




September 7, 2017

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

Overview

Measure M2 includes 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 third of these performance assessments, covering the period of July 1, 2012 through June 30, 2015, was completed and presented to the Board of Directors on August 8, 2016. This report is the final update on the action items from the findings in the performance assessment.

Recommendation

Receive and file as an information item.

Background

On November 7, 2006, the voters of Orange County approved the Measure M2 (M2) Transportation Investment Plan (Plan) with a 69.7 percent vote. The Plan provides a revenue stream, from April 1, 2011 through March 30, 2041, to fund a broad range of transportation improvements. The M2 Ordinance specifies specific safeguards and requirements that are to be followed.

Ordinance No. 3 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."

The third triennial performance assessment, covering the time period of July 1, 2012 through June 30, 2015, was presented to the Orange County Transportation Authority (OCTA) Board of Directors (Board) on August 8, 2016, as well as to the Taxpayers Oversight Committee on June 14, 2016.

The performance assessment included nine findings, and staff provided the Board with an action plan to implement in response to the findings, with a commitment to be completed by the end of the 2017 calendar year.

Discussion

The key objectives of the third assessment were as follows: to evaluate the status of findings from the second M2 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.

Overall, the fiscal year (FY) 2012-13 through FY 2014-15 assessment commended OCTA's commitment to the effective and efficient management and delivery of the M2 Program. In general, the assessment report found that OCTA has made significant progress in the implementation of the M2 Program on all plan elements over the last three years.

As part of the report, there were nine findings related to the execution of the elements outlined in the scope of work. The findings either commented on appropriateness of actions to date or provided recommendations for improvements. There were no major recommendations that suggested there should be a change in the direction of OCTA's actions.

Below are the key areas the recommendations focused on, along with a summary of the action that staff has implemented.

- To ensure successful freeway program delivery, the assessment identified a need for OCTA and the California Department of Transportation (Caltrans) to work together on a mutually agreed upon freeway delivery schedule. The assessment recommended seeking inclusion of local measure projects in Caltrans annual Contract for Delivery. Caltrans views the Contract for Delivery arrangement as an internal mechanism to ensure timely delivery of state-funded projects and, as such, not the appropriate tool to address delivery of Measure-funded projects. Accordingly, OCTA, neighboring self-help counties, and Caltrans have agreed to work together to create a master agreement demonstrating the commitment of the state to support the delivery of sales tax-funded program of projects.

- The assessment also recommended language should be developed to define “betterments” within freeway project cooperative agreements. Staff has included language related to betterments in the Interstate 405 project cooperative agreement between Caltrans and OCTA. In addition, staff has incorporated a step in the development of cooperative agreements with third party agencies to include a discussion on betterments. When possible, the cooperative agreement will define betterments and what is and is not included in the project scope.
- To continue to engage in discussions increasing awareness of M2, staff has made enhancements to the M website to provide more comprehensive information. Additionally, staff has launched the development of a new identity for M2 to increase awareness of our local sales tax measure. The proposed OC Go logo, as well as cohesive color scheme across all projects and modes within the M Program, is intended to increase awareness and promote a better understanding of how the transportation sales tax measure is put to use.
- To continue to monitor ongoing expenditures for administrative expenses, staff continues to closely monitor the one percent administrative salaries and benefits charges on a quarterly basis and takes corrective action as needed. Additionally, administrative salaries and benefits expenses are reported in the M2 quarterly reports to ensure transparency and management of the one percent cap. This level of ongoing monitoring will continue throughout the life of M2.

A table outlining the overall M2 Performance Assessment findings, as well the completed action, can be found in Attachment A.

Summary

The third Measure M2 Performance Assessment, as required by Ordinance No. 3, was completed and presented to the Board on August 8, 2016. Nine findings/recommendations were made to which staff responded and developed an action plan. Since then, all nine findings have been addressed and completed. A summary of all findings and action items is included in Attachment A.

Attachment

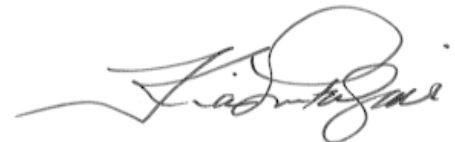
- A. July 2012 – June 2015 Measure M2 Performance Assessment Response to Findings

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