



AGENDA

Executive Committee Meeting

Committee Members

Tim Shaw, Chairman
Steve Jones, Vice Chairman
Lisa A. Bartlett
Laurie Davies
Andrew Do
Michael Hennessey
Mark A. Murphy

Orange County Transportation Authority
Headquarters
550 South Main Street
Board Room – Conf. Room 07
Orange, California
Monday, April 1, 2019 at 9:00 a.m.

Any person with a disability who requires a modification or accommodation in order to participate in this meeting should contact the OCTA Clerk of the Board, telephone (714) 560-5676, no less than two (2) business days prior to this meeting to enable OCTA to make reasonable arrangements to assure accessibility to this meeting.

Agenda descriptions are intended to give members of the public a general summary of items of business to be transacted or discussed. The posting of the recommended actions does not indicate what action will be taken. The Committee may take any action which it deems to be appropriate on the agenda item and is not limited in any way by the notice of the recommended action.

All documents relative to the items referenced in this agenda are available for public inspection at www.octa.net or through the Clerk of the Board's office at the OCTA Headquarters, 600 South Main Street, Orange, California.

Call to Order

Pledge of Allegiance

Director Mark Murphy

1. Public Comments

Special Calendar

There are no Special Calendar matters.



Consent Calendar (Items 2 and 3)

All items on the Consent Calendar are to be approved in one motion unless a Committee Member or a member of the public requests separate action or discussion on a specific item.

2. Approval of Minutes

Approve the minutes of the Executive Committee meeting of March 4, 2019.

3. Amendment to Agreement for Project Report/Environmental Document Services for the Interstate 5 Improvement Project from North of Interstate 405 to State Route 55

Jeannie Lee/James G. Beil

Overview

On May 24, 2013, the Orange County Transportation Authority Board of Directors authorized an agreement with URS Corporation, dba URS Corporation Americas, for the preparation of a project report and environmental document for the Interstate 5 Improvement Project from north of Interstate 405 to State Route 55. The contract expired on October 31, 2018, at which time the performance of services was approximately 92 percent complete. Staff has evaluated options for the completion of contract services and recommends approval of a contract time extension. An amendment to the existing contract is also required for additional consultant services for the final project report, environmental document, and other deliverables. Board of Directors' approval is required for the consultant to complete services for the current project approval and environmental document phase.

Recommendation

Authorize the Chief Executive Officer to negotiate and execute Amendment No. 3 to Agreement No. C-3-1433 between the Orange County Transportation Authority and URS Corporation, dba URS Corporation Americas, in the amount of \$250,000, and to extend the term of the agreement by 11 months from October 31, 2018 through September 30, 2019, to continue to provide consultant services for the development of a project report and environmental document for the Interstate 5 Improvement Project from north of Interstate 405 to State Route 55. This will increase the maximum obligation of the agreement to a total contract value of \$7,218,611.



Regular Calendar

4. Eligibility Determination for the City of Stanton

Adriann Cardoso/Kia Mortazavi

Overview

The Orange County Transportation Authority Internal Auditor recently prepared an audit of the City of Stanton for fiscal year 2017-18, which included a finding that the City of Stanton did not meet the Measure M2 Ordinance maintenance of effort requirement. Based on this finding, a Board of Directors hearing must be held to determine the City of Stanton ineligible to receive funds.

Recommendation

Receive and file as an information item.

Discussion Items

5. Chief Executive Officer's Report

6. Committee Members' Reports

7. Closed Session

A Closed Session is scheduled as follows:

- A. Pursuant to Government Code Section 54957(b) to evaluate the performance of the Chief Executive Officer, Darrell E. Johnson.
- B. Pursuant to Government Code Section 54957.6 to meet with the designated representative, Chairman Tim Shaw, regarding the compensation of the Chief Executive Officer, Darrell E. Johnson.

8. Adjournment

The next regularly scheduled meeting of this Committee will be held at **9:00 a.m. on Monday, May 6, 2019**, at the Orange County Transportation Authority Headquarters, 550 South Main Street, Board Room - Conference Room 07, Orange, California.



