



**February 5, 2024**

**To:** Regional Transportation Planning Committee

**From:** Darrell E. Johnson, Chief Executive Officer

**Subject:** Measure M2 Annual Eligibility Review

### **Overview**

The Measure M2 Ordinance 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, 2023, was received and reviewed by the Taxpayer Oversight Committee and Orange County Transportation Authority staff. Board of Directors' approval is requested to find 34 of Orange County's 35 local jurisdictions (excluding the City of Cypress) as eligible to continue receiving Measure M2 net revenues.

### **Recommendations**

- A. Approve 34 of Orange County's 35 local jurisdictions (excluding the City of Cypress) as eligible to continue receiving Measure M2 net revenues.
- B. Receive and file the Measure M2 eligibility verification documents submitted by the City of Cypress.

### **Background**

Local jurisdictions must meet Measure M2 (M2) eligibility requirements required by the Ordinance and submit eligibility verification packages to the Orange County Transportation Authority (OCTA) annually in order 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 for 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 also review a subset of these requirements. These include the Congestion Management

Plan (CMP), Mitigation Fee Program (MFP), Local Signal Synchronization Plan (LSSP), Pavement Management Plan (PMP), and Expenditure Report.

Generally, local jurisdictions must submit the required documentation on or before June 30, 2023. These submittals are reviewed by staff and the TOC in the fall of each year. Expenditure Reports are due on December 31, 2023, six months after the close of the fiscal year, and are reviewed the following spring. This item addresses the submittals due for the June 30, 2023.

### ***Discussion***

All 35 local jurisdictions submitted the required M2 eligibility verification documents prior to OCTA's June 30, 2023, deadline. OCTA staff reviewed all local jurisdictions' eligibility verification documents to ensure completion, accuracy, and consistency with M2 Ordinance requirements. The eligibility requirements reviewed by OCTA staff included the Capital Improvement Program, Circulation Element/Master Plan of Arterial Highways consistency, maintenance of effort (MOE), no supplanting of developer fees, timely submittal of project final reports, timely use of net revenues, traffic forum participation, and transit and non-motorized transportation land-use planning strategies. All of the submitted documents were in conformance with the M2 requirements.

The TOC-designated Annual Eligibility Review (AER) Subcommittee was convened to review the CMP, LSSP, MFP, and PMP<sup>1</sup> eligibility components. Based on the staff and AER Subcommittee's review, the TOC formally confirmed its required review at its December 12, 2023, meeting.

Based on staff and TOC reviews, OCTA staff recommends that 34 of Orange County's 35 local jurisdictions, excluding the City of Cypress (City), be found eligible to continue receiving M2 net revenues. A summary of the findings for the 12 M2 eligibility components that were due for this cycle is provided in Attachment B.

The City submitted the required documentation to satisfy M2 eligibility submittal requirements this cycle; however, the City is currently ineligible to receive net M2 revenues due not meeting the MOE requirement for fiscal year 2022-23. There is a separate Board of Directors (Board) action, which took place on May 22, 2023, and included an interagency agreement outlining how the City can fulfill their eligibility requirements and resume receiving M2 net revenues. Although the M2 eligibility verification documents submitted by the City fulfill the respective requirements, staff is not recommending that this review will modify their existing M2 ineligible status. The review of these materials will be helpful in

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


ensuring and maintaining timely M2 compliance should the Board find the City eligible for M2 funds upon resolution of prior MOE shortcomings. The City is expected to meet outstanding MOE eligibility requirements by May 2025.

**Summary**

In December 2023, 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 the other 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 34 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 one currently ineligible local jurisdiction.

**Attachments**

- A. Measure M2 Eligibility Requirements and Submittal Schedule Summary, Due June 30, 2023, and December 31, 2023
- B. Fiscal Year 2023-24, Measure M2 Eligibility Review Summary

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