




February 5, 2024

To: Regional Transportation Planning Committee

From: Darrell E. Johnson, Chief Executive Officer 

Subject: Measure M2 Environmental Cleanup Program (Project X) – 2024 Tier 1 and Tier 2 Grant Program Call for Projects

Overview

The Measure M2 Environmental Cleanup Program (Project X) provides competitive grants to local jurisdictions for projects that protect Orange County waterways and beaches from roadway runoff. Updated program guidelines for the 2024 Tier 1 and Tier 2 calls for projects are presented for review and approval. With approval, staff will issue the calls for projects for Tier 1 and Tier 2 and return with project funding recommendations later this year.

Recommendations

- A. Approve the proposed revisions to the Comprehensive Transportation Funding Programs guidelines for the Environmental Cleanup Program.
- B. Authorize staff to issue the 2024 Environmental Cleanup Program Tier 1 call for projects.
- C. Authorize staff to issue the 2024 Environmental Cleanup Program Tier 2 call for projects.

Background

The Environmental Cleanup Program (ECP), referred to as Project X, provides for the allocation of two percent of annual Measure M2 (M2) revenues to improve overall water quality in Orange County. Funding is allocated on a countywide competitive basis to assist jurisdictions in addressing transportation-related water pollution. These funds are intended to supplement, not supplant, existing transportation-related water quality programs. Funds are awarded to priority projects that improve water quality in streams, harbors, and other waterways that have a nexus to transportation-related pollution, consistent with the Orange County Transportation Authority's (OCTA) M2 Ordinance No. 3 (Ordinance). The Environmental Cleanup Allocation Committee (ECAC) was created by the M2 Ordinance to advise the OCTA Board of Directors (Board) on priorities and processes for the use of Project X funds.

In May 2010, the Board approved a two-tiered approach to allocate Project X funding. The Tier 1 Grant Program consists of funding for equipment purchases and upgrades to existing storm drains and related best management practices primarily addressing the removal of visible trash and debris from Orange County's waterways. To date, the Board has approved funding for 222 Tier 1 projects, totaling over \$36 million.

The Tier 2 Grant Program consists of funding for regional, potentially multijurisdictional, capital-intensive projects which address non-visible forms of pollution such as heavy metals, organic chemicals, sediment, and other transportation-related pollutants. Two previous Tier 2 calls for projects (call) took place in 2012 and 2013, which resulted in funding 22 projects in the amount of \$28 million. Project types funded in the initial Tier 2 calls included bioswales, infiltration/detention basins, constructed wetlands, and runoff diversions.

The Comprehensive Transportation Funding Programs (CTFP) is the mechanism by which OCTA administers competitive M2 funding to local jurisdictions. The CTFP allocates funds through competitive calls for projects based on guidelines and scoring criteria approved by the OCTA Board. The CTFP guidelines identify procedures and requirements that local agencies must satisfy to apply for M2 funding and how project applications are evaluated.

Discussion

Tier 1 Call

In preparation for the next Tier 1 call, OCTA staff considered lessons learned from previous calls and evaluation processes. A Tier 1 program call has been released annually since 2011, and minor changes to the CTFP guidelines have been made each year based on lessons learned from the preceding calls and based on input from the local jurisdictions. Staff is recommending to increase the call funding target to \$3.5 million from \$3 million and to increase the maximum ECP funding amount that an eligible local agency can receive in the Tier 1 call cycle from \$500,000 to \$600,000. These updates are recommended based on available program cash flows and in order to address the rising costs of equipment typically funded for this program. All other proposed updates are considered minor and would not result in significant changes to the CTFP guidelines. Revisions to the CTFP guidelines for Tier 1 are shown as red-line edits in Attachment A.

Tier 2 Call

As noted earlier, the last Tier 2 call was issued in 2013. Over the past several years, staff has worked with eligible jurisdictions to gauge interest, determine project readiness, and identify potential Tier 2-type projects through a series of informal surveys and questionnaires. Due to the competitive nature of Project X, it is important to release a Tier 2 call when there is a sufficient number of projects that could potentially be eligible for grant funding. Based on the responses received and the expressed interest, staff is recommending a Tier 2 call be issued.

Given the span of time since the last Tier 2 call, a refresh of the guidelines was necessary. Based on the recommended guidelines, project applications will be scored according to the updated Tier 2 scoring criteria, which remains consistent with the criteria used in the initial Tier 2 calls in prioritizing cost effective, multi-benefit stormwater projects that have a direct nexus to reducing transportation-related pollution. The technical scoring criteria (70 percent weighting) will evaluate the proposed project's nexus to transportation-related pollutants, water quality treatment needs, and ability to address specific water quality issues. Technical scoring will be computed within the Orange County Stormwater Tools (OCST) Planning Module, developed in partnership with the County of Orange. This is a new project planning platform that replaces time consuming manual spreadsheet calculations that were formerly used in the Tier 2 scoring process. Non-technical scoring categories (30 percent weighting) for the Tier 2 call include factors such as project readiness, regional benefits, and co-benefits beyond water quality improvement (i.e., recreation, habitat, drainage, water resources). Non-technical scoring will be based upon information provided in the application form, separate from the OCST process.

The recommended funding target of the 2024 Tier 2 call is approximately \$15 million based on M2 funding availability. The maximum grant request per project and/or for each eligible local agency is \$2.5 million. There is a proposed minimum local match requirement of 50 percent as in prior funding cycles. To reward applicants who have already invested in their projects by completing pre-construction phases, the match may be reduced by up to 15 percent for project readiness, as follows:

- 5 percent: Completion of environmental
- 5 percent: Completion of design
- 5 percent: Completion of right-of-way acquisition, if required

The recommended revisions to the CTFP guidelines for both Tier 1 and Tier 2 programs are provided in track changes as Attachment A. These revisions and the release of the 2024 calls for Tier 1 and Tier 2, were reviewed and recommended by the ECAC in December 2023.

Next Steps

Pending Board approval, the Tier 1 and Tier 2 calls would be released on February 12, 2024, for a period of 60 days and 90 days, respectively. Staff will notify local jurisdictions about these funding opportunities, will offer one-on-one meetings to assist local jurisdictions with the application processes, and will provide a workshop for local jurisdictions on February 22, 2024. As an additional resource specific to Tier 2, staff will provide training to assist applicants with the OCST Planning Module data entry portion of the application process. Applications are due April 25, 2024, for Tier 1 and May 16, 2024, for Tier 2. Staff will return to the Board in the summer/fall 2024 timeframe with programming recommendations.

Summary

M2 Project X provides competitive grants to local jurisdictions for projects that protect Orange County waterways and beaches from roadway runoff. Updates to the ECP guidelines were presented to and recommended by the ECAC in December 2023, and staff is now seeking Board approval of proposed revisions to the 2024 guidelines and authorization to initiate the 2024 Tier 1 and Tier 2 calls. The estimated funding targets are \$3.5 million for Tier 1 and \$15 million for Tier 2.

Attachment

- A. Guidelines Excerpt, Comprehensive Transportation Funding Programs Guidelines, 2024 Call for Projects

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