MINUTES

Executive Committee Meeting

Committee Members Present

Tim Shaw, Chairman
Laurie Davies
Michael Hennessey
Mark A. Murphy

Committee Members Absent

Steve Jones, Vice Chairman
Lisa A. Bartlett
Andrew Do

Staff Present

Darrell E. Johnson, Chief Executive Officer
Ken Phipps, Deputy Chief Executive Officer
Laurena Weinert, Clerk of the Board
Olga Prado, Assistant Clerk of the Board
James Donich, General Counsel
OCTA Staff and Members of the General Public

Call to Order

The March 4, 2019 regular meeting of the Executive Committee was called to order by Chairman Shaw at 9:02 a.m.

Pledge of Allegiance

Director Davies led in the Pledge of Allegiance.

1. Public Comments

There were no public comments.

Special Calendar

There were no Special Calendar matters.

Consent Calendar (Items 2 and 4)

2. Approval of Minutes

A motion was made by Director Davies, seconded by Director Hennessey, and declared passed by those present, to approve the minutes of the Executive Committee meeting of February 4, 2019.

3. Orange County Taxi Administration Program Permit Fees

A motion was made by Director Davies, seconded by Director Hennessey, and declared passed by those present, to approve the Orange County Taxi Administration Program Permit Fee Structure as recommended by the Orange County Taxi Administration Steering Committee.



MINUTES

Executive Committee Meeting

4. Measure M2 Quarterly Progress Report for the Period of October 2018 Through December 2018

A motion was made by Director Davies, seconded by Director Hennessey, and declared passed by those present, to receive and file as an information item.

Regular Calendar

5. Measure M2 Performance Assessment Report

Tami Warren, Manager of the Measure M Program Office, provided opening comments and introduced the Sjoberg Evashenk consultants Cathy Brady, Principal, and Lien Luu, Project Manager.

Mses. Brady and Luu provided a PowerPoint presentation for this item as follows:

- Assessment Focus;
- Overall Summary and Program Goals;
- Progress on Measure M2 (M2) Goals;
- Strong Program Management Exists;
- Significant Progress and Accomplishments;
- Approaches Ensured Compliance;
- Good Fiscal Practices in Place; and
- Orange County Transportation Authority (OCTA) Is Transparent & Accountable.

A discussion ensued regarding:

- Overall congestion and vehicle miles traveled has increased.
- For a State Route (SR) 91 M2 freeway project, the general-purpose lanes delays are down.
- When M2 was approved in 2006, OCTA projected \$24.3 billion in revenues, and the projections are now \$13.1 billion; yet with decline of revenues, this report is encouraging.
- Attachment B of the Staff Report lists the consultant's recommendations and OCTA's response to address the recommendations.
- By the end of this year, staff will return with an update on OCTA's progress to the consultant's recommendations.

A motion was made by Chairman Shaw, seconded by Director Hennessey, and declared passed by those present, to direct staff to implement the action plan outlined in the response to findings and to report back on the implementation progress to the Board of Directors in the Measure M2 quarterly reports.



Discussion Items

6. State Route 91 Corridor Plans

Kia Mortazavi, Executive Director of Planning, provided a PowerPoint presentation for this item as follows:

- SR-91 Corridor Vicinity Map;
- Today (Accomplishments);
- Major Completed Measure Projects;
- Upcoming Measure Projects; and
- Planned Non-Measure Projects.

Valerie McFall, Chief Environmental Planning Officer, Transportation Corridor Agencies (TCA), provided a PowerPoint as follows:

- SR-241/91 Express Connector Project; and
- Background and History/Timeline.

