replace, existing transportation expenditures by the cities and the County. On a bimonthly basis, 18 percent of net revenues are allocated by formula. Since 2011, approximately \$759.8 million<sup>8,9</sup> in LFS payments have been provided to local jurisdictions, of which \$11.9 million<sup>8,9</sup> was provided this quarter.

For more details, see funding allocation by local agency on [pages 51-52](#).

<sup>8</sup> Only includes disbursed funds. On May 28, 2024, the Board determined the City of Buena Park ineligible to receive net M2 revenues for five years pursuant to Section 10.4 of the M2 Ordinance. Disbursements of net M2 revenues have been suspended until the City of Buena Park reestablishes eligibility.

<sup>9</sup> On May 28, 2024, the Board determined the City of Orange ineligible to receive net M2 revenues. Disbursements of net M2 revenues have been suspended until the City of Orange achieves compliance and the Board reconsiders the matter at a future meeting.





**PROJECT R**

**HIGH FREQUENCY METROLINK SERVICE**

Project R aims to increase rail services within the County and provide additional Metrolink service north of the City of Fullerton to the Los Angeles County Line. The program provides for track improvements, the addition of trains and parking capacity, upgraded stations, and safety enhancements to allow cities to establish quiet zones along the tracks. This program also includes funding for grade crossing improvements at high-volume arterial streets, which cross Metrolink tracks.

**Project:** Metrolink Grade Crossing Improvements

**Status:** PROJECT COMPLETE

**Contact:** Megan Taylor, Operations • (714) 560-5601

**Summary:** Enhancements at 50 of the designated 52 Orange County at-grade rail-highway crossings were completed in support of the Metrolink Service Expansion Program (MSEP) in October 2012. As a result of one private crossing, which did not allow OCTA to make enhancements, and one street closure, which eliminated the need for enhancements, the final count of enhanced rail-highway crossings was 50. Completion of the safety improvements provided each corridor city with the opportunity to establish a “quiet zone” at their respective crossings. Quiet zones are intended to prohibit the sounding of train horns through designated crossings, except in the case of emergencies, construction work, or safety concerns identified by the train engineer. The cities of Anaheim, Dana Point, Irvine, Orange, San Clemente, San Juan Capistrano, Santa Ana, and Tustin have established quiet zones within their communities.



**Project:** Metrolink Service Expansion Program

**Status:** PROJECT COMPLETE

**Contact:** Megan Taylor, Operations • (714) 560-5601

**Summary:** Following the completion of the MSEP improvements in 2012, OCTA deployed a total of ten new Metrolink intracounty trains operating between the cities of Fullerton and Laguna Niguel/Mission Viejo, primarily during the midday and evening hours.



In October 2019, several intracounty trains were extended to Los Angeles County to increase ridership through a redeployment of the trains without significantly impacting operating costs. This change resulted in 54 weekday trains operating between the three lines within in Orange County. However, during the peak of the COVID-19 pandemic, service was reduced to 41 trains. In October 2021, partial service was restored which increase service to 45 trains. On October 21, 2024, Metrolink implemented an optimized service schedule aimed at addressing service gaps and making the most efficient use of equipment and crews as Metrolink adjusts the focus from commuter rail to regional rail. As such, the three lines serving Orange County now operate 58 trains, surpassing the number of trains operating pre-COVID-19. While total boardings for the quarter are 43 percent lower compared to the same quarter of FY 2019-20 (used as a pre-pandemic data set), they are approximately 23 percent higher than the same quarter in FY 2023-24. Despite ongoing ridership recovery, Metrolink ridership continues to struggle to recover pre-pandemic ridership, affecting farebox recovery. To exacerbate this shortfall, operating costs have also



increased. The 2023 Next 10 Plan cashflow included the assumption of TIRCP formula funds to help sustain Metrolink operations through FY 2037-38. Metrolink is anticipated to implement a new pilot train schedule which offers increased frequency, better connections, and increased service during weekdays in October 2024. This will increase the number of trains from 45 weekday trains to 58 weekday trains. This optimized schedule aims to address service gaps and make the most efficient use of equipment and crews as Metrolink adjusts the focus from commuter rail to regional rail in an effort to broaden their market and increase ridership. OCTA will continue to actively engage with Metrolink and the other member agencies to monitor ridership levels and the corresponding financial impacts to M2.

### Rail Corridor and Station Improvements

Additionally, under MSEP, funding is provided for rail line and station improvements to accommodate increased service. Rail station parking lot expansions and better access to platforms, among other improvements have been made or are underway. For schedule information on station improvement projects, please see the Capital Action Plan on [pages 53-57](#).

**Project:** Anaheim Canyon Metrolink Station Improvements

**Status:** PROJECT COMPLETE

**Contact:** Jim Beil, Capital Programs • (714) 560-5646

**Summary:** This project added a second main track and passenger platform, extended the existing passenger platform, added improvements to at-grade crossings for pedestrian circulation, and installed new station amenities including benches, shade structures, and ticket vending machines. The improvements were completed on January 30, 2023.



**Project:** Fullerton Transportation Center Improvements

**Status:** PROJECT COMPLETE

**Contact:** Jim Beil, Capital Programs • (714) 560-5646

**Summary:** Completed early on, this project constructed a new five-level parking structure to provide additional transit parking at the Fullerton Transportation Center for both intercity rail service and commuter rail passengers. Construction on this city-led project began on October 18, 2010, and the improvements were completed on June 19, 2012. After completion, an elevator upgrade project was initiated with leftover savings. The elevator project modified the existing pedestrian bridge to add two new traction elevators, one on each side. The City of Fullerton was the lead on this project, which was completed on May 1, 2019.



**Project:** Laguna Niguel/Mission Viejo Metrolink Station Americans with Disabilities Act (ADA) Ramps

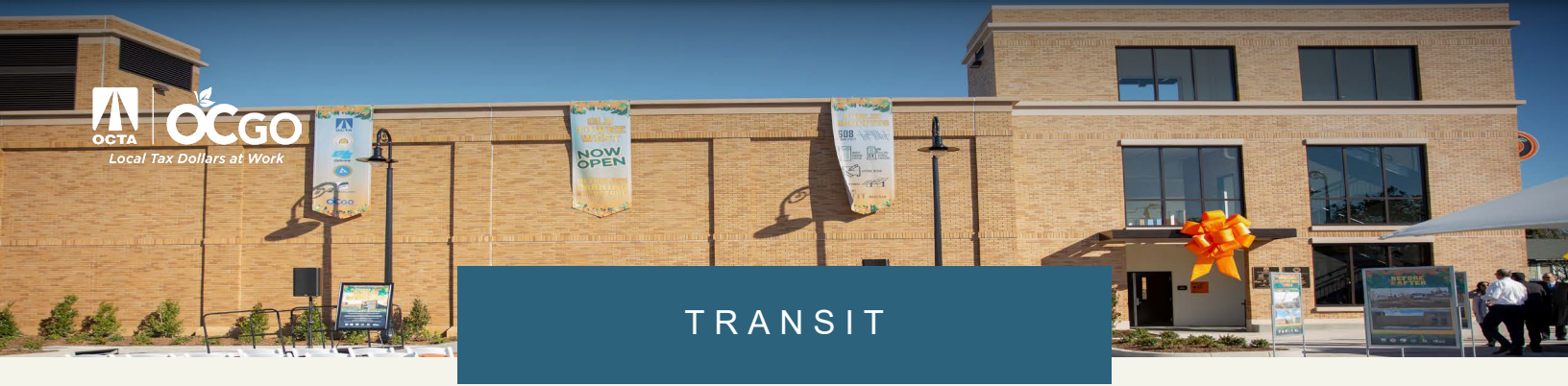
**Status:** PROJECT COMPLETE

**Contact:** Jim Beil, Capital Programs • (714) 560-5646

**Summary:** This project added new ADA-compliant access ramps on either side of the pedestrian undercrossing and a unisex ADA-compliant restroom, vending machine room, and three passenger canopies. Construction began on February 23, 2016, and the improvements were completed on September 20, 2017.







# TRANSIT

**Project:** Orange Transportation Center Metrolink Parking Structure

**Status:** PROJECT COMPLETE

**Contact:** Jim Beil, Capital Programs • (714) 560-5646

**Summary:** This project constructed a 608-space, five-level, shared-use parking structure that is located on Lemon Street between Chapman Avenue and Maple Street in the City of Orange. Per a cooperative agreement between OCTA and the City of Orange, the City of Orange led the design phase, and OCTA led the construction phase of the project. Construction began on July 17, 2017, and the improvements were completed on February 15, 2019.



**Project:** New Placentia Metrolink Station and Parking Structure

**Status:** Design Complete; Ready for Advertisement subject to BNSF construction and maintenance (C&M) agreement

**Contact:** Jim Beil, Capital Programs • (714) 560-5646

**Summary:** This project will construct a new Metrolink station to include platforms, parking, a new bus stop, and passenger amenities in the City of Placentia. Plans for the proposed Placentia Metrolink Station Project were near completion when the City of Placentia requested to modify them to include a parking structure to be built where surface parking had been designed. On June 27, 2016, the Board approved a cooperative agreement with the City of Placentia that revised the project's scope and budget, and with the changes, the City of Placentia will contribute towards the cost. The project will also include a third track which should assist with the on-time performance of train operations and provide operational flexibility for both freight and passenger trains. OCTA is the lead agency for the design and construction and BNSF will be the lead on rail construction. The final design was completed on July 22, 2017. The project will be ready to advertise once a C&M agreement with BNSF is in place.

**Project:** San Clemente Pier Station Lighting

**Status:** PROJECT COMPLETE

**Contact:** Jim Beil, Capital Programs • (714) 560-5646

**Summary:** This OCTA-led project added lighting to the existing platform and new decorative handrails at the San Clemente Pier Station in the City of San Clemente. The improvements were completed on March 17, 2017, and project closeout was completed in the same month.



## Additional Rail Corridor Improvements

In September 2021, a failing slope severely degraded the railroad track structure in the City of San Clemente in the Cyprus Shore area south of the San Clemente Pier [Mile Post (MP) 206.8]. Emergency repair efforts were taken between late 2021 and early 2022. However, higher tidal events coupled with the movement of an ancient slide impacted the stability of the track, leading to a suspension of rail service. The Board adopted a resolution in October 2022 to authorize OCTA to take all necessary actions to address the emergency need for railroad track stabilization. The repairs for this phase of the work were funded by the commuter rail fund and some State emergency funds. Emergency work to stabilize the railroad track was sufficiently completed to allow full passenger rail service resumption on April 17, 2023. The track stabilization efforts were substantially completed on August 11, 2023.



## TRANSIT

During this time, a hillside owned by the City of San Clemente at the Casa Romantica Cultural Center and Gardens (MP 204.6) failed and continued to move incrementally. Landslide debris continued to crumble down the slope and foul the tracks owned by OCTA, which led to the suspension of all passenger rail services in the City of San Clemente and south Orange County on April 27, 2023. On June 26, 2023, the Board adopted a resolution to authorize OCTA to take all necessary actions to address the emergency need for railroad track protection. A temporary barrier wall at the bottom of the slope was constructed to protect the railroad track while the City of San Clemente continued construction of the long-term slope stabilization repairs. The temporary barrier wall construction was completed on July 17, 2023, allowing service to resume through the City of San Clemente. The total cost of the project is estimated to be \$6 million, of which \$3 million is funded by the California Transportation Commission with State Interregional Transportation Improvement Program (ITIP) funds. OCTA continues to work with partners to seek additional funding as needed.

On January 24, 2024, landslide movement caused debris from the hillside slope along the Mariposa Trail Bridge (Mariposa Point [MP 204.2]) in the City of San Clemente to fall onto the ROW and railroad tracks, including dislodging two spans of the city-owned pedestrian bridge. As a result, all rail movement was suspended. Metrolink began the initial emergency clearing and cleanup operation in an attempt to resume rail service as soon as possible. This work included removing the two damaged bridge spans, regrading the landslide debris, and clearing debris from the tracks. This initial emergency mitigation effort of \$2 million dollars was funded by the State's emergency ITIP funds. Subsequently following the initial emergency mitigation efforts, the regraded hillside continued to experience movement and it was determined that a catchment wall needed to be designed and constructed to allow rail service to resume. Metrolink contracted with a design-build contractor to design and construct a 200-foot catchment wall at the toe of the landslide to prevent further landslide debris from impacting the rail operations. The second emergency mitigation efforts were completed on March 24, 2024, and allowed full passenger service to resume on March 25, 2024. These efforts cost \$7.2 million dollars and were also funded by the State's ITIP funds.

A comprehensive plan to integrate engineering and sand nourishment solutions is underway to protect the coastal segment of the rail corridor in south Orange County in the immediate timeframe. On December 9, 2024, OCTA received \$305 million in state and federal funding to implement the necessary immediate protective solutions for the rail corridor. In parallel, separate studies are also underway to evaluate potential near- and medium-term solutions to protect the corridor in place while long-term solutions, which may include relocation, to adapt the rail line to the changing environment are developed. OCTA is leading the effort on the near-term resiliency measures. The State will lead the long-term study, but the lead state agency has not been identified; OCTA will remain an active participant in the study. Future implications to M2 with respect to service levels or project costs are unknown at this time.

