

# 2022 Measure M2 Finance Directors' Workshop

August 23, 2022



# Agenda

- Welcome and Introductions
- Expenditure Report Template
- Expenditure Report Review and Submittal Process
- M2 Timely Use of Funds
- Maintenance of Effort Requirement
- Temporary Policies for Inflation
- 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)

# 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>			
<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>TOTAL REVENUES: (Sum Lines 1 to 12)</b>	13	\$	\$
	<b>Expenditures:</b>			
<b>A-M</b>	Freeway Projects	14		
<b>O</b>	Regional Capacity Program	15		
<b>P</b>	Regional Traffic Signal Synchronization Program	16		
<b>Q</b>	Local Fair Share	17		
<b>R</b>	High Frequency Metrolink Service	18		
<b>S</b>	Transit Extensions to Metrolink	19		
<b>T</b>	Convert Metrolink Station(s) to Regional Gateways that connect Orange County with High-Speed Rail Systems	20		
<b>U</b>	Senior Mobility Program or Senior Non-Emergency Medical Program	21		
<b>V</b>	Community Based Transit/Circulators	22		
<b>W</b>	Safe Transit Stops	23		
<b>X</b>	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>+</sup>	O	O Interest	P	P Interest	Q	Q Interest	X	X Interest	Other M2 <sup>2</sup>	Other M2 Interest	Other*	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





# 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 Cynthia Morales ([cmorales@octa.net](mailto:cmorales@octa.net)) prior to finalizing staff report for Board of Supervisors/City Council approval
- Submit *adopted* M2 Expenditure Report and Resolution to Cynthia by **December 31, 2022**
- 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 can be found at [www.octa.net/OCGoEligibility](http://www.octa.net/OCGoEligibility)

# Expenditure Report and Resolution Templates

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

Home Plans and Studies Funding Programs OC Go Eligibility

PROJECT CONTACT  
**CYNTHIA MORALES**  
 Transportation Funding Analyst  
 (714) 560-5905  
 cmorales@octa.net

OC Go Eligibility  
 Local Tax Dollars at Work

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

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
- Adopt a General Plan Circulation Element consistent with the MPAH
- Adopt and update a Capital Improvement Program (CIP)
- Participate in Traffic Forums

**↓ Scroll Down**

See below for more information and resources.

Workshops	+
Guidelines	+
Appendices from the Eligibility Guidelines	+
References	+

## 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  
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Cynthia Morales  
Transportation Funding Analyst  
(714) 560-5905  
[cmorales@octa.net](mailto:cmorales@octa.net)



# M2 Timely Use of Funds

Charvalen Alacar

Section Manager, Measure M2 Local Programs

# Timely Use of Funds Tracking Process

- Must expend SMP and LFS funds within 36 months from disbursement date
- For review purposes, OCTA will track expenditures based on FY of receipt plus two additional FYs
- Local agencies may request an extension of up to two additional FYs during the semi-annual review process
- Review Fact Sheet (Attachment C) for information about LFS and SMP expenditure deadlines and extension process

LFS = Local Fair Share

SMP = Senior Mobility Program

FY = fiscal year

# Timely Use of Funds Tracking Process

LFS & SMP Funds  
Expenditure  
Deadline

- 36 months from date of disbursement
- *Example: 9/16/21 disbursement + 36 months = 9/16/24 deadline*

OCTA Tracking  
Process

- Based on FY of receipt, plus two FYs
- *Example: 9/16/21 disbursement = FY 22*
- *FY 22 + FY23 + FY24 = 6/30/24 deadline for tracking purposes*

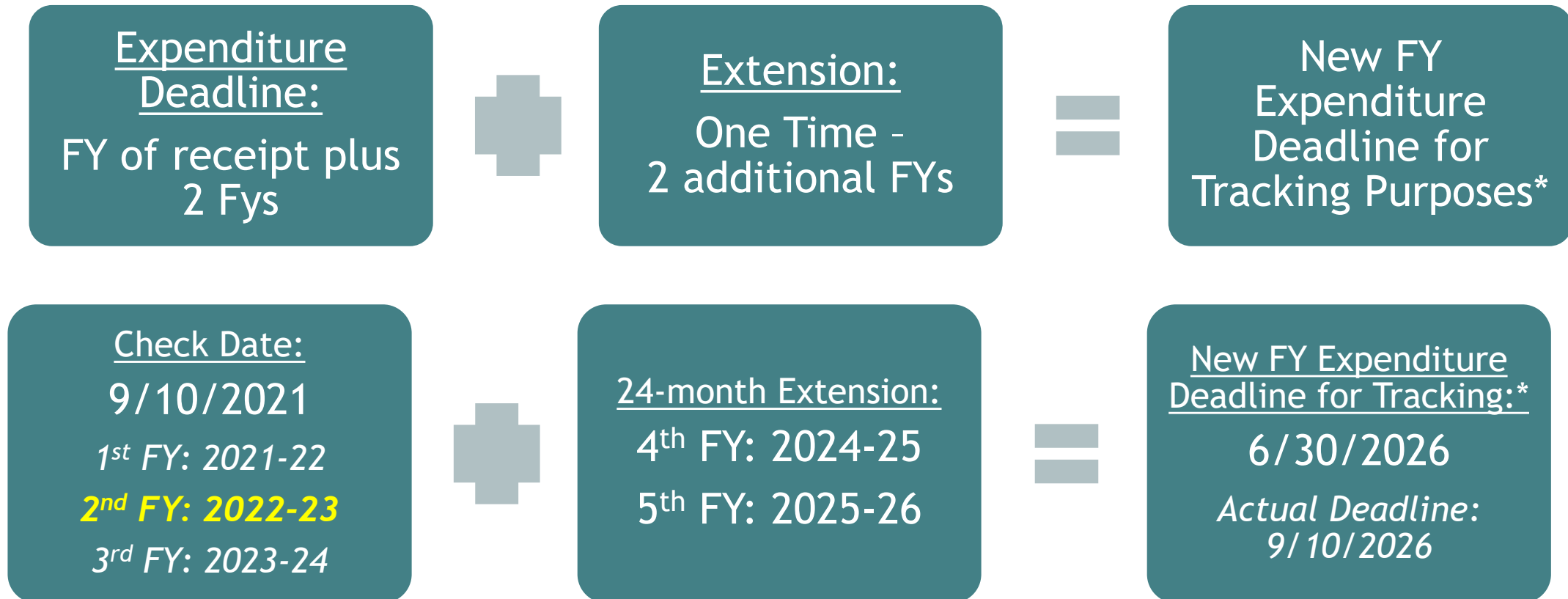
LFS = Local Fair Share

SMP = Senior Mobility Program

FY = fiscal year



# Timely Use of Funds Tracking Process - Extensions



FY = fiscal year

# Timely Use of Funds Submittals

1. Complete 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. Also submit documents to **Cynthia Morales**([cmorales@octa.net](mailto:cmorales@octa.net)) via email

Semi-annual review is scheduled to close on  
**September 23, 2022**

# Questions?

## Contact Information

Charvalen Alacar  
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(714) 560-5401  
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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 2020.
  - COVID-19 related modifications approved in May 2020 and April 2021.

# Board Modified MOE Requirement

- **FY 2021-22:** Local agencies must submit an Expenditure Report confirming that they satisfied the MOE benchmark requirement by meeting:
  - Option 1: Traditional MOE benchmark dollar amount; or
  - Option 2: An MOE target that is based on the percentage of the MOE benchmark value to GFRs
    - See Exhibit 2 in FY 22/23 M2 Eligibility  
<http://octa.net/pdf/M2EligibilityGuidelines.pdf?n=202203>
- FY 2021-22 Expenditure Reports due by **December 31, 2022.**

GFRs = General Fund Revenues

# Board Modified MOE Requirement

**FY 2022-23:** The COVID-19 modification no longer in effect.

- Local agencies must certify that the budgeted MOE expenditures meet the FY 2022-23 traditional MOE benchmark (shown in column A of Exhibit A)
- FY 2022-23 Expenditure Reports due by **December 31, 2023**
- FY 2021-22 last year to use the modified MOE

GFRs = General Fund Revenues

# Questions?

## Contact Information

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# Temporary Policies for Inflation

Charvalen Alacar

Section Manager, Measure M2 Local Programs

## Temporary Policy Overview - approved August 8

- Upon request, OCTA will escalate eligible right of way and construction allocations (request due October 14)
- Agencies may submit application for eligible allocations without cancelling original allocation until award recommendations are know. (applications due October 20)
- Information can be found here:  
<https://octa.net/pdf/CTFPTemporaryPolicyForFInflation.pdf>

# Questions?

Information can be found here:

<https://octa.net/pdf/CTFPTemporaryPolicyForFInflation.pdf>

## Contact Information

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# Senior Mobility Program Reporting

Joanne Jacobsen  
Senior Community Transportation Coordinator

## Senior Mobility Program (SMP)


- Provides transportation programs to meet the growing needs of seniors.
- 32 cities participate in the SMP.
- Each city designs a program that best suits the needs of the seniors in their community.
- Since inception, more than \$30.4 million and 2.67 million boardings have been provided to get seniors to their destinations.
- Funding based on city's population of 60 years and older and sales tax revenue.

## 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
- All SMP participants have access to the OCTA dashboard to view their submittals

# Reporting Form

Senior Mobility Program



**Program Information**

Service for the - Month of:  Year of:

Agency Contact (Name):  Participating Agency:

Agency Contact (E-Mail):  Contact Number:

**Trip Detail**

Trip Category	One-Way Trips	Service Hours	Service Miles
Social / Recreational	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	\$ <input type="text" value="0.00"/>	0%
Direct Cost: In-House Labor	\$ <input type="text" value="0.00"/>	0%
Direct Cost: Vehicle Expenses	\$ <input type="text" value="0.00"/>	0%
Direct Cost: Marketing & Outreach	\$ <input type="text" value="0.00"/>	0%
Subtotal Direct Costs	\$0	
Indirect Costs?	\$0	0%
<input type="radio"/> Yes <input type="radio"/> 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	\$ <input type="text" value="0.00"/>	0%
General Donations	\$ <input type="text" value="0.00"/>	0%
Transportation Fees or Rider Fees	\$ <input type="text" value="0.00"/>	0%
Title IIIB Funds	\$ <input type="text" value="0.00"/>	0%
Other	\$ <input type="text" value="0.00"/>	0%
Other	\$ <input type="text" value="0.00"/>	0%
Other	\$ <input type="text" value="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

## Timely Use of Funds

- Be aware the three-year timely use of funds continues to apply
- All SMP cities have seen a large decrease in trips and expenses
  - Many seniors continue to be fearful to travel
- Most senior centers are open and operating on shortened hours thus eliminating some demand



# Questions?

## Contact Information

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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)
- Recommend: Perform a self-review of MOE expenditures and reconcile amounts to Expenditure Report before finalizing.

# 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 - 2022:

- **Local Fair Share:**  
Cypress, Irvine, Laguna Beach, Los Alamitos, Rancho Santa Margarita, San Juan Capistrano, and Villa Park
- **Senior Mobility Program**  
Anaheim, Garden Grove, Huntington Beach, and Santa Ana

# Questions?

## Contact Information

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# Sales Tax Revenue Forecast

Sean Murdock  
Director, Finance & Administration



# Sales Tax Forecast

- Sales tax for the M2 Program is forecasted to be \$14.9 billion
- Represents an increase of \$1.7 billion compared to last year's forecast of \$13.2 billion
- Based on estimated annual M2 sales tax receipts of \$418M for FY 2022
- Based on updated sales tax forecasts from MuniServices, UCLA, Cal State Fullerton, and Chapman University

# Questions?

## Contact Information

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**REFERENCE SLIDE -  
DO NOT DISPLAY UNLESS REQUESTED**

	Capital Projects	
	General	Capital Improvements
<b>Revenues:</b>		
Taxes	\$ 122,507,032	\$ -
Licenses and permits	5,104,022	-
Charges for services	7,240,115	-
Fines and forfeitures	1,851,890	-
Intergovernmental	1,747,980	2,276,746
Investment income	1,534,416	482,263
Rental income	2,847,393	-
Miscellaneous	920,450	571,692
<b>Total revenues</b>	<b>143,753,298</b>	<b>3,330,701</b>

	Housing Successor			
	General Fund	Agency Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
Taxes	\$ 110,241,920	\$ -	\$ 3,836,273	\$ 114,078,193
Licenses and permits	2,565,448	-	79,860	2,645,308
Fines, forfeits and penalties	1,644,738	-	1,205,573	2,850,311
Investment earnings	3,415,620	132,893	795,065	4,343,578
Charges for current services	7,922,150	-	7,199,643	15,121,793
From other agencies	207,216	-	13,392,242	13,599,458
Other revenues	3,841,818	14,332	83,457	3,939,607
<b>Total revenues</b>	<b>129,838,910</b>	<b>147,225</b>	<b>26,592,113</b>	<b>156,578,248</b>

	Major Funds		
	General	State Gasoline Tax Special Revenue	Housing Successor Special Revenue
<b>REVENUES:</b>			
Taxes	\$ 49,577,321	\$ -	\$ -
Licenses and permits	516,759	-	-
Fines and forfeitures	928,613	-	-
Intergovernmental	9,333,414	3,477,792	-
Charges for services	7,261,736	-	-
Investment income	1,409,690	93,287	129,846
Miscellaneous	1,215,280	-	801,723
<b>Total revenues</b>	<b>70,242,813</b>	<b>3,571,079</b>	<b>931,569</b>

	Developer		
	General Fund	Fees Fund	Grants Fund
<b>REVENUES</b>			
Taxes	\$ 55,147,662	\$ -	\$ -
Licenses and permits	1,816,832	-	-
Intergovernmental	676,213	-	519,621
Charges for services	3,335,276	-	-
Investment earnings	1,022,226	856	2,845
Fines and forfeitures	547,470	-	-
Developer fees	-	-	-
Other	811,175	-	-
<b>Total revenues</b>	<b>63,356,854</b>	<b>856</b>	<b>522,466</b>