



**June 7, 2021**

**To:** Regional Planning and Highways Committee

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

**Subject:** Measure M2 Eligibility Review Recommendations for Fiscal Year 2019-20 Expenditure Reports

A handwritten signature in blue ink, appearing to read "Darrell Johnson", is written over the "From:" line of the email header.

**Overview**

The Measure M2 Ordinance requires that all Orange County local jurisdictions annually satisfy eligibility requirements to receive Measure M2 net revenues. As part of this requirement, fiscal year 2019-20 expenditure reports and resolutions were submitted by the local jurisdictions. In April 2020, the Taxpayer Oversight Committee affirmed that all expenditure reports were received and reviewed consistent with Measure M2 requirements. Board of Directors' approval is requested to find all Orange County local jurisdictions eligible to continue receiving Measure M2 net revenues.

**Recommendation**

Approve all 35 Orange County local jurisdictions eligible to continue receiving Measure M2 net revenues.

**Background**

Local jurisdictions are required to meet Measure M2 (M2) eligibility requirements and submit eligibility verification packages to the Orange County Transportation Authority (OCTA) annually to remain eligible to receive M2 net revenues. There are 13 eligibility requirements, which local jurisdictions must either meet and/or adhere to. However, not all 13 eligibility components require verification each eligibility cycle. For reference, a summary of M2 eligibility requirements and their respective due dates is provided in Attachment A.

While OCTA staff reviews and confirms all M2 eligibility requirements, the M2 Ordinance specifies that the Taxpayer Oversight Committee (TOC) also review five of these requirements. These include the Congestion Management Program (CMP), Mitigation Fee Programs (MFP), Local Signal Synchronization Plans (LSSP), Pavement Management Plans (PMP), and expenditure reports.

---

The CMP, MFPs, LSSPs, and PMPs are due on June 30 each year and are typically approved by the OCTA Board of Directors (Board) in December. Expenditure reports are due on December 31 each year, six months after the close of the fiscal year (FY), and are typically approved by the Board in June. Expenditure reports include all M2 and related transportation expenditures including maintenance of effort (MOE) spending levels. MOE is the amount of discretionary funding (e.g., general fund revenues) that local jurisdictions must spend on streets and roads purposes to ensure that they are not replacing discretionary transportation spending with M2 revenues<sup>1</sup>.

Per the M2 ordinance, the TOC is responsible for the receipt and review of expenditure reports. To assist with this responsibility, the TOC has designated an Annual Eligibility Review (AER) Subcommittee to initially receive and review required M2 eligibility submittals prior to consideration by the full TOC. The TOC review and affirmation process is now complete, and a summary is provided below.

### ***Discussion***

At the March 25, 2021 AER Subcommittee meeting, which was conducted virtually, AER Subcommittee members affirmed receipt and review of FY 2019-20 expenditure reports for all 35 Orange County local jurisdictions.

On April 13, 2021, which also convened remotely, the TOC received the AER Subcommittee's report on these materials and affirmed receipt and review of FY 2019-20 expenditure reports for all 35 local jurisdictions. As such, the TOC's findings shown in Attachment B are now being advanced to the Board for a final finding that all 35 Orange County local jurisdictions be deemed eligible to continue receiving net M2 revenues.

If the Board approves the recommendation identified in this report, this action will conclude the current M2 eligibility process and will result in all Orange County local jurisdictions being deemed eligible to continue receiving M2 net revenues.

### ***Summary***

In April 2021, the Orange County Transportation Authority Taxpayers Oversight Committee convened and affirmed that it had received and reviewed the required fiscal year 2019-20 Measure M2 expenditure reports for all 35 Orange County local jurisdictions. Given this review, Board of Directors' approval is requested to find all 35 of Orange County's local jurisdictions eligible to continue receiving Measure M2 net revenues.

---

<sup>1</sup> It should be noted that due to the financial impacts of the coronavirus pandemic, the MOE requirement for this eligibility review cycle was modified by the Board on May 11, 2020 to allow OCTA to accept actual MOE expenditures reported as meeting the MOE requirement, even if the total expenditure amount was below the local jurisdiction's MOE benchmark requirement.

***Attachments***

- A. Measure M2 Eligibility Requirements and Submittal Schedule Summary, Fiscal Year 2020-21
- B. Measure M2 Eligibility Review Summary of FY 2019-20 Expenditure Reports

**Prepared by:**



Kelsey Imler  
Transportation Funding Analyst  
(714) 560-5397

**Approved by:**



Kia Mortazavi  
Executive Director, Planning  
(714) 560-5741