### Completed:

- Installation of the Control Point project at Fourth Street in the City of Santa Ana, which provided greater efficiency and reliability for passenger rail service
- Implementation of Positive Train Control system, which improves rail safety by monitoring and controlling train movement
- Implementation of video surveillance systems at the Fullerton, Irvine, Laguna Niguel, Mission Viejo, Orange, Santa Ana, and Tustin stations





## TRANSIT

- Railroad ROW Slope Stabilization project at eight locations within the rail corridor to prevent future erosion and slope instability
- Replacement of detectable tiles and painted guidelines at six stations to meet the Federal Transit Administration (FTA) State of Good Repair requirement, enhance safety, and provide clear warnings to passengers
- Replacement of stairs at the Fullerton Transportation Center
- ROW acquisition to replace the San Juan Creek railroad bridge in the City of San Juan Capistrano, which will not preclude a future bicycle trail on the south end along the creek
- Emergency track stabilization in the City of San Clemente at Cyprus Shore, Casa Romantica, and Mariposa Point

### Underway:

- Design of additional slope stabilization and drainage improvements in the cities of Lake Forest, Mission Viejo and Laguna Niguel
- Construction of the San Juan Creek railroad bridge replacement, led by Metrolink
- Alternative analyses to evaluate solutions for both the inland and coastal protective measures, environmental studies, conceptual designs, and permit preparation

**Project:** Sand Canyon Grade Separation

**Status:** PROJECT COMPLETE

**Contact:** Jim Beil, Capital Programs • (714) 560-5646

**Summary:** This project separated the local street from railroad tracks in the City of Irvine by constructing an underpass for vehicular traffic. Construction began on May 3, 2011, and the improvements opened to traffic on July 14, 2014. The project was completed, and construction acceptance was obtained from the City of Irvine on January 15, 2016. The project completed the one-year warranty period, and no repairs were identified. The project closed out in January 2017.



**Project:** Tustin Metrolink Station Parking Structure

**Status:** PROJECT COMPLETE

**Contact:** Jim Beil, Capital Programs • (714) 560-5646

**Summary:** This early completion project provided additional parking at the Tustin Metrolink Station to meet requirements associated with MSEP by constructing a new four-story parking structure with approximately 735 spaces and on-site surface parking. Construction on the parking structure began on October 27, 2010, and opened to the public on September 22, 2011.





# TRANSIT

**Project:** Laguna Niguel to San Juan Capistrano Passing Siding Project

**Status:** PROJECT COMPLETE

**Contact:** Jim Beil, Capital Programs • (714) 560-5646

**Summary:** This project added a new passing siding railroad track (approximately 1.8 miles) adjacent to the existing mainline track, which enhanced the operational efficiency of passenger services within the LOSSAN rail corridor. Construction began on March 12, 2019, and the improvements were completed on November 17, 2020.



## PROJECT S

### TRANSIT EXTENSIONS TO METROLINK

To broaden the reach of Metrolink to other Orange County cities, communities, and activity centers, Project S includes a competitive program that allows cities to apply for funding to connect passengers to their final destination via transit extensions. There are currently two categories for this program: a fixed-guideway program (streetcar) and a rubber tire transit program.

**Project:** OC Streetcar

**Status:** Full Funding Grant Agreement Executed November 30, 2018; Construction Work Ongoing, All Eight Vehicles Completed, Preparations Underway for Start-Up

**Contact:** Jeff Mills, Rail • (714) 560-5925  
Cleve Cleveland, Rail • (714) 560-5535

**Summary:** The OC Streetcar will serve the SARTC through Downtown Santa Ana, and the Civic Center to Harbor Boulevard in the City of Garden Grove. At the request of the two cities, OCTA is serving as the lead agency for the project. Construction on the project began on November 19, 2018.

### Construction

Construction is approximately 91 percent complete. To date, the contractor completed the bridges over the Santa Ana River and Westminster Avenue, installed all tracks and OCS poles, completed all work at Sasser Park, and installed canopies, lighting, and customer information center systems at all station platforms. During the quarter, the contractor continued installation of wires on OCS poles in the Pacific Electric ROW, completed street repairs at various locations, and continued platform and electrical systems work at several stations. In addition, interior work continued at the maintenance and storage facility with exterior paving completed.

### Vehicles

All eight vehicles are complete and are stored together with spare parts and special tools at the vehicle manufacturer's facility. OCTA is in ongoing negotiations with the vehicle manufacturer regarding long-term storage estimates for the vehicles, vehicle warranty extension, and vehicle maintenance during storage. Staff anticipates returning to the Board in early 2025 with contract amendments resulting from these discussions.





# TRANSIT

A post-delivery audit confirmed that all eight vehicles were manufactured in compliance with federal “Buy America” requirements, and all certifications have been executed.

### Operations

During the quarter, staff observed ticket vending machine testing and contractor training for OCS wire tensioning. On November 18, 2024, the California Public Utilities Commission reviewed and approved the Roadway Worker Protection Plan, a critical safety plan needed before the streetcar can operate under power. The Systems Integration Testing plan and test schedule have been finalized and coordination is underway with the operations and maintenance (O&M) contractor to align test plans with project milestones and to refine procedures. Staff continues coordination with the City of Garden Grove on the O&M agreement.

### Cost and Schedule

In April 2023, the Board approved a revised project budget of \$579 million. As previously reported to the Board, OCTA continues to report to the FTA the risk-adjusted revenue service date of August 2025. In coordination with the FTA, staff is assessing the remaining schedule and cost risks. An update is anticipated to be presented to the Board in early 2025.

**Project:** Bus and Station Van Extension Projects

**Status:** Last Service Completed on June 30, 2020; No Future Calls Anticipated

**Contact:** Charvalen Alacar, Planning • (714) 560-5401

**Summary:** Bus and station van extension projects help enhance the frequency of service in the Metrolink corridor by linking communities within the central core of Orange County to commuter rail. To date, the Board has approved one round of funding for bus and van extension projects, totaling over \$732,000. On July 23, 2012, the Board approved funding for one project in the City of Anaheim and three projects in the City of Lake Forest. The City of Lake Forest has cancelled all three projects. The Anaheim Canyon Metrolink Station Bus Connection project provided service between the Anaheim Canyon Metrolink station and the Anaheim Resort area; this project was completed on June 30, 2020, under Project S. The service continues under a Project V grant and is subject to meeting minimum performance requirements as part of the Project V program.



PROJECT T

## METROLINK GATEWAYS

**Project:** Anaheim Regional Transportation Intermodal Center

**Status:** PROJECT COMPLETE

**Contact:** George Olivo, Capital Programs • (714) 560-5872

**Summary:** This project constructed the ARTIC located at 2626 East Katella Avenue in the City of Anaheim. ARTIC is a major multimodal transportation hub serving commuters and residents in the City of Anaheim. In addition to OCTA buses and Metrolink trains, ARTIC provides transit connections





## TRANSIT

to Pacific Surfliner Amtrak, Anaheim Resort Transit, shuttle and charter bus service, taxis, bicycles, other private transportation services available, and accommodates future high-speed rail trains. The City of Anaheim, which led the construction effort, began construction on September 24, 2012, and opened the facility to rail and bus service on December 6, 2014. This facility replaced the former Anaheim Metrolink Station that was located on the opposite side of the freeway in the Los Angeles Angels of Anaheim Stadium parking lot.

### PROJECT U

## EXPAND MOBILITY CHOICES FOR SENIORS AND PERSONS WITH DISABILITIES

Project U expands mobility choices for seniors and persons with disabilities, and includes the SMP, the SNEMT Program, and the Fare Stabilization Program. Since inception, approximately \$139.4 million<sup>10,11,12</sup> in Project U funding has been provided under M2.

<sup>10</sup> Payments are made every other month (January, March, May, July, September, and November). July payments are based on June accruals, and therefore counted as June payments. The amount totaled for one FY quarter either covers one or two payments, depending on the months that fall within that quarter.

<sup>11</sup> Only includes disbursed funds. On May 28, 2024, the Board determined the City of Buena Park ineligible to receive net M2 revenues for five years pursuant to Section 10.4 of the M2 Ordinance. Disbursements of M2 revenues have been suspended until the City of Buena Park reestablishes eligibility.

<sup>12</sup> Only includes disbursed funds. On May 28, 2024, the Board determined the City of Orange ineligible to receive net M2 revenues. Disbursements of net M2 revenues have been suspended until the City of Orange achieves compliance and the Board reconsiders the matter at a future meeting.

**Project:** Senior Mobility Program

**Status:** Ongoing

**Contact:** Jack Garate, Transit • (714) 560-5387

**Summary:** The SMP provides one percent of net M2 revenues to eligible local jurisdictions to provide transit services that best meet the needs of seniors living in their community. According to the SMP Funding and Policy Guidelines, M2 revenue is allocated to local jurisdictions proportionally, relative to the total county's senior population, by the residents aged 60 and above multiplied by available revenues. The remaining unallocated funds are distributed to the M2 Project U Fare Stabilization Program.

Since inception, nearly \$39.8 million<sup>11,12</sup> has been provided to support approximately 3.1 million boardings for seniors traveling to medical appointments, nutrition programs, shopping destinations, and senior and community center activities. This quarter, approximately \$640,000<sup>10,11,12</sup> was paid out to 30 of the 32 participating cities that are currently active.



# TRANSIT

**Project:** Senior Non-Emergency Medical Transportation Program

**Status:** Ongoing

**Contact:** Jack Garate, Transit • (714) 560-5387

**Summary:** This program provides one percent of net M2 revenues to supplement existing countywide SNEMT services. Since inception, more than \$42.5 million has been allocated to support more than 1.6 million SNEMT boardings<sup>13</sup>. This quarter, more than \$718,000<sup>14</sup> in SNEMT funding was paid to the County of Orange.

<sup>13</sup> The SNEMT program is operated by the County of Orange Office on Aging. Total boardings are calculated based on all services funded by M2 and the County of Orange.

<sup>14</sup> Payments are made every other month (January, March, May, July, September, and November). July payments are based on June accruals, and therefore counted as June payments. The amount totaled for one FY quarter either covers one or two payments, depending on the months that fall within that quarter.

**Project:** Fare Stabilization Program

**Status:** Ongoing

**Contact:** Sean Murdock, Finance • (714) 560-5685

**Summary:** From 2011 to 2015, one percent of net M2 revenues was dedicated to stabilizing fares and providing fare discounts for bus services and specialized ACCESS services for seniors and persons with disabilities. Effective January 28, 2016, an amendment to the M2 Ordinance adjusted this amount to 1.47 percent of net M2 revenues to be dedicated to the Fare Stabilization Program.

More than \$1 million in revenue was allocated this quarter to support the Fare Stabilization Program. The amount of funding utilized each quarter varies based on ridership. During the quarter, based on 2.7 million program-related boardings recorded on fixed-route and ACCESS services, approximately \$753,000 was utilized. The senior and disabled boardings recorded are based on pass sales and ACCESS boardings figures. Since inception, approximately \$57 million has been allocated to support approximately 158 million program-related boardings.

PROJECT V

## COMMUNITY-BASED TRANSIT/CIRCULATORS

**Status:** Service Updates

**Contact:** Charvalen Alacar, Planning • (714) 560-5401

**Summary:** This program provides funding for local jurisdictions to develop local bus transit services, such as community-based circulators and shuttles, which complement regional bus and rail services to meet needs in areas not adequately served by regional transit. To date, through five calls, the Board has awarded 49 projects and ten planning studies totaling approximately \$96.8 million<sup>15</sup>. Of the 49 transit





circulator projects<sup>16</sup>, 21 are currently active, ten are planned, 13 have been cancelled (primarily due to low ridership), and five have been completed.

On January 25, 2021, the Board approved changes to the Project V program guidelines to better support these key community services in a post-COVID-19 environment. Key revisions included modifying minimum performance standards and allowing for escalation in the subsidy per boarding and annual FY funding caps. Staff continued to work with local jurisdictions to update existing cooperative agreements to incorporate these programmatic changes.

OCTA receives ridership reports from local agencies on a regular basis to monitor the success of these services against performance measures adopted by the Board. Currently, most of these services are generally meeting the January 2021 modified performance metrics. The most recent Project V ridership report was presented to the Board on August 12, 2024. The next ridership report is anticipated to be presented to the Board in January 2025. Lessons learned from the success of implemented services are incorporated into recommendations for future funding guidelines and programming recommendations.

<sup>15</sup> Includes \$700,000 programming increase to the 2024 call Balboa Peninsula Trolley Service Continuation project, as requested by the City of Newport Beach at the September 23, 2024, Board meeting.

<sup>16</sup> Includes reinstatement of the \$1.65 million award from the 2018 Project V call to the City of San Clemente for the existing San Clemente Rides ride-hailing service. The 2018 Project V award was cancelled by the Board on December 10, 2018, and reinstated on August 14, 2023, to correct for issues in the service model that were encountered during the pandemic.