Steve Abendschein, Senior Principal, Managing Leader from Stantec, presented a PowerPoint presentation as follows:

- Data Collection Overview and Existing Conditions:
 - Traffic Count Locations
 - Existing Conditions Westbound a.m. – Peak
 - Existing Conditions Eastbound p.m. – Peak
- Vissim Model Calibration:
 - 2018 Existing Conditions
 - Speed Heat Map:
 - Westbound: 5:00 a.m. to 10:00 a.m.
 - Eastbound: 2:00 p.m. to 8:00 p.m.
- Scenarios Definition
- 2025 Build versus No Build:
 - Period Volumes at County Line: 5:00 a.m. to 10:00 a.m.
 - Speed Heat Map Westbound: 5:00 a.m. to 10:00 a.m.
 - Travel Time Summary Westbound: 5:00 a.m. to 10:00 a.m.
 - Peak Period Volumes at County Line: 2:00 p.m. to 7:00 p.m.
 - Speed Heat Map Eastbound: 2:00 p.m. to 8:00 p.m.
 - Travel Time Summary Eastbound: 2:00 p.m. to 7:00 p.m.



6. (Continued)

Mr. Mortazavi concluded the OCTA PowerPoint presentation as follows:

- Planned Non-Measure Projects;
- Key Connector Considerations;
- Sequencing and Benefits; and
- Next Steps.

A lengthy discussion ensued regarding the SR-241/91 connector project as follows:

- The SR-91 Advisory Committee was presented this item at its March 1st meeting, and the Riverside County Transportation Commission (RCTC) was in attendance. RCTC's concerns are similar to OCTA's.
- The Committee provided concerns about the modeling data.
- OCTA and RCTC will review the updated modeling data.
- There is no accidents data; however, Stantec felt the project would improve safety.
- Potentially three to four total tolls for using the OCTA and RCTC 91 Express Lanes, SR-241/91 connector, and 241 toll road.
- The SR-91 Implementation Plan legislative requirement is forthcoming.
- Regional Planning and Highways Committee Chairman M. Murphy invited OCTA to present its concerns to the TCA Board of Directors (Board).
- This project has opportunities for more throughput on the 91 Express Lanes, and acceleration of the project is encouraged.
- The OCTA and TCA Board Members that serve on both Boards are Directors Bartlett, Chaffee, Muller, and M. Murphy.
- Concerns about impacts to the arterials, and the OCTA and RCTC arterial impacts data was requested.
- Request that RCTC provide its perspective and attend a future OCTA Committee meeting.
- TCA has lost an \$8 million grant due to delays and requests for additional information that was no longer available to the TCA.
- Funding sources were highlighted under Slide 8 of the PowerPoint (early projects not listed in priority order).
- TCA Timelines:
 - By January 2020, the environmental document needs to be certified and forwarded to the California Department of Transportation.
 - After the environmental document is completed, the TCA would develop a three-party operating agreement that includes RCTC, OCTA, and TCA.



MINUTES

Executive Committee Meeting

6. (Continued)

- The TCA is willing to start discussions now on the three-party agreement to lay the framework of the agreement.
 - The TCA Board will need to take action on the environmental document.
- Chairman Shaw stated it seems to him important that the agencies operating the 91 Express Lanes would be able to control the connector traffic.

No action was taken on this information item.

Discussion Items

7. Chief Executive Officer's Report

Darrell E. Johnson, Chief Executive Officer, reported:

- Interstate 405 Improvement Project:
 - The scheduled demolition of the Fairview Road bridge over the weekend was postponed due to rain and, pending weather, the demolition will continue over the next two weekends.
- OC Streetcar Project:
 - The Full Funding Grant Agreement is fully executed within the Transit Asset Management System of the Federal Transit Administration.
 - OCTA has given full notice for Walsh Construction to proceed, and there will be significant activity in and around the project area.
- Interstate 5 Improvement Project:
 - Last Saturday, OCTA's outreach team held a neighborhood meeting at Aegean Hills Park in the City of Mission Viejo.

8. Committee Members' Reports

There were no Committee Members' reports.



MINUTES

Executive Committee Meeting

9. Closed Session

A Closed Session was scheduled for the following:

- A. Pursuant to Government Code Section 54957(b) to evaluate the performance of the Chief Executive Officer, Darrell E. Johnson.
- B. Pursuant to Government Code Section 54957.6 to meet with the designated representative, Chairman Tim Shaw, regarding the compensation of the Chief Executive Officer.

