



City of Santa Ana
20 Civic Center Plaza, Santa Ana, CA 92701
Staff Report
December 20, 2022

TOPIC: Adopt OCTA Funding Program Eligibility Requirements

AGENDA TITLE

Resolution to Adopt and Approve for Submission of the Fiscal Year 2021-22 Measure M2 Year-End Expenditure Report and Adopt the Measure M2 Seven Year CIP

RECOMMENDED ACTION

1. Adopt a Resolution approving the Measure M2 Annual Expenditure Report for Fiscal Year 2020-21, and authorize submission of the report to the Orange County Transportation Authority, as required by Measure M2 Funding Eligibility Guidelines.
2. Update the Measure M2 Seven Year CIP for Fiscal Years 2021-2022 through 2027-2028.

DISCUSSION

In November 1990, Orange County voters approved Measure M, a 20-year one-half-cent sales tax to fund transportation projects in Orange County. Sixteen years later, in November 2006, the voters again approved the Renewal of Measure M, referred to as M2, for an additional thirty years. M2 became effective in April 2011, and the net revenues generated by M2 contribute to two types of grant funding: Local Fair Share (LFS) and Competitive. All Orange County cities are eligible for LFS funding which is distributed based on population, number of existing Master Plan of Arterial Highways centerline miles, and taxable sales. Under the competitive component of M2 funding, cities must compete and demonstrate support of regional transportation to successfully qualify for grant monies. Fulfilling M2 eligibility requirements also allows the City to qualify for other regional competitive OC Go M2 grant funding opportunities.

Each year local agencies are required to submit documentation to the Orange County Transportation Authority (OCTA) that includes the End of Year Expenditure Report adopted via Resolution. The Expenditure Report is a detailed financial document submitted by each jurisdiction which is used to track and validate financial activity related to the Renewed Measure M2 and other improvement funds. The report accounts for receipt, interest earned, and use of Measure M2 and other funds while delineating the distribution of actual revenue and expenditures consistent with Maintenance of Effort requirements. Adoption of the Measure M2 Annual Expenditure Report by Resolution

(Exhibit 1) is a required reporting element that must be submitted within six months of the jurisdiction's fiscal year end.

Approval of the second Recommended Action will update the OCTA Measure M2 7-Year CIP Report (Exhibit 2) to include Measure M funded projects that were awarded during prior funding cycles, but have active project expenditures that are being carried forward for future audit compliance.

Staff recommends that the City Council approve both Recommended Actions to continue with the flow of M2 project funding, while maximizing grant compliance under the grant eligibility requirements presented.

ENVIRONMENTAL IMPACT

There is no environmental impact associated with the action.

FISCAL IMPACT

Approval of the Recommended Action will maintain the City's eligibility to receive Measure M2 funds annually. Upon renewal of Measure M2 eligibility, the City of Santa Ana is anticipated to receive an estimated \$5.76 million in LFS funds and potentially over \$30 million in M2 competitive grant funds for Fiscal Year 2022-23. In the past, the City has received an average exceeding \$8 million dollars annually from M2 LFS revenue and competitive fund program allocations combined. If the Recommended Actions are not approved, the City will lose Measure M2 LFS revenue, along with the ability to apply for and receive future OCTA Comprehensive Transportation Funding Program competitive grant funds.

EXHIBIT(S)

1. Resolution – M2 Year-End Expenditure Report
2. Updated Measure M2 Seven Year CIP

Submitted By: Nabil Saba, P.E., Executive Director – Public Works Agency

Approved By: Kristine Ridge, City Manager