PROJECT W

## SAFE TRANSIT STOPS

**Status:** City-Initiated Improvements Underway or Completed

**Contact:** Charvalen Alacar, Planning • (714) 560-5401

**Summary:** This program provides funding for passenger amenities at the busiest transit stops across Orange County. Stop improvements are designed to ease transfers between bus lines and provide passenger amenities such as the installation of bus benches or seating, shelters, and lighting.

To date, through a competitive process, OCTA has issued three calls (July 2014, June 2019, and September 2020), which have awarded just over \$3.1 million to support improvements at 122 locations. Of the 122 projects, 59 have been completed, 53 are in various stages of implementation, and ten have been cancelled. Staff is reviewing M2 revenues and assessing the appropriate timing for the next call.



## ENVIRONMENTAL

### PROJECT X

## CLEAN UP HIGHWAY AND STREET RUNOFF THAT POLLUTES BEACHES

**Project:** Environmental Cleanup Program

**Status:** 14th Tier 1 Call and Third Tier 2 Call Applications Approved

**Contact:** Dan Phu, Planning • (714) 560-5907

**Summary:** This program implements street and highway-related water quality improvement programs and projects that assist agencies countywide with federal Clean Water Act standards for urban runoff. It is intended to augment, not replace, existing transportation-related water quality expenditures and to emphasize high-impact capital improvements over local O&M costs. The ECAC is charged with making recommendations to the Board on the allocation of funds. These funds are allocated on a countywide, competitive basis to assist agencies in meeting the Clean Water Act standards for controlling transportation-related pollution.

The ECP is composed of a two-tiered funding process focusing on early priorities (Tier 1), and a second program designed to prepare for more comprehensive capital investments (Tier 2). All Orange County cities plus the County of Orange have received funding under this program. To date, there have been 14 rounds of funding under the Tier 1 grants program.

On October 14, 2024, programming recommendations for the 14th Tier 1 call were approved by the Board for approximately \$3.7 million. To date, 233 Tier 1 projects, totaling approximately \$40 million, have been awarded by the Board since 2011. Of the 233 projects, construction on 198 projects have been completed, 18 are in various stages of implementation, and 17 have been cancelled by the awarded agency. The 15th Tier 1 call is anticipated in early 2025.

It is estimated that 69.5 million gallons of trash have been captured since the inception of the program, which equates to over 12,000 trash truck loads of garbage that could have been deposited in Orange County streams and waters. Over time, the volume of trash captured is expected to increase.

In addition, on October 14, 2024, programming recommendations for the third Tier 2 call were approved by the Board for nearly \$7 million. To date, 26 projects totaling approximately \$35 million have been awarded by the Board since 2013. Of the 26 projects, construction on 18 projects have been completed, four projects are in progress, and four projects have been cancelled by the awarded agency. It is estimated that Tier 2-funded projects, once fully functional, will have an annual groundwater recharge potential of approximately 157 million gallons of water from infiltration or through pumped and treated recharge facilities. The appropriate timing of the next Tier 2 call will be assessed and determined by funding availability as well as the number of viable projects from eligible agencies.

## ENVIRONMENTAL

### FREEWAY MITIGATION

**Segment:** Environmental Mitigation Program

**Status:** Biological Permits Issued and Conservation Plan in Place

**Contact:** Dan Phu, Planning • (714) 560-5907

**Summary:** Working in collaboration with the United States Fish and Wildlife Service and California Department of Fish and Wildlife (referred to as Wildlife Agencies), this program allocates funds to acquire land and fund habitat restoration projects to offset the environmental impacts of M2 freeway projects. In June 2017, OCTA received biological resource permits after completing a state and federal Conservation Plan. This Conservation Plan commits to protecting the natural habitat and wildlife on OCTA's Preserves, funding multiple habitat restoration projects, and minimizing impacts to resources during construction of M2 freeway projects, allowing streamlined project approvals for the M2 freeway projects with little additional coordination from the Wildlife Agencies. This program represents the culmination of years of collaboration and support by the Board, environmental community, and Wildlife Agencies. The OCTA Conservation Plan is unique, as it is only the second state/federal conservation plan approved in Orange County.

The Conservation Plan includes a streamlined process for coordination for streambed alteration agreements for portions of freeway projects that cross through streams and riverbeds. In 2017, the United States Army Corps of Engineers issued a programmatic permit to OCTA and Caltrans (as owner/operator of the state highway system). The State Board provided a letter to OCTA in 2018, which further secured assurances related to advanced mitigation and freeway project permit issuance. These efforts are the result of years of collaboration and constitute another groundbreaking milestone for the M2 EMP.

The Board has approved the acquisition of seven properties (Preserves) totaling 1,300 acres and 12 restoration projects totaling 350 acres. The restoration project plans have been approved by the Wildlife Agencies and the implementation of these projects are in various stages. To date, seven restoration projects (one of these projects had two distinct areas) have been completed and have been approved by the Wildlife Agencies. The Board authorized \$42 million (inclusive of setting aside funds for long-term land management) for property acquisitions, \$10.5 million to fund habitat restoration activities, and \$2.5 million for conservation plan development and program support, for a total of approximately \$55 million.

The Conservation Plan requires the establishment of an endowment to fund the long-term management of the Preserves. The most recent Board-adopted 2024 Next 10 Plan confirms that OCTA will be able to continue endowment deposits of \$2.9 million annually. To date, OCTA has made nine endowment deposits. The latest endowment balance through December 31, 2024, was \$32,674,489, which is above the target of \$31,759,663 for the second quarter of FY 2024-25. Based on the performance to date, current projections indicate that OCTA still remains on track to meet the endowment target of \$46.2 million in FY 2027-28; however, the performance of the endowment fund may affect the timeframe. The next report summarizing the status of the endowment is anticipated to be presented to the Board in March 2025. Staff will continue to oversee and provide endowment updates to the Board, Finance and Administration Committee and the Environmental Oversight Committee (EOC) on a regular basis.





## ENVIRONMENTAL

Resource management plans (RMP) for the Preserves were completed in 2018. These RMPs guide the management of the Preserves as outlined within the Conservation Plan. The RMPs will be reviewed and updated as necessary, approximately every five years. Updates to the documents are currently underway and are anticipated to include new figures depicting more recent plant and animal species information, documentation of completed management tasks, potential new tasks identified, and the incorporation of the recently completed FMPs. All revisions will be coordinated with the Wildlife Agencies, shared with the EOC, and posted on OCTA's website. Staff will continue to oversee and manage the Preserves until a long-term manager(s) is established.

Conservation Plan reports are completed annually. These reports include the tracking of impacts associated with covered freeway improvement projects, other management and monitoring activities on Preserves, status and activities, the progress of the restoration projects, plan administration, and public outreach activities. These reports take time to develop as they fold in multiple reports from various consultants and contractors working on the OCTA Preserves and the funded restoration projects through the end of every calendar year. Annual reports to date document that OCTA's activities have been in compliance and on target with the Conservation Plan commitments. These reports are reviewed by the Wildlife Agencies before they are available for public review. The annual report documenting the 2023 calendar year activities was reviewed by the Wildlife Agencies and was shared with the EOC and Board in late-2024. The annual report for all 2024 activities is currently being developed and is anticipated to be shared with the EOC and Board in late 2025.

The EMP accomplishments have largely met the intent of the program. These efforts are the result of years of positive collaboration between OCTA and the aforementioned agencies, stakeholders, and the public. The success of this program has been recognized at the regional and national level. Through these efforts, pre-negotiated permit terms have helped streamline project implementation and reduce the required mitigation needs. Without the EMP's established process, additional mitigation-related requirements could have been incurred, resulting in increased project costs and schedule risks. The established permits and partnerships have also enabled swift response to other OCTA project needs.

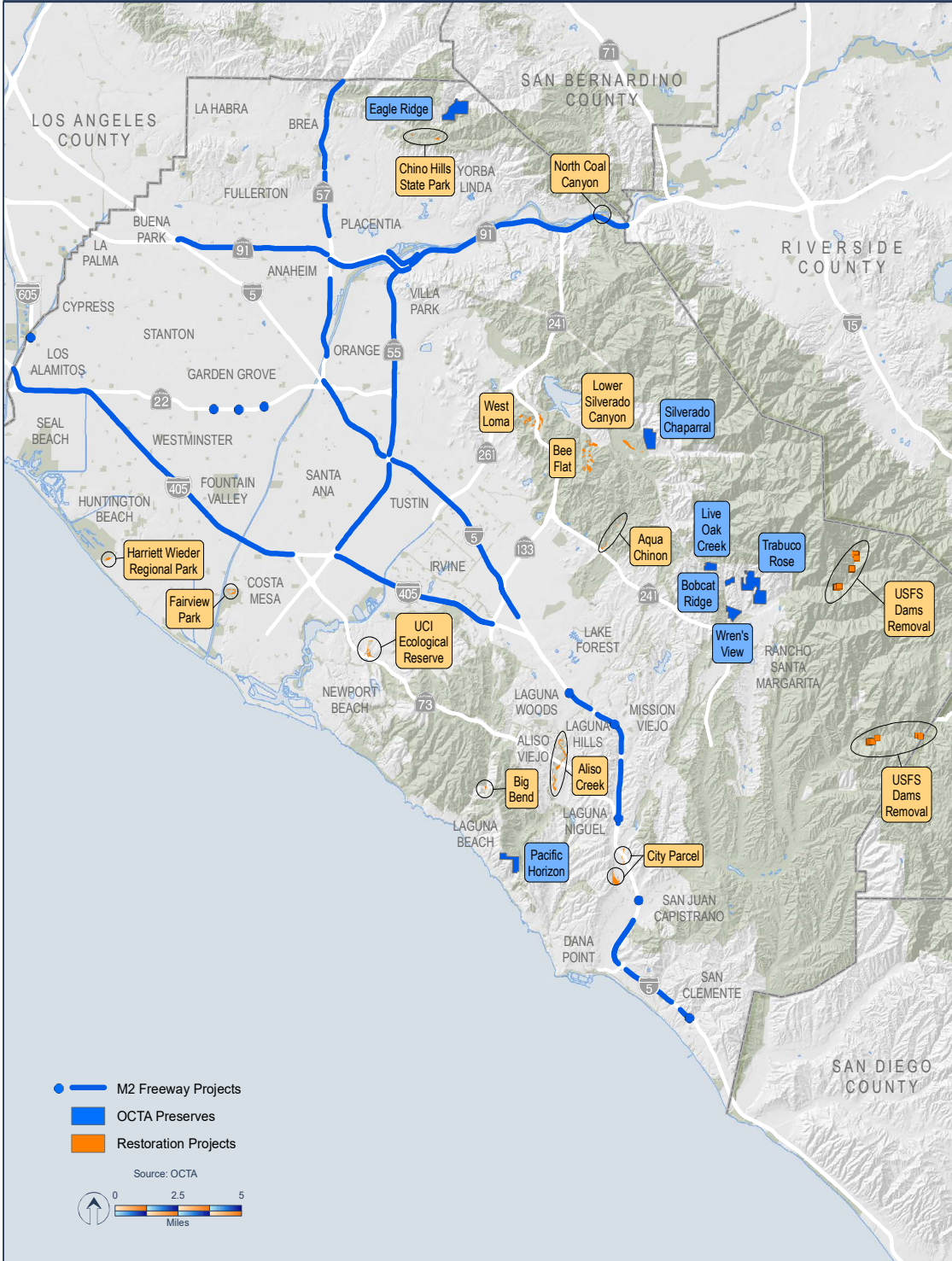
Docent-led hikes and equestrian ride tours are offered throughout the year at various OCTA Preserves. The 2025 hike and ride schedule is now available at [www.PreservingOurLegacy.org](http://www.PreservingOurLegacy.org).

As part of the safeguards in place for the M2 Program, a 12-member EOC makes recommendations on the allocation of environmental freeway mitigation funds and monitors the implementation of the Conservation Plan between OCTA and state and federal Wildlife Agencies. The EOC has led efforts with policy recommendations to the Board and has operated in an open and transparent manner which has garnered the trust of stakeholders, ranging from the environmental community to the recreational community to Orange County citizens. See the map of Preserves and funded restoration properties on the following page.



# ENVIRONMENTAL

## OCTA Preserves and Funded Restoration Projects



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## PROGRAM MANAGEMENT

### PROGRAM MANAGEMENT OFFICE

**Contact:** Francesca Ching, PMO Manager • (714) 560-5625

The M2 PMO provides inter-divisional coordination for all Measure M-related projects and programs. To ensure agency-wide compliance, the PMO holds a bimonthly committee meeting comprised of executive directors and key staff from each of the divisions, who meet to review significant issues and activities within the M2 programs. This quarter, the focus of the PMO has been on several major items, including the following:

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#### Market Conditions Forecast and Risk Analysis

On September 11, 2017, the Board was presented with a Next 10 Plan Market Conditions Forecast and Risk Analysis Report conducted by Dr. Wallace Walrod and Dr. Marlon Boarnet through a contract with the Orange County Business Council. The consultant team's analysis identified strong potential for OCTA to experience an increasing cost environment during the Next 10 Plan delivery years. This, coupled with a reduction in revenue, could present the potential for significant challenges in the delivery of M2 and the Next 10 Plan.