There was no report out for the above Closed Session items.

10. Adjournment

The Executive Committee meeting adjourned at 10:13 a.m.

The next regularly scheduled meeting of this Committee will be held at **9:00 a.m. on Monday, April 1, 2019**, at the Orange County Transportation Authority Headquarters, 550 South Main Street, Board Room – Conference Room 07, Orange, California.

ATTEST

Laurena Weinert
Clerk of the Board

Tim Shaw
Chairman



April 1, 2019

To: Executive Committee

From: Darrell E. Johnson, Chief Executive Officer 

Subject: Amendment to Agreement for Project Report/Environmental Document Services for the Interstate 5 Improvement Project from North of Interstate 405 to State Route 55

Overview

On May 24, 2013, the Orange County Transportation Authority Board of Directors authorized an agreement with URS Corporation, dba URS Corporation Americas, for the preparation of a project report and environmental document for the Interstate 5 Improvement Project from north of Interstate 405 to State Route 55. The contract expired on October 31, 2018, at which time the performance of services was approximately 92 percent complete. Staff has evaluated options for the completion of contract services and recommends approval of a contract time extension. An amendment to the existing contract is also required for additional consultant services for the final project report, environmental document, and other deliverables. Board of Directors' approval is required for the consultant to complete services for the current project approval and environmental document phase.

Recommendation

Authorize the Chief Executive Officer to negotiate and execute Amendment No. 3 to Agreement No. C-3-1433 between the Orange County Transportation Authority and URS Corporation, dba URS Corporation Americas, in the amount of \$250,000, and to extend the term of the agreement by 11 months from October 31, 2018 through September 30, 2019, to continue to provide consultant services for the development of a project report and environmental document for the Interstate 5 Improvement Project from north of Interstate 405 to State Route 55. This will increase the maximum obligation of the agreement to a total contract value of \$7,218,611.

Amendment to Agreement for Project Report/Environmental Document Services for the Interstate 5 Improvement Project from North of Interstate 405 to State Route 55 **Page 2**

Discussion

The Interstate 5 (I-5) Improvement Project from north of Interstate 405 (I-405) to State Route 55 (SR-55) (Project) is part of the Measure M2 (M2) freeway program Project B, and is being advanced through the Next 10 Delivery Plan approved by the Orange County Transportation Authority (OCTA) Board of Directors (Board) in November 2016.

The Project will add one general purpose lane in the northbound and southbound directions of the I-5 from north of I-405 to SR-55, re-establish existing auxiliary lanes, and convert existing carpool lanes to continuous access. URS Corporation, dba URS Corporation Americas (URS), has been providing consultant services for the development of a project report (PR) and environmental document (ED) for the Project since 2014. The PR/ED is being prepared to fulfill the requirements of the California Environmental Quality Act, the National Environmental Policy Act, the California Department of Transportation (Caltrans), and other applicable requirements.

Most engineering and environmental technical studies have been approved. The draft of the PR/ED was approved on May 3, 2018. The draft ED was circulated for public review and comments from May 8, 2018 to June 8, 2018. Staff presented the Project to the Regional Planning and Highways Committee on May 7, 2018, and to the Board on May 30, 2018. Two open house format public hearings were held for the Project. One of the two open house format public hearings was on May 24, 2018, at Tustin High School in the City of Tustin, and another one was on May 30, 2018, at the Lakeview Senior Center in the City of Irvine.

URS has been preparing the PR/ED for the Project since May 2014, and has gained a thorough knowledge of the Project design and all related issues. The original schedule in the Capital Action Plan was to complete the PR/ED by August 2018, which includes approval of the freeway design geometry and the Design Standard Decision Document (DSDD). The PR/ED approval has been delayed to September 2019 for the additional work required to minimize ROW and Project impacts and obtain Caltrans approval of the design.

