



July 7, 2025

To: Regional Transportation Planning Committee
From: Darrell E. Johnson, Chief Executive Officer
Subject: Measure M2 Eligibility Review Recommendations

Overview

The Measure M2 Ordinance No. 3 requires that all local jurisdictions annually satisfy specific eligibility requirements to receive Measure M2 net revenues. As part of this requirement, the pavement management plans and expenditure reports were submitted to the Orange County Transportation Authority by the local jurisdictions. Board of Directors' approval is requested to find 33 of Orange County's 35 local jurisdictions (excluding the City of Buena Park and the City of Huntington Beach) as 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 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 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 review a subset of these components. These include the Congestion Management Plan, Mitigation Fee Program, 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. Expenditure reports must be submitted on or before December 31, six months after the close of the fiscal year (FY). Expenditure reports incorporate all M2-related transportation expenditures and includes the 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. This item addresses the submittals of the PMPs that were due on June 28, 2024 (normally June 30 of each year but fell on a Sunday in 2024) and the expenditure reports that were due on December 31, 2024.

Discussion

All 35 local jurisdictions submitted the required M2 eligibility verification documents by OCTA's June 28, 2024, deadline. OCTA staff conducted a thorough review to ensure completion, accuracy, and consistency with M2 Ordinance requirements. In addition, all local jurisdictions submitted their FY 2023-24 expenditure reports and required resolutions consistent with the December 31, 2024, deadline. Staff carried out a technical review of all reports from Orange County local jurisdictions. A summary of the findings for the M2 eligibility components that were due for this cycle is provided in Attachment B.

The TOC-designated Annual Eligibility Review (AER) Subcommittee convened June 3, 2025, to affirm receipt and review the PMPs¹ and FY 2023-24 M2 expenditure reports for the currently eligible local jurisdictions. At the June 10, 2025, TOC meeting, the TOC members received the AER Subcommittee's report on these materials and formally affirmed TOC receipt and review, 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.

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

Summary

In June 2025, the OCTA TOC convened and affirmed receipt and review of the required PMPs and FY 2023-24 M2 expenditure reports. 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 Submittals from 2024

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