

# 2023 Measure M2 Finance Directors' Workshop

August 22, 2023



# Agenda

- Welcome and Introductions
- Expenditure Report Template
- Expenditure Report Review and Submittal Process
- M2 Timely Use of Funds
- Maintenance of Effort Requirement
- Senior Mobility Program Reporting
- Annual Audits
- Sales Tax Revenue Forecast
- Q&A

# Expenditure Report Template

Sean Murdock  
Director, Finance and Administration

## Program Descriptions

Program Letter	Description
A-M	Freeway Projects
O	Regional Capacity Program (RCP)
P	Regional Traffic Signal Synchronization Program (RTSSP)
Q	Local Fair Share (LFS)
R	High Frequency Metrolink Service
S	Transit Extensions to Metrolink
T	Convert Metrolink Station(s) to Regional Gateways that connect Orange County with High-Speed Rail Systems
U	Senior Mobility Program/Senior Non-Emergency Medical Transportation
V	Community Based Transit/Circulators
W	Safe Transit Stops
X	Environmental Cleanup Program (Water Quality)

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## Schedule 1: Beginning and Ending Balances

Description	Line No.	Amount	Interest
<b>Balances at Beginning of Fiscal Year</b>			
<b>A-M</b> Freeway Projects	1		
<b>O</b> Regional Capacity Program (RCP)	2		
<b>P</b> Regional Traffic Signal Synchronization Program (RTSSP)	3		
<b>Q</b> Local Fair Share	4		
<b>R</b> High Frequency Metrolink Service	5		
<b>S</b> Transit Extensions to Metrolink	6		
<b>T</b> Convert Metrolink Station(s) to Regional Gateways that connect Orange County with High-Speed Rail Systems	7		
<b>U</b> Senior Mobility Program or Senior Non-Emergency Medical Program	8		
<b>V</b> Community Based Transit/Circulators	9		
<b>W</b> Safe Transit Stops	10		
<b>X</b> Environmental Cleanup Program (Water Quality)	11		
Other*	12		
<b>Balances at Beginning of the Fiscal Year (Sum Lines 1 to 12)</b>	13		
Monies Made Available During Fiscal Year	14		
<b>Total Monies Available (Sum Lines 13 &amp; 14)</b>	15		
Expenditures During Fiscal Year	16		
<b>Balances at End of Fiscal Year</b>			
<b>A-M</b> Freeway Projects	17		
<b>O</b> Regional Capacity Program (RCP)	18		
<b>P</b> Regional Traffic Signal Synchronization Program (RTSSP)	19		
<b>Q</b> Local Fair Share	20		
<b>R</b> High Frequency Metrolink Service	21		
<b>S</b> Transit Extensions to Metrolink	22		
<b>T</b> Convert Metrolink Station(s) to Regional Gateways that connect Orange County with High-Speed Rail Systems	23		
<b>U</b> Senior Mobility Program or Senior Non-Emergency Medical Program	24		
<b>V</b> Community Based Transit/Circulators	25		
<b>W</b> Safe Transit Stops	26		
<b>X</b> Environmental Cleanup Program (Water Quality)	27		
Other*	28		

### Common Reporting Issues

- Beginning programming balances do not tie to last year's ending balances (Rows 1-12)
- Total M2 revenue received does not match what was sent by OCTA (Line 14)
- Unreported interest

## Schedule 2: Sources and Uses

	Description	Line No.	Amount	Interest
	<b>Revenues:</b>			
A-M	Freeway Projects	1		
O	Regional Capacity Program (RCP)	2		
P	Regional Traffic Signal Synchronization Program (RTSSP)	3		
Q	Local Fair Share	4		
R	High Frequency Metrolink Service	5		
S	Transit Extensions to Metrolink	6		
T	Convert Metrolink Station(s) to Regional Gateways that connect Orange County with High-Speed Rail Systems	7		
U	Senior Mobility Program or Senior Non-Emergency Medical Program	8		
V	Community Based Transit/Circulators	9		
W	Safe Transit Stops	10		
X	Environmental Cleanup Program (Water Quality)	11		
	Other*	12		
	<b>TOTAL REVENUES: (Sum Lines 1 to 12)</b>	13	\$	\$
	<b>Expenditures:</b>			
A-M	Freeway Projects	14		
O	Regional Capacity Program	15		
P	Regional Traffic Signal Synchronization Program	16		
Q	Local Fair Share	17		
R	High Frequency Metrolink Service	18		
S	Transit Extensions to Metrolink	19		
T	Convert Metrolink Station(s) to Regional Gateways that connect Orange County with High-Speed Rail Systems	20		
U	Senior Mobility Program or Senior Non-Emergency Medical Program	21		
V	Community Based Transit/Circulators	22		
W	Safe Transit Stops	23		
X	Environmental Cleanup Program (Water Quality)	24		
	Other*	25		
	<b>TOTAL EXPENDITURES: (Sum Lines 14 to 25)</b>	26	\$	\$
	<b>TOTAL BALANCE (Subtract line 26 from 13)</b>	27	\$	\$

