2027 Comprehensive Transportation Funding Programs Guidelines

Technical Steering Committee Review: Questions and Answers

OVERVIEW, FUNDING SOURCES, DEFINITIONS, PRECEPTS, CHAPTER 3 – SAFE TRANSIT STOPS AND CHAPTER 6 – COMMUNITY-BASED TRANSIT/CIRCULATOR

OVERVIEW – OCTA RESPONSIBILITY

1. **Question:** If Local Programs is responsible for verifying M2 eligibility status before award, what would the penalty be for a jurisdiction if ineligible costs are identified?

   Answer: Local Programs is responsible for verifying each local jurisdiction's ongoing M2 eligibility status to ensure the jurisdiction remains eligible to receive M2 funds. Ineligible costs identified in CTFP projects are deducted from the eligible funding/reimbursement amount to the local jurisdiction or repaid back to OCTA.

2. **Question:** Can OCTA add the webpage link to the M2 Eligibility Guidelines?

   Answer: The M2 Eligibility Guidelines link has been added to the Comprehensive Transportation Funding Programs (CTFP) Guidelines.

3. **Question:** Can OCTA provide additional information regarding what the audit process may entail? Some jurisdictions have limited experience with this process, and additional clarification regarding audit requirements and purpose would be helpful.

   Answer: For CTFP projects, the audit process or agreed upon procedures review is primarily intended to confirm that jurisdictions have appropriate documentation to support project costs and demonstrate that funds were used consistent with the approved project, funding agreement, and applicable program requirements. In general, this may include a review of invoices, proof of payment, reimbursement records, procurement documentation, staff or consultant charges, and other supporting materials tied to the project costs being claimed.

OVERVIEW – LOCAL JURISDICTIONS' RESPONSIBILITY

4. **Question:** How will the quarterly reporting affect the workload and how will it be applied as this is an additional workload for both OCTA and the local jurisdiction?

   Answer: OCTA originally proposed progress payment submissions on a quarterly basis. Based on TSC feedback, the submittal frequency was reduced to a semi-annual basis. Progress payment must be submitted no later than February 15th and August 15th.

DEFINITIONS

5. **Questions:** Can OCTA add examples to clarify the term "betterment"?

   Answer: OCTA added examples to the definition of "betterment" and included additional examples in Chapter 7 – Regional Capacity Program. Examples include gates, minor parking lot restriping, and underground utilities.

6. **Question:** The proposed revisions to the term "construction engineering" removed design services, which were previously included under "construction support." Can OCTA add design services back into the definition?

   Answer: Design services were inadvertently removed when the term was revised. They have been added back into the definition of "construction engineering."

7. **Question:** Can OCTA add examples to clarify the term "cost overrun"?

   Answer: A new section titled "Cost Overruns" was added to Chapter 2 – Project Programming. This section includes examples for additional clarification. Examples include increases in construction, material, or equipment costs above original estimates, labor cost increases, budget shortfalls due to underestimated costs at the time of application, expenses resulting from project delays or extended schedules, unforeseen site conditions, and general market-driven cost escalation following programming approval.

8. **Question:** For the term "escalation," can OCTA add examples since jurisdictions may apply cost escalation differently?

   Answer: Written guidance and a table example of the escalation methodology were added to the Project Cost Escalation section of Chapter 2 – Project Programming. The included calculation example is shown below:

For example:

The three-year funding period for the 2026 call for projects corresponds to the following fiscal years:

- Year 1: FY 2026-27
- Year 2: FY 2027-28
- Year 3: FY 2028-29

If a jurisdiction submits a project funding request with right-of-way programmed (or anticipated to start) in Year 1 (FY 2026-27) and construction programmed in in Year 3 (FY 2028-29), the escalation will only apply to the construction phase. OCTA will escalate the construction costs by the CCI-based adjustment factor beginning in Year 2 (FY 2027-28) of the funding cycle and continue compounding through Year 3. Refer to the table below for an example.

Escalation Adjustment Factor, CCI = 2.8%*			
2026 Call Year	**Fiscal Year (FY)**	**Adjustment**	**Escalation %**
1	FY26/27	(1.028)^0 = 1.00	100.0%
2	FY27/28	(1.028)^1 = 1.028	102.8%
3	FY28/29	(1.028)^2 = 1.0568	105.7%

**Example based on January 2026 ENR CCI 20-City Average.*

2026 Call - Project Cost Escalation							
Phase	**M2 Request** (A)	**Programming Year** (B)	**Programmed FY**	**Escalation %**	**FY 26/27** (= A x B)	**FY 27/28** (= A x B)	**FY 28/29** (= A x B)
ROW	$ 2,500,000	1	FY 26/27	100.0%	$ 2,500,000		-
Construction	$ 800,000	3	FY 28/29	105.7%		-	$ 845,427

If a local jurisdiction requests a delay to the project schedule after funding has been awarded by the Board, the project will not be escalated beyond the escalation amount associated with the original approved schedule.

