



April 6, 2020

To: Regional Planning and Highways Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Fiscal Year 2020-21 Updates to the Measure M2 Eligibility, Local Signal Synchronization Plan, and Pavement Management Plan Guidelines

Overview

The Orange County Transportation Authority regularly develops and updates guideline documents, including the Measure M2 Eligibility Guidelines, Guidelines for the Preparation of Local Signal Synchronization Plans, and Guidelines for Countywide Pavement Management Plans to assist local agencies in completing Measure M2 eligibility requirements. Proposed revisions for each of these documents have been developed and are recommended for Board of Directors' consideration and approval.

Recommendations

- A. Approve proposed revisions to the Fiscal Year 2020-21 Measure M2 Eligibility Guidelines.
- B. Direct staff to reevaluate maintenance of effort requirements for fiscal year 2020-21 pending a review of the economic impacts of the Coronavirus.
- C. Approve proposed revisions to the Guidelines for the Preparation of Local Signal Synchronization Plans 2020.
- D. Approve proposed revisions to the Countywide Pavement Management Plan Guidelines.

Background

The Orange County Transportation Authority's (OCTA) Ordinance No. 3 specifies requirements that local agencies must satisfy to be eligible to receive net Measure M2 (M2) revenues. To assist local agencies with these requirements, OCTA regularly develops and updates guideline documents, which include M2 Eligibility Guidelines (Eligibility Guidelines), the Guidelines for the Preparation of Local Signal Synchronization Plans (LSSPs), and Guidelines for Countywide Pavement Management Plans (PMPs).

Staff has completed a review of each of these guidelines and are recommending approval of proposed revisions (discussed below) in order to both satisfy and support local agencies in meeting M2 eligibility requirements. All of the proposed revisions incorporate feedback received from local agencies during previous eligibility cycles and also include updates to better streamline and clarify M2 eligibility document development, submittal, and review processes for the M2 Fiscal Year (FY) 2020-21 Eligibility Review Cycle (Eligibility Review Cycle).

It should be noted that while these guidelines and OCTA's staff review support of eligibility submittals are intended to assist local agencies in completing required M2 eligibility processes, it is ultimately local agencies' responsibility to ensure that they meet and satisfy all required M2 eligibility requirements each year.

Discussion

Eligibility Guidelines

The Eligibility Guidelines specify basic requirements and procedures that local agencies must adhere to in order to establish and maintain M2 funding eligibility on an annual basis.

Currently, proposed revisions to the Eligibility Guidelines include:

- Updates to required due dates;
- The addition of a section on audits;
- An update to the maintenance of effort (MOE) benchmark table to reflect the MOE benchmark adjustment process (described below);
- Inclusion of an updated resolution for the LSSP requirement; and
- Streamlining of the Circulation Element/Master Plan of Arterial Highways Consistency and Congestion Management Program sections.

Other changes include minor updates to the eligibility checklist, general wording modifications, expansion on certain concepts, and technical clarifications throughout the document and appendices.

A summary of proposed revisions to the Eligibility Guidelines is provided in Attachment A, and a redlined version of proposed changes to the Eligibility Guidelines is provided in Attachment B.

MOE Benchmark Adjustment

One change to the Eligibility Guidelines was the MOE benchmark adjustment; which per M2, OCTA is required to calculate and update every three FYs, based upon the percentage of growth in the California Department of Transportation's Construction Cost Index (CCI) for the three preceding calendar years. However, if the growth in a local agencies' general fund revenues (GFRs) are less than CCI growth for the same period, the GFRs growth value is used as the escalation factor.

To calculate this adjustment, OCTA solicited from each local agency excerpts from their FY 2018-19 Comprehensive Annual Financial Reports (CAFRs)¹. A comparison of the growth in GFRs from 2016 through 2019 was then calculated. These findings were then compared to the growth rate in the CCI for the same period, which was 16.58 percent. MOE benchmark adjustments were then calculated for each local agency (with the exception of the County of Orange²) based upon the lesser of these two percentages. Recommended MOE benchmark adjustments are identified in Attachment C.

Given the economic and financial impacts anticipated to occur as a result of the Coronavirus (COVID-19), it is requested that the Board of Directors (Board) direct staff to examine the potential impacts to the local agencies related to the MOE requirement. The ordinance did not consider a situation such as the current pandemic, and this particular requirement needs to be reviewed as it is possible that some of the local agencies may experience negative growth in general fund revenue in FY 2020-21. Staff will keep the Board apprised on status and options through M2 quarterly reports initially, and specific Board items once options have been developed.

¹ The City of Villa Park (City) has not released or adopted a final CAFR. It has; however, provided a trial balance in order to calculate an estimated benchmark adjustment. As such, the recommended MOE benchmark adjustment may require further updating once the City adopts their CAFR.

² Orange County Public Works and their predecessor agencies did not (and continue to not) use discretionary funds for transportation purposes. Instead they fund transportation with various restricted and/or partially restricted funding sources.

Guidelines for the Preparation of LSSPs Guidelines

M2 also requires local agencies, on a triennial basis, to develop and update their respective LSSPs. During the FY 2020-21 eligibility review cycle, LSSPs will be required to be submitted. As such, a review of the LSSP Guidelines was completed and minor date, process, and formatting adjustments are recommended (see Attachment D).

Countywide PMP Guidelines

The PMP Guidelines establish a consistent methodology for local agencies to evaluate and report on pavement conditions, monitor changes, anticipate expected improvements, and verify compliance with M2's PMP requirements. For these guidelines, staff is recommending revising the acceptable criteria formula, updating dates, and revising Appendix B (Page B-1 in the PMP Guidelines) to list current prequalified pavement inspection consultants. These proposed revisions to the PMP Guidelines are identified and included in a redlined version of that document, which is provided in Attachment E.

Next Steps

Upon Board approval of the recommended guidelines revisions, the eligibility review recycle will be initiated. In addition to public outreach and a workshop (anticipated in April), staff will also coordinate with all local agencies throughout the eligibility review cycle in order to facilitate timely submittal of all required M2 eligibility components for this FY. Staff will also review the MOE component in light of the impacts of COVID-19 on the economy and may return with additional recommendations. Upon completion of the eligibility review cycle, staff will return to the Board to seek approval of M2 eligibility findings and recommendations through a two-phased process, with the first component being submitted for Board consideration in December 2020, and the second and final component being submitted in spring 2021.

Summary

Proposed modifications to the Eligibility Guidelines (including MOE benchmark adjustments), LSSP Guidelines, and PMP Guidelines are recommended to support and facilitate the initiation of the eligibility review cycle. Upon Board approval of the recommended guidelines revisions, the first phase of the eligibility review cycle will commence.

Attachments

- A. Revisions to the Measure M2 Eligibility Guidelines
- B. Measure M2 Eligibility Guidelines, Fiscal Year 2020/2021
- C. MOE Benchmark by Local Agency
- D. Guidelines for the Preparation of Local Signal Synchronization Plans 2020
- E. Countywide Pavement Management Plan Guidelines, April 2020

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