\* Please provide a specific description.

### Common Reporting Issues

- Program revenue does not tie to what was sent by OCTA (Lines 1-11)
- Other revenue or expenditures are not footnoted (Lines 12, 25)
- Unreported interest

## Schedule 3: Streets and Roads Detailed Use of Funds

Type of Expenditure	Line Item	MOE	Developer / Impact Fee <sup>2</sup>	O	O Interest	P	P Interest	Q	Q Interest	X	X Interest	Other M2 <sup>2</sup>	Other M2 Interest	Other <sup>1</sup>	TOTAL
Indirect and/or Overhead	1														\$
<b>Construction &amp; Right-of-Way</b>															
New Street Construction	2														\$
Street Reconstruction	3														\$
Signals, Safety Devices, & Street Lights	4														\$
Pedestrian Ways & Bike paths	5														\$
Storm Drains	6														\$
Storm Damage	7														\$
<b>Total Construction<sup>1</sup></b>	8														\$
Right of Way Acquisition	9														\$
<b>Total Construction &amp; Right-of-Way</b>	10														\$
<b>Maintenance</b>															
Patching	11														\$
Overlay & Sealing	12														\$
Street Lights & Traffic Signals	13														\$
Storm Damage	14														\$
Other Street Purpose Maintenance	15														\$
<b>Total Maintenance<sup>1</sup></b>	16														\$
<b>Other</b>	17														\$
<b>GRAND TOTALS (Sum Lines 1, 10, 16, 17)</b>	18	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Finance Director Confirmation</b>	19	Any California State Constitution Article XIX streets and road eligible expenditure may be "counted" in local jurisdictions' calculation of MOE if the activity is supported (funded) by a local jurisdictions' discretionary funds (e.g. general fund). The California State Controller also provides useful information on Article XIX and the Streets and Highways Code eligible expenditures in its "Guidelines Relating to Gas Tax Expenditures for Cities and Counties". I have reviewed and am aware of these guidelines and their applicability in calculating and reporting on Maintenance of Effort expenditures. Finance Director Initial:													

### Common Reporting Issues

- MOE expenditures = MOE requirement
- Other expenditures not footnoted

<sup>1</sup> Includes direct charges for staff time + Transportation related only  
<sup>2</sup> Other M2 includes A-M, R, S, T, U, V, and W \* Please provide a specific description

## Schedule 4: Local Fair Share Project List

PROJECT NAME	AMOUNT EXPENDED
	5 -



# Questions?

## Contact Information

Victor Velasquez  
Department Manager  
(714) 560-5592  
[vvelasquez@octa.net](mailto:vvelasquez@octa.net)

Sean Murdock  
Director, Finance and Administration  
(714) 560-5685  
[smurdock@octa.net](mailto:smurdock@octa.net)



# Expenditure Report Review and Submittal Process

Charvalen Alacar  
Section Manager, Measure M2 Local Programs

## Review and Submittal Process

- Submit *draft* M2 Expenditure Report to Kelsey Imler ([kimler@octa.net](mailto:kimler@octa.net)) prior to finalizing staff report for Board of Supervisors/City Council approval
- Submit *adopted* M2 Expenditure Report and Resolution to Kelsey by December 29, 2023
- Expenditure Reports are self-certified by the local agency and OCTA's cursory review is to check for consistency with M2 disbursements
- Local agencies are responsible for accuracy of reporting & withstanding audit scrutiny

# Expenditure Report and Resolution Templates

- Templates can be found at [www.octa.net/OCGoEligibility](http://www.octa.net/OCGoEligibility)

**OC Go Eligibility**

Overview OC Go Eligibility

Every year the Orange County Transportation Authority (OCTA) determines if a local jurisdiction is eligible to receive OC Go funds known as Measure M net revenues. A local jurisdiction must satisfy certain requirements.