Additional consultant services and the time extension to September 2019 are required to complete the PR/ED. Caltrans requested additional field surveys to validate existing freeway geometrics. After the additional field survey data are obtained, focus meetings with Caltrans will be held to determine the appropriate proposed improvements that can be accommodated within the existing freeway geometrics. The DSDD and proposed freeway geometry design will be revised for approval of the PR/ED. The additional scope of effort

will minimize community and right-of-way impacts throughout the corridor and help to contain significant construction costs.

A requisition to extend the contract was initiated on September 7, 2018. However, the business system did not process the requisition because the system also required a monetary value. By the time this was discovered, the contract had expired and there is no vehicle to reimburse the consultant for ongoing services. To rectify this and enable the consultant to continue services, staff evaluated multiple options for the completion of contract services.

The first option was to pursue a new competitively procured contract which is likely to increase overall cost, require additional budget authority, and create substantial delays to completion of the PR/ED. A newly selected consultant team would have to take time to gain familiarity with and assume ownership of the design and environmental products for final approvals.

The second option was to pursue a sole-source contract with the new owner, AECOM, since AECOM acquired URS. However, this approach would not meet the federal requirements for a sole-source procurement. AECOM may also not agree to honor costs and terms contained in the original contract with URS, which would then require a new cost negotiation.

To meet the extended completion date and perform the additional planning services, OCTA needs to retain URS on the contract since URS has the most institutional knowledge of the Project and has completed the majority of the work on the Project. In addition, the URS team has established working relationships with Caltrans and key city personnel, and is familiar with the Project site and requirements. Based on the evaluation of options, reinstating and amending the contract for time extension, and adding funds for the additional required work with URS is the most cost-effective option that also minimizes schedule impacts.

Procurement Approach

This procurement was handled in accordance with OCTA's Board-approved procedures for architectural and engineering services that conform to both federal and state laws. The original firm-fixed price agreement was executed on May 8, 2014, in the amount of \$6,648,210, with an expiration date of October 31, 2016. There were two amendments to the agreement. Amendment No. 1, in the amount of \$73,207, was for additional traffic analysis impact study, and Amendment No. 2, in the amount of \$247,194, was for additional preliminary baseline traffic analysis and to extend the agreement by

Amendment to Agreement for Project Report/Environmental Document Services for the Interstate 5 Improvement Project from North of Interstate 405 to State Route 55 *Page 4*

24 months. Both amendments were approved by OCTA's Contracts Administration and Materials Management (CAMM) Department (Attachment A).

Board approval is requested to reinstate the expired agreement, add funds, and authorize Amendment No. 3 to extend the term by 11 months, from October 31, 2018 through September 30, 2019, to complete the remainder of the project approval and ED phase.

Staff requested a price proposal from URS to provide additional services. The proposal was reviewed by OCTA staff and found to be fair and reasonable for the additional work to be performed. Proposed Amendment No. 3, in the amount of \$250,000, brings the total contract value to \$7,218,611.

In order to prevent untimely expiration of contracts and continue monitoring the business system, additional steps have been taken to initiate checks and balances. The CAMM Department has set up a procedure to monitor and handle ongoing contract expirations. Beginning six months prior to the contract expiration, project managers receive notification that assigned contracts are due to expire. The project managers in turn notify the CAMM Department of the action required on each of the contracts, such as time extension of the contract, or to closeout the contract. The CAMM Department also provides each Executive Director with a listing of each division's respective contracts that are due to expire within the six-month period. CAMM Department staff conducts regular follow-up with project managers regarding all upcoming contract expirations for proper disposition. All of these steps will maintain the contracts with ongoing work in an active status.

Fiscal Impact

Funding for the Project is included in OCTA's Fiscal Year 2018-19 Budget, Capital Programs Division, Account 0017-7519-FB101-N09, and is funded with M2 and federal Regional Surface Transportation Program funds.

Summary


Staff requests Board of Directors' approval for the Chief Executive Officer to negotiate and execute Amendment No. 3 to Agreement No. C-3-1433 between the Orange County Transportation Authority and URS Corporation, dba URS Corporation Americas, in the amount of \$250,000, and to extend the term of the agreement by 11 months from October 31, 2018 through September 30, 2019, to continue to provide consultant services for the development of a project report and environmental document for the Interstate 5 Improvement Project from north of Interstate 405 to State Route 55.

