



**February 3, 2025**

**To:** Regional Transportation Planning Committee  
**From:** Darrell E. Johnson, Chief Executive Officer  
**Subject:** Measure M2 Annual Eligibility Review

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**Overview**

The Measure M2 Ordinance No. 3 requires that all local jurisdictions annually satisfy specific eligibility requirements to receive Measure M2 net revenues. The required documentation for the review period ending June 28, 2024, was received and reviewed by Orange County Transportation Authority staff. Board of Directors' approval is requested to find 33 of Orange County's 35 local jurisdictions (excluding the City of Buena Park and the City of Orange) as eligible to continue receiving Measure M2 net revenues.

**Recommendations**

- A. Approve 33 of Orange County's 35 local jurisdictions (excluding the City of Buena Park and the City of Orange) as eligible to continue receiving Measure M2 net revenues.
- B. Receive and file the Measure M2 eligibility verification documents submitted by the City of Buena Park and the City of Orange.

**Background**

Local jurisdictions must meet Measure M2 (M2) eligibility requirements required by the M2 Ordinance No. 3 (M2 Ordinance) and submit eligibility verification packages to the Orange County Transportation Authority (OCTA) annually to remain eligible to receive M2 net revenues. There are 13 eligibility requirements that local jurisdictions must satisfy to remain eligible; however, not all 13 eligibility components require verification during each eligibility cycle. For reference, a summary of M2 eligibility requirements and their respective due dates are provided in Attachment A.

While OCTA staff reviews and affirms all M2 eligibility components, the M2 Ordinance requires the Taxpayer Oversight Committee (TOC) to review a subset

of these components. These include the Congestion Management Plan (CMP), Mitigation Fee Program, Local Signal Synchronization Plan, Pavement Management Plan (PMP), and Expenditure Report.

Generally, local jurisdictions must submit the required documentation annually on or before June 30. These submittals are reviewed by staff and the TOC each year. Expenditure reports are then due annually on December 31, six months after the close of the fiscal year, and are reviewed the following spring. This item addresses the submittals that were due on June 28, 2024 (normally June 30 of each year but fell on a Sunday in 2024), excluding the PMPs. The PMP and expenditure reports will be reviewed by the TOC in the spring and then staff will return to the OCTA Board of Directors (Board) for continued eligibility consideration in late spring/early summer.

### ***Discussion***

All 35 local jurisdictions submitted the required M2 eligibility verification documents prior to OCTA's June 28, 2024, deadline. OCTA staff reviewed all local jurisdictions' eligibility verification documents to ensure completion, accuracy, and consistency with M2 Ordinance requirements. The eligibility requirements received by OCTA staff included the:

- Capital Improvement Program,
- Maintenance of effort,
- No supplanting of developer funds,
- Timely submittal of project final reports,
- Timely use of net revenues,
- Participation in the traffic forum,
- M2 expenditure reports,
- PMPs, and
- Land-use planning strategies.

The TOC-designated Annual Eligibility Review Subcommittee will convene in the spring to review the PMPs<sup>1</sup> and M2 expenditure reports. All other material has been reviewed and deemed to be in conformance with the M2 requirements.

Based on staff review, OCTA staff recommends that 33 of Orange County's 35 local jurisdictions, excluding the City of Buena Park and the City of Orange, be found eligible to continue receiving M2 net revenues. A summary of the findings for the nine M2 eligibility components that were due for this cycle is provided in Attachment B.

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<sup>1</sup> For this eligibility review cycle, PMPs were required from 21 local jurisdictions. The remaining 14 local jurisdictions' PMPs will be submitted and reviewed during the next eligibility review cycle.

The City of Buena Park and the City of Orange submitted the required documentation to satisfy M2 eligibility submittal requirements this cycle; however, these cities are currently ineligible to receive M2 net revenues due to a previous and separate Board action. The separate Board action took place on May 28, 2024, and included interagency agreements outlining how the cities can fulfill their eligibility requirements and resume receiving M2 net revenues.

Although the M2 eligibility verification documents submitted by the cities of Buena Park and Orange fulfill the respective requirements, staff is not recommending that this review will modify their existing M2 ineligible status. Staff is continuing to working with both cities to review their respective expenditure reports and the supporting independent reviews. This will be followed by an expedited independent review by the OCTA internal auditor consistent with the terms of the interagency agreements. Pending a satisfactory outcome, the City of Orange could be recommended for eligibility to receive M2 net revenues, and release of the withheld funds could occur by mid-year. Pending a satisfactory outcome, the City of Buena Park would satisfy the first year of a required five-year ineligibility period as specified in the M2 Ordinance.

### ***Summary***

All local jurisdictions submitted the nine required M2 eligibility documentation due at this time. Staff has reviewed seven of the documents and the TOC will review the PMP and expenditure report submittals in the spring. Based on the reviews, staff deems all the documentation to be in conformance with the M2 requirements. Given this review, Board approval is requested to find the 33 currently eligible local jurisdictions eligible to continue receiving M2 net revenues. Additionally, a receive and file action of the submitted M2 eligibility verification documents is requested for the two currently ineligible local jurisdictions.

***Attachments***

- A. Measure M2 Eligibility Requirements and Submittal Schedule Summary, Due June 28, 2024, and December 31, 2024
- B. Measure M2 Eligibility Review Summary Submittals Due in 2024

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