**PROJECT CONTACT**  
Kelsey Inler  
(714) 949-5397 | [kimier@octa.net](mailto:kimier@octa.net)

**Requirements to Receive Funds**  
OC Go funds are intended to augment, rather than replace, existing transportation expenditures and therefore local jurisdictions must meet the following requirements to receive the funds:

- Comply with the conditions and requirements of the Orange County Congestion Management Program (CMP).
- Establish a policy which requires new development to pay its fair share of transportation-related improvements associated with their new development.
- Agree that Net Revenues shall not be used to supplant developer funding.
- Consider, as part of the eligible jurisdiction's General Plan, land use and planning strategies that accommodate transit and non-motorized transportation.

See below for more information and resources.

- Workshops
- Guidelines
- Appendices from the Eligibility Guidelines**
- References
- Payments to Local Agencies

## Appendices from the Eligibility Guidelines

- Appendix A: Ordinance
- Appendix C: Congestion Management Program Checklist
- Appendix D: Eligibility Checklist
- Appendix E: Resolutions
- Appendix F: PMP Submittal Template
- Appendix G: Expenditure Report Template
- Appendix G: Expenditure Report Template Instructions
- Appendix G: Expenditure Report Resolution
- Appendix H: Arterial Highway Mileage Change Report
- Appendix I: Maintenance of Effort Certification Form

# Questions?

## Contact Information

Charvalen Alacar  
Section Manager, Measure M2 Local Programs  
(714) 560-5401  
[calacar@octa.net](mailto:calacar@octa.net)

Kelsey Imler  
Transportation Funding Analyst  
(714) 560-5397  
[kimler@octa.net](mailto:kimler@octa.net)



# M2 Timely Use of Funds

Charvalen Alacar

Section Manager, Measure M2 Local Programs

## Timely Use of Funds Expenditure Deadline

- Must expend LFS and SMP funds within **3 years** from disbursement date
- Expenditure extension of up to **2 additional years** may be granted if requested as part of March semi-annual review (contingent upon Board approval)
- For review purposes, OCTA tracks LFS and SMP funds **based on fiscal year** of disbursement plus two additional fiscal years
- Reporting on timely use of LFS and SMP funds **only required once a year** as part of March semi-annual review (Timely Use Verification Form)

LFS = Local Fair Share | SMP = Senior Mobility Program | Fiscal year = July 1 through June 30

# Timely Use of Funds Expenditure Deadline

- Review **Fact Sheets** (Attachment C) for information about LFS and SMP expenditure deadlines and extension process
- Fact Sheets are updated and distributed during the **March semi-annual review**



**ATTACHMENT C**  
**FACT SHEETS**  
 March 2023 Semi-Annual Review

**Local Fair Share Funds Expenditure Deadline**

INFORMATION	
<b>Expenditure Deadline Requirement:</b>	Local agencies are required to expend Local Fair Share (LFS) funds within 36 months from the disbursement date. As of March 2023, the Orange County Transportation Authority (OCTA) tracks expenditures based on the fiscal year (FY) of receipt plus two additional FYs. For example, FY 2020-21 funds received in March 2021 should be expended by the end of FY 2022-23 (June 30, 2023). This tracking method aligns with M2 Eligibility expenditure report submittals, which are reported on a FY basis.
<b>Allowable Extension:</b>	Local agencies may request an extension of up to two additional years. No more than a total of five years from the disbursement date will be allowed. Since OCTA tracks expenditures on a FY basis, extension requests are processed in FY increments for uniform review purposes.
<b>Expenditure Deadline Verification Process:</b>	Agencies will be required to complete and submit a <b>Timely Use of Funds Verification Form</b> during the March semi-annual review (SAR) process. The agency must indicate whether an extension is required. <b>This form must be submitted whether or not an extension is required.</b> Extension requests must be submitted as part of the semi-annual review (SAR) process.
<b>Expiring Funds Consequence:</b>	If the funds are not expended by the expiration date or an extension has not been requested, the agency must return expired funds, including interest earned and related revenues, to OCTA. These funds shall be returned for redistribution within the same source program.
<b>OCTA Contact:</b>	Cynthia Morales
<b>Email Address:</b>	<a href="mailto:cmorales@octa.net">cmorales@octa.net</a>

If an extension is required, the local agency is required to submit the items outlined in the checklist below:

