



Orange County Transportation Authority

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Sponsors: Adriann Cardoso, Kia Mortazavi
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Measure M2 Eligibility for the City of Santa Ana

The Orange County Transportation Authority's Internal Auditor recently prepared an audit of the City of Santa Ana for fiscal year 2017-18. The audit concluded that the City of Santa Ana did not expend sufficient discretionary funds on streets and road purposes to meet the Measure M2 Ordinance maintenance of effort requirement. Based on this information, recommendations are presented related to compliance with the Measure M2 Ordinance.

- A. Find the City of Santa Ana ineligible to receive net Measure M2 revenues.
- B. Suspend payments to the City of Santa Ana of net Measure M2 revenues until the City of Santa Ana can demonstrate compliance with Measure M2 eligibility requirements and the Board of Directors acts to find the City of Santa Ana an "eligible agency."
- C. Authorize the Chief Executive Officer to execute Amendment No. 5 to Contract No. C-5-3564 with Vavrinek, Trine, Day and Company, LLP to revise the scope of work, add an additional task to apply agreed-upon procedures to assess compliance with maintenance of effort expenditure requirements, extend the agreement through June 30, 2020, and authorize staff to deduct fiscal year 2018-19 audit costs from any future net Measure M2 payments to the City of Santa Ana.
- D. Increase the City of Santa Ana's maintenance of effort requirement for fiscal year 2018-19 by the amount of expenditures that were not met as identified in the fiscal year 2017-18 audit.
- E. Authorize the Chief Executive Officer to negotiate and execute a settlement agreement with the City of Santa Ana to correct and remedy the fiscal year 2017-18 audit issues.