



**December 2, 2019**

**To:** Regional Planning and Highways Committee  
**From:** Darrell E. Johnson, Chief Executive Officer  
**Subject:** Fiscal Year 2019-20 Measure M2 Annual Eligibility Review

### **Overview**

Measure M2 requires all local agencies in Orange County to annually satisfy eligibility requirements in order to receive Measure M2 net revenues. Required documentation for this review period has been received and reviewed by the Taxpayer Oversight Committee and Orange County Transportation Authority staff. Findings and recommendations are presented for Board of Directors' review and approval.

### **Recommendations**

- A. Approve 33 currently eligible local agencies as eligible to continue to receive Measure M2 net revenues.
- B. Receive and file the Measure M2 eligibility verification documents submitted by the cities of Santa Ana and Stanton.

### **Background**

Local agencies are required to meet Measure M2 (M2) eligibility requirements and submit eligibility verification packages to the Orange County Transportation Authority (OCTA) annually in order to remain eligible to receive M2 net revenues. There are 13 eligibility requirements which local agencies 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.

Per the M2 Ordinance, the Taxpayer Oversight Committee (TOC) is responsible for the review of five of the 13 eligibility requirements. These include the Congestion Management Program (CMP), Mitigation Fee Programs (MFPs),

Local Signal Synchronization Plans (LSSPs), Pavement Management Plans (PMP), and Expenditure Reports (ERs)<sup>1</sup>. The CMP, MFPs, LSSPs, and PMPs are due on June 30 and are reviewed in the fall. ERs are due on December 31, six months after the close of the fiscal year and are reviewed in the spring<sup>2</sup>.

To assist with its eligibility review responsibilities, the TOC has designated an Annual Eligibility Review (AER) Subcommittee to initially receive and review required M2 Eligibility submittals prior to review by the TOC. Both the AER Subcommittee and TOC convened earlier this year and have completed their respective reviews. Their findings are discussed below.

### ***Discussion***

During this past summer, all 35 local agencies (34 cities and the County of Orange) submitted all required M2 eligibility verification documents, prior to OCTA's June 30, 2019 deadline. Through late summer and early fall, OCTA reviewed all local agencies' eligibility verification documents to ensure completion, accuracy, and consistency with M2 Ordinance requirements. Once OCTA's review was complete, the AER Subcommittee was convened with the goal of reviewing and discussing the three required eligibility components that were due and were also under the purview of the subcommittee. These included the CMP, MFPs, and 14 PMP submittals<sup>3</sup>.

At this meeting, the AER Subcommittee reviewed and confirmed that all 35 local agencies had submitted appropriate required documentation in order to satisfy M2 eligibility submittal requirements and recommended that these findings be communicated to the TOC for its review and consideration. On October 8, 2019, the TOC reviewed the AER Subcommittee's findings and recommendations, and concurred that all local agencies' CMP, MFPs, and 14 PMP submittals were sufficient and recommended that these findings be submitted to the OCTA Board of Directors (Board) for final review and approval.

The TOC's findings on the CMP, MFPs, and 14 PMPs are presented for Board consideration. In addition to these findings, OCTA staff's findings for the other eight M2 eligibility components, which OCTA is responsible for reviewing, are also provided in Attachment B. Based upon the findings identified in Attachment B, staff is recommending that 33 currently eligible Orange County local agencies be found eligible to continue to receive net M2 revenues. The cities of Santa Ana and Stanton submitted the required documentation to satisfy M2 eligibility submittal requirements this cycle; however, these cities are currently ineligible to receive net M2 revenues due to a previous and separate Board action.

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<sup>1</sup> Note: The other eight required M2 eligibility components are reviewed by OCTA.

<sup>2</sup> Note: 14 agencies update their PMPs on odd-numbered fiscal years, while 21 agencies update their PMPs on even-numbered fiscal years.

<sup>3</sup> Note: LSSPs were not required to be submitted for this eligibility review cycle.

Although the M2 eligibility verification documents submitted by these two local agencies fulfill the respective requirements, this review will not modify their existing M2 ineligible status. The review of these materials will be helpful in ensuring and maintaining timely M2 compliance should the Board find these cities eligible for M2 funds upon resolution of prior maintenance of effort shortcomings.

**Summary**

All local agencies in Orange County have submitted all required M2 documentation due at this time. The TOC and OCTA have reviewed all required documentation, and a finding of eligibility is requested for 33 currently eligible Orange County local agencies, and a receive and file action of the submitted M2 eligibility verification documents is requested for the two currently ineligible local agencies.

**Attachments**

- A. Measure M2 Eligibility Requirements and Submittal Schedule Summary, Fiscal Year 2019-20
- B. Fiscal Year 2019-20, Measure M2 Eligibility Review Summary

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