LOCAL AGENCY EXTENSION CHECKLIST	
<input type="checkbox"/>	Notify OCTA when an extension is necessary.
<input type="checkbox"/>	Letter addressed to OCTA requesting an extension. Letter must include justification for the request, the requested extension time frame, and should be addressed to: <b>Charvalen Alcaraz</b> Section Manager, Measure M2 Local Programs 600 S. Main Street

LFS = Local Fair Share | SMP = Senior Mobility Program



## Timely Use of Funds Tracking Process

### Expenditure Deadline (Local Agencies)

3 years

**from** date of  
disbursement

*Disbursement Date: 7/15/23*  
**Exp Deadline: 7/15/26**

### Tracking Process (OCTA)

3 fiscal years

**total**, including fiscal  
year of disbursement

*FY of Disbursement Date: FY24*  
**OCTA Tracks Until: 6/30/26**  
• FY24, FY25, FY26

### Extensions (Semi-Annual Review)

additional 2 years

Request: **only at March**  
**semi-annual review**

*With 2-year Extension -*  
**Exp Deadline: 7/15/28**  
**OCTA Tracks Until: 6/30/28**  
• FY27, FY28

Exp = expenditure | FY = fiscal year

## Timely Use of Funds Submittals

As part of the **March Semi-Annual Review** each year:

1. Complete the Timely Use of Funds Verification Form (Attachment D) to confirm whether an extension is required - Finance Director (or equivalent) must sign
2. If requesting an extension, address letter to **Charvalen Alacar**- must include Service Plan (for SMP) and Financial Plan (for LFS)
3. Submit documents to **Kelsey Imler** ([kimler@octa.net](mailto:kimler@octa.net)) via email

*Please do not submit any documents related to LFS or SMP funds during September Semi-Annual Reviews.*

# Questions?

## Contact Information

Charvalen Alacar  
Section Manager, Measure M2 Local Programs  
(714) 560-5401  
[calacar@octa.net](mailto:calacar@octa.net)

Kelsey Imler  
Transportation Funding Analyst  
(714) 560-5397  
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# Maintenance of Effort (MOE) Requirement

Charvalen Alacar

Section Manager, Measure M2 Local Programs

## MOE Overview

- Local jurisdictions must maintain a minimum level of expenditures for local streets and roads purposes using local discretionary funds.
- MOE benchmark is adjusted every 3 years, per the M2 Ordinance.
- Most recent adjustment was approved in April 2023
  - Final revisions approved in July 2023.
- COVID-19 modifications are *no longer in effect*.

# Questions?

## Contact Information

Charvalen Alacar  
Section Manager, Measure M2 Local Programs  
(714) 560-5401  
[calacar@octa.net](mailto:calacar@octa.net)

Kelsey Imler  
Transportation Funding Analyst  
(714) 560-5397  
[kimler@octa.net](mailto:kimler@octa.net)



# Senior Mobility Program Reporting

Joanne Jacobsen  
Senior Community Transportation Coordinator

## Senior Mobility Program (SMP)

- Measure M2 provides funding for transportation programs to meet the growing needs of seniors.
- 32 cities participate.
- Funding based on city's population of 60 years and older and sales tax revenue.
- Each city designs a program that best suits the needs of the seniors in their community.
- Since inception, more than \$34.5 million has been distributed to the cities and 2.8 million boardings have been provided to get seniors to their destinations.




## Monthly Reporting Process

- SMP reporting is submitted online at: [www.octa.net/smpform](http://www.octa.net/smpform)
- The Finance Director or designee signs the form and submits electronically
- The financial reports continue to be due 60 days after the end of the reporting quarter.
- Allowed to charge up to 10% for indirect expenses which includes:
  - Rent
  - Utilities
- Making changes to your original submittal are acceptable.

# Reporting Form

## Senior Mobility Program



**Program Information**

Service for the Month of: Month of  
2021

Agency Contact (Name): Participating Agency

Agency Contact (Mail): Contact Number

**Trip Detail**

Trip Category	One-Way Trips	Service Hours	Service Miles
Senior Behavioral	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Declaration and Submission Confirmation**

Agency hereby certifies that this operational report is a true, complete and correct statement of program one-way trips, service hours and service miles.