The Board directed staff to continue to work with the consultant team to monitor and track key early warning indicators and provide the Board with updates in a timeline consistent with updates on the M2 sales tax revenue forecast. The consultant team continues to analyze trends in material costs, labor costs, and general economic conditions to determine a range of potential cost impacts providing insight on OCTA's capital program twice a year.

On October 28, 2024, the consultant team presented the results of the 2024 fall analysis to the Board. The analysis identified that OCTA may experience a tempering of inflationary pressures in 2025, 2026, and 2027, and a softening macroeconomy. This is due to a decline in residential building permits, an increase in California unemployment rates, and an increase in the cost of construction materials and labor. Staff incorporated information from this analysis into the M2 cash flow for the 2024 update of the Next 10 Plan and will provide future updates to the Board as appropriate.

#### Next 10 Delivery Plan

On November 14, 2016, the Board adopted the Next 10 Plan, which provides guidance on the delivery of M2 projects and programs between FY 2016-17 and FY 2025-26. In December 2020, the Board approved to shift the timeframe to FY 2020-21 through FY 2029-30. The intent is for the Next 10 Plan to be a living document with delivery timeframes shifted every two years to ensure revenue and project information stay current. The PMO monitors progress on the ten deliverables identified in the Next 10 Plan and provides status updates.

Annually, OCTA reviews the Next 10 Plan and M2 program assumptions based on changes to the revenue forecast and updated project cost and schedules. On November 12, 2024, the Board approved the 2024 Next 10 Plan, which spans FY 2024-25 to FY 2033-34. The 2024 update of the Next 10 Plan incorporated an updated sales tax revenue forecast of \$14 billion (supplemented with external revenue – Federal,





## PROGRAM MANAGEMENT

State, and local dollars), insight from the updated construction market forecast, current programmed external revenues, revised bonding assumptions, and refined project information. Through this process, staff confirms that the M2 Program remains deliverable; however, this update continues to emphasize that Metrolink operations requires close monitoring.

### M2 Performance Assessment

The M2 Ordinance includes a requirement for a performance assessment to be conducted at least once every three years to evaluate OCTA's efficiency and effectiveness in the delivery of M2 as committed to the voters. Five performance assessments have been completed covering FY 2006-07 through FY 2008-09, FY 2009-10 through FY 2011-12, FY 2012-13 through FY 2014-15, FY 2015-16 through FY 2017-18, and FY 2018-19 through FY 2020-21. Findings and recommendations are implemented as appropriate. The sixth assessment began in July 2024 and covers the period between July 1, 2021, and June 30, 2024. During the quarter, the consultant team completed staff and external stakeholder interviews and their review of requested documents, submitted an initial set of findings, and provided a draft report for staff to review. A final report is anticipated to be presented to the Board in early 2025.

### M2 Ten-Year Review

The M2 Ordinance includes a provision to conduct a ten-year comprehensive review of M2 programs and projects. The ten-year review is intended to evaluate the performance of the overall program and may result in revisions to further improve performance. Due to the early initiation of project development activities prior to the start-up of revenue collection in 2011, the first review was completed in 2015. The second effort is underway. During the quarter, a ten-year review framework was presented to the Board on October 14, 2024, highlighting five objectives to ensure the required elements in the M2 Ordinance are analyzed. The contract for a public outreach consultant was executed in December 2024, with outreach efforts anticipated to begin in early 2025.

### M2 Ordinance Tracking Matrix

The M2 Ordinance includes numerous requirements that staff must follow to keep the commitment to Orange County voters through the passage of M2. The PMO annually updates the M2 Ordinance Tracking Matrix to verify that OCTA complies with all requirements detailed in the M2 Ordinance. The tracking matrix was finalized and shared with the Taxpayer Oversight Committee (TOC) on June 11, 2024. This document is for PMO tracking purposes, but is also helpful to TOC members during their annual compliance finding. During the quarter, staff initiated efforts to update the tracking matrix for calendar year 2024. It is anticipated that the matrix will be completed in spring 2025.

### PMO M2 Tracking Tools

The PMO has developed several tracking tools to assist in reporting consistency and increased transparency of the M2 program. See the following for a brief explanation of PMO M2 tracking tools and their current status:



## PROGRAM MANAGEMENT

### Local Jurisdiction Fact Sheets

Fact sheets have been created for the County of Orange and each of Orange County's 34 cities. The city fact sheets provide data on transportation and transit projects (funded through M2, state, and federal grants) in a format that emphasizes key points concisely on a single printed page. The city fact sheets are utilized when speaking with the jurisdictions to provide a summary overview of how OCTA has provided the local agency with funding (M2 and other) and transportation improvements. The next update of the city fact sheets is anticipated to begin in summer 2025.

### Engineer's Estimate versus Bids Tracking

The estimate versus bid tracking process allows the PMO to monitor the bidding environment for capital projects in the M2 Program. Capital projects that were planned for and began construction early in the M2 Program have shown cost savings due to a favorable bidding environment during the recession. For these earlier M2 projects, savings can be primarily traced back to construction costs.

Highway project constructions bids in the region are reflecting a variable market with a high number of bidders, but recent market conditions analyses have indicated that OCTA will experience an increasing cost environment related to increased demand for construction services, lack of labor resources, and increased construction material and labor costs. It should be noted that the engineer's estimate is based on several factors – such as bidding history and historical and current market rates (materials, labor, equipment, etc.) – and adjusted accordingly for the project's conditions. Because the estimate uses prior information, there may be a lag between an uptick or a downtick in the market.

The easterly segment of Project I (SR-91, SR-55 to Lakeview Avenue) was advertised on June 24, 2024, and opened on October 16, 2024. The lowest, responsive, and responsible bidder was approximately 14 percent higher than the engineer's estimate. In addition, Project M (I-605, Katella Avenue interchange) was advertised on November 18, 2024, with bids anticipated to be opened next quarter. Staff will monitor the SR-91 project contract award and I-605 project bid opening and continue to track the construction market and update the spreadsheet as appropriate.

### **M2 Administrative Safeguards**

M2 includes a one percent cap on administrative expenses for salaries and benefits of OCTA administrative staff on an annual basis. In a legal opinion on M2, it was determined that in years where administrative salaries and benefits are above one percent, only one percent can be allocated with the difference borrowed from other non-M2 fund sources. Conversely, in years where administrative salaries and benefits are below one percent, OCTA can still allocate the full one percent for administrative salaries and benefits but may use the unused portion to repay the amount borrowed from prior years in which administrative salaries and benefits were above one percent.

Based on the original M2 revenue projections, OCTA expected to receive \$24.3 billion in M2 funds, with one percent of total revenues available to fund administrative salaries and benefits over the life of the program. As M2 revenue projections declined (\$14 billion or 42 percent lower as of December 31, 2024) because of economic conditions, the funds available to support administrative salaries and benefits have



also declined from the original expectations. While revenue has declined, the administrative effort needed to deliver M2 remains the same. Additionally, the initiation of the Early Action Plan (EAP) in 2007 required administrative functions four years prior to revenue collection. While the EAP resulted in project savings and significant acceleration of the program, administrative functions were required during this time with associated administrative costs.

As a result of the aforementioned factors, OCTA has incurred higher than one percent administrative costs. OCTA has Board approval to use funds from the Orange County Unified Transportation Trust (OCUTT) fund to cover costs above the one percent, and to repay those funds with interest in future years when OCTA administrative costs fall below the one percent cap. OCTA has borrowed approximately \$5.3 million from OCUTT to date. As of June 30, 2024, the total borrowings to date from OCUTT along with accrued interest were paid off.

Staff meets quarterly to review all labor costs to ensure costs attributed to the one percent cap are accurately reported and that there are no misplaced project-related costs.

### **Taxpayer Oversight Committee**

The M2 Ordinance requires a TOC to oversee compliance with the M2 Ordinance. With the exception of the elected Auditor Controller of Orange County, who is identified as the chair in the M2 Ordinance, all other members cannot be elected or appointed officials. Members are recruited and screened for expertise and experience independently by the Grand Jurors Association of Orange County and are selected from the qualified pool by lottery. The TOC used to meet every other month, but the TOC voted on April 11, 2023, to meet quarterly beginning in FY 2023-24. The responsibilities of the 11-member M2 TOC are to:

- Approve, by a vote of no less than two-thirds of all committee members, any amendments to the Plan proposed by OCTA which changes funding categories, programs, or projects identified on page 31 of the Plan
- Receive and review the following documents submitted by each eligible jurisdiction:
  - Congestion Management Program
  - Mitigation Fee Program
  - Expenditure Report
  - Local Traffic Signal Synchronization Plan
  - Pavement Management Plan
- Review yearly audits and hold an annual public hearing to determine whether OCTA is proceeding in accordance with the Plan
- Receive and review the triennial performance assessments of the Orange County Local Transportation Authority to assess the performance of OCTA in carrying out the purposes of the Ordinance
- The TOC Chair shall annually certify whether M2 funds have been spent in compliance with the Plan



## PROGRAM MANAGEMENT

On December 10, 2024, the TOC received presentations on the M2 Quarterly Revenue and Expenditure Report, 2024 M2 Sales Tax Forecast, 2024 M2 Next 10 Plan, and on the CTFP.

Two subcommittees assist the TOC with their safeguard responsibilities: the Annual Eligibility Review (AER) Subcommittee and the Audit Subcommittee. The AER Subcommittee meets a few times per year, as needed, to receive and review the following documents submitted by local jurisdictions to be deemed eligible to receive M2 funding: Congestion Management Program, Mitigation Fee Program, Local Signal Synchronization Plan, Pavement Management Plan, and Expenditure Reports. The next meeting is anticipated to be held in spring 2025. The Audit Subcommittee meets as needed and is responsible for reviewing the quarterly M2 Revenue and Expenditure Reports and the annual M2 Audit, as well as any other items related to M2 audits. The next meeting is anticipated to be held in February 2025.

## M2 FINANCING AND SCHEDULE OF FUNDING

**Contact:** Sam Kaur, Revenue and Grants • (714) 560-5889

### Revenue Forecast and Collection

OCTA contracts with three universities (Chapman University; California State University, Fullerton; and University of California, Los Angeles) to provide a long-range forecast of taxable sales to forecast M2 revenues for purposes of planning projects and program expenditures.

In the past, OCTA averaged the three university taxable sales projections to develop a long-range forecast of M2 taxable sales. On March 28, 2016, the Board approved a revised sales tax forecast methodology as part of the FY 2016-17 budget development process. This methodology includes a more conservative approach by utilizing the MuniServices, LLC forecast for the first five years and the three-university average for the remaining years.

OCTA continuously monitors actual sales tax receipts, and revenue forecast information is updated quarterly based on the actual revenues received for the previous quarter. As required by law, OCTA pays the California Department of Tax and Fee Administration a fee to collect the sales tax. The M2 Ordinance estimated this fee to be 1.5 percent of the revenues collected over the life of the program.

### Current Forecast

Originally, the 2005 projections for M2 sales tax collections were anticipated at \$24.3 billion. OCTA received final sales tax receipts for FY 2023-24 in August 2024 and presented the 2024 M2 sales tax forecast update to the Board on October 14, 2024. The current revised total nominal sales tax collections over the life of M2 is estimated to be \$14 billion, which represents a year-over-year decrease of \$800 million in forecasted sales tax when compared to last year's forecast.

OCTA remains in a strong position supported by healthy reserve levels and economic uncertainty forecasted within the program, which provide a financial cushion against the revenue shortfall and/or a potential increase in cost. The agency is actively monitoring various factors, including inflation, interest





rates, and demographic changes in Orange County to assess their potential impact on sales tax revenues. In light of the observed revenue decline and economic uncertainties, OCTA emphasizes the importance of continued fiscal management and proactive financial planning to maintain its financial health and ensure our commitment to promises made, promises kept.

The next updated forecast is anticipated to be presented to the Board in September 2025. As a reference, the adopted growth rate is 3.3 percent for FY 2024-25.

