



CITY COUNCIL AGENDA REPORT
MEETING DATE: 12/6/2022
DEPARTMENT: Finance

SUBJECT:

APPROVAL OF MEASURE M2 EXPENDITURE REPORT

RECOMMENDED ACTION(S):

Adopt a Resolution entitled: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE FOREST, CALIFORNIA, CONCERNING THE MEASURE M2 EXPENDITURE REPORT FOR THE CITY OF LAKE FOREST

EXECUTIVE SUMMARY:

With the renewal of Measure M (“M2”), local jurisdictions, including the City, are required to submit an annual account of M2 revenue and expenditures to the Orange County Transportation Authority (“OCTA”) by December 31st of each year. In Fiscal Year 2021-22, the City expended approximately \$393,770 of Measure M2 funds for street repaving and slurry seal projects on various streets throughout the community. In addition, the City expended \$54,926 on the Senior Mobility Program and \$53,238 on the Water Quality Program. Prior to submitting the accounting to OCTA, the City Council must adopt, by resolution, the attached M2 expenditure report in the approved OCTA format. Adoption of the proposed resolution and submittal of the expenditure report to the OCTA ensures the City remains eligible for future M2 funding.

BACKGROUND:

In 1990, Orange County voters approved Measure M (1991-2011), a 20-year program for local transportation improvements funded by a half-cent sales tax and entrusted the OCTA to administer the funds. Measure M was designated to fund transportation improvement projects in three major areas – freeways, streets and roads, and transit. The initial Measure M plan ended March 31, 2011. On November 7, 2006, Orange County voters renewed the additional sales tax measure extending the funding for transportation purposes until 2041.

DISCUSSION:

Measure M2 continues funding for transportation purposes until 2041. With the passage of M2, local agencies must continue to demonstrate eligibility. The M2 eligibility process began in the first quarter of Fiscal Year 2010-11 and will continue on an annual basis through 2041. One of the funding requirements emphasizes financial accountability and requires each local agency to submit an expenditure report to the OCTA each year. Specifically, Ordinance No. 3 of the Local Transportation Authority requires the following:

“Local jurisdictions must adopt and provide an annual expenditure report to OCTA to account for M2 funds, developer/traffic impact fees, and funds expended by the jurisdiction to satisfy maintenance of effort requirements.”

Pursuant to the above requirement, staff prepared the report and proposed resolution, which are required within six months of each jurisdiction’s fiscal year end. The report includes all M2 net revenue, fund balances and interest earned, and identifies expenditures by activity type and fund source. In Fiscal Year 2021-22, the City expended approximately \$393,770 of Measure M2 funds for street repaving and slurry seal projects on various streets throughout the community. In addition, the City expended \$54,926 on the Senior Mobility Program and \$53,238 on the Water Quality Program.

FISCAL IMPACT:

There is no fiscal impact associated with the recommended action. However, if this report is not filed, OCTA could potentially suspend or delay M2 funding for the City.

ATTACHMENTS:

1. M2 Expenditure Report Resolution Fiscal Year 2021-22
2. M2 Expenditure Report Fiscal Year 2021-22

Initiated By: Caleb Brown, Accounting Supervisor
Submitted By: Kevin Shirah, Director of Finance/City Treasurer
Approved By: Debra Rose, City Manager