



April 5, 2021

To: Regional Planning and Highways Committee
From: Darrell E. Johnson, Chief Executive Officer
Subject: Revisions to the Measure M2 Eligibility Guidelines

Overview

The Orange County Transportation Authority's Ordinance No. 3 specifies requirements that local jurisdictions must satisfy in order to be eligible to receive Measure M2 net revenues. Measure M2 Eligibility Guidelines are used to assist local jurisdictions in navigating Measure M2 eligibility requirements and submittal processes. Proposed updates to the Measure M2 Eligibility Guidelines are presented for the Board of Directors' review and approval.

Recommendation

Approve proposed revisions to the Measure M2 Eligibility Guidelines.

Background

The Orange County Transportation Authority's (OCTA) Measure M2 (M2) Ordinance No. 3 specifies requirements that M2-defined local jurisdictions must satisfy in order to be eligible to receive net M2 revenues. To assist local jurisdictions with these requirements, OCTA regularly updates guideline documents, including the M2 Eligibility Guidelines (Eligibility Guidelines).

Staff has completed a review of the Eligibility Guidelines and is recommending approval of revisions (discussed below) in order to support local jurisdictions in meeting the M2 eligibility requirements. The recommended revisions incorporate feedback received during previous eligibility review cycles and also include updates to clarify and/or streamline M2 eligibility submittal and review processes. These guidelines are intended to assist local jurisdictions in completing required M2 eligibility processes, and it is the local jurisdiction's responsibility to ensure that they meet and satisfy all required M2 eligibility requirements each year.

Discussion

The recommended revisions to the guidelines for the current eligibility cycle include changes to Master Plan of Arterial Highways (MPAH) eligibility and submittal requirements, the sections relating to maintenance of effort (MOE) requirements, and timely use of funds tracking provisions for M2 formula programs.

Recommended changes to the MPAH eligibility and submittal requirements sections were developed in order to make them clearer, better align with M2 Ordinance requirements, and eliminate redundancy between the Eligibility Guidelines and other MPAH administrative documents and procedures. An addition was also made to the required council or Board of Supervisors' resolution now requiring local jurisdictions to affirm that they will bring forward requests to amend the MPAH in order to ensure that the MPAH and the jurisdiction's circulation element in their general plans are consistent.

In June 2020, OCTA approved an amendment to the M2 Ordinance to provide flexibility to the MOE requirement due to the economic impacts of the coronavirus (COVID-19). Due to continued COVID-19-related impacts, staff is recommending another M2 Ordinance amendment for fiscal year (FY) 2021-22. If approved, this amendment, which is on the same agenda as this item, will extend the local jurisdictions' agencies ability to meet their MOE requirements through either the MOE benchmark dollar amount (traditional process) or MOE expenditures as a proportional share compared to general fund revenues. Given this, the MOE sections in the guidelines' exhibits, appendices, and forms have been updated to reflect both current and proposed MOE benchmark requirements.

With regard to timely use of funds for M2 formula programs, an updated tracking system is recommended to better monitor the timely use of funds requirements. The objective for this recommended change is to make the tracking and reporting of the receipt and use of formula funds more consistent with how the jurisdictions typically track revenues with the annual expenditure report requirement.

The recommended amendments to the guidelines also include minor updates to the eligibility checklist and due dates, general wording modifications, expansion on certain concepts, clarification of submittal requirements, reordering of information, and technical updates/clarifications throughout the document, appendices, and reporting forms.

A summary of recommended 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.

Next Steps

Following Board of Directors' (Board) approval of the recommended Eligibility Guidelines revisions, OCTA will conduct a workshop (scheduled for April 15, 2021) to inform the jurisdictions of these changes and guide them through the process. Staff will also coordinate with all local agencies throughout the eligibility review process in order to facilitate timely submittal of required M2 eligibility components.

Staff will return to the Board to seek approval of M2 eligibility findings and recommendations through a two-phased process, with the first components (due in June 2021) being presented for Board consideration in December 2021, and the second component, M2 Expenditure Reports (due in December 2021), being presented in June 2022.

Summary

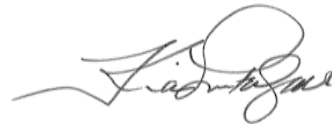
Recommended revisions to the Eligibility Guidelines are recommended to support and facilitate the initiation of the ongoing M2 eligibility review cycle. Upon Board approval of recommended Eligibility Guidelines revisions, the first phase of the M2 eligibility review cycle will commence.

Attachments

- A. Revisions to the Measure M2 Eligibility Guidelines
- B. Measure M2 Eligibility Guidelines, Fiscal Year 2021/2022

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