# FINANCING

## Schedule of Revenues, Expenditures and Changes in Fund Balance as of December 31, 2024 (Unaudited) Schedule 1

(\$ in thousands)	Quarter Ended Dec 31, 2024	Year to Date Dec 31, 2024 (A)	Period from Inception to Dec 31, 2024 (B)
<b>Revenues:</b>			
Sales taxes	\$ 101,960	\$ 210,744	\$ 4,583,214
Other agencies' share of Measure M2 costs:			
Project related	20,084	21,732	882,156
Non-project related	-	-	454
Interest:			
Operating:			
Project related	917	1,989	9,092
Non-project related	7,282	16,072	129,339
Bond proceeds	-	754	101,700
Debt service	343	535	3,604
Commercial paper	-	-	393
Right-of-way leases			
Project related	100	233	1,950
Non-project related	-	-	17
Proceeds on sale of assets held for resale	-	-	13,428
Donated assets held for resale			
Project related	-	-	2,071
Miscellaneous:			
Project related	-	-	331
Non-project related	-	-	129
<b>Total revenues</b>	<b>130,686</b>	<b>252,059</b>	<b>5,727,878</b>
<b>Expenditures:</b>			
Supplies and services:			
Sales tax administration fees	770	1,540	43,772
Professional services:			
Project related	9,273	11,268	590,843
Non-project related	431	467	40,331
Administration costs:			
Project related	3,349	6,698	137,308
Non-project related:			
Salaries and Benefits	1,093	2,269	47,126
Other	2,195	4,391	80,628
Other:			
Project related	169	207	6,994
Non-project related	15	39	5,500
Payments to local agencies:			
Project related	20,747	38,615	1,466,965
Capital outlay:			
Project related	16,236	20,350	2,421,746
Non-project related	-	-	31
Debt service:			
Principal payments on long-term debt	-	-	116,405
Interest on long-term debt and commercial paper	-	16,453	369,981
<b>Total expenditures</b>	<b>54,278</b>	<b>102,297</b>	<b>5,327,630</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>76,408</b>	<b>149,762</b>	<b>400,248</b>
<b>Other financing sources (uses):</b>			
Transfers out:			
Project related	(2,371)	47,924	(687,981)
Transfers in:			
Project related	2,302	2,877	367,265
Bond proceeds	-	-	804,625
Payment to refunded bond escrow agent	-	-	(45,062)
<b>Total other financing sources (uses)</b>	<b>(69)</b>	<b>50,801</b>	<b>438,847</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses)</b>	<b>\$ 76,339</b>	<b>\$ 200,563</b>	<b>\$ 839,095</b>

# FINANCING

## Schedule of Revenues, Expenditures and Changes in Fund Balance as of December 31, 2024 (Unaudited) Schedule 2

(\$ in thousands)	Quarter Ended	Year to Date	Period from	Period from	Total
	Dec 31, 2024 (actual)	Dec 31, 2024 (actual)	Inception through Dec 31, 2024 (actual)	January 1, 2025 through March 31, 2041 (forecast)	
		(C.1)	(D.1)	(E.1)	(F.1)
<b>Revenues:</b>					
Sales taxes	\$ 101,960	\$ 210,744	\$ 4,583,214	\$ 9,360,268	\$ 13,943,482
Operating interest	7,282	16,072	129,339	656,118	785,457
Subtotal	<u>109,242</u>	<u>226,816</u>	<u>4,712,553</u>	<u>10,016,386</u>	<u>14,728,939</u>
Other agencies share of M2 costs	-	-	454	-	454
Right-of-way leases	-	-	17	-	17
Miscellaneous	-	-	129	-	129
Total revenues	<u>109,242</u>	<u>226,816</u>	<u>4,713,153</u>	<u>10,016,386</u>	<u>14,729,539</u>
<b>Administrative expenditures:</b>					
Sales tax administration fees	770	1,540	43,772	72,348	116,120
Professional services	431	467	36,556	75,456	112,012
<b>Administration costs:</b>					
Salaries and Benefits	1,093	2,269	47,126	96,152	143,278
Other	2,195	4,391	80,628	163,828	244,456
Other	15	39	2,480	5,149	7,629
Payments to local agencies:					
Capital outlay	-	-	31	-	31
Environmental cleanup	1,276	1,347	53,416	187,175	240,591
Total expenditures	<u>5,780</u>	<u>10,053</u>	<u>264,009</u>	<u>600,108</u>	<u>864,117</u>
Net revenues	<u>\$ 103,462</u>	<u>\$ 216,763</u>	<u>\$ 4,449,144</u>	<u>\$ 9,416,278</u>	<u>\$ 13,865,422</u>
<hr/>					
		(C.2)	(D.2)	(E.2)	(F.2)
<b>Financing expenditures:</b>					
Debt interest expense	-	16,453	369,981	315,698	685,679
Professional services	-	-	3,775	-	3,775
Other	-	-	3,020	-	3,020
Total financing expenditures	<u>-</u>	<u>16,453</u>	<u>376,776</u>	<u>315,698</u>	<u>692,474</u>
<b>Interest revenue:</b>					
Interest revenue from bond proceeds	-	754	101,700	55,086	156,786
Interest revenue from debt service funds	343	535	3,604	13,039	16,643
Interest revenue from commercial paper	-	-	393	-	393
Total bond revenues	<u>343</u>	<u>1,289</u>	<u>105,697</u>	<u>68,125</u>	<u>173,822</u>
Net financing expenditures:	<u>(343)</u>	<u>\$ 15,164</u>	<u>\$ 271,079</u>	<u>\$ 247,573</u>	<u>\$ 518,652</u>



# FINANCING

## Schedule of Revenues, Expenditures and Changes in Fund Balance as of December 31, 2024 (Unaudited) Schedule 3

Project Description	Total Net Revenues Inception to March 31, 2041 (actual) + (forecast)	Net Revenues Inception to Dec 31, 2024 (actual)	Expenditures Inception to Dec 31, 2024 (actual)	Reimbursements Inception to Dec 31, 2024 (actual)	(J) - (K) = (L) Net M2 Cost Inception to Dec 31, 2024 (actual)	
(G)	(H)	(I)	(J)	(K)	(L)	
(\$ in thousands)						
<b>Freeways (43% of Net Revenues)</b>						
A	I-5 Santa Ana Freeway Interchange Improvements \$	546,507	\$ 175,364	\$ 10,908	\$ 8,786	\$ 2,122
B	I-5 Santa Ana/SR-55 to El Toro	349,067	112,009	38,906	22,554	16,352
C	I-5 San Diego/South of El Toro	729,064	233,942	425,800	53,042	372,758
D	I-5 Santa Ana/San Diego Interchange Upgrades	299,998	96,263	3,218	527	2,691
E	SR-22 Garden Grove Freeway Access Improvements	139,534	44,774	5	-	5
F	SR-55 Costa Mesa Freeway Improvements	425,578	136,560	136,082	67,262	68,820
G	SR-57 Orange Freeway Improvements	300,812	96,525	59,571	15,073	44,498
H	SR-91 Improvements from I-5 to SR-57	162,789	52,236	34,956	824	34,132
I	SR-91 Improvements from SR-57 to SR-55	484,298	155,402	75,092	72,221	2,871
J	SR-91 Improvements from SR-55 to County Line	409,532	131,411	18,624	17,133	1,491
K	I-405 Improvements between I-605 to SR-55	1,247,432	400,275	1,692,356	303,524	1,388,832
L	I-405 Improvements between SR-55 to I-5	371,741	119,285	9,250	6,954	2,296
M	I-605 Freeway Access Improvements	23,256	7,462	8,914	16	8,898
N	All Freeway Service Patrol	174,417	55,967	12,648	-	12,648
	Freeway Mitigation	298,107	95,657	63,001	9,939	53,062
	Subtotal Projects	5,962,132	1,913,132	2,589,331	577,855	2,011,476
	Net Finance Expenditures	-	-	186,070	-	186,070
	<b>Total Freeways</b>	<b>\$ 5,962,132</b>	<b>\$ 1,913,132</b>	<b>\$ 2,775,401</b>	<b>\$ 577,855</b>	<b>\$ 2,197,546</b>
	%					51.7%
<b>Street and Roads Projects (32% of Net Revenues)</b>						
O	Regional Capacity Program	\$ 1,386,560	\$ 444,920	\$ 825,929	\$ 507,884	\$ 318,045
P	Regional Traffic Signal Synchronization Program	554,599	177,960	124,342	25,244	99,098
Q	Local Fair Share Program	2,495,776	800,846	767,543	77	767,466
	Subtotal Projects	4,436,935	1,423,726	1,717,814	533,205	1,184,609
	Net Finance Expenditures	-	-	54,519	-	54,519
	<b>Total Street and Roads Projects</b>	<b>\$ 4,436,935</b>	<b>\$ 1,423,726</b>	<b>\$ 1,772,333</b>	<b>\$ 533,205</b>	<b>\$ 1,239,128</b>
	%					29.1%

# FINANCING

## Schedule of Revenues, Expenditures and Changes in Fund Balance as of December 31, 2024 (Unaudited) Schedule 3

Project Description	Total Net Revenues Inception to March 31, 2041 (actual) + (forecast)	Net Revenues Inception to Dec 31, 2024 (actual)	Expenditures Inception to Dec 31, 2024 (actual)	Reimbursements Inception to Dec 31, 2024 (actual)	(J) - (K) = (L) Net M2 Cost Inception to Dec 31, 2024 (actual)
(G)	(H)	(I)	(J)	(K)	(L)
<i>(\$ in thousands)</i>					
<b>Transit Projects (25% of Net Revenues)</b>					
R High Frequency Metrolink Service	\$ 1,382,870	\$ 431,148	\$ 464,630	\$ 99,721	\$ 364,909
S Transit Extensions to Metrolink	1,223,996	392,756	222,333	2,133	220,200
T Metrolink Gateways	70,869	41,096	98,220	60,956	37,264
U Expand Mobility Choices for Seniors and Persons with Disabilities	480,785	148,508	142,261	88	142,173
V Community Based Transit/Circulators	277,235	88,959	22,291	1,998	20,293
W Safe Transit Stops	30,600	9,819	1,541	26	1,515
Subtotal Projects	3,466,355	1,112,286	951,276	164,922	786,354
Net Finance Expenditures	-	-	30,490	-	30,490
<b>Total Transit Projects</b>	<b>\$ 3,466,355</b>	<b>\$ 1,112,286</b>	<b>\$ 981,766</b>	<b>\$ 164,922</b>	<b>\$ 816,844</b>
<b>%</b>					<b>19.2%</b>
<b>Measure M2 Program</b>	<b>\$ 13,865,422</b>	<b>\$ 4,449,144</b>	<b>\$ 5,529,500</b>	<b>\$ 1,275,982</b>	<b>\$ 4,253,518</b>
<b>Environmental Cleanup (2% of Revenues)</b>					
X Clean Up Highway and Street Runoff that Pollutes Beaches	\$ 294,579	\$ 94,251	\$ 53,416	\$ 311	\$ 53,105
Net Finance Expenditures	-	-	-	-	-
<b>Total Environmental Cleanup</b>	<b>\$ 294,579</b>	<b>\$ 94,251</b>	<b>\$ 53,416</b>	<b>\$ 311</b>	<b>\$ 53,105</b>
<b>%</b>					<b>1.1%</b>
<b>Taxpayer Safeguards and Audits</b>					
Collect Sales Taxes (1.5% of Sales Taxes)	\$ 209,152	\$ 68,748	\$ 43,772	\$ -	\$ 43,772
<b>%</b>					<b>1.0%</b>
Oversight and Annual Audits (1% of Revenues)	\$ 147,289	\$ 47,126	\$ 47,126	\$ 0	\$ 47,126
<b>%</b>					<b>1.0%</b>



**LOCAL FAIR SHARE**

<b>M2 Funds</b>		
<b>ENTITY</b>	<b>2ND QUARTER FY 2024-25</b>	<b>FUNDS TO DATE</b>
ALISO VIEJO	\$158,882	\$9,462,733
ANAHEIM	\$1,367,469	\$79,649,991
BREA	\$230,629	\$13,616,983
BUENA PARK	\$0*	\$20,145,666*
COSTA MESA	\$585,232	\$34,820,346
CYPRESS	\$199,804	\$12,432,989
DANA POINT	\$135,277	\$7,998,786
FOUNTAIN VALLEY	\$247,045	\$14,774,518
FULLERTON	\$522,896	\$31,167,751
GARDEN GROVE	\$591,390	\$35,487,232
HUNTINGTON BEACH	\$758,773	\$46,378,131
IRVINE	\$1,263,963	\$67,215,945
LAGUNA BEACH	\$98,439	\$6,018,751
LAGUNA HILLS	\$129,989	\$8,048,600
LAGUNA NIGUEL	\$259,788	\$15,821,218
LAGUNA WOODS	\$51,948	\$3,055,996
LA HABRA	\$209,477	\$12,644,358
LAKE FOREST	\$322,455	\$19,138,729
LA PALMA	\$55,286	\$3,676,297
LOS ALAMITOS	\$50,845	\$3,087,341
MISSION VIEJO	\$351,067	\$21,934,656
NEWPORT BEACH	\$418,945	\$26,083,123
ORANGE	\$0**	\$37,594,603**
PLACENTIA	\$189,078	\$11,092,609

## LOCAL FAIR SHARE

<b>M2 Funds</b>		
<b>ENTITY</b>	<b>2ND QUARTER FY 2024-25</b>	<b>FUNDS TO DATE</b>
RANCHO SANTA MARGARITA	\$163,472	\$10,052,387
SAN CLEMENTE	\$224,750	\$13,542,520
SAN JUAN CAPISTRANO	\$151,499	\$9,088,575
SANTA ANA	\$1,053,617	\$65,471,674
SEAL BEACH	\$93,284	\$5,833,867
STANTON	\$120,849	\$7,134,676
TUSTIN	\$369,147	\$21,596,011
VILLA PARK	\$20,670	\$1,244,281
WESTMINSTER	\$322,972	\$20,171,848
YORBA LINDA	\$238,213	\$14,405,326
COUNTY UNINCORPORATED	\$952,609	\$49,960,020
<b>TOTAL M2 FUNDS</b>	<b>\$11,909,760</b>	<b>\$759,848,536</b>

\* Only includes disbursed funds. On May 28, 2024, the Board determined the City of Buena Park ineligible to receive net M2 revenues for five years pursuant to Section 10.4 of the M2 Ordinance. Disbursements of net M2 revenues have been suspended until the City of Buena Park reestablishes eligibility.

