



**June 9, 2026**

**To:** Taxpayer Oversight Committee

**From:** Orange County Transportation Authority Staff

**Subject:** Measure M2 Eligibility Review of Fiscal Year 2024-25 Expenditure Reports

### **Overview**

The Measure M2 Ordinance No. 3 requires that all local jurisdictions satisfy eligibility requirements on a cyclical basis in order to receive Measure M2 net revenues. The Annual Eligibility Review Subcommittee has convened and completed its review process for fiscal year 2024-25 Measure M2 expenditure reports.

### **Recommendation**

Affirm that the Taxpayer Oversight Committee has received and completed the review of fiscal year 2024-25 Measure M2 expenditure reports from 33 of Orange County's 35 local jurisdictions (excluding the City of Buena Park and the City of Huntington Beach which are currently ineligible).

### **Background**

Per the Measure M2 Ordinance No. 3 (M2 Ordinance), the Taxpayer Oversight Committee (TOC) is responsible for receiving and reviewing documents submitted by each eligible jurisdiction. These include the Congestion Management Program, Mitigation Fee Program, Local Signal Synchronization Plan, Pavement Management Plan, and M2 expenditure report.

The TOC has designated the Annual Eligibility Review (AER) Subcommittee to receive and review eligibility submittals with support from Orange County Transportation Authority (OCTA) staff to ensure that required documents have been submitted and reviewed. For this eligibility cycle, M2 expenditure reports were due for review by the AER Subcommittee.

M2 expenditure reports are required to be submitted within six months of the close of the fiscal year. For all local jurisdictions, the reports were submitted on or before the December 31, 2025 due date. Local jurisdictions are required to report on the usage of M2 funds, developer/traffic impact fees, and funds expended to satisfy M2 Maintenance of Effort requirements.

The expenditure reports from the City of Buena Park (Buena Park) and the City of Huntington Beach (Huntington Beach) were not included in this review due to the jurisdictions being found ineligible to receive net M2 revenues. Buena Park was found ineligible by the OCTA Board of Directors (Board) on May 28, 2024. Huntington Beach was found ineligible by the Board on May 12, 2025.

### ***Discussion***

At the AER Subcommittee meeting on May 28, 2026, OCTA staff provided an overview of its technical review of 33 of Orange County's 35 local jurisdiction's M2 expenditure reports.

A summary confirming timely receipt and AER subcommittee member's review of expenditure reports is provided in Attachment A.

The expenditure reports for the eligible jurisdictions were presented to the AER Subcommittee at the May 28, 2026 meeting, and members were given the opportunity to ask clarifying questions. Following discussion, the AER Subcommittee affirmed receipt and review of the fiscal Year (FY) 2024-25 M2 expenditure reports for the 33 currently eligible Orange County local jurisdictions. With respect to Buena Park and Huntington Beach, OCTA has an agreement in place which outlines the process by which they can re-establish their M2 eligibility status.

### **Next Steps**

Once the TOC affirms its receipt and review of these eligibility materials, staff will recommend the OCTA Regional Transportation Planning Committee and Board to approve 33 of Orange County's 35 local jurisdictions (excluding Buena Park and Huntington Beach) as eligible to continue receiving M2 net revenues.

***Summary***

All local jurisdictions submitted the required M2 eligibility materials for the current review cycle. The AER Subcommittee completed its review of the FY 2024-25 M2 expenditure reports, advancing this component of the eligibility process to the TOC to confirm its receipt and review before presentation to the OCTA Board for consideration.

***Attachment***

- A. Measure M2 Eligibility Review Summary of FY 2024-25 Expenditure Reports

**Measure M2 Eligibility Review Summary of FY 2024-25 Expenditure Reports**

<b>Local Jurisdiction</b>	<b>Expenditure Report Received by Deadline</b>	<b>Resolution Received by Deadline</b>	<b>MOE Benchmark Met</b>	<b>Received and Reviewed by AER Subcommittee</b>
Aliso Viejo	Yes	Yes	Yes	Yes
Anaheim	Yes	Yes	Yes	Yes
Brea	Yes	Yes	Yes	Yes
Buena Park <sup>1</sup>	N/A	N/A	N/A	N/A
Costa Mesa	Yes	Yes	Yes	Yes
County of Orange <sup>2</sup>	Yes	Yes	N/A	Yes
Cypress	Yes	Yes	Yes	Yes
Dana Point	Yes	Yes	Yes	Yes
Fountain Valley	Yes	Yes	Yes	Yes
Fullerton	Yes	Yes	Yes	Yes
Garden Grove	Yes	Yes	Yes	Yes
Huntington Beach <sup>3</sup>	N/A	N/A	N/A	N/A
Irvine	Yes	Yes	Yes	Yes
La Habra	Yes	Yes	Yes	Yes
La Palma	Yes	Yes	Yes	Yes
Laguna Beach	Yes	Yes	Yes	Yes
Laguna Hills	Yes	Yes	Yes	Yes
Laguna Niguel	Yes	Yes	Yes	Yes
Laguna Woods	Yes	Yes	Yes	Yes
Lake Forest	Yes	Yes	Yes	Yes
Los Alamitos	Yes	Yes	Yes	Yes
Mission Viejo	Yes	Yes	Yes	Yes
Newport Beach	Yes	Yes	Yes	Yes
Orange	Yes	Yes	Yes	Yes
Placentia	Yes	Yes	Yes	Yes
Rancho Santa Margarita	Yes	Yes	Yes	Yes
San Clemente	Yes	Yes	Yes	Yes
San Juan Capistrano	Yes	Yes	Yes	Yes
Santa Ana	Yes	Yes	Yes	Yes
Seal Beach	Yes	Yes	Yes	Yes
Stanton	Yes	Yes	Yes	Yes
Tustin	Yes	Yes	Yes	Yes
Villa Park	Yes	Yes	Yes	Yes
Westminster	Yes	Yes	Yes	Yes
Yorba Linda	Yes	Yes	Yes	Yes

1. The City of Buena Park is excluded as the local jurisdiction was found ineligible to receive net M2 revenues by the Orange County Transportation Authority's Board of Directors on May 28, 2024, due to disallowed LFS expenditures.

2. MOE was established in 1991 with the first Measure M Program using a five-year average of the level of funding local jurisdictions spent on streets and roads between 1985 and 1990. However, Orange County Public Works and their predecessor agencies received sufficient gas tax subventions and other transportation specific funding from state, federal, and other local sources, which were required to be used for transportation. As such, they did not and do not use discretionary funds for transportation purposes. The County uses a number of fund sources for transportation including gas tax subvention or Highway User Tax Account, federal grants, assessment districts, developer impact fees, and other transportation specific fund sources.

3. The City of Huntington Beach is excluded as the local jurisdiction was found ineligible to receive net M2 revenues by the Orange County Transportation Authority's Board of Directors on May 12, 2025, due to disallowed LFS expenditures.

**Acronyms**

- FY - Fiscal Year
- M2 - Measure M2
- MOE - Maintenance of Effort