




December 3, 2018

To: Regional Planning and Highways Committee
From: Darrell E. Johnson, Chief Executive Officer 
Subject: Fiscal Year 2018-19 Measure M2 Annual Eligibility Review

Overview

Measure M2 requires all local jurisdictions in Orange County to satisfy eligibility requirements to receive Measure M2 net revenues. The fiscal year 2018-19 Measure M2 eligibility documentation has been reviewed by staff and the Taxpayer Oversight Committee, and is presented for Board of Directors' review and approval.

Recommendation

Approve all local jurisdictions as conditionally eligible for Measure M2 net revenues for the fiscal year 2018-19, and direct staff to return with final eligibility findings for local jurisdictions, pending the adoption and submittal of the fiscal year 2017-18 expenditure reports by local jurisdictions.

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 that local jurisdictions must satisfy; however, not all 13 requirements require verification each year. The M2 eligibility requirements and submittal schedules are listed in Attachment A.

Per the Measure M2 Ordinance, the Taxpayer Oversight Committee (TOC) is responsible for reviewing five of the 13 M2 local jurisdiction eligibility requirements. The TOC relies on the Annual Eligibility Review (AER) Subcommittee to review the Congestion Management Program, Mitigation Fee Program, Local Signal Synchronization Plan, Pavement Management Plan (PMP), and expenditure reports. The remaining eight eligibility requirements are reviewed and evaluated by OCTA staff.

The expenditure report reviews occur on a different cycle than the remaining 12; as such, the M2 eligibility for fiscal year (FY) 2018-19 is conditional until the review and approval of expenditure reports for FY 2017-18 have occurred. The expenditure report is tied to each local jurisdiction's Comprehensive Annual Financial Report and tracks financial activity for M2 and other improvement revenue sources. This report is used to validate eligible uses of M2 funds and to verify maintenance of effort expenditures.

Discussion

All 35 local jurisdictions (34 cities and the County of Orange) submitted the required M2 eligibility verification documents prior to the June 30, 2018, deadline. OCTA staff reviewed all submittals to ensure completion and accuracy.

The AER Subcommittee convened on September 20, 2018, to review and discuss the 21 PMP submittals that were due during this eligibility cycle. The AER Subcommittee found all PMP submittals to be in compliance with the M2 Ordinance and recommended approval to the TOC.

The AER Subcommittee presented its recommendations for M2 eligibility compliance for all 21 PMPs to the TOC on October 9, 2018. The TOC found all local jurisdictions to be in compliance with the M2 Ordinance requirements and recommended conditional eligibility approval for FY 2018-19, pending the review and approval of expenditure reports as further described below. The M2 eligibility review findings for FY 2018-19 are summarized in Attachment B.

The AER Subcommittee members also stated their desire to commend the City of Fullerton (City) for improving its local pavement conditions for this reporting period. Therefore, upon Board of Director (Board) approval of M2 eligibility findings, OCTA will send a letter to the City commending their efforts on improving local pavement conditions. A draft letter is included as Attachment C.

If these findings are approved by the Board, M2 eligibility for FY 2018-19 is conditional until the review and approval of expenditure reports for FY 2017-18 has occurred. Expenditure reports will be reviewed by staff and the TOC, and will be presented to the Board to determine final eligibility to receive M2 net revenues in summer 2019.

Summary

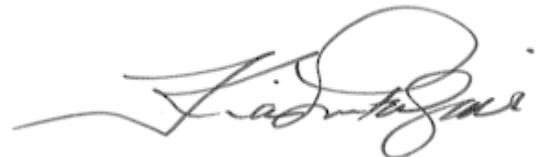
All local jurisdictions in Orange County have submitted the required M2 eligibility packages for FY 2018-19 required under the M2 Ordinance. OCTA staff and the TOC have reviewed and approved all appropriate documentation required for this cycle and have found that all local jurisdictions conditionally met the M2 eligibility requirements for FY 2018-19. Therefore, Board approval is requested to find all local jurisdictions conditionally eligible to receive M2 net revenues for FY 2018-19.

Attachments

- A. Measure M2 Eligibility Requirements and Submittal Schedule Summary For Fiscal Year 2018-19
- B. Fiscal Year 2018-19, Measure M2 Eligibility Review Summary
- C. Draft letter from Kia Mortazavi, Executive Director, Planning, Orange County Transportation Authority, to Acting Public Works Director, City of Fullerton, dated December 10, 2018, re: Improvement of Pavement Condition Index

Prepared by:

Brianna Martinez
Transportation Funding Analyst, Associate
(714) 560-5857

Approved by:

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