PRECEPTS

9. **Question:** For Precept 11 (contingency allowance), what documentation will be needed to support a request for higher contingency? Can OCTA add examples of supporting documentation?

   Answer: Examples of the supporting documentation were added within the "Project Cost Estimate" Form section of the Chapter 7 – Regional Capacity Program. Examples include documentation that identifies specific project risks that justify the increase, potential scope changes, and any uncertainties in right of way or construction that could justify exceeding the 10 percent threshold.

10. **Question:** Precepts 20 and 21 (timely use of funds) were revised to state that "work must be carried out" within 36 months of encumbrance. The phrase "work must be expended" was clearer. Can OCTA further refine this language?

    Answer: Precepts 20 and 21 were revised to state that "work must be carried out" within 36 months of encumbrance. The prior phrase, "work must be expensed," caused confusion regarding whether eligibility was based on when project work was performed or when costs were incurred. As a result, some costs for eligible project-related work completed before the expenditure deadline were deemed ineligible because the costs were incurred after the deadline, making them the responsibility of the local jurisdiction. The revised language clarifies that project work must be completed within the established timely use of funds deadline, consistent with program requirements.

11. **Question:** For Precept 23 (OCTA branding), can OCTA add examples of the minimum requirements?

    Answer: OCTA's internal marketing team created a webpage with guidance on the following:

    - Guidelines for Funding Recipients,
    - Medial Releases and Written Communications
    - Public Events and Speaking Engagements
    - Measure M Boilerplate
    - The Logo
    - Using the Logo – including the EPS and PNG files
    - Logo Misuse
    - Social Media Guidelines

    The webpage can be found at the following link: https://www.octa.net/about/about-octa/measure-m-branding-and-media-guidelines.

12. **Question:** For Precept 37 (initial payment and progress payment process), reducing the initial payment amount to 20% is significant. Can OCTA consider a 50% initial payment amount?

    Answer: OCTA understands the importance of ensuring local jurisdictions have sufficient cash flow to initiate and advance projects. Staff originally recommended a 20 percent initial payment based on actual expenditure data, which showed that, on average, jurisdictions expended approximately 18 percent for Project O and 15 percent for Project P during the first six months of project activity.

    After considering local jurisdiction cash flow needs, staff increased the proposed initial payment to 30 percent. This provides additional upfront funding while maintaining the benefits of the proposed progress payment process. After the initial six months of work, jurisdictions would be able to submit a progress payment request based on actual project progress and incurred costs and receive payment for that work, allowing them to retain the initial payment for cash-flow purposes. The initial payment and progress payments combined could reimburse agencies up to 90 percent before project closeout.

    Increasing the initial payment to 50 percent may exceed typical early project expenditures and reduce the benefit of tying payments to project progress and supporting documentation. The proposed 30 percent initial payment provides a balanced approach that supports agency cash flow while improving documentation, accountability, and consistency across grant amounts.

    The new progress payment process is also intended to benefit local jurisdictions by allowing OCTA to review supporting documentation earlier in the project life cycle, rather than waiting until closeout when records may be harder to locate and project staff may have changed. This earlier review provides jurisdictions with an opportunity to identify and address documentation issues sooner, reducing the risk of costs being questioned or deemed ineligible at the end of the project. For engineering phases, progress payments can help identify potential eligibility concerns during design, before certain ineligible elements advance too far. For construction phases, they allow invoices, prior rights documentation and project records to be reviewed while they are still readily available and contractors/vendors remain accessible to answer questions or correct invoices. For right-of-way phases, earlier review can help identify missing or incomplete documentation before closeout, which is especially important given the challenges jurisdictions have noted in compiling required right-of-way documentation later in the process such as parcel maps, offer letters, final escrow documents and appraisals. Overall, the process is intended to improve communication, reduce closeout issues, and support more complete and timely reimbursement requests.

13. **Question:** For Precept 37 (initial payment and progress payment process), will the guidelines state how long OCTA will take to complete its review of progress payment requests?

Answer: The guidelines have been updated to include a 180-day timeframe for OCTA's review of final payments. This requirement is intended to hold OCTA accountable for completing final payment reviews in a timely manner, while providing greater clarity and predictability in the payment review process. Adjustments to the timeframe will be considered after this new process has been implemented and data can be collected on actual turnaround times.

14. **Question:** For Precept 42 (appeal process), it may be problematic to use a fixed dollar amount as the minimum threshold because some agencies may have smaller grants. Can the proposed language be revised to state "$100,000 or 10 percent, whichever is less"?

