




May 6, 2024

To: Regional Transportation Planning Committee

From: Darrell E. Johnson, Chief Executive Officer 

Subject: Measure M2 Comprehensive Transportation Funding Programs – Proposed Off-Cycle Guidelines Revisions

Overview

The Measure M2 Comprehensive Transportation Funding Programs guidelines provide the mechanism for administration of Measure M2 competitive funding programs. Staff has updated the Comprehensive Transportation Funding Programs guidelines to comply with recent recommendations by the Orange County Transportation Authority Internal Audit department to incorporate requested changes from local jurisdictions, and to clarify and streamline requirements. Updates to the guidelines are presented for the Board of Directors' consideration and approval.

Recommendation

Approve revisions to the Comprehensive Transportation Funding Programs guidelines.

Background

The Measure M2 (M2) Ordinance includes seven competitive funding programs that provide funding to local agencies to support streets and roads improvements (projects O and P), transit services and improvements (projects S, T, V, and W), and environmental cleanup to reduce roadway runoff (Project X). The information in the Ordinance on these programs includes a general description of each program goal, in some cases, what types of projects are eligible, and basic requirements, but leaves the administration of the programs to be managed through the guidelines. Staff reviews the guidelines annually with local jurisdiction staff through either the Technical Advisory Committee (TAC) or stakeholder meetings and workshops to consider and discuss updates to the M2 Comprehensive Transportation Funding Programs (CTFP) guidelines, and then takes recommended changes to the Board of Directors (Board) for approval. The CTFP guidelines (Guidelines) identify eligible project features, procedures, and requirements that local jurisdictions must satisfy to apply for M2 funding. It also outlines the criteria that is used to evaluate and rank project applications.

The Guidelines also define how local jurisdictions can seek reimbursement once funds are awarded.

The Guidelines were first approved by the Board on March 22, 2010. Subsequent revisions are typically reviewed and approved by the Board as part of the staff's request to issue a CTFP call for projects (call). The Guidelines were most recently updated and approved in February 2024 when the Board authorized the Project X Tier 1 and Tier 2 calls. Each program has a specific objective and set of project selection criteria detailed in separate chapters contained within the Guidelines. The changes authorized with each call issuance are generally focused on a specific program and the lessons learned from recent programming cycles.

Discussion

In the past year, OCTA's internal auditor has made recommendations to include clarifications within the Guidelines related to timely use of funds, the encumbrance of funds and scope changes. Additionally, feedback was provided by the TAC to improve project delivery and consider options to streamline the CTFP payment process. In order to address these recommendations and feedback, staff has conducted an off-cycle review of the Guidelines and developed proposed revisions. The proposed revisions have been presented to the TAC and the Technical Steering Committee (TSC) (a smaller subset of the TAC representatives for which membership is approved by the Board and are responsible for review and consideration of highly technical recommendations) and are fully supported by both.

A summary of the more significant recommended modifications is provided below. More detail is provided in Attachment A, which includes a table of the 77 proposed changes, as well as Attachment B, which provides a red-line version of the Guidelines in track changes format. It should be noted that proposed revisions deemed non-substantive (i.e., wording/grammatical, streamlining, and minor clarifications) are generally not identified in this report.

Guideline updates for this off-cycle review include new and updated definitions, clarifications and changes to relevant precepts, changes to programming requirements, some clarification on scope changes for Project V, and changes related to required documentation for final payments. The most significant of the proposed revisions include the following:

- Definitions for construction support, construction/construction activities, environmental mitigation, and project phase completion have been updated and clarified.
- Match requirements have been clarified to mean cash match unless specifically stated otherwise in the program chapter.
- Jurisdictions are required to competitively procure contractors and consultants consistent with state law, but changes were made to the guidelines to clarify that a competitive procurement is not required if an agency provides a justification for using and is using internal staff or workforce to carry out work.
- The Ordinance provides flexibility for the period of time it takes for agencies to complete signal and roadway projects. The Guidelines currently have the same relatively strict timely-use of funds requirements for all projects and programs; these have been updated to provide some flexibility to consider the project schedule for street and roads projects at the outset.
- The limitation on how much funding may be used for construction support in the construction phase has been clarified to allow up to 20 percent of the grant award to be used for construction support.
- Consistent with recommendations from the Internal Audit department, additional information for scope changes for transit projects has been included.
- Clarification of required documentation for right-of-way reimbursement requests has been added.
- The proration of general costs for a project that is delivering M2 work while also delivering non-M2 work has been updated to clearly state that M2 will only reimburse the prorated eligible cost.
- Consistent with recommendations from the Internal Audit department, the start of the timely-use of funds period has been further defined.

The Guidelines revisions were presented to the TAC and TSC in March 2024, and both committees recommend Board approval. Accordingly, these proposed revisions are now being submitted to the Board for final consideration and approval.

Next Steps

With Board approval of the recommended changes, the updated Guidelines would apply to projects programmed through the 2024 calls and will also be carried forward in future guidelines as they are presented to the Board.

Summary

In response to recommendations made by OCTA's internal auditor and local jurisdictions, staff performed an off-cycle review of the Guidelines and is seeking approval of recommended modifications.

Attachments

- A. 2024 Comprehensive Transportation Funding Programs Guidelines (Off Cycle) – Proposed Changes List
- B. Guidelines Excerpt, 2024 Comprehensive Transportation Funding Programs Guidelines

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