Amendment to Agreement for Project Report/Environmental Document Services for the Interstate 5 Improvement Project from North of Interstate 405 to State Route 55 *Page 5*

Attachment

- A. URS Corporation, dba URS Corporation Americas, Agreement No. C-3-1433 Fact Sheet

Prepared by:



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Senior Project Manager
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Approved by:



James G. Beil, P.E.
Executive Director, Capital Programs
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Virginia Abadessa
Director, Contracts Administration and
Materials Management
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**URS Corporation, dba URS Corporation Americas
Agreement No. C-3-1433 Fact Sheet**

1. May 24, 2013, Agreement No. C-3-1433, \$6,648,210, approved by the Board of Directors (Board).
 - Agreement was executed on May 5, 2014, to prepare project report/environmental document for the Interstate 5 Improvement Project from north of Interstate 405 to State Route 55.
2. July 31, 2014, Amendment No. 1 to Agreement No. C-3-1433, \$73,207, approved by Contracts Administration and Materials Management (CAMM) Department.
 - Additional traffic analysis to evaluate continuous high-occupancy vehicle lane access design.
3. April 18, 2016, Amendment No. 2 to Agreement No. C-3-1433, \$247,194, approved by CAMM Department.
 - Additional preliminary baseline traffic analysis to evaluate new traffic methodology.
 - Extend term of agreement from October 31, 2016 to October 31, 2018, due to additional services required with coordination and additional traffic analysis.
4. Amendment No. 3 to Agreement No. C-3-1433, \$250,000, pending Board approval.
 - Provide additional field survey and coordination meeting with the California Department of Transportation.
 - Revise Design Standard Decision Document and proposed freeway geometry design.

Total funds committed to URS Corporation, dba Corporation Americas, after approval of Amendment No. 3 to Agreement No. C-3-1433: \$7,218,611.



April 1, 2019

To: Executive Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Eligibility Determination for the City of Stanton

A handwritten signature in blue ink, appearing to read "Darrell E. Johnson", is written over a light blue rectangular background.

Overview

The Orange County Transportation Authority Internal Auditor recently prepared an audit of the City of Stanton for fiscal year 2017-18, which included a finding that the City of Stanton did not meet the Measure M2 Ordinance maintenance of effort requirement. Based on this finding, a Board of Directors hearing must be held to determine the City of Stanton ineligible to receive funds.

Recommendation

Receive and file as an information item.

Background

The Measure M2 (M2) Ordinance outlines eligibility requirements that each local agency must continue to satisfy in order to receive net revenues from the M2 Program, including local fair share, the Senior Mobility Program, and awards through competitive programs. One of the requirements is that a local agency must continue to invest a certain level of discretionary revenues, such as general funds that support street and road activities, to be deemed eligible for any M2 funding. This requirement is rooted in the California Public Utilities Code (PUC) 180001 that enables local transportation authorities to seek voter approval for sales tax measures. The PUC states the intent of the legislature is that funds generated through a sales tax ordinance "shall supplement existing local revenues used for public transportation purposes and that local governments maintain their existing commitment of local funds for transportation purposes".

In the eligibility process, this requirement is referred to as the maintenance of effort (MOE) requirement and was also included in the original Measure M Program. Each jurisdiction is required to maintain a minimum level of local streets and roads expenditures. The minimum level was based on the average

of general fund expenditures for local street maintenance and construction over the period from fiscal year (FY) 1985-86 through FY 1989-90. M2 used the same benchmark and requires the amount to be adjusted for inflation every three years commensurate with overall growth of the local agency annual budget.

The local agency demonstrates its commitment to comply with the required MOE through budgeting the appropriate level of discretionary funding as part of the local agency budget process and providing the Orange County Transportation Authority (OCTA) with an expenditure report to validate the commitment at the end of the budget year.

In the 29 years of combined experience of administering the original Measure M and now M2 programs, OCTA has never had an instance in which it had to find a local jurisdiction had not meet the MOE requirement.