    Answer: The proposed appeals language was revised to include a 10 percent minimum threshold to account for smaller dollar amount grants that would not meet the $100,000 minimum.

CHAPTER 2 – PROJECT PROGRAMMING

SEQUENTIAL PROGRAMMING PROCESS – RCP

15. **Question:** For Fast Track approach requests (seeking funds for planning and implementation phases at the same time), the proposed language states that "jurisdictions may be asked to provide justification for the request." Was the use of "may" intentional, or should the language state "must"?

    Answer: The use of "may" is intentional, as certain projects may require coordination with Caltrans.

PROJECT COST ESCALATION

16. **Question:** If there is a delay request for a project, does the escalation factor also change?

    Answer: Projects will not be escalated beyond the escalation amount associated with the original programming schedule approved by the Board. Clarifying language was added to the proposed guideline revisions.

TIMELY USE OF FUNDS

17. **Question:** How does OCTA define "incurred"?

    Answer: Revisions were made as part of Precepts 20 and 21 (timely use of funds), and those revisions were also applied to this section.

18. **Question:** For the RCP and RTSSP project phases, does the time to expend the funds start from the time of application or from encumbrance?

    Answer: The timeframe to expend funds begins at the time of encumbrance.

SEMI-ANNUAL REVIEW

19. **Question:** For administrative delays, can OCTA add "calendar days" to the proposed revised language?

    Answer: The proposed language was revised to specify that administrative delay requests and proof of advertisement must be received by OCTA no less than 30 "calendar days" prior to the award deadline.

OCTA BRANDING

20. **Question:** Can additional context and background be added regarding OCTA branding requirements?

    Answer: The proposed language was further refined to add additional context, and the link to the OCTA branding webpage was added. The webpage can be found at the following link: https://www.octa.net/about/about-octa/measure-m-branding-and-media-guidelines.

CHAPTER 7 – REGIONAL CAPACITY PROGRAM (RCP OR PROJECT O)

APPLICATION REVIEW PROCESS

21. **Question:** Can the required travel lane width be reduced to 10.5 feet, while maintaining a 12-foot requirement when the lane is adjacent to a raised median or other obstruction to accommodate buses and trucks?

    Answer: OCTA considered the TSC's recommendation to reduce the minimum requirement without additional justification to 10 ½ feet. After further review by OCTA's Transit Planning and Transit Operations, the standard minimum travel lane width for arterial highways should be 11 feet as travel lanes regularly used by transit vehicles, including outside curb lanes where buses operate, should be no less than 12 feet in width. Despite this, funding for proposed travel lane widths less than 11 feet will still be considered with additional justification and approval by OCTA Transit Planning.

FUNDING

22. **Question:** Can a local jurisdiction obtain OCTA approval of eligible and ineligible costs during the design phase, before submitting an application for construction?

    Answer: OCTA may provide a contingent approval; however, it can be difficult as things may change by the time a local jurisdiction submits a construction application. Prior authorization of eligible costs for right of way, construction, and primary implementation would still be required following Board approval to fund the recommended project.

POTENTIALLY ELIGIBLE ITEMS

23. **Question:** Should aesthetic improvements and landscaping be treated as separate eligible funding categories, with separate limits, so that landscaping costs do not reduce the amount available for other aesthetic improvements?

    Answer: Historically, the 10% threshold for aesthetic improvements has not been an issue. OCTA recognizes that some projects may have larger landscaping components, particularly in highly visible corridors or areas with jurisdictional design standards. The reason enhanced landscaping is grouped with aesthetic improvements is not to diminish its value, but because it functions as an enhancement beyond the core transportation improvement. The intent of the M2 RCP program is to prioritize transportation benefits such as congestion relief, operational improvements, and arterial performance. The 10% limitation helps preserve that focus while still allowing a reasonable amount of funding for project-related aesthetic features.

24. **Question:** Can enhanced landscaping be added as part of the potentially eligible items?

    Answer: Enhanced landscaping has been added as a potentially eligible item. However, it will be included within the single 10% threshold for aesthetic improvements. One aesthetic improvement category keeps the guidelines clear, consistent, and easier to administer.

25. **Question:** Regarding the eligibility of storm drain systems being contingent upon a hydrology report, not all projects require a hydrology report. Does the proposed language mean that local jurisdictions will now be required to prepare a hydrology report for storm drains to be eligible?

    Answer: The intent of the proposed language is not to add work for local jurisdictions. Rather, OCTA is attempting to add a safeguard to prevent M2 funds from paying for regional storm drain projects. Based on TSC feedback, the proposed language was revised to allow storm drain systems to be eligible as required for the MPAH road improvement. Eligibility is limited to storm drain improvements that are necessary as a direct result of the MPAH roadway enhancement and are needed to support the delivery of the roadway improvement. OCTA may request supporting documentation from the local jurisdiction to demonstrate that the storm drain improvements are required due to the MPAH roadway improvement and are not part of a separate regional storm drain project or broader drainage system improvement.