Signature: \_\_\_\_\_

**Agency Expenses**

Cost Category	Cost	% of Total
Direct Cost: Contracted Services	\$ 0.00	0%
Direct Cost: In-House Labor	\$ 0.00	0%
Direct Cost: Vehicle Expenses	\$ 0.00	0%
Direct Cost: Marketing & Outreach	\$ 0.00	0%
<b>Subtotal Direct Costs</b>	<b>\$ 0</b>	
<b>Indirect Costs</b>	<b>\$ 0</b>	<b>0%</b>
Yes No		
<b>Total</b>	<b>\$ 0</b>	<b>0%</b>

**Cost Summaries**

Above Total Expenses Paid By...	Cost	% of Total
OCTA Contribution	\$ 0	0%
Agency Contribution	\$ 0	0%
<b>Total</b>	<b>\$ 0</b>	<b>0%</b>

**Agency Contribution**

Above Agency Contribution Sources	Cost	% of Total
General Fund	\$ 0.00	0%
General Donations	\$ 0.00	0%
Transportation Fees or Rider Fees	\$ 0.00	0%
Title IIB Funds	\$ 0.00	0%
Other	\$ 0.00	0%
Other	\$ 0.00	0%
Other	\$ 0.00	0%
<b>Total</b>	<b>\$ 0</b>	<b>0%</b>

**Save as Draft**

Do you want to save this as draft?

Yes No

**Declaration and Submission Confirmation**

Agency hereby certifies that this financial report is a true, complete and correct statement of program costs, revenues, and agency contribution data.

Signature: \_\_\_\_\_

[Submit](#)

## Program Sustainability

- There is a 35% increase in the number of trips provided in FY23.
- With the increase in the number of trips provided be mindful of your funding and sustainability of your program.

# Questions?

## Contact Information

Joanne Jacobsen  
Senior Community Transportation Coordinator  
(714) 560-5660  
[jjacobsen@octa.net](mailto:jjacobsen@octa.net)



# Annual Audits

Janet Sutter  
Executive Director of Internal Audit

# Common Audit Findings

## Local Fair Share

- Ineligible or unsupported MOE expenditures
- Reporting errors
- Failure to allocate interest
- LFS expenditures for projects not listed in the CIP
- Allocation of overhead and/or indirect costs without support
- Allocation of indirect costs based on an aged plan (> 5 years)
- Misclassified expenditures (direct vs. indirect)

# MOE Expenditures

## Eligibility

- Guidelines Relating to Gas Tax Expenditures for Cities and Counties, March 2019 at State Controller's Website:  
[https://www.sco.ca.gov/Files-AUD/gas\\_tax\\_guidelines31219.pdf](https://www.sco.ca.gov/Files-AUD/gas_tax_guidelines31219.pdf)
- Examples of ineligible expenditures: hazardous waste dump fees, NPDES permit fees, public parking lot materials/machine maintenance, crossing guard services, park maintenance and supplies, indirect and/or overhead costs not supported by a documented, current plan (< 5 years old)
- MOE expenditures must represent actual expenditures, not budgeted amounts or deposits to sinking funds.
- Recommend: Perform a self-review of MOE expenditures and reconcile amounts to Expenditure Report before finalizing. Ensure a documented, reasonable methodology is on file to support allocation of indirect costs.

# Common Audit Findings

## Senior Mobility Program

- Reporting errors or late submission of reports
- Failure to record match expenditures (third party service provider)
- Failure to verify participant eligibility (age)
- Failure to allocate interest to the fund
- Lack of competitive procurement of service provider
- Administrative charges to the SMP > 10 percent



## Agencies Selected for Audit - 2023:

- Local Fair Share:  
Aliso Viejo, Anaheim, Buena Park, Costa Mesa,  
Orange, Santa Ana, Stanton
- Senior Mobility Program  
Anaheim, Fullerton, Laguna Beach, Mission Viejo,  
Newport Beach, Yorba Linda

# Questions?

## Contact Information

Janet Sutter  
Executive Director, Internal Audit  
(714) 560-5591  
[jsutter@octa.net](mailto:jsutter@octa.net)



# Sales Tax Revenue Forecast

Sean Murdock  
Director, Finance & Administration

## Sales Tax Forecast

- Sales tax estimate for the M2 Program is forecasted to be \$14.8 billion
- Represents a decrease of \$0.2 billion compared to last year's forecast of \$15.0 billion
- Based on estimated annual M2 sales tax receipts of \$442M for FY 2023
- Based on updated sales tax forecasts from MuniServices, UCLA, Cal State Fullerton, and Chapman University

# Questions?

## Contact Information

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