The OCTA Board of Directors (Board) makes a determination of eligibility annually based on the information that is provided by each jurisdiction and with support from the Taxpayer Oversight Committee (TOC), who is also charged with reviewing certain submittals. Following the annual eligibility cycle, the Board directs the internal auditor to carry out audits to confirm that funds have been spent in accordance with the M2 Ordinance and that each jurisdiction had sufficient expenditures to meet the previously self-certified MOE requirement.

Every year, OCTA's Finance and Administration, Internal Audit, and Planning staff, as well as the TOC have all cautioned local agencies that budgeting at or just above the required MOE amount may put the agency's M2 funds at risk if they end up not meeting the requirement due to disallowed costs.

The OCTA Internal Auditor has prepared an audit that will be presented to the Board on April 8, which found that the City of Stanton (City) did not have sufficient expenditures for FY 2017-18 to meet its MOE requirement. This will impact the City's eligibility determination and the disbursement of Measure M revenues to the City.

Discussion

In May 2017, the City provided the required MOE certification that stated it budgeted sufficient expenditures for FY 2017-18, consistent with the following requirement, "The Authority shall not allocate any net revenues to any jurisdiction for any fiscal year until that jurisdiction has certified to the Authority that it has included in its budget for that fiscal year an amount of local discretionary funds for streets and roads purposes, at least equal to the level of its maintenance of

effort requirement.” The City met this MOE requirement based on the submittal and certification.

The next submittal required from the City related to MOE was the expenditure report, which was approved by the City Council through a resolution and submitted to OCTA on October 23, 2018. The City was required to spend \$245,103 using discretionary revenues toward streets and roads-related costs. According to the expenditure plan that was submitted, the City spent \$246,244 to meet this requirement.

However, the audit has determined that the City did not meet the MOE that was reported in its annual expenditure report for FY 2017-18 because several of the expenditures included do not qualify as satisfying MOE requirements (i.e., streets and roads purposes).

Under this circumstance, the following M2 Ordinance requirement applies:

“A determination of non-eligibility of a jurisdiction shall be made only after a hearing has been conducted and a determination has been made by the Authority’s Board of Directors that the jurisdiction is not an eligible jurisdiction.”

Because the City has been determined to have not met the MOE requirement, and in order to be consistent with the requirements of the M2 Ordinance and comply with the intent of the authorizing state statute, it is recommended that the Board hold a hearing and find the City ineligible to receive Measure M revenues. The City will be required to demonstrate through a future audit that it has met the MOE required for FY 2018-19, plus make up for the underrun in MOE expenditures from FY 2017-18. Until that point, when the Board is able to consider determining the City eligible again, all disbursement of net revenues and awards of competitive program funds will be suspended.

The M2 Ordinance and eligibility guidelines include the process to determine eligibility, but do not include a step-by-step process for addressing details on finding a local agency ineligible and re-establishing eligibility. Therefore, staff will return in summer 2019 with an update to the Measure M eligibility guidelines to address this issue.

The Board hearing is scheduled for the April 22, 2019, Board meeting. It is expected that the Board will find the City ineligible for M2 funds, and the funds will be suspended until the City can complete its certified annual expenditure report for FY 2018-19 and the MOE can be audited. It will also be recommended

that the City be obligated, through the current MOE, to make up for the lack of required MOE expenditures in FY 2017-18.

Summary

Based on the eligibility requirements in the M2 Ordinance and the audit finding that the City did not meet the MOE requirement, the Board will be asked to hold a hearing to determine that the City is ineligible for receiving Measure M net revenues at the April 22, 2019, Board meeting.

Attachment

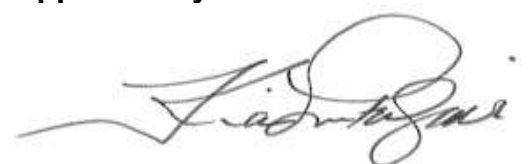
None.

Prepared by:



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Approved by:



Kia Mortazavi
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