INELIGIBLE ITEMS

26. **Question:** Should enhanced landscaping be listed as an eligible expense, since some enhanced landscaping features are important to the overall aesthetics of local jurisdictions?

    Answer: Enhanced landscaping has been moved to the “Potentially Eligible” section of the guidelines and is subject to the 10% threshold. The “Ineligible Items” section has also been revised to clarify that “statues, ornaments, fountains, or similar items” are not eligible, consistent with past practice.

CHAPTER 8 – REGIONAL TRAFFIC SIGNAL SYNCHRONIZATION PROGRAM (RTSSP OR PROJECT P)

INELIGIBLE ITEMS

27. **Question:** Caltrans has recently updated its requirements for poles in high-wind areas. Can poles be considered an eligible item?

    Answer: No, the intent of the program is to synchronize traffic signals not to support State mandates required for local jurisdiction infrastructure.

CHAPTER 9 – ENVIRONMENTAL CLEANUP PROGRAM AND CHAPTER 10 – REIMBURSEMENTS AND REPORTING

There were no questions for Chapter 9 – Environmental Cleanup Program

PROCEDURES FOR RECEIVINGS FUNDS

28. **Question:** The proposed progress payment submittal deadline may be problematic for certain agencies, as March through June is budget season for most local jurisdictions, and December is year end. It may also be confusing for local jurisdictions to remember when to submit their progress payments.

    Answer: The revised language now states that progress payments must be submitted no later than February 15th and August 15th for all jurisdictions.

TIMELY M2 PROJECT FINAL REPORTS

29. **Question:** How should the local jurisdiction notify OCTA and who should they notify when a project or project phase has been completed?

    Answer: Local jurisdiction should email OCTA at M2ProjectFinalReport@octa.net when they complete a project phase. This new email address has also been added within the guidelines, specifically for this purpose.

APPEAL PROCESS

30. **Question:** What is the timeframe for local jurisdictions to submit an appeal? The proposed language should include a timeframe to prevent appeals from being submitted for issues that occurred years ago. Can staff look into adding a timeframe, perhaps within two semi-annual review cycles?

    Answer: The proposed language was revised to include a timeframe of two semi-annual reviews cycles following OCTA's payment determination.

31. **Question:** Can staff further refine the proposed language to clearly define the role of the TSC in the appeal process?

Answer: The proposed language was revised to state that the TSC will review the appeal and make a recommendation to the TAC to approve the appeal as presented, deny the appeal, or partially approve the appeal. The proposed language was further revised to clarify that the Board has the ultimate decision-making authority on the appeal and that the TAC makes its recommendation to the Board.

INITIAL PAYMENT REQUEST

32. **Question:** Under Initial Invoice, it may be problematic for local jurisdictions to provide a city council budget allocation when the jurisdiction decides to use in-house workforces to complete the project phase. Will OCTA accept another type of documentation?

    Answer: The language was revised to state that a confirmation memo from the local jurisdiction is acceptable. The existing language was also moved from the invoice requirement section to the documentation requirement section for decisions to use local agency forces.

33. **Question:** Under the Project and PS&E Certification Form, what is the "materials report"?

    Answer: The materials report was removed from the guidelines because it is not a required document for the reimbursement process.

34. **Question:** Under Documentation of Contract Award, at what point are you looking for the documents to be certified?

    Answer: OCTA is looking for documentation showing that a contract was awarded or that council action was taken. In this instance, OCTA would require a certified minute order, rather than a council agenda or draft minute order.

PROGRESS PAYMENT

35. **Question:** Under the Project Payment Form, the proposed language states that lump sum submissions will not be accepted. However, certain items are bid as lump sums, and it may not make sense or may be difficult to itemize those costs. Can staff add "as applicable" to the proposed language?

    Answer: The proposed language was revised to include "as applicable." The revised language now states that lump sum submissions, as applicable, will not be accepted and will be returned to the local jurisdiction for revisions, and the payment request will be removed from the queue.

36. **Question:** The proposed language states that progress payments must be signed and certified by the project manager. However, the project manager may not have signing authority to pay or certify costs in some jurisdictions; that authority may belong to someone from the finance department or someone at a higher level than the project manager. Can the language be revised to align with the revisions made under the Project and PS&E Certification Form?

Answer: The proposed language was revised to state that the Public Works Director or an appropriate authorized equivalent must sign and certify that the costs listed on the progress payment form are true and accurate.