



Orange County Transportation Authority

Legislation Details (With Text)

File #: 23-4909

Type: Orange County Local Transportation Authority Item **Status:** Reported to Board - Regular

File created: 4/21/2023 **In control:** Executive Committee

On agenda: 5/1/2023 **Final action:**

Title: Measure M2 Eligibility for the City of Cypress

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Indexes: M2

Code sections:

Attachments: 1. Transmittal, 2. Staff Report, 3. Attachment A

Date	Ver.	Action By	Action	Result
5/22/2023	1	Board		
5/1/2023	1	Executive Committee		

Measure M2 Eligibility for the City of Cypress

Overview

The Orange County Transportation Authority's Internal Auditor has concluded an audit of the City of Cypress financials for fiscal year 2021-22 related to Measure M2. The audit found the City of Cypress lacked adequate documentation to support whether it had spent sufficient discretionary funds on streets and road purposes to meet the maintenance of effort requirement for the Measure M2 Ordinance. Based on this information, recommendations related to compliance with the Measure M2 Ordinance are presented.

Recommendations

- Find the City of Cypress an ineligible jurisdiction to receive or apply for net Measure M2 revenues.
- Suspend payments of net Measure M2 revenues to the City of Cypress until the City of Cypress can demonstrate compliance with Measure M2 eligibility requirements and the Board of Directors acts to find the City of Cypress an eligible jurisdiction.
- Require the City of Cypress to demonstrate supplemental investment of discretionary transportation funds equal to the amount of discretionary investment that was short of the maintenance of effort benchmark in the fiscal year 2021-22 (approximately \$1.38 million) as a condition of accessing suspended funds upon being found an eligible jurisdiction.
- Authorize the Chief Executive Officer to execute Amendment No. 5 to Contract No. C-8-1911 with Crowe, 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 December 31, 2025, and authorize staff to deduct audit costs from any future net Measure M2 payments to the City of Cypress.

- E. Authorize the Chief Executive Officer to negotiate and execute a settlement agreement with the City of Cypress to correct and remedy the fiscal year 2021-22 audit issues and confirm required actions to become an eligible jurisdiction.