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Darrell E. Johnson
Chief Executive Officer

May 12, 2020

Dear Orange County Mayors:

On May 11, 2020, the Orange County Transportation Authority (OCTA) Board of Directors (Board) directed staff to initiate the process to amend the Orange County Local Transportation Authority Measure M2 (M2) Ordinance No. 3 (Ordinance). The proposed amendment to the maintenance of effort (MOE) requirements balances the responsibility to uphold promises to the taxpayers with the need for flexibility for local agencies to address current economic uncertainties due to issues related to the novel coronavirus (COVID-19).

As the Local Transportation Authority responsible for administering M2, OCTA is committed to upholding the intent of the M2 Ordinance and the promises to the voters. One of the ordinance requirements for local jurisdictions to receive net M2 funding pertains to the MOE requirement. MOE is a minimum level of spending of local discretionary or general fund revenues for streets and roads purposes. The intent is to ensure M2 revenues are used to supplement and not supplant existing revenues.

OCTA recognizes that local jurisdictions may experience a decline in general fund revenues as a result of COVID-19, which could impact their ability to meet the MOE requirement. In response, staff considered local jurisdictions input and developed a solution intended to be fair and reasonable. The proposed amendment to the M2 Ordinance will temporarily modify the MOE requirement for fiscal year (FY) 2019-20 and FY 2020-21, providing relief by reducing the required level to be met.

The M2 Ordinance allows for amendments due to unforeseen circumstances. The process calls for a notifying local jurisdiction, a public review period, and approval by two-thirds vote from the Board. The amendment will be considered at a public hearing scheduled for the June 22, 2020 OCTA Board meeting. An excerpt of the M2 Ordinance with the proposed amendment language is enclosed for your review. The public review period for the proposed amendment is now open and the OCTA Board is seeking your comments.

The public is invited to submit written comments with respect to the amendment by 4:00 PM on Friday, June 19, 2020. Written comments may be addressed to OCTA Clerk of the Board:

May 12, 2020
Page 2

Laurena Weinert
Clerk of the Board
Orange County Transportation Authority
550 South Main Street
P.O. Box 14184
Orange, CA 92863-1584
Telephone (714) 560-5676
or
boardofdirectors@octa.net

The May 11, 2020 staff report and public hearing notice is available on the OCTA website:

<http://octa.net/About-OCTA/Board-Calendar/NOTICE-OF-PUBLIC-HEARING-M2-Ordinance-Amendment/#>.

If you have any questions or would like to submit your comments directly, please contact Kia Mortazavi, Executive Director, Planning, at (714) 560-5741 or kmortazavi@octa.net.

Sincerely,



Steve Jones
Chairman

SJ:ac
Attachments

c: Board of Directors
Executive Staff
Members, Orange County City Councils
Orange County City Managers
Members, Measure M Taxpayer Oversight Committee

**Orange County Local Transportation Authority Ordinance No. 3
Maintenance of Effort Requirements Excerpt**

Section 6, Page 3

SECTION 6. MAINTENANCE OF EFFORT REQUIREMENTS

It is the intent of the Legislature and the Authority that the Net Revenues allocated to a jurisdiction pursuant to the Ordinance for street and road projects shall be used to supplement existing local discretionary funds being used for transportation improvements. Each jurisdiction is hereby required to annually maintain as a minimum no less than the maintenance of effort amount of local discretionary funds required to be expended by the jurisdiction for local street and road purposes pursuant to the current Ordinance No. 2 for Fiscal Year 2010-2011. The maintenance of effort level for each jurisdiction as determined through this process shall be adjusted effective July 1, 2014 and every three fiscal years thereafter in an amount equal to the percentage change for the Construction Cost Index compiled by Caltrans for the immediately preceding three calendar years, providing that any percentage increase in the maintenance of effort level based on this adjustment shall not exceed the percentage increase in the growth rate in the jurisdiction's general fund revenues over the same time period. 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. An annual independent audit may be conducted by the Authority to verify that the maintenance of effort requirements are being met by the jurisdiction. Any Net Revenues not allocated pursuant to the maintenance of effort requirement shall be allocated to the remaining eligible jurisdictions according to the formula described in the Ordinance.

In order to address the impacts of the novel coronavirus pandemic (commonly referred to as COVID-19), for fiscal year (FY) 2019-20, jurisdictions shall comply with all submittal requirements under the ordinance, including, but not limited to, those requirements under Attachment B (III) - Requirements for Eligible Jurisdictions, but will not be required to meet the required maintenance of effort (MOE) amount for that particular jurisdiction for the FY 2019-20. For FY 2020-21, jurisdictions shall be required to comply with all submittal requirements under the ordinance, including, but not limited to, those requirements under Attachment B (III) - Requirements for Eligible Jurisdictions, but shall only be required to meet the MOE amount for that particular jurisdiction for the FY at the same proportional share of streets and roads expenditures to general fund revenues based upon the proportion of the FY 2020-21 MOE benchmark to general fund revenues that were reported in their respective Comprehensive Annual Financial Report for FY 2018-19. Jurisdictions are encouraged to use their best efforts during FY 2019-20 and FY 2020-21 to meet original MOE levels.