



July 1, 2024

To: Regional Transportation Planning Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Measure M2 Eligibility Review Recommendations for Fiscal Year 2022-23 Expenditure Reports

Overview

Measure M2 Ordinance No. 3 requires that all Orange County local jurisdictions satisfy specific eligibility requirements on a cyclical basis to receive Measure M2 net revenues. As part of this requirement, fiscal year 2022-23 expenditure reports and resolutions were submitted to the Orange County Transportation Authority by the local jurisdictions. Board of Directors' approval is requested to find 33 currently eligible Orange County local jurisdictions eligible to continue receiving Measure M2 net revenues.

Recommendation

Approve 33 of Orange County's 35 local jurisdictions as eligible to continue receiving Measure M2 net revenues.

Background

Local jurisdictions must meet Measure M2 (M2) eligibility requirements and submit eligibility verification packages to the Orange County Transportation Authority (OCTA) to remain eligible to receive M2 net revenues. There are 13 eligibility requirements that local jurisdictions must satisfy. 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 confirms all M2 eligibility requirements, M2 Ordinance No. 3 (M2 Ordinance) specifies that the Taxpayer Oversight Committee (TOC) also reviews five of these requirements. These include the:

Congestion Management Program (CMP)
Mitigation Fee Program (MFP)

Local Signal Synchronization Plan (LSSP)
Pavement Management Plan (PMP)
Expenditure reports

The CMPs, MFPs, LSSPs, and PMPs are due each year in June and are typically approved by the OCTA Board of Directors (Board) the following winter. Expenditure reports are due each year in December, six months after the close of the fiscal year (FY), and are typically approved by the Board the following summer. Expenditure reports incorporate all M2-related transportation expenditures, including maintenance of effort (MOE) spending levels. MOE is the amount of discretionary funding (e.g., general fund revenues) that local jurisdictions must spend on streets and roads purposes to ensure that they are not supplanting discretionary transportation spending with M2 revenues.

Per the M2 Ordinance the TOC is responsible for the receipt and review of expenditure reports, which is the subject of this report. To assist with this responsibility, the TOC has designated an Annual Eligibility Review (AER) subcommittee to initially receive and review required M2 eligibility submittals prior to consideration by the full TOC. The TOC review process for this eligibility cycle is now complete, and a summary is provided below.

Discussion

All local jurisdictions submitted their FY 2022-23 expenditure reports and required resolutions consistent with the December 29, 2023, deadline. Staff carried out a technical review of all reports from Orange County local jurisdictions. The M2 Eligibility Review Summary for FY 2022-23 Expenditure Reports is provided in Attachment B. While all reports were submitted by the local agencies and reviewed by staff, on May 28, 2024, the Board found the City of Orange ineligible to receive M2 net revenues due to not meeting the MOE requirement and also found the City of Buena Park ineligible to receive M2 net revenues for five years due to unsupported uses of M2 Local Fair Share to cover indirect project expenditures. Therefore, information on their expenditure reports is not included.

The FY 2022-23 expenditure reports for the other 33 local jurisdictions were presented to the AER Subcommittee at their May 28, 2024, meeting. AER Subcommittee members affirmed receipt and review of FY 2022-23 expenditure reports for the currently eligible local jurisdictions. At the June 11, 2024, TOC meeting, the TOC members received the AER Subcommittee's report on these materials and formally affirmed TOC receipt and review of FY 2022-23 expenditure reports, consistent with the M2 Ordinance requirement.

As the TOC has now completed its review, staff is recommending that the Board approve 33 of Orange County's 35 local jurisdictions as eligible to continue receiving M2 net revenues.

Summary

In June 2024, the OCTA TOC convened and affirmed that it had received and reviewed the required FY 2022-23 M2 expenditure reports for the 33 eligible local jurisdictions. Two local jurisdictions were not reviewed as they are currently ineligible. Board approval is recommended to find the 33 local jurisdictions eligible to continue receiving M2 net revenues.

Attachments

- A. Measure M2 Eligibility Requirements and Submittal Schedule Summary
- B. Measure M2 Eligibility Review Summary of Fiscal Year 2022-23 Expenditure Reports

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