\*\* On May 28, 2024, the Board determined the City of Orange ineligible to receive net M2 revenues. Disbursements of net M2 revenues have been suspended until the City of Orange achieves compliance and the Board reconsiders the matter at a future meeting. Withheld funds are listed below.

<b>ENTITY</b>	<b>2ND QUARTER FY 2024-25</b>	<b>FUNDS TO DATE</b>
BUENA PARK	\$366,370	\$1,060,549
ORANGE	\$655,307	\$1,930,611
<b>TOTAL M2 FUNDS WITHHELD</b>	<b>\$1,021,677</b>	<b>\$2,991,160</b>



# CAPITAL ACTION PLAN

Grey = Milestone achieved

Green = Forecast milestone meets or exceeds plan

Yellow = Forecast milestone is one to three months later than plan

Red = Forecast milestone is over three months later than plan

Non-bolded = Planned/Baseline

**Bold = Forecasted/Actual**

Capital Projects	Cost				
	Baseline/Forecast	Complete Environmental	Complete Design	Award Contract	Complete Construction
	(millions)				
<b>Freeway Projects:</b>					
I-5, SR-55 to SR-57	\$38.1	Jun-13	Mar-17	Dec-17	Apr-21
Project A	\$38.9	<b>Apr-15</b>	<b>Jun-17</b>	<b>Nov-18</b>	<b>Jan-21</b>
I-5, I-405 to Yale Avenue	\$280.6	Aug-18	May-24	Feb-26	Sep-29
Project B	\$388.1	<b>Jan-20</b>	<b>Nov-24</b>	Nov-25	Jun-29
I-5, Yale Avenue to SR-55	\$238.3	Aug-18	Feb-25	Mar-26	Sep-29
Project B	\$327.9	<b>Jan-20</b>	<b>Aug-24</b>	Oct-25	Sep-29
I-5, Pico to Vista Hermosa	\$113.0	Dec-11	Oct-13	Dec-14	Aug-18
Project C	\$83.6	<b>Oct-11</b>	<b>Oct-13</b>	<b>Dec-14</b>	<b>Aug-18</b>
I-5, Vista Hermosa to Pacific Coast Highway	\$75.6	Dec-11	Feb-13	Dec-13	Mar-17
Project C	\$75.3	<b>Oct-11</b>	<b>May-13</b>	<b>Jun-14</b>	<b>Jul-17</b>
I-5, Pacific Coast Highway to San Juan Creek Road	\$70.7	Dec-11	Jan-13	Oct-13	Sep-16
Project C	\$74.3	<b>Oct-11</b>	<b>Jan-13</b>	<b>Dec-13</b>	<b>Jul-18</b>
I-5, SR-73 to Oso Parkway	\$151.9	Jun-14	Jan-18	Dec-18	Apr-25
Project C & D	\$229.4	<b>May-14</b>	<b>Aug-18</b>	<b>Dec-19</b>	Apr-25
I-5, Oso Parkway to Alicia Parkway	\$196.2	Jun-14	Jun-17	Jun-18	Nov-23
Project C & D	\$230.3	<b>May-14</b>	<b>Dec-17</b>	<b>Mar-19</b>	<b>Dec-24</b>
I-5, Alicia Parkway to El Toro Road	\$133.6	Jun-14	Jun-18	May-19	Oct-24
Project C	\$227.3	<b>May-14</b>	<b>May-19</b>	<b>Sep-20</b>	Jun-25
I-5, SR-73 to El Toro Road (Landscape)	TBD	N/A	N/A	N/A	N/A
Project C	\$12.4	N/A	<b>Oct-24</b>	Apr-25	Nov-26
I-5, I-5/El Toro Road Interchange	TBD	Apr-26	TBD	TBD	TBD
Project D	TBD	Feb-27	TBD	TBD	TBD





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Capital Projects	Cost				
	Baseline/Forecast	Complete Environmental	Complete Design	Award Contract	Complete Construction
	(millions)				
I-5, I-5/Ortega Interchange	\$90.9	Jun-09	Nov-11	Aug-12	Sep-15
Project D	\$79.8	<b>Jun-09</b>	<b>Dec-11</b>	<b>Aug-12</b>	<b>Jan-16</b>
I-5, I-5/Ortega Interchange (Landscape)	N/A	N/A	N/A	N/A	N/A
Project D	N/A	N/A	<b>Oct-14</b>	<b>Sep-15</b>	<b>Sep-16</b>
SR-55, I-405 to I-5	\$410.9	Nov-13	Apr-20	May-22	Feb-27
Project F	\$505.7	<b>Aug-17</b>	<b>Apr-20</b>	<b>May-22</b>	Feb-27
SR-55, I-5 to SR-91	\$131.3	Jan-20	Jul-25	Jul-26	Oct-29
Project F	\$202.1	<b>Mar-20</b>	Dec-25	Apr-27	Jul-30
SR-57 Northbound (NB), Orangewood Avenue to Katella Avenue	\$71.8	Dec-18	Jul-24	Nov-25	Jun-28
Project G	\$135.4	<b>Mar-19</b>	<b>Aug-24</b>	Nov-25	Jun-28
SR-57 (NB), Katella Avenue to Lincoln Avenue	\$78.7	Jul-09	Nov-10	Aug-11	Sep-14
Project G	\$38.0	<b>Nov-09</b>	<b>Dec-10</b>	<b>Oct-11</b>	<b>Apr-15</b>
SR-57 (NB), Katella Avenue to Lincoln Avenue (Landscape)	N/A	N/A	N/A	N/A	N/A
Project G	N/A	N/A	<b>Jul-10</b>	<b>Sep-17</b>	<b>Jun-18</b>
SR-57 (NB), Orangethorpe Avenue to Yorba Linda Boulevard	\$80.2	Dec-07	Dec-09	Oct-10	May-14
Project G	\$52.3	<b>Dec-07</b>	<b>Jul-09</b>	<b>Oct-10</b>	<b>Nov-14</b>
SR-57 (NB), Yorba Linda Boulevard to Lambert Road	\$79.3	Dec-07	Dec-09	Oct-10	Sep-14
Project G	\$54.1	<b>Dec-07</b>	<b>Jul-09</b>	<b>Oct-10</b>	<b>May-14</b>
SR-57 (NB), Orangethorpe Avenue to Lambert Road (Landscape)	N/A	N/A	N/A	N/A	N/A
Project G	N/A	N/A	<b>Aug-17</b>	<b>Feb-18</b>	<b>Apr-19</b>
SR-57 (NB), Lambert Road to Tonner Canyon	TBD	TBD	TBD	TBD	TBD
Project G	TBD	Mar-29	TBD	TBD	TBD

\*Status through December 2024. For detailed project information, please refer to the individual project section within this report.

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Capital Projects	Cost				
	Baseline/Forecast	Complete Environmental	Complete Design	Award Contract	Complete Construction
SR-91 Westbound (WB), I-5 to SR-57	\$78.1	Apr-10	Feb-12	Nov-12	Apr-16
Project H	\$59.2	<b>Jun-10</b>	<b>Apr-12</b>	<b>Jan-13</b>	<b>Jun-16</b>
SR-91 Westbound (WB), I-5 to SR-57 (Landscape)	N/A	N/A	N/A	N/A	N/A
Project H	N/A	N/A	<b>Aug-16</b>	<b>Mar-17</b>	<b>Nov-17</b>
SR-91, SR-55 to Lakeview Avenue (Segment 1)	\$108.6	Oct-18	Jan-23	Feb-24	Sep-27
Project I	\$140.7	<b>Jun-20</b>	<b>Mar-23</b>	Jan-25	Oct-28
SR-91, La Palma Avenue to SR-55 (Segment 2)	\$208.4	Oct-18	Jul-23	Jul-24	Mar-28
Project I	\$380.7	<b>Jun-20</b>	Jan-25	Mar-26	Jul-30
SR-91, Acacia Street to La Palma Ave (Segment 3)	\$147.7	Oct-18	Apr-24	Apr-25	Sep-28
Project I	\$257.5	<b>Jun-20</b>	<b>Oct-24</b>	Dec-25	Jun-29
SR-91 (WB), Tustin Interchange to SR-55	\$49.9	Jul-11	Mar-13	Oct-13	Jul-16
Project I	\$42.5	<b>May-11</b>	<b>Feb-13</b>	<b>Oct-13</b>	<b>Jul-16</b>
SR-91, SR-55 to SR-241	\$128.4	Jul-09	Jan-11	Sep-11	Dec-12
Project J	\$79.7	<b>Apr-09</b>	<b>Aug-10</b>	<b>May-11</b>	<b>Mar-13</b>
SR-91, SR-55 to SR-241 (Landscape)	N/A	N/A	N/A	N/A	N/A
Project J	N/A	N/A	<b>Feb-13</b>	<b>Oct-13</b>	<b>Feb-15</b>
SR-91 Eastbound, SR-241 to SR-71	\$104.5	Dec-07	Dec-08	Jul-09	Nov-10
Project J	\$57.8	<b>Dec-07</b>	<b>Dec-08</b>	<b>Aug-09</b>	<b>Jan-11</b>
SR-91 EB Corridor Operations Project (SR-241 to SR-71)	TBD	N/A	N/A	N/A	N/A
Project J	TBD	Aug-25	TBD	TBD	TBD
I-405, SR-55 to I-605 (Design-Build)	\$2,160.0	Mar-13	Nov-15	Nov-16	Feb-24
Project K	\$2,160.0	<b>May-15</b>	<b>Nov-15</b>	<b>Nov-16</b>	<b>Feb-24</b>

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Capital Projects	Cost				
	Baseline/Forecast				
	(millions)	Complete Environmental	Complete Design	Award Contract	Complete Construction
I-405, I-5 to SR-55	TBD	Jul-18	TBD	TBD	TBD
Project L	TBD	<b>Aug-18</b>	TBD	TBD	TBD
I-605, I-605/Katella Interchange	\$29.0	Nov-18	Mar-23	Feb-24	Nov-25
Project M	\$53.0	<b>Oct-18</b>	<b>Jan-23</b>	Mar-25	Jan-27
<b>Grade Separation Projects:</b>					
Raymond Avenue Railroad Grade Separation	\$77.2	Nov-09	Aug-12	May-13	Aug-18
Project O	\$126.2	<b>Nov-09</b>	<b>Dec-12</b>	<b>Feb-14</b>	<b>May-18</b>
State College Boulevard Railroad Grade Separation (Fullerton)	\$73.6	Jan-11	Aug-12	May-13	May-18
Project O	\$99.6	<b>Apr-11</b>	<b>Feb-13</b>	<b>Feb-14</b>	<b>Mar-18</b>
Placentia Avenue Railroad Grade Separation	\$78.2	May-01	Mar-10	Jun-11	Nov-14
Project O	\$64.5	<b>May-01</b>	<b>Jun-10</b>	<b>Jul-11</b>	<b>Dec-14</b>
Kraemer Boulevard Railroad Grade Separation	\$70.4	Sep-09	Jul-10	Aug-11	Oct-14
Project O	\$63.8	<b>Sep-09</b>	<b>Jul-10</b>	<b>Sep-11</b>	<b>Dec-14</b>
Orangethorpe Avenue Railroad Grade Separation	\$117.4	Sep-09	Dec-11	May-12	Sep-16
Project O	\$105.9	<b>Sep-09</b>	<b>Oct-11</b>	<b>Jan-13</b>	<b>Oct-16</b>
Tustin Avenue/Rose Drive Railroad Grade Separation	\$103.0	Sep-09	Dec-11	Aug-12	May-16
Project O	\$96.6	<b>Sep-09</b>	<b>Jul-11</b>	<b>Feb-13</b>	<b>Oct-16</b>
Lakeview Avenue Railroad Grade Separation	\$70.2	Sep-09	Oct-11	May-13	Mar-17
Project O	\$110.7	<b>Sep-09</b>	<b>Jan-13</b>	<b>Nov-13</b>	<b>Jun-17</b>
17th Street Railroad Grade Separation	TBD	Jun-16	TBD	TBD	TBD
Project R	TBD	<b>Nov-17</b>	TBD	TBD	TBD
Sand Canyon Avenue Railroad Grade Separation	\$55.6	Sep-03	Jul-10	Feb-11	May-14
Project R	\$61.9	<b>Sep-03</b>	<b>Jul-10</b>	<b>Feb-11</b>	<b>Jan-16</b>

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Capital Projects	Cost				
	Baseline/Forecast				
	(millions)	Complete Environmental	Complete Design	Award Contract	Complete Construction
<b>Transit Projects:</b>					
Rail-Highway Grade Crossing Safety Enhancement	\$94.4	Oct-08	Sep-08	Aug-09	Dec-11
Project R	\$90.4	<b>Oct-08</b>	<b>Sep-08</b>	<b>Aug-09</b>	<b>Dec-11</b>
San Clemente Beach Trail Safety Enhancements	\$6.0	Jul-11	Apr-12	Oct-12	Jan-14
Project R	\$5.0	<b>Jul-11</b>	<b>Jun-12</b>	<b>May-13</b>	<b>Mar-14</b>
Emergency Track Stabilization at MP206.8	N/A	N/A	N/A	N/A	N/A
Project R	\$23.3	N/A	N/A	<b>Oct-22</b>	<b>Aug-23</b>
San Juan Capistrano Passing Siding	\$25.3	Jan-13	May-16	Dec-16	Feb-21
	\$33.2	<b>Mar-14</b>	<b>Aug-18</b>	<b>Mar-19</b>	<b>Nov-20</b>
Placentia Metrolink Station and Parking Structure	\$34.8	May-07	Jan-11	TBD	TBD
Project R	\$40.1	<b>May-07</b>	<b>Feb-11</b>	TBD	TBD
Anaheim Canyon Station	\$27.9	Dec-16	May-19	Nov-19	Jan-23
	\$34.2	<b>Jun-17</b>	<b>Oct-20</b>	<b>Mar-21</b>	<b>Jan-23</b>
Orange Station Parking Expansion	\$33.2	Dec-12	Apr-13	Nov-16	Feb-19
	\$30.9	<b>May-16</b>	<b>Apr-16</b>	<b>Jun-17</b>	<b>Feb-19</b>
Fullerton Transportation Center - Elevator Upgrades	\$3.5	N/A	Dec-13	Sep-14	Mar-17
	\$4.2	N/A	<b>Dec-13</b>	<b>Apr-15</b>	<b>May-19</b>
Laguna Niguel/Mission Viejo Station ADA Ramps	\$3.5	Jan-14	Aug-14	Jan-15	Apr-17
	\$5.2	<b>Feb-14</b>	<b>Jul-15</b>	<b>Oct-15</b>	<b>Sep-17</b>
OC Streetcar	\$595.8	Mar-12	Sep-17	Aug-18	Aug-25
Project S	\$595.8	<b>Mar-15</b>	<b>Nov-17</b>	<b>Sep-18</b>	<b>Aug-25</b>
Anaheim Regional Transportation Intermodal Center	\$227.4	Feb-11	Feb-12	Jul-12	Nov-14
Project R & T	\$232.2	<b>Feb-12</b>	<b>May-12</b>	<b>Sep-12</b>	<b>Dec-14</b>

\*Status through December 2024. For detailed project information, please refer to the individual project section within this report.

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 Local Tax Dollars at Work  


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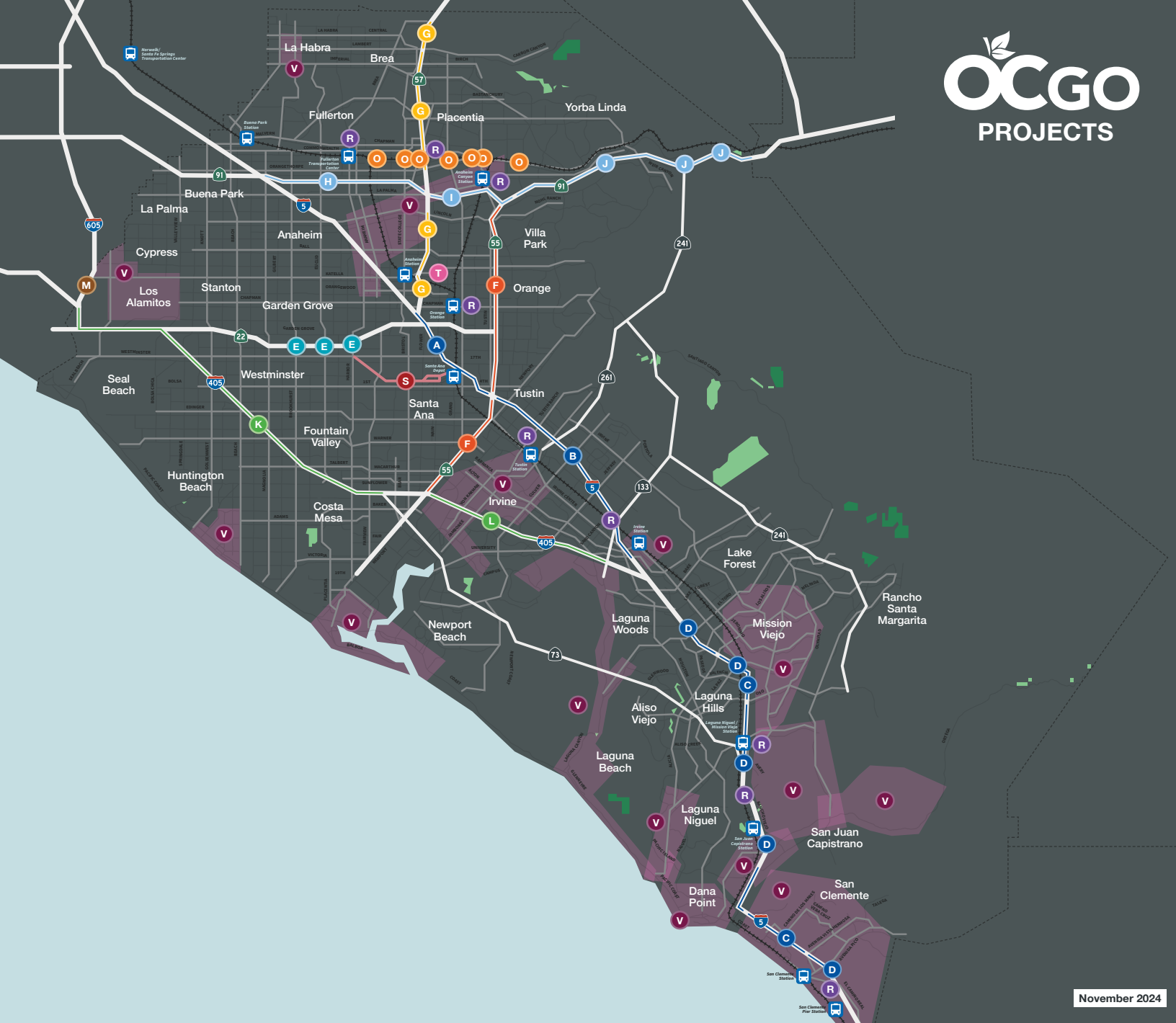
**COMMON ABBREVIATIONS**

Americans with Disabilities Act	ADA
Anaheim Regional Transportation Intermodal Center	ARTIC
Annual Eligibility Review	AER
Board of Directors	Board
BNSF Railway Company	BNSF
California Department of Transportation	Caltrans
Conservation Properties	Preserves
Construction and Maintenance	C&M
Coronavirus	COVID-19
Comprehensive Transportation Funding Program	CTFP
Early Action Plan	EAP
Environmental Cleanup Allocation Committee	ECAC
Environmental Cleanup Program	ECP
Environmental Document	ED
Environmental Mitigation Program	EMP
Environmental Oversight Committee	EOC
Federal Transit Administration	FTA
Fire Management Plan	FMP
Fiscal Year	FY
Freeway Service Patrol	FSP
High-Occupancy Vehicle	HOV
Interstate 5	I-5
Interstate 15	I-15
Interstate 405	I-405
Interstate 605	I-605
Local Fair Share	LFS
Los Angeles – San Diego – San Luis Obispo	LOSSAN
Measure M	M1
Measure M2 or Renewed Measure M	M2
Metrolink Service Expansion Program	MSEP
Mile Post	MP
Next 10 Delivery Plan	Next 10 Plan
Natural Community Conservation Plan/Habitat Conservation Plan	Conservation Plan



## COMMON ABBREVIATIONS

	<b>O&amp;M</b>
Operation and Maintenance	O&M
Orange County Flood Control District	OCFCD
Orange County Transportation Authority	OCTA
Orange County Unified Transportation Trust	OCUTT
Ordinance No. 3	M2 Ordinance
Overhead Contact System	OCS
Pacific Coast Highway	PCH
Program Management Office	PMO
Project Study Report-Project Development Support	PSR-PDS
Project Report	PR
Resource Management Plan	RMP
Right-of-Way	ROW
Riverside County Transportation Commission	RCTC
Santa Ana Regional Transportation Center	SARTC
Senior Mobility Program	SMP
Senior Non-Emergency Medical Transportation	SNEMT
Interregional Transportation Improvement Plan	ITIP
State Route 22	SR-22
State Route 55	SR-55
State Route 57	SR-57
State Route 71	SR-71
State Route 74	SR-74
State Route 91	SR-91
State Route 241	SR-241
Southern California Regional Rail Authority	Metrolink
Taxpayer Oversight Committee	TOC
To Be Determined	TBD
Transit and Intercity Rail Capital Program	TIRCP
Transportation Investment Plan	Plan



November 2024

## Freeway Improvement Program

### Interstate 5 (I-5) Projects

- A** SR-55 to SR-57
- B** I-405 to SR-55
- C** SR-73 to El Toro Road
- C** Avenida Pico to San Juan Creek Road
- D** Highway Interchanges

### State Route 22 (SR-22) Projects

- E** Access Improvements

### State Route 55 (SR-55) Projects

- F** I-405 to I-5
- F** I-5 to SR-91

### State Route 57 (SR-57) Projects

- G** Northbound, Orangewood Avenue to Katella Avenue
- G** Northbound, Katella Avenue to Lincoln Avenue
- G** Northbound, Orangethorpe Avenue to Lambert Road
- G** Northbound, Lambert Road to Tonner Canyon Road

### State Route 91 (SR-91) Projects

- H** Westbound, I-5 to SR-57
- I** SR-57 to SR-55
- J** SR-55 to Riverside County Line

### Interstate 405 (I-405) Projects

- K** SR-73 to I-605
- L** I-5 to SR-55

### Interstate 605 (I-605) Projects

- M** Katella Avenue Interchange Improvements

### Freeway Mitigation Program

- Restoration Projects (Part of Projects A-M)
- Acquisition Projects (Part of Projects A-M)

## Streets & Roads

- O** Grade Separation Program
- P** Signal Synchronization Project Corridors

## Transit Projects

- R** Grade Separation and Station Improvement Projects
- S** Transit Extensions to Metrolink
- T** Metrolink Station Conversion to accept Future High-Speed Rail Systems
- V** Community Based Transit/Circulators

## Other Projects Not Shown

- Project N:**
  - Freeway Service Patrol
- Project O:**
  - Regional Capacity Program
- Project Q:**
  - Local Fair Share Program
- Project R:**
  - Grade Crossing & Trail Safety Enhancements
  - Metrolink Service Expansion Program
- Project U:**
  - Senior Mobility Program
  - Senior Non-Emergency Medical Transportation Program
  - Fare Stabilization Program
- Project W:**
  - Safe Transit Stops
- Project X:**
  - Environmental Cleanup Program

## Rail

- Metrolink Rail Line
- Metrolink Station

**ITEM 5B:**  
**Measure M2 Ten-Year**  
**Review Framework**



**October 7, 2024**

**To:** Executive Committee  
**From:** Darrell E. Johnson, Chief Executive Officer  
**Subject:** Measure M2 Ten-Year Review Framework

A handwritten signature in blue ink, appearing to read "Darrell E. Johnson", is positioned to the right of the "From:" field.

**Overview**

Ordinance No. 3 includes a provision to conduct a comprehensive review of the project and program elements of the Renewed Measure M Transportation Investment Plan at least every ten years. The results of the first ten-year review were presented to the Board of Directors on October 12, 2015. Efforts for the next review have been initiated. A draft framework and schedule are provided for the Board of Directors' consideration.

**Recommendation**

Direct staff to proceed with the Measure M2 ten-year review framework as presented.

**Background**

On November 7, 2006, Orange County voters approved the Renewed Measure M (M2) Transportation Investment Plan (Plan). Effective in 2011, the Plan provides a 30-year program of investments across a broad range of transportation and environmental initiatives and a governing ordinance, Ordinance No. 3 (M2 Ordinance), that defines the requirements for implementing the Plan. The M2 Ordinance designates the Orange County Transportation Authority (OCTA) as the responsible agency for administering the Plan and ensuring that OCTA's contract with the voters is followed. The M2 Ordinance also charges OCTA to provide for a number of transparency measures and safeguards to uphold the public's trust in OCTA.

OCTA is committed to fulfilling the promises made to secure voter approval of M2. This means not only completing the projects described in the Plan, but adhering to numerous specific requirements and high standards of quality called for in the measure as identified in the M2 Ordinance. One such requirement is a provision to conduct a comprehensive review at least every ten years of all project and program elements included in the Plan. The Plan summary page is included as Attachment A.



This requirement is found within Section 11 of the M2 Ordinance:

*TEN-YEAR COMPREHENSIVE PROGRAM REVIEW - At least every ten years the Authority shall conduct a comprehensive review of all projects and programs implemented under the Plan to evaluate the performance of the overall program and may revise the Plan to improve its performance. The review shall include consideration of changes to local, state and federal transportation plans and policies; changes in land use, travel and growth projections; changes in project cost estimates and revenue projections; right-of-way constraints and other project constraints; level of public support for the Plan; and the progress of the Authority and jurisdictions in implementing the Plan. The Authority may amend the Plan based on its comprehensive review, subject to the requirements of Section 12.*

Although M2 sales tax revenue collection began on April 1, 2011, following the M2 approval, early mobilization efforts were initiated through the Board of Directors' (Board) adoption of the Early Action Plan in 2007. As such, the first ten-year period was assumed to have begun on November 8, 2006; the results of the first M2 ten-year review were presented to the Board on October 12, 2015.

The review highlighted substantial progress in delivering the Plan as promised to the voters and continued public support for M2 as approved. No major external changes were identified that would require changes to the Plan. However, in reviewing the financial capacity of the Plan, a need to shift funds between programs within the transit category to address shortfalls and ensure the commitments to the voters could be upheld was identified. In addition to receiving the M2 ten-year review on October 12, 2015, the Board also directed staff to initiate an amendment to address the shortfalls. On October 26, 2015, the Board determined that the intent of the Metrolink Gateways Program (Project T) had been fulfilled through the construction of the Anaheim Regional Transportation Intermodal Center and directed staff to proceed with amending the M2 Ordinance and Plan to reallocate the remaining Project T funds to High-Frequency Metrolink Service (Project R) and the Fare Stabilization Program (Project U). On December 14, 2015, the Board approved the amendment.

### ***Discussion***

Nearly ten years have passed since the initial review. The M2 Program Management Office (PMO) is leading the ten-year review, with participation from other OCTA divisions. Based on the language in the M2 Ordinance, staff developed the following five objectives to ensure all elements are analyzed as required by Section 11:

1. Research and identify external policy and/or regulatory changes at the local, state, and federal level, as well as changes in land use, travel, and growth projections that require consideration.
2. Evaluate current project and program cost estimates and the financial capacity of the sales tax revenue through 2041 to confirm Plan delivery.
3. Review M2 program and project elements to determine if there are performance issues or constraints to attain the promised delivery.
4. Assess public and stakeholder support for the Plan.
5. Identify OCTA's and local jurisdictions' progress in implementing the Plan.

**Approach**

Staff has initiated the second ten-year review effort and anticipates to complete the review in late 2025. The timing of this review occurs near the M2 halfway mark, although OCTA has made significant headway in delivering some of the larger-scale program elements such as a number of major freeway improvement projects. The timing of this review allows for analyses of successes as well as lessons learned from the delivery of projects and programs that have been active since 2011, with some dating back to 2006.

Since M2 was voter-approved and major changes to the Plan require voter approval, it was determined that an initial quantitative survey of Orange County likely voters would allow staff to gain insight into voter awareness of M2 and their current transportation priorities. The results, presented to the Board on July 8, 2024, shared that overall, likely voters' transportation priorities still align with the Plan. Extensive outreach will also be conducted to engage key stakeholders and audiences, including OCTA committees, government officials, community and business leaders, transportation professionals, multicultural leaders, and the general public.

The PMO will facilitate this comprehensive effort with the help of OCTA division representatives to review, conduct research, and provide input into the process to fulfill the review objectives.

Updates on the review progress will be included in the regular M2 Quarterly Reports, in addition to specific staff reports on the review at key milestone points. The overall timeline anticipates completion of the review in late 2025. An overview of the schedule is shown below:

<b>2024</b>	
January – June	<ul style="list-style-type: none"> <li>• Drafted objectives, approach, and schedule</li> <li>• Initiated analysis of current project and program progress, issues, risks, and opportunities</li> <li>• Prepared scopes of work and procured necessary consultants/vendors</li> </ul>

July	<ul style="list-style-type: none"> <li>• Presented initial likely voters’ quantitative survey results to the Board</li> </ul>
August - December	<ul style="list-style-type: none"> <li>• Conducted M2 Workshop with the Board</li> <li>• Present ten-year review framework to the Board</li> <li>• Prepare ten-year review messages and materials for communication</li> <li>• Develop outreach plan</li> </ul>
<b>2025</b>	
January – June	<ul style="list-style-type: none"> <li>• Conduct outreach and seek public feedback                             <ul style="list-style-type: none"> <li>○ Quantitative public opinion survey</li> <li>○ Online survey</li> <li>○ Meetings with key stakeholders</li> </ul> </li> <li>• Brief and engage the OCTA Taxpayer Oversight Committee, Citizens Advisory Committee, and Technical Advisory Committee</li> <li>• Conduct focus groups</li> <li>• Conduct an elected officials roundtable</li> </ul>
July – August	<ul style="list-style-type: none"> <li>• Complete analysis and draft ten-year review Report</li> </ul>
September	<ul style="list-style-type: none"> <li>• Present general public quantitative survey results to the Board</li> <li>• Prepare staff report and final ten-year review report for the Board</li> </ul>
October	<ul style="list-style-type: none"> <li>• Present ten-year review report and recommendations to the Board</li> </ul>

**Final Product**

At the conclusion of the review, a final report will be provided. The final report will include a comprehensive review of all projects and programs implemented under the Plan, as well as identify the performance of the overall program. The final report will consider changes to local, state, and federal transportation plans and policies, changes in land use, travel and growth projections, changes in project cost estimates and revenue projections, right-of-way constraints, and other project constraints, level of public support for the Plan, and the progress of OCTA and local jurisdictions in implementing the Plan. If during the review issues are identified, recommendations for revisions to the Plan will be made to the Board as needed.

**Summary**

A comprehensive ten-year review will be conducted as required by the M2 Ordinance. The PMO will lead the ten-year review with participation from OCTA divisions. A final report will be brought to the Board in late 2025.

**Attachment**

A. Measure M Investment Summary

**Prepared by:**



Francesca Ching  
Section Manager,  
Measure M2 Program Management Office  
(714) 560-5625

**Approved by:**



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



## Measure M Investment Summary

LOCATION		PROJECTS	COSTS 2005 estimates in millions	
<b>Freeway Projects (in millions)</b>			<b>\$4,871.1</b>	
I-5	Santa Ana Freeway Interchange Improvements	A	\$470.0	
I-5	Santa Ana/San Diego Freeway Improvements	B C D	1,185.2	
SR-22	Garden Grove Freeway Access Improvements	E	120.0	
SR-55	Costa Mesa Freeway Improvements	F	366.0	
SR-57	Orange Freeway Improvements	G	258.7	
SR-91	Riverside Freeway Improvements	H I J	908.7*	
I-405	San Diego Freeway Improvements	K L	1,392.5*	
I-605	Freeway Access Improvements	M	20.0	
All	Freeway Service Patrol	N	150.0	
<b>Streets &amp; Roads Projects (in millions)</b>			<b>\$3,625.0</b>	
	Regional Capacity Program	O	\$1,132.8	
	Regional Traffic Signal Synchronization Program	P	453.1	
	Local Fair Share Program	Q	2,039.1	
<b>Transit Projects (in millions)</b>			<b>\$2,832.0</b>	
	High Frequency Metrolink Service	R	\$1,129.8*	
	Transit Extensions to Metrolink	S	1,000.0	
	Metrolink Gateways	T	57.9*	
	Expand Mobility Choices for Seniors and Persons with Disabilities	U	392.8*	
	Community Based Transit/Circulators	V	226.5	
	Safe Transit Stops	W	25.0	
<b>Environmental Cleanup (in millions)</b>			<b>\$237.2</b>	
	Clean Up Highway and Street Runoff that Pollutes Beaches	X	\$237.2	
<b>Taxpayer Safeguards and Audits (in millions)</b>			<b>\$296.6</b>	
	Collect Sales Taxes (State charges required by law)		\$178.0	
	Oversight and Annual Audits		118.6	
<b>Total (2005 dollars in millions)</b>			<b>\$11,861.9</b>	

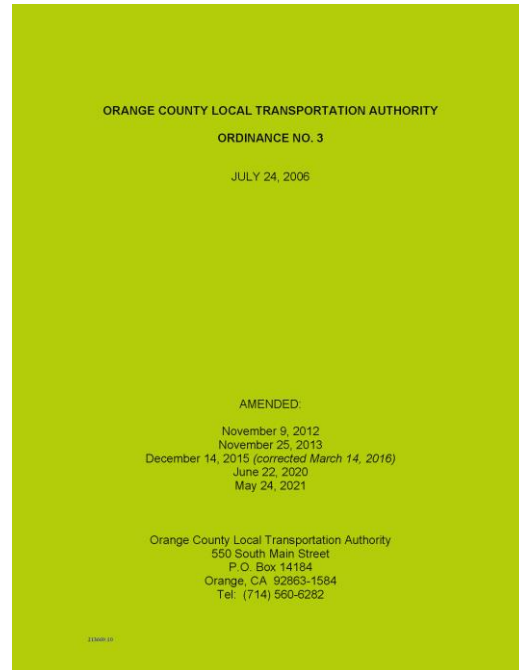
\*Asterisk notes project estimates that have been amended since 2006.





# Measure M2 Ten-Year Review Framework

## Implementing Ordinance



M2 Ordinance:  
 Attachment A – Renewed Measure M (M2) Transportation Investment Plan (Plan)  
 Attachment B – Allocation of Net Revenues  
 Attachment C – Taxpayer Oversight Committee

## Funding Strategy



### ENVIRONMENTAL

- A total of 5% of OC Go Freeway Program funds is allocated to the Freeway Environmental Mitigation Program
- A total of 2% of the overall OC Go Program funds is allocated to the Environmental Cleanup Program

1.5% - California Department of Tax and Fee Administration  
 1% - Administrative Costs

## \$14 Billion Expenditure Plan

MEASURE M M2 Projects and Programs		
<b>Freeway Projects</b>		
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
<b>Streets &amp; Roads Projects</b>		
	Regional Capacity Program	O
	Regional Traffic Signal Synchronization Program	P
	Local Fair Share Program	Q
<b>Transit Projects</b>		
	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
<b>Environmental Cleanup</b>		
	Clean Up Highway and Street Runoff that Pollutes Beaches	X
<b>Taxpayer Safeguards and Audits</b>		
	Collect Sales Taxes (State charges required by law)	
	Oversight and Annual Audits	

M2 – Measure M2/ I-5 – Interstate 5 / SR-22 – State Route 22 / SR-55 – State Route 55 / SR-57 – State Route 57 / SR-91 – State Route 91 / I-405 Interstate 405 / I-605 – Interstate 605

## TEN-YEAR COMPREHENSIVE PROGRAM REVIEW

*“**At least every ten years** the Authority shall conduct a **comprehensive review** of all projects and programs implemented under the Plan to **evaluate the performance** of the overall program and may revise the Plan to improve its performance...”*

- First ten-year review covered 2006-2015
  - Outreach confirmed continued public support for the Plan and progress in delivering promises
  - Analysis identified a need for a funding shift between transit programs
- Board approved an amendment to the M2 Ordinance and Plan in December 2015
  - Closed out completed rail gateways project and transferred balance to Fare Stabilization Program and Metrolink operations



## Renewed Measure M Comprehensive Ten-Year Review

Presented to the Board of Directors on  
October 12, 2015





Research and identify changes in external policy and/or regulation as well as in land use, travel, and growth projections



Evaluate current project and program cost estimates and the financial capacity through 2041



Review Plan to determine if there are performance issues or constraints



Assess public and stakeholder support for the Plan and OCTA's approach



Identify OCTA's and local jurisdictions' progress in implementing the Plan



- Analyze progress and performance of the Plan
- Evaluate financial capacity to deliver the Plan
- Consider changes in external factors and public policies
- Conduct outreach to seek stakeholder and local agency input
- Present updates via regular M2 Quarterly Reports and specific reports at key milestones



Key Milestone Timeline	Timeline
Mobilized Ten-Year Review efforts – defined objectives, developed approach and identified data needs	January – June 2024
Presented quantitative survey results to the Board	July 2024
Conducted M2 Workshop with the Board; Present Ten-Year Review framework to the Board; Develop outreach plan and materials	August – December 2024
Conduct outreach and seek public feedback	January – August 2025
Complete analysis, prepare report and recommendations	July – September 2025
Present the Ten-Year Review Report and recommendations to the Board	October 2025