



February 2, 2026

To: Regional Transportation Planning Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Measure M2 Annual Eligibility Review

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 30, 2025, was received and reviewed and is ready for the Orange County Transportation Authority Board of Directors' consideration to find 33 of Orange County's 35 local jurisdictions (excluding the cities of Buena Park and Huntington Beach) as eligible to continue receiving Measure M2 net revenues.

Recommendations

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

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 is 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 Program (CMP), Mitigation Fee Program (MFP), 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 30, 2025.

Discussion

All 35 local jurisdictions submitted the required M2 eligibility verification documents prior to OCTA's June 30, 2025, 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,
- Circulation Element/Master Plan of Arterial Highways consistency,
- CMP,
- Expenditure Reports,
- Land-use planning strategies,
- Maintenance of Effort,
- MFP,
- No supplanting of developer funds,
- PMPs,
- Timely submittal of project final reports,
- Timely use of net revenues, and
- Traffic Forum participation.

The TOC-designated Annual Eligibility Review (AER) Subcommittee convened to review the CMP, MFP, and PMP eligibility components. Based on the staff and AER Subcommittee's review, the TOC formally confirmed its required review at its December 9, 2025, meeting.

Based on staff and TOC review, OCTA staff recommend that 33 of Orange County's 35 local jurisdictions, excluding the cities of Buena Park and Huntington Beach, 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.

The cities of Buena Park and Huntington Beach 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 previous and separate Board of Directors' (Board) actions. The separate Board actions took place on May 28, 2024, and May 14, 2025, 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 Huntington Beach fulfill the respective requirements, staff is not recommending any modification to their existing M2 ineligible status. Staff is continuing to work 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 Buena Park would satisfy the second year and the City of Huntington Beach would satisfy the first year of a required five-year ineligibility period as specified in the M2 Ordinance.

Summary

In December 2025, the TOC convened and affirmed it had received and reviewed the required M2 eligibility documentation due at this time for all local jurisdictions. OCTA staff has also reviewed all submittals required for this cycle and found them to be in conformance with the 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 30, 2025, and December 31, 2025
- B. Measure M2 Eligibility Review Summary